EPISODE 1635

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FT: So Money episode 1635, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. How's everyone doing this Friday? I'll tell you what's been on my money mind. I read an article recently written by a friend of mine and a guest who's been on this show before. She is a fellow financial writer. Her name is Charlotte Cowles. You may recall she has been on this show in the past, talking about Millennials and money and all the anxiety and fear that they have. She's a writer for The Cut at New York Magazine and also a contributor to The New York Times.

Well, she wrote a bombshell article that came out last week about how she became the victim of a massive scam that essentially put her out of $50,000. It all happened over the course of a day over the phone. She got a call, it seemed like it was legit, from Amazon, questioning some of her purchases. Then fast-forward, I'll let you read the story. It is something. Fast-forward, she is suddenly then on the phone with who she thinks is the CIA or the FBI. They convinced her to go to the bank and take out most of her life savings, put in a shoe box, and hand it to a stranger. That is something she lived with for a while until she wrote about it.

The Internet went ablaze when she put this out there. You can imagine the sort of comments that people gave like, "How could this be? Is this even for real? You're a financial writer. How could you fall for a scam like this?" That was kind of the point of why she wanted to go public with her story is that scams don't just happen to little old ladies. Every day people have the potential to get scams, and scammers are getting a lot better these days. We've heard about how scammers are using AI to manipulate and mimic real people's voices. So you may get a phone call from who you think might be like your son or your father or your mother, and they're like, “I'm in trouble. Send me money,” and you do. You Venmo them money or whatever you have to do. Meanwhile, it's just a recording, and it was a dubbed voice.

I really appreciate Charlotte for putting herself out there. I know her to be a very smart person. She even writes in the article like she is known in her family and amongst her friends as like really even-keeled. Yet she fell for this. In hindsight, she's like, “All the red flags were there.” But you'll have to read the article to kind of understand the psychological twists and turns she was put through on the phone to get her to ultimately feel as though she had to do this. The article is called The Day I Put $50,000 in a Shoe Box and Handed It to a Stranger. It’s in The Cut of New York Magazine, link in our show notes.

Shifting gears to another big story in my life, at least. It's the 10-year anniversary of *When She Makes More.* I know some of you listening to this podcast first discovered me because of that book. I have other books that predate it. But that one was sort of my biggest book to date when it came out. It dealt with the trials, the tribulations, and the amazing life that you can have when you are the female breadwinner in your relationship.

At the time, it was an extremely taboo topic and today still a taboo topic. I thought we would have made more advances by 2024, but here we are still in a world where I get women coming up to me and saying, “I make more than my partner. I read your book. He doesn't know that I read it. I would never let him know that I read it, and I just don't know how to navigate our money. Also, our family is getting bigger. I have so much pressure at work, and this wasn't maybe even a role that I wanted, and here I am.” The complexities continue.

I'll never forget when I was shopping the book proposal around for *When She Makes More*. It ultimately sold at auction. There were many bidders, but there was one publisher who kind of threw it back at me and said, “I think you're so naive to think that being a female breadwinner is more complex than earning the same or less than your partner.” I mean, okay. I guess it's good to have controversy around the topic.

My very smart agent said, “That's fine. That's going to happen. Not everyone's going to like your thesis, and not everyone's going to be on board with your plans here for this book. But maybe that's a good thing because if everybody agrees with your thesis that being a female breadwinner is complex and deserves special attention and advice and it's nuanced, if everyone agrees with that, then is there even a problem? It's better to have friction. It's better to have debate."

I give that to anybody out there who's listening, who's maybe scared to come out with an idea because they're worried about rejection or people not believing in what they believe in. Your audience is out there. You're not trying to cater to everybody. You're just trying to make a point to an audience, a segment of a population that you think is underserved. In 2014, female breadwinners, while they were a growing population in our country, were highly underserved. We weren't even talking to each other about the fact that we made more money and how it was making us feel, let alone our spouses.

The rejection continued. After that editor, the book came out. As I was living my life and talking about the book, I would get so many weird comments, people finding out I make more than my husband. Some of these people were my friends. They'd say like, "How can a journalist make more than an engineer? Is your husband okay with it?" "No, I have forced him into this." "But what does he do all day?" He's not sitting on the couch eating bonbons, watching Maury Povich reruns, y'all. He has a job. It's an important job, and I'm an entrepreneur. So it's just sometimes how it works when you're an entrepreneur and one person works in a corporate setting. There are going to be different income potentials. It's not a forced thing, but I'd be lying if I said I didn't always want my own financial independence in a relationship.

