

**EPISODE 1172**

[ASK FARNOOSH]

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**FT:** Welcome back to So Money, everybody. Ask Farnoosh Friday, March 12<sup>th</sup>, 2021. I'm your host, Farnoosh Torabi. Coming up shortly, my co-host, Adam Auriemma, Editor-in-Chief of NextAdvisor. We're going to talk about some big issues like can I buy a house, should I buy a house, and some advice we would give ourselves in our 30s, and also answering a listener's question about health savings accounts and whether we should take advantage of them and what's the benefit.

Before we get to that, I want to highlight some of the episodes that we did this week. Maybe you listened to Monday's episode with Julie Scelfo and how she, a New York City professional, mom of three, stopped shopping on Amazon. Raise your hand if you think you spend too much money with Amazon, whether that's on Amazon.com. Perhaps you shop at Whole Foods, maybe Zappos. We learned how far-reaching Amazon is on that episode and how one individual, in this case Julie, has managed to I guess boycott Amazon. We talked about why that was important for her.

This episode was not about how to necessarily cancel Amazon, although I get there is that sentiment out there. But really at the end of the show, it was about how to spend with more conviction, how to align our financial choices more with our values. If you believe in worker right, if you believe in narrowing the wealth gap, leaving a smaller carbon footprint on the world, you might want to rethink some of the vendors, some of the merchants that you shop with. If you also want to support minority-owned businesses, small business owners, mom and pop shops, you might want to think twice about where you spend.

That was really what the episode was trying to get at. Many people said that they appreciated the episode, that it made them think. For me, certainly it was something that provoked a lot of thought. I mean, I've already started to change and shift my spending in terms of at least buying books. I know Amazon is the go-to for book buying but do I need the book in 24 hours or 48

hours? Most times not, and so I can just go and get it at the local bookstore and support my local community.

I had a listener write in, her name is Ivy, who brought up a really good point. She's been listening to the show for two years. She says, "Always appreciate your advice and perspective." But she felt compelled to write after that episode because while she appreciated the concerns that we raised about working conditions and employee wages, she says that we didn't capture the full picture. She's right, so I wanted to share her thoughts. I've already connected with her and thanked her for her input and told her I was going to share this. But she said there is this program called Amazon FBA fulfilled by Amazon, which allows small to medium business owners to sell to a much larger audience than it's always available to them. About half of the items sold on Amazon are listed by small business owners or medium business owners.

There is something that's called the Amazon effect, meaning small business can grow by selling on Amazon. She says, "Look. By no means is Amazon perfect, but I am an Amazon FBA business owner, along with my boyfriend, and that has changed our lives. I absolutely feel for brick and mortar shops that have suffered during the pandemic but I do think a major tenet of running a successful business is being able to adapt. While I won't deny that Amazon is a behemoth, I wanted to point out that shopping on Amazon and supporting small businesses are not mutually exclusive.

Yes, Ivy, thank you for your feedback. It's important to me to hear from listeners. I knew going in with this conversation with Julie, who's just one woman and her story on how she has avoided Amazon that it was not going to be this all-encompassing interview, that there is more to this story. So I really positioned that interview as like, look, you want to spend with more conviction. Here's how one person's doing it. It happens to be a move away from Amazon. But in our own lives, it could be a move away from other sources, other types of spending, other ways that we are engaging in the retail world. Thank you, Ivy. Thank you to everybody who listened to that show. It's very popular. If you didn't catch it, please go back and listen.

Then on Wednesday, we invited Daisy Auger-Dominguez who is Chief People Officer. Chief People Officer, yes, you heard that right, at Vice Media, which you may or may not be familiar with, but Vice Media is a leading media company that covers news and current events, and it's

catered towards a younger audience. But we really talked about how to create a more inclusive environment at work. This is something that is at the heart of what Daisy has done for 20 years consulting big and small companies around inclusivity, diversity, quality, all of it. Of course, now that is something that is at the top of the to-do list for many conscious companies. Beyond that though, we talked about her upbringing as a Dominican Puerto Rican New Yorker and how she described being raised with such proximity to wealth, she herself not growing up rich. But now, she is and how that has really affected, impacted her approach to money and what she does with her money. Really, really rich conversation with Daisy, so check that out.

All right. Let's go to the iTunes review section. Select our reviewer of the week shall we. This person will get a free 15-minute money session with me. Every week, I pick somebody from the iTunes review section. I'm going to say thank you this week to Kendall who left a review saying, "This will change the way you think about money." Kendall says, "I finally got around to writing a review, as I've been listening for over a year. I love this podcast. So glad I found Farnoosh. I've read so many books, articles on ways to manage money, but nothing clicked until I listened to So Money. As a female, it is so refreshing to hear a woman talk about money in an empowering way, yet not in a preachy judgmental way. I used to be pretty frivolous with money. But since listening to this podcast, I have saved more than I ever have and I haven't felt like I've scrimped on my life. Just made wiser decisions and put more thought into the way I use my money."

