

EPISODE 1461

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[INTRO]

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FT: Welcome to So Money, everybody. Friday, February 13th, 2023. I'm Farnoosh Torabi, your host. This is our Friday Ask Farnoosh sesh, where I have gone through the DMs, the email, all of the places to get your money questions for the week. We've got a question about, "Farnoosh, should I get a divorce? Will that cost me more than I'm willing to risk?" Question about starting an investment account for your child, whether or not to quit your job because the culture is toxic. All of that and more coming up in just a second.

But first, let us talk about the week, okay? I want to talk about something that I posted on Instagram earlier this week, a reel of one thing that I'm seeing on TikTok. I'm not on TikTok that much, but there's this trend. As you know, there are many problematic conversations about money happening in a lot of places, but especially on social media, especially TikTok. One of the trends, one of the viral trends is women, and some of these are parodies. I know, they're being funny, but women talking about being stay-at-home girlfriends, #stayathomegirlfriend, and the glamour and the ease and the happiness, the joy that comes with having not a lot to do, sharing a bank account with your boyfriend, and living in bliss.

Well, you know I have a couple of opinions about that, and it's just startling. Like I couldn't believe this was happening. Again, I know there are some that are just doing it for the jokes. But, though, there are some, I think, who are quite honestly true believers that their way of living is the Promised Land, and I just want to meet one of these women. I want to know what's behind this. Like why does she think that she shouldn't work or that not working or that not

having her own money is better than leaning on a guy, who's not even made a commitment to her? They don't share anything legally.

Maybe he says like, "We can share a bank account." But if that's his money, I don't know what the recourse is if they break up. There's no prenup. There's no marriage contract. So these women are taking huge risks, and it's 2023. I can't believe we are here talking about this. But I was in DMs talking to some audience folks about like, "Why do we think this is happening? What's going on? What's the psychology behind this?" I don't think it's psychology. I think it's cultural pressure.

I think there are some people in this country that buy into this myth that it is unladylike to work and that being a "trophy wife" is something to aspire to, that traditional trophy wife of somebody who is beautiful and attractive, but is really there to play a supporting role in the relationship, to support the man. So she can't be working. Because if she's working, then who's tending to the house? Who's making the mocha lattes? Who's making the homemade cookies? Who's writing him love letters during the day? It is a study, let me tell you, and so I shared that on Instagram, and y'all seem to like it.

A couple of people were upset that I was taking these women down like, "Stop tearing these women down." I'm like, look, they're putting themselves out there. What do they expect? I will risk being seen as "not nice," if it means that I'm getting the message out there to, most importantly, these very women who are making these videos that what they are doing is dangerous. My emotions may be heightened right now because I do really care, at the end of the day. There's no like soft way to put this. If you are dependent on somebody else for your financially livelihood as an adult, it's risky. So if you're willing to take the risk, that's fine, but I can't sit by and watch. I got to say something. If you see something, say something.

All right, let's talk about what happened on So Money this week. On Monday, we spoke with Myra Strober, who is a Stanford professor, and Abby Davisson, who was once Myra's student and now a social innovation leader. The two are co-authors of a new book on how to make really good decisions. The book is called *Money and Love: An Intelligent Roadmap for Life's Big Decisions*. Their strategy is road-tested. It's Stanford-studied. Myra taught the class in an MBA course at Stanford for decades on how to make really good decisions. What is that Venn

diagram where you're tending to your values but also doing what's going to be rewarding? Ideally a path that leads to not a lot of risk, not a lot of regret. Even if you do end up changing your mind about that decision, how to course correct.

That episode was followed by Wednesday's show and a conversation with Anna N'jei-Konte, who is a financial advisor for first gen Americans, people like me. Maybe you in the audience, you were raised by immigrant parents who came here with a set of values and expectations about who you were going to become, the path you were going to take, the money you were going to make, the money you were going to spend. You know what? You had different plans for yourself, but you don't want to feel disconnected to your family. Your parents are still your heroes.

That's where Anna's work steps in, a lot of the times. She helps high-net-worth adult children of immigrants, many of them women and women of color, who are straddling these two worlds of like sort of what their parents expected them and what they really want and know works for them and building wealth all the while. Really good conversation with Anna.

