

EPISODE 1103

[ASK FARNOOSH]

[00:00:34]

FT: Welcome to So Money, everybody. I'm your host, Farnoosh Torabi. It is October 2nd. We are officially in the fall. Q4 for all you entrepreneurs out there and self-employed people. This is the final stretch of 2020. How can we make this a year, where despite maybe a loss of income, it was a year of growth in other ways. I've been thinking about that a lot, that money is definitely a measure of success. That is a solid, tangible measure of success. If you made more money in this quarter, or this year than last year, that's one way to prove your success.

I've been thinking, because for me, I'll be completely honest. This is not my banner year of financial year. I did fine. I did great, but it wasn't my peak year. I'm going to give myself the grace to say, I don't need to have this been my peak year, but I will say that this was a very challenging year that came with a lot of lessons learned, a lot of reflection, a lot of thinking about what has worked, what isn't working, where do I need to pivot.

Listen, that's growth. If you've been having these conversations with yourself, with your team, you are growing and you're planting seeds for potentially even more money and success down the road. I want to give everybody that credit to say that your money is important, but it's not everything. It's not the true measure of success. It's a lot of things. It's money. It's your sense of fulfillment, accomplishment, growth.

If this year has been a bit of a slower year for work, but a year where you have been putting more emphasis on family life and personal pursuits and your health, I mean, how is that not a win, right? I'm looking for a lot of positives in the current world that we live in, if you couldn't tell. This week was an example of that too, as far as the guests that we had on the show.

On Monday, if you didn't catch it, Ana Homayoun visited the show. She is a recurring guest. I like to tap Ana, when it comes to issues of education and learning. She has an incredible business, where she helps families and also schools better connect with their students and their

learners. Right now, of course, she's sharing a lot of wisdom, actually, around how we can rethink the chaos that is the school year. A lot of parents and kids are at home, working and learning under one roof.

For kids, this is a huge change. Kids are typically in school learning. Now they're on Zoom trying to learn the alphabet, trying to learn how to read and write. That's frustrating on so many levels. How can we look at this differently, so that even though maybe this won't be the best school year, it can still be a great school year? Your child can still come out on the other side of this going, "I like school." Because that's my biggest fear is I don't want my son who's in first grade, six-years-old, he's already said this, "I don't like school. I hate school." We've had those days already and it's only two weeks in. I'm trying to be a big champion for the process, the chaos, just trying to find some of calm and control in what is a very uncertain time in everyone's life here under our roof.

Check out Monday's episode with Ana, if you didn't. I think even if you're not a parent, but you are interested in how to reframe your mind to think more positively about things, I mean, the episode focuses on education, but I think it can be extrapolated to a lot of other areas in our life right now. I want to share one more thing with you before we go to the iTunes review section to pick our reviewer of the week. As you know, we had the so money scholarship earlier this fall and it was a 25 – it started as a \$2,500 scholarship. \$2,500 scholarship that I was going to award to one family who expressed need for supporting their children, their school-aged children, whether it meant hiring a tutor, or hiring child care, because I understand, it's nearly impossible to work and educate your child at the same time.

No matter how rich or poor you are, it comes with struggles. Especially if you're let's say, a single mom and you work a job in healthcare, or in education yourself. With that, I've got a ton of people reaching out, contributing. We ended up giving out triple, what I initially set out to do. This week, I got a text from one of the moms who received the \$2,500 and she said the following. I'm going to spread this feel goodness. She said, "I'm so grateful for what you did for me. You didn't just donate \$2,500." This is by way, a mom in the Bronx with two kids.

She says, "I'm so much more motivated now and I'm starting to feel like my old self. The old self that felt like she could do anything. I read your article as well, How to Ask for A Raise in a

Pandemic Recession and it really spoke to me. I support my company so much, but I don't get compensated for all the work that I do. To make a long story short, I asked for a well-deserved raise. I may or may not get it, but the fact that I'm hopeful and motivated is all that matters to me. I'm going to come out of this situation and I can promise you that I will do the same you did for me and I will pay it forward someday.”

