

EPISODE 1539

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FT: So Money Episode 1539, Ask Farnoosh.

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi, Friday, July 14th, 2023. We have a special guest with us today to help us navigate your money questions. She's going to come on here in just a few minutes. Her name, Dorethia Kelly, nationally recognized and award-winning financial expert and coach. She is the founder and CEO of Work Space Spark, which is a career growth community. She has a fantastic book called *#MoneyChat Book*, and you can check it out at moneychatbook.com. She's going to talk a little about it when she's on the show with us in a few minutes.

Ahead of that I want to talk about the big money news this week. Inflation down dramatically from this time last year, the latest reading of US inflation, prices were up just 3% over the last year. That's the smallest increase since March of 2021. Of course, down from that four-decade high, we were reading back in June of 2022 of over 9%. How is this happening, when honestly, I still feel like things are very expensive. Have you been to the grocery store lately? Although this was led primarily by a decline in fuel prices.

If you recall last summer, Russia's invasion of Ukraine was driving energy prices. Since then gas prices have fallen over 26%. That I know is true, because I've just filled my tank this week and I'm noticing the difference. But housing prices are still going up. In my neighborhood, this house that we actually looked at in 2020. We considered maybe buying it, although once we got to the house, and no longer we're just looking at the pictures, we realized what a fixer upper it was and we were not interested in fixer uppers at that point. So, we passed on this house. It actually went for below asking price because it was around February, March of 2020, when the pandemic was really making people nervous and houses were not moving as quickly as they then eventually did. But this house actually sold for below asking price.

Fast forward three years, it almost doubled. The sellers, for whatever reason, decided to list their home three years later. They made a 90% profit. I don't know what's going on. I mean, they did some work to the house, the pictures looked a little bit nicer. And by the way, interest rates right now, like whoever is paying monthly for this house now, I don't even want to know what their mortgage is compared to what the previous owners were paying. So, things are very uneven right now, let's just say. That's the headline. Things are kind of all over the place.

This time, last year, I was totally calling for a recession. We had Recession Help Desk running on the podcast, in my columns. Look, do I regret sounding the alarm back then? No. But I don't think it's ever bad to anticipate worst-case scenarios. You'll learn about this, when you read *A Healthy State of Panic*, that there is actually a technique when fear arrives at your doorstep. I have many techniques, but one of them is to, especially, when it comes to your money is to imagine a worst-case scenario, but really make it specific to your life. Just worrying about a recession in the abstract. Not helpful. But when we think about what if I lose my job tomorrow? Or what if I incur a really big unexpected cost tomorrow that I haven't saved for? What would I do?

Thinking about what would you do, the what ifs, not just what is so, but like the what nows, as I say, and what if me, I think is a healthier way to apply that fear into your life. Then, I mean, I don't know about you, but that always brings me into action. Over the last year, I have tried to save more. I have thought about what if my husband loses his job, what would that mean for our finances? So, we're very conscious of our spending. We've become more conscious of saving and investing. I'd like to think that it's because that fear of a what if recession hitting our financial life manifesting.

We know recessions happen every five to six years, and we did technically have one in 2020, for about a month or so when unemployment soared to 30%. I'm still not sure we're not going to have a recession next year. Just because of all the layoffs that we've had, people still struggling to find work. Inflation is just one indicator, one economic indicator of the overall broader economic health.

All right, we have questions this week about talking to your fiancé about money. What to talk about? What's important? Paying down a student loan with another form of debt. When does

that make sense? And talking to friends about money, especially, if your friends are struggling and you want to help them, but you don't want to be overbearing. What's the right balance? How do you do it? As promised, bringing on board a very special guest and friend of So Money. She was on years ago if you are a So Money devotee, or you're just aware of the who's who in personal finance, you know her. Dorethia Kelly, welcome back to So Money. Congratulations on *#MoneyChat*, your new book.

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DK: Thank you so much. So, glad to be back with you again.

