

EPISODE 1446

[INTRODUCTION]

[00:00:00] FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1446, Ask Farnoosh

[00:00:11] ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh, herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[EPISODE]

[00:00:37] FT: Hey, hey. Welcome back to So Money, everybody. It is Friday, December 9th, also known as T-minus two days until the 'White Lotus' Season two, finale. Who's watching this on HBO Max? Come on. If you're not watching this, please stop after this podcast. Not right now. Stop after this podcast and begin watching this show, which is now in season two. It's a murder mystery that takes place every season at a different location of the 'White Lotus' which is a luxury hotel. Season one was in Hawaii. This season, it's in Sicily, Italy. The cast of characters are just such messes. It is just so enjoyable to watch.

The show always opens, the new season always opens with a murder or deaths. The rest of the time you're basically getting to meet everybody who comes to the White Lotus on their vacation/escape from life and you discover their idiosyncrasies, their secrets, their challenges and start to wonder who's going to die, who's going to be the murderer. It's always a mystery until the very end, including this season. Now, I do think, if you're watching, that Tonya is getting hardcore scammed by those guys. I do think that her husband Greg is involved. Sorry, that was a spoiler, but it doesn't mean that I think she's going to die. I just think that they want her money and we're going to see things get very uncomfortable, very quickly.

Now, everybody on the show, as I mentioned is absolutely lost and broken, hats off again to Mike White, the creator and writer who has built a show where the mystery of who done it and who dies is anybody's guess, until the last episode. I am here for it. Sunday on HBO Max, join me on Instagram where I'll probably be sharing some reactions. What I am not here for as I'm sure you're not is inflation. It's still a thing. Recently, I experienced a crazy jump in costs at none other than the frozen yogurt joint downtown. I am dubbing this experience Froyogate, okay.

Earlier this week, I took my kids after dinner to get some frozen yogurt. Weird to get that in December, but they were craving it. We go and I thought it would be fun to wait outside in the car while the two of them, eight and five years old go in with money and do it themselves. I think it's helpful sometimes to have these opportunities where they just practice their independence, engage with real people, pay for things. I gave them a \$20 I thought that was going to be more than enough, more than enough for two small frozen yogurts. This is the place where it's paid by weight. They know they're not allowed to fill up their cup. They just get like "enough" which is like, "I'm going to bring this back and mom is not going to yell at me." I thought this is going to be – I'm going to get back at least like seven, eight, nine dollars between the two of them.

They come back into the car. My son hands me 50 cents. I thought two things. First, I thought he dropped the money. Next I thought the frozen yogurt store scammed them, shook them down. They said, "No, this is all they gave us back, mom." So you better believe I kept the car running, kept the kids in the car seat belts on, ran in and ask the cashier, "Hey, was there a mistake? Because my kids came here with \$20, they came out, they only –" He's like, "Yeah. It was like \$19 and some change. It's pay by weight, ma'am." I don't want to spend too much time in the store, because my kids were still in the car, but on the way out. I asked a couple of people how much they spent on their ice creams. They said \$10, \$9. I was like, all right, well. Then it is what it is. Frozen yogurt is the most expensive thing right now to eat. If you want to start a business, I suppose that should be a 16 handles.

Next time though, we're getting three pints of Ben and Jerry's from the grocery store for that price. That is my TED talk on frozen yogurt and inflation. I have been sharing some of these experiences on Instagram. I've been doing more reels. A lot of you have been reaching out saying, you liked them. What am I doing? Have I hired a social media manager? Nope. I have hired a very good editor, however, who keeps me accountable and makes the videos fun. My

new task every week is to brainstorm video ideas for us all. Sometimes they are very spontaneous, like that frozen yogurt experience was filmed, because I wanted to send the video to dad, my husband to show the reaction from my kids who went in the store by themselves, to pay. A little moment that then ended up being like a mom rage experience and getting schooled on the state of food inflation.