I mean, it can't get better than this, folks, right? I think the lesson here for everybody, the message that I really want to spread here is that while I gave this woman \$2,500, you don't have to give money to change someone's life. Money is great, but like what I said earlier, there are other measures in life that are important as well. Listening to someone. Listening to someone share their grievances. Listening to someone just to let them know that they're not alone, that you care.

Opening a door for somebody, connecting them to a resource, introducing them to someone who can help them. Introduce them to a not-for-profit where they can get resources and tools and money and a network. Everybody is in the position to leverage something for someone else for the betterment of somebody else. I'm sure a lot of us are already doing this. This is why you're part of the So Money community. You already arrived to this show doing these good deeds. This is, I think, a message that we can't spread enough right now.

It's our duty to help each other out. It doesn't mean putting out the wallet, or shelling out the dollars and cents. I mean, that's definitely great. Money moves needles. To this woman's point, what she got the most out of this was not feeling alone. Reminders like these for me make me want to continue to be as generous as I can.

Let's go to the iTunes review sect to select somebody and that person will get a free 15-minute money session with me. This happens every Friday. This Friday, we're going to say thank you to SDKarenF. I'm going to say, maybe like San Diego Karen. I'm not sure what the initials are, but SDKarenF left a review last Friday.

“Love this podcast and how down to earth Farnoosh is with her approach to life, financial matters and parenting. I always feel more optimistic to keep going on my financial journey, saving and making strides towards financial independence. Love the Black Wealth Matters

Series and the new viewpoints that it exposed to me.” A lot of you are liking this Black Wealth Matters Series. I wonder if I should just keep doing them.

I mean, I obviously have people of color on the show all the time, but that dedicated month, I think was such a – for me, I mean, it was such an education, such a mind-blowing month. I learned so much. That is also an album now. You can access that all on its own. Just go to anywhere podcasts are playing and type in Black Wealth Matters; Spotify, iTunes. It should pop up.

SDKarenF, would love to extend myself to you through a phone call. Well, e-mail me, farnoosh@somoneypodcast.com. Or direct message me on Instagram. Let me know you left the review. I will send you a calendar link to find a time for you and I to connect. Thank you so much. I encourage everybody, if you haven't done this yet, leave a review. There's a good chance we will be talking in your future.

Switching gears now to the mailbag, which is why you're here to hear everybody else's financial issues. People love the Ask Farnoosh episodes, I think more than the Monday and Wednesday shows, because there's something about hearing someone else's financial problems. Again, I think, because it makes you feel not alone and that's all we want right now is to feel connected, especially over money, because it's such a isolating topic.

To help me navigate your questions, I have a listener, a very loyal and cool listener joining me, Susan Reed. She reached out. I'm so impressed with Susan. I'm humbled to have her on the show. She is a broadcaster in her own right. She's so money. She's an experienced general manager and general sales manager. She's worked in the media industry for a long time. She's been a steady and strong breadwinner in her marriage, so I feel like I've found a little bit of a kindred spirit in Susan. Susan, welcome to the show.

[00:10:00]

SR: Hey. Thanks, Farnoosh. Great intro. I appreciate it.

[00:10:03]

FT: Absolutely. I mean, there's more to you. I want to share also, that you have been raising two daughters. They're age 20 and 22 now. Any advice? I have a six and three-year-old. You obviously arrived at this podcast for a reason. I would love to know what drew you to the show.

[00:10:22]

SR: Well, I have been a working career woman. I started in the radio industry in my 20s, which I'll confess was in the 80s. I was an on-air personality. Did a morning show, a radio morning show. That's actually how I put myself through university. I was unique in that I would go and do radio in the morning and do university in the afternoon. I've always been a multi-tasker. I just had my sights on running the place at some point. I found myself moving out of on-air, getting into the sales side, which I'm here to tell you, ladies, that is the great equalizer for income.