"My husband has even changed over to Farnoosh from another financial podcaster." Wow. Okay, cool. That's pretty cool. "So thank you, Farnoosh, for giving us podcasts to look forward to each week. You make money talk enjoyable." Wow, that's so cool. Kendall, you and your husband, let's do this. Let's do a free call. Email me or DM me on Instagram. My email is [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com). Let me know you left the review. I will respond with a link where you can pick a time for the three of us, if you choose, or just you and I to get together and have a talk and see what I can help you with. Thank you so much.

All right. The moment you've all been waiting for. Hitting the mailbag and we have a special guest today. My friend, Adam Auriemma, welcome to the show. How are you?

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**AA:** Hey. I'm good. I'm happy to be here. How are you?

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**FT:** I'm good. I thought it'd be fun to have you on and tackle some of the big issues that we're all facing right now as NextAdvisor is at the forefront of covering a lot of these topics. You're the Editor-in-Chief of NextAdvisor. I contribute there. NextAdvisor has been since the beginning really passionate about covering real estate. Oh, my gosh. What is going on in this market right now? I thought that after 2020's pandemic craze and obviously people relocating, I got it. The people were buying in a frenzy. But even still, people are buying in a frenzy. So the question many people are asking is can I buy? Even if I can, should I?

I'll just give you a quick anecdote. I'm looking out my window right now. Three houses down, a home went on the market. They price low intentionally in our town because they love the bidding wars. Normally, air quotes, you might see a house go for 10 or 15 percent above asking. It went for 40% above asking. 20 people bid on it.

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**AA:** That's not unusual, right? That's happening everywhere and not just across the street —

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**FT:** Not just the New York suburban areas.

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**AA:** That's right.

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**FT:** Although it is pretty wild out here, but all over the country. I was talking to someone in charlotte who said her property taxes went up 30% as property taxes reflect home values. Quick thoughts, top line thoughts on this, does this remind you of 2006?

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**AA:** I don't know. Most people I talk to you say it doesn't remind them of anything. It's so unprecedented and different, even to other housing levels. The reason we cover real estate at NextAdvisor is because it tends to be the biggest slice of anyone's budget, whether you're talking like monthly or whether you're talking about just how it's the biggest expense that a lot of people make in their lives. That's where we're coming from. When you talk about like can I buy, should I buy, a lot of what we're talking about now is this double-edged sword where, yes, interest rates are really low, and you can get a good deal.

But there are so many other costs involved. You mentioned property taxes. You didn't mention other things that you could have like closing costs and HOA fees and everything else. It's about making this decision of generally speaking, sure, it's a good time to buy in a lot of ways, but what about for you? Because like I said, this will be your biggest expense, and you live in your monthly payment. Not whether you should buy a house this year or next year. It's just like what do you have to pay every month. So that's the angle that we're taking here.

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**FT:** This is a question I get so often from listeners, so I've dedicated a lot of this episode to answering that question. I've also got an article on NextAdvisor kind of breaking down the thought process behind buying because while it – I'll also take the other side of this, which is that if you are that person who bought the house three doors down for 40% above asking, a price that never before has that house experienced and may never experience, will you be able to sell it for more than what you paid or even just what you paid, even if you stick with it for 20 years? That's a question that haunts some buyers. But you can make the argument that it shouldn't really matter. I mean, to your point, can you afford the monthly payment? Can you afford that monthly payment for many years to come? It can still work out, and I think it still can be the "right move."

Let's spend some time going through the steps. I like how your team edited my piece because it really brought it to today's market conditions. Because I started writing this piece almost with very evergreen advice, but it turns out there's a lot of context that is very much pinned to what's

happening in the market today; high interest rates, the bidding wars that could make it a little bit of a different calculus. I interviewed my friend Kathy for this article. She has been my go-to real estate expert source for 15 years and she covers mostly the New York Metropolitan area. But I loved what she said because it really set the stage for us in this piece, which is that we're often asking the question, is it the right time to buy.

But you want to take it a little bit further, and the real question to ask is, is this the right time to buy for me or for us, if you're a couple. She says, "Pay attention to why you're buying. Is it because you want to really own something and you understand the costs associated with that but also the benefits? Then do you want to create not just a home but like a community for yourself and your family?" For me, that was why we moved last year in a frenzy. It's why I'm also encouraging my friends with kids who are leaving the city to come here, even though prices are going a little wacky. I'm not discouraging them because I know their why. Their why is solid.