I also shared recently one of my biggest money mistakes. I think it's important to be fully transparent about the good and the bad. In reaction to that, a lot of you chimed in with your own money mistakes. I think that's really healthy, right? To come out and say "I did this, I would have done it differently, a second go-around." I think we can learn a lot from each other when we do this. It also reminds us that we're only human. Even I continue to make mistakes. In recent years, I took on a business loan with some co-founders of a business that I started. That was something that I knew at the time was a risk, of course, but I was very confident in the strength of the business and the ability for the business to generate money, and help us pay off this what was at the time a bridge loan.

Unfortunately, the business did not do as well as we had forecasted. Not only did we have to pay a lot of money out of pocket, but we also had this business loan between the three of us which we are continuing to pay into. The business is gone, but this business loan remains. It's very difficult when you have co-founders and co-signers on a loan. We can't even close the business, technically, until this loan is done. If we close the business, then the bank has the right to come to us and ask us for all of the money upfront as opposed to paying monthly.

Some of us want to pay in full, get it out of the way, reduce the interest burden. Others are unable to do that. Then you have to pay the minimum every month. So you all have to band together. You can't break up the loan and say, "Okay, here's your piece, here's your piece in the eyes of the bank, every single person is equally responsible. So even if I pay my third, I'm still technically on the hook in case another partner defaults or something happens.

Okay, so there's all these risks. I'm not proud of this decision, but it is something that I took knowing that it was a risk. I'm grateful that I can even continue to pay these payments and make these payments and afford this mistake, but it is what it is. So thank you for everybody, for chiming in. People were talking about mistakes with home purchases, car purchases. I'll put that

link in the show notes. So you all can see that, there are no sacred cows when it comes to financial mistakes.

All right, let's turn over to the iTunes review section and pick our reviewer of the week. Then we've got a lot of things to go over. We got to go over our recession Help Desk question about apps for budgeting and saving. I got many recommendations, tips for moving up in your career when you are timid and whether or not life insurance you get through your job through your employer is good enough, sufficient enough.

First, let's go to the iTunes review section. A reviewer this week will get a free 15 minute money session with me. This week, we're going to give super thanks to Brutista, who left her review last week calling the show empowering and enlightening. She says or he says, "So Money is an amazing podcast that stands out, because of Farnoosh's meticulous and intentional approach to relatable topics that affect underprivileged and underrepresented folks in a way that does not make you feel 'less than' for not having a grasp on your personal finances. She always features and promotes other podcasts that will help everyone on their personal and financial journeys even if they would potentially rival her own. Her dedication to ensuring that people can feel they can take control of their financial journeys and removing the shame of being uneducated in this space is the reason why I love listening to So Money."

Thanks Brutista. I try. I really, especially that shame part that you bring up, I really try to emphasize that there is no shame in the decisions we have made. The choices we make. I'm going to get to, for example, something that people have shamed me over which is leasing a car. I'm going to talk later about why I did it and why it's maybe right for you, though there's rules. I'm using air quotes. These rules in personal finance, you got to do this. You got to do that. Otherwise, you're doing it wrong. You're stupid. People actually talk like that. There are business leaders and financial experts and gurus that we subscribe to, that we give money to that make us feel like crap. Why we keep going back to their platforms. I'm not so sure, but I do have a podcast coming up in a couple of weeks with somebody who experienced a lot of loathing, self-loathing, while she was a part of a well-known guru's financial circle.

If there's one thing that we want to get rid of as we go into 2023 is any, if you're holding on to any financial shame, let it go. It's partly why I posted about my big money mistakes that I've

made only in recent years, because – and I've made many over the years. I'll be happy to talk more out that if you want me to, but I think it's important that we be kinder to ourselves. We cannot master our money, if we're holding on to guilt and all that stuff, right? Brutista, thank you so much. I really appreciate that you're in the audience that you took the time to leave this review.

Let's talk. Send me an email farnoosh@somoneypodcast.com or you can direct message me on Instagram. Let me know you left this review and I'll send you a link for you to pick a time for us to chat. Really quick, if you are stuck on what to get a friend for the holidays or what to self-gift, treat yourself. So Money Page-A-Day 2023 calendar is available. People have said that it's a gift that keeps on giving every single day, a new insight, pro-tip, inspirational quote and everything in between to help support you along your financial journey. It is 20% off when you use the code Calendar 22 at pageaday.com. Calendar 22 pageaday.com. I hope you'll consider it.