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FT: Oh, anytime. Of course, always here to support fellow authors. Tell us about *#MoneyChat*. You have been working in personal finance for – you and I, we go back. You're like an OG, you're an OG, founder and CEO of Work Space Spark, a career growth, community, corporate gifting, subscription box. You yourself have gone through your own financial journey of becoming debt free and financially independent. What is it about this book that you feel like you need to take the conversation to the next level? I feel like authors always have something to say. We have to move the needle.

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DK: Yes. This is an update from the previous book and I felt like eight years later, nine years later, there was more to the conversation. I wanted to add some things in that I felt like were still a problem that you wouldn't think were a problem anymore. The whole estate planning thing. Everybody thinks it's only for the wealthy. But it's not. I want everyone to realize this is for all of us. Everyone needs to consider these things. I talk a little bit more about some of the investing pieces, because things have changed. We've gone through a lot over the past nine years. So, I wanted to add those things, and I added in some bonuses for everyone who does get the book, so that you – I wanted to eliminate any objection to getting started and getting on the right track with your finances.

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FT: We'll put that link in the book, moneychatbook.com. How has your personal financial life Dorethia, evolved over the last nine years, which has included a pandemic? I mean, that's the only thing that comes to mind at this point. I don't even know what else we've gone through, that kind of tops it.

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DK: We became empty nesters. There's different things. I was a young parent – those who know my story, I was a very young mother, and that's a whole story in and of itself. I was a single mom. I didn't get married until my kids were grown. So then, you have that dynamic of bringing the households together, bringing two families together, blended family life, and money ideas. I think that for me, with my journey, it was getting stuck out of everything that I thought and understanding how to meld that into – now you've got young adults. Everything isn't going to be exactly how you taught or you think it should go. Now, you've also got a husband, a mate to consider their life history with money and these kinds of things.

My journey has evolved from single broke mother trying to figure it out so my girls didn't suffer, to now someone who has means and has to remember what it's like not to, although that's not hard for me, and be able to now guide these young adults in our lives, in a way that doesn't turn them off.

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FT: Do your adult kids recall the early years when mom was in the thick of it all and trying to figure it out?

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DK: The oldest one does. The younger one, not so much, because she was on the come up.

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FT: Yes. That's like me and my brother. I was – we're 10, 11 years apart. People always, the first question they ask is, "Same parents?" I say, "Yes, same parents, but very different worlds that we were raised in." My parents were newly married, immigrants, really – gosh, two pennies rub together, maybe.

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DK: The struggle was real.

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FT: Yes. Then, fast forward, they have my brother at a much different economic lifecycle, and it was the nineties, not the eighties. I mean, I don't know. So, that said, I think my brother and I both still have that grittiness in us. You can take the parents out of Iran, but you can't take the – really that immigrant hustle never goes away and we saw that.

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DK: Yes, I love that. it. I love that.

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FT: Well, I'm so grateful to have you on So Money. Friday shows are dedicated to answering our audience questions. We have a treat today, because now you don't just get my perspective. You get Dorethia's perspective. Thank you to everybody who submitted their questions. We're going to start with Brooke, who actually, this is a nice dovetail here, because Dorethia, you mentioned blending families, getting married later in life. She is also about to walk down the aisle with her partner, Brooke. Yes, congrats to Brooke and her partner. She wants to know, what are some good financial topics to discuss with your fiancé before getting married?

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DK: This is such a good question. I don't think enough couples asked this question. They end up asking it after they get married. The conversation starter that I love is, who taught you about money? That starts – it opens up a whole floodgate and you get to kind of share and talk about all different things. Then, you get to know like your partner's financial history and share yours.

Another topic that I would suggest is how they feel about debt. Of course, do you have debt? But how do you feel about debt? I'll tell you, for instance, my husband had no problem with it. He was cool. He was like, "I can afford it. I can pay it every month. It's no big deal." Whereas I was super cautious because, well, this is what I do. So, you have to have these talks to understand each other's views, and meet in the middle. Don't try to convince them that their way is wrong. Do what you can to guide, but you have to be compassionate and understanding even in this.

I'm going to tell you something else that, with a lot of the clients that I see the family dynamic. How do you feel about loaning money to family? And do you currently loan money to anyone consistently?

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FT: Wow.

