

EPISODE 1578

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FT: So Money episode 1578, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. You're listening to our Friday Ask Farnoosh sessions, coming at you after a really, really hard week. What started as one of my best weeks ended in an absolute tragedy. I wrote about this in my newsletter this week. I'm talking about the devastating events happening in the Middle East currently between Palestine and Israel. Yes. Things feel really awful and hopeless.

What I really want to say right now, my message, there are a lot of things I can be saying, but I think one thing that I find is useful to me and I know is useful to many of you in the audience is that while we may feel as though we don't want to do anything, I definitely felt like that this week. I felt like I just wanted to curl up in a ball. I didn't want to write. I don't want to talk about my book. I didn't want to record this podcast.

But what I've learned is that when you are grieving, the best thing that you can do for yourself and for processing that grief is to keep moving. If that means sticking to your routines and going back to your emails and socializing with friends, going to your kids' soccer games, these things are important. It doesn't mean that while you're doing these things, you are not still reflecting, still grieving. You are holding space in your heart and in your mind for all the innocent victims on both sides of this war.

As I hit send on that email, shortly after many of you wrote and thanked me for the permission, you said. You didn't even know you needed to keep moving because a lot of us were feeling – we were feeling aimless, walking through a fog, feeling guilty, shameful, bad if we started to go

back to the mendacity of life. But it's important to do what you have to do to work through your grief. If it means working, then do that.

One of the things I did this week, which I feel really lucky to have done, is I stopped by Google virtually and met with a couple of their employee resource groups to talk about all the uncertainty in the world, all of our fears, and money. I spoke to FGN, which is the Filipino Googler Network, and Topa, which actually is not an acronym, but it means to break through in Japanese. The organization empowers the broader East Asian Googlers, focusing on professional development.

So we talked about all the uncertainty in the job market. As we know, Google experienced a massive layoff earlier this year. We had some questions that we didn't get to complete, we didn't get to address during our hour. So I promised them that if they listen to the show this Friday, I would answer some of their remaining questions. So hang tight, and these questions are great. I think they're universal. I think you will want to know answers to these questions about investing. Some of them wanted to know what's my best money advice, my worst money advice. All that in a second.

Switching gears a little bit, there was a glitch on Apple Podcast. If you're listening to this podcast on your Apple Podcast device or your Apple Podcast app, I should say, there's a chance that my podcast and some of the other podcasts you've been subscribing to disappeared from your feed or disappeared from your folder, subscribed folder. So if I'm no longer coming up into your feed with the new episodes every other day, make sure to hit that subscribe or follow check mark on the show page in your podcast app.

This has led to a lot of drop-off in subscribers, which doesn't mean they're not still finding you. But it doesn't make it easier for them to find you because, normally, if you're subscribed, the new episodes immediately come into your feed. No work required. So I just wanted to make sure that that is on your radar. If you want to be a subscriber to this show, you once were and now you're not, you know why. There was a sort of glitch. I don't know more than that.

It wasn't something that Apple announced to anybody. I found out through The Grapevine, as I was like, "Why is there this drop-off? It seemed weird. Is it something I said? I don't think so." It

was a technical problem. So listen to this show wherever you like to get your podcasts. I am also a fan of Spotify and all the other platforms. No need to exclusively promote Apple. But if that is where you are getting the show, check it out. Make sure you're subscribed.

A reminder, also, if you leave me a review in the Apple Podcast app, I will pick a new reviewer to get a free 15-minute money session with me. I don't think Spotify has space for reviews.

Otherwise, I would also offer it there. A couple more announcements and we're going to hit the questions. First is if you want to see me in person, talking about *A Healthy State of Panic*, there are a few more events currently. You can go to ahealthystateofpanic.com to learn about them.

But we got an event in New York City, as well as California. If you want me to come somewhere in the middle, let me know. I usually like to show up where there is an independent bookstore involved or some sort of gathering place where we can also partner with a bookstore. Make it ticketed so that everybody who wants to come, all they have to do is purchase a book as part of their ticket.

That seems to work. People show up when they've made the commitment of already buying the book we have found. So we're just going to keep doing that. I know it's a little bit more challenging with the holidays coming up, but I'm also open in 2024. I'll be in Miami and Puerto Rico in January.

All right, let's see what is on your money mind today. By you I mean Google, FGN and Topa, the two fantastic employee resource groups at Google. Their members had these questions for me. First, "Farnoosh, do you have any advice on how to manage investments during this turbulent time?" How to manage investments during this turbulent time. Well, is it ever not turbulent? Managing your investments well, whether it's today or in a year or whether the market is up or the market is down comes down to some very simple steps.

One is just make sure that your exposure to the stock market is aligned with your risk tolerance. If you're investing with any of these great electronic platforms such as Ellevest or Wealthfront, Charles Schwab, these automated platforms that do the work for you, they ask you a series of questions that are really important because they want to make sure that they're going to build a portfolio for you that matches your investor profile, i.e. your risk tolerance. Will you be able to

stomach a stock market tumble of over 25 or 30 percent, which sometimes happens? What is your investment timeline for needing this money? Do you need this money in 10 years or in 35 years? That's going to make a difference.

If you're working with these types of investment platforms, and they're asking you these questions, and they've built a portfolio for you that reflects all of your answers, I would be very confident to know that even when the market is high, high, high or low, low, low, that my portfolio is going to, ultimately, perform well in the long run. That's not to say that along the way you aren't checking in. You aren't making sure that the risk tolerance you have today hasn't changed because life changes.

If you read *A Healthy State of Panic*, you will learn actually about a moment in 2020 when I did adjust my investments based on my new risk tolerance. I listened to fear, and I allowed that to inform my next moves with my investment plan. I didn't make knee-jerk moves. I didn't do anything hastily. I sat with that fear. When I realized that fear wasn't going away and I looked at sort of how my portfolio was designed and when it was designed, it was designed many years prior, before I even had kids, before I had this mortgage that I now have in 2020. Of course, my risk tolerance has changed, and it was for me the right move to scale back some of my equity portion in the portfolio.

So managing your investments well boils down to this. Don't make any knee-jerk reactions. Understand that the market is volatile by nature. If we want to have positive streaks in the market, we also have to prepare for a downturn. But if we're doing the right sort of planning and designing of our portfolio, which means that our portfolio takes into account risk tolerance. It takes into account our investment timeline, that we're working with low-fee investment plans as well. That's important. So the platforms I mentioned earlier, they have very competitive fees for their index funds and their ETFs. That's also going to help in the long run, as you are compounding your wealth.

Another question. "What's the single thing I can do to make the most impact on my finances?" The single thing I can do to make the most impact on my finances. I don't have anything else to go on here with this question. So I would love to know, before I answer this, things like what are

your goals. Do you have any debt? Do you have any investments yet? Is your goal to be a millionaire or someone who – what's your definition of having enough?

I'm going to offer more than one thing because I don't think that is going to be a silver bullet. But we just talked about investing. That certainly is very important. There's no better way to compound your money than through investing in the stock market. Some real estate investments are great too, not all. It's trickier with real estate than I think the broad stock market. Because as much as people want you to believe that real estate is a passive income, it's not, right? You have to explore it. You have to sometimes make repairs. Sometimes, you're a landlord. I think also important in your financial life to always stay curious. Always ask questions. No one will care more about your money than you.

That's an important philosophical take on your finances. It doesn't mean that everyone's out to get you, although some are. But it does mean that at the end of the day, no one is going to fight more for your financial freedom than you because it's your life. It's not anyone else's. Your insistence on being financially free and being financially independent has to come from you. To expect that others are going to just take care of you or will give you the raise on their own without you asking, give you a savings on something without you asking, sometimes that happens but seldom. Most times, it's because we have to be our biggest advocates.

So this is a very important philosophy thing that has helped me. I know when you can really get behind that mindset, what it does, essentially, is it puts your financial responsibilities and your financial agenda top of mind, at the forefront. You're always thinking about it, and you're always, as a result, I think, strategizing and tweaking and looking at it through this lens of how can I, what can I do to improve my situation. It encourages ingenuity and thinking outside the box, speaking up.

This person also wants to know, what's the most common mistake that you see most people making in their finances? I think it kind of has a lot to do with what I just said in that they're not being proactive. This is a mindset problem, where many people don't assume that they have any power in their financial lives. They think they're kind of born into a certain financial life, and that is just going to always be their story. That they don't have power over what they make or how they spend or their ability to even learn, become empowered around things like investing

and real estate because maybe it hasn't been modeled for them. Or they've been told it's complicated or it's too sophisticated or it's going to be expensive for you to invest.

People think that. They think they have to wait until they have money to invest, whereas I would say, yes, you need some money. You can't invest with nothing, but you can start with five dollars. You can start with \$15. Better to start early than to wait and wait 5 years, 10 years until you think you've reached financial perfection, and you've covered all your other bases. Now, I'm going to start investing. That's not how it works. Sometimes, we are our biggest obstacles. We get in way of ourselves becoming more financially secure.

Another question. "Is it worth it to hire a financial planner and why?" Broadly speaking, I think paying for professional help in your financial life, whether it's someone to help you with your taxes, someone to help you with your financial goals, your emotions around money, you can work with a financial therapist. You can work with a money coach. I think that in everyone's life, a little help is not only nice but necessary sometimes. Investing in that can be wise, and it can have a return.

Most people, I would say, though, do not need a financial planner, one that charges a percentage of your investments every year as what they make, as their fee. I think paying for help when you are at a crossroads in your financial life, like you're maybe getting out of a marriage, or you're blending two families, or you've gotten this huge inheritance and you want to make sure you're putting it in the right places, or you just need a really good financial plan to carry you or you and your family into the future. Professional help can be extremely helpful.

But this traditional model of paying a percentage of your underlying assets or your investments that they're putting in the market for you, not ideal. I feel like this is antiquated. It started before we had these automated platforms that I highlighted earlier in the show. Now, we have access to direct investing. We, you and I, can go right to the investments and do them ourselves much more affordably and more efficiently, frankly. We don't need a middleman.

So now, planners know this, too. They've known this before we have. So what they a lot of times do is they outsource that piece of their services, that piece of their financial planning to the Charles Schwabs of the world. They then do what they do best, which is think strategically for

you. Create a plan. That is worth something, especially, again, for people who are at life's crossroads or are about to embark on a new journey that would benefit from a professional giving them objective advice and also subjective advice.

Because I think you want to work with somebody who really understands your life stage, the way that you make money, your financial goals, your personal goals, and has worked with other clients. Their recommendations are based on road-tested things that they've seen other clients do successfully, clients who may resemble you. If you find someone you really want to work with, but they have this really weird fee structure of making – of saying like, “It's going to be 1% or 1.2% of your investments, whether you make money or not, every year goes into my pocket.” I would say, look, could we come up with a different structure? Is there maybe a monthly plan, a flat rate that I'm paying every month? Or is there a series of sessions that I can book with you, and that costs something? At the end of those sessions, we'll have a financial plan that you can hand me, and I can take it from there, an hourly rate.

The best planners are the ones who understand that our needs are different than maybe the clients' needs from 25 years ago. Also, technology has made it so we need to evolve in terms of how we charge for things, and how a planner can best show up for their client and what that cost should look different than what we've been charging in the past.

All right, this question has to do with panic and fear. Not like the other ones didn't, but this one's really straightforward. The question is how does one know when they are about to cross over to the side of unhealthy panic. So let's first talk about what is healthy panic. Healthy panic or healthy fear is when the fear is educating you on something. What that thing is, it will depend on where you're at, where the conversation with this fear leads you. But I always say it's good to ask fear questions when it shows up. Questions like where did you come from, what do you want me to protect, is there something I'm missing, which means I have to go get more educated.