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**AA:** Sure. Yeah. If your why is solid and the finances are solid and you can find the right deal, great. I think sometimes I hear too much people not having a why or their why is because I'm throwing money away on rent, which like it drives me a little crazy because I pay rent and I don't really feel like I'm throwing my money away. It's a place to live, and there are so many things when you're a homeowner based on talking to people. There are so many experiences as a homeowner where you feel like you're throwing your money away. Of course, the money that you do have, the assets that you do have aren't liquid. You can't really access them in a way that you're shaking your head. No. They're locked up.

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**FT:** No, you can't. How did that rumor start that you're throwing money away? I mean, it started at a different time, like in the '90s. I feel like that was a big *Rich Dad Poor Dad* or other books that sort of echoed that mentality. I get maybe if you're coming at this as an investor, and that's a whole other calculus. You rent, so do you feel like home buying is in your future? Do you want it to be in your future, Adam?

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**AA:** Let's see. I mean, I rent in New York City, so home buying just isn't in the cards for a lot of people like me. I see it in my future but like I'm not in any rush to get there. I have a lot of patience when it comes to this. Around my age, I'm 34, and a lot of my friends who haven't bought are like starting to feel that itch or maybe they're getting a nudge from their parents or someone where they just feel like it's something they should do. I'm often the one being, "No. I feel fine. I could buy a house when I'm 50 and get a 15-year mortgage and pay it off by the time I retire at 65. That all adds up. What's the hurry?"

Then you talk to other people in New York who very much want to buy a home because they want some space and they're going to go elsewhere. I know a lot of people who have moved out of the city this year or in the last year, you among them. I'm really happy for them because if that's what they wanted to do and they had the means to do it, well, then great.

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**FT:** One thing that's really different about this year and last year frankly was the prices just are not plateauing. They're going completely north every day. I have my home on the Zillow estimate, which is not great, but it's still interesting to see what the Internet –

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**AA:** You're still checking your home's value?

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**FT:** Listed. Do you not know me?

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**AA:** I didn't know you can even do that. That's amazing.

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**FT:** The way I do it is I use Personal Capital, which is this app that shows me my net worth. It has a relationship with Zillow, so you can plug in your address and under your assets will daily update your home's worth, which I take with a grain of salt but still.

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**AA:** But if you bought your home last year right before the pandemic changed a lot of things.

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**FT:** I bought it in the best possible week.

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**AA:** You did. I know you literally did.

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**FT:** People think that I'm so smart having done that, and I am quick to point out that it had nothing to do with intelligence. Yet I think that I followed Kathy's rule of thumb, Kathy, my friend, the real estate agent, which was that I did it when it was right for us. I ignored for – At the time, I didn't know if I was being smart or dumb but I did just sort of zone in on what we needed. We bid on this home at the end of March 2020 when we were fully in lockdown. I don't even know how we were allowed to come to see this house but we were.

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**AA:** Nice step.

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**FT:** I remember texting a friend that I was on my way to this suburb who lives here, and she's like, "What are you doing out of your house?" I was like, "Well, I got to buy something out."

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**AA:** I remember running a photo of you on the NextAdvisor launch day of you making a house tour wearing a mask. It just felt so 2020.

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**FT:** I mean, I think it's Warren Buffett who says that the best time to invest is when everybody is like fleeing, like running for the woods.

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**AA:** Does that mean you wrote this great piece about the home buying season of 2021? I think the question for a lot of people is like, "Even if I can't afford it and even if it's right for me, is this really the market that I want to get into?" You list all these things. The prices are rising. The inventory is going down. Rates are going up again. If you were in the market this year, I mean, how different would that be?

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**FT:** Well, I think it would have to definitely change my budget. I would have to also be a lot more flexible in terms of finding the "right home." I think in the back of my mind I would always tell myself that I can always move again. The home I have now, it's my forever home. I don't see reason to move ever. It's plenty of space. But right now in this market, what I'm noticing at least in our town is that there is a lot of inventory for homes that are slightly less. Perhaps homes that we wouldn't have considered in a "normal market." But given the frenzy, given that prices are like going wacky in the price range that we would have wanted, there's not a lot of inventory.

I feel like I would just have to be a lot more flexible and nimble, and maybe I would still buy in this market. But I think financially I wouldn't have spent as much. I would have tried maybe

something a smaller home that we could fix up, that maybe we would just be in temporarily, and then move to another home once things sort of settled and maybe inventory came back on the market. Because that's the other thing that we talk about in the article is that inventory is so low. So do you want to buy not your dream home or buy just to buy? That's a personal decision. I think some people are willing to go through the hoops to buy, even if it's not their dream home, knowing that there's always tomorrow.