In sales, it is an utterly level playing field. No one can tell you how much you're going to make and you can out-earn those guys no problem, and I did. Eventually, worked my way up to sales manager and now I'm the general manager of five radio stations. I love inspiring women to think about sales. If you're frustrated that you're not getting a raise, go make it for yourself. Every industry has sales people and pick something that interests you. You have to be passionate about what you're selling. If you are, I'm telling you, you can really succeed and do well.

That's been my path to earning. I think, my husband and I, he's a film cameraman. He primarily worked in Imax, or works in Imax. He's made more Imax movies than anyone, which is an incredible claim to fame. But his work was always inconsistent. He would get a job and he would go shoot a film, sometimes be gone for months at a time. Imax films are always made in some bizarre corner of the earth. He's been to Madagascar. He's been to Antarctica, just crazy places.

Gone for months and I was left raising the kids by myself without him. Then he would come home and have big chunks of time where he wasn't working. Not sure when the next shoot would be. Then he'd devote his time and energies to our daughters and renovating our home and just keeping busy with that stuff. I was the steady breadwinner.

He was the guy that was off doing these interesting films. We made it work. It wasn't easy. Again, being a multi-tasker, I think I've managed to pull it off. I've got two nice daughters in their 20s and they're both doing post-secondary and quite proud of them.

[00:12:41]

FT: You said something, make it work. I have heard that from a lot of couples with income disparity and not just income disparity, but work flow differences. Your husband being more of a project-oriented professional, you having more of a day-to-day, raising two kids, that's the best attitude to have. That's the best you can do. It's like, we're going to just make it work. You're not just husband and wife, but you're colleagues in this space of trying to make it work with the family and the life and jobs and all of it. You're a team.

[00:13:17]

SR: We're an incredible team, because he would just do whatever needed to get done. When he was gone, I had to do it all. That was challenging. Then he'd come back and he would just take it all off my plate. He would take the girls to the dance thing and he would do the groceries and do the laundry and just pick everything up. It's like, we were relay racers. I just had him the baton and just say, "Okay, now it's you." Here we are and we've made it.

Some people sniffed at that. I mean, I remember we had a cleaning lady at one point, because you need help around the house, I'm here to tell you. She would say to him if he was home, she'd mumble to herself, "Well, it's just not natural." It is.

[00:14:01]

FT: Yeah. That's chapter 10 in my book, *When She Makes More*, which is that you just have to have a lot of compassion for everybody else who doesn't get it. Because if you were to get upset with every person who doesn't get it, it would be a miserable life for you, mostly. You just have to accept that some people just don't get it. It's not your job to try to get them to understand.

[00:14:24]

SR: Boy, the world has evolved. I think that that's what's wonderful now, that having not a traditional arrangement in terms of who's working, who's not, who's got the kids, who's cleaning, what's happening, who's got the groceries? It can just be an open forum for whoever can do it in that moment. It's wonderful. It's changed. I'm talking about things from 15, 20 years ago. I think currently, there's way more flexibility in what your life looks like.

[00:14:54]

FT: I think so. Your daughter's being the next generation, having experienced that and you modeling this for them. I'm very optimistic.

[00:15:01]

SR: Yeah, my oldest daughter is so funny. She'll say, "I want a husband that'll just stay home with the kids." She's so also very career-driven. That's what she imagines for herself is finding a husband that'll stay home with the kids. It's just so interesting now. Love it.

[00:15:21]

FT: All right. Are you ready to answer some questions? We got some good ones this week.

[00:15:25]

SR: Yeah.

[00:15:27]

FT: Okay, the first question is from Sepi on Instagram. She lives in Los Angeles, Susan. Where do you live, by the way? I hear a midwestern accent.

