EPISODE 1662

[00:00:00]

FT: So Money episode 1662, Ask Farnoosh.

[INTRO]

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FT: Hey. Welcome to So Money, everybody. April 26th, 2024. If you've been listening to the show this week, if you've been following me online, you know the exciting news. So Money has won a Webby Award. This is basically the Oscars for the Internet, and I could not be more excited, proud, verklempt. This Webby is honoring specifically an episode that we did last summer that was held live in front of an audience at the Midnight Theatre in Manhattan. Our special guest was Michelle Buteau. If you recall, she is a fabulous actress, comedian, producer, author. She's the star and creator of the Netflix show Survival of the Thickest.

It was an incredible interview, behind the scenes also quite the drama. If you were there that night, you may have heard me talk about it. It's not something I can really talk about publicly. I might get in trouble. But let's just say the show almost didn't happen, and Michelle saved the night in some ways. It was a terrifying moment for a while. It was a healthy state of panic as I say behind the scenes, where hours before the show, hours before curtain, we learned that there was a big problem, a big, big problem, and the show may not have been possible. But we did it. Not only did we do it, we went on to win the Webby for the most excellent live recording of any podcast in 2024.

There were 13,000 submissions overall for the Webbys. What does this mean? It means that, first, a thank you is in order to you, the audience. This Webby is we're in year nine of So Money. Next year, we're going to be celebrating the 10th anniversary, which by the way, I need your help with. I'm trying to think of a special way to commemorate the decade and the 10 years of doing this show and the evolution of the show. Part of me would love to just throw a big giant party on a boat or come to every single major city and do a toast with listeners. I don't know if that's going to be physically or financially possible, but let's dream big. Let's think big. Let's get some sponsors involved, so everyone can come and enjoy for free.

Back to this Webby, this is the cool part, May 13th, I get to walk the red carpet, and I'm going to bring Michelle as my plus one. We're going to celebrate the best of the Internet and get our award, go on stage. I hear Julia Louis-Dreyfus is going to be there because she's being awarded for having the number one podcast of the year. By the way, I have been listening to Wiser Than Me. It's excellent. So far, I've listened to Sally Field, Beverly Johnson, and Fran Lebowitz. It's an incredible podcast where Julia Louis-Dreyfus interviews women who are older than her for these intimate, hilarious conversations with these iconic women. I am thoroughly enjoying every single episode so far. So get to, hopefully, take a selfie with Julia Louis-Dreyfus. I doubt the selfie will happen, but I will definitely be stalking her in the bathroom. Follow me because there's going to be lots more play-by-play coming your way.

It's Friday, which means there are just a few days left to register for my investing workshop that's happening this Monday, Savvy Investing Simplified. This is where you get me for over an hour to walk you through the important aspects of investing, the only things you need to know so that you can create a diversified, fear-adjusted portfolio. I'm going to also show you how I invest. This is a workshop that I held live in January, and we more than sold out, so back by popular demand, doing it again on Monday.

It will be recorded. If you're like, “Oh, I'm traveling on Monday,” or, “I can't make it live,” for whatever reason, as long as you register, you'll get the recording, and you can still get all the learning. But you have to register. Please visit somoneyworkshop, one word, somoneyworkshop.com to sign up. If you have any questions about the workshop, you can reach me on Instagram. Just direct message me there. It's literally the fastest way to get in touch. You can email me, of course. But Instagram is where I hang out these days.

Funny story, I posted on Instagram. You know there's this real trend going on where you pretend to ask the sharks on Shark Tank for some money. Anyway, I thought it would be cute/thought-provoking to say, “Hello, sharks. Today, I'm asking for $1.8 trillion for our country's uncompensated full-time caregivers, also known as stay-at-home parents. That's about 200 grand per person, and that is the average value that they provide to their households which then, of course, feeds into the economy. Also, I need this on an annual basis. Thank you." It was a joke but not really and more just pointing to the value, the economic value of stay-at-home parents.

Now, for me to take this stance is a bit unusual. I'm the breadwinner in my family. I advocate for women to earn their own money, whether you have kids or don't have kids. You're caring for someone or you're not. I think it's important for women to have financial independence. But I'm also a realist. I know that that can't be everybody's journey. I thought it would be great for me to be the person to sort of bring attention to this. I'm not maybe the person you'd expect to bring attention to this and to bring appreciation to this.

Anyway, just sharing this because while most people cheered on this reel because they got it, they understood this wasn't a TED Talk. They understood this wasn't me drafting a bill for law. That I was merely trying to highlight the economic value of stay-at-home parents. Not because having children and taking care of your children is necessarily a job, but because the support that households get at home is undeniably tied to our country's GDP and the ability for the other partner, if there is another partner in the household, to go out there and work.

