

**EPISODE 1184**

[INTRODUCTION]

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**FT:** Welcome to So Money, everybody. Friday, April 9<sup>th</sup>, 2021. I'm your host, Farnoosh Torabi. This is Ask Farnoosh Friday, answering your biggest money questions that have come in through Instagram, email, the website, somoneypodcast.com. We have a special co-host with us today. I haven't had a co-host in a while, but Brittney Castro from Financially Wise Inc. is here. I'm very excited to catch up with Brittney. She and I go way back, and I haven't talked to her in a while, so it'll be good to hear about some of the changes happening in her business, how she is trying to become essentially more available to all of us. She's no longer doing one-on-one consulting. She's got courses, programs. I'll let her share more on that, but she's always got the good advice, so excited to navigate some of your questions.

Some of the things we're going to tackle today, how to afford to a bigger, more expensive city. What's the calculus for that? How to share in rent or housing costs when your partner makes more than you, and you feel a little bad about that. Also, a listener has trouble spending her money. Good problem to have? We'll find out.

Let's first go to the iTunes review section, and pick our reviewer of the week. This person gets a free 15-minute money session with me. This week, I want to say thanks to vince4lyfe who on Thursday left a review saying, "Everything you want in a sound financial advisor." Our listener says she has been listening to the podcast for several years. "Farnoosh has kept me company on many commutes. What I like most about this show is that the advice is not cookie cutter or even generic but is tailored to each individual and is thoughtful of one's goals and aspirations. The guests are engaging thought leaders, and Farnoosh interviews them and asks great questions. I recommend to anyone who wants to be thoughtful about their money and life."

Vince4lyfe, thank you so much. It's funny. I think I got a one-star review for the same thing. Someone said, "Farnoosh's advice is too individual, can be dangerous. It's not for everybody." But if this show is for you, please leave a review. You could be like Vince who is now going to

get a link where we're going to be able to have a free 15-minute money session with me. Vince, let me know you left the review. Email me, [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com). Or you can direct message me on Instagram @farnooshtorabi. Let me know. I will promptly reply with the link, the magic link where you can take a free 15-minute money session with me. Thanks so much. Can't wait.

In case you missed it, we had some really strong amazing women on the podcast this week. First on Monday, we had our friend, Susan McPherson. She's been on the show before but now to celebrate the launch of her book, *The Lost Art of Connecting*. Susan is a serial entrepreneur, social entrepreneur, in fact. Her book is all about how to build strong impactful relationships over time, how to play the long game when it comes to building relationships. I know a lot of us might be experiencing some level of anxiety as we re-emerge and go back to work or go back into some social settings, and so I think this is a timely conversation for that reason as well.

Then on Wednesday, we're talking about bread winners with Jennifer Barrett, my friend who has a new book called *Think Like a Breadwinner*. It's a bit of a compliment to the book I wrote, which is about female breadwinners called *When She Makes More*. But even if you're not the female in the relationship earning more, Jennifer argues it's important to think like one. Imagine you are the one who is solely responsible for your financial well-being. We get into it. We talk about her own personal realization of this, the epiphany that she had, and her advice for breaking down barriers, helping to close the gender gaps in wages and wealth and leadership for good. So check out Monday and Wednesday's episodes if you haven't already for some inspo and real thought leadership around relationship building and wealth building.

All right. A little bit more about our co-host before we bring her on stage. Brittney Castro is the Founder and CEO of Financially Wise Inc., an LA-based financial planning and education firm whose mission is to teach individuals and couples the art of managing their money in a thoughtful and proactive way. Brittney is a certified financial planner. She's an entrepreneur, highly sought after speaker, and host.

Brittney Castro, welcome back to So Money. It's been a moment. Let's catch up. How are you?

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**BC:** I'm really well. Given everything going on, I'm very blessed. Lots of things to be grateful for, and I'm glad to be back here with you. It's been way too long.

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**FT:** Yes. It's been way too long, and I know that you have shifted your business where you were one-on-one consulting, advising. Now, you're more about education and creating content and working with clients. Tell us how we can find you and what's new.

