EPISODE 1572

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FT: So Money episode 1572, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. September 29th, 2023. *A Healthy State of Panic* is technically out on October 3rd, officially. But I have heard that it's been spotted in the wild. I've seen it. People are taking photos. My dad actually called me last weekend to say that he was at the Barnes and Noble in his town out in Northern California. He had gone there to pre-order a bunch of books to give out to friends and colleagues. The BNN sales rep told him when she looked into the system that they actually had a few copies on the floor in the store but that they had been sold out. So good news, bad news. I don't know. I guess it's all good news.

But I was caught off guard, and I wasn't sure like how this could even happen because at that point, we're talking 10, 12 days before the book is technically out for release. Then fast-forward to a few days ago, a friend of mine is in a Barnes and Nobles in New York on Fifth Avenue, and she said that it was out on display. She took a photo, sent it to me. I nearly fell over. So I guess I'm going to a Barnes and Nobles in Jersey this weekend to, hopefully, see this book for the first time in the flesh.

So a reminder to you, if you have pre-ordered the book and you want to get my freebies, this is the time to go on to ahealthystateofpanic.com. Submit your information, and you will immediately get access to Scared Smart, which is my three-video lesson plan, plus a workbook, plus the intro to *A Healthy State of Panic.* Walks you through the various ways you can learn from your financial fears and use those learnings to do the next best thing in your money life. You don't have to wait till October 3rd for it. You can just get it this weekend. Of course, if you do buy the book this weekend, whether you buy it at Barnes and Nobles or a bookstore or online, go to ahealthyatapanic.com. Let me know you did by putting in your information, and you will get all of those freebies, which are valued over $300. I'm taking down those freebies on book launch day, which is October 3rd. So you have a few more days to get that.

My New York City launch event is sold out, but I will have more events this fall and during the winter, including in Philadelphia, New Jersey, another event in New York. I'm headed to Los Angeles and Miami. Miami's actually probably going to be in January, but I'm trying to pack it all in. I also have a wedding to go to in November, not a little thing. My brother is getting married. I'm officiating. Then, my gosh, we just – it's just the – and then the holidays. So trying to just do as much but also make sure that I'm also – but also attend to my personal life and my book life.

I haven't yet planned a trip to Worcester, which if you've read the book, the first page, that Worcester gets a feature in the book. It's where I was born. It's where some of the fears that I have today started. I don't know if anybody would know me in Worcester at this point or would understand why I'm coming back to Worcester. They'd be like, "Who's this random person showing up at Barnes and Nobles?" But if you are in the, let's just say, Boston area, Worcester area, and want to bring me on and want to host me or think that there's a cool bookstore that I should stop in at, let me know.

Today's show, we have fresh questions from the audience, including how to navigate your retirement savings during a gap in employment. A lot of us got laid off this year. Of course, it takes time to find a new job. Then when you join the job, sometimes it takes three to six months before you can opt into their benefits. So what do you do during that interim period? Do you just not invest?

Another listener has a question about debt and which debt to pay off first. She has student loans and credit card debt, so not sure what to attack first. I also received a kind of concerning question from an audience member that, at least as far as I can tell, suggests that she might be in a really tough place financially in her marriage and not feeling supported by her partner. More on those issues coming up.

But first, let's go to the reviews section in Apple Podcast and pick our reviewer of the week who will get a free 15-minute money session with me. We have a new review in from mvelasco07 who says, "The show is a must-listen. So Money has quickly become a favorite on my feed. I'm consistently impressed with the engaging conversations, insightful content, and actionable ideas. I truly learn something new every time I tune in. Thank you, Farnoosh, for putting out such an amazing podcast. Keep up the great work."

Well, thank you so much for your thoughts, for your feedback. I love reading reviews so much so that every week I pick one, and this person will get a free 15-minute money consult with me. That may not sound like a lot of time to get into a lot of things, but you will be amazed. I'm getting letters now, emails now from people that I spoke to years ago because I've been doing this for a while now. They're like, "Your 15-minute money session, it set me off on the right track. I've since gotten more money. I've bought a house. I've gotten a financial plan together."

So money is complicated. But sometimes, what we have to do is very simple and straightforward. What we get at during our one-on-one is just kind of more clarity. I think it's always nice to know if someone like me, who's been there, done that, who does this for a living, vouches for what you want to do or has some other ideas for you. So it's kind of like I'm here to be a sounding board and also give you my two cents.

If you haven't listened into this week's shows, please go back. Listen to Wednesday's episode first with Susie Banikarim. Now, Susie and I go way, way back. She and I first met in 2002, classmates at the Columbia School of Journalism, Graduate School of Journalism. Susie's gone on to do incredible things in the world of media. She's Emmy award-winning. Now, she's hosting a podcast called In Retrospect with New York Times editor Jessica Bennett.