Oh, boy. There were some unhappy people with my request for this money and really just for my spotlighting of women largely who are the caregivers. A lot of angry, you guessed it, men who didn't understand why I was suggesting that people who choose to have children, their words not mine, should be compensated, that you're crazy. That's too much money. Your choice to have children is your choice. It's like, "Relax, everybody. Can we just relax?" Actually, the fact that there is this particular strain of disdain for what I just said from a particular group of people says everything about why talking about this is important. It's fascinating the comments on the Internet, isn't it?

Also this week, I got an interesting DM from a pediatrician who took issue with one of our episodes this week. On Monday, I aired an episode with Emma Johnson who's the author of *The 50/50 Solution* in which she advocates for equal time sharing in a divorce when it comes to taking care of the children. She has lots of research that points to that this is the best outcome for families where the adults no longer live together, whereas currently the default is largely for moms to become the primary caregivers in divorce. She goes into why that sentiment exists and obviously acknowledging that this is a unique decision, an individual decision. She's not saying every family needs to do this. Of course, in some families, this is not possible. It's not safe. We get that. But 50/50 custody is the proven method, she says, for happier kids, more involved dads, and less stressed out moms after divorce.

Well, after this aired, this woman DMed me and was like, “Your episode was fraught.” She said it was based on this perception that men and women are equal at caregiving. She didn't even go so far as that. She just said, “You assume men and women are equal, and so this whole debate, this whole conversation was so dangerous, was so fraught.” Then she signed her name, and her title is a pediatrician. This is the stuff that I am on the receiving end of. Not all the time. I'm happy to report that most of what I receive is thank yous, acknowledgements, support saying how relatable the content is, how needed all the content is.

Even when I get this sort of feedback, it just reinforces my work. It just reinforces the importance of the messaging around financial equality because here's the thing about *The 50/50 Solution*. As Emma articulated on the podcast, if you believe in feminism, if you believe in financial feminism, then you have to get behind this 50/50 paradigm because when women are at the forefront of caregiving as single mothers, you can only guess what happens to their financial stability, their mental health, their access to resources. I know. It's controversial, emotionally controversial. I encourage you to listen to that episode. Yes, you might take issue with it, but hopefully it's not over this issue of we believe men and women are equal.

Questions today from the mailbag. We've got questions about being buried in credit card debt and how to get out of that. Somebody wants to quit her job, but she's the breadwinner, and she's nervous about doing that. Even though she has saved a little bit of money, she's worried about being dependent on her partner. She's worried about re-entering the job market. I get it. Then, “Should I take an early retirement offer, Farnoosh, when I want to continue making money? The job market is just okay.” Yes, it is. It's a really weird time to be looking for work, depending, of course, on your profession and how far along you are in your profession. We've talked about it on this podcast, this idea of a quiet recession. Employers are taking their dandy old time, giving out offer letters, aren't they?

All right, first up in the mailbag, Jude writes in concerned about their level of credit card debt. Jude says, “Firstly, I'm so happy I discovered your podcast, Farnoosh. Thank you. Here's my situation. I'm single. I have no children. I have to pay for rent, and I'm in major credit card debt. The interest rate on my credit cards is 30%. My credit score is 654. I'm so ashamed and upset. This debt happened so quickly. I make $98,000 a year, and I only spend on my necessities. The interest rate is killing me, and it's making it impossible to get out of debt. Please advise on how to get out of this suffocating debt. Should I be consolidating. If so, who do I trust? Can I get loans with no property and bad credit scores? Can I declare bankruptcy? Thank you so much for your help. I trust you."

All right, Jude. I appreciate this question. Thank you for saying you trust me. I have a bunch of tips for you. Are you ready? You want to grab the transcript probably to this episode. First, just – you know I'm going to tell you this, right? I'm going to tell you to drop the shame because debt happens. Just ask the millions of people in this country that have it, whether it's because they are paying back healthcare costs or they're just trying to make ends meet. The good news is is you make close to a hundred grand a year, which I know doesn't really go that far compared to, say, even just five years ago.

But you are single. You don't have dependents. As far as I can hear, you're not locked into any fixed costs every month, say, for those minimums on your credit card. You've got rent which you've got to honor, but there are probably a lot of adjustments you can make to your lifestyle, to your expenses every month to shore up some cash. I'm getting to that in a minute, but I just want to start with the good news which is that you don't have to feel guilty or shameful. You have a job which pays arguably well. I don't know how much debt you're in. You did not include that detail, so I'm guessing it's quite a bit.