[00:05:42]

**BC:** Yeah. Everyone can find me. Come over to Financially Wise Inc. and also follow me on Instagram. But, yeah, as you know, I've been doing financial planning for 15 years. About eight years ago, I started my own RIA company doing financial planning and also doing speaking and media partnerships with companies. For about eight years, I was running two careers basically, and last year I was able to find a wonderful partner at another firm to take over the clients and continue to service new clients. That allows me the time and energy to focus mainly just on financial education content, whether it's for my own brand or other brands that I would consult with. It's very exciting. I feel super excited to be here. It's one of those long journeys.

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**FT:** It feels like old times. Can I say that?

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**BC:** Yeah.

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**FT:** It feels like I actually just got – I reserved a vaccine appointment online. I have to wait to see if it's approved, fingers crossed. Hopefully, that's going to be all of us soon. Okay. Let's just go

right to the mailbag. Let's take advantage of you while we've got you, and thank you so much for spending part of your day with us.

Our friend, Christian, wants to know, how do you afford to make the move to a more expensive city that potentially pays better? Now, I know Christian. He's got a super successful video production company. He works with entrepreneurs. He's helped me in many ways. I don't know. I didn't know he was planning on moving. I thought he was very happy where he was but very exciting to learn he might want to move to a city, and that could be New York or Philadelphia. I have no idea. But it's a bit of sticker shock, and I have to give him credit for asking this question because I think a lot of people would hesitate, especially if you're coming from a suburb. What's your calculus, Brittney, for someone who wants to move to a city where their upfront costs could be higher, rent could be higher? But they could make more but it's not guaranteed.

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**BC:** Yeah. I'd just say, first, in financial planning we would say about 20% of your net income should be for housing costs. So you can start with that and just kind of figuring out, well, based on income that you're making, how much of your money is going to go towards this higher living cost. Then from there, like kind of figure out the gap. Do you need to make more money per month? If so, how much more? L in big cities like LA, New York, San Francisco, we all know that under 30% is very difficult to do.

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**FT:** Maybe I don't know about LA but where you're at. But in New York, rents have come down like at least 20, 30 percent. It's kind of an opportunity for I think a lot of younger professionals or anybody who wouldn't have normally considered New York but now can get in at a lower price.

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**BC:** Yeah. I heard. Last night, I was talking about it. I heard that, yeah, rent and even housing is really affordable right now in New York, so I would say take advantage of the opportunity and do it and then be smart. How much more income do you need to make to make it like comfortable

for you? I mean, clarity is the number one thing we all need with our financial lives. The moment you have clarity about the numbers, the easier it is to make it happen. If that's making more money or having a side hustle, the moment you get clear, it's \$500 more, \$1,000 more. Then you can find a way to go make it happen. I would say it sounds like a good thing to do. For me, I've always liked taking those leaps.

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**FT:** Christian, this might be TMI for the audience, but no one knows really who I'm talking about, he has a home that he owns. I would say to Christian rent it out, so you can always come back. In the meantime, your mortgage gets paid for. You're in the city, trying to like make it work. If you decide it's not for you or whatever, you can always go back.

All right. Next up is our friend, Meg, who has a question about being in a relationship with the disparate incomes and wanting to feel equal, financial equals in the relationship. Here's the question. "My girlfriend and I are finally moving into our own apartment at the end of the month, and we're really excited. We found a place last weekend that we really fell in love with. The problem is it's a little bit out of my price range, but it's not out of my girlfriend's price range. My girlfriend is a teacher. She makes about 40% more than I do. I'm an architect, pretty fresh out of grad school, making an entry level salary."

"That said, I'm a good saver. I have a significant amount of money saved, about half of my current salary, so I could make it work if I needed to. If we split this apartment 50-50, it would cost me about 40% of my monthly paycheck, which would not be ideal for me, as I've heard you talk about the 30% or less rule. However, she has, my girlfriend, offered to pay more each month and make it doable for me. We haven't quite settled on this yet, and the idea makes me feel guilty. I don't want her to pay more. But on the other hand, I also don't want to make her live in an apartment that we don't love because I don't make as much as she does. Any advice?"

I'll take a stab at this first, Brittney, and I'd be really curious to hear your thoughts as well. Listeners know this is like a topic near and dear to me. This idea of making more or even less than your partner, it's paramount. I mean, find me a couple where they're making the same amount of money. It's almost impossible, unless they're like colleagues or they own their own

business together. The thing is everyone's doing this. Everyone's living to someone else's sort of living standards within a relationship, right? It's like whoever makes more, that's kind of the standard.