Maybe that's what got me to this point. But it continues to this day, the side-eye and the weird comments. Maybe not so much directed at me because people know I'll be ready for a fight. But people on my show who come on this podcast who talk about it and, of course, people who DM me and say, "This is still a source of discomfort in my marriage and in my in-laws or my parents, who are also asking us a lot of uncomfortable questions around our financial life."

If you don't have the book and you're curious about the book, I've actually put together a crib sheet which summarizes the main points from *When She Makes More* in a PDF. I made it so that it's accessible to everybody. It's zero dollars. I'll put that link in the show notes if you'd like to skim it. If you do like it, well, the book has more substantive strategies. Of course, it goes further into a lot of the topics in that crib sheet.

Before we get going into the mailbag and our reviewer of the week, I want to take a minute to just talk about one of my new morning habits. Yes, I'm not a morning person. But when I do get up, I'm very disciplined. I get my kids ready. I do my workout. I do a little bit of work. Lately, I've been integrating this new habit. It's called AG1. It's a nutritional supplement that offers my daily dose of vitamins, minerals, pre and probiotics. It's just one scoop mixed in water once a day every day. Let me tell you, it has been good for my immune health. I have energy. It's been needed in 2024 because these days, I haven't been getting a full eight hours of sleep a lot of nights, a lot of new projects underway.

As you're listening, I'm, in fact, hosting a live workshop in New York. I'm on my feet all day. So I'm really excited to welcome AG1 as a new partner of the podcast. If you want to take ownership of your health, start with AG1. Try AG1 and get a free one-year supply of vitamin D3 K2 and five free AG1 travel packs with your first purchase exclusively at drinkag1.com/somoney. That’s drinkag1.com/somoney.

All right, let's go congratulate our reviewer of the week who's going to get a free 15-minute phone call with me to talk about whatever's on your money mind. This week, we're going to say thank you to CassidyLD who left a review calling the show, “Excellent, relatable content with tangible takeaways.” It was actually left a little bit after my birthday. Cassidy said, “Happy birthday, Farnoosh. This podcast has given such great tangible takeaways and advice I can apply to my daily life. I love the Friday Q&A segments, as well as so many of your guests. I love finding new financial gurus from your show and hope you continue to make more podcasts.”

Yes, Cassidy, I'm not going anywhere. I have thought about taking the show to one day a week, and what would that show look like? Would it be a combination of interviews and answering mailbag questions? I don't feel like I can abandon these formats, either of these formats. I like talking to people. I also like interacting with the audience and answering your money questions. Maybe that's something that I'll crowd-source. DM me. Let me know. Email me. What do you think I should do with the show? Should I keep it to three days a week? I'll tell you, it's hard to keep up. I know. It's sometimes hard for me to produce and I know because listeners tell me that it's hard to keep up.

This show started as a seven-day per-week show. Let that sink in. Then it went to five. Now, we're at three. Is there a day where I'll get to one? I don't know and be like everybody else. You tell me. In the meantime, Cassidy, thank you, and please get in touch. You can DM me on Instagram or email me, farnoosh@somoneypodcast.com. Let me know you left this lovely review, and I'll send you a link for you to pick a time for us to have our chat.

All right. Now, let's go to the mailbag. The first one, of course, has to do with the lottery. I haven't actually talked about the lottery on this show probably because we're not that kind of show. But the Powerball did hit a billion dollars recently, and someone did win it. I hope this person never reveals themselves. Some states you can't control it. The state reveals your name, and I find that to be such a burden.

Here's the question. Lee wants to know, "What are your thoughts on playing the lottery?" Well, my thoughts are that it is basically like going to a casino and playing the slots. Your odds of playing the lottery are probably much worse because raise your hand if you've ever gone to Vegas or Atlantic City or somewhere. Immediately, you win like $20. It's kind of their thing. They want to make sure that you're winning at least a little bit, but ultimately you leave a loser.

