

EPISODE 1575

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FT: So Money episode 1575, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. The Friday post-book launch 2023, *A Healthy State of Panic* is out in the world. People are seeing it everywhere; at the National Airport, at their local Barnes & Noble, at the local indie store. Of course, if they ordered it, it's in their home. It's now on their bookshelf and, hopefully, going with them everywhere they go. The book is available as an e-book. It's available as an audiobook. I recorded it. However you like to read and experience books, there's something for everybody.

How am I feeling? I'm feeling successful. I really am. I think I've done everything that I can possibly do to give this book some flight. Like all parents of things that we birth that there is a point you reach. The book has to kind of take on a life of its own. You hope that you have nourished it. You have set it up for success. Now, it's taking flight. You know how I know that this book is now onto its next phase? It's because people are sharing. People are emailing me and saying, "Would you like to be on my podcast? Can we invite you to come speak?" All the work that I was doing, all the outreach, I'm going to continue. But it's nice to be now on the receiving end of the inquiries.

I was actually on a podcast this week. Well, I started crying. Oh, my gosh. I've been crying a little bit here and there as I've been thinking about the book and contemplating just the whole process. I imagine making the New York Times bestseller list, and I just become a puddle. I don't know if that's a good thing or a bad thing that I allow myself to go there and really want for something so impossible to get.

But, hey, I'm a human being, right? But I was on a podcast this week. It hasn't come out yet. It is with Lily Womble, the creator and host of The Date Brazen Podcast. You know Lily. She's been on So Money. She's a friend. She's been extremely supportive of my entire book journey. She was at my launch event. Anyway, I'm on her podcast. Now, this is earlier this week, so I'm not going on a lot of sleep. I just want to say that. Nevertheless, she's asking me. Lily is asking me about remembering a moment from childhood, like what's a moment that stands – you know questions I ask my guests all the time on the podcast. They never cry. But apparently, this one was a tearjerker for me. She said, “Tell me a moment that you remember with your parents growing up.”

This isn't where my mind normally goes. It wasn't hard to answer this. I knew immediately what the thought was, and it was the summers of maybe 1985, 1984. My family, which is at the time was just me, my mom, and my dad. I didn't have a brother yet. After dinner, my dad and I would go for walks around the edges of our housing development in Worcester, Worcester, Massachusetts. So I'm five. I'm six. I just remember it being a really – I promise not to cry, but here we go. Here we go. I'm going to tell the story. I'm going to breathe.

So I would be – this is not even in the book. I don't even know how this didn't make it in the book, but I would be strolling around the edges of our housing development. I'm not even in kindergarten yet, and I'm gleefully skipping in my shorts and a tank top. We like to race to the edge of a block and back. My father, typical dad, he pretends that I'm outrunning him. I'm not but I am so triumphant. I'm feeling so triumphant. As we're catching our breath, he turns and says to me, “We are so lucky. You won't understand this now, but you're going to get this someday. You won't understand this now but you will someday.”

I, of course, only know now how moving these simple moments in America were for my parents. I was the kid born in the US by the skin of her teeth. I wasn't really supposed to be born here, but it just kind of happened. My parents were here on a visit, really for a sort of medium-term visit. My dad was studying. Then the plan was to go back to Iran and raise the family there. But then as the revolution intensified, they quickly pivoted, and they got really lucky. They got – my dad got sponsored to stay through an employer. It was just all happening so fast.

I was born, and so my father is looking at me, this vision of innocence and pure happiness and a girl who he knows. He knows stands a chance now. My dad, he was born in Iran and he – this moment for him is a gift, and it is one of the many treasures of leaning into one of the fears that I cover in my book, which is the fear of losing your freedom. I close my book with this chapter because I think it's both universal and personal. Also, what could be more important than when you're in a moment where you're fearing compromising your livelihood, your actual livelihood.

For my family, this fear has been an absolute worthwhile legacy, a true legacy. It began with my grandparents. Probably before them but my memory and my understanding of my family only goes back to my grandparents who were so terrified of their kids losing their freedoms in Iran that they urged them to leave and please go somewhere else. Go to America. Start fresh. Now, this fear is in me, and I do understand it. Whenever I'm afraid of losing my sense of freedom, which I define in the book as my sense of autonomy, my agency, the fear signals that I have to use my voice, I have to take action. It's shown up for me in my career, my financial life, my relationships.

This is just one of the many lessons in *A Healthy State of Panic*. I promise not every story makes you want to cry, although there are moments. But a lot of it is joyful. A lot of it is funny. A lot of it is mysterious. I would love it if you haven't yet, order your copy today. Order a copy for your friend. I'm hearing from people that they're pre-ordering now for the holidays. They don't want to wait till November, December. They want to get this book now and get it gifted as soon as possible.