All right, let's go to the mailbag and check out our reviewer of the week. This person will get a free 15-minute money session with me on the phone. This week, we're going to say thank you to ThisLatinaTravels, who left her review earlier this week saying, "When I started hearing Farnoosh's podcast, a light bulb went on for me, and it's been a wrap since. I admire Farnoosh for playing such a strong influence in the financial world for women of color. I love her podcast because it's educational, and the guests are always so powerful. Keep it up, Amiga. You got a huge fan here." Thank you so much. I would love to connect with you. Just get in touch. Email me farnoosh@somoneypodcast.com. You can DM me on Instagram. I look forward to hanging out.

A quick question for everyone in the audience, a survey, if I may. I'm thinking about opening up a membership, a club, a So Money club for our audience. People have said to me over the years, and tomorrow actually is our eighth anniversary of this podcast. I didn't do anything crazy special this year, like no balloons and confetti. But I will take myself out to lunch today to celebrate. But over the years, this podcast has been free. It's been very prolific, three episodes a week. We started with seven a week. Crazy. So over 1,400 episodes.

I'm thinking now there's an opportunity to take it to the next level, some sort of membership where you and I connect on a monthly basis throughout the month, talking about money however we want. We can sort of design it how we want. That's, I think, what's going to be part of what will make this special. Of course, there'll be some things that I'll always provide. But I want an aspect of this to be curated by you. But before I even dive into this, I want to ask you. What do you want like if you were to join a So Money community outside of the podcast, if you were to do this? Not everybody's interested in this. But if you were, what would you like to see? What would you like to learn? What is the cadence? What would you pay? Would you pay \$10 a month? Would you pay more if it was something more premium?

I'm still exploring the possibilities. A lot of podcasters go that route, and I think it's not a bad year to do it. I've got the book coming out in October. I think in the run up to that, it would be great to engage with you as much as possible, share so much of the fun stuff of what's happening with the book too. Like we just settled on the cover. I can't wait to share that with you in the coming weeks. But let me know. You can drop me a note on Instagram. You can email me. Please don't be shy.

All right, let's go to our mailbag, and I want to start with the question that's probably going to take the most time to answer, and that is our friend in the audience who's contemplating a divorce. She is anonymous. Here's her note. "Hey, Farnoosh. Longtime listener here. I've been tuning in since the early days of your podcast. You're the reason why I started caring about personal finance. I'm in the midst of trying to make a decision that could have serious short and long-term financial consequences, so I'd love to get your thoughts.

My husband and I are both in our 30s, no kids, no debt other than a couple \$1,000 left on a car loan. I'm a six-figure earner, while my husband left his six-figure job earlier last year to take a break and figure out a career pivot. We own a \$600,000 home that we bought in March 2020, and the house has since appreciated about \$100,000. We both come from fairly humble beginnings. So being able to purchase this house as our first home means a lot to us. And living in a city where the housing market has stayed relatively warm, even in this economy, this house is also a big wealth building opportunity for us.

Unfortunately, my husband and I have been in a very rocky place in our marriage for over a year. We're trying to work things out, and I still love him as a friend. But deep down, my heart is saying this is not the right relationship for either of us, and it would be best for us to get a divorce. However, my practical brain is pushing back against the idea of divorce for financial reasons. Not only can divorce be costly, but we'd both be giving up a major wealth building opportunity by having to sell the house as part of the divorce. I can't afford to buy him out, and continuing to co-own the house and renting it out is likely not an option. I'm wondering how much I should weigh the financial implications and opportunity cost in making a decision on whether or not to end the marriage. I know I can stand on my own financial footing. So that's not a concern. I'm curious to know what your thoughts are. Thank you, Farnoosh.”

All right. So my first thoughts on this is just, firstly, thank you for coming to me with – This is a huge life decision, and the fact that you wanted my thoughts and wanting me to weigh in, I don't take that lightly. So thank you so much for reaching out. So what you presented here is a conundrum that is really rooted in your fear of something really important ending, which is less the marriage but more, potentially, this wealth building opportunity. It seems like you have your mind set already, using your own words, that you see your husband as a friend, and you don't really see a future together as a married couple. You've sort of made up your mind on that. I could be wrong. But it seems like with that, you've sort of reconciled with that.