Your girlfriend has been lovely throughout this entire process saying, "I will pay a little bit more. It's fine with me." Accept that and be okay with it. If you do want to feel more like equals, leveling the financial playing field as I call it in my book, find another area in your life together, Meg, where you can maybe do more, which wouldn't feel as taxing where you might pick up more of the grocery bill or you contribute more to your joint savings account. Remember, there's more than one way to give in a relationship. There's to give financially, but there are other things too. So it's not just about the money sometimes. But what are some other ways in the relationship where you can show up in a way that feels like maybe you're showing up more but you're still both "equals?"

Equal doesn't equal the same. Equal doesn't equal the same. It's about figuring out where your strengths are, where you're both comfortable, what is sort of the lifestyle that you both want to participate in. It might be dictated a little bit more by the person who makes more. Where you live is important, and it's not like you're just siding between the organic blueberries or not. This is a really big thing. It's a source of happiness, so maybe do lean into paying a little bit more if your partner can't afford it. It sounds like she can, and she's more than willing, so I give you my blessing and please don't feel guilty about it. But, Brittney, what do you think?

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**BC:** I agree. Everything you're saying is so good, and I would just add one other thing, which is being able to receive is just as important as any other skill with our money lives. Sometimes, I think it's hard for people to receive. In this scenario, her girlfriend wants to pay more, and that's fine, so being good with it, like receiving that offer so that then you could continue to give and be in like this open flow with money. I just know the receiving angle is sometimes very, very uncomfortable for people because they want to feel like, "Oh, no. But I – It has to be equal. I have to work hard for it." But I would say practice receiving in this example and just if you decide together this as the apartment, and everybody's good and clear with what that means, and be good with it, and just enjoy it.

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**FT:** Yeah. It's funny. I was on the Tamron Hall Show years ago, talking about female breadwinners. Tamron said to the audience that she has a celebrity friend. I forget now who it is, a guy who when it came to the subject of what would you do if your wife made more than you, he said, "If I made let's say \$50,000 a year and my wife made a million dollars a year, I think that our lifestyle should be at the \$50,000 level." Because he's coming from the place of I'm the man. I should dictate the financials in the relationship.

It's like, "Okay. So you're just punishing everybody in the marriage here." It's like, "Why shouldn't you all celebrate?" It's about our money, and I think that's one thing I want to tell Meg is that like if you're really in this committed relationship, at some point you stop looking at it as like my money versus your money. But this is like the money that we have, our money. Within that, what can we afford? I think that's maybe a perspective shift that could help her see past the sort of you versus me, my contribution or your contribution. I can respect that because you want to feel like equals, but let's also remember that you're in a committed joint relationship.

All right. Are we good on that one? I think we've said everything that needs to be said. Okay. let's talk about student loans and our friend, Seth, who says he's single, 30, finishing his first of three years of anesthesia school. He's a full-time student with over a hundred thousand dollars in student loan debt. "How can I make the most of my money at this time and prepare for the future?" Let's reiterate. He's got no job but he's going into school. He's going to come out of school with a hundred thousand dollars in student loans. What should be his game plan, Brittney?

I mean, I would be like looking up jobs that pay at least a hundred thousand dollars a year, but anesthesia is like the number one field in medicine as far as salary. I was reading the other day I think the average anesthesiologist makes like a boatload.

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**BC:** Yeah. The nice part is his career is going to pay him well, so I would say just – He’s already ahead thinking, “How do I pay off this debt that I’m going to come out with?” I mean, sorry being very proactive. I guess another thing to consider is just like what those student loans are. Sometimes, it would make sense once you're ready to start paying them to maybe look at refinancing them, consolidate it into a lower interest rate, so then you're able to pay it down faster. But also be aware that sometimes there's student loan forgiveness. I remember I used to work with a lot of people in like the nursing and medical industry. Sometimes, if they work at a particular hospital, there they can qualify for student loan forgiveness if they stay there certain amount of years.

I would say wait till you're kind of get into your career and figure out what the game plan is going to be, but just know that having a solid budget right now is going to help you. Just even having a cash cushion if you can will help you so that when you come out, you get your job. You're ready to really start focusing on that debt reduction if it's maybe concerning if you're going to get some sort of student loan forgiveness or maybe just consolidate to make it easier to pay it down faster. But with debt, we always say you never just put all your attention toward that. You still have to work toward your cash cushion, other investing toward retirement because unfortunately sometimes these amounts like we know, they're very high amounts, so you're not going to just wait until your debt's completely gone and then start investing because then you'll just be waiting forever. It's a balance act. Just even like knowing what your goals are and knowing what your budget is now and knowing that there are some options are all great.