No matter how much debt you're in, you don't have to feel like you have to go alone on this journey. You can work with a professional. It won't cost you a lot. It might not even cost you anything. There are organizations, not-for-profits that love to work with people like you to help them get out of debt slowly correctly. Anyone who promises that they're going to help you wipe out your debt in a month or a year, I would not trust them. Again, don't know the amount of your debt. But based on the tone of your voice in your question, the way I'm reading it, you're probably five, maybe six figures in debt. That's going to take time, right?

People that I think you can trust are folks who work for the National Foundation for Credit Counseling or Money Management International. These are two not-for-profit organizations. They employ certified credit counselors. The first meeting is free. They will examine your situation and suggest a plan. Often, they have what's called a debt management plan. It's a nominal monthly fee. But if you're in dire straits, it could be completely free. They could waive it. They will help you and be advocates for you. They'll help you get on a plan. They'll work with your creditors to try to lower those interest rates. You have a job. You have an important job that's making important money. You may not have the hours per week it could take to go back and forth with your creditors, so they will do that for you potentially. It may be tricky because of where your credit score is.

Honestly, your credit score is not terrible. My guess is that it's where it's at, below 700, because your debt-to-credit ratio, your credit utilization, you have a lot of debt, is high. That's dragging down your score. But once you start making bigger dents in your credit card bills, you will see that score grow, assuming you're paying on time and you're not taking on more debt. Everyone I've interviewed on this podcast who's gotten through six figures' worth of debt somehow, they always say it takes time. But it also takes significant changes to your lifestyle, to your spending to bring in that money each month to put towards your credit card debt. Is there a way that you can make those adjustments? Maybe they won't be overnight, but you can start planning towards those adjustments. Only you're going to know what's feasible.

I can offer some ideas like renting a different apartment, moving to somewhere more affordable, moving back in with family, taking on more work. This is how I did it in my 20s. I didn't have six figures' worth of debt, but I had $30,000 worth of debt. My cure for that was to bring in multiple revenue streams, in addition to my full-time job. I, like you, was independent. I was single. I didn't have anyone to take care of. So I side-hustled it. I brought in money through babysitting and pet sitting and freelance writing. I brought collectively about 500 to 1,000 extra dollars a month and helped to knock down that debt.

Have you tried calling your credit card companies and just seeing what they can do for you; put you on a better payment plan, reduce the interest rate? You're assuming a lot because you're overwhelmed. There's guilt there, there's shame here, and you're not happy with your credit score. You're making a lot of assumptions about what is not possible, but you never know, right?

You have to be an advocate and make these phone calls. If you don't want to make these phone calls, then you can work with potentially a credit counselor through one of those organizations. I'll repeat them; National Foundation for Credit Counseling, Money Management International.

There are, of course, personal loans out there, too. That might be a recommendation from one of the credit counselors is to consolidate this debt onto a personal loan. It may be hard to qualify, but you're telling me the interest rates on your credit cards is 30%. I'm going to bet money that you could probably find a personal loan that would consolidate all this credit card debt, and the interest rate would still be high but not more than 30%. You would be saving that way. But call your credit card companies and just ask if there's 's a way for them to knock down 5, 10 percent because 30%, I just looked it up, is that even legal? Sadly, it is. But I got to believe there are better options out there for you that might not be 5% or 10%. We're in a high-interest-rate environment.

I would go to a site like NerdWallet or Bankrate.com and see what kind of credit card offers are available to you, what kind of personal loan offers might be available to you based on your credit to see if it makes sense to transfer some of this debt onto a lower cost, lower interest rate loan or credit card. In fact, if you go to Bankrate.com and you click on credit cards, you'll see a dashboard. There's a little button that says bad credit, which again I don't think you have terrible credit but whatever. It's not pristine. You go there, and they can show you, and they have options here where you can apply. Just be careful applying for too much credit because that can also bring down your credit score. Just pick up the phone and call these banks and say, “Hey, I know I haven't qualified yet. I haven't applied yet. But generally, what is the going rate for someone like me?” See if they can just tell you without needing to apply. Let me know how it goes. I want to continue helping you.

This question comes from Claudia on Instagram, and she says, “I'm stuck. I'm stuck.” I hear this word a lot, by the way. “I'm stuck in a dead end but high-paying job. After 13 years, I'm burnt out and I'm ready to leave. I'd like a six-month break for my own sanity, instead of jumping straight into a new job. My husband has a good-paying job, but it can only cover about 70% of our monthly expenses. Plus I'm terrified of being financially dependent on someone for more than a few months. I have an emergency fund which would allow me about five to six months of freedom to find an opportunity. Is that a terrible idea? Would you recommend it or not? Oh, and I just turned 40, so there's that. Re-entering the workforce after this pause at a comparable salary is what's concerning me. Help.”