[00:15:35]

SR: Well, I actually live in Edmonton, Alberta, Canada.

[00:15:39]

FT: Oh, so maybe I'm confusing my Canadian with my Minnesota accents. Okay, that makes more sense. She lives in Los Angeles and she put her house on sale right before COVID. As you can imagine, it took a while to sell. She says, now though we are in limbo and wondering if we should buy a house or wait until after the election, because the market is so volatile right now. We purchased our home during the housing bubble in 2005. Will house prices go up, go down? What is your advice?

Interesting. I mean, I will say that we were in the same camp, Sepi. My husband and I sold our Brooklyn apartment in February pre-COVID. "The plan" was to move to a rental for a little bit of time, because we needed to buy ourselves some time. We need to pull the equity out and then have the freedom to search for a home and move in in the summer, knowing that it does take time to find a place and close and move in.

We just didn't believe that we could time a sale with a purchase. Where we live, you can't buy a house contingent on selling your place. We just knew that we needed to rent as more of a convenience and as a tactic to write out that time period for ourselves. As it happened, March arrived, we had been living in this rental for a month and realizing like, "Okay. This rental is not cute anymore." It's a small rental. We weren't anticipating living and working in everything under this roof, all of us for an indefinite period of time, so we hustled and bought a house in March.

We didn't know at the time if what we were doing was financially savvy, or the worst financial decision, because I didn't know where prices were going to go. I didn't know that in just a few months, or just maybe a month, that prices were going to skyrocket, that there were going to be bidding wars, that we probably wouldn't even gotten a house, because we would have been 19th in line for a home.

We were very lucky in that sense. I can't take any credit for saying I knew. I didn't have a crystal ball. Here's what I think is important, Sepi. We knew that whether there was a pandemic, whether the pandemic was going to take two months, three months, eight years, we knew what

we wanted as a family. We knew that we wanted to be out of the city and in a suburban town, so that our children could benefit from the public schools and that we could start that next chapter in our life.

We wanted that very badly. We had the equity from our sale. We were in a financial position to make the move and we were going to make a move that was affordable to us then and in the future. We did a lot of hypothesizing. We were like, "Okay. If I lost income, or if my husband lost his job, we need to approach this next home sale, home purchase with that in mind. If we buy this house and then six months later, the world is still where it's at, unemployment skyrockets, I lose work, could we actually pay for the mortgage out of savings, which is what it's there for?" The emergency savings.

The answer was yes. It meant that we had to be really a little bit more realistic about what we could buy, be a little bit more conservative about what we bought. We put 20% down. We were prepared to put more down if the bank required it. I guess, my point is don't worry too much about where the market is going to go. Be more concerned about what you can afford in any environment, in any market. You should approach this next purchase of a home.

If you find that perfect house in the next week and the price is right and you can afford it comfortably, I'd say make the move. Because at the end of the day, you need to do what you need to do, what's right for your family. This is a long-term decision. Yeah, the house might fall in value. Could also go up. I don't know. If you're putting down 20%, you buy yourself that wiggle room, so that if the home price fluctuates and you just sell immediately, you still have equity. What do you think? Whether she should wait, or make a move, Susan? I mean, I feel you'll never really know when the time is "best or right," but you have to really take inventory of what your financial reality is and play out these different scenarios.

[00:20:16]

SR: Yeah. I agree with what you said. In fact, there was a point in my career where I got out of radio briefly and was actually a realtor, which was something I always wanted to do. It was great. I have a little insight into this. I think it's impossible to predict the market, because you just

don't know. No one saw COVID coming. Nobody knows really what will happen, but affordability for you personally is the key.

In my own scenario, my income was the steady income, so we always just based everything on what we could afford on just my income. If he was working and money was coming in, then we invested more, we paid things down, we paid things off, we maybe took a nice vacation, renovated, these things. We never felt worried about being able to cover the cost of our house, because we had just based it on one income.

