

EPISODE 1503

[00:00:00]

FT: So Money episode 1503, Ask Farnoosh.

[INTRO]

[00:00:31]

FT: Welcome to So Money, everybody. Friday, April 21st, 2023. I'm still writing 2022 on various like signature forms and things like that. What does that say about me? I mean, usually, by now, you've gotten with the program, right? You get that it's a new year. I'm somehow still stuck in the past.

Today's show is a good one. We've got questions in the audience about overpaying on a credit card. Are there any risks to this? Another listener is grappling with a career transition. She wants to work at a company and find her people to use her words, feeling a little bit lost and overwhelmed in the job market, and working with a financial planner. What if we don't want a planner to help us invest, but we want them to help us with other financial goals? What is the cost for that? How to find someone like that?

But, first, a little money musing for all of us. I wrote in my recent newsletter this week. If you're not subscribed, please do. Go to farnoosh.tv/newsletter. That's where you're going to get all of the earliest news, sometimes freebies, and my money musings of the week. This week, I talk about how I'm kind of underwhelmed or a lot underwhelmed, frankly, with some of the apps and financial tools that promise to help us simplify, enhance our financial life.

I started writing about money back in 2001. I was an intern at Money magazine. Fast forward to 2003, I'm a full-timer at Money magazine. Back then, it was considered innovative, like you would get featured in Money magazine. If you were a bank that offered fee-free ATM withdrawals, that was a huge deal. Or if you were a website that tracked down the lowest airfare, compared insurance rates that was considered the future.

Twenty years later, now that we are in the future, of course, advances in technology, a lot of quick rapid development with AI, this FinTech market, which is the name we give to these financial services and apps that are digitally driven. There's thousands of things to choose from; digital platforms, tools, services, all trying to get our attention and our money. But I have to say, some of these newer companies are crappy. I know this because I've been scanning and test-driving over 50 of them for a national magazine to be released in the fall. I can't say much more.

Some of these brands are new to market. Some are about to debut. I can't get into the specifics right now. But the amount of junk some of these companies are serving up is astounding. P.S. some of these companies are getting millions and millions of dollars in venture capital funding. There's an overall global decline in VC funding, including in the FinTech space. But some investors are continuing to make enormous bets on these business plans that, as I mentioned earlier, are just claiming to help us with so-called money problems. Yes, they want our money in exchange for solving these problems.

A few examples. There was this one company that said, "Give us your money. We will invest it for you so that we can maximize your charitable dollars down the road." Okay. So donor-advised funds, not a new thing. That's essentially what this site is. But then get this. They're giving you an option to take that money and put it in crypto before they turn it into a donation. Hello, what?

There was a company that was offering a credit card tied to a food delivery app because that's essential. There was a website. This just killed me. It aggregates and ranks all of the TikTok influencers so that we can invest like them because TikTok is where I'm going to go for my investment advice. It's also enraging because we can simply guess who the majority of these founders are, who are getting these millions and millions of dollars.

So two things, if you have an idea for a financial tool that can seriously help simplify and support our financial lives, please pursue it. Secondly, I'm going to wrap this up with some apps that I do use that I do find simplifying and that do help make my life richer. The first, I've talked about it on this show, is Empower, formerly Personal Capital. I use the free version, which basically gives you an overview of your household net worth. It breaks it all down by your financial accounts, from checking, to saving, to investments, to debt, to your mortgage.

Then there's Pidgin, which I recently downloaded. This app is great. There's a few like Pidgin, but I liked the interface. I liked the experience. Basically, it helps me construct and manage a personal loan, a personal loan that I extended to someone this year. The app within minutes got the contract ready, set up the terms based on what we wanted, years, interest rate. Now, it manages and facilitates the payments. So I never have to go and chase down this person for their monthly payment.

Of course, I use all of my banks and credit card companies apps. You should too. I probably check these once a day, a couple times a week, just to make sure that my checks and payments have cleared. I like GoHenry for parents out there who want to explore tracking their kids' allowance or introducing money to their kids. This is a great app. It comes with a debit card. We use it for our son who's in the third grade to, as I said, track his allowance and let him visually see where his money is going.