But you can always rent. One of the things we seriously considered last year was if we didn't land on that home that we really wanted that we would try to find a place to rent, even if it meant like renting an apartment in this town, just so that we could get our feet wet and get here. Then maybe use the off season when not a lot of people are shopping to find something. But we knew we wanted to be here. That was the bottom line, so however we did it. I mean, I had a friend literally offer for us to move into her third floor. "I have a big house. I don't use my third floor. There's two bedrooms and a full bath, if you need a place to crash." I was like, "I might call you."

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**AA:** It's good to have that option on the table.

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**FT:** Yeah. I think that's the key is like you want to always feel like you have options and not you're cornering yourself into a market just because. I get that there is a fervor and a need and a necessity for a lot of people to move right now. To the best of your ability, if you can create some wiggle room in that opting in of that market, that's the ideal that you know like, "If this doesn't work out, I can move on. I'm not locked in."

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**AA:** Right. I mean, because you mentioned the hoops you have to jump through, and the lenders are checking things more. They're calling you more often. They're asking for more documentation. I mean, what else?

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**FT:** Absolutely all of that is true. I would say that you also have the competition of other bidders coming in with more attractive financing. 20% is really, I mean, in many markets a must. It's baseline. Then if you can do more than that, I think that does sweeten the pot. It does make it a little more interesting for the sellers because it makes you seem like a more qualified buyer. Pro tip for buyers out there, all sellers want is a buyer who's going to complete the deadline.

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**AA:** Seal the deal.

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**FT:** They want the sale to happen. The last thing a seller wants is to, say, accept an offer that two weeks before the anticipated closing falls through, and that happens more than you'd think, and it may not even be the buyer's fault. It could be the seller who there was like a missing title or – There are many things that can happen in the appraisal, in the inspection, and all of that, so it's a feat.

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**AA:** Yeah. Well, that's another wrinkle for first-time home buyers because the way that people are getting around this competitive market is, like you say, they're offering to put down 20% down, 25% down cash because if they're selling their previous home, they might have that cash to put forward. First time buyers often get – We write a lot about these great down payment assistance programs that can help you with the down payment grant or help you pay 3.5% or whatever. But now in this market, those buyers are perceived as a disadvantage because they're going to slow down the offer process because they're not in cash. So it's just another really big hurdle here.

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**FT:** I think having a really great real estate agent now more than ever is so critical. I know that for us, our agent, we would work with her again, especially in this market because she was well liked in the market. She had many friends who were agents, so she was able to get the behind the scenes, inside scoop on properties before anybody else would. I think it's also important that if you're going to work with someone that maybe they also have some listings because not that it's ideal to work with an agent who's on both sides of the deal, the buy and sell side. But in this kind of a market where things are going so fast, working with an agent who can broker a deal maybe even before the house comes to market, that's actually one thing that my friends were in the middle of considering was our agent got the scoop that there's a house coming on the market. If we make the offer that they can't refuse and then not have them even bother to list it, that's one way people are going like this — this is how ridiculous they are —

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**AA:** Yeah. This is what it takes sometimes. Right, yeah.

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**FT:** Not to scare people. This is perhaps just a Montclair thing.

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**AA:** No. I mean, it's not just a Montclair thing. It's certainly a Montclair thing though among other things.

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**FT:** But here's what I also really appreciated advice that I got last year. We actually bid on some homes that we didn't get. It all works out in the end, number one.

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**AA:** True.

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**FT:** And your dream home will wait for you. You may be impatient but that home is going to be there for you, and there's no harm in giving it an extra few months or – Time is actually a good – okay. We acted fast and we benefited from acting fast, so I think we were outliers. I think that in general, giving yourself the time to reflect and review and educate yourself and not buy into the hype is in the long run to your benefit. I'll just say for us too like it took us a while to get where we were. It wasn't like overnight we were like, "Okay, let's buy a house." There's a lot of conditioning that went along the way.

Anyway, for more check out NextAdvisor, Adam and I worked on this piece. Also, shout out to Jasmine, our editor, who helped us really make this more timely because it is true. We had over six and a half million home sales in January of this year, up 23% from the previous year.

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**AA:** It's incredible. If we get one question more than any other, it's some variation of should I buy, can I buy. In this article, I think more than a lot of things we've done really pulls it all together and gives it a very timely lens about this particular crazy home buying season, so thank you for working with us on this.

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**FT:** Absolutely. You know I love talking about real estate. All right.

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**AA:** Same!

