EPISODE 1422

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[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It is October 14th, 2022, and I've had a pretty fun week, I got to say. It was nice to be on Live with Kelly and Ryan on Wednesday. I got a chance to go on there and share some money saving tips. They had a whole money-themed week. I'm sort of the inflation woman at this point. I go on talk shows and news programs and talk about how to work through inflation, and I'm running out of advice. So if you have new savvy ways to navigate high prices, let me know.

This probably won't be the last time I talk about it, unfortunately, but I love going on Live with Kelly and Ryan. I will always say yes to going on that show. I'm obsessed with Kelly Ripa. I've been following her career ever since she was auditioning to be the cohost of that show. Regis Philbin was the cohost. Funny story, you'll appreciate this, I always wanted to work in TV for as long as I can remember. One of the days I was in New York City as a young woman, as a young professional, I got invited to go and be in the audience of Live with Kelly. It was actually Live with Regis and Kelly at the time.

I was so excited. My friend got tickets, and I get off the subway on 66th Street on the Upper West Side. I'm like just making a beeline for the ABC Studio, and I run into a pole, and I get knocked to the floor. It wasn't a concussion, but it was bad. Gosh, I got myself together somehow. I was with a friend, thankfully, and helped me walk to the studio. The show must go on. Not the best way to walk in and be a part of the studio audience with a big bump on my forehead. But it goes to show you how excited I was to be a part of the experience of putting that live show together.

Fast forward, here I am. I've been on the show multiple times since then. I got to meet Regis and Kelly and beyond their show, when I was coming out with my first book and then many times since and many different cohosts since. But Kelly Ripa has always been a consistently fantastic, wonderful, warm, smart, funny, charismatic person. She just makes it so easy to be on set with her. She makes it really fun. You forget you're talking to millions of people.

By the way, she has a new book. I want to plug because I can't wait to read it this weekend. She gave me a copy of it while I was backstage on Wednesday. It's called *Live Wire: Long-Winded Short Stories*, and it is an honest memoir about how she has been living her life as a professional, a wife, a daughter, a mom, a woman. I'm always down for a good story about a woman making it in the media, especially Kelly Ripa, who has been live for, I think, now 20 years. Incredible. Three kids, just so awesome.

Fun fact, on Wednesday too, when I was on the set, I got to be in the same room as Dwayne Johnson, aka The Rock. He's promoting his new movie, Black Adam, and he's a big deal in our house. My kids love Moana and the Super-Pets movie, where he voices Superman's dog. So I stayed a little bit longer. People were wondering why I hadn't gone home yet because The Rock was coming to do a pre-taped episode, and I wanted to be able to see him. No, I did not go up to him and asked him for a picture or an autograph because I'm just too shy, and he was really like in and out. It would not have been appropriate. But I did get to see him sitting in the audience. I took a picture, and I shared that on social media. My son got to see it, and now he thinks I'm so cool. Also saw John Stamos, Marlon Wayans. Great to be backstage. Great to be back in New York for any occasion.

In case you missed any of our episodes this week, I must tell you to go back and listen. On Monday, we spoke to Tara Falcone, who became financially independent at 14 years old. This is not a FIRE story. This is a story about a young girl who lost her father at a very young age and her father at a young age, and had to essentially support herself through multiple jobs. Her efforts led to a full scholarship to attend Yale. Then later, they inspired her to pursue a Wall Street career, which she has recently left to start a new venture. She has built a new investing app called Reason.

So we get into the benefits of Reason and also her incredible story, lifting herself up out of, essentially, poverty. Her father left without life insurance, without means for her and her stepmother to pay the bills. Then on Thursday – I meant to release this on Wednesday but didn't get around to it. Thursday, we listened to Bernadette Joy, talking about how she got out of $300,000 worth of debt in three years and why it was important to her to be done with those student loans, even though they didn't have that high of an interest rate. But she was all about being debt-free. She's now the founder of an academy called Crush Your Money Goals. So if you're interested in learning how, someone without an inheritance, someone who's working in a nine-to-five job got out of $300,000 worth of debt, listen to Bernadette Joy's episode.

Shifting gears a little bit to touch on Iran. We had this week Oprah sharing her sentiments on social media, saying that we cannot forget Mahsa's name, Mahsa Amani, who was the 22-year-old Kurdish woman who was beaten to death by the morality police about a month ago over wearing her headscarf too loosely. It led to an eruption of protests that are ongoing. Oprah says that women have gotten arrested. She's right. They've been brutalized and even killed. She says they're not only sacrificing their jobs but their lives, all to stand up for their rights and for freedom. Thank you, Oprah.

In general, we saw more national news pick up on this very important story, and that's the most important thing right now. We need all eyes on Iran. We need more attention. Despite what the regime there claims, the protests have not subsided. If anything, it's riled up more supporters beyond women and girls. We have now business owners and merchants joining the widespread protests, which as I'm reading and hearing about, historians believe this is the next step in actually achieving working towards the goal of ending this tyrannical theocratic regime.

For me, I'm the daughter of Iranian immigrants. My mother and father both came here from Shiraz in the late '70s. I was born here in 1980. There was one time when I wanted to go back to Iran. It was when I was a journalist, newly minted journalist. I thought I could go there and tell important stories. My parents begged me not to go. I've told you the story. Since then, it has never occurred to me that it'd be a safe time to go and, in particular, not a safe time to go as a mom to two kids. It never even occurred to me that I could go back in my lifetime with my children, with my husband. But now, that seems like maybe more of a possibility.