Purchases made this week and today counts. This is – we're getting to the end of the week one sales. These sales will count towards bestseller lists, and that's something that I very much wish for this book. I have the link to where you can find the book in our show notes. Chances are if you walk into your local Barnes and Nobles, they might have a copy or three. You can always go local to your local indie, your local Barnes & Noble. If you have purchased the book and you have yet to leave a review, that's also a huge way to support *A Healthy State of Panic*. To get this book rising up to the ranks, the algo ranks on Amazon and everywhere else.

Here's a review from one of our listeners, Dan, who called the book inspiring and empowering. He left this review, this five-star review on Amazon. By the way, anything less than five star is

going to drag your score down. I know some people are very particular about their reviews. Like a five-star review means that the book like was the best book they ever read, and four is excellent. I can't tell you what to do, but I'm just going to say that a four-star review is going to drag it down for no really good reason. It's not fair, right, to authors to do that. So if you love the book, if you really, really enjoy the book, like give it five stars.

The one four-star that I have, the person had nothing negative to say about the book, so it kind of left me baffled. But Dan loved the book, gave it five stars, and says, "Farnoosh has excelled as a podcaster and finance guru for all the same reasons *A Healthy State of Panic* works. She's bold but not preachy, gentle but direct. In a world where influencers want you to believe the key is fearlessness, her approach to finding your path by listening to your fears is a breath of fresh air."

Thank you so much, Dan. I look forward to reading all your reviews. I'm not going to lie. I keep refreshing Amazon to see where it's ranking, what are the new reviews. This is the life of an author, at least during week one.

In case you missed any of our episodes this week, I dedicated Monday and Wednesday's shows to reading excerpts from *A Healthy State of Panic*. These aren't the polished audio excerpts you'll get when you purchase the audiobook. This is just me reading from my book. On Monday, we went through the prologue and the introduction. Then on Wednesday, I read scenes from the fear of loneliness and the fear of money. The book goes through nine different fears, starting with the fear of rejection to the fear of loneliness and FOMO. Then it gets into the fear of exposure, the fear of uncertainty, the fear of money, then the fear of failure, the fear of endings, and the fear of losing your freedom.

Let's head to the Apple reviews section, the Apple Podcast review section. We have a new reviewer this week who will get a free 15-minute phone call with me, and it's AllieB1006 who says, "Farnoosh keeps me going," five stars. I just pre-ordered my hard copy of *A Healthy State of Panic*, and it could not be coming at a better time for me. I have been working on my relationship to my own fear and the fear I inherited for a long time, and I'm excited to read how Farnoosh farou reframes what fear can mean and do for us in a culture where we're often told to ignore it and forge through it without intention and awareness. I'm a longtime listener of the So

Money podcast, and it is an endless source of learning, inspiration, and motivation. I deeply resonate with Farnoosh's voice and the way she owns her intelligence and power. Yes, you are powerful. But also her vulnerability and authenticity. She is real as beep. And as a fellow woman in the financial industry, I am endlessly inspired by her ability to be unapologetically herself in a way that is both strong and compassionate.”

Allie, please email me, farnoosh@somoneypodcast.com. Or direct message me on Instagram. I think the email might be better now because I'm getting a lot of DMs, and it's easy for a lot of it to get buried. So email me, farnoosh@somoneypodcast.com. Let me know explicitly in the subject line that you're Allie from Apple Podcast or you're Allie from So Money, and I will send you a link where you can pick a time for us to have a talk about your money fears or whatever else you want to talk about. Thank you so much for this outstanding, kind, generous review.

I was on The Today Show this week. The book was featured in the New York Post over the weekend as a top read for the month. I was on so many incredible podcasts. Elise Loehnen has a great podcast called Pulling the Thread, and we talked about the book, obviously, but also the ways to define wealth and richness. She shared a video excerpt on her Instagram. Guess who liked it. Guess who watched that and liked it. Chelsea Handler. So does this mean that I'm like best friends with Chelsea Handler now? A woman can wish.

All right, let's head over to the mailbag. First up is Andrew who says, “Hey, Farnoosh. I started listening to So Money on my nightly walks during the early stages of the pandemic, and it's been a main stay on my podcast rotation ever since. My question is about student loan repayment strategies. I have two higher interest loans from grad school. One is about \$23,000 at six percent. The other is \$8,500 at 6.6%. Both cost me about \$250 a month each or combined \$500 total. I've saved \$25,000 throughout the payment freeze specifically for loan repayment. I'm planning to pay off the \$8,500 loan all at once to get rid of that entirely.