All right, the recession Help Desk is next. An audience member wants to know. “Farnoosh, I'm trying to save and be better prepared for uncertainties next year. Do you recommend any financial apps to help me track spending, safe money, all of it?” Okay, so yes, there are a number of useful money apps that I like and that we've actually reviewed on CNET. I'm going to put that link in our show notes for you and everybody, but just to give you the rundown, there's Mint, Goodbudget, Personal Capital. I love Personal Capital. I love the free version, especially where you can get all of your accounts in one spot. My husband and I both use one account. So we've pulled in all of our various 401Ks and savings accounts, and our mortgage. So we can see where everything is. It gets updated. It has our like net worth at the top, which is always interesting to look at. Don't look at it when the markets down.

There's also You Need A Budget. We've had the founder on this show really popular software that he's developed that assigns each one of your dollar bills to something. Then there's Honeydue and Zeta for couples. Again, Mint, Goodbudget, Personal Capital, You Need A Budget Honeydue, Mint. I'll put the link in our episode notes, where we talk more extensively about these apps on CNET. I will also say that these apps while they're all very wonderful and they tend to pull the data from your financial institutions to their apps safely and securely.

I would also download if you haven't already, your own banks or credit card companies app onto your phone, because that's where you're really going to see the real time transactions and balances. There is a bit of a delay, whether it's Personal Capital, or these others. They sometimes update once a day or twice a day. They're not up to the minute sometimes. If you want real time pictures of where your balance is in that moment or your credit card bill, definitely, also accompany these apps with your own banks apps.

All right, mailbag time, a listener wants to know if I have any regrets leasing a car. Do you know that I lease a car? It actually got me a bad review once on this podcast? I could tell she was upset with it, because she said that I was getting shallow and questioning some of my financial choices. I mean, this was just after I talked about leasing a car. I might be making a false connection, but I don't think so, because we know that in our culture and the money culture, forever, and even when I was first starting out, all the experts would tell me, if you lease a car, you're being frivolous with your money. Why would you lease a depreciating asset? Cars, we know. They depreciate, but not in the last couple of years, right?

I think that there are exceptions to rules. Call me crazy. I'll be the first to break them. If I think that there is a better way for me to manage my money. It's personal, right? This is a personal decision. I'm not saying everyone should lease a car. I'm saying that you should consider both options. I don't regret leasing, because for us leasing meant, believe it or not, more financial security, because our goal was to hold on to cash. This was in 2021 when we were well into the pandemic. We were nervous about the future. We didn't want to plunk down all this cash to buy a car. We wanted to have monthly payments and have that flexibility. We knew this wasn't a car we wanted to drive all the time. We already had a primary car that we had paid off and this was going to be our secondary vehicle.

We have two kids, they were starting to get into more activities or we were working a little bit more outside of the home. So a second car became more valuable to us. Interest rates were also extremely low back in 2021, right? I was also able to lock in a purchase price for this car. They do this, when you lease a car. They say, basically base your payments on that current value of the car. Then in three years, 39 months, when you're ready to turn in the car or buy it, they go back to that original price. They say, "Okay, here's where we set the price three and three and a half years ago. We'll honor this price, deduct the payments you've already made,

and sell it to you for the difference.” If I were to buy this car brand new today, it would 100% be more expensive, probably 20 to 30% more expensive based on where car manufacturing has gone.

There just aren't enough cars for the demand. While things have gotten better, since I'd say this time last year, car prices have not come down. I don't regret it. I'm happy and fine to talk about it, even though it might make some people uncomfortable. This is not meant to have you question your decisions, right? Me sharing my choices doesn't mean that your choices are wrong. It's just this is what I did. Here's why I did it. I hope that the reasoning behind it can help to inform you as to why I moved towards this decision. It was really because of, I wanted to have more cash in the bank. Interest rates were extremely low, which made the monthly payments, pretty affordable. Seeing where the car market was going, where cars were getting more expensive. I wanted the benefit of locking in a price today, so in the future, if I ended up liking the car and wanted to actually buy it, I could and not have to face current market prices. So that's my answer.