The part that you're grappling with is the money part, particularly this wealth building opportunity part. If you come to me and you said, “Hey, I'm worried about the fact that I don't work or I don't make a lot of money. I don't have savings, or I have a lot of credit card debt. And now, I want to get divorced,” that could have some serious short and long-term ramifications on my financial life, if I were to get divorced really quickly and hastily. So my advice for you in that scenario, in that financial scenario, would be different than what you're presenting to me here, which is that you are financially stable. You make six figures. You don't have much debt. What you're really just stuck on is that this home, which has appreciated \$100,000 could appreciate more.

So my question to you, my listener, is this. What are you more afraid of? Are you more afraid of being in a marriage that does not fulfill you, knowing that you could, this time next year, be in a happier place, in a happier relationship? Or are you more afraid of something that, quite frankly, hasn't even happened yet? It is just a story in your head that this house is going to continue to

appreciate and build wealth. Homes, as we know, are a great store of value. But the last two years were unprecedented. The home prices increased dramatically since 2020, between 2020 and 2022. This year, we are going to see home values drop. Your home may not retain that added \$100,000 in equity.

I'm not being pessimistic. I'm just looking at the data, and I'm looking at what forecasters are saying. So all this to say that you're kind of stuck between reality and your hopes. The reality is, my friend, that you don't want to be in this marriage because you're not in love with your husband anymore. And you don't have kids, which helps because that makes for a less complicated separation. Then on the other side, you have this ambition, this hope that the house will become this wealth building tool. I'm not saying get the divorce, but I'm just saying be realistic about what you're actually going to win in a divorce right now, given everything you told me, given everything you know. You're going to win your ability to reclaim your personal livelihood. You could be in a healthier, happier relationship this time next year.

Is that more real or less real than your home becoming this wealth building tool forever and ever? By the way, and let's just play out that scenario. Let's say you don't get divorced because you're really insistent upon keeping the house and getting richer. But all the while, your marriage continues to fall apart. What does this house become now to you? Do you risk that this house becomes a source of resentment, a source of – It's like when couples stay together just for the kids, but they're miserable. Then the kids don't feel right about that. The kids know.

My mother did this to us growing up. My mother is still married to my dad, and she doesn't really listen to this podcast. I know this will never get back to her. But even if it did, I mean, I'm telling you the truth. Growing up, there were moments in my parents' marriage. They wanted to get divorced, and they didn't. They would make clear to us, to me, especially, because I was the older child, that, "We're not getting a divorce because of your wellbeing." I was like, "Great. Thank you."

At the time, I was like, "Yay, my parents aren't getting divorced." But as I got older, I tried to really understand what it takes to be in a healthy relationship. I got really tired of their fighting. I thought to myself, "I wish they would get divorced." Because now, I feel like I'm the source of their misery. Frankly, they should move on. You should never feel stuck in a situation that makes

you really unhappy because of maybe the prospect of something else happening that could be great. But what's more important to you? What are you more afraid of?

The thing that you're more afraid of is where the answer lies. If you're more afraid of being in a relationship that keeps you unhappy, that keeps you stuck, knowing that the longer you're in this relationship, the longer it means you're not going to be in a better relationship. Are you more afraid of that? Or that maybe your house is going to grow more in value. Listen, if you get a divorce now, you still walk away with an extra 50k, if you split it down the middle. That's not nothing. So again, I know this is like a very nuanced complex problem, and my answer is not meant to give you the short cut answer or even the answer. But it is just meant to give you some things to think about, and it's being – I'm being very honest. This is how I would approach this.

I'll give you one other example of a couple that did stay together because of the house. This was back in the recession, when you couldn't sell a house. Their home had depreciated massively, and they wanted to get a divorce. They had kids too. Things were really complicated. So they didn't get divorced right away because it meant a lot of loss, beyond just the loss of the marriage. It meant financial loss. It meant breaking up the family in a very difficult economy, where their jobs were uncertain.