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**FT:** Sidebar, Brittney, a lot of people have been asking me about the potential for debt erasure where the government is going to forgive student loan borrowers. We don't know who specifically is going to be impacted by this, but people are wondering like, “Should I bother to aggressively pay down my student loans, knowing that there might be a day soon where that'll just get off my books?”

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**BC:** I mean, we kind of analyze everybody's situation differently usually. But, yeah, I mean, that's one of the things that student loans. It's never like we – It's not like credit card debt. No one is ever going to come forgive your credit card debt. But student loan, there's like, well, these. Even this last year, we've seen some new laws, so we never really advise people to get that crazy aggressive with student loan mainly too because a lot of times they're lower interest rate. Like I said, sometimes there's these things that come in that we know might help them but [inaudible 00:18:41].

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**FT:** Well, there's an opportunity. It's the opportunity cost, right?

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**BC:** Exactly.

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**FT:** Firstly of putting all your exits in the student loan basket and then having nothing left to invest, which we know the return is much higher over the long run than a five or six percent interest rate on your student loans. But there's this other potential opportunity cost of like putting all your eggs in the student loan basket and then in a year realizing like maybe I didn't have to do that because it's being forgiven. But don't bank on that. I think just stay the course is the way that I would do it.

Lauren wants to know this. She's 28. She's married. She has a six-year-old son, currently 30,000 in an emergency fund and another 30,000 in student loan debt. So that's her profile. Here is the situation. She is currently a teacher and recently was accepted into graduate school for speech pathology. "Entering this field," she says, "Will earn me a higher salary upon graduation. But in the meantime, while I'm in school, I'm going to take a huge pay cut for the next two years." I guess she's going to work and go to school at the same time.

“We would like to be able to still afford all of our bills but we would not be able to save for the next two years if I went to school and got the pay cut. I was awarded 20,000 in student loans which pays for the entire program but I feel so hesitant to take the loan if we technically have the money in our emergency fund. So my question is this. Should I accept more student loan debt or use my savings to pay for my student loans?” That would bring their emergency fund to just \$10,000, and I don't know. I mean, that's for them to decide. Can that support them for many months if, let's say, her husband loses his job at some point, and they have a son? I worry about making that emergency fund fragile.

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**BC:** I think that you should take the 20,000 in student loans and keep your cash reserves. I mean, if the pandemic didn't teach us anything or remind us, it was the importance of having our emergency fund in cash because you just never know what could happen. So I'd rather see them keep the 30,000 in cash, take on more student loan debt, and just have a solid plan to pay it off once she's done with this program. In the future, you can always take the cash and pay off like lump sums on the loan. But to get rid of the cash now just doesn't seem smart to me, and usually student loans have a low enough interest rate. So even though you're paying interest, it's not going to like make or break your financial situation. But having that emergency fund, that could definitely be a make or breaker.

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**FT:** Yeah. To have a \$20 000 bill at the end of the day for a career that's going to pay you more every year for the rest of your life, I think that's really what you're looking at. That's the trade-off and I think that's – In the grand scheme of student loan debt, this is like, sad to say, \$20,000 –

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**BC:** It's nothing.

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**FT:** It's peanuts compared to our friend earlier who has a hundred thousand dollars. But it's all relative, right? He's going to go into a career that's going to pay him oodles of money, and I think for her too \$20,000 in the grand scheme of debt for student loan debt is very manageable, unless you're planning on not working after this. But it sounds like she is, and she's going to get paid a higher salary. So, Lauren, I think take the debt. Take the student loan debt. Don't compromise emergency funds, especially since you said you're going to take a pay cut. So you're really going to need this money. Hopefully, you won't need to use it, but it'll be really helpful to have.

Finally, Sarah wants to know, "I have trouble spending some saved money. What are your tips?" This is an unusual question, right? Usually, it's the opposite. I have trouble not. I have trouble saving my money. This is I have trouble spending my money. Maybe she needs to, if she hasn't already, craft some very specific exciting goals that wouldn't require spending all the time but making a big payment towards something that she really loves. I mean, I think this is all about what your goals are, where your values are. I also feel like there's nothing wrong with just letting your money sit in savings.

