EPISODE 1497

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It is Ask Farnoosh Friday, your chance to hear other people's money questions from the audience. This is our most popular episode of the week. I could have Queen Latifah on. And y'all just want to listen to the Friday episode and know what everyone else has on their money mind. I can bet, it's probably what you're thinking too.

And today we're going to give a lot of advice going through the ages, the 20s, the 30s, the 40s, the 50s and even for those of us in retirement. My guest coming up is Cynthia Decker, certified financial planner with Prudential. Capping off our four-week-long partnership with Prudential. She's got lots of insights and lots of recommendations wherever we are in our life stage.

This is also Financial Literacy Month. We kicked off Monday with a conversation with Bobbi Rebell. A different kind of talk where we explored what do you do when you've sort of made it? It's a good problem to have. And there are different definitions of made it. There are those of us who are millionaires. But then even if you've just like paid off your debt and you're no longer living paycheck-to-paycheck. That feels like you've made it. What's next? How do you create a new financial plan? One that reflects more of where you are now versus where you began?

Chelsea Fagan joined us on Wednesday. She's the founder of The Financial Diet. One of our favorite money resources. And also, a different conversation there. we talked about her latest creative endeavor, a novel called *A Perfect Vintage*, which comes out this summer. Chelsea and I talk about how she turned this creative spark into a real business and selling thousands of books on her own. She self-published this. And advice for those of us in the audience who are also creatively-minded and maybe looking for some sort of outlet and to monetize that outlet.

Thanks to everybody who pre-ordered my book, *A Healthy State of Panic*. We ran a special social fast-action bonus that ended at the end of March. If you bought the book by the end of March, you are going to be invited to a free one-hour live workshop with me. We're going to talk about leveraging fear to master your money. We're going to talk about the behind the scenes of a healthy state of panic and how it came to be. And we'll also answer your money questions. And we'll give away some freebies.

But don't worry, if you missed that window, there will be more incentives for you to buy this book early. Pre-sales are really important. If local bookstores and Barnes & Noble don't see that your fans, bought your book, in the run-up to it coming out officially, they're probably not going to buy it and put it in their stores. And I get it. They have to be smart about their investments.

This book is not just about money. It's about life. It's about my life. It's about the lives of a lot of people who have come on this show who have imparted the incredible wisdom of how fear has helped them master their career, their finances, their relationships, their businesses. It's also really self-deprecating. Really funny. You get to learn about my growing up, my parents, my brother, my husband, my family. It's all in this book.

I tell you, it took me 43 years to publish this book. No sooner. And it's my gift to you for being with me all of these years or all of these days. No matter where you joined me on this journey, on your journey, I want this book to take you to the next level. And to honor our fears. Go to ahealthyseatofpanic.com to get your copy.

Let's go to the mailbag and pick our reviewer of the week who gets a free 15-minute money session with me. This week we're going to say super thanks to Power of The Unicorn 62, who left a review earlier in March calling the show well-rounded. Here's the review: "I've been listening to So Money for about a year. And I'm thoroughly enjoying the show topics and the information provided. The recent parenting episode was great for this mama of two, especially since I will have a toddler and a teenager in the home simultaneously. Thank you, Farnoosh, for doing the hard work all these years."

Well, that takes me back. I'm 11 years older than my brother. My mom knew this well. She knew what it was like to have a young child and a angsty teenager in the house at the same time. But it was kind of for the best. We are super close now, my brother and I. Looking forward to talking with you, Power of The Unicorn 62. Email me, farnoosh@somoneypodcast.com and let me know you left this review. I'll reply back with a link for you to pick a time for us to have our one-on-one.

All right. Now let's talk about how to help you with your money wherever you are in your life. Joining us now, Cynthia Decker, certified financial planner at Prudential. Welcome to So Money. Excited to have you with me as we navigate these questions about how to manage money throughout the ages.

I just, first of all, think it's so cool, your background, how you got to this profession in finance. You came from a very different creative world. Musical world. Tell us a little bit about your first career, I suppose?

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CD: Well, thanks, Farnoosh, for having me today. My first career was as an orchestral flutist. I spent 20 years in two different symphony orchestras. I spent five years in the Virginia Symphony with fine musicians there. And I spent 15 years in the Syracuse Symphony Orchestra with some very fine musicians there as well.

As time went on, the Syracuse Symphony actually experienced some financial troubles and ended up liquidating. And so, I had to make a career decision. And when I did that, I had always gravitated towards keeping track of my own financial stuff and had helped some friends and family with financial stuff.