I've always remembered that rush, that initial rush of going into a casino and playing. I like to play Price is Right because I loved that game show growing up. I go to the slot machines that are very nostalgic to me. Then I sit there, and I usually will win. I'll play $100, and then I'll win $200. Then I'll probably end up losing 30 at the end of it. For me, I don't consider this my way of trying to strike it rich. This is just like I'm doing this while maybe my friends are playing the actual tables. Or I just figured I'm in Vegas and I got to do this because it's what you do, right?

I mean, listen. I'm not perfect, but I do partake sometimes in those things. I can count them on my hands the number of times that I've partaken in those kinds of things. I'm not a lottery enthusiast. I think that it is sad in some ways how much people spend on gambling. We're not talking about gambling addiction right now. In general, I think the lottery is a complete shot in the dark, right? You don't play this with the hopes of actually winning real money.

But people do, and I think there's a sadness to it that people will actually use a consistent part of their paycheck every week to play when that money could go towards some things that are more meaningful and, frankly, more certain like putting money towards certain things, things that will certainly pay you back with dividends, whether that is actual stocks and the stock market or in yourself, investing in yourself. I think there's a host of things you could be putting money towards that are better than the state lottery.

Funny anecdote, I was actually at a dinner recently in the neighborhood and got to talking with some of our neighbors. Of course, the Powerball came up. I think when there's a large number like a billion being thrown around around the Powerball, it does conjure up a lot of excitement. People will play just because it's kind of a cool thing to gather around with your friends and talk about. Maybe it does spark a conversation about money and what you would do with it. I think that's all sort of healthy. I mean, as long as you're not risking a lot to do this, it's like five dollars you pull together as a group, 20 bucks, whatever.

There was a guy at the party who is wealthy and works in finance, and he plays regularly. He has an app. He showed me his app. It's like the lottery. It's the Jackpot app. Out of curiosity, I downloaded it because I didn't realize there were apps for this. I thought you still had to go to the Kwik-E-Mart and pick your numbers. I mean, it makes sense because some people don't want to do that or don't have access to that. Apps, hey, they make life so much easier and so much more dangerous.

He would go in there, and I said, “Well, what would you win if you won the lottery? Would you tell anybody? Would you tell? Would you quit your job?” He's like, “Yes, but I would give them 30 days’ notice, and I would give that job my all for those remaining 30 days. Then they would never hear from me again,” which was I thought just an interesting – like he's thought about it. I think that the lottery conversation is interesting, simply because it does spark conversations. It's less about the hope to win but more about thinking about the hypotheticals and imagining.

I was talking to my husband this morning. I was like, “We've been talking a lot on this podcast about financial enoughness and what is enough for you. I've got a podcast coming out later this month with Manisha Thakor, who wrote a book called *MoneyZen: The Secret to Finding Your Enough.* You got to hold on for that podcast. It is so, so good. But I've been really interested in digging deep into this idea, this concept of what would actually make me happy and hustle culture.

I mean, I'm raising my hand. I have fallen prey sometimes to the circuitousness of just making money to make money, and I did that in my 20s. But I also had debt in my 20s. I had ambitions to get out of living with a married couple and their cat. So I don't regret making the money that I did in my 20s and how I did it. There is a point where you have to sort of stop and think about, well, what is it all for? I'm venturing away from lotteries here, but this idea of going out there to make tens of millions of dollars. I won't be mad if someone hands me that money, but I think I don't want to be pursuing that. I know the work that is involved in trying to make 5x, 10x, 20x your income.

I'm good. I don't aspire for that. It's not because I'm not ambitious anymore or financially ambitious. It's just it's not a priority for me right now, and it is a privilege to say like I'm good. I feel like we have – if I can just keep my status quo, I have a good quality of life. I know what I value, and I spend money on those things intentionally. That's me. I'm not saying this because everybody should feel this way. I'm just thinking out loud here.

Your lottery question really woke me up this morning, Lee. Thank you for the question. I'm not a promoter of the lottery in general as a way of trying to build wealth or get rich. Frankly, if you have other financial responsibilities like paying down debt, trying to save more, reaching bigger goals, don't let the lottery be a distraction, a financial distraction.

Okay, next is Quame. How much financial transparency do you really need in a relationship? Oh, my gosh, what a loaded question. Specifically, Quame wants to know, “Should I share all of the things that I buy?” Well, of course, I'm a big proponent of financial transparency in relationships. I think it is the most important thing, more important than how you actually divvy up your finances. A lot of people first come to me with the question of, “Farnoosh, should we have two bank accounts, one bank account, 17 bank accounts?”