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**FT:** The other thing I love talking about is myself, and one of the actual really popular episodes that I did recently on this show was talking about advice that I'm giving my 40-year-old self, 41-year-old self, financial advice. It did really well. Another podcast I did was dedicated to Gen X. They feel like a very much an overlooked generation. I'm kind of on the cusp of Gen X, so we thought it'd be good to do a piece on NextAdvisor about financial lessons learned in my 30s. Also, Adam, you're in your 30s so –

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**AA:** Right in the middle.

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**FT:** Right in the middle. Yeah. For all of our 20-something listeners and 30-something listeners who are curious to know what mistakes to avoid or things to look out for opportunities even, I thought it would be really helpful to go through that and also tease this upcoming piece that we'll have on the NextAdvisor site about financial lessons I would have told myself on my 30th birthday. So curious to hear what you are experiencing, but I'll start us off.

The first thing, starting with a very big one, is that sexism at work is real. You need to decide how you want to handle it or not, and I think that even in my 20s I experienced micro aggressions about being a woman in – Remember I worked in many newsrooms that were financial newsrooms often dominated by men. I think covering Wall Street as I did so much in my 20s, I considered many men to be my mentors along the way. But there were a couple along the way too that for whatever reason I don't want to spend time wondering what was going on in their heads. But they would say things like, "You should really like read the Wall Street Journal, new she." Or –

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**AA:** New she?

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**FT:** Yeah. I was like, “I never gave you permission to nickname me.” or I had this one colleague who would be just – Just these like these micro aggressions and he knew it because he would always say – He’d follow up with something. He’d say something really jerky and then he’d follow up and say, “You know, I’m not trying to be an asshole.” Then one day, I just said to him, “Try harder.” That was it actually for him.

But I was lucky. I think I was really fortunate and that I didn't really have it stop me in my tracks. But there was a moment in my mid-30s when I've been working for many years at one news outlet, and they had terminated the program that I was working on and didn't want to pay me for like the last couple of weeks of work because they didn't think that I should get it. Now, I'll preface by saying that for all the years that I worked for them, I would have to submit my invoices to our producer, one of our producers. At least once a month, he would look at my invoice in person, look down, look at me, and say, “Your husband must be a lucky man.”

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**AA:** You're kidding me.

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**FT:** No. I was like, “Yeah. He lucky because I’m awesome. I’m also lucky.” I would always say like, “Well, I’m the lucky one. I’m the lucky one.” But I would go home and be like, “What the –”

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**AA:** Seriously, whoa.

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**FT:** Yeah. I had sensed that what I made there, which was always a negotiated rate, like it wasn't anyone's surprise, like everyone – I made what I was worth and fought for it, and they agreed to it, and they would pay me. Yet still I would get these weird comments. Then fast

forward to my last couple of weeks working there, and they just didn't want to pay me. Man, I ended up negotiating to have them pay me for half of it. But I have an agent. He was like, "Look. I don't know if we want to burn a bridge. These people are going to go —" I mean, I was like, "Do I even want to work for these people again? These people are terrible." It was all men, no women. I was like, "I can only believe that I am getting this sort of treatment because I am a woman who's out earning all of these guys."

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**AA:** Is this before or after you wrote a book about this?

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**FT:** It was before.

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**AA:** Okay. All right —

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**FT:** It was right — I was still writing the book. I was still writing the book. The book came out a year later, but I was still — It was great material I'm, Adam.

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**AA:** You're living it before you're writing it. Yeah.

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**FT:** Let me tell.

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**AA:** What could you have known at 30 to prepare you for that?

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**FT:** Nothing.

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**AA:** Just, yeah.

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**FT:** It's just a thing to watch out for. As a woman, I think the decision I had to make at that moment was how far did I want to take this. I don't regret how I handled it. I was livid. I was so upset. What I did before I left there was I sent an email to everyone I ever worked with, including the new CEO of the company, who I hadn't actually ever worked with.

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**AA:** Excellent.

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**FT:** I saved this email and maybe I'll put it on the website because it didn't mention anything about my pay issue or anything like that. But there was a bigger thing going on, which was that I felt like they had stopped the show that I was working on without real reason, and we were excelling in always. We were hitting all of our target numbers. We were getting millions of views, all the things, and for whatever reason, executive decision. But I wanted to be an advocate for myself and also my team. No matter what was happening behind the scenes, me screaming into my pillow, I wanted what was on the record to be something that I controlled and was positive.

So I left with this really accurate, thoughtful, kind grateful letter to everybody I worked with in a way to be an advocate and to leave with a strong bridge. No one expected for me to do this. Everybody was being really cowardly about it, and I was like, I'm going to give this program that we worked on the attention and respect that it deserves." It's over. It's over. Move on. I learned a lot, and I'm glad that now we've gotten the space to share, and I've distanced myself from that. But it is one of those things that I do wonder if it was because of my gender. But I think that I did the best I could. I didn't tweet about it. I didn't take it to the Wall Street Journal – I just –

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**AA:** Well, you just played the long game.