All right, here's my answer, and it might be a little all over the place. First of all, I just want to say I so relate to this, and I know a lot of women who have been go, go, go, go, going for their entire adult lives. They hit a point, right? Especially like maybe I don't know if she's a parent here. But even if not, I mean, just that speed, that fortitude of work. She's the breadwinner in her relationship, and she's burnt out and/or no longer interested in this particular career or job that she has. That's fair. You're allowed to feel this way, and it's very, very common. First, I just want to point out that what I'm hearing from you is that you are a bit burnt out. It could be the conditions of the job.

Before we throw the baby out with the bath water, before we quit 100%, is there something in the middle? Is there a way to go back to your employer, your boss, your manager and just be honest? If you've already gotten to the point where you're ready to leave, then you're probably at a point where you can have a fearless conversation with your employer about the reality of your work and the pressures it's putting on you. Is there a way to cut back to 20 hours a week to take a sabbatical even without completely leaving this job, this company?

A lot of times, we don't like the job, but the company we like. Maybe there's somewhere else to move to within the company, a different role, a different team, a different building, an ability to work from home because maybe the conditions of going into the workplace is what's adding stress. Before leaving completely, I would just encourage these first few steps to see if there's a way to continue to bring money in because that's not a little thing, while also addressing your mental health, addressing your stress. You may go back to the job full-time. You may not. But in the meantime, you're giving yourself space.

We did an entire episode on burnout a couple of years ago, right as we were emerging from the pandemic with Cait Donovan. She's the host of FRIED. The Burnout Podcast. We talked about this issue that people have, this fear that I'm hearing from our friend about leaving work. There's a fear there of what happens once I leave. Financially, how do I get back into the workforce? But then there's also this other fear of I don't like my job. If I continue at this pace, other scary things might happen that have to do with my health, my sanity. My quality of work could slip. Maybe I'll get fired, which is not what I want either. We have to hold these two fears in balance.

Cait, who has studied this and is an expert on stress and trauma, her advice is this. It's to try to find a little bit of a happy medium before you completely cut off from the job. Now, completely understanding that some people have reached the point where there is no other place to go but to head for the exit sign. That is understood. Some people are there, and you have to do that. But if you have the capacity to stay or to at least have a conversation with your employer about what's going on to see what they are willing to offer because I assume if you've been at this job for a while, you're valued. They don't want to lose you, at least not within the next two weeks. You're both incentivized to find a way to work together that isn't going to continue to erode, chip away at your mental health. I like that you have seen how much your savings can stretch you. That's important. Anyone considering this move, it's important to look at your numbers to get real, as difficult as it may be.

In this job market, especially for people who are midlevel to higher up in their careers, it's difficult to find a job. I think that it's in most industries right now. It's not just tech. Obviously, if you work in healthcare, relative to tech, you will probably find a job quicker in healthcare than in tech. Sometimes, it's geographic-based and role-based. But in general, what I'm hearing anecdotally from the audience, as well as what the data has been presenting, is that people who are mid to senior level who get laid off or quit are needing time to get back in the workforce. That's not because they're hanging out, just lounging. They're applying. They're networking. They're doing all the things. But employers are taking their time to hire.

Having five to six months, which is what Claudia has saved, is great. Is it enough? I don't know her industry well enough to say yes or no. I think it's going to be around six months if I had to guess as to when she would be able to find another full-time job, assuming she's actively pursuing the hunt for a full-time job. This fear of being dependent on somebody else, I think, is natural. I feel it sometimes. I express it sometimes. We're not really being fair to ourselves. You have earned this. If you decide to do this, you have earned this decision. You have worked hard. You are entitled to this. You've earned this. You have created a safe exit plan for yourself. As long as you stay in communication with your partner, as long as you are honest and real about your expenses and your capacity to spend so that you can make the most of this time off financially, I wouldn't be worried.

Start with having a conversation with your employer, see what's possible. If 13 years you're burnt out, I get it. You're ready to leave. The good news is you've laid a lot of the healthy groundwork to be able to do this and to give yourself runway and peace of mind. When you're the breadwinner in your relationship, it's awesome. But it shouldn't be expected or assumed that you're going to be in this role forever and ever. Relationships evolve. Life happens. The most important mindset to have is a flexible one. I'm kind of in the same boat where I've been making more than my husband for the entirety of our relationship. I want to take some time for myself over these next few months. I don't want to work and hustle as hard as I have for the last 20 years. I'm burnt out, too, a little bit. It's not like I'm going to completely stop working. I'll probably continue to make more than him.

