EPISODE 1491

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FT: So Money episode 1491, Ask Farnoosh, all things investing and retirement planning.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It is Friday, March 24th. You heard it in the title. We're going to be answering your financial questions around investing, retirement. We'll be joined soon by Sara Benton, who is a Prudential financial planner, and she's going to help us go through all of your concerns about 401(k)s. Roth IRA rollover is a hot topic. We'll also get into the reverse mortgage. Some retirees are leaning on this as a source of income. Is it a good idea? What are the pros and cons?

Sara is great. She's been a financial planner for over 10 years. She was actually on the podcast last year this month. She's very passionate about financial literacy, which you will learn shortly. But first, in case you missed this week's show, we had Morgan Housel on Monday. He's the author of the wildly popular book, *The Psychology of Money*, where he talks about how mindset can really build the roadmap to wealth.

Also, entrepreneur Ana Homayoun joined me on Wednesday in celebration of Eid Nowruz. She is like me, Iranian American. So we talked about growing up Persian in the United States, daughters of immigrants, the traditions of Nowruz, which is our Persian New Year, and the money lessons that the annual holiday taught me, and lots more.

A reminder, my new book is on presale right now. You can go to ahealthystateofpanic.com. For an early bird promotion, I'd love you to get in on this. It's an opportunity to connect with me. I'm going to host a live call for those who choose to preorder the book between now and the end of the month. Go to ahealthystateofpanic.com for all of it.

Now, before we get to the mailbag and bring on Sara, let's announce our reviewer of the week who's going to get a free 15-minute money checkup with me. We'll go to the Apple Podcast review section. This week, we're going to say thank you to CDittty. CDittty left a review this week, calling the show best advice and support. "I've been listening to Farnoosh since I was living, working, hustling in New York City in 2014. Throughout the years, she's put together valuable, interesting, and innovative content on money and adjacent topics. She's felt like a big sister to me. Her advice and some of the great guidance from her guests have shaped the way I think, including areas beyond my direct finances. Her episodes on negotiating helped me successfully negotiate a new job offer. I especially love the new Alexandra Carter episode, Tara Schuster from a while ago. I loved the episode 1246 about reverse engineering. So excited for her new book, *A Healthy State of Panic*."

CDittty, you have been going through the show. Episode 1246, whoa, that was a while back, and we are almost at episode 1500, if you can believe it. I'd love to give you a free 15-minute money session. Just email me farnoosh@somoneypodcast.com. Let me know you left this review, and I will be in touch.

Okay, let's do it. Joining us now, Sara Benton, financial planner at Prudential. Welcome back to the show. I love you. You were on the show last year, same month, same time of the year, talked a little bit about resilience then and how to be financially strong and what was then also a very precarious, uncertain time. I feel like theme hasn't changed. But today, we're going to talk about investing, and I'm so happy to have you here. Welcome to the show.

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SB: Thank you and thank you for having me back. It's been a pleasure always speaking with you, and it's nice seeing you again. So thank you.

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FT: Absolutely. All right. We know we have a lot of questions. I've been collecting them over the past few weeks from listeners about investing. This is also a show and a month dedicated to women empowerment. I want to maybe start with some of what we know already about women and investing. We often talk about this sort of investing gap. Just to revisit this a little bit, I don't want to dwell on this. I also want to mention that women are better investors than men. Hello, do we know this? No, we don't know this enough because we always talk about the investing gap, women lacking confidence, not investing enough. Okay, we get it.

But, Sara, from your end and from your practice, what do you really see as sort of the barriers, the challenges when it comes to investing as a woman?

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SB: Yes. It's a wonderful thing to not harp on the downside of it that we hear so often because, actually, the tables are turning. We see, especially with younger women, a lot more confidence coming up and rising through investing more and investing more aggressively. So what we see often that are the barriers, going back to your question, are maybe conservative investing being the forefront for women, as opposed to focusing on time horizon and the actual objective of those funds that you are investing, right? The longer time we have before we need to utilize an asset, the more aggressive that we can be. The more risk we can take. Sure, the more risk, the more potential for loss. But if you have time, historically, you have time to make those assets up should there be a dip.

So just getting back to your question, it's being maybe too conservative when we are investing. If we just focus more on the time horizon, the objective, what we're looking to accomplish with these funds, we can, hopefully, come up with a strategy and not use our gut to invest and more of our head and something that's put down so that we don't have to go back and forth when we see the headlines. What should we be doing? What shouldn't we be doing? Just follow your strategy and stick to it.