I say you'll get to that, and it'll become apparent. Whatever you decide will work itself out, if you have first laid the groundwork of committing to transparency in your relationship. What does that mean? That means that at the minimum, you are discussing your financial goals with one another, your financial baggage if you have any. I'm using air quotes. What is the stuff that you're bringing into the relationship, whether that's debt or money narratives that you grew up with that you're trying to unpack and rewrite fears about money? That you do share your individual expenses not all the time, not every single expense.

I think it's important to sort of establish a threshold for how much is, for what we would discuss, the minimum, the price of something that we would discuss. If you are regularly getting your hair done, and it costs $150 every eight weeks because you're getting highlights and what have you, and that's just something that you do, you don't have to tell your partner every time it's happening. Maybe you bring it up casually like, “This is what it costs.” I would assume that that might be coming from your own bank account. If it's not, if it's coming from the joint account, then I think you definitely want to disclose.

I think here's the thing. Anything that's coming out of your pulled money together, that would be a significant amount of money, and significant is relative. As a couple, maybe you decide like, “$150 or more, we're going to fess up. We're going to talk about it. We're going to disclose it. We're going to discuss it.” Again, if it's coming out of your joint pool account, if you have a joint pool account, because at that point, that is enough money where it could interfere with other goals you've established as a couple. What if your goals are to pay off debt, and that $150 could have really come in handy to pay down some balance's principle? Or you're saving up for something, and that $150 could really go a long way, especially if it's a consistent $150?

It’s not to say that you won't make that purchase or it's going to cause a fight, but that it merits a conversation or just a touch base like, “Hey, this is happening.” This is why, ultimately, if you are somebody who doesn't want to have these discussions all the time because it feels like financial policing, I get it. We're getting married later in life. We're partnering up later in life. At which point we have started to make our own financial decisions. We are our own financial people. In a relationship, you want to maintain that autonomy. You know what? Have your own individual bank account because that allows for the division and the conquering. That allows for that separation and, I think, that sense of freedom that we all want and deserve in a relationship.

My husband and I have transparency in the sense that I don't tell him everything that I spend on and vice versa. If we're curious, we could find out. We share – we use an app where all of our finances are pulled onto this app; my savings, his savings, my retirement accounts, his retirement accounts, our joint accounts, which we have a few, our college savings for our kids, our mortgage. Then the two of us can see at any point in time on the go what is our net worth. Has my husband gotten paid? Have I gotten paid? What's the balance of our kids' 529 plans, et cetera? Let me tell you, that goes a very long way in just keeping the peace, keeping these miniature conversations at bay. They don't need to happen.

I don't think you have to tell your partner every single thing. Here's a good litmus test. If you feel like you're buying something and your partner would be curious about it, would have questions, would want to have a conversation about it, then that's a good instinct. You know your partner better than I do. When you're doing these things and you feel like you have to hide something or you don't want to talk about it because you're worried about what it could mean in terms of your partner finding out, then that's probably a signal that a conversation needs to be had. Okay, thanks for your question.

Next up, Renee has a question about inheriting her family's house, her mother and father's home. She says that her brother and I recently received their parents' home. Their mortgage is paid off, but it is a lot of overhead; taxes, maintenance. There's a pool. Renee and her brother are trying to figure out whether to keep it and use it as a rental property, maybe make some cash flow, or just sell it.

I was actually reading an article in the Wall Street Journal about this. It was months ago about how increasingly adult children are inheriting their parents' homes. Ultimately, the article went on to say, and I agree, that unless this house is one that you want to live in or you want to frequent because it's a vacation house, it's a summer home, you want to use it, you want the grandkids to use it, then it's usually better to just sell it. Long term, the real expenses to think about taxes which will go up every year or over time. Maintenance as well could be these price shockers you weren't expecting like, "Oh, my gosh. We need a new roof. Wasn't planning for that."

The decision to rent it on the other hand may be financially feasible. You have to, obviously, do all the calculations for that. Then, of course, the other big consideration because it is you and your brother is who is going to handle that. How are you going to divide and conquer the management of this home, the responsibilities, the rentals? Look, it's not for everybody, and I don't blame you. It's the reason why I haven't yet really ventured into investing in real estate because I know my time is limited. Yes, you can hire people, but that also takes away from the profit.