What is In Retrospect? Well, we talk about it on the podcast, in our conversation. It's basically a show that revisits a pop culture moment in each episode, a pop culture moment from the eighties and nineties that has shaped us to try to understand what it taught about the world and also a woman's place in it. Susie – it's important to reflect on how powerful media engines can be. In the eighties and nineties, things like soap operas and Barbara Walters' interviews influenced us so much. Was it the right influence? We get into it with Susie.

On Monday, too, a replay, Michelle Buteau. If you haven't listened to that episode yet, please do. It merited a replay. Michelle is a comedian and actress, a producer, a writer, star and creator of Survival of the Thickest on Netflix. She's one of the funniest women on the planet. So if you haven't listened yet, please do. She talks a lot about her upbringing, her negotiations in the world of comedy and entertainment, what she does for fun, what she's investing in, what kind of real estate projects that interest her. It was so good. I could not just play it just once.

Now, let's go to the mailbag. Melissa, we have two Melissas who asked questions this week. So I'm going to call this Melissa Melissa A, and then we'll have Melissa B. But Melissa A wants to know this. “Farnoosh, I'm 42 and I'm behind on retirement savings. I was laid off at the start of the summer, but I have since found a new job. The problem is that between losing my job and the wait period before I'm allowed to contribute to a 401(k) at my new job is going to be about eight months. So eight months I'm going to go without contributing to a 401(k). While I'm waiting for this to kick in, what should I do with that money? I want to keep contributing to something at the same rate. I'm already maxing out a Roth IRA. Should I just take out the same amount and put it in a brokerage account? Any other options?”

All right, Melissa, great question. I think applicable to a lot of us. Or one day, we might be in this camp. So you're maxing out your Roth IRA, which is excellent. Glad to hear there's even money left over to do something else, to invest elsewhere. Because you're maxing out your Roth IRA, you can't also contribute to a traditional IRA. Now, you can invest in both in theory, but the maximum contribution across both types of IRAs cannot exceed the IRA’s limit, which this year is $6,500. So if you're already doing $6,500 in a Roth, you can't contribute to a traditional IRA anymore.

You could split that $6,500 across both the Roth and the traditional if you wanted to, but what you're really grappling with, it sounds like, is what else to do on top of that $6500. I do think the best move is probably investing it in a brokerage account, using an automated online platform that selects investments for you, making the portfolio diversified, choosing low-fee investments. That's what I do after maxing out my SEP IRA. I put money in a brokerage account.

Now, as a sidebar, if you don't want to take too much risk over the next eight months, you want to maybe keep this money growing but not invested in the stock market. High-yield savings accounts or CDs, which have a term of anywhere starting from like three months to three years, you can find one. A lot of them have high yields, like five percent or more. If your risk tolerance is low, you could put what you would invest over these eight months in a CD. It's a guaranteed return. Then you take that money and you put it in, let's say, a brokerage account later. But for now, you know that that money is growing at a promised rate of return.

Next is Melissa B who says, “I really enjoy your podcast. I particularly enjoy your perspective on women's relationships with money and managing family, career, and the expectations that come with those things. You make me feel like I am not alone in the struggle. To my question, I am 40. I'm married with a four-year-old son. I recently realized that the insurance policy that my dad signed me up for over 13 years ago is a whole life policy of $150,000. Now, as an avid listener of your show and other podcasts, including Ramit Sethi and Tiffany Aliche, I'm coming to understand that this is probably not the wisest choice for me.

I currently pay $105 a month, and it has grown to have a cash surrender basis of $13,000. I actually believe it hasn't grown at all. I really would like to surrender. Get the cash and pay off the remaining $18,000 on my student loans. The interest rate is really low, just 2.3%, and I would add the other $5,000 from savings. I would then go and get myself some term insurance for 60 bucks a month. I do have a car loan of $30,000 and credit cards of $8,000 with no interest. But I feel like paying off my student loans would be a release of emotional stress. Something about student loan payoff makes me the most excited. Any advice or suggestions about whether to cash in the policy and what to pay off?”

All right, Melissa. I do agree with you that surrendering the whole life policy is going to benefit you much more today than it will in the future. This $13,000, this lump sum is going to be extremely helpful to you today, as you have multiple debts, and it hasn't grown much. Whole life insurance can be expensive. You just did the math. I mean, just comparing that to your term life insurance of $60 a month, I think that's really what most people need is just some really good basic term life insurance, which is usually very affordable and far more affordable than whole life insurance.

Which debt to pay off? Well, the credit cards, you say, have no interest. I don't know what your interest rate on the car loan is. By paying off the student loans, you would get rid of all those interest payments and, as you say, it would give you peace of mind. It would make you really happy. I don't think that's a small thing. So in this case, because you say your credit cards have zero interest, and I'm going to guess that the car loan is also not high interest, that paying off the student loans with this whole life policy is not a bad idea.

