

EPISODE 1746**[0:00:00]**

FT: So Money episode 1746. Managing your money in a Trump presidency.

[INTRODUCTION]

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ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[EPISODE]

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FT: Hey, everybody. Welcome to So Money. It's November 8th, 2024. This is our first Ask Farnoosh Friday post-election. As of today, it appears Donald Trump won both the electoral college vote and the popular vote, which is very rare for a Republican candidate to do that since the turn of the century. For many of us, myself included, the outcome was not what we had hoped for, but here we are.

My mother, who has been a part of a totalitarian regime, as a woman who was born in Iran in the 60s, and then later left in the late 70s, as a result of that regime becoming totalitarian. She's an immigrant, and the citizen of this country, and he may have read about her in *A Healthy State of Panic*, and the day the election vote. She wrote to me. We were texting, and she said, "You know, we're all very sad, but this will pass." I rolled at that, if I'm going to be honest.

My mother has perspective that I don't and I can respect where she's coming from. So, here's how I'm choosing to interpret this idea of this will pass. It's that sometimes the pendulum swings in a direction that you don't like, but here's what's true. We still live in a democracy, and I do believe that we still live in the best country in the world, and we can maintain that by staying engaged. We can stay informed. we can continue our efforts, and maybe the pendulum will swing back.

As Kamala Harris said in her concession speech, while I concede this election, I do not concede the fight that fueled this campaign. I'm sure that's how many Trump voters felt in 2020, although Trump never conceded the race, but look what happened this week. They turned things around for their party. So, maybe there's a lesson in that. I don't know. I nearly flunked PSC 100 freshman year at Penn State, so what do I know? I do know that it's been a very intense week. It's been an intense decade, but these last few days in particular have been a lot, right?

My text chains with family and friends and DMs with listeners, you all have been reaching out. Thank you. We've been angry. We've been expressing sadness and disappointment. There have been some efforts to uplift one another, but you know me, I'm not going to sit here and say, just look at the bright side or take it on the chin. I'm going to be the person to tell you to feel what you're feeling. Just be who you need to be in this early phase of shock and grief. If that's what you're feeling.

I was talking to a friend who has a daughter who was a senior in high school. He said on the morning of November 6th, she burst into tears when she heard the news, He'd never seen his daughter so despondent. He blamed himself for maybe not preparing her so well for this outcome, which wasn't so far-fetched. It was a very tight race. He was beating himself up, because he felt as though he had in some ways scared her too much about the consequences that might happen if Trump wins.

I said, "You know, let her feel what she's feeling. I think you, her dad, you did what was appropriate. She's 17 years old. She's almost a voting age. If she's feeling outrage, and by the way, you're not the only source of her information. She's out there, and she's reading, and she's learning, and she's talking to people. This feeling that she has, if it is sadness and outrage, like let it simmer. Let it guide her to examine our country's policies and the leaders we elect to be

very careful about who she votes for when it's time for her to vote. It's hard right now, but maybe you're actually laying a foundation for her that will be of a benefit to her and her generation of voters.”

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Many of you have reached out to me this week wanting me to shed some light onto what we can do now. What now, Farnoosh? What does a Trump presidency mean for our economy and our financial lives? What can we do as individuals to be resilient as we navigate so much uncertainty? How can we use fear constructively? So, that's what we're going to talk about today. I appreciate that. I appreciate that you seek guidance from me, hopefully a familiar voice, one that feels relatable, that you can trust. I take this role very seriously. I take this responsibility seriously.

Today, I'm going to do my best to share what we have learned and what we know so far about how a Trump presidency could affect our financial lives. Then we're going to dive into how the stock market typically performs post-election. During Democrat versus Republican presidencies, you may have noticed, as I did when checking my retirement portfolio Wednesday night, that your net worth, if you've been investing, has increased this week. Stocks surged to new highs following Trump's victory. It's not an isolated event. It doesn't guarantee a rosy stock market over the next four years. I'm going to talk more about that shortly.

Also, today, I'm going to talk about how I'm planning to navigate the next four years myself financially and some recommendations for all of us. First, though, I want to thank everyone who joined me on election night for our nearly two hour long live investing workshop. I have to say, teaching and being with all of you, it was a very healthy distraction from the news and social media on a really anxious day and a really anxious night. So, thank you for that. I've sent out the recording to all who registered.

