EPISODE 1515

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FT: So Money episode 1515, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. Friday, May 19th, 2023. Welcome. Thank you for joining me here. This is our time to get to your questions. All week, you've been listening to me talk to luminaries, experts, entrepreneurs. Now, it's our time.

This week was pretty cool. We talked to two comedians. First on Monday, Nathan Macintosh, who has a new YouTube special that he personally produced called Money Never Wakes. He talks about his POVs on all things wealth, side hustles, student loans, financial inequities. Nathan is a rising star in the comedy world. He has appeared on all The Tonight Shows with Jimmy Fallon, Conan O'Brien, Stephen Colbert. He's touring the country. I really enjoyed our conversation.

Then on Wednesday, I re-aired an episode that we posted earlier this year with Zarna Garg, who is the famous Indian immigrant mom comedian. Her new Amazon Prime special has dropped this week. It's called One in a Billion. Zarna jokes about matchmaking, entitled kids, clueless husbands, and tyrannical mother-in-laws. She and Nathan, both people to watch. Grateful for their time on So Money this week.

Today, we're going to address your questions about what to do when you get a low-ball starting salary offer. One of our audience members recently got married, wondering whether to file her taxes jointly or separately with her partner and what to do with an inheritance. A listener and her spouse about to get $25,000 soon from an inheritance, and they have a number of options they want me to weigh in on.

But, first, let's talk about *A Healthy State of Pani*c and where we're at with this launch. This week, I got the chance to see the galleys, which is the very early print of the book. This is not the final print of the book. It's a soft cover. The book is going to be in hardcover. But it's an opportunity for me and others who want to read it really early, like reviewers and the media, to get a glimpse of it.

I had no idea there was a box on my front port containing these galleys. I knew there was a box, but I thought it was from Amazon. I thought it was maybe a birthday gift for my son or toilet paper. I didn't open it for several days. Then finally, bleary-eyed on a Saturday morning, I opened it and nearly fell to my knees. My daughter was concerned. She came over to me. She's six years old. She's like, “Is everything okay?” I was speechless. When she saw the books, she just gave me the biggest hug and said, “Congratulations, Mommy.”

It was everything I want at the moment to be. I was kind of hoping I had a camera on me, so I could share the moment with everybody. But, you know, that's okay. Some things are best kept private. But I did share the unwrapping on social media. Thank you to the thousands of people who liked it and commented. If that's any indication of the interest and the support that this book is going to get in bookstores at the point of purchase, I will be a lucky duck. The book is out October 3rd.

Ahead of that, I am unveiling, are you ready for this, quite the bonus. So we had a very early bird bonus back in March, April, if you recall. Those who pre-ordered the book would receive a free phone call with me. Now, I've got the motherload of bonuses. If you have been waiting on the sidelines to pre-order your copy of *A Healthy State of Panic*, stay tuned. This weekend, I'm unveiling over at ahealthystateofpanic.com quite the package of bonuses. You're going to get the introduction to the book, a video lesson plan and a 14-page workbook full of prompts. I'm calling this Scared Smart. It's a mini program to help you get a head start on addressing and leveraging your financial fears.

Now, the book covers a lot of ground. Not just our financial fears but the fear of rejection and failure, uncertainty. But if you're really interested in navigating your financial fears, why should we wait, right? I don't want you to wait till October 3rd. I don't think we can afford to. So what I'm offering is my framework through these videos and this lesson plan for how to develop a healthier relationship with your financial fears. It is 100% free for you. It is a beautiful program, might I add. I'm pretty proud of it. I edited it myself. I'm learning how to edit on CapCut, which is a free software. I filmed it in my house, had pretty good lighting, and the workbook is a dream. I would love for you to have it. Immediately, you can have it. Go to ahealthystateofpanic.com.

This weekend, starting on Saturday, when you purchase the book, upload your receipt, and I will immediately send you this massive bonus, which is valued at a lot. My course friends, my friends who actually do online courses for a real job, they said this is valued at over $300. So I'm going to take their word for it. The book is only $27.99, so one-tenth of the price.

By the way, if you're not subscribed to my newsletter, please do. That's where I will be sharing all of the latest around the book launch, this bonus, and how you can score not just incentives but other exciting things that we have coming our way this summer related to the book, including my launch team which will, hopefully, include you, and a lot of celebrating in the fall. Invitations to come.

All right, before we get to the mailbag, a couple more things I want to discuss. One is, of course, our reviewer of the week. Hang tight. But before that, have you seen how some people are sharing their salaries on their LinkedIn profiles? Yes. I first learned about this from Hannah from Salary Transparent Street. Remember Hannah? She came on So Money earlier this year. She is the founder of this amazing company. It's led by social media, where she goes out on the street and interviews people on camera, asking them what do you earn, which has helped so many people get a sense of what their job merits in the marketplace. Really good stuff, really good content she's producing and making an impact.