Next, our listener, 'I am always cold', sent me a message on Instagram, wondering if life insurance provided by your employer is enough. Okay, so I'm going to start with a general rule of thumb when deciding on life insurance. A good rule of thumb is if you decide you need it, and you're wondering how much, is to take your current salary and multiply that by eight to 10. Many times we underestimate, especially women. We need eight to 10 times our salary. That might be even more depending on the number of dependents that you have. If you have multiple children or multiple people that you want to take care of in your absence. Starting with eight to 10 times your salary is a good place. If you're looking for a term policy, that is the cheapest.

In my view, the best for most people, the average cost of life insurance is roughly \$25 a month. That's if you're say 40 years old. You're buying a 20 year \$500,000 term life policy, which means today you probably make around 50, \$60,000. You go back and look at what your employer is offering you. If your employer is offering you that and that's sufficient to 10 times, wonderful. If not, and most employers don't have robust life insurance plans. Usually, in my experience, offer anywhere from one to two years of your salary as a death benefit. So you would want to go out into the private market, look for supplementary term life insurance.

Next, my favorite side hustles. Ricky wants to know my favorite side hustles. I have had a number of side hustles, throughout the years. I've babysat, I have freelance written, I have bird sat. Assuming you are continuing to work a full-time job and then adding on the side hustle. I think it's firstly important that whatever you pursue outside of work, doesn't conflict with work. Some companies have rules around what you can do in your leisure time, that the side hustles you pursue don't compete, let's say with the job that you're doing. They aren't working – you're not working for a brand or a company that is in competition with your existing company, that you're not doing something in your leisure time that takes away from your responsibilities at work.

I always say, before you pursue a side hustle. Once you've made up your mind maybe about what it is you want to do or you're thinking about doing, is have a conversation with your manager or your boss and just say, “Hey, just wanted to get the green light on doing this, something that I want to do.” Maybe you don't have to get into all the details, but I think it's important to at least read your company policy, to read your company handbook, and make sure you're not in violation, because I have known of people who have gotten fired over things. I don't think it was right. There was a guest on this show who was working in marketing for a beverage company. Simultaneous to that, she started an Instagram and was monetizing her Instagram around overnight oats.

She was posting about food recipes and things like that. They found out and they fired her, because they said, “Hey you're using the same skill sets on this site and this side hustle making money.” I think it was just absolutely bogus. They gave her an ultimatum. They say, “You can either quit that or come work for or continue working for us.” I'm so proud of her. She said, “Fire me.” Now her Instagram has blown up. She has a book deal. Her name was Rachel Mansfield, by the way. She has over half a million followers on Instagram and writes about Gluten Free Recipes. She's super cool, but I use her as an example of when a side hustle can go wrong. In in that case, it went right, right? It pushed her to do the entrepreneurial thing, but unknowingly, you might be in violation of some of the weird rules that your company has around how you can monetize your free time.

If you have any concerns that what you're pursuing could be in direct conflict with your employer's rules, just be sure that you double check. If you're going to babysit, I don't think you

have to tell your boss about that. If you're going to pet sit or do handiwork through TaskRabbit, that's fine. If it's something that is a copy of what you're doing in your full-time job for somebody else, I think that could be a problem. That said, I think the best side hustles are the ones that leverage your skills. You're not going into something where there's a learning curve that you like doing it. Then again, something you can do easily with your spare time. At best, a side hustle turns into your entrepreneurial path. It's also great when it just helps to pay the bills. When I first embarked on side hustling in my 20s, the goal was just to get out of debt.

The goal was just to have a little bit of extra money so that I could go have dinner with friends without coming home and crying into my pillow, worried about how I was going to pay the credit card bill that month. I went about the side hustles, sometimes strategically, sometimes not. Like babysitting was just something that I liked to do and it paid well, but I also freelanced. I wrote articles that, I got permission from my boss to do this, to write for the local newspaper. I was working at a TV station. So I just wanted to make sure that there was no overlap. She said, "Yeah, that's totally fine." I was freelancing, these articles about how to be financially smart in the big city, using my own personal experiences. Those essays and articles turned into a book proposal. The rest became history.