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FT: You bring up risk, which is so much a part of this. I often wonder if it's because as women, well, I'm not even guessing here, we haven't been investing for as long as men because we haven't really been invited to the table. So our comfort level, our comfort with risk is calibrated differently. What would you say to the woman who's like, "You know what, Sara? I get it. Investing is risky, and there are various types of risk."

But for me, as a woman who might be making less than her male counterpart, who has a lot of financial responsibilities on her plate, because maybe I'm a single mom. We also know that during the pandemic, we talked about this last week, more women were impacted financially and career-wise because they had to leave the workforce and do caregiving full-time. So women are arriving at investing with a different relationship with risk, and I can understand that. But as a financial planner, what would be your response to that person to encourage them to think of risk differently and to be able to feel more confident with that risk component?

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SB: Yes, great question. Because we really do have unique challenges as women, right? We are living longer, right? We are –

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FT: That too.

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SB: Yes.

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FT: I can't risk it because I'm living loner. I needed to stretch longer.

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SB: I know. We have a longer time horizon, where we need to fund our own retirement, right? So we're not – unfortunately, we no longer have pension benefits for the majority of us that are going to cover us through that time. So that means the onus is on us to do that savings, on top of our regular day-to-day expenses that we're going to see. So as women, we need to pause and say we know we have these unique challenges, right? We know we're living longer. We know that we are caregivers, usually, whether it's for your own children or for parents or loved one. So we're taking time out of working and being able to put money into an employer-sponsored plan.

But we're also having lower Social Security benefits because of that, right? It's based off of our earning years. So there's a lot that goes into that, which means, going back to your question, we need to think about risk differently. We have longer time horizons, more that we need to fund. We're going to be living longer, which also means our health care expenses are going to be higher in retirement, and those outpace regular inflation drastically as well. So, again, we need to think about risk because we want the market to be working for us.

Sure, the market's going to go up and down. But if we have a long time horizon, even if retirement is tomorrow, you're going to live 20, 30, 40 years in retirement. You have assets that need to be outpacing inflation, so we need to think about bucketing and tearing our investments. So that, sure, we have that emergency fund buffer that's liquid, that's safe, that's not taking risk. Maybe you have a short-term and a midterm goal that's not as aggressive. For our longer-term investments, we should be taking some risks.

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FT: Wonderful. All right. With all of that, let's go to the mailbag, Sara, and first help out a number of listeners who were – I had a lot of questions around this theme of like where to begin from Dawn, from Zahara. Where would you recommend investing right now? Zahara is 27. She and her husband just, she said, started earning "real money." I know what that feels like. So you feel now like, "Okay, this is my moment to actually uplevel my game here." But where do we start? Where do you recommend?

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SB: Yes. I would first always go back to organizing your goals because that will help you figure out where to put your money. Meaning, what is your time horizon for each of the goals that you have, right? Do you have a goal of purchasing a new home in the next one to two years? That's short-term. Anything where you need to utilize an asset within one to four years, that's a short-term goal. A midterm goal, which would be –

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FT: So that shouldn't be invested, right?

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SB: That should not be invested. Cash, cash alternatives. We are so fortunate right now that we're living where a three-month CD is going to give us over five percent. When was the last time we heard that? A six-month CD is going to give us five and a quarter, right? That's a guaranteed safe investment. Of course, FDIC insurance will cover you up to 250,000. So those short-term assets shouldn't be invested. But we can get some growth through interest in high-yield savings or CD accounts, right? It's liquid and safe and stable.

Midterm goals, five to seven years from now, we can take a little bit more risk there. Maybe not all equities and not all stocks. Maybe mixed in some mutual funds or exchange traded funds that have some fixed income inside of them. There's potential for loss there too. But you're, hopefully, taking a little more risk so that you have higher potential for return, so your money is working for you. Same thing for the long-term assets where your money is not needing to be used seven years or longer from now. You can take much more risk there.

So thinking about time horizon goals is a lot more digestible, in my opinion, where you can say, "Okay, these are my time horizons. I can then decide what account to put them in and what investment strategy," just as you were saying. Conservative for short-term, very conservative cash, cash alternatives. Midterm, maybe adding a little bit of mutual fund, exchange-traded fund, combinations of bonds and equities. Then long-term can be more aggressive. So think about what you're saving for, and that will help you from the time horizon perspective pick the actual investment.