If for some reason you haven't received that recording, that email from me, send – which was sent Wednesday afternoon and then also again Thursday morning, please get in touch with me directly at farnoosh@somoneypodcasts.com. A few of you did reach out and said that they didn't get the recording. It wasn't in your spam folder. So, if you experienced this, let me know. If you

didn't register and you want the recording, it is available. You can go to [somoneymembers.com](https://www.somoneymembers.com). If you sign up for our members club, you will get that recording as well as over a dozen other financial workshops on a range of topics from real estate, to retirement, to budgeting.

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You also, as a member, you get to hang out with me in our chat room. You get to mingle with our members. You get to come to my office hours. It's a good time. I think right now if you're seeking community and you want to get educated and you want resources in this very uncertain time, the So Money Members Club is my offering to you. [somoneymembers.com](https://www.somoneymembers.com).

I went to bed Tuesday night around 11 PM with two thoughts. One, this country hates women. Two, this country hates women more than it loves money. It was dark. I was in a dark place. Then I went to bed and I woke up with looking at my phone and I just saw all the texts and one text says, "It's a very sad day." Another text says, "WTF." So, I already know what the verdict is, right? I look at my husband and my first thought is, what are we going to tell the kids? They're awake already. They're downstairs waiting for us to come downstairs. My kids are seven and 10.

Regardless of how you voted, the fact is Donald Trump has faced significant legal challenges. This May, he was found liable for sexual abuse and defamation in a civil case brought by Eugene Carroll, becoming the first former president in our country's history to be held liable for such a thing. We know his statements about women, because he says them out loud. We know his feelings about people with disabilities, because he's shown us. He has spoken ill about LGBTQ plus individuals, Black people, Latinos. Anyone who disagrees with him, basically.

We know not just how he feels, but how he disregards their rights. It's not political. It's just fact. To some extent, my kids, they're young, but they know about his behavior. It's pretty hard to shield them from it. So, here we are, my husband and I, we're trying to prepare telling our kids Wednesday morning that someone with such a history and a temperament can be elected as a leader in any realm, but here he is now elected as the next leader of America. That's challenging.

He, by the way, still technically faces federal charges over his attempts to overturn the election four years ago, just a side note. So, all this to say, these are not the qualities, the attributes of the leader that they know that my kids know to be acceptable. I'm proud of them for believing that way. That's why it was hard. That's why it was hard to face them and say, Trump's been elected.

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Now, before we told them about 735 now, and my seven-year-old daughter, before knowing the news, she comes into our bedroom and she presents us with an envelope. I'm like, "What's going on?" She's like, "I made you guys something." Audience, she had written a note for us and drawn a beautiful rose and on the beautiful rose note said, "I love you, mom and dad." She said, "I just want you to know that I love you." I looked at my husband and I said, "Does she know that he won and she's coming here to console us?" She did not know. She just said, "I just wanted to tell you guys how much I love you."

Kids feel things. Kids know, right? I took that as a sign that I just need to continue to have hope. If for no other reason, I'm going to continue to love this country and fight for our rights, for my kids and for their generation. So, then we told them over breakfast. I cried a little bit. They were seemingly more moved by mom's tears than by the news of Trump being elected. They were surprised by it, and they were sad, but their kids, they're resilient. They carried on. They asked, what are you packing us for lunch? I was just glad that they didn't ask me any political questions, because I didn't have answers.

Although later that day, I did get a good answer. Speaking to another parent about how to interact with children around this, if you're like me, she said, she told her kids to go to school after she told them the news. She said, "That's the news. That's the fact. All I would ask of you today is to go to school like you do every day. Try to be as helpful as possible. Just be helpful, because that is what we need most in this moment to be in service, to be kind, to be helpful, and it's how we can hopefully come together."

I tell you that day, I wanted to just stay home, be sad, scroll Instagram, eat cheese, but I just – I said, nope, nope. I put on my sneakers. I started walking outside. I didn't know where I was go-

ing. I just started walking, heading towards downtown. Then the idea started to come to me. I said, "You know what? I'm going to cancel my morning meeting. Who wants to talk right now about podcasts? Let's talk to my friend, Ali, who lives in Montclair. She's a mom. Let me text her." "What are you doing?" She, by the way, and I and another friend, Michael, are starting a podcast about Montclair, New Jersey, TBD, but we were like let's go and talk to our neighbors and people around town about how they're feeling right now. So, I grabbed a mic. We went downtown and I took that anxiety and I met it with action.