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DK: This comes up in marriages after the fact, so often, and it is very much a contentious piece. Because once fiancé is like, "Well, why are you always loaning them money? Like that's money for our household?"

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FT: Yes. I may have experienced that. Not in my own marriage. But my parents, I think that there is a tendency to keep that a secret.

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DK: Yes.

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FT: I don't know why. Because you don't want to shame their parents, maybe? They don't want to make it seem like their parents can't make it without them. The parents may have told them, "Please don't tell anybody." Yes, that is a good one. That is a good one.

I will say that to your point, Dorethia, you said we don't talk often about money until after the fact. It's so true. We don't even talk about what each other earns, so there are these topics and conversations, of course, that are important to broach. But even just basics, like you know how much your partner earns. Do you know what their debt levels are, their credit score, their savings account balance? I've met couples where after the fact years later, they couldn't tell you what each other's salaries are. I mean, I'm not expecting like to the penny. But generally speaking –

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DK: It's important because that determines how you all move for your future. If you're coming together, I'm not saying everybody has to have joint accounts. But you are planning together, you're planning your life together, you're planning your retirement. What your life is going to look like in 10, 20 years.

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FT: One last thing I would say to our friend, Brooke, is that while of course important to have these conversations ahead of marriage, keep it going. Keep that momentum, that dialog open. The goal is not to get all the questions answered right now and then figure like, "Okay, we're done." The money conversations will evolve. You're allowed to change your minds. You're allowed to change your goals. But the important thing is that you keep your partner abreast of where your head's at. You're getting married. It's an exciting time. I think it's important to more than talk about, not just talk about money, but talk about your goals, like you talked about and

how we're going to afford them. So, where do you see yourselves in three years, in five years. Again, that will evolve and minds can change, but it's important to feel like you're on the same page.

Because one of the things that I came – a piece of data that was so interesting, I came across this early on in my reporting about money and couples back in the day, and I think is still true, is that we often say opposites attract, and it's especially true that financial opposites attract. So, I don't know if you have experienced this or –

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DK: Yes. My husband is a spender. My husband is a spender.

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FT: Savers attract spenders and vice versa, because in the beginning, it's a little thrilling/comforting, for like a saver to be with a spender. That's thrilling for a spender to be with a saver. That feels good and like secure. But of course, without an understanding and dialogue and common ground, it's going to be problematic. I think, focus less on your differences and focus more on what you have in common, and what your strengths are.

Even spenders have strengths, I will say. They know to maybe find a deal. They know how to comparison shop, et cetera. Lean on your partner's financial strengths, although they may present initially as weaknesses, there's always good stuff too, there.

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DK: Yes.

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FT: All right, Kim, moving on has a question about something actually, we've tackled on this podcast recently with Molly Wood, who is a reporter and just one of the best experts right now

on sustainability and climate change. This question is about what are some baby steps we can all take to become more environmentally sustainable and have a lifestyle that is more conscious of the environment? But here's the thing, we don't have a lot of time and we don't have a lot of money. So, of course, we know that like things like solar paneling, electric vehicles, can be a return on investment, but maybe you don't have that investment to make. How can we go about being these citizens?

I would just start by saying like, you can't do it all, and we talked about this with Molly. I'll put that link in our show notes, that episode. Because like I think there's – and I've experienced overwhelm, where I feel like I can't put a sign in my front yard. I remember my husband came home with a sign and he put it the front yard that said, like, “Climate action now.” I was like, “We can't put that on our lawn. We're the biggest hypocrites. We don't have solar panels. We drive SUVs. Yes, we recycle, and yes, I buy secondhand and, but we're not doing that the big important things. So, we can't. We can't be poster women and men for this.” Molly was like, “Yes, you can. You need to just be kinder to yourself, and do what you can.” Are you taking any measures on that end?

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DK: Oh, this is such a fun question. I literally had a girlfriend who's into sustainability and all the things, and she basically tried to do intervention with me, and we had a good laugh over a plastic cover over my bowl of oatmeal. She introduced me to a few things which I will share.