But she and I agree on this. I learned this from her. Actually, she posted that people are including their current or more recent salary on LinkedIn in their headline. It’s the first thing you see. She doesn't like this, and she is the Founder of Salary Transparent Street. So this is legit, and I agree. I agree with her. I don't think this is a good idea. On the one hand, I, of course, appreciate the motivation that a lot of us may have behind this, this desire to be transparent in order to help out our peers and colleagues who are looking for work within our industry. I get that.

But you know who else was on LinkedIn? It's employers and recruiters. Honestly, I don't want to give them any shortcuts to figuring out my future compensation. We live in a world, unfortunately, where companies lowball us or use our past and current salaries against us, all to pay us minimally, minimally as possible. So don't do it. There is a reason some states have banned employers from requiring job applicants to share their salary history. I don't know about you. But the idea of bearing all to everybody online, whether it's about your salary or your health history or your relationship status or whatever, like that is for you to own and for you to decide whether you want to share it. If a part of you is scared to share, my advice is to sit with that fear and understand what is it asking me to protect.

For me, I've realized that when I get a little unsettled, when someone wants to know how much I make, whether it is a stranger. I mean, I've had this literally happen to me. I've been asked this question on stage in front of a forum of people and I was – even people online want to know. I realized that when I feel a little hesitant, that fear is actually telling me that I need to protect my privacy and my ability to earn as much as possible and to not be judged unfairly for what I make.

We get judged whether we make a little or a lot because why? Because we tend to, and it's a flaw. A lot of us tend to equate what we earn with our capabilities, our value. It's not just us internalizing this. It's other people too. So when we hear somebody makes $12 an hour versus someone who makes $3 million a year, we can sometimes create stereotypes in our minds about who these people are behind the salaries. That's not fair, right?

All this to say that when the fear – and I talk about this in *A Healthy State of Panic,* in this entire chapter called The Fear of Exposure, and this is just one example. When you're a fear of exposing your salary crops up, like what does it actually want you to do? It wants you to read the room. Read the room. It's not to say that we should hide or lie. It just means we got to pause and check out our environment. Check out our audience.

Maybe the person or the group that wants to know your salary information is not actually on your team. You do not benefit from sharing that information with that person or with that group. So read the room. LinkedIn is not a safe room for being so transparent about your salary, and

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that's my TED Talk on what's – on that latest trend. I would love your thoughts on this, by the way. I have the post up on Instagram right now, and I would love for you to weigh in.

Heading over to our Apple Podcast review section, let's pick our reviewer of the week. This person will get a free 15-minute phone call with me, where we can talk about whatever is on your financial plate, your career plate, your parenting plate. I, at this point, let me be a sounding board for all of it.

This week, we're going to say thank you to been there, who wrote a review earlier this month saying, "The show digs into the foundation of all money decisions. What sets Farnoosh apart from other financial advisors is that she and her guests go deeper to explore the money beliefs under all so-called rational decisions. The latest episodes from Luvvie Ajayi and Elise Loehnen are great examples that we need to understand our beliefs about money and wealth to create a new mindset. I look forward to more guests like these and Farnoosh's new book."

Thank you so much, been there. I would love to spend some time with you. Send me a note. Either DM me on Instagram @farnooshtorabi. Or email me, farnoosh@somoneypodcast.com. Let me know you left this review. I'll circle back with the link where you can pick a time for us to chat

All right, let's do this. Let's get to your financial questions, starting with Vincent who says he recently got a job offer in his field. He likes the company and the vibe of the management team overall. But they came in with a low-ball starting salary offer and expensive medical benefits. "I have been interviewing for competing companies where their starting salary is $10,000 more. Do I take this offer given the state of the economy or wait for a better option? Is there a way to negotiate the initial offer to be more favorable? Would love any advice you can share. By the way, this company does offer a bonus of 10 to 20 percent based on performance."

All right, Vincent. Do you know what I'm going to tell you? Can anyone guess? This is just the first offer. Companies expect a back and forth. If they are a company right now that is able to hire, even though there are layoffs and even though the economy is really tumultuous, it's a really hard economy to characterize, like to say definitively what is going on. We know it's not great, but we don't know how long this not greatness is going to last, what the next shoe drop will be.

But I think, Vincent, you do have some negotiating power here. I do think that if these other companies are offering $10,000 more, I think going back and asking for at least $10,000 more, or maybe ask for 15 because maybe they'll come back with 10, is fine. They're not going to rescind the offer, just because you decided to ask for more. If they are, they're a weird company, and you might not want to work for them. So if you're willing to take that little risk. It's not a big risk. I'm telling you.