All this to say that this protest, this has made things that didn't seem possible for me even living here seem possible, that I can have a new relationship with my country of origin. Most importantly, we hope that the women and people of Iran can have a new beginning that they so deserve. Now, before I end that, I just want to say if you're interested in learning about this topic and following this topic, the BBC, Reuters, CNN, and some French news wires are doing a pretty good job of covering this event closely. If you go to Instagram and use the #mahsaamini, that's a good follow. Although I will say some of the footage is raw and can be hard to watch. But it is a way to see what's happening.

All right, let's go to our viewer of the week. This person gets a free 15-minute money session with me. This week, we're going to say thank you to Blurred Out. It's the review name and says, "This podcast is giving me new knowledge. I listen to a lot of financial podcast, mostly male hosts, in the past. This is a great podcast to hear a well-educated woman and a mom's perspective on both personal finance and investing, as well as news of what's happening in the current economy. Thanks for doing your show."

My pleasure, Blurred Out. That's what I'm here for. To help us get through and thrive in these times. Email me, farnoosh@somoneypodcast.com. Let me know you left this review, and I'll follow up with a link where we can have a time. Square away a time to connect. I just got off the phone with a reviewer for our free 15-minute money session, and the question that I helped her with – I asked, "Hey, could I bring this up on the show," because I think this might have wide appeal, and she said absolutely. I'll get to it in a minute. But basically, we talked about how to get out of high interest credit card debt with less pain. I'll give that advice, things that we talked about soon.

But first, let's go to our Recession Help Desk and help out Samantha, who writes in with a recession-related question. She says, "I have an embarrassingly large amount of credit card debt. I was wondering if it is ill-advised to use some of my savings. I have a minimal, very minimal amount of savings, to pay off a bit of the debt. This is really bothering me to carry around this credit card debt. Thank you for all you do."

All right, Samantha, we know that as we are trying to tame inflation, what is the Fed trying to do kind of unsuccessfully? Raise interest rates. So that's been really painful for borrowers, especially those of us that have outstanding credit card debt. The rate seems to be going up every month. I know we would much rather just be done with it. But I would caution against sacrificing your savings, especially if it's not a lot of savings, to pay down this debt aggressively because cash is going to be power in this recession. I wouldn't want you to be in a recession with, yes, no credit card debt, but also no savings.

So then the next time something happens, where you're going to need to pay an unexpected $800, $1,200 to solve for a really important thing like your car broke, there's a household appliance that broke, you have a medical bill that you weren't expecting, you're going to get back into that credit card debt, if you don't have the savings cushion. So I would prefer that before you get too aggressive or even a little aggressive with your credit card debt, build up your cash reserves so that you at least have a few thousand dollars or even a couple of months, a few months' worth of your expenses short away.

Even then, you're not taking all of that and putting it towards the debt, right? You're taking away maybe 10, 15, 20 percent of that, putting it towards the highest interest cards first. Those are your most expensive pieces of debt. Otherwise, when you don't have savings and an emergency comes up or even an amazing opportunity, right? That you may be tempted to tap your credit card, which then keeps the debt cycle going. If you have a recession-related question for me, you can email me at recessionhelp@cnet.com. That's where my team goes through all the questions, and we pick one for the podcast, as well as the weekly newsletter, which if you're not subscribing to that, I'll put the link in the show notes.

Now, a related question was the one that I worked on with our reviewer of the week from weeks ago. We just had our call. She wanted to know about how best to tackle about $25,000 worth of high interest credit card debt. She's got – Those interest rates, she said, are about 22 to 26 percent, split across two cards. So the first thing we talked about was maybe transferring some of that debt over to a 0% APR transfer balance card. If you're not familiar with these cards, you typically need about a 700-plus credit score to qualify. You have to have pretty good credit.

But essentially, these cards give you the opportunity to transfer over high interest credit card debt or any credit card debt that has any sort of interest rate to the new card and pay 0% interest for an introductory period of usually 15 months. Now, it's very important to be aware of that deadline because on month 16, the interest rate sets to whatever the market interest rate is, whatever the average market rate interest is. Okay. So this is ideal for somebody who knows they have the capacity to pay off that debt in full over the next year and a half or less. Then you get to bank on 0% interest, so your interest repayments, which is great.

Now, my friend, our listener, already did this with some of her debt. So she's on the right path. Great, check. You can't do sometimes a whole $30,000. These cards usually start you off with a limit of, say, 10 or 12 or whatever. But I encourage her to go back and say, “Hey, can we increase this?” She said that the card actually increased the limit without her having to ask, so she could put more onto this card theoretically.

But practically speaking, very important to be sure that whatever you put on this 0% balance transfer card, that you can commit to paying down in a short period of time, that you don't want to over extend yourself on this card. Then month 16 comes around, and you still have $5,000 left on the card, and now that card is facing a 20-something percent interest rate. By next year, we know interest rates are going to probably be even higher. So don't overdo it, but do whatever you can to optimize that opportunity.

With the remaining balances that she has, we talked about perhaps a consolidation loan, which you can get through SoFi and other sites. I've started to see how some of the bigger traditional banks are getting out of the personal loan business. Personal Loans, consolidation loans tend to be a product that is being offered by more of the newer digital-only sort of tech-savvy banks. So they're out there, but you might have to go outside the traditional banks, the traditional financial companies to find them.

But they exist. I just said be careful. Make sure you are aware of what your monthly payment is going to be. Because typically, these are loans with, yes, a lower interest rate but also a term now. So the idea is that you're out of this debt by three, four, five, whatever years. So while the interest rate is less, it could mean your monthly payment goes up. So just make sure that you can commit to that new monthly payment, which is probably more than what you're doing on your credit cards.

If you don't want to go through that, if you don't want to go down that path, what you could instead do is come up with your own sort of DIY plