

**EPISODE 1584**

[00:00:00]

**FT:** So Money episode 1584, Ask Farnoosh.

[INTRO]

[00:00:31]

**FT:** Welcome to So Money, everybody. I'm Farnoosh Torabi. How's everybody doing this Friday? I am coming off a very busy week of two book events. On Tuesday night, I had the honor of hosting some dynamic Iranian women in New York City and others, other women who are just killing it in their careers, crushing it in their careers. We met at this incredible restaurant in Prospect Heights, Brooklyn called Sofreh. If you haven't been to Sofreh, I highly recommend it. I highly recommend like getting on a plane, buying a ticket to New York City, getting yourself to Brooklyn, and visiting this restaurant.

We don't have many Iranian restaurants in New York. My goodness, I know that my mother might be listening, and she might take offense to this, but it is the best Persian food I've ever tasted in my life. They had this special space downstairs. I reserved it, invited some incredible women to come, and break bread, and talk about our fears, and connect and. That's really why I wrote this book was – well, one of the big reasons was the opportunity to meet and connect with so many people and have others be connected and meet. Talk about our fears, which when we're talking about our fears, we're really talking about what we care about and what we want to protect and what's important to us. It was just a really beautiful night on Tuesday.

Then Thursday, sold out event at Luminary New York. It was my last stop on the New York book tour for this year. I need to take a break. I'm going to be officiating my brother's wedding next week. Then we've got a trip to DC and then the Thanksgiving holiday, which I'm hosting. But in December, I will be back on the train, back on the book train. I'm going to be flying, in fact, to Los Angeles in mid-December, before the holidays in mid-December, to Zibby's bookstore in Santa Monica on December 18<sup>th</sup>. It's a free event. I'll be with Tara Schuster. You know her. She's

the author of *Buy Yourself the F\*cking Lilies*. The two of us are going to host an event there. I would love to see you and your West Coast friends at Zibby's bookstore. That link in our show notes. It's a free event, again, but you do need to reserve. So make sure if you are coming that you let us know.

One of the most popular questions I've been getting on the book tour, and I love this question, is, "What is your book writing process, Farnoosh?" Because people know I have a lot going on. I have a business. I have a podcast. When I was writing this book, I was actually editor at large at CNET, which was a full-time job, a lot of Zoom meetings during the day. My answer to that is it's a bit of a messy answer, but the truth is I worked in these sporadic sprints. I would hear from authors that they had very regimented writing schedules. They get up in the morning. They write for three hours before their kids wake up. Then maybe they sneak some hours in later in the day.

But you know I'm not a morning person, and my morning is already pretty packed. I don't want to be doing other things before I have to do all the real actual things like getting my kids ready for school and making those lunches. So I like to sleep in the mornings. I worked in sporadic sprints. I did not have a study routine. I did go weeks without writing anything because life just wouldn't allow it. Then I took advantage of breaks when I had them during the workday. Maybe I'd write for 45 minutes during lunch. Other days I did type for hours on end, usually beginning in the evenings, around 8, 9pm when the kids were finally asleep, and I would write until midnight or 1pm.

One of the hardest things to accept was that what I'm going to write might not make it in the book. Most of what I write probably won't make it in the book. But I knew that it was important to just write anything and flex that muscle. The more you write, the better you get at writing. I'll tell you what. Even when I wasn't writing, I was still working on the book. That's also an important realization and acceptance. Authors often beat themselves up when they're like, "Oh, but I have to run all these errands, and I can't do the book today because I got to meet with friends." Then you start feeling guilty about living your life.

But that's what you need to do to write. You need to live to write. You need to experience life to write well. So listening to a podcast, talking to my friends and my brother, taking walks when I

would reflect; all of this shaped and formed and influenced my pages. So having time away from the material is important. It means you can come back to it with fresh eyes and a new perspective.

Also, it took a village, to be honest. I have many people that I thank in the acknowledgments in the book. There is one person, though, that was instrumental in helping me find the time and the courage to tell my stories. I think you know her, too. Her name is Terri Trespicio. She gave me dedicated writing events, essential writing prompts that gave me ideas and inspiration to write colorful stories immediately without wasting time, which was very helpful because I had writer's block a lot.

Again, you know Terri because she's been on this podcast. She's the author of *Unfollow Your Passion*. She's given a famous TED talk. She's just one of the best writers and thinkers I know, and I always recommend her. I actually recommend her to my brother, and he's working with her. Whether you want to write a book, you want to develop a talk for a stage, you want to create more content for your online audience, I highly recommend Terri. I've got the link to a program that she's running right now, which is accessible and ideal for literally anybody who has writing ambitions.

So that's my process. If you haven't been on a book tour, and you are curious about my book writing process, and you haven't heard me answer it, it's this. Write when you can and don't beat yourself up when you can't because living your life is important so that you can come back to the writing more informed and lean on others for help. This is not meant to be a siloed project. Writing is personal and it's an independent task, but there's so much that you can gain from working and consulting with others who are writers.

If you like the book, I would love to hear what you think. Please, please, please leave me a review on Amazon. This is the biggest ask that I have right now. It would mean a great deal to me, not just because I like hearing what you think but because it's going to help the book. It will help the book rise through the ranks online. I want this book to be successful not just in 2023 but all the years. I want this book to reach as many people as possible, and you can be a big part of that.

In other news, in other news, switching gears and then we'll go to the mailbag, my online coaching program, Farnoosh BTS I've called it, is open again for applications. We're kicking this off again in January. I had an incredible experience. I've been having an incredible experience. We're still in it with my cohort this fall as we've been helping our entrepreneurs in the group uplevel their business, get press, get literary agents, learn how to get speaking opportunities. This is what I love, love, love to teach. It's the behind the scenes of how I run my business, brought to you on a silver platter. It's for ambitious thought leaders who want to make multiple and sustainable revenue streams. They want to excel at negotiating. We talk a lot about pricing and what to charge and whether you're getting a brand deal or a speaking deal, how to get top media, how to pitch, how to develop and maintain relationships.

You're going to meet people from my world. I bring them to the phone calls. Then you can ask me anything you want. So this is an exclusive opportunity to work with me like nobody else can in a group setting, too, which one of the takeaways from some of my clients this fall is that while they are benefiting so much from what I'm teaching, they are also gaining a tremendous amount from connecting with like-minded ambitious entrepreneurs and business owners and creatives in the group. So if you're looking for a rich network that I can provide you but also other entrepreneurs, check out the application. Learn more about the program. We have the link in the show notes.

All right, we're going to hit the mailbag now, and these questions were asked earlier in the year. But I'm resurfacing them because they're still highly relevant with all the uncertainty that's going on in the world. Here we go. We've got questions from Hannah and Kendra and Roya and Chloe. Let's start with Chloe. "Hi, Farnoosh. Credit cards and refunds have always confused me. Let's say I purchase a \$500 television and a \$100 pair of jeans during a credit card cycle. My total balance due when the cycle ends is \$600. But the next day, maybe I return the jeans, the \$100 pair of jeans, and that amount is credited on my account after my credit card bill has posted. My account balance is now only \$500, but the statement says I owe \$600. Do I still need to make a payment of \$600 to avoid the interest on the extra \$100? Or will a \$500 payment be enough to cover the entire balance without interest? As always, I love your show, especially these Friday episodes. Thank you for keeping it real."

All right, this is a really good question. I never got this question before but it's valid. It happens to all of us. We buy things. We return things on the credit card. Usually, it does take anywhere from a few days to a few weeks for that money to be credited back to our credit cards. But keep in mind, if you're paying that credit card balance off in full every month, there's no interest, right? I guess I've never had this concern about returning things and then, "Oh, but it's not going to get really returned, financially returned back to me for another month or three weeks. By then, I've already paid this cycle," because I'm not paying the minimums. I'm paying in full. So if you can commit to doing that, then this is a non-issue. This is a non-issue.

However, I can see where if you're just making minimum payments, then you are paying interest on a purchase that technically you no longer made. But because of the cycle and when things get returned, there is a gap. Then you are going to pay interest on something that you technically didn't hold on to. That's a bummer. It's just a bummer. What can I say? But we've got to remember that. Credit cards have pros and cons, and I think of credit cards as conveniences, a convenient way to pay. Because when I use a credit card, it allows me to see all my transactions in one place. It protects me in some ways, right? If I make a purchase and the item shows up and it's broken or it's defective or it never comes or it never arrives, you know what? I'm going to dispute it, and it will get taken off of my balance, while the credit card looks into it on my behalf.

I remember a lot of these benefits to being a credit card holder. It's not in our financial best interest to just pay the minimums because of interest and because of compounding interest and because of moments like these where you might return something, and it doesn't get accounted for until the next pay cycle. If you pay \$500 instead of \$600, well, then you might not get charged a late fee because I'm sure that's more than what the minimum is. But remember, you're carrying a balance now, and that \$100 balance is going to get charged interest. There's really no way around it. Sorry, I don't have better advice but maybe just a reminder why it's important to pay your balance in full. Then interest is never an issue.

Okay, next is our friend, Roya, in the audience who wants some advice for divorced women. She says, "I'm almost 40 and I'm starting from scratch. What are your tips on what I should do, focus more on retirement or buy a house? I have three kids, and I am the primary caregiver. My

kids do not have 529 plans, but I would like to set them up. That's a whole other confusing topic which I would appreciate some guidance on as well. Thanks in advance.”

All right. So we actually do have a question later, Roya, about 529 plans. So I'll hold off on that until we get to that question. But to address your bigger question about how to start over after a divorce, if you are starting from scratch, then you know what? We go back to the basics, which is not in my book, buying a home. It is earning, securing income, and saving, and saving; earning and saving. Then if you have access to a 401(k) through your job or you can start a Roth IRA, invest in your retirement plan simultaneously. Question for you, what is your ex's financial commitment to your kids? Are you getting any alimony? Can you talk to your ex? What has been settled there? Can you both contribute to a 529 plan together for your children?

This advice I would give to anyone who is in your shoes, Roya. Your financial house is priority right now. Building that from the ground up means income and savings, investing in a 401(k) or an IRA. Then communication with your ex, as difficult as it may be, can be an asset. It can be very helpful as you are trying to navigate supporting your children together, financially supporting your children together. Are there costs that you can share? Are there ways for you to both invest in their college education fund?

Also, Roya, and everybody who's wondering about this, your credit is also critical. You may not have been thinking about your credit while you are married. But right now, as you are on your own, independent, and if you do want to eventually buy a house or get a car or finance any purchase, you want to make sure that your credit is intact. You can go to [annualcreditreport.com](https://www.annualcreditreport.com). Look at your credit history. Then wherever you're banking, ask them for your credit score. They usually will have it, and you can access it for free.

Then lastly, Roya, if you want to know about another investment that I like for women in particular post-divorce is investing in your mental well-being and your physical well-being; therapy, exercise, carving out time for yourself. You say you're the primary caregiver. That's a lot to be taking on as you know. So, again, a conversation with your ex like, “Can we navigate child care together somehow?” If not, carving out some of your income that you're earning to invest in child care. It's going to be annoying because I don't think you should be the one paying for it. I think you're both – I think you and your spouse should pay for that. But if you are on the hook

for that for whatever reason, it's still a good investment. It's still a wise way to use your money to earn back your time.

There are, also, I want to just say this, financial planners who are certified in divorce analysis, who specifically work with people in post-divorce who may need some professional guidance. So when you feel ready for that, you may want to look that up. That's two designations. It's the CFP, certified financial planner, and then, additionally, certified divorce financial analyst, CDFA. So look for those two title designations, for anybody looking for a financial planner that has expertise in post-divorce money planning. Roya, thanks so much for listening to the show. I'm so happy to know you're in the audience.

Okay, next up is Kendra, who has a question, a kind of awkward question about addressing her parents' retirement. Here's what she says. "Farnoosh, I've been wondering for a while now about my parents' retirement plans. I'm in my early 30s. I'm the youngest with two older brothers who are both around 40. I assumed that my parents would have discussed their retirement plans with my brothers, but that has not happened. My mom had a stroke a few years ago, so it's even more important for them to have sufficient plans for stability and access to excellent healthcare. I would like some peace of mind that my parents have a plan, but I don't want such a discussion to be construed as me offering to help financially or caregiving. I've worked so hard over the past decade to eliminate debt and expedite my financial well-being, despite a very frugal upbringing. Is this discussion my responsibility?"

All right, Kendra. I so appreciate you coming and reaching out to me about this question. You're very caring, firstly. You care. Okay. I know that you don't want to be on the hook financially or time-wise to take care of your parents, but you do care. I think coming from this place of honest-to-goodness care, approaching this with your parents and saying, "I just want to make sure that you have a plan." Remember, there are ways that we can be helpful to our parents without writing a check, without taking hours and hours and hours out of the week to support them. Just, one, being a sounding board, first of all, letting them talk and just hearing them out and listening can be very, very soothing to someone perhaps in their life stage to feel like they can talk about this, and they can have a discussion.

Through that, maybe you could help them with any loose ends. Maybe they need a referral to an insurance agent. Maybe they need to hire a medical advocate, a Medicare advocate to help them navigate their health insurance. This isn't stuff that requires money from you or a lot of time, but it's just a nice thing to do as a daughter. What about their sons? I think that before you talk to your mom and dad, talk to your brothers. Okay. Where are your heads at? I can't be the only one in this family that has any care and concern for mom and dad's future well-being. So how can we as a sibling front come to our parents in kind, with respect, and ask them about what their plans are?