RetailMeNot, it's an oldie but a goodie. I have been using this since 2010. It's basically a coupon site where you can go on, whether you're shopping online or you're in-store. My habit is when I'm online at the Gap or somewhere like that, and usually you're getting some sort of discount when you're shopping there. There's always something going on in the store, right? Some sort of sale. But you can usually get another 10% or more by clicking on the app, searching for the store you're in. Then they'll give you usually an in-store coupon code, which has saved me another 10 or 15 percent. Not a bad way to spend your time in line.

Then finally, peer-to-peer payment apps. I like many of them. I think I've written five checks in the last year, which even that seems like a lot to me. But payment apps are here to stay. They do make life a lot easier. If you're not using them yet, what are you waiting for? You're welcome.

Next, let's talk about some of the shows that we aired this week. On Monday, I sat down with Jake Cohen, one of my all-time favorite cookbook authors. I follow him on Instagram. We share a literary agent, coincidentally, so I had Sarah hook us up. Jake Cohen, New York Times bestselling author of *Jew-Ish: A Cookbook: Reinvented Recipes from a Modern Mensch*, which came out in 2021. He has a new book coming out this fall called *I Could Nosh: Classic Jewish Recipes Revamped for Every Day*.

Now, I'm not Jewish. I've never made really a Jewish meal before in my life. But I had to have his cookbook because it's not just a Jewish recipe book. It is a book about culture and integration of cultures. Jake's husband is Iraqi Persian. So that's probably part of my draw is some of these recipes are familiar to me. They have a twist, and they're delicious. When you're talking to Jake, you're not just talking about food. But you're talking about connection and pride and culture. Is he smart, man?

We talked about the whole influencer world, and Jake is certainly popular online. He has hundreds and hundreds of thousands of fans and followers. But he's very clear and sets boundaries around what he shares and what he doesn't. It's very intentional because as he described it, these influencers out there that are constantly sharing and oversharing, he pities them because they can never ever really take a day off. Who wants that?

Then on Wednesday, we talked about the power of voice. This was personal to me, as I'm sure many of you in the audience who grew up or still are facing backlash or discomfort around the sound of your voice. Maybe you feel like it has been a hindrance. Maybe you've even been told directly, "You know, you should change the way you talk." I'm raising my hand. This has happened to me. I cannot lie. Attempting to build a career in broadcast journalism, you can only imagine the script and the voice script that you're given. You try to sound like all the professionals on television. In the process, you lose your sense of self. You lose your power.

Our guest, Samara Bay, on Monday is the author of *Permission to Speak*. She is a voice coach for Hollywood actors, dignitaries, fortune 500 CEOs. Her message is this. Voice bias is real in our culture. But you can find the power in your voice. P.S. ums and uhs are a gift. Yes. You want to listen to that episode. It was incredibly empowering and made me feel way more comfortable as the host of this podcast and as somebody who goes through life with a lot of "imperfections" in my speech.

All right, we're going to head over to the mailbag real soon. But first, let's pick our reviewer of the week. Yes. This person is going to get a free a 15-minute money session with moi. We can talk about whatever you want; money, career, fears. This week, we're going to say thank you to Hanny3579, who left a review on Friday, calling the show money for everyone. Hanny says, "I

have been listening to this show/following Farnoosh on Instagram for a while. This show discusses money in a way that is accessible for everyone and with perspectives that are realistic and tangible. Money can often be a complicated subject, but I appreciate the brutally honest responses and diverse guests. Thanks, Farnoosh.”

Thank you, and thank you for highlighting that this show is brutally honest. I recently talked about on Instagram, which is probably where you found me, Hanny. I talk about this in *A Healthy State of Panic*, this fear of exposure. It was hard to research this chapter because we don't really name this in our culture. We definitely named the opposite of this, which is having limitless vulnerability, and sharing everything with everyone, and being encouraged to do this all the time and all the places, in front of all of the audiences.

I can't do that. I won't participate in that. I will share what feels right to me, where it feels right, and where it feels safe. This podcast is that safe place. This is my trust tree. The opinions expressed on this podcast will not necessarily be found in other forums. Why? I talk about this in the book because I have learned how to read rooms, and I'm using air quotes. Reading rooms, really important in life to know what you share, how you share, when you share. Your information, your truths are sacred, are yours to have and to protect.

I'd like to say that we all have like this enormously thick skin. We can fight any sort of discrimination or backlash that comes as a result of being who we are in all the places and all the ways, 24/7. I don't care what you think about what I think. In theory, I want to get behind that. But in reality, that can be fraught with, let's just put lightly, distractions that I don't want to navigate.

I give so many examples in my book about moments where I have been asked to share intricate personal details about my money, my career, and my life in front of audiences. I won't engage in that way, but I will engage in other ways. I do go there on this show because I trust the audience. It's not to say that everybody who listens to me agrees with me and that we don't have differing opinions. But it is that we come to this show with an understanding that everyone's allowed to have an opinion. Everyone's allowed to do what they want.

You come to this show maybe because you relate more to the lens through which I see the world, and it feels familiar to you or it feels authentic to you. But you're allowed to disagree with me. I feel comfortable sharing sometimes wild opinions on this show, knowing that at the end of the day, it was all for a good cause, and the net of it is positive. So, Hanny, lets you and I chit-chat about whatever you want. You can email me, farnoosh@somoneypodcast.com and let me know you left this review. Or get back on Instagram where you follow me and direct message me. Let me know you heard your review aired on this show. I'll send you a link for us to find the time to connect.

All righty, mailbag time. First is Sierra in the audience who has a question about overpaying on a credit card. She says, "Hey, Farnoosh. I have an upcoming trip, and I'm thinking of overpaying on my credit card as a technique to budget a set spending amount while making sure the card balance remains at zero. I wondered if others may do this when they know a big purchase is about to hit their card as a way to keep their balances very low or at zero."

This is interesting. So overpaying your credit card, i.e. having a negative balance so that as she is spending on this vacation, on this trip, that negative balance approaches zero dollars. But for her, this is like a budget. If it's negative \$3,000 or maybe less, I don't know. But let's just use a round number for the sake of easy math. Negative \$3,000 and this is her budget. As she gets to zero, she knows she needs to become more careful with her spending.

That's fine. I mean, look, I think anything that you want to do that can help you better manage your spend, get a handle on that budget, and feel like you can be more comfortable and relaxed on this trip that the money is there for you. Along the way, maybe you're getting credit card points for this spend because you have a rewards card or you're getting cash back. You know what? This is a different kind of hack. I've never really heard of this, and I like it. I kind of like it.

What you could also do is just make sure that before the trip comes up, that your balance is at zero. Then in your mind, you're like, "I'm only going to spend \$3,000 on this trip. I need to be tracking my spending on this credit card to make sure that I stay below that certain threshold." Then come back and pay it off with your cash in your savings account, your checking account as soon as you get back or at the next billing cycle.

So there's a couple of ways you can do this. But this seems to me like a personality-driven technique, and you know I love that. I love when you manage your money by doing you. This, to me, doesn't really pose a risk. The only thing I would say is that if liquidity is a real concern for you, like in other words, you really want to have cash in the bank because you are that person who has more of a fear or trepidation around solvency and liquidity because maybe there is a pending layoff at your company, and you're worried you're going to be included in that layoff. So having a negative credit card balance versus having that cash in your bank account instead may be what suits you more in that scenario.

It's important to think about how else this money may be better accessible to you. Is it better accessible to you as cash in a checking account or savings account? Or you know that you're going to have some definite expenses on this trip, that having this negative credit card balance, it will get used, and there's no way around it. It's just nice for you to know that you have this already sort of taken care of.

By the way, if you're curious, a negative credit card balance does not hurt your credit score. No, a negative balance is not factored into your score. I would, however, let your credit card company know what your plan is, that you're intentionally creating this negative balance. I was reading on experience website, as I was researching this a little bit, that a significant negative credit card balance can suggest fraud in some cases. You don't want your bank, your credit card issuer to lock down your account if they suspect fraud.

We're reading about this. It's in the New York Times this weekend. It wasn't about credit cards but about bank accounts getting shut down because banks were suspicious of fraudulent activity. In many cases, there wasn't fraudulent activity. But as a precaution, it's not like a temporary freeze. They were actually closing the accounts; checking accounts, savings accounts. You can imagine the hurdles, the hiccups that come about when you're at a restaurant and you're trying to pay with a debit card. Or you're going to the ATM, and it's like, "Sorry, your account no longer exists." They won't tell you why other than they suspected fraudulent activity.

That's not super common. But it wasn't the New York Times, and I've heard of this happening during the pandemic when people were collecting unemployment insurance from one state, and

then they move. Banks saw this as potentially like someone trying to rig the unemployment insurance system. Just peace of mind, tell your credit card company this is what you're planning to do because you want to budget. This is not a red flag for them.

All right, Ali writes with a complex career conundrum. Say that 10 times fast, complex career conundrum. Long story made short, Ali works in the insurance industry. She does well, but she just feels like she hasn't really found her people. She described the company environment as toxic. What she has discovered about herself is that she's really great at financial planning. She deeply loves the opportunity to spread financial equity through literacy to marginalized communities. She sees a lot of possibilities in this career field to achieve these goals.

However, she's struggling because she needs to prioritize her financial security and foundation before jumping with both feet into this entrepreneurial world. Sometimes, she wonders if there are other job opportunities in the financial realm that will pay her a relatively high salary. She wants to make at least \$100,000 a year, but give her the agency and the room to grow.

“Can you help me think outside of the box,” she says. “My greatest assets are my big picture thinking, communication, teaching, relationship skills, followed by high levels of organization, critical thinking, and problem-solving. What are your thoughts?” Or she says, “Do I just tough it out and keep my focus on building my practice to a point where I can find a new home? I'd love any and all advice and thoughts that you have because I am lost and overwhelmed. Thank you.”

All right, Ali. First of all, thanks for coming to me with your question, for trusting me to give you some thoughts and guidance as you are just trying to strategize. I talk about this in *A Healthy State of Panic*. Sometimes, when you have this fear of losing your – and in this case, it sounds like your personal freedoms, your personal freedoms to pursue the career that you want without objection, without toxicity. A lot of us are in this hellhole, right? Where we've got this goal. But to get there, we have to deal with a lot of discomfort, potential rejection, potential people not being kind, empathetic. We hate going to work. Like can't we just pursue what we want on our own terms?

In my own personal career trajectory, I encountered hostility when it came to becoming a mom in the traditional workplace. Companies at the time and still were not set up to support families

and have those family members come to work and show up for the companies, right? There's very little maternity leave, let alone paternity leave. So we've come a long way. But there's a lot of work to do. But I saw this as a real challenge. Like you, Ali, I started to think like, "Where am I going to find my people? Where am I going to find a company that's actually going to nurture my goals, both professional and personal?"

The way I thought out of the box was to become my own boss, start my own company. To your point, you have to be protective of your financial security at first. You can't just do this blindly. So I sucked it up for a while longer but always with this goal in mind. With this goal in mind, I started to save more aggressively. I started to put my thought leadership out there. I wrote a book while having a full-time job. I started a blog while having a full-time job. I started freelancing and giving talks and going on TV while having a full-time job that I didn't necessarily love. No, these weren't my people.

But I didn't want to wait for all the ducks to line up, all the financial ducks to line up. I was going to start to carve out my own independent work while doing this job. The independent work was where I found joy, and it was always a reminder to me that this is what I want to be doing. It was confirmation that I was very interested in leaving my job. But truth be told, I got laid off, and the decision was kind of made for me. But at that point, I had my own stuff to go to. I had, as I said, the book and other sorts of things going on that I could leverage.

My advice to you, my "out-of-the-box advice," is you got to be realistic, which is not out-of-the-box advice. But take inventory of your finances. Realistically, if you quit your job today, how far would that get you? What is your runway? If you're not comfortable with that number, then, realistically, you probably do need to keep working and sucking it up for a little bit. But with the intention that you're going to leave, create a timeline in six months, in one year. I am going to quit and work backwards. What is it going to mean for you to be, A, financially secure and, B, feel like you have the evidence, the proof, the added confidence to do this thought leadership and this financial planning, helping marginalized communities full-time?

Don't wait. Take a page out of my book. Don't wait. You can start to do some of this while working full-time. Could you start a blog? Could you start a newsletter? Could you begin to engage an audience somewhere? Maybe you're not getting paid, but you're building up that

community. You want to be able to leave this job and be able to enter a community that already knows you. It's not huge yet, but it's there. It's, again, proof-positive that you're going to be successful.

Salom asks this question, and she's going to finish us out today on Ask Farnoosh. She says, "My husband and I would like to work with a financial planner. We feel pretty behind in terms of money life goals as we are just starting to make decent incomes after many years in grad school. Both of us are 35, without much savings or retirement saved, but we are also wanting to have a kid soon, potentially buying a house. We would love to work with a professional to help us figure out how to prioritize these different goals and big expenses. What should we look for when hiring a financial advisor, especially when we are not focused as much on investing and more on general life goals and savings priorities? Thank you. Your podcast has been amazing as I've started to grapple with some of these questions."

Salom, I don't know if you need to work with a financial planner. It doesn't sound to me like you have a ton of to-dos. I mean, the to-dos are big, the ones that you identified; having a kid, buying a house. I'm not sure if a planner is yet someone to invest in, and I know that you don't want to get help with investing. There are planners that don't do that, frankly. Most modern planners and the ones that are really watching where the markets going, they're not going and rolling up their sleeves and getting their hands dirty in your portfolio. They're outsourcing a lot of that to the automated platforms that are accessible to all of us like the Betterments, the Wealthfronts, all of those digitally-run investment platforms.

Because they realize that's not where their time is best spent. To be honest, these platforms are far more efficient than humans when it comes to creating beautiful, diversified, low-fee funds, portfolios. All that said, I think what you may want to look into is, one, either working with a money coach. Because what it sounds like is or what you're grappling with is the prioritization. There's a lot of maybe emotion wrapped up in these big goals of wanting to start a family, have kids, and buy a home, and perhaps someone who is skilled in more of this sort of big-picture stuff and analyzing your emotions and coming up with a plan for you that is not just financially sound but emotionally sound too.

Money coaches are out there. What I would look for in a money coach is some sort of certification, some sort of social proof that they are helping people and are successful in helping people, whether that is through their own programs, online, their reviews. You can sometimes find them on social media. But I wouldn't dive deep into the financial planning world yet because they would probably want to set up a plan for you that would be thousands of dollars.

A lot of financial plans that extrapolate to like your retirement, they cost money. They're an investment. If you're willing to make that investment, sure, work with the CFP, a fiduciary who is going to do that for you and build out that model and along the way tell you where the holes are. Well, you need a 529 plan for your kids, or you need to start a baby fund, or here's where you can start to save for, I don't know, that down payment on a home. But I don't know if you need that. I think what it sounds like is maybe just someone to kind of hold your hand a little bit. A money coach could be great. Also, there are financial therapists that you would work with, and I'm a firm believer in therapy. Within the therapy community, there is a growing field of behavioral financial therapists who help people navigate their money and their emotions. Through that, develop a plan that makes sense again. The numbers line up but also lines up with where your emotions are.

Also, I would say that there are experts out there that whether you're looking to get more advice on budgeting or family planning, they have niche expertise. You can find these people typically through, well, social media, using key hashtags or following people that – if you listen to this podcast, you may have come across some of these guests who focus on more family planning. For example, Nicole Stanley, she tends to work with young couples and people who are in the planning stages of their financial lives. These people are out there, and it takes a bit of Google searching and social searching and maybe podcast listening to identify them.

That's our show. Thanks so much to our listeners for their questions. Really excited for next week's lineup of guests. We have Luvvie Ajayi, who is a multi-New York Times bestselling author. She has just written a children's book. I can't wait to catch up with Luvvie. I'll see you back here on Monday. In the meantime, I hope your weekend is So Money.

[END]