So the house was sort of what kept them together. They lived in separate quarters in the house so that they could still at least be separated and maybe pursue their own personal lives, while they were working their way towards a divorce. But they – For them, the decision was we're going to get divorced but not right now because the house is underwater. One of us just lost our jobs. We have small kids. So you add it up, and it's like, "Okay, let's make a plan. Let's take some time. It's not to mean that we are not going to move on with our personal lives and have a divorce eventually. But we need to create an interim plan." Everyone's life is different. Again, my friend, thank you so much for emailing me. If you have more questions, if you want to talk more about this, follow up. I'm happy to be here for you.

All right, our next question is from Laura on Instagram, who wants to know whether she should quit her job because, frankly, it's getting to be toxic. She says, "The company culture at my employer is slowly becoming more and more toxic. At what point do I know that enough is

enough, and I should leave? I'm confident I could find another job making similar money, if not more, but is the grass always greener?"

So I asked her on Instagram. I followed up. I said, "Can you be a little bit more specific, like what's actually happening in your situation?" She said that there are constant power struggles with rewards to the big egos. "I've kept my head down, but I feel now I'm being personally bullied. I've reported a specific incident to HR, but I haven't received much support. My direct managers have been supportive, but I feel like nothing is being done to address the root issues." Yeah, this just sound like a rooted issue, where there is a reason these bullies feel comfortable doing what they want to do, acting how they want to act without consequence. There is a cultural problem going on, and companies compete on culture for good reason because there is a lot of toxicity in the corporate landscape.

Knowing this, there are companies that pride themselves on having a very different kind of culture, and I do think that some companies are better to work for for that reason. But you want to also be realistic. You don't want to just jump ship because of one bad incident or like you're getting a bad sense of things. If this is a job that's paying you a good salary with benefits, it's got good flexibility, you like your direct manager, there are some pros. So you want to weigh the pros against the cons.

If this persists, and HR doesn't rectify the situation, if you continue to be bullied, if you continue to be passed over for opportunities and promotions over politics, then, yeah, I think that this is not a sustainable situation, especially if your goal is to rise up through the ranks and to get further along in your career and grow. So my answer to you, Laura, is like this doesn't sound like your forever company. I would start to look around. There's never any harm in looking around, passing around your resume, putting feelers out there.

In the meantime, maybe the situation improves at your job. Maybe it doesn't. But it never hurts to compare and see what else is out there. I don't think it's a grass is always greener scenario. I do think there are some companies that are truly better at everything and truly better, especially, at the culture piece. Good luck, my friend.

All right. We have a question from Carrie, who has twins, Kevin and Emma, who are freshmen at Penn State, my alma mater. Their intended majors are finance, which is also what I studied, incredible. Okay, so she says, "I've shared your media platforms with them both. We are all in awe of you." This is so sweet. "As an alumni, any guidance you could share to help gain an edge would be most helpful." All right.

Well, I had a great time at Penn State. Let me tell you, and I was a finance major. Would I do anything differently? Probably not. I had really an incredible four years at Penn State. I studied abroad. I worked at the Daily Paper, not on the news side, funny enough, but on the sales side, selling ads, creating ads, selling them. That was a huge leg up, let me tell you. Pretty sure it landed me a number of internships because it was real life experience. Our college paper was not just this like basement enterprise. This was a paper that went out. I think we had something like 30,000 copies a day. Daily Paper was the largest college daily paper, I think, at the time. So I'd worked for that organization. That's not too shabby.

So our sales team brought in a lot of revenue. I was part of the sales team. It helped. I develop a lot of skills outside of the classroom in that experience. If your freshman kids are interested in that, I think back then they were – There's a training program. You applied for the training program. I was there for four years. It was an incredible experience. I'm actually having lunch with two women that I met at the Collegian all those years ago next week. So it builds incredible lasting friendships as well. So that's one thing.

Studying abroad, 100%. If you can do it, if you want to do it, I more than encourage it. The opportunity to be living in a country with no responsibilities, except to go to class, and then you're there to travel, why not? Then Penn State actually has a number of programs, where you're essentially just paying Penn State tuition and then sending your kids abroad. There are other private programs you can enroll in, and those credits will transfer over back to Penn State. But there are Penn State programs that run abroad that would just require you to then secure your airfare, and they'll arrange housing and all of that. I did that. It was incredible. I spent five months in Paris. There was even some business fraternities and sororities. I would look into community service. The state college area has a lot going on.