Again, this isn't about you all three wanting to like get in there and roll up your sleeves and take care of things. But I think that, ultimately, being proactive is way better than, God forbid, something happens to your parents, and their problems will find their way to your doorstep. This is not your responsibility, Kendra. But I have a sense that because you're asking this question, you do care. It's weighing on you. So talk to your parents. I don't think that there should be any expectation that you're going to come in there and start writing checks and taking things over and being their medical advocate. I just think that it's a natural curiosity for someone who is in her 30s, and her parents are aging. We should normalize having this conversation with our parents.

So parents in the audience who are in your 50s and 60s and older and if you have adult children, know that they are about your future, and they do care. They're not coming from a place of like mom and dad don't know what they're doing. It's just that probably they've seen so many disasters, catastrophes around them, where parents didn't talk to their kids about their finances. The kids only found out too late that there were real problems to address. So even if it's just a quick conversation with your kids that you start and you say, "You know what? I just want to let you know. We are looking forward to our retirement. We've got some ducks in a row."

I think that all aging parents and their adult children should, if you have a good relationship, have some transparency about certain things, like a list of username and passwords for the various bank accounts, a contact sheet of the various people in your parents' lives that are helping them with their finances, life insurance, will, all those things. So important. It's like no matter how old our parents get and how old we get, there's still that parent-child dynamic that is wonderful but can make things unnecessarily challenging. I think we need to be real. We need



to recognize what is happening. We are all getting older, and we should be able to have these more mature conversations.

So I don't want to put this all on the kids. A lot of the times, it's the kids coming to me and saying, "Oh, I want to talk to my parents about money. They won't talk to me, and I don't know what's going on, and I don't want to be nosy." It's like, parents, what are you doing? Please, recognize that this is so important. I'm sure there is a scenario that you can identify in your own life where an older friend suddenly dies or suddenly cannot make financial decisions on their own. What then? Maybe a spouse steps in. But what if the spouse can't step in? What if there is no spouse? What if the spouse can't step in? What if they're a divorced parent, and they don't have a partner? So then the defacto becomes maybe the adult child who's coming in completely clueless, and that's not fair to that child who is now also grieving.

So, Kendra, I feel you. I think your head's in the right place. Talk to your brothers. Go to your parents as a united front and just say, "We want to hear you out. We just want to be a sounding board. But if there are things that you're curious about that we can help with, let's talk about this now."

Last but not least, a question from Hannah, who has the 529 question. So going back to Roya, perk up, Roya. This is where I'm going to give you more of the 529 advice. But Hannah has two kids, a three-year-old and a 10-month-old. They do have one 529 plan that they're contributing to. She wants to know, should she open up a second 529 plan? They have two kids, so that may make sense. But also, is there any benefit to just having one account? She's thinking maybe they can maximize the compounding interest with just one account versus two.

All right, so a little primer on 529 plans. What are they? Quick definition, they're college savings plans that are administered by every single state in this country. As a resident of your state, you don't have to go with your state's plan, although you may want to because some states offer residents who invest in their 529 plan state tax breaks. Not all state plans but some. So do some research. Start with your state's plan. You can go to [savingforcollege.com](https://www.savingforcollege.com) to learn more about 529 plans, all the different state plans, the different rates of return, historical rates of return for all the state plans, and go from there. You can open one up online. It takes minutes.

You can open up one through your financial advisor as well. But they're essentially going to do the same thing you would do. They're just going to do it for you and save you time.

Now, the question that Hannah is do I do one account or two. Because your children are three and 10 months old, theoretically, they will have an overlap in college. So the thing to keep in mind when you're opening up a 529 plan is that you can designate only one beneficiary at a time to this account. You can switch the beneficiary at any time, but it can still only be one beneficiary. So if you put all your college savings dollars in one basket in this 529 plan, but you have two kids that are going to be going to college at some point at the same time, and you need money for both of them, you're going to have an issue, where maybe you start with the 529 being for the older kid. The older kid hits sophomore year of college. The second kid enters college. Then you transfer the 529 to the younger kid. But the older kid still needs money, right?

So having two 529 plans for kids, especially if you've got kids where there is a potential they'll be at college at the same time at some point, you want to have two different plans. As far as whether having one or multiple plans will impact your compounding interest potential, I don't think that's true. I think if you're investing in similar things in these plans, contributing a similar amount on a similar schedule, they should theoretically grow at the same pace and compound at the same pace, right? I think that might be a little bit of a misnomer that one account is going to offer better compounding than two separate accounts.

But as always, keep the questions coming. Sometimes, you have follow-ups to my answers, and I appreciate that, and I will address that on the show. Thank you so much. I hope your weekend is So Money.

[END]