If you were my girlfriend, I'd say, you know what, what do what makes you happy, and it is responsible. You are paying off debt. Next, I would tackle those credit cards. Even though there's zero interest, I'm just wondering, is it a limited time only zero interest, like a zero percent balance transfer card? Just keep an eye on any fine print that says after a certain date, there will be interest, and it might be high interest. So keep an eye on that.

But, yes, I agree. I think that whole life policies are not for most people. It was thoughtful of your father to get that for you. But where you are in your life right now and your financial demands, I think that that $13,000 is going to be very helpful to you to get over some of this debt and feel better, which is, again, not a small thing.

Okay, now on to our last question from Honeybee. This was, again, a little concerning, and I'm reading between the lines. I'm going to follow up with her, just to make sure everything is okay. But she says she's been married for 14 years, primarily in Utah and now Idaho for two years. She wants to know, and these are her words, "My rights financially. My husband put together a rough spreadsheet of accounts that we have, but it needs updating every six months. So what do I do first? We have two kids. They are 10 and 8."

Rights financially, this was a bit of a red flag for me. These words are not words that we normally say, unless there's a real underlying problem. Do you feel like your rights have been violated? I am nervous when I hear this question. It's kind of loaded, I want you to know, Honeybee, that off the bat, you have equal rights in your marriage to your finances. You are entitled to marital assets. You can equally make decisions regarding your finances, your household expenses, and how your family handles the money.

If your partner is keeping information from you or you feel like is not open to discussing money, that's a really big red flag. I want you to think about, right now, securing some money for yourself and placing that in a bank account for yourself right away. Get a credit card in your name only and use that credit card and pay it off in full every month. Begin to establish credit. If you ever, and this is not just Honey who I'm talking to, anyone listening, if you or someone you know ever feels financially trapped in their relationship, in their marriage, this is not normal. This is a form of abuse, and I want you or this person to get help. There are organizations and non-profits out there.

I've worked with Allstate Foundation, allstatefoundation.org. You can go there. They help survivors of domestic abuse, and 99% of survivors of domestic abuse have experienced financial abuse. The forms of financial abuse, they can be subtle. We may not even like realize they're happening to us because it could be just like the only way we've known that life works around money in a marriage that the husband or one spouse takes on all the power. But in general, this is what it looks like; concealing information, limiting your access to assets, reducing your accessibility to the family finances.

Like there was a – I write about it in *A Healthy State of Panic*. It's kind of awful to say, but my dad at one point was limiting my mother's access to their online accounts. I think like even for my dad, I don't think he would say he probably wouldn't have done it if he knew what it was really looking like and what it was really feeling like to my mom and me. But it really felt violating, right? He was doing it, I think, mostly because he was too proud. A lot of men are conditioned to feel like the finances in the relationship, that's their domain, and it's territorial.

It's almost as if like my dad went to my mom and was like, “I want to be involved now in all of the cooking. I want to be involved now in all of like the household decisions around what we buy. I want to be involved in our social calendar.” My mother would be like, “Get off my turf.” So my dad felt like money was his turf. My mother's desire to learn and be involved felt to him that she didn't trust him. She didn't think he knew what he was doing. That, for him, was a bad feeling, and he reacted poorly to it.

But when you are insistent and your partner continues to block you, especially today in 2023, I think that requires a deep conversation with your partner. Tell him how you feel. Tell him this is your right. If it's still a dead end, you need to get help. It's not a good place to be in. I really, really want you to be an advocate for yourself in this situation. I know it can be hard. Others can be your advocate too. So allstatefoundation.org, I'll put some more links in our show notes.

That's our show, everybody. Thank you so much for tuning in this Friday. I appreciate you hanging in there with me on this podcast, as I've been running some reruns and haven't been airing the show exactly on time every day. But as I've been getting closer and closer to the launch, I just have so much on my plate, not just for the book but for other work assignments and, of course, life assignments. Tonight, I'm going to my kids' school for parent night. I'm getting ready for the party on Monday. I just hope we don't get any rain. And I'm healthy, which is great. I was worried about getting sick and not making this party.

Thank you to everyone for your support around *A Healthy State of Panic.* I know that the book comes out October 3rd, but that's not the finish line, at least not for me. It's like mile 12 of a marathon. I know that there's going to be so much more to come, and I look forward to sharing it with you. This book, as I write in my acknowledgments, the last thing I write in the acknowledgments for this book is this. I would be nowhere without the bright, dedicated, and thoughtful individuals in the So Money community. This book is in many ways the culmination of our time together, our memories and laughs, starting with my very first recording. This book is for you and us. I hope your weekend is So Money.

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