I think paying 20% down is very wise. If you've done that, it's showing that you can't afford that house. Interest rates are historically very low right now, under 3% mortgage rates in the US and they could easily rise. You don't want to set yourself up to be house poor.

[00:21:28]

FT: Yeah. I mean, that's so smart, to pretend you're living on one salary. I always say that's a pro tip, especially times like these when couples need to really hustle and save for maybe the uncertain future, if they don't have that six-month cushion. If you both have jobs right now, that's great news.

Imagine, you only have one job. Just pretend, even just for a month, for two pay cycles, to be able to save one person's paycheck entirely for a week, or two, or three, that is going to really accelerate your emergency savings. I hope this was helpful to you, Sepi. I know that Los Angeles is going through its own hell right now with COVID and then the fires. We just hope that your family is healthy and safe.

I would say that if you find the home, keep looking. If you find the right home, the price is right, you can afford it now and next year, then go for it, if this is actually what you want to do for the long run.

Also, a listener from California, would like to be anonymous though. 25-years-old, asking a question about life insurance. Here's her scenario. Graduated from college just a few years ago. No debt. She was fortunate enough to have received financial aid from her parents. She's

making about \$2,400 a month. That's after taxes, so what? That's a quick math in my head, like \$30,000 a year?

She's been putting away \$500 per month to a Roth IRA. That's excellent. I'm so proud that even on a modest salary, she's able to save for retirement. I think it helps that she doesn't have any student loan debt, but she is wondering whether she should get life insurance at this point. She says, her family helps her pay some rent. She's obviously not making a ton of money, so her family is contributing \$900 a month towards the rent. She is single. No children. No dependents. I don't think she's a life insurance candidate just yet, Susan. What do you think?

[00:23:38]

SR: Yeah. I mean, life insurance is designed to replace your income for the people that need it should you be gone. It doesn't sound like she has anybody depending on her. I don't think life insurance is probably not needed right now.

[00:23:53]

FT: No. I will say, she may be getting a lot of phone calls from insurance agents. In her camp, I was 25, working in New York City, making around the same amount of money. I somehow got on some calling list and I was targeted by life insurance agents. A guy actually came to my place of work. I could not get him off my back. This was before cellphones had spam filters. He was a great sales person.

I finally was like, "Fine, I'll meet with you." I'm 25. I know a lot about money. I don't know a whole lot about money, but I'm even skeptical like, why do I have to pay into this? My company has life insurance for me. It's not the most robust plan, but again, I don't have dependents. I'm still paying off my student loans. I politely, gently said, "Not right now. But, thank you. I'll keep your card for the future."

I think there is some confusion, because the industry can be aggressive. I will say, as a young person who doesn't have dependents, what is the need? If anything, just once you start making more money, start saving. God forbid, anything happens to you. God forbid. Your savings can

pay for things like funeral costs and whatnot, but it sounds like your family would also take care of you, as they already are. I wouldn't worry about it.

Focus on making a ton of money. Focus on investing. Focus on saving. Focus on building wealth. Then as you as your life evolves and grows and you maybe partner up, or you become a parent, that's when I think life insurance becomes more relevant.

Okay. Moving on, we have a voice-mail from an anonymous listener; a 30-year-old male. We'll let him ask his question. Here we go.

[00:25:38]

MALE: Hi, Farnoosh. I'm 30-years-old and my fiancé and I recently sat down to go over our collective finances. I found out she has a large amount of student loan debt, just shy of \$80,000 and that the interest on those unsubsidized federal loans vary in range from 3.4% up to 6.8%, with nearly \$30,000 at that highest interest rate.

For context, we have some other large purchases on the horizon, including buying our first home next spring and our wedding and honeymoon roughly a year after that. We live in a medium cost-of-living area, making a \$130,000 gross a year, have a \$110,000 saved up in a money market account that serves as our emergency fund and joint savings for our wedding at a down payment, as well as a \$110,000 in an index fund account, where all the investments are long-term capital gains.