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**FT:** I played the long game. That's my one thing. Again, it's not maybe exclusive to your 30s. I probably will experience this again in my 40s and 50s, unfortunately. I wanted to share that as just a personal. I've never talked about it.

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**AA:** I love that. I mean, it goes to show that you're – I think of 30 sometimes as where you settle a little bit into your rhythm. Maybe you – I spent my 20s sort of waffling between a couple jobs and not finding the right thing for me but picking up the exact skills that I needed along the way. By the time I hit 30, it all sort of came together in a job that I really loved. I feel like I've been spending my 30s really just figuring out how to do this whole career thing and learning lessons like that, how to manage people, how to work through tricky situations, and when to make stink over something, and when not to. It's –

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**FT:** Which battles to fight.

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**AA:** Yeah. When do you scream into your pillow and when do you send an email and all of those things. I mean, yeah, career lessons like that. I think there's a big lesson here. It's just like stay tuned for those because it's going to be challenging. By the time you're 30, like you hit that sort of career groove where you're on the way up, but it's really not easy, and so to prepare for these types of things and just know that, man, it's about learning lessons like that along the way. Because next time it happens to you, whether in your 40s or you're in your 50s or whatever, I mean, you're sure going to know how to handle it.

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**FT:** Yes. I really admire because I've watched your journey. When you were leaving Money Magazine and before you took on this role at NextAdvisor, there was a period of I'm going to figure things out and I'm going to try a few different things. From my perspective, I really admired that because it, one, showed that you're courageous, that you are risk calculating. I wonder if, two, you had savings because that –

[00:32:40]

**AA:** I did.

[00:32:40]

**FT:** You need to still pay the bills. Talk about that because I think I would love – We talk about saving money always in the context of like, well, emergencies. You need to be able to pay for your car breaking down or getting laid off. But what if you actually choose to leave a job in the pursuit of another without anything really locked down, and you want to give yourself six months to figure it out? I feel like that is something that maybe in your 30s you would do, but it comes with a cost.

[00:33:08]

**AA:** Yeah, sure. No. Emergency funds. We call them emergency funds. They're like so important. I mean, we talk – How many articles have we written for NextAdvisor where it's like, “Wait, wait, wait. Before we get started, do an emergency fund. Okay. Now, you're ready.” It's just like the really the building block of finances in a lot of ways, but you can also call it an opportunity fund or something.

[00:33:28]

**FT:** Yes, I love that.

[00:33:29]

**AA:** Right. I mean, one of the things that prepares you for in addition to unexpected income loss or expenses, it prepares you to have an opportunity to take a chance now. I mean, that was what I was able to do. I mean, I spent three years as Editor-in-Chief at Money Magazine, and it was a dream job. I loved it so much. But eventually at the end of three years for whatever reason, I felt like it was time to move on. I had been reading my own advice and had an emergency fund and I felt really confident in my ability to just resign. I resigned with plenty of time and notice and really had a great transition and handed things over to my deputy.

But then I got to just take some space and I was really open to possibility there. I traveled a lot and I ended up doing some consulting work with different types of companies. I did some writing and I did all sorts of things. But I couldn't have done any of that without having an emergency fund in place. I had saved like six to eight months of expenses, and so I knew that three months go by, four months go by, I could start to think about applying for jobs or I could pick up consulting gigs, which is what I did which even spread that six to eight months a little bit further.

Then at the end of it, ironically at the end of it, I ended up running another personal finance website. It's now for –

[00:34:52]

**FT:** It's also like a startup, so yeah.

[00:34:54]

**AA:** Yeah. It's a startup and it's exciting and it's a new brand. I think it's a even better brand than Money was and I'm having so much fun. I might not have been able to get here if I hadn't first stepped back. So I definitely encourage people to do this. Some career hiatus I think can ultimately be really refreshing.

[00:35:15]

**FT:** I think your 30s are prime time for this. Think about it. We often go right into college, from college if we're lucky, right to our first job, maybe a second job. Surely, there's going to hit – You're going to hit a wall or a point where you're like, “Is this it,” or, “Wait, what just happened? I just lived time here and I don't know. I don't know if this is what I want.”

[00:35:36]

**AA:** “Is this it? Is this actually it?” By the way, I got to say I didn't have a mortgage to worry about. I actually let a lease go during that time. We talked earlier about knowing when it's time to buy. If you don't have that sort of gut sense that you're okay where you're not going to want to pick up and go somewhere, that's just obviously another thing to consider.