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Ali and I discovered that a lot of people were downbeat as we expected. We live in a pretty progressive town, but ultimately everybody was being an adult about it. They were like, it is what it is. I'm going to continue to go to work. I'm going to continue to raise my family. I'm going to continue to speak up for what I believe in. It was really helpful to hear that. It was perhaps the best way to spend the morning for me as somebody who is a journalist at heart. I felt very much like my 22-year-old self, back in grad school at Columbia, where I remember during the first week and it was around this time of year. I got sent out by my professors to talk to people on the one-year anniversary of 9-11.

Now, this was not the same mood, obviously, but it was me again putting myself out there during a tough time and taking a risk to talk to people who, I don't know what their opinions are. I don't know how they're feeling, but I'm going to talk to them. I'm going to approach them. I'm going to be vulnerable and I'm going to ask them about their opinions. I'm going to try to earn their trust. It worked. I think people were happy to connect with someone, even a perfect stranger.

The podcast, by the way, that I'm doing with my friends here in town. It's going to be called, The Montclair Podcast. Stay tuned. The Montclair Podcast. It's so creative, right? I'm really looking forward to launching it in the new year. I do think now more than ever, hyper local news and podcasts are within that category of news. The podcast that can illuminate the stories and the people and the ideas from a town or a community. I think is so critical. I do think we're giving the people here what they want.

When we told people about the podcast, they were like, their eyes lit up like, “Oh, tell us. We'll subscribe.” People want to know what's going on in their towns. They want to know how their neighbors feel. This is a – for us, a totally creative endeavor. It's a passion project, but I think one that will inspire the path for more local podcasts.

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If you haven't caught up on this week's episodes of So Money, I want to highlight them. Two episodes with two very accomplished women dedicating their careers to uplifting other women in their financial and professional lives. On Monday, I spoke with Lindsey Stanberry. She's a longtime journalist and financial advocate for women. She's the founder of *The Purse*. It's a newsletter that I'm obsessed with. It dives deep into the realities and details of women's financial lives and the economics that go into raising kids, being married, raising a household as a mom, a caregiver, a professional, a breadwinner. I admire Lindsey a lot. Her work is phenomenal. *The Purse* is one to follow. You can listen to that episode and also follow *The Purse* at thepurse.substack.com.

Then on Wednesday, Caroline Adams-Miller, a renowned expert in happiness and goal setting, came on the show to share her latest research in her book that's called, *Big Goals: The Science of Setting Them, Achieving Them, and Creating Your Best Life*. We dove into the newest science on mindset, grit, AI, resilience, gender perspectives, all as they pertain to creating and accomplishing goals in our financial lives. Check it out.

Now, speaking of setting goals and planning our futures, let's turn now to explore what a Trump presidency can mean for our financial lives and how to potentially navigate. Now, for Trump voters, the economy was the most important issue. That's according to exit polls. Among those who viewed the economy negatively, 69% were Republicans and 29% were Democrats.

There are concerns, inflation, high food prices, the housing shortage, housing costs, but this perspective, this idea that the economy is in the tanks was baffling to Democratic voters who were just like, hello, the booming stock market over the last two years, consistently low unemployment, the Fed has worked to bring down inflation. We've had a soft landing. But neverthe-

less, chief among Trump's proposals to "improve the economy" include higher tariffs and lowering of taxes for some people.

Let's talk about the tariffs and how they're going to impact us, okay. What are the tariffs? Specifically, Trump has said he plans to install a blanket tariff of between 10 and 20% on all imports, as well as a tariff of 60 to 100% on goods brought in from China. Now, what's a tariff? A tariff is a tax on goods that arrive here from overseas. Who pays them? The businesses that import them here. How do they afford that tax? They raise the prices of that good. So, ultimately, we pay that tax. It doesn't stop the flow of imports necessarily, but companies will have to raise their prices on these imported goods to cover the tariff.

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Now, from Trump's perspective, this is going to help boost the economy, because it provides a new source of revenue for the government. That revenue would then help to offset his income tax cut proposals, which I'll cover in a moment. In fact, at an election rally in Pennsylvania last month, he said, and I quote, "Tariff is the most beautiful word in the dictionary. More beautiful than love, more beautiful than respect." But my friends, tariffs carry the risk of inflation. If President Trump raises tariffs on imported goods, it will inevitably mean that American consumers are going to pay more. That's according to Howard Gluckman. He's a senior fellow at the Urban-Bookings Tax Policy Center.