I'm indecisive about what to do with the other because I'm also thinking about getting into the housing market. For that house, I've already saved \$75,000 and growing. That's going to go towards my down payment. But I've been thinking about using that extra money that I've saved, which comes to about 16 grand for home buying-related costs, closing costs, moving

maintenance, and not towards that last student loan debt. I live in the Madison, Wisconsin area, and the market is still hot and pricey.

Other random stats about me, I'm single, stable job. I make \$130,000 a year. I plan to stay at that job for the next 10 years. I have no credit card debt. I have about a \$200 monthly car payment, 770 credit score, \$20,000 emergency fund, maxing out that 401(k). I feel so privileged to be in this financial situation where I'm debating about what to do with this chunk of money I've saved. Your advice has played a big part in this. Thanks in advance if you have a chance to answer this.”

All right, I'm happy to answer this, Andrew. Firstly, I just want to say you are spectacular. You've done incredibly well. I'm so impressed. I'm so cheering for you, and it is a good problem. But, hey, it is a conundrum, nonetheless. You have two competing goals, two competing goals. You want to save up for a home, which you've done nicely so far. Congrats on that end. And you want to get out of student loan debt, which is understandable.

Here's what I think might be a good compromise, or compromise sounds always like you're giving up on something. But this – what I really mean here is that you're kind of not giving up both goals. You're kind of actively working on both goals at the same time. So let's revisit what you've got left after paying off that one loan. You'll have about \$16,500 left. You're thinking about maybe putting that towards the debt that is around 22,000; 22,500, or adding that to your home savings pile.

Could you put the \$16,500 in a high-yield savings account? You can earn five percent right now, while you make one or two principal payments, extra principal payments a year towards that remaining loan. You're still making money. You have plenty in savings. I'm going to guess there's some extra money to go around. What you're asking me about right now is what to do with the pile of cash that you have. But what you're not realizing is that you have cash flow coming in. You have income coming in.

Assuming you're living below your means, which sounds like you are because you've done an excellent job of saving, and you don't have any debt, that there's going to be some leftover every month. Could you put some leftover from your income every month towards a principal

payment on the debt? You make the principal, plus interest payment monthly on that \$22,500, and maybe put a little extra towards that principal whenever you want; once a month, every quarter, or just once a year.

But I would run the calculations and see just how quickly you could get out of debt with this strategy and how much interest you might save with this strategy. This way, that \$16,500 can continue to grow. Frankly, 6% versus 5.5% in a high-yield savings account, pretty competitive, right? So it's even hard to say which direction is best in terms of your ROI. But I think with the remaining money that you have every month, taking a portion of that from your paycheck and putting it towards a principal payment on the student stud loans is a great way to kind of address both of these goals at the same time. You're not taking from the home savings pile, and you are able to continue aggressively paying down that student loan debt. Maybe not one lump sum, maybe not in one fell swoop. But are taking more of an aggressive stance, which I think you can absolutely do.

By the way, you might get a raise over these next 10 years. You might get some nice tax refunds. Those are all other opportunities to throw money at the student loan. Or you might decide you throw it at the home savings pile. But I think that you owe it to yourself to make those decisions as they come about. I just did a whole Today Show segment this week on financial myths, and one of them was that debt is bad. All debt is bad, and there are definitely people out there who believe this. As a result, they never take out any form of debt, even if it's low interest, even if they can make those monthly payments. That money is helping them to advance in their lives.

Your student loans got you to where you are today. You can make those payments. The interest, while it's not three percent, is six percent, which is about average for a student loan. So I think this is good debt. If you can pay this off in time, in good time without falling behind, all the while, you're freeing yourself up to be able to focus on other financial goals to advance your life and build wealth in other ways, hey, you're talking my love language.

So, Andrew, it's not a huge problem that you've got here. I think that the great news here is that you're gainfully employed. You're continuing to make money. So with that income, that's the money that I would use to address this debt and do it a little bit more aggressively than just one

payment every month. Maybe you double up. Maybe you pay an extra principal payment every quarter. Then you take that \$16,500 and add it to the housing pile because I know buying a home right now is very expensive.

I don't know a lot about Madison, Wisconsin, but I don't think it can hurt to wait a little bit to buy a home. Don't sue me if you know home prices go up further this time next year, or interest rates double by this time next year. But I'm just looking at my own neighborhood and the way that homes are selling like crazy. A home will go on the market for like \$850, and it'll sell for like \$1.7, which by the way, no bank is appraising. So whoever bought that is buying that for all cash, and it is artificially inflating the home values of every other home in the market.

It's kind of cool to go on Zillow and be like, "Oh, my house is worth X because all these people who can just throw money at problems are buying houses, and it's inflating our real estate values." But is that sustainable? I don't know. I'm a little worried. I don't think home prices are going to crash. I think there has to be a correction. There just has to be. Thanks for your question.

All right, sticking with student loans, one more question here from Ruth, whose partner has what she calls albatross lost student loans. She says, "Hey, Farnoosh. Me and my husband, we both contribute to our 401(k)s. We have four months of emergency savings. We have no credit card debt. My income's rock solid. We have a low interest rate on our mortgage, all good. But my husband has \$240,000 worth of loans that he accumulated during law school, and that includes interest."

Now, she wrote in a while back, so she's worried about the payments resuming. Now, of course, we know they have. So she's wondering what to do. I hope my advice isn't too late for you. "But do we resume these payments and just go with the schedule? Or do we bite the bullet and pay it off as quickly as we can to get it out of the way? I hate to bring this up in this way, but we're also set to inherit from a ill parent about \$50,000. Should we be putting amounts like that towards the student loans or towards other goals like home renovations or a college fund for our future children?"

All right. So I want to address the fear. You have a fear of debt. You have a fear of – it's a big amount. It's a big number. \$240,000 is like a mortgage in some parts of the country. So to have this be a student loan can feel really unsettling, and I get that. I get the fear. But what is the root of this fear? Is it that you grew up with this message that debt is bad? Because I don't know what the interest rate is on this student loan. But if this is a sort of thing that your husband and you can pay off monthly, incrementally, on the timeline, no problem.

Yes, there's interest. So you're not just paying \$240,000. You're going to pay plus interest. But I think you have to remember what this loan is also affording you. Is what this loan is affording you better than what you would get if this loan was paid off? In other words, do a T-Chart. What's your life going to be like when this debt is out of the way immediately, like by next year? How will your life open up? I mean, that's not a rhetorical question. I actually do not know the answer to that. Could it mean that those monthly payments of, let's say, \$2,000 or whatever that they are now would now go back to savings, and that could be great cash flow for you?

Or would you rather just pay this off incrementally and have more liquidity, more of a stash in your bank account to put towards these bigger goals like a home renovation, which you can pay for in cash. You wouldn't have to go into debt for that. Or you can frontload a college savings account for your kids, start saving at a 529 plan before they're even born, which we did for our son. This really comes down to what does feeling financially fulfilled mean to you.

But I would really first start with tracing this fear back to its root and figuring out, is this just a fear that we've inherited because we grew up with this mentality that doesn't really apply in the real world that all debt is bad? First of all, you need debt to build credit. We live in a credit-based society, and it is what it is. Love it or hate it. This is the world. You want to buy an apartment. You want to rent an apartment. You want to get a job. Places are going to care about your credit. It's going to matter. It's going to factor into your ability to mobilize and grow and get to the next place.

If you realize like this was just a fear that we had, that isn't really how we think. It isn't true because this law student loan has afforded my husband a great job that pays really well, that allows us to live comfortably. Yes, it was an expensive piece of debt. Law school is expensive. There's no denying it. But the monthly payments are well below his salary and can be easily

afforded every month. It actually affords us the ability to not touch savings, to not have to break into our other investments. We can use that money to advance our lives in other ways to build wealth, which is kind of like what I was telling our friend, Andrew.

So I gave you some things to think about. This is a very personal decision, and I want to stop hearing any guilt around being successful with your money or having an inheritance or feeling like your money problems aren't real problems. There's no judgment on this show. No need to preface. No need to give context. No need to disclaim. It is what it is, and the important thing is that you care, and you're trying to be smart, and you're trying to be strategic, and you're coming to the right place.

I so appreciate you coming to me with these big, heavy life's crossroad questions. It's what we tackle in *A Healthy State of Panic*. It's where fear loves to live; at these intersections, at these high-stake moments where we could go in one direction or another. The outcomes could be pretty different, so we need to take a minute. If we're afraid, it's for a good reason because we need to take pause and extrapolate and think and reflect on what this could actually mean for us.

I am so looking forward to the weekend. I will not lie. It's been a very, very busy but good busy week. I just hope that this book continues to make people happy, to make people think, to make people not feel bad for feeling fear, and to lose themselves in this book. It's a guidebook, but it's also a memoir. I hope it's funny. I hope it's relatable. I hope it's meaningful. Thank you for hanging out with me this week, launch week for *A Healthy State of Panic*.

Again, if you haven't listened to the earlier episodes this week, I would encourage you to do so. Maybe you will be inspired to buy the book for a friend or for yourself. The audiobook, as I mentioned, is professionally done. I had some great producers working with me on that. I'll see you back here on Monday for a fresh episode, a fresh interview episode. Until then, I hope your weekend is So Money.

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