A lot of people have this fear of asking for more, but this is the time to ask for more. When you have gotten the job offer and they've given you the initial offer, the ball is in your court. Your next best move is to come back with your asks. Sometimes, you want to ask for a little bit more than what you want because, again, you want to have that back and forth. You want to feel as though this is a win-win for both sides. So if I were you, I would go back and ask for more. I would ask for more, and I would peg it to the fact that you have knowledge that competing companies are offering more. That you really want to work here but here are some of your asks.

I don't think that you're – I think you're jumping the gun a little bit to assume that you either have to take this or move on. I think that there's another step here, which is that you can come back with your offer. Here's what I would like. I will say this that culture is really important. If you like the vibe, you like the management team, that's really important. The money is very important.

But also, where you're working and the environment is just as critical. So I'm not saying sell yourself short. I'm just saying that I want you to give this more of a chance. By that, I mean go back and ask for what you want and what you think is fair based on your market research. Good luck to you, Vincent. Keep us posted. We're rooting for you.

Pune has a question about whether to file her taxes jointly or separately now that she's married. She got married earlier this year in April. Congratulations, Pune. “Wondering what is most beneficial. We both make six figures. We both own homes in our names. He has a house, and I have one too. We've been using the mortgage interest as a write-off all of these years. Not sure what is the best way to file taxes next year. Would appreciate some help with this.”

All right, Pune. I'm not a tax expert. You should really, at this point, work with a certified public accountant, a CPA. So for everybody listening, when you get married, you have two choices when it comes to filing your taxes. You can either file married jointly, MFJ, or married filing separately, MFS. There are a bunch of things to think about before selecting that status. As I said, it's very helpful to work with a certified public accountant on your final decision.

But it is clear that the IRS plays favorites and does prefer couples to file jointly. If you file separately, you may lose the ability to claim key tax benefits. You are left with a lower income phase-out range for deductions. You may also need to choose the same method for recording those deductions, whether you choose standard or itemized. So this filing status tends to result in the bigger tax bill filing separately. It's why a lot of accountants advise their clients to go jointly.

But that said, there are some advantages to filing separately. Maybe you want to take these notes down. Bring them to your CPA and get his or her, their approval. So this may or may not apply to your situation. But for you and everyone listening, this might be interesting. You did mention that you make the same amount of money. You both own properties.

But if one of you greatly depends on itemized deductions to lower your taxable income, then filing jointly may entail reporting a much larger combined adjusted gross income, right, which then reduces your chances of being able to itemize some major deductions. That includes medical expenses, personal casualty losses from theft, accidents, and other miscellaneous itemized deductions, including accounting fees, unreimbursed business expenses.

Another reason you may want to file separately is to offset potential financial risks or tax liabilities. So does your spouse or their tax preparer take certain liberties that you're not comfortable with? I mean, I can speak to this personally. Not in my relationship but I have friends where one spouse chooses to file her taxes separately from her partner because the partner has a very liberal tax accountant, and she's not comfortable with those liberties. She doesn't want it to backfire and get audited.

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Her husband's a little more risk-tolerant. So they have different accountants, and they file separately. It gives my friend, who's not as risk-tolerant, to have more peace of mind. If an audit does crop up down the road, she's not going to be on the hook as well. This probably isn't on your radar. But it's, unfortunately, a price that couples do pay sometimes for filing jointly.

If you file jointly, I will say this. It sounds like you're both on top of your finances and your taxes. But you don't want to become that couple where because you're filing jointly, now one person kind of takes the lead on the tax prep and all the meetings and the filing. All the other person is doing is signing. That happens too often, and that can be a huge risk because it may not even be intentional that the husband or the tax accountant, that the partner or CPA is being careless or, on the other end of the spectrum, fraudulent. But it's really important that you stay involved, and you ask all the questions, and you're very clear on everything.

Finally, the state that you live in may simply dictate what is best. If you live in one of the nine so-called community property states; Arizona, California, Louisiana, New Mexico, Nevada, Idaho, Texas, Washington, and Wisconsin; you may find that it's more convenient to file jointly because your state requires you to go 50/50 on most, if not all, income and deductions earned while married. If you file separately, there may be some added steps like reporting half of your spouse's income, in addition to yours.

I hope that's helpful. What I would suggest is you kind of download this information, and then you take it with you to your appointment with a certified public accountant who can really look at your financial lives and come up with the best route to make it as simple and as efficient and as optimal for the both of you, financially optimal. Thanks for your question.