So that's one of the benefits to going to Penn State is that you have this ginormous university with all of its resources, but it's also within this really wonderful community with so much richness and so much culture. So tapping into that is another way to get sort of global experience, world experience outside of the classroom. Definitely spend a lot of time outside of the classroom. Classroom time is required, and you should go to class. But don't limit yourself to that. If you want to start a club at Penn State that you don't see listed, the school, at least when I went, was very receptive to taking your pitches and then giving you money to go do the thing. So if they want to be entrepreneurial in that way, also something that they can explore. Amazing, I'm so excited for them.

Okay, Chelsea wants to know, "Farnoosh, I'm choosing a platform to invest for myself and our kids. Is there a platform or broker that you recommend?" Okay, so we've talked a lot about roboadvisors on the podcast, and these are tech-driven investment platforms that come from all over. I mean, you can get one through Charles Schwab and Merrill and Goldman Sachs. You can also get one through some of the newer, more modern players in this space like Ellevest and Wealthfront. I like all of them. What I would say to you, as you are looking to find a home for your investments, is first think about what you need, what you like. A lot of these investment platforms, their interfaces are different. The UX is different. They all have their own avatar in mind, as they're building out these platforms. So whatever one speaks to you, the most I would explore.

I would also look at their fees. They tend to be very competitive and similar as a result. So .25% to .3% of your assets under management is typical, and a lot of them usually have access to the same kinds of investments, so index funds, ETFs, all that stuff. That is how you can go about looking for an investment platform.

Again, you're the priority here. A lot of them will also have custodial savings accounts, which is where you would be investing for your children. They can't invest on their own yet, so you should invest on their behalf. You usually do this through an instrument known as a custodial investment account, where you're investing on their behalf, and then they take over the reins once they turn. I believe it's 16. Maybe it's 18 in other states, but start with you. Then if you find a place you like, look and see if they have these custodial accounts where you can then invest for your kids.

All right, next question, and this will be our last. “Farnoosh, my husband I listen to you every week.” Wow, a couple. I like it. “We love your fresh take on investing and money management and listening to all of your guests. I have a quick question. When you formed your company, did you start with an LLC? We are curious how you started out. We love traveling. We would love to start a travel website down the road. We want to avoid rookie mistakes. Thanks a million. We love you, Jen.”

I love you, Jen. Thank you so much for this question. All right. So I started my company after I got laid off in 2009. It's the kick in the pants that I needed to just do the thing. The first thing I did was talk to my accountant. I said I want to incorporate. I want to start a financial education company, a production company even, a company that produces content around personal finance. So that's like books and speaking and brand partnerships and workshops, etc. I wasn't even thinking about a podcast back then. But he said to me okay, and he was not just any old accountant. He was an attorney and was well-versed in business law. So his recommendation to me at the time was to incorporate as an S corp. Not an LLC, but an S corp. They're different. Which one you choose, it really just comes down to sometimes your preference and the type of business that you have.

The one that's best for you really comes down to how many owners have a stake in your business. Are all of your business partners US citizens? Does a partnership or corporation have a stake in your business? How would a self-employment tax affect your net profit? I can't, obviously, answer these questions for you, so important to sit down with a specialized tax expert who knows business law, tax law. A CPA would be able to help you but preferably a CPA who works with business owners.

Then additionally, once you get that set up, and you get your tax ID number, you can establish business checking accounts and business credit card accounts, which I do recommend to separate from your personal. Then other things like bookkeeping. QuickBooks I use because it's simple, and I do have a bookkeeper. I have an experienced CPA who does my taxes and also now my personal taxes with my husband. That's it. Then you're off to the races. Good luck to the both of you. I'm excited for your venture. Let me know how it goes, if you have questions as you're building the business, and how I can support you.

All right. Thanks, everybody. Happy Friday the 13th. Thanks for tuning in, and I hope your weekend is So Money.

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