And I decided to go back to school a little bit and study for a CFP exam. And I started working for Prudential around the same time. And I have been blessed to have now two wonderful careers. One, behind me, as a professional musician. And the other, ahead of me now, as a financial planner. I'm about 12 years in.

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FT: Wow. And where were you in your life stage when you had to make this pivot?

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CD: I was in my mid-40s.

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FT: No way. Oh, my gosh. You were really – like this was it. You thought probably you would retire doing this.

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CD: Exactly. Exactly. I it was a bit of a shift. But a good one. Things happened for the right reasons.

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FT: Well, so inspiring. Because I often think in your 40s, this is really the time in your life whether it happens for you or you do it proactively. Take the risks. Take the career chances. Explore something creative or different as a side or completely as a new venture. I think that we often think of our 40s as – I don't know. Keeping status quo maybe?

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CD: Settled.

[00:07:17]

FT: Yeah, settled. And I'm 40 – what am I now? 40 – oh, my gosh. 43? It's so weird to say that because I feel like if pandemic adjusted, I think I'm still 40. The years in between were so foggy. But I personally can relate to your pivot in your 40s. I feel like I'm, in some ways, doing it myself. I love it. I really love it.

Let's hold on to the 40s and let's go back in time a little bit still. We want to talk about money through the generations. If you're in your 20s right now, 30s, 40s, 50s, we have advice for you in terms of things to be thinking about. And we want to preface by saying audience that these are not hard and fast rules. There's no such thing as being "behind".

And maybe, Cynthia, we could touch on this, you and I. Because I do hear often from people in my life and just meeting people out in the world, or even on this podcast, they confess. I do feel a little bit behind because I'm comparing my financial achievements, or lack thereof, compared to my parents.

And we think, "Oh, well, our parents were able to afford a home and start a family by 30." I'm nearing 40 and I have none of those things. And so, what would you say to the client or the person who's feeling "behind" because they're using these benchmarks?

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CD: I would say that there are no real benchmarks for anyone. Everyone is their own person and is going to blossom in their financial fitness in their own way. Different from when our parents came out of college, a lot of people in their 20s now come out of college with college loans that far exceed any house payment that their parents ever took on. I think that that pushes the house buying back a little bit.

On the same token, kids are getting married a little bit later now, which is different than what our parents did. A lot of our parents were married by the time they were somewhere between 18 and 21. And I think the average person now is waiting until later in their 20s or 30s. Things are a little topsy-turvy that way. And I wouldn't really try to compare yourself to a different generation because every generation is very different.

I would say, if you come out of college and you have debt, the first thing to do is get that first job. Start saving for yourself. And work with someone if you're not sure how that works. How do I pay down these student loans? How do I try to get a foothold in life with rent, and job and bills? And then go from there.

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FT: Well, let's talk about – we have a listener, Paula, who recently graduated from college. Living at home like a lot of college grads do. Because for her, she says she's not sure what she wants to do yet with her career. She's considering going back to school in a few years for a master's.

The big question is how should she think about her financial life? How should she save? She has a job but it's not really her dream job. What are the investments that are worthwhile right now? Would going to grad school make sense?

I mean, I'll kick us off here and just say I was in her shoes. I think it's very overwhelming when you're out of college. You feel like your life should just be what it looks like on TV. I grew up watching Friends and I was like, "Oh, I'm going to like live in New York and I'll have all these friends and these experiences. And I can afford to live in New York in this great big apartment." Lies. All lies. All get fabricated by Hollywood.

The truth is I think your only response – and this is me speaking. My opinion. I just think, in your in your 20s, if you think of this as really a chapter in your life where you're still allowed to keep learning. And what does that mean? Failing. And you don't have a dream job. Guess what? Nobody gets their dream job right out of college. You should just take a job. Any job, frankly, that teaches you what it's like to work, be responsible, be accountable, earning a paycheck before you even think about investing in a grad program.

Paula, where do you want to be this time next year? This time in five years? What are your goals? Anchoring your financial plan in what you want to do as opposed to what your parents want you to do? What your friends are doing? Which, I have to say – because in your 20s, it's very easy to feel as though you're being pulled in certain directions because of other external factors, expectations, culture.

What I'm really saying is don't be overwhelmed. Be curious. Take on this approach to life, which is just that you're basically continuing college right now. You're continuing to be a student of life. It's okay if you don't have it all figured out right now because I'm still figuring it out and I'm 43.