[00:35:59]

**FT:** I'll give one more something that I wish I had learned in my 30s earlier, just jumping off this whole idea of pursuing your career and being really thoughtful about it and proactive. I think it's really important. This is advice for all the ladies who want to have families, who want to be caregivers, whether that's like your children, adopted children. You shouldn't just go for a job that pays the bills or that you just like. I want to say that you have to love it. You have to love it so much. Otherwise, our system is not set up to really support working families as we've discovered. We knew this but we really learned it in the last year. I hope that things will change and I hope that this is going to be an awakening for employers to really provide the support

system. Also for the federal government to step in and provide the subsidies and the support for families who work to work and to also be involved in their families without sacrifice.

That said, I've never been the person who like waits for bureaucracy to get things done. So one of the things that now I know really helped me stay my with my career having two kids now is that like I was desperately passionate about my job and my career. I couldn't wait to get back to work. I also couldn't wait to have kids and I longed for being a mother and I loved being a mom. But I also love having to run my business. They were both equal loves in some way. Every mom that I met at the school yard or at preschool pickup who was a stay-at-home mom and maybe we would meet for a drink later or meet up at an event and we would get to talking about our life choices, lo and behold almost every mother would say to me, these are the stay-at-home moms, "I was working, and then we did the math on school and preschool, and it just didn't make sense for me to keep working," which I get. But then they would follow up with, "But also, I didn't really love my job."

[00:37:58]

**AA:** Right. It's not just about the numbers, is it?

[00:38:00]

**FT:** Yeah. It's not just about the numbers. It's about how passionate are you about the work. Of course, if you have a job that you hate but it pays the bills or that you sort of love but it's not really your calling or you don't feel like it's really fulfilling, you're going to rationalize not going back to work. I fear for the women who really do want to be working and really do want to be financially independent, but that part of their life gets cut off short because they didn't know that that was such a big part of the equation or the calculus.

Again, you know me. If you know me by now, you know that I'm really a big proponent of women and everyone in a relationship being financially solvent and independent. That doesn't mean you're working every year, but do you have savings at least? Do you have an opportunity to go back to work at some point? I think that's really important to always have that option and not feel

like you had to give up on your dreams, give up on your goals, and feel financially shackled to the relationship.

Anyway, I just think that's important and something that I have only really realized lately that like, "Wow, I'm so happy that I got –" It's really luck too like to fall into a career that you love.

[00:39:09]

**AA:** Yeah. It takes some work too. Sometimes, you have to try it out a few times. It's totally luck and it's totally a privilege but –

[00:39:18]

**FT:** But it's out there, and I want to see the people in their 20s prioritize it, and really do what you can, and take those risks. Sometimes, you're going to do something in your career that you're like, "What? Did I – mistake." But invest in your professional life before you have children, if only so that you can return to that profession with gusto and anticipation.

[00:39:42]

**AA:** Yes, gusto.

[00:39:44]

**FT:** Gusto.

[00:39:44]

**AA:** We all need some gusto in our lives. We're talking about our 30s, but I think the data shows that our peak earning years tend to be in our 40s, so this is – 30s are setting yourself up, climbing up that ladder or getting those skills or doing whatever you have to do. It's a lot easier when you're passionate about your job and it's nice if you can spend your 20s helping you make that decision and then start to lock in. When we talk about investing, it's like the later you get in

life, the more you got to invest every month if you want to keep up if you didn't get started. It's like if you want your career earnings to be going up and the amount you invest to be going up, having some gusto can really make the difference.

[00:40:28]

**FT:** Yeah. Financial gusto by Adam Auriemma.

[00:40:30]

**AA:** Financial gusto. That could work.

[00:40:33]

**FT:** Maybe. Okay. So we've been talking a lot about our NextAdvisor coverage, but let's just shift a little bit to an audience question, and then we'll wrap. But I haven't actually answered a lot on this topic, and so that's why I picked it. It came in recently from a listener, and she says, "Hey, Farnoosh. I love your show. I've been listening for about four years. I was wondering if you could do an episode on optimizing your HAS." That's the Health Savings Account for everybody listening. She says, "I have money in an HAS, though it's not invested in anything. I pay my medical bills with cash. I don't withdraw from this HSA. I'm under the impression that when I retire, there is a benefit to leaving that money in the HSA all of those years. Any investment advice? I know I shouldn't just treat this like a savings account."

I love this question. I don't have an HSA. As someone who's self-employed, I actually use my husband's health savings insurance, but I know that an HSA can be something that you can add on to a high deductible insurance plan. Financial experts love HSAs because it is a way to get extremely tax-efficient savings going. So an HSA has many uses. It can be used today as a way to save for medical expenses, out-of-pocket medical expenses in a sort of tax-efficient way, tax-deductible way. But also, if you don't want to use it for your health costs today, you may want to reserve it for your health costs in the future.

We know that in retirement, health cost is a big wild card. If you can use this as a long-term savings vehicle, much like an IRA, it could be really beneficial and it's often called the account with triple tax savings. You can contribute to it pre-tax dollars, pay no taxes on the earnings, and then withdraw the money tax-free. Now, we're in retirement to pay for qualified medical expenses. That's the thing.

The question she had, Adam, was – One of the questions was like, “Should I put money in my IRA ahead of the HSA?” She already maxes out her 401(k), so that's good. This is a supplement. The thing is like the HSA is not as flexible as an IRA in retirement. You can take money out of an IRA in retirement for any reason. But for HSA withdrawals, in order to benefit from the tax exclusion, you have to use it towards a qualified medical expense, which is probably going to be sizable retirement.

[00:43:09]

**AA:** Right. Correct me if I'm wrong. I think once you reach a certain age that those qualified medical expense requirements might loosen a little bit. I would have check this but I believe it's possible once you're at a certain age to use it for anything.

[00:43:25]

**FT:** You can. You just have to pay taxes on it.

[00:43:27]

**AA:** You have to pay taxes on it. Got it.

[00:43:29]

**FT:** Right. Correct. Thanks for clarifying. Right. You can. Just like with a 529 college savings plan, you can take the money out and use it to buy a boat. But you just have to pay the taxes on it, whereas if you did it for college you would not. It has to be a qualified medical expense in order to be tax shielded. But listen. I think that if you have an HSA and you can use it as

something that's more of a long-term vehicle, don't waste it by just keeping that money in cash in the HSA or in the money market. Put it in an index fund. You can usually just call them up, the provider, and learn about your investment options. There's probably a website.

On this program, we often talk about just a low-fee fund that tracks the market. There are limits to HSA contributions. If you're kind of bordering on IRA or HAS, maybe you split the difference. If you've got \$5,000 for the year extra to go towards these alternative supplemental "retirement savings vehicles," maybe you do a little bit of both. Certified financial planners, I would put money on this. They would probably say to the best of your ability invest in the HAS. Let it grow. Then with your cash, create a separate savings account for out-of-pocket medical expenses.

[00:44:44]

**AA:** I think that's right. That's how you get all three tax advantages. If you use it to pay your ongoing medical costs every year, which is totally fine. Just know that you're losing that third benefit which is free growth. So it's all how you look at it. I think that's great advice to split it.

[00:45:02]

**FT:** I'm calling my dental plan today because I got a root canal in December, and it's two visits. The first was in December. At which point, they collected money from me. I had to do my co-pay and the whole thing, and it was a lot. Fast forward to February, I had the second appointment which was the follow-up, which I didn't pay for because I pre-paid. Now, I had to go get a cap on the root canal, and the dentist is telling me on the phone, "We think you've reached the max on your insurance." I was like, "But it's March. How is that possible?" She was, "Well, you had your root canal." I was like, "But I had the root canal. I paid for it in December." She's like, "But they might not have reported it until January or February."

I'm calling BS on that because as far as I'm concerned, if I pay for it calculated for that year because now apparently I've used all of my benefits.

[00:45:53]

**AA:** Come on.

[00:45:54]

**FT:** Give me a break. So they're going to be getting a call for me to be continued.

[00:45:57]

**AA:** Okay, good. Yeah. You are going to get on the phone.

[00:46:00]

**FT:** Do you know who I am? I have a podcast.

[00:46:01]

**AA:** Let's find out.

[00:46:03]

**FT:** I mean –

[00:46:04]

**AA:** Do you know what kind of gusto you have?

[00:46:05]

**FT:** This is a bad look for the dental insurance community.

[00:46:10]

**AA:** No. Man, you have to stay on top of that stuff. It's hard.

[00:46:12]

**FT:** Isn't it? I got to do this. My dental appointment is in – I said let's just make the appointment, and then I'll call and find out what's the deal.

[00:46:21]

**AA:** Find out what's the deal. But if you do have a high deductible healthcare plan, which you don't, I do, I think HSA is a fantastic vehicle.

[00:46:29]

**FT:** All right. Thank you for that. Okay. Thanks for the question. Adam, always great to talk shop with you.

[00:46:35]

**AA:** Yeah, always. Thank you so much.

[00:46:38]

**FT:** Thanks so much for all the work at NextAdvisor, [nextadvisor.com](http://nextadvisor.com). I'll have the links to these pieces that we referenced on our site. Keep refreshing because there's always new content. Everybody, I hope your weekend is So Money.

[END]