Renee, I think that if you're asking this question, it's not clear that you do want to own it. It’s not a hell yes for you and your brother. I think you want to work with a real estate attorney to look at your options and make the decision. I will just say this, too, that selling your parents' home, don't feel guilty about it. I don't know if that's anything you're feeling. I think parents – I think that adult children sometimes think, “Maybe my parents wanted me to keep the home. It was their – they owned it for 20 years,” and their sentimental value. Maybe you grew up in this home.

The home has served your parents. It has served your lifetime, their lifetime. Now, it's ready for another family. Now, you can maybe profit from it, which is at the end of the day, your house is an asset but not really. Only until you sell it and you cash out, right? A financial asset. Remember that and don't feel hesitant to pull the trigger over the emotions. This is all part of a bigger conversation about the transference of wealth that's happening, this largest transference of wealth in history from the Boomers to the Gen X and Millennials. I think we're going to be getting more questions like these. If you have a question like this, please do send it in.

Then sticking with real estate, Melissa has a question on real estate syndication. “We're looking to invest $50,000 in real estate syndication, Farnoosh. Have you ever had any experience with this? Have you ever done it? What do you think?” Melissa says, “We really enjoy your show and have come to count on your podcast every week as a financial touchstone.” A little bit more about Melissa and her situation, she says that she and her husband are looking to diversify their investments. They have around $200,000 in index funds. They max out their retirement accounts. They have an 18-month rainy day cushion. They just bought their dream home last year, and they're paying off the mortgage ahead of schedule. “We have two kids, and college is prepaid through a prepaid college program through the state, which their godparents took care of, and they have life insurance.”

Phenomenal, Melissa. I think it's important that we bring this up because Melissa is coming to me saying, “Look, I've got a lot of ducks in a row. I'm set financially, and so I have this extra money to play with. What do you think about real estate syndication?” It is an alternative investment. You don't want to really look at alternatives like real estate investment and even – I would consider things like art and investing in startups as alternatives. These are riskier ventures, and $50,000 in one project, although real estate syndication, the idea is that they spread out your money, which is great, is taking on more risk than, say, putting it in the US stock market and letting it ride for 30 years.

To answer your question, Melissa, no, I haven't done this. I have had a guest or two on So Money who has done this or is running a program like this and offering it to folks. I remember talking to the founders of Goodegg, Annie Dickerson and Julie Lamb. They were on a few years ago. Goodegg Investments is a syndication program, a real estate syndication program with hundreds of millions of dollars of real estate assets. The two women founded this company because they were interested in doing this. They didn't really see a sound offering in the marketplace, so they started to do this. I don't know how their investments have been performing, but I'm happy to see that they're still around, and they have openings for offerings.

They do have requirements, though. That's one thing to check when you're applying to any of these real estate syndication programs, which I like to see. I like to see that they want to make sure that you're not somebody who has a lot of debt, who has the capacity to invest with them. Firstly, they want to make sure that your income is over 200,000, that your net worth is a million, and that's not including your primary home. I would look into these programs, if that's what you're interested in, with the understanding that this is risky. That if you're doing $50,000, what is that? Is that more than 10% of your net worth, of your net investments? I wouldn't do more than that to start with, at least.

That's a rule of thumb for alternative investments which also includes investing in a single stock. You don't want to put more than 10% of your investable assets in a single stock in an alternative investment like real estate or any other kind of project/out-of-the-box asset. Is $50,000 the sort of money where if you lost it in two years or in a year, and maybe it would grow again because that's the volatility, but you would be crushed? You would lose sleep, and you would be worried about maybe affording more important things on your to-do list. Those are really important things to consider.

What I like about real estate syndication is that it's diversified and that the good programs do do background checks and financial background checks to make sure that their investors do have the capacity to participate. That's always a good sign that they're not there to take your money and run. That they're there to really work with you to make sure that you can do this. Goodegginvestments.com, just one example. I'm just bringing them up because the two women co-founders were on my podcast. I'll link to that in our show notes.

All right, fantastic questions as always, everybody. Thank you so much for tuning in. I hope your weekend is So Money.

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