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CD: I think that's great advice, Farnoosh. I think that, probably, the most important thing that we can learn in our 20s is that we have a lot to learn and to be open to that. If you're working now and you've finished your undergraduate degree, really think about did that undergraduate degree do for you what you thought it would? And has it helped to fuel your dreams for what you want to do going forwards? And look at me, I had totally different dreams in my 20s than I did in my 40s. That's okay.

You can pivot and change. Before investing in a graduate school education, which you can always go back and pick up. And sometimes, if you find the right employer, they will help you with it. Right now is the time maybe. You're very fortunate that you're living with your parents and you're and you are working. This is the time to practice and learn some very good life skills.

Learn what benefits you might have at work. Even though it's not the dream job, you might have some benefits at work. Do you have life insurance? If something happens to you, does somebody else have to clean that up or have you left some funds so that somebody can be taken care of?

Make sure that if you have health insurance there, you understand what it is. And maybe you can even put aside a little bit for retirement there. Keep track of it. Because maybe that isn't the job that you'll have forever. But you can put aside a little bit.

For anyone in their 20s, I always say, for your first job, pay yourself first. If it's either in a savings account and a retirement account that's at work or just in a savings account. If you can take the cost of a pizza and a couple of beverages, adult or otherwise, and put it aside every week, you're well on your way. And that will be helpful down the road because you're building those good financial habits, right?

And also, take advantage of the fact that you're living at home and maybe your expenses are less than they would be if you were out on your own. And if you can put that money aside as well, that's great. This is maybe the time to do a little exploring. But it's also the time to salt away a little bit of money. So that when you do have your first apartment, maybe you can get a new couch.

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FT: Imagine you're paying rent. But pay yourself that rent. If you had to go and live on your own with a roommate, what would that cost? Maybe you don't put the whole amount away. But $300 a month. That's less than any market rate rent I would think in this country. Putting that away for yourself.

I think also, going back to my 20s, one thing I'm really proud that I did that I didn't want to do because I didn't think I could was invest in a 401k. I'm so grateful for just having the little bit of advocacy along the way in my 20s. Because you don't know what you don't know when you're starting out. But to have someone sit you down and go, "This is what a 401k does. Here's the match." And I didn't regret it. I think I surprised myself as far as like what I could do. And I had student loan debt. And I was paying New York rent. Somehow it still happened.

Okay. The 20s. Know your why for financial health. Prioritize your spending and savings according to where you want to be a year from now, a few years from now. Get your financial ducks in a row. The best you can do, investing a little bit, saving a little bit.

And then I love what you said about paying yourself first, Cynthia, and automate that. If you're going to pay yourself automated, just like you automate your bills. Get that money into your savings no matter what.

All right. Moving along to our 30s, early 30s. Bby then, I was engaged. I had a business. And Shania, she is also in her early 30s preparing for a year abroad from work. She wants to travel. She wants to take a year off. I wish I could have done that in my – I wish I did do that in my 30s. I think that would have been pretty cool. And I really respect this.

But this takes some financial planning. If a client comes to you Cynthia and says, "You know what? I want to take a year off work." And also, not just sit around. I want to travel. And that's going to cost money. What is the checklist there?

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CD: Well, the checklist – Shania, good for you. Because a lot of times, human nature is we always put things off till tomorrow, tomorrow, tomorrow. And then sometimes tomorrow comes and you're like, "Wow, I forgot to do all those things. I was busy with all the other stuff." Kudos to you.

As a financial planner, I'm hoping that you've saved for that vacation for that time and that you have a plan as to how maybe you've put some money aside. Maybe you're going to work a little bit as you're out and about around the world. Traveling for a year. But hopefully it's not going to set you back when you come back home and hit the ground running again. But in our early 30s, maybe we're planning for that. That's a big expense.

Another big expense might be weddings and things like that. Maybe this is the time that you're buying your first house. Hopefully, if you set that stage in your 20s and you have some money saved, that's going to be seed money to help with that.

And I always say, in the case of travel or anything like that, we want to make sure that it's a memorable event. But try not to break the bank on it so that you regret it later, right? With the wedding, a wedding is one day that starts a whole lifetime of experiences. And nobody is really going to remember that you had the $500 cake or the $400 cake, right? Just keep things in mind as you're doing budgets. Because, ultimately, if we have to pay something off for many years, then we get behind. In our early 30s, we're kind of continuing to save and using some of that savings from our 20s to buy those big purchases.

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FT: And P.S. Whether it's a $500 cake or a $1500 cake, it tastes like a $30 cake.

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CD: There you go.

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FT: There's no such thing as a cake that tastes like a thousand dollars or $800. A cake is cake.

I think in your 30s, this is, to your point, Cynthia, when a lot of us are – whether it's like the weddings that we're going to. Or we're going to get the down payment for the house. We need this additional savings. We've been saving for retirement. Saving for a rainy day. But maybe now you start to really compartmentalize even further your savings.

I mean, I have friends who actually do this. They put labels on their different accounts. You can do this through your bank often. This is for the down payment on the home in three years. This is for the weddings this summer. So that at least you know you're staying on target.

Now further on in your 30s and maybe even your early 40s, a lot of us is when – some of us. Again, not everybody. And you may not want this. But Nate writes in. He is in his late 30s. He's married. He's got small kids. Two small kids. And he's thinking about fortifying the financial life. The wills, the estate plan, the insurances. What are the do's and don'ts for creating financial security around your family now? Because it's not just you you're taking care of, but a household.

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CD: Right. Now is when we really want to make sure that many of your ducks are in a row. Because not only is it just you on your own. But you have other people that you co-parent with, right? And that you also are responsible for. Now is the time when we really need to sit down with an attorney.

I once had someone say, "If you do not make out the list of what happens if something happens to you, your state will do it for you." When we have children, we really want to make sure that they are taken care of. We need to make sure that we have guardians for them. We need to make sure that if something happened to one of a couple raising children, or a single mom or single dad, that the children would be taken care of.

That's where we start investigating. We start investigating protection either through work or with a planner talking about life insurance options. If I don't come home tomorrow, is my family going to be okay for the next six months as they try to adjust to that new normal? And that's what you really want to try to do.

And there are ample opportunities to read about that and to talk to folks about it to really get those things in a row. And then in the meantime, we keep building on what we've built. We've been saving in our 20s, saving in our 30s. And maybe now we're saving a little bit for college as well. And all of those expenses that come with raising kids.

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FT: So many expenses. And I think sometimes the thing that we get caught up in as parents is – I think my listeners have heard this before on the show. I talked about it a lot, but it begs repeating, is we often save and afford things for our kids before we do them for ourselves, which sometimes is fine but sometimes can be detrimental. Where you might be putting more towards college funds than retirement funds.

You probably see this, right? Or you have advised against this. Any more thoughts on sort of how to prioritize your finances at this stage especially because you've got a lot of moving parts?

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CD: I think there are some ways you can automate your finances at this stage. In your 30s, if you have been saving in your 401k, now might be the time to start an IRA or a Roth IRA outside and maybe put a hundred dollars a month in there. And then every year, either on your birthday, or on January 1st, or on whatever day you want, tax day, up that percentage that you're putting away in your 401k. You'll barely miss it in your paycheck. But it will make a lot of different over time.

And then two, if we're saving for college, that's going to make sure that you keep the focus on you. And then keep saving for your kids for college. And maybe consider that, again, with kids today, we are so fortunate that they have so much, right? Maybe talk to grandma and grandpa, and Aunt Joe, and Aunt Betty, and all of the aunts and uncles and maybe say, "We don't really necessarily need tons and tons of toys and clothes." But maybe ask those folks to maybe buy something small. Maybe a bottle of bubbles and $20 towards the college account. That would be much more helpful.

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FT: Yeah. And it's easy to do that now. I think a lot of the 529 plans, the websites will give you links, social shares. Really, really easy. 30s can be a very wide-ranging decade. People are all over the place in terms of what their lives look like. But it sounds to me, general speaking, this is the decade when you're leveling up. You're building on the good work that you've done in your 20s or the things that you've started to at least pursue in your 20s, like investing, and saving and paying off debt.

That, especially in your 30s, if you have dependents, that you are really prioritizing things like paying off the debt. Investing for yourself and their futures too. But insurance is a huge one at this stage. Life insurance, will. Reminder to myself, I have to update my will. Because you know what? Life gets busy and you forget to do some of these things. That's why it's good to have a podcast to remind you of what you need to do. Note to self.

Let's get into talking more about 50s, 60s. Actually, a good healthy amount of my audience is in this cohort. I get notes and DMs from people sometimes. I'm in my 70s. Or I'm in retirement. I really want to dedicate a remaining time to talking about getting retirement ready.

Gosh. No matter what survey you look at these days, and there's a lot of them, the average American does not feel confident about being able to retire "on-time". Which what does that even mean? In your mid 60s? Especially with setbacks like the pandemic and even going back to the Great Recession of 2009, a lot of people still feel like they're reeling from some of the financial setbacks there. Whether they went through a foreclosure or a long period of unemployment.