How much exactly is it going to cost us? \$2,600 a year for every typical American household. This is according to the Peterson Institute for International Economics. They did some research. They ran the numbers. Trump's bigger tariff proposals would cost the average American household over \$2,600 a year. Let's say this is our future. What do we have to prepare for? We'll, obviously hire prices on so many goods, particularly anything in the tech industry that's dependent on global trade. It's the phone in your hand right now. It's the car you're driving. It's semiconductors. Anything you may have bought on Amazon, yesterday.

All of these items more than likely crossed a border to get to us. So, these are the products that are likely to go up in price. Listen, I'll be lying if I said I'm going to wait to get my new iPhone upgrade. I'm getting that next month. It's been cracked for some months and I've been making do,

but you know what? Mom is getting a new iPhone and I have more reason now than ever to get one. So, that's just one aspect of Trump's economic platform.

Coming up after the break, I'm going to unpack some of his tax proposals. I'm going to tell you exactly what I'm doing to strengthen my finances over the next four years and why it's more important than ever for women to build a financial fortress. I have a little bit of a TED talk to give, not really, but it's important after the break.

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All right, we're back and we just covered the tariffs that Trump proposes and the projected \$2,600 average household cost that tariffs would create. I want to talk now about some of the other tax plans, mainly the tax cuts that have so many rich people excited, so supportive of this new administration. First, Trump is proposing an extension of his 2017 tax cuts where he aims to make the individual and estate tax cuts permanent. It's going to benefit potentially higher income earners more substantially than anybody else.

Also, new tax deductions. His proposals include creating deductions for auto loan interest and exempting income from tips, social security benefits, and overtime pay from taxation, which I kind of like, I actually like that. These measures, I guess, are an attempt to help other groups, not just the rich, including service industry workers and retirees. He supports increasing the child tax credit, which Kamala Harris did as well. That tax credit is currently \$2,000. He's talked about increasing that. I do like this.

I don't like what he proposes as far as getting rid of many of the tax credits in President Joe Biden's Inflation Reduction Act, specifically the ones pertaining to climate-friendly spending. So far, those tax credits have benefited homeowners to the tune of \$8 billion. That was just last year for installing solar panels and other climate-conscious home improvements. Trump wants to repeal all of Biden's climate credits in an effort to save the government money. My advice, if you were planning on getting solar panels or other green upgrades to your home and you want these tax credits, do them sooner than later.

Let's talk about the stock market. I got a question from the audience. Farnoosh, should we pull back on investing and focus on saving cash right now? Because it's an uncertain time. But if you were paying any attention to the markets this week, I don't think the answer is pulling out, right? After the election, the stock market surged. The Dow climbed over 1,500 points. The S&P 500 hit new highs. This is because we have certainty now. The markets love certainty. The rally also reflected the general optimism that Wall Street feels around Trump's policies.

He's proposing policies that would boost industries energy like, and defense, and manufacturing, which move markets. These industries have historically thrived under Republican administration. So, the rally we saw this week was in part due to the certainty of this election, which honestly, we all thought we were going to have to wait at least a few days to get the votes in, right, and to tally it all up. But this was such a swift call. The markets were not prepared for that. They ultimately loved it. They're also anticipating this boeing of industries like energy defense manufacturing. But I want to put this all-in context. It was just one day, right? This was a one-day event. It was an impressive rally, but it's essential to look at the trends, the historical trends, for an educated understanding of how the markets perform. Then as an investor, how do you play in this market?

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Here's the thing. Historically, markets tend to perform pretty well, regardless of who is in office, whatever party is in office. Over the past few decades, we have data now that has shown slightly higher average returns during Democratic presidencies. Republican administrations, on the other hand, tend to favor tax cuts and deregulation that also can boost short-term stock performance.

It's just important to remember that while markets may react immediately to a new president with optimism or maybe caution, the long-term trajectory of the stock market, that depends on so many factors beyond who's in office. You have to factor in the geopolitical issues. You have to factor in economic conditions, federal reserve policies, which just this week, the Fed reduced the overnight bank lending rate interest rates by a quarter of a point, again, and the markets liked that. We saw that play out in the markets.

If you were at my investing workshop on Tuesday night, you heard me say this over and over again. That consistency and being in the market over the long run, not pulling out, not making knee-jerk reactions, not going, okay, we have a new president. I don't like him or I like her and I'm going to choose my investment and my investment strategy accordingly. No, no, no. You need to just be consistent on the good days and the not-so-good days. That is a huge key to successful investing.

We have had presidents from all the parties over the last several decades. If you have been investing all that time, I don't think you're sad about it. The answer to my friend in the audience who's nervous about who's president and how that's going to affect her portfolio. Here's what you want to have in your portfolio. Diversification. Risk adjusted to your risk tolerance. Low fee investments. You want to be investing in this portfolio on a consistent basis. You want to have a long-term trajectory. You want to be investing for the long run.

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Also from the audience, somebody wants to know how do we avoid letting our financial anxieties impact our day-to-day decisions. In this case, I'm going to take some pages out of *A Healthy State of Panic*, because there's a whole chapter about financial anxiety and it's normal. It's absolutely normal. What I would say is that action is the antidote to anxiety. What we fear is sometimes rooted in uncertainty, because we don't have the knowledge yet. We don't have enough knowledge. We don't have enough experience. In times like these, when you're panicking, you want to unpack that panic, figure out what is the source of it, figure out how to turn that anxious energy into proactive steps for a stronger financial future.

First action I would take is to review your budget, review your expenses, find the leaks, look at some expenses that you're doing mindlessly or that you're nearly not benefiting from. Reroute that money into a savings account. Save more, because in times of uncertainty and if you're really worried, you want to have cash building up your cushion to weather the unexpected. Like I said, you want to be continuing to invest. This is not a time to pull out of the market or not start. Put your money to work.

If you have plans to retire, if you have hopes of sending your kids to college and affording that for them, you need to be investing. I would also say that if you are panicking right now, because you're worried about being able to afford things, or your job going away, or the options that you've been used to disappearing, money helps. Money helps. Then it's about, well, what am I doing in my career? Am I making enough? Do I have a secure job? Are my skills up to snuff? Is there anything else I can learn? How can I leverage my network? How can I position myself for new opportunities? Your career is a source of your financial health, right?

Last but not least, if you're feeling anxious, don't be feeling anxious alone. Build a support network. Financial resilience is a team sport. Surround yourself with people who motivate you, that can advise you, who can inspire you, and who you can be anxious with unapologetically. Now, I want to turn to the women in my audience, a PSA. I said this on social media and it's doing well. I'm happy it's doing well. People are sharing it. People are saving it. I want to express this now as well.

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If you have ever doubted the need to be financially strong, if you have ever underestimated the value of being a woman with her own money, which means you can use this money as you wish, as you need, without permission, without excuses. Let this be the moment that you do see the need and you appreciate the value. You say, you know what, starting today, more than ever, I may have already been doing these things, but I'm going to supercharge and turbocharge all this stuff. I'm going to invest in my career like I've never. I'm going to invest in myself, in my ambitions, in my bank account like my life depends on it. Do it like your life depends on it. Your family's life depends on it.

Money is on a silver bullet, but it does afford us options. The good options. The ones that we can create for ourselves, because we're living in a world where our options are evaporating. The question becomes, how are you going to save yourself? How are you going to get yourself out of a bad situation or into a better situation? Money matters. If you've been listening to this podcast, this rhetoric is not new to you, but if you just started to tune in, I have very strong feelings about this stuff. I've been told and I must agree.

I have very strong feelings about women's financial independence, because I am going up against other very strong opinions about why it doesn't matter, why women shouldn't have financial freedom. I want only the best for everybody listening, especially my women listeners. As far as what I'm doing with my finances, I am increasing my cash reserves. I'm putting on hold of some non-essential big-ticket purchases, except for that iPhone. I'm building more of a safety net. I want to be ready for any unexpected changes.

I also want to be able to take my kids out of this country for them to see more of the world, so that we can either appreciate more what we have here or see how other countries are operating and be inspired, and other cultures and be inspired. While I made me spending less on some things, I want to save so that I can invest in these experiences for my kids.

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It's not because of this new administration, but I would be lying if I said I wouldn't mind spending some time out of the country. I'll be investing as I have been, and I'm going to also be supporting you as much as I can. I'm committed to helping you on this podcast, on social media, in my newsletter, in our So Money Members Club. So, let's navigate this together. Let's keep working together, saving together, investing together, lifting each other up.

Thank you for joining me today. Thank you for your questions. Thank you for your support over the week, your chats online. As always, next week, fresh episodes, and I look forward to getting your questions for the Friday episode of Ask Farnoosh, next week. You can submit your questions by emailing me, Farnoosh@somoneypodcast.com. You can also DM me on Instagram, and you can go to the So Money Podcast website at somoneypodcast.com. Click on Ask Farnoosh and send me your questions there.

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