These are the healthy steps we can take when fear shows up, and it is not as though fear is going to give us all the tools right away. We have to analyze it. We have to explore it and unpack it ourselves. We are in control, and we're the ones who have to extract that wisdom. But fear is a prompt for us to go do that work. When you slip into unhealthy territory with fear is

when you're doing none of those things, and you're doing what fear tends to impulsively want us to do or seems to want us to do, which is to do nothing, remain stuck, or make an impulse move which backfires.

When we find ourselves in a struggle with fear – and you know what that feels like. You know that that feels like an inability to sleep, an inability to think straight, an inability to feel empowered to go do anything. You feel as though the fear is a weight, right, on you, as opposed to fear being a companion in your life. You're seeing it eye to eye. You're both at the same level, looking at each other. Fear is really a mirror. It shows you who you are. It tells a story about your life experiences, where you came from, where you've been, and where you want to go, what you want to protect as you head into the future.

Finally, any tips on how to ease unhealthy panic attacks when you do not have a lot of time to recover or analyze. Well, breathing is really important. Do you have time to breathe, breathing very, very slowly, deeply through your nose? I find for me – I know like when I used to run track in high school, I was terrified of running. I did it because I needed to just like be a part of something. I desperately wanted to be a part of a team in high school, and I was not athletic. I was like, “Well, I know how to run.” I thought I did. I did not know how to do anything around the track and field.

But I remember when our coach would prepare us for our meets, which always made me anxious. Getting through the race, whether it was a 400-meter dash or a one-miler, breathing in through your nose, out through your mouth, in through your nose, out through your mouth. There's also things that you can carry in your purse or in your backpack that might be able to calm you down. For me, I know scents are very, very powerful. Not that I have a lot of panic attacks. But even when I'm having like a really crummy day or I'm feeling blue, lavender for me is a big pick me up.

My friend, Emily, just gifted me an oil roller. It's a refillable oil roller, and it smells like – I have it right here. What does it smell like? Also smells like lavender. I think lavender. I think studies have shown it help helps to relieve anxiety. I don't know if you tend to get your anxiety attacks at work or places where you are familiar with the surroundings, but really good to know where you

can go hide at work. So you can be alone and be alone with yourself and come to peace, whether that's sometimes going into a bathroom or an office with a door.

Finally, at Google, I think, and at many other companies, there are services or there are groups that you can join to talk through some of these coping mechanisms and to have that community. Really important to not feel like you're going through this alone, and you have no one to talk to. I know that's not an immediate thing you can resort to in the moment, at the height of a panic attack, but I wanted to offer that. Sometimes, your employer has benefits that you can use and leverage for addressing mental health.

This last question we actually did address during our session at Google, but I wanted to repeat it here for everybody else who wasn't in on that session. It was a really good opener of a question, and it went like this. "Farnoosh, there are a lot of fears right now related to a recession, layoffs, inflation. How do we engage with this fear in a way that is healthy? What is the right move with this sort of fear that can feel so big and overwhelming?"

Yes. There are a lot of categories within the fear of money that terrify us. Categorically speaking, we're afraid of investing and the economy and potential recessions. Earlier this spring, I know a lot of people were spooked about the banks failing, potentially. Will my bank fail because I saw Silicon Valley Bank fail? I want to say this, that when you are fearing things that feel really big and really overwhelming, that's not a healthy place to live. That's not a healthy thing to experience. What is healthier is to take that fear and distill it. Make it smaller. Make it more specific. Make it more personal and urgent.

The brain does not like financial pain, the thought of financial pain, the thought of something really bad happening in your financial life. It triggers pain in the brain. Then what does the brain want in reaction to that? It wants a solution. It wants a long-lasting cure. Then you'll be prompted to go do something with this fear. You'll take action. So let's make an example out of this. If you are afraid of a recession/layoffs because they kind of go hand in hand, it's not useful to just sort of think in the what if of that and leave it at that because you'll just spiral. You'll just move on without having done anything about your current life and make some changes that might be helpful in the event of an actual layoff.

Try to move away from what if there's a layoff to, "Oh, my gosh. I'm going to get laid off tomorrow." What if that happens? If you were to actually think about losing job tomorrow, what would you do right now? That is your way of taking this seed of fear and planting it in the today, in the now with urgency. You would, I guarantee, go do something or do many things. But at least you would want to go learn some things. I would personally want to learn what's in my bank account.

How much money do I have liquid that I can stretch in the event of me not making another penny, another dime for the next six months, seven months, a year? Do I have anything? Do I have something? Do I have more than I thought? Are there things that I can sell that I don't need that I can liquidate now? Should I talk to my employer? If things really feel tenuous, I want to talk to my boss and get their take on things. I also want to learn from HR. What is the typical severance that our company is prepared to give laid-off employees? While I'm at it, I might want to find out what my state unemployment insurance is.

So see now where you're at? You have removed yourself from this vortex of doom into a place of action. Thanks to manipulating this fear in such a way where you are really bringing it home to your doorstep. You aren't examining it in the clouds. You're examining it right here next to you and with a sense of immediacy.

This isn't just for the sake of catastrophizing. This is so that you really visualize worst-case scenarios for the purpose of catalyzing yourself to take action. That action is educating yourself, making tradeoffs within your budget. Maybe you decide I'm going to start that side hustle. Maybe you decide I'm going to downsize. Or maybe you decide, you know what, I am living above my means, and I need to pare-down some expenses. Whether this layoff happens or not, this will be good for me.

I'm going to read from my book now on this topic, so I get it right. It's a section called Are You Afraid of Money in the Right Ways? In the right ways because there are unhealthy and wrong ways to fear money. I write some financial fears are worthier of our time. The best carry with them an individualized message and a healthy dose of urgency to encourage us to understand the stakes and commit to a plan toward more security for ourselves and loved ones.

For example, fretting over a someday recession or the R word, as the media likes to say, doesn't offer much in the way of personal guidance. Neither does fearing the general cost of climate change or whether another bank might collapse at some point. These fearful what ifs do, of course, carry grave risks. But held in the abstract and with no sense of timing or connection back to our personal reality, they only stress us out. What if, what if, what if.

A healthier way to process a fear like that is to bring it to your doorstep. Introduce it to your personal life with immediacy and answer this question. What are you afraid will happen to your financial security specifically and now? Whether we're talking about a market collapse, a flash flood, or a failing bank, what would that signify for you and your financial goals; savings, investments, or debt, in this moment. In many instances, it's more helpful to focus less on what if someday and more on what if now.

That's taken from *A Healthy State of Panic*, which, by the way, is also on audio. If you like my reading, if you like this podcast, you will love the audiobook to *A Healthy State of Panic*. If you are enjoying the book, my last request today is that you leave a review. It is super-duper important. I'm finding that it's one of the hardest things to encourage people to do because we're all busy. I get it. I promise leaving reviews, and I don't do them right away. But I do them eventually because I know how important it is to the authors, the podcasters, all the people who put out great work.

It's not a vanity project, although I love reading the reviews. It's really so that others who are interested, curious in a book, what do they do? They're going to read reviews. Amazon, where most people purchase their books, which incorporates reviews in their algorithm to decide how they're going to rank books and other products, reviews matter. To that end, I will need your help. I can't do this alone. But one way you can help for free by just giving a couple minutes of your day is to leave a review on Amazon. I think, eventually, I'm going to start reading them on the show. So you might hear your name. When you leave the review, please let me know. It will make my day.

Thank you for sharing some time with me on So Money this Friday or maybe this weekend, as some of you I know catch up over the weekend on the Friday episodes. I really meant what I said earlier in the show about not feeling bad for falling back on your routines, even as we are

grieving all the atrocities in the Middle East and so many other places. The world is scary place. These are hard times, so also why I really appreciate you showing up here, being a part of this community. I hope your weekend is So Money.

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