Now, we had already started doing the water filters at home versus buying bottled water. First of all, from a cost perspective, it's just so ridiculous. I was buying cases of bottled water, and then all the plastic, and I was like, “Okay, no.” We have a water filter. You can get a water filter for your kitchen sink. But we also have one for the refrigerator, a jug with the filter, the Brita filters, and that has been a lifesaver. I fill it up when I'm going to the gym, all the things. But guess what else we got? A thermos with a filter, so that no matter where I am, if I'm at the airport, wherever I am, I can fill it up –

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FT: Oh, nice.

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DK: – and I can get fresh water. That's one thing. But my girlfriend put me on to reusable sandwich bags. They are pretty cool, I must admit. I was like, “Oh, what am I getting into?” The reusable bowl covers, they're made like out of beeswax or something like that, and they're reusable. It really does make you feel good because you know you're doing something good for the environment. Of course, the energy saving lightbulbs and the paper versus plastic at the grocery store. Just doing what you can, like you said, we can't do all the things. You can only do the piece that you can in your own household and the goal is not to be stressed out about it. That is not the goal.

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FT: I agree. I'm going to try that filter in my water bottle. I like that idea. I think that there's something to be said too, about just slowing it down. Slowing it down. When you go and shop online, do you have to pick the delivery option? Could you instead go to the store? Could you instead walk to the store? Just today, I needed something like a makeup item and I needed it fast, because I have an event coming up and it was a route to touch up hairspray. Okay, I'm just being totally open with everybody. I'm getting older. I have greys. My options were Amazon which would have – it was like a \$30 item. It was one thing too. Do I want to like involve trucks and a lot of carbon footprint for this? Or I have a store in our downtown here that I could just call and go pick it up. I did that, and it was just like, I took a beat, right? I could have been like, “Oh, my God, I need this and I need it fast.” But are there other ways to get what we need that wouldn't involve involving so much energy and carbon and all of that? We talked about – go ahead.

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DK: There's another option for those of us who are a little addicted to the Amazon. They have that option where you can do it in less deliveries. So, you can wait. Back to your point about taking a beat. Just wait and get it all at once, then you are lessening your carbon foot.

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FT: Yes. Delay your gratification. That actually has a direct correlation to helping the environment. I will also say that something we don't often recognize, and because we talk often, when we're talking about being environmental conscious, we talk about the spending. But there's also a lot of effort in the savings arena, and in the investing arena. We've done lots of episodes on the show about socially responsible investments, ERG investments. So, if you're interested in – again, this isn't a spending tip. This is like how to invest in a way that supports the environment. I think, doesn't take time and it doesn't take actual spending. So, I just wanted to add that as well.

All right, moving on to Ravi and student loans. A big question right now. I know that's something that you cover in your book, as that landscape has gone through a lot of ups and downs.

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DK: It has.

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FT: But he wants to know, he has a 7% interest student loan. He's wondering if he should take a loan out from his life insurance. The loan would be 3% to pay off a 7% student loan. I've never gotten a question like this before.

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DK: I know. This was very interesting and I love it. I love it.

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FT: I guess he has a whole life insurance policy that has a cash component.

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DK: Yes. Cash value. So, I'm going to say this, Ravi. I can't tell you yes or no. But I will tell you this. It does sound attractive to take and pay off your student loans and get a 3% loan. Yes, absolutely sounds attractive. Do your research. You need to know that you don't have to repay the insurance policy. But if you don't, you will owe taxes, and you will have a lower death benefit. So, just keep that in mind, and that loan accrues interest. Some people may do this and say, "Oh, I don't have to pay myself back." You want to pay yourself back, and let's say you get the loan and you don't pay it back. Remember that accrued interest, if that gets above the amount of your cash value, your policy lapse, or they might terminate it altogether.

So, if you decide to do something like this, just make sure that you pay it back, because life happens and we forget things, and then before you know it, that interest will accrue and you'll be getting a letter that says, "Your life insurance policy has been terminated", and you don't want that.

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FT: No, especially whole, because we know that's pretty pricey. All those payments for nothing.

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DK: Exactly.