Relative to my own earnings pace, I'm choosing to not chase after the money so much right now because scaling my revenue is not as important as scaling my health, my time, and my relationships. My kids are getting bigger. They need me more. That's unshakable. I can't change that. Thankfully, because I've strategized, I've worked, I've almost foreseen this, I had to have known that I couldn't just be this Energizer Bunny forever. Who knows? Next year, I might go back to running the sprints again. But right now, I'm paying really close attention to what my mind needs, my body needs, my children need. We need to give ourselves permission to do that. I'm giving you permission, Claudia. I hope you'll take it. Thank you for writing in. I think you are representing a lot of people right now with this question, and I appreciate you. Good luck.

Finally, another meaty question from the mailbag. A friend in the audience wants to potentially take a package, an early retirement package from work. But it's not like they can just stop earning. They need to continue making money. The job market is just okay, as we've covered. So what to do? Well, my friend, what's the offer? I want to know. I want the details. How long will this offer stretch? Can this offer replace an entire year's worth of income, plus benefits? If you're done, if you've tapped out of this company, this job, this role, and you're maybe close to retirement but not quite there yet, that's enticing. That can be very enticing.

A year is a long time to get a lot done for your next step, towards your next step. It could mean going back to get certified, learning a new skill, even just going out there and networking again with people you haven't network with in a long time and applying for different jobs. Before you do this, of course, it's important to get a financial assessment of where you're at now and what your retirement currently looks like. Have you saved enough, invested enough for retirement? Or are you on the right track? You could work with a financial planner and pay for one or two sessions to get to the bottom of things.

I know that financial planners typically work with people in a AUM capacity. They take a percentage of your assets under management, one percent, one and a quarter percent for the duration of working together every year. But that's not realistic for a lot of people like you who you just want answers to a very specific problem. You're at this crossroad. You need some financial assessments. You could really benefit from somebody with expertise and who can guide you to your decision, ultimately. For that, you would want to pay because this is really valuable information. You're not going to pay thousands and thousands of dollars but maybe a retainer for a couple of months or a one-time fee for an assessment. I will say on your own, there's a lot you can do. You can go online to various online retirement calculators and just get a sense of how retirement-ready you are. You're the best judge of this. How likely is it that you can get back into your industry after taking some time off quickly or at the same salary? If you wanted to pivot and do something slightly different, what's that going to take? What's that investment?

You may be like our very first question-asker, Claudia, in this episode, who's burnt out. Are you burnt out, and you could really benefit mentally, emotionally from this time off, and all the while you're getting your income for a time period? You're getting a package. You need a plan is all I'm saying. You need a plan for how you are going to earn more. You may realize from that retirement calculator that you don't need to be making as much as you were before. You could work part-time. You could do something that pays less. I won't be able to answer this definitively. But after doing some of your own research, maybe working with a professional, a planner, you'll have an answer that you'll feel more secure in.

The other thing I would just add is companies that offer these voluntary leave packages are usually not doing very well. There may be a layoff in the future. If you think that maybe you're going to get laid off down the road, what's that going to look like? What's the potential severance there compared to what you could earn right now by voluntarily taking this package? Something to consider.

A friend of mine just anecdotally was at a financial services company where they were routinely offering these early retirement packages, these lump sums. She was about to turn 50 and wasn't in love with her job. But at her company, there was this really huge financial bonus that you would get if you'd been with the company for X many years, and you were there past 50. There was like some nest egg waiting for you from the company. She was like, "I want to get that nest egg," so she hung on because whatever she could have made in that early retirement package, she did the math, it was not going to be as much as what she could have made if she stayed. She did stay, and she did get it past 50. Then they laid her off.

A layoff may be inevitable for companies where they're offering this employment early leave package to certain employees. Just keep that in mind that your job could be at risk. What would you prefer? The certainty won't come until you do some research. Really, working with a professional in this case could have some great ROI for you. All right, thanks for your question.

That is our show. If you want to learn more about investing, I'm teaching all my tricks. Not really tricks, all my tried and true tactics, strategies. Take you behind the scenes of how I invest on Monday 3pm live, Eastern live, 12pm Pacific live. We will record it, but the recording only goes out to those who register. Go to somoneyworkshop.com. Registration closes Sunday night. I hope your weekend is So Money.

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