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FT: Got you. The next few questions are about 401(k)s. Before we get into them, just top-level thoughts, Sara, on 401(k)s. I often just say, yes, if you have access to one, it's a no-brainer. But let's be a little contrarian and say what are some of the reasons you wouldn't want to invest in a 401(k)? Are there any legit reasons?

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SB: The reasons not to are for short-term cash needs, right? If you have short-term needs that far outweigh putting money aside for a later date, then sure, right? If we can't afford to make ends meet month to month, we need to prioritize where we're putting our dollars. That said, more often than not, I don't have that kind contrary in view. I am saying try and always put something away, even if it's $25, right? Anything that you can.

Especially in our employer-sponsored plans, more times than not, we're getting a match too, which means it's free money from our employer that we're walking away from by not putting money aside. So as much as you do need to prioritize when dollars are tight, I'm usually saying try and do something.

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FT: Yes. Well, speaking of the match, Shaimo wrote in. "Should I contribute more than the company match for my 401(k)? Is there a cost benefit to investing like the full whatever it is this year, over $20,000 you can contribute to a 401(k)? Or should I maybe then move the extra money that I have to invest once I do the match to like an IRA?" What do you think about diversifying your investments beyond the match?

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SB: So it's always good to at least get the match, just as you said. But trying to save more in a retirement account usually has its benefits, and here's why. Number one, your retirement accounts are going to grow tax-deferred, right? So whether it's the traditional 401(k), a Roth 401(k), a Roth IRA, or a traditional IRA, you want that tax-deferred growth that retirement accounts give you. So I encourage you, if you're trying to save for retirement, the 401(k) plans, IRAs are going to be the best place to do that.

But if we're saying do I do more than the match, then we first need to say, well, what are your objectives for retirement, right? If you are going to have – if you're fortunate enough to have a pension or some other guaranteed income stream, that's wonderful. But the majority of us that don't have that any longer, the onus is on us to do our own savings. So if that's the case, if I'm only putting four percent of my salary away just to get my company match and that's it, is that actually going to be enough to fund my retirement for 30 to 40 years? I had two great-grandmothers live to be 104 and 106. So I need to plan for a long retirement, just like the majority of us. It's wonderful, but how am I going to fund that?

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FT: The anxiety in me is like, "Oh, my God."

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SB: How do I fund that? The reality is it's by putting more into these accounts than just the match. There are lots of –

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FT: I'm going to move in with my daughter. That's what's happening.

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SB: Right? That's your retirement plan.

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FT: She's my retirement plan.

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SB: Mine too, right? That's the benefit of having coverage.

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FT: I'm going to teach her everything I know, and then she's going to be the next leg of this.

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SB: Thank goodness I had a daughter too. I mean, she's going to be my long-term **[inaudible 00:15:00]**.

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FT: Or my son.

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SB: Hey, maybe let's raise sons that do that. But what I would say is putting money away beyond our match is going to be important because studies have shown at least 15% of your annual salary going in is what's needed to fund a 30-year retirement. Now, that's a cookie-cutter number, and that doesn't apply to everybody, right? Maybe you want to do the bucket list things you've never done before in retirement. Or maybe you plan on downsizing. It really comes down to what you're looking to do. But generally more than your match is going to be the recommendation for putting money away to actually fund a retirement. Where you put those dollars can be a little bit more fun to play with from Roth traditional. But I would say try and do more than the match.

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FT: All right, great answer. Next up is Brooke, and she, good job, Brooke, maxes out the 401(k). Excellent work there. She wants to do a Roth, which we know like we've talked about Roth so much on the show. I won't go into like what it is, but it is great. It has tax incentives. But there is a salary limit. You can't contribute to a Roth beyond a certain income level. So she makes too much to qualify for a Roth. She's wondering about the backdoor Roth IRA. Could she qualify for that? She's 42. She maxes out her 401(k), again, makes too much for the Roth. Can she do the backdoor Roth IRA?

First, maybe what is a backdoor Roth IRA for those who are new to it?

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SB: Sure, sure. So there are a couple of ways of getting money into a Roth when you don't have the capability of directly contributing. That's what – people call this backdoor option. Basically, what that means is you would put a contribution into a traditional IRA or a traditional 401(k) plan. Then instead of keeping it there, have it be invested and growing over time, you roll those dollars directly into a Roth immediately after putting the money in. That's the backdoor because you're allowed to do that by way of conversion.