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FT: I just think like when I see something that sounds too good to be true, like, "Oh, 3% loan", there has to be a catch, because that life insurance company is in the business of making money, and offering you a 3% loan, you better believe there is something that is sweetening the pot for them, beyond that 3% loan. They've done the actuarial math, and they've probably figured there are a lot of people that do this that won't pay it back, so we're going to take the risk of offering extending 3% in a market like this when rates are going up. I think that you got to

think about what's in it for the insurer and what are they anticipating, because they could make more than 3% on their money.

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DK: Make sure that there's something in the fine print that says it's locked in. Because what if next year they say, "Oh, well, we increase the rate."

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FT: Right. I know. It's a bummer because student loans, it's suddenly again becoming a burden for people, and people, I'm getting a lot of questions. I'm sure you are too about like, "Okay, we're back in this situation again, what do I do?" Now, of course, with a higher rate environment, the idea of like – it used to be you could just like maybe take out a private loan for less than 7%. But that's not the case anymore. So, we're really trying to get creative. I appreciate the creativity.

Last but not least, Berta has a question about how to talk money with friends that are not into finance talk, or are not money educated. So, my question for Berta, I have a question for Berta before we get into the answer. It's like, why do you have to talk to your friends about money? It's a great thought and it's a great purposed idea. I long for the day we should all talk about money comfortably and openly. But is there a reason she wants to? Sometimes your friends are not your money friends. You got to find your own people for that. Unless, of course, she's recognizing that maybe her friends need help, and she wants some help, so let's talk about that. How does she do this without making them uncomfortable, I guess?

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DK: So, don't do what I did. Okay. When I first started learning about getting my money, again, I was telling everybody harassed, "You got to do this, you got to do that." That's not going to fly. Don't do that. You can't treat it like you're lecturing them. I'm taking it as if Berta wants to help them, because that's kind of where I was, not kind of I was there. I was learning and I wanted everyone to be successful financially, too.

But you can't come off with them as if you know it all, or if you're better than them, even if you're not meaning to. That's what they'll think if you're just bombarding them, bombarding them. So, don't treat it like you're lecturing them. Do it casually. Remember that question I just talked about with the fiancé, who taught you about money? And then tell who taught – tell your story. That always opens up for great conversation. But you can also strike up conversations. You can give them books as gifts, but make sure you give them something else too.

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FT: A bottle of wine. A gift card. I agree. I think it's important to come to them with your own story. I think we've all been through some struggle or some, before and after with our money, and to lead with that, I think, it'll immediately just show that you're empathetic. And I think that will open the doors for communication. Nobody to your point wants to feel lectured to, or feel like we're being schooled. It's a friendship, right? It's an even exchange. So, put yourself in their shoes, and remember when you are maybe struggling, and what you would have liked to have heard or received, I think, is always a great, honest approach.

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DK: Then, leave it at that. Don't let every time they see you, you're talking about this. Be done with it.

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FT: Yes. Friendship at the end of the day, more important than – your friends, I mean, look, the thing is, you can't force people to do things, and there's other conversations to be had about friendship and money. There's always like, what do I do when my friend wants to spend more than I have? They like fancy things, they like going out all the time. This is not what we're talking about here. This sounds like a friend that you really do want to continue the relationship, you want to help. But at the end the day people have to help themselves.

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DK: Exactly.

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FT: Dorethia Kelly, thank you so much for hanging out with us this Friday. I'm so glad we got to make this happen. I want to send everyone, urge everyone to grab your book. Tell us everything about your book.

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DK: Yes, yes, yes. So, grab the book. The book is written in four sections of where I see through all these years of coaching people, having the most issues and challenges, getting out of the hole, getting on solid ground, protecting their money and growing their money. Everyone who purchases the book, please go to moneychatbook.com, and everyone who'll purchase the book also, gets all these amazing bonuses, not only throughout the book, but also on the book page when you go there. I love it. Thank you so much for having me, Farnoosh. This is amazing, as always.

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FT: Always great to have you on. Please let's not have another eight years, whatever.

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DK: I know.

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FT: Shame on me. That's on me. I appreciate you so much. Everyone, thanks for tuning in, and I hope your weekend is so money.

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