All right, Cara, Cara has a question about an inheritance. She says, “My husband and I are about to get $25,000 as an inheritance, and we have several options as far as what we're going to do with this money. We still both have student loans, about 40,000 each. My husband's might be forgiven, however, through PSLF, which stands for Public Service Loan Forgiveness. It's a federal program. Mine were refinanced to 3.5% in 2019.

We are also expecting our first child this summer. So I'm not sure if we want to set up a 529 plan. We both max out our employer retirement plans, and we might make too much this year for a Roth IRA. We don't have any brokerage accounts at the moment. So that's another option. We thought it would be good to sit down with a financial advisor to come up with a plan for this inheritance money. Which would be a better plan for us, a certified financial planner or a chartered financial consultant? Second question, do you think that we should use this inheritance to pay off our student loans, all of our student loans? That's what my father thinks we should do."

All right, I'm going to answer that second question first because, for me, that's a very easy question to answer. The answer in my estimation is no. Why? Because you said that, first of all, your husband's loans might get forgiven. So why jump the gun and pay them off when you could get them paid off? Also, your debt is only at 3.5%. I think this money is better invested in the stock market over the long haul.

We talked about it on the show a lot that sometimes carrying debt is not bad. Especially when it's a low-interest debt, the payments are affordable, and that opens up your finances and your cash flow to then use that money more instrumentally, where there's a higher ROI because you're investing it in the stock market, whether that is that 529 plan for your children or a brokerage account that you two want to start because you've maxed out your 401(k)s at work.

I personally would not pay off a three percent debt if I have other to-dos on my financial checklist, including investing and growing my money for retirement, for big expenses down the road like college or even a next home that you want to buy. I know that our parents are a different generation, and there tends to be a different mentality and mindset around debt from a previous generation. He may also, your father, be closer to retirement or in retirement and knows the benefits of not having that debt.

But for you two, where you're still in that growth stage of your financial life, where you're still very much motivated to invest and grow your money more aggressively paying off low-interest debt, of course, it buys peace of mind. But is it the most financially beneficial thing to do? The math says no. It's the choices between paying off that 3.5% student loan debt or investing in the stock market over the long run, over the next 20 years, 30 years. The historical charts show that the ROI on that money put towards the investments, the stock market, the diversified portfolio much better returns.

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Now, your first question about whether to hire a certified financial planner or a chartered financial consultant, ChFC, I have to say there's not a ton of difference between the two designations. When you are becoming a CFP versus becoming a ChFC, both tracks you have to go through some rigorous exams, testing. You have to up your certification periodically to prove that you're in good standing.

I will say the most important thing, no matter who you work with, is that there is a certification and whether that is the CFP or the ChFC and that this person is your fiduciary. In other words, somebody who is going to look out for you, make a plan for your money, and do so with your best interest at stake, not theirs. There are fee-only financial planners, typically CFPs, who do not earn commissions on products. That's where I would start because in those cases, you're working with people that are most objective and can really lean into that fiduciary role.

Based on what you're telling me that you're getting this inheritance, you have a lot of wheels turning in terms of your investments, your retirement planning, you are deep in this sort of next-stage planning phase, planning and growing your family, I do think working with a financial advisor, whether it's a CFP or ChFC, can be helpful. This person can guide you with your overall financial plan, answer specific questions you have around estate planning, tax planning, general financial planning, saving for college, saving for your next home.

You really want to like the person, at the end of the day too. So I recommend you interview at least two or three people. Start with folks that are within your network. Maybe it's your colleague's CFP or someone that your insurance agent recommends. I also refer people to NAPFA, N-A-P-F-A.org., where you can find fee-only financial advisors. There's also XY Planning, which is a destination for finding, again, a CFP.

But what's cool about that site is that the collection of advisors that they have there tend to work with people in the millennial subset, in the millennial cohort, Gen Z, Gen X, Gen Y. So they understand that you're very much in this growth stage of your life. You're interested in building wealth, and they work with entrepreneurs, all types of couples. The advisors there are not afraid to nichefy.

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Sometimes, that's the best way to work with an advisor, someone who really understands what you're going through, what your goals are, what your plans are because they themselves are either going through it. Or they have a lot of their clients going through similar phases.

All right, and that's a wrap, everybody. Thanks for tuning in. A reminder, check out ahealthystateofpanic.com to learn more about some of these bonuses that we have in store for you if you choose to pre-order the book ahead of publication. I want everyone to get a head start on the financial advice portion of the book, how to manage your financial fears. So with that, I've created a program to give us all a jump start. Thanks for tuning in. I'll see you back here on Monday, and I hope your weekend is So Money.

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