The words matter that you use because you're not actually directly contributing to the Roth. You're doing a conversion and moving the money out of the traditional account and directly into the Roth. That conversion, there's no income restriction. There's no age restriction. There's no dollar amount restriction. Anybody can do that. You just have to be aware that anything that you're moving is going to be after tax, right? Which means it's not going to decrease your taxable income that year. You're going to have to pay tax on the dollars in which you do that conversion for.

Another thing that you could do is you can do conversions on previous contributions that you have. So let's say I only have, before tax money, all of my traditional 401(k) plan. I could move $100,000 out of that into my Roth if I wanted to. So I can have this great after-tax pool of money. I just need to know that I just increased my taxable income this year and my $100,000. So there’s a tax component. But that's a way for people, like you're saying, to get money into the Roth.

The only other thing that I'll mention, which I'm encouraging people to do, is employer-sponsored plans can easily add Roth 401(k) plans into them. You should check to see if your employer has that option. Because a lot of people aren't even aware if their employer has the Roth 401(k). Roth 401(k)s inside of your employer have no income restrictions. So I could be making a million dollars per year and directly contributing to the Roth 401(k) through my employer. So check with your employer to see if they have it. If they don't, you and your colleagues should be encouraging your employer to get this.

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FT: Great reminder that we actually have a little bit of power at work, more than we think, feel empowered. I think you're right. Collecting a group, getting together with other colleagues, and going to HR, always better than just one person voicing.

Maybe let's move on to talking about weighing the different investments against each other. So Lola wants to invest for college for her kids. They have 11 years to go. So she's got a nice chunk of time to invest. She also needs to invest for her retirement, which is 25 years from now. I guess she's asking you the question because she can't kind of go full steam ahead with both. Like a lot of us, you have to sort of compromise. Maybe you do more in one bucket than the other.

As parents, we often want to put it all in the kids' basket. It's like our instinct is to just protect our kids before we do anything for ourselves. What's your advice? I'm sure you get this question in your practice a lot.

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SB: Yes. It's a really tough dynamic to play because, obviously, we'll do anything for our kids, and we want to prioritize their education. But I like to try and break that down a little bit and say your child can get a loan for education. Nobody is going to give you a loan for your retirement.

So when we have to prioritize, the prioritization should come on your own retirement because like I've been saying, you have to fund 20, 30, 40 years of an income. Where's that going to come from? No loan is going to give that to you. So you need to think what's important here, my child's education, where they can get that funded through another vehicle than my own savings or my own retirement?

Now, of course, most parents are going to say, “Well, I'm going to do something,” right? They don't just say, “Well, I'm not going to do anything,” if they're trying to think how can I put money aside. So I would say, if you really are still committed to putting money away to your child's education, take advantage of a 529 plan. Even if it's $25 a week or whatever the dollar amount is, you're going to get tax-deferred growth in the growth in those investments as they appreciate. That's shown to compound much faster than non-qualified assets that don't get that tax-deferred growth.

There are also a couple of tax law changes that just went into effect that Congress has passed in December of last year in 2022 for the 2024 tax year. It's going to be really exciting for 529s, where it allows any leftover dollars up to a cap of 35,000 to be rolled into a Roth IR. Where before, anything left over in that 529, you'd have a penalty, plus tax on the earnings for taking it out beyond education.

So a lot of people have mixed feelings about 529s. But I'm telling you, if you're going to try and put money away, if you're trying to take advantage of a tax benefit, get tax-deferred growth, now with this extra Roth component at the end, I'd say a 529 plan is the best bet of doing it.

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FT: Yes. The 529, for all these 20 years that I've been reporting on it, it has definitely evolved. It's become more expansive. So for those who are on the fence because, initially, yes, it was quite limiting if you didn't go to college or a qualifying higher ed school. Your best bet was to either change the beneficiary to someone who didn't want to go to college or take out the money and pay the taxes.

But now, you're right. The Roth option, we talked about that on an earlier show. Also, in recent years, it has expanded so that you can use the investments $10,000 a year for primary and secondary school. So if your kid goes to private fifth grade or goes to boarding school or what have you and you need them – or even preschool. Preschool in many suburbs, cities is not free. We're only just getting free preschool in our town, and it's a lottery. So a lot of parents have to pay for that out of pocket. If you have been already investing in a 529 plan, and it's been growing, and you're kind of looking at it like, “Oh, this could really help us out now,” you have that option. So it's becoming way more flexible.