Looking back, I think the strategy is ideally, to come up with a side hustle that leverages your skills that might even have a component to it, where you're like, I'd love to maybe pursue this full time one day, because then may get you there. There are so many examples of people out there that we know like Martha Stewart. I always use that example where she was working on Wall Street and catering dinners, and cooking and decorating and doing things like that on the side. Then it turned into, of course, the Martha Stewart industry that we know today. So that's my opinion on side hustles.

Sticking with work, we have a question from a friend in the audience who wants to know how to move up in your career when you are timid. Okay, so this person, like so many of us at points in our careers, we may feel like we don't fit in, like our goals are too ambitious, we're afraid to pursue our big hopes and dreams in our career. I just want to start by questioning the feeling, not to dismiss the feeling, but to question it. Why are you feeling the way that you feel? Where is this being sourced from? Is it that you're actually being told at work that you're not good enough, that your work is lacking, that your people are being aggressive with you at work? That can be

real. That is something that – if that is happening to that you, know that you are working in a toxic workplace. It is not the right fit and your fears are spot on. You start looking for another job. It's not worth it to try to make it work in a workplace where there is hostility and bad vibes.

In other cases, we feel insecure or misfit, because of what we have just been told throughout our lives, especially as women and people of color, that we don't belong, that wanting to make more or wanting to move up in our careers is a luxury and not something that we necessarily deserve. This again, could have been communicated to us. It's out there. We feel it. We see it. That is also something to reckon with. My advice is to really probe that impostor syndrome that you are feeling. I had an amazing guest on the show that completely changed the way that I look at imposter syndrome. Her name is Ruchika Tulshyan, she's the author of *Inclusion on Purpose*.

She basically says that impostor syndrome is fake. That what you're feeling is real, but it's based on a fake premise that you're not good enough. Imposter syndrome was basically created almost intentionally she says to oppress people. When we live in a patriarchy, when we live in a country where racism still exists and sexism, and ableism and all the isms. It's in the best interests of people who have biases and practice discrimination to have us feel bad about ourselves. Imposter syndrome perpetuates, because there are people out there that want to keep us “in our places.” It's our job as women, as people of color, as anybody who may be a victim of this to say, “No, this is BS. This isn't me. This is about these other people who have insecurities about my – about me being successful, about me getting what is my right.”

If you're feeling timid in your career, I want you to take inventory of your environment. Who is surrounding you? What is perhaps the toxicity that you're experiencing at work? Is it real? Is it based on other people's problems and not really you? I hope that recognizing that may give you the confidence to say, “You know what? I got this. There's no reason for me to be timid.” Along the way, practical things like mentors, like practice and failure even. Picking yourself up from failure can build confidence. It can flex that empowerment muscle that's so needed as you are rising up through your career.

I often find that learning other people's stories of how they got to where they are, not just the straight path, but the bumps along the way, the failures, the setbacks, knowing that how you're

feeling today, someone else was in your shoes who was equally as ambitious, who got to where they wanted to be in spite of feeling the way that they feel, and to know that how you're feeling is pretty normal. Let that be fuel for you to continue being ambitious. If you're afraid, if you're feeling like there's a learning gap. Go fill the gap. Use the fear to fuel you to get further along in your career to do the things that you have to do. Whether that is again, finding mentors, taking courses, working overtime a little bit to strengthen your skill set.

Don't ever feel that you don't belong, because someone told you that. That is their problem. They're probably threatened by you. I've always found that when people tell me no. It motivates me to actually go and do the thing. I want to prove them wrong. It's a great motivator. On that note, I want to wish everybody a happy weekend. Thanks for tuning in. We've been covering the cost of living on the show since Monday. We spoke with Emily Maloney about healthcare costs and how to save.

On Wednesday, it was Alexandria Ravenelle on the Gig Economy and some of the risks that gig workers take on. How we can move forward in a healthier, more protective way for this growing economy. Continuing that cost of living theme, we're going to talk to Jean Ludwig on Monday who has a different metric for measuring the cost of living. He doesn't use CPI. He doesn't love the unemployment rate. Learn more about his insights as a longtime economist. Then we'll be speaking with Alissa Quart next week as well, who's the author of many books including *Squeezed: Why Our Families Can't Afford America*. She brings insights into the "middle class." Until then, I hope your weekend is So Money.

[END]