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**BC:** Absolutely, both. I mean, I think it's good to spend money and enjoy it. Like you said, it's kind of a rare question because usually we hear the opposite. So if you are in the scenario where you have extra money and you're able to really spend it, like you said, find something that you really would get pleasure from. Maybe it's an experience like a trip with your loved ones. Maybe it's something that you've wanted for a long time. I mean, it's kind of like that same guilt like of receiving money. A lot of people have a hard time like enjoying the pleasures of life, so this is like a good practice. You could start small. You don't have to spend it all at once but like buy something or spend money where you would really like enjoy the pleasures of it and kind of develop that muscle to be okay enjoying money. That's why we have it too. It's not just so we save it for the rest of our lives and then we die. It's like to enjoy life.

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**FT:** Yes. Brittney, you're a perfect person to address this because you really come from this place of abundance. I wonder if at the end of the day what's the underlying issue here for Sarah is that there is this fear of scarcity that I think a lot of us have earlier on perhaps, without the experience of knowing that I can spend and I can replenish my savings. That is possible and that can happen. You have to sort of trust yourself that you're going to be good for the money, that you have the permission to spend, and that you have the ability to earn back that money that you spent if you're worried about spending and then starting over.

I mean, I have felt that way for sure, and it's only now in my later years that I can spend with more I guess confidence that while it's nice to see the certain balance that you have in your savings account, I spend very meaningfully on things that I know at this point are important to us, and we derive a lot of pleasure out of it. So I don't feel bad in that way. But, yeah, there's a little bit of like a moment where you're like, "Okay. I really want to get this back to the level that it was," and it will get there. You just have to trust that because you don't have plans to retire anytime soon.

If you've been the type of person that has attracted money, that you've been good at making money, or even just like good at your job and happy in your work, like I feel it's just the circle of financial life. Can I say that? You spend.

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**BC:** Absolutely.

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**FT:** You sow. You spend. You save. It's harmonious in the end.

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**BC:** Absolutely. No. I mean, that's how I believe the energy of money should be. It's like you love. You receive love, money. We get money. We make money. We spend money, trusting that more will come back. It's that trust. Like you said, you kind of have to get experience to develop

more and more trust, and then you feel more and more at ease with the flow of money and flow of life. If you have the ability now to spend a little bit more, by all means do it and enjoy it and don't like – You can reflect. Maybe you're going to spend money and you're like, “Ah. You know, it actually wasn't that great of a experience.” Learn from that too. That's all part of it. Learn what's going to work for you, and you're only going to know that through experience.

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**FT:** Yeah. One last thing, if it helps to compartmentalize, you have savings for emergencies. But then you have savings for non-emergencies.

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**BC:** Goals.

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**FT:** Goals. Maybe that's –

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**BC:** Fun. Yeah.

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**FT:** We talk a lot about saving in the context of the rainy day. A lot of times, you'll feel guilty about taking that money and putting it towards like a vacation. You know what? Create the vacation fund. So label it and then you'll feel less like you're taking cookies out of the cookie jar or whatever the [inaudible 00:27:01].

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**BC:** I watched this funny TikTok video. This woman, she was really great. She goes, “If I’m not spending my money, who will,” and she like laughs. Then you kind of think about it. You’re like, “Yeah, it’s actually accurate.” If you’re not going to spend your own money, someone will eventually, right? We’re going to die eventually. It was just so well done because you could tell too it’s like it doesn’t need to be so serious sometimes. Sometimes, we get all so serious with our money. It’s like just enjoy it. Have fun with it. Spend some. Then, like you said, keep building the muscle and trusting more will come. You’ll make more. It’s all part of it. But learning how to enjoy our money during our lifetimes is important too.

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**FT:** We’re going to end on that, especially as we head into the weekend. Hopefully, it’s a bright sunny time wherever you are. Brittney Castro, thank you so much.

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**BC:** Thank you.

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**FT:** Please learn more about Brittney. Hang out with Brittney on Instagram, [financiallywiseinc.com](https://www.financiallywiseinc.com) as well. You can get all her goodies. Everybody, thank you for spending your time with us. I hope your weekend is So Money.

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