Yes, you don't get a scholarship for retirement. There's no scholarship, there's no grant, there's no FAFSA fill out, and it’s a longer duration. I think we can all agree that when we get hit retirement, the last thing you want to do is be a financial burden on our kids. If you have given all of your money to your kids, and you've left nothing for yourself, well, that doesn't help anybody.

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SB: Exactly. Yes. So I would try and prioritize yourself. But, obviously, trying to put something away, if you're going to do it, do it in a 529. That's usually my recommendation.

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FT: All right, a couple more questions here. One is about what to do when your company doesn't offer a 401(k), a 403(b), these company-sponsored retirement plans. Brittany has this question. What are the options for my husband who has no access to a workplace retirement account? What limitations are there if our combined income is higher than the limits to contribute to a Roth IRA? What would you say to this couple if they were in your office?

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SB: Yes. So we can, obviously, do a traditional IRA. You are limited when you're under the age of 52 a contribution this year of 6,500. 7,500 when you're over the age of 50. But that's limiting you into how much you can put away. So the question comes down to how are you getting paid. Are you getting paid W-2 or getting paid 1099? If it's 1099 income, self-employment income somehow or contracting income, things like that, you can do SEP IRAs, which have much higher contribution limits over $60,000 per year you can be putting away.

There's a little bit of a cap there based on your income as well. It goes up to 25%. Or over that $60,000 number, you need a tax advisor to really tell you how much. But that's a great way for you to be putting money away if you make 1099 income or self-employment income. If you're a W-2 salaried person that does not have an employer-sponsored plan, of course, that traditional IRA is one option.

Another option that if we're trying to get fancy with it is a non-qualified annuity, right? Annuities give you taxed-deferred growth, right? When we have a long time horizon, especially for retirement, where we're not going to be utilizing these funds until we're 59 and a half or older anyway, an annuity is a great tool because it gives your money tax-deferred growth, compounding growth inside, where you don't have to pay taxes each year on the dividends or interest or distribution. So I would say a non-qualified annuity. These days, annuities aren't a bad word. You can get – some annuities have no fees at all, right?

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FT: Really? Because that was going to be my follow-up question. Annuities, I kind of steer clear of them because I'm like, “Oh, they're expensive,” and I get a lot of questions from listeners who say, “We had an annuity. But, oh, my gosh, the payments. The payments are so high.” For decades and decades, they're paying into this. They're like, “We could have bought a house. We could have been investing in the stock market.” So I'm a little on the fence with annuities. But you say that they're evolving.

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SB: They really are, and they're not the annuities that your grandma used to have, right? There definitely still are and people are grandfathered into contracts, where the fees are over two percent. Sometimes, they're over three percent. There might be a benefit there, some sort of insurance wrapper that they're getting.

But what I'm talking about really are principal protection annuities, where maybe there's no downside exposure. Or maybe there is downside exposure, and they give you limited upside cap. It depends on the type of product. But basically, these more not-income-based, we're looking for tax-deferred growth. Those have zero fees associated with them. A lot of products these days that are really just focusing on accumulation and no lifetime guarantees, like no pension payouts, no chronic illness payouts, nothing like that. It's really just for accumulation. A lot of them have no fees now.

So we can take advantage of this tax-deferred growth like we get in our regular retirement accounts for this person that says, “Hey, I want to be able to put more away. I want to have some sort of retirement plan. But maybe that 6,500 in my IRA is not enough. It's not cutting it. How do I put more money aside and take advantage of tax-deferred growth?” A non-qualified annuity for accumulation with no fee, that's a great answer to that question.

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FT: That was as simple as an explanation as it could have gotten, and I knew with you – that's what I have you on the show because you put it in plain English.

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SB: I do my best.

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FT: Yes. I would just say, Brittany, that, again, if – going back to – I have a SEP IRA, and I love it. I was able to still contribute to the SEP IRA when I had a full-time job that was a W-2 because I continued to have my business, and I was making income in Farnoosh Inc. So I was able to have a 401(k) and a SEP IRA. Let me tell you, last year was a good retirement investing year for me. It's not going to be repeated. But the SEP, I think you could contribute over $60,000 to it, and it's tax-deductible. Hello. That has to be the biggest tax-saving thing there is as far as investment –

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SB: It's amazing. You need 1099 income from it, right? So it can't be just regular W-2. But for those of you that are saying, "Well, how can I do this if I'm doing this on my own? I don't have a retirement plan," that's the answer.