All this to say that, right now, Americans are not feeling ultraconfident that they can just stop working in their 60s. And so, just maybe overarching thoughts, Cynthia, on getting retirement ready. And speaking specifically to those in the audience who are 50s, maybe retirement is 15 years away.

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CD: This is a great time to start planning in your late 40s, mid 40s, 50s, 60s. It's never too late to start planning. What you really need is a baseline. Where am I now? And then from that baseline, you can kind of build out from there.

In your 40s, if you haven't been saving, now is a good time to use some kind of retirement calculator and try to find out how much do I need? Retirement isn't necessarily the size of the pot that you have. It's how you spend. How have your spent – do you spend everything that comes in every paycheck?

And so, therefore in retirement, are you going to need that same paycheck? Or maybe you're saving a lot of that paycheck. And so, when retirement comes, it will be a little bit less? Now's the time to start tracking that and keeping track of it.

Along with that, we look at what we've saved so far. And two, what we can save over the next few years that can have that compounding effect and help us out when we actually stop working. And nowadays, too, there are a lot of folks who maybe leave their job that they've had for a very long time and maybe graduate out of that full-time job.

There are a lot of folks that, once they do retire, maybe they go back for a few days a week doing something totally different or maybe something that they feel gives back to the community and they make a little bit of money too. Is that you? You kind of have to figure out – again, you're figuring out a new why for the retirement view.

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FT: Yeah, revisiting the why. I'll tell you one thing though, my dad turns 70 this year. And he has a full-time job, which I don't think he plans to retire. That's him. That's his joy from working, and being around people and problem solving. I think if he was home with my mom, it would be like oil and water.

Yeah, I mean, then there's maybe somebody else who's like, "Absolutely not. I just want to be on a beach." And then there's someone in the middle who's thinking, "I want to work maybe 20 hours a week but then only doing something that I like to do." Like my father-in-law, he works at the local golf course in their pro shop because he loves to golf. And he's like this gets me free golf. And I get to hang out with like-minded people. Figure out your why and also the what of your retirement, I would say.

P.S. If you're age 50 older, you get to contribute what's called catch-up contributions to both the 401K and the IRAs. If you have the ability to do that, it's a great way to catch up if you have been a little bit slower to invest in previous decades.

There's also, we should say, a lot of calculators out there that can help us do the math. That's the one good thing about retiring today versus like 30 years ago. You don't have to use pen and paper. There're tons of calculators that can incorporate inputs like what's your social security projected monthly income? What's sitting in your 401k? And then figuring it out for you.

I know that Prudential has a service called Prudential stages for retirement, which kind of helps people manage through the complexities and also the emotional aspects of planning for retirement. Great resource there. You can figure out what's called your retirement confidence score. Just go to stages.prudential.com. Or you can just search for Prudential stages. I'm want to do that actually after we get off this podcast.

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CD: It's a great service. Because you can use the calculator and you can kind of put in some things while sitting on your couch. And it's maybe not as intimidating as going to talk to someone right away. And then you get that retirement score. And if you want to talk to somebody about it, there are some links there as well. It's really a way to kind of privately figure out, "Am I ready? Do I have some work to do?"

And that work can come in a lot of ways. And that's why sometimes it's great to – it's great to talk to somebody who's kind of one step removed because it allows you to look at things a little more objectively than if that confident score comes down a little lower than you would hope, right? And then you're like, "Oh, no. How can I fix it?" There're lots of ways to fix it that are probably within your budget.

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FT: Yeah, there are a lot of different levers we can pull. But I think going back to your original tip, which is anchoring all of this in what is it that you want? And I think that's great to think of your financial life in that way. Because so often we think of it as something that is restricting. Or I have to do things certain way. But if you approach this as more from the perspective of like what would make me happy?

And some of that, you have to research that. Because we don't even know what we don't know. I don't know what retirement could look like for me. I've heard often from guests on this show that their retirement was inspired by their grandparents or their neighbors who were older and just seeing how people are living their lives in their 60s, 70s and older. Hang out with your elders I guess is what I'm saying, you know? And take wisdom from them. They have so much to impart.

Cynthia Decker, thank you so much for spending some time with us and going through the ages. I got a lot of work to do it sounds like. But good work. I look forward to getting more in control of my money in my 40s. Appreciate you.

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CD: Well, and thank you for having me, Farnoosh. It's been really great today. Just remember to develop those habits and keep them going.

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FT: And everybody, if you want to set yourself up for financial success today and in the future, we have a special free financial checklist from our partner, Prudential. Head to farnoosh.tv/prudential.

Thanks for tuning in. And I hope your weekend is so money.

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