She's looking at refinancing her loans, but since her credit score isn't great, we're not sure if she'll be able to get them down to a better rate across the board. Since our more liquid cash is earmarked for our wedding and a home, my instinct is to cash out some of the index funds to pay down the highest interest loans as soon as they start accruing interest again in 2021 and then aggressively pay down the rest monthly.

Of course, I want us to be debt-free as soon as possible, but don't want to tank my investments to make that happen. I'd love to hear your advice on how to best tackle this.

[00:26:48]

FT: All right. Thank you so much for your question, our anonymous listener. Congrats on your engagement. I'm so happy that you guys are talking about money at this stage, although it sounds like he was a little surprised, Susan, to hear about the loans. It happens. It's not the most romantic thing to bring up. Maybe she was embarrassed. We're not going to hold that against her, but just good that this is coming out at this point.

He seems like a really caring guy. He wants to help out his partner, in that he would help the both of them out, because they do have a lot of goals. They want to get married. They want to buy a house, it sounds like. I'm hesitant to say, yeah, cash out your investments. I mean, you wouldn't be cashing out everything, but I don't think that it makes financial sense to compromise an account that is earning more in interest than probably what the student loans are costing an interest.

He's using a very expensive financial vehicle, or not expensive, but a very valuable financial vehicle, I should say, such as this brokerage account, this index fund, which has been compounding. Oh, my gosh. Over six figures, to pay off student loans, which I would guess, some of it has high interest, but in general, probably not as expensive in interest, as what the index fund is earning. The interest rate on the index fund, bigger than the interest rate on average for the student loans. It doesn't make sense in that case to pay it off with the more valuable vehicle.

Instead, I would say maybe look at taking a little bit of money out of the money market account, which is earning probably nothing and be more aggressive with the highest interest rate debt. I don't think you want to get rid of all the debt right away. I don't see that that is necessary. If this was credit card debt, I might have different advice, but these are student loans. First step, yes, consolidate. Try to consolidate. Get a maybe lower interest rate on all of the debts, one payment. Automate those payments. Get the automation discount of 0.25% when you do that.

Just try to get the loans "under control," and then you'll be done in 10 years, or whatever it is. In the meantime, using your money for other things that can be more powerful in terms of building wealth, whether that's investing in the market, investing in yourself, having that rainy-day savings. It may not be exciting to feel like you're compromising your wedding fund to pay down

your debt, but I would say, if there is a hierarchy here of what to use to help pay down this debt, I would say, it should be a combination of earnings and maybe a little bit of what you have in the money market account. What do you think, Susan? I'm just nervous about the gains tax and sacrificing a lot of that compounding that has happened in the index fund to pay down student loans.

[00:29:51]

SR: Yeah. I think that he had a – there was \$30,000 that was higher interest rate more over 6%. I might tackle that. Just get a bit of a monkey off your back when you're starting out as a newly married couple. My thought on it was they have a lot in their shopping cart. Just want to go on a honeymoon, want to do a wedding. Certainly, in my life, I couldn't do all that at once.

First thing we did was we got married. I look back, I mean, the wedding that we had in terms of the scale of weddings these days, it was so simple. In fact, I just went to a wedding last summer and the couple had it in a backyard, twinkly lights, a lovely, but not over the top dinner. Place was full of love and it was wonderful. I think that we just got out of control with weddings.

It's one day. It shouldn't cost you \$30,000 or \$40,000 or more for one day. The first place I would try to find savings is an over-the-top wedding. A honeymoon is a different story. I mean, you can have a road trip, you can just make great memories, you can have a lot of fun. Again, it doesn't have to be a grand European thing. It can be simple and again, not cost you a fortune. That putting some money towards the down payment of a home, that's something that will last. I would put that as the priority.

[00:31:20]

FT: Yes. Just anonymous, when my husband and I were engaged, we purchased our Brooklyn apartment. Then the following year, we got married. I intentionally wanted to do it in that order, because I felt to your point, Susan, that buying the home was more important. I knew we were going to get married. I had the ring on the finger, all that. It wasn't like I was taking a big leap of faith here with buying a house with somebody that I wasn't sure I was going to have a future with.

I felt if I was going to use our savings, I would prefer to use it on the house first and then with whatever was left. Then the following year, I could maybe pat it again, pay for the wedding. I would have been really sad if I'd blown it all on a wedding, because you can easily do that, and then be left penniless for the house, which is what I feared would happen. I felt like I could more easily go off the rails with wedding spending and then really sacrifice the home, which at the end of the day is far more important.

I do think that you want to sit down with your partner and just have a really big conversation about your five-year plan. What do we want to do in the next five years? We can't do it all on a Saturday. We can't do all these things on a weekend. We have to spread this out. You said her credit score was also not that high.

If you want to buy a house together, that's going to be really important. Focusing on that as well, by maybe paying down some of this debt, figuring out why her credit score is low, getting her a little bit more on track with that, that's also going to pay off for you when it comes time to buy. These are the things that you want to be thinking about planting these seeds.

I hope this was helpful. I know this wasn't a very straightforward answer, but I do think that it does come down to your priorities, your timeline. Don't feel like you have to sacrifice investments to pay down debt, especially if the investments are earning more than the debt is costing you. Do look into consolidating. Do look at paying down the highest interest first, but don't blow all your cash and investments, just so that you can say, "I'm debt-free." I think that we're a little bit obsessed in this country with being debt-free, which I understand, I don't want this to be taken out of context, but there's no good in being debt-free if you've done nothing else, which is invest and save and asking for the raise.

It has to be in the context of all of these things, in order for it to really make an impact. If you're sacrificing your investments and your savings and your income to pay down student loan debt, I don't know. I don't think that in the long run is really what's going to help you out. Getting your student loan debt managed, under control, paid over time is important, but your money has many advantages and uses and should be used for a multitude of things. Wealth is not just a

one path thing. There are multiple things that have to happen at the same time in order to build that lasting wealth.

I had a listener, actually, write a review, Susan, who was not happy with me, because we were talking the other day about leveraging debt and why – I had a guest on that was like, debt, we want to get rid of that obviously, but not at the expense of not investing and not saving. Debt is an important thing to tackle, but it's like I just said, you should think of it as a part and parcel to building wealth.

This person was so against that; this listener that debt is the number one thing you should get rid of. No one never should have any debt. That means no mortgage. It means no student loans. It means no credit card. I just feel like that is – I'm very conflicted with that. I don't know if you have any thoughts on debt. I think that when it comes to credit card debt, that's true, but there's other types of debt that isn't as detrimental.

[00:35:25]

SR: Well, I actually read *Rich Dad Poor Dad* many years ago. We took, my husband and I, just one line out of there, a couple sentences and it was, "Rich people collect interest. Poor people pay interest." We tried to organize our lives, so that we didn't pay any interest. Now that doesn't mean that we didn't have any debt. At times, we would find car manufacturers who were doing a zero percent interest thing. That's when we get into a car.

I remember we wanted a new mattress once and a department store was offering zero percent. We've just made, put a focus on not paying any interest. Sometimes we owed money, but we didn't have to pay any interest on it. That became our goal, the game that we played was figuring out, how can we not pay any interest and how can we just collect interest?

We did find a way and it's too long to explain here, but actually, how to make money off our mortgage. We actually bought it out of our investments and paid it back to ourselves and made interest on it. That came out of us trying to figure this out. We didn't pay off the mortgage, but we made the interest on it. I would say, that's how we've built wealth is not paying interest.

[00:36:45]

FT: Yeah. Thanks for sharing that. I think there's a lot of ways to look at this. There's no absolute one best way to approach building wealth and thinking about debt. There are obviously many philosophies. It's personal and that's why we call it personal finance. I hope that this was helpful to you. Again, good luck with your wedding. Great work talking about money with your fiancé. It's great foundation for the rest of your life together.

Last but not least, a quick question from Sean on Instagram, wrote in, says, "If you are young and changing jobs, what should you do with the old 401k? Should I pay the penalties when there is less money in there and put it in a Roth where it can grow? Or, should I roll it over into my own IRA? I have \$10,000 in a 401k, so I'm not quite sure what to do. I think I'm going to lose around \$3,000 with fees and taxes."

I mean, why lose any money? Just roll it over. Don't cash it out. I know it may not seem a lot of money, but it is. \$10,000 is a lot of money and it's more than \$7,000. It's just a decision you make. It's the decision is I'm not going to cash this out. I'm going to just literally do the rollover, automatic rollover into a traditional IRA. I'm not sure. I meant to look this up, if you can convert a 401k into a Roth IRA. I don't think you can. Maybe there is a way to convert a traditional IRA into a Roth IRA. I think it's called the backdoor Roth. We've talked about that on the show. You can look at that.

You could ultimately have this money potentially in a Roth IRA someday, but the first step is to convert it into a traditional IRA, roll over, don't lose the money. Some 401ks, I don't know how it works in Alberta with employer-sponsored retirement accounts, but here, I know that some accounts if you have less than \$10,000 or \$5,000 in your 401k and then you leave the company, if it's a very little bit amount of money, like less than \$5,000, sometimes they do just send you a check. You have to check your 401k plan for the rules.

How does it work? How have you guys been saving for retirement?

[00:39:00]

SR: Well, mostly it would be similar to the 401k. We call them RRSPs here, but that has been our main vehicle. I've had pensions with many of my jobs. It's the kind though that when you leave, they give you all the money the government or the company match and your own and then you have to put in what's called a LIRA in Canada, which holds the pension funds. We have a combination of money that we've saved ourselves and pension money that we either got in a LIRA or currently, I have some pension with my current employer. Then we get the equivalent of social security and other government pensions whenever you decide to retire.

[00:39:45]

FT: That's awesome. By the way, how is your part of Canada doing with COVID?

[00:39:50]

SR: Well, I'm in the in western Canada. We are doing in the middle, Ontario and Quebec right now are actually surging and it just was announced today that Quebec is going moving back into stage two. They're taking a step backwards in terms of shutdowns and lockdowns. Alberta is currently in stage three. We're doing okay, but COVID is a bit on the rise. There just really isn't a lot of debate over what to do in Canada. We wear masks. We social distance. There's not a lot of people who aren't onboard. We've been fortunate that way that it's not really debated. We're just all trying to flatten the curve.

[00:40:38]

FT: Yeah. Okay. Well, we're with you. Wishing your country and you and your family a resolution, health resolution soon, pandemic-free soon. I so appreciate you reaching out. It's an honor to know that you're in the audience, Susan.

[00:40:56]

SR: Listen, it's been so much fun to participate in this, Farnoosh. I just think your mission is terrific. Is just make the conversation about money something that people are comfortable

talking about, especially women. We're nervous sometimes to push for ourselves and even talk to our friends.

[00:41:19]

FT: It's icky.

[00:41:21]

SR: Icky conversation and it shouldn't be. Because really, what's going on with your financial world really can form what's going on in your whole world. I have a handful of friends that we talk about money, that I talk about money with and very honestly and openly and it's been terrific. I think this is just great that you're bringing it to a wider audience.

[00:41:42]

FT: It is my absolute pleasure. I want to thank all of our listeners who wrote in for this week's Friday edition; Sean, a couple of our anonymous listeners and Sepi. Good luck to everybody and keep the questions coming. Susan, thank you again. Everybody, I hope your weekend is so money.

[END]