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FT: Yes. Start a little business on the side just or like start doing a side hustle. Get some 1099 revenue, and you can qualify for the SEP. It's a huge tax shield and, obviously, a great vehicle for retirement.

Finally, Jill, "My parents seem to be sold on a reverse mortgage for grandma. Is it ever a good idea?" Okay, so we don't talk about this a lot on the show. So I think it would be important to just kind of simply say what a reverse mortgage is. It's where people who are approaching retirement or even in retirement, and they don't have a lot of mortgage left. They have mostly just equity. You turn that equity into a loan, and you start living off of that. You can arrange a loan where you're getting like monthly payments. You can kind of control the cadence and the time when you get issued these payments, if you want lump sum versus payments. But there are risks, and I'll let you step in to talk about that and what you ultimately think of them.

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SB: Yes. It can be a great tool. It also should be something that anytime you engage in a loan or using your home or an asset as collateral, as you do in a reverse mortgage, you should be eyes wide open going into it. What's up for grabs and the things you need to be aware of. So it can be super helpful for people that either don't have a lot of assets. Maybe they have longevity on their side, right? Where they're going to live a long time, and they are looking for ways to make ends meet. The other only alternative is to become a burden to somebody else or live off of state assets, right?

So what we can think about when it comes to a reverse mortgage is, number one, do you have equity in the home, right? You need equity in the home. That's really the only way that this works. You have to be – I think it's over 62. There's an age requirement. You have to be over a certain age to qualify. Then you determine the type of loan payout that you're going to get. Is it going to be a monthly benefit that you live off of? Is it going to be a lump sum? Is it going to be some combination of a lump sum and then a payment? Or more similar to an equity line where there's interest associated.

So it really comes down to figuring out, number one, what works best for you or the person that's getting it. But also, number two, realizing that the house is collateral, right? So what that means is when that person passes away that owns the home, that house doesn't just go to the family, right? The bank is involved, and that equity line or the reverse mortgage, depending on how you have it set up, is going to need to be paid back first. More often than not, depending on how long this person lives, that means usually collecting the majority, if not the whole value of the home back, meaning the bank would own the home afterward.

That's not always how it works. But those are the things that you have to be aware of, right? That home is no longer going to be an asset that's going to flow through the estate as freely as it did before the reverse mortgage. It can be a great tool for some people, especially when they don't have the assets, and they're living a longer life.

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FT: I know generational wealth is something that's really important to people right now, is setting their kids up for financial success. What it sounds like is that a reverse mortgage isn't exactly a generational wealth-building tool.

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SB: Correct.

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FT: Of course, you can borrow as little or as much as possible. But if you max it out, then you know the house isn't going to family probably.

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SB: Yes. But it might still be a good answer if the other alternative is using your children as the resource to fund your retirement, right? So there's the scale that you have to weigh there to say which is the right option based on what the alternatives are.

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FT: Sara Benton, thank you so much. We got through a lot here. We covered a lot of ground. Parting thoughts for women as they embark on their investing journey. We've discussed a little bit of like the risk component. We know that there are strengths too. My message is just focus on the strengths.

The other thing I read the other day was that women are more likely to be drawn to like impact investing. We didn't talk about that. But we know now too that impact investing, socially responsible ERG, that those investments return handsomely. That they do well, generally. So that, again, speaks to the fact that leveraging your interest as a woman and the fact that we want to leave an impact, we care, we're caregivers, like this all plays really nicely in our investing game.

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SB: It sure does. I would say just kind of take it piece by piece. Take it in bite-sized chunks, right? If you're thinking at looking at the big picture, it's easy to get overwhelmed for anybody, right? So look at the things that are important to you right now. Do you have an emergency fund? Are you thinking about saving for now and for later? Are you taking advantage of tax-deferred investment accounts for your retirement or education funding? Are you thinking not only of how you're going to pay taxes today but how you're going to pay taxes in the future based on where you're saving for retirement, right?

Those are the things that are really going to make an impact and, of course, the socially responsible investing, like you were talking about. So I would say take it in chunks. Don't do everything all at once. You're going to burn out, right? Set goals for yourself, and you'll get there.

[00:33:31]

FT: Thank you. Everybody, thanks for tuning in. For Prudential's free financial checklist, go to join.farnoosh.tv. Next week, we're going to be talking about affording life's big purchases; homes, home renovations, cars, having children. Stay tuned for that. In the meantime, I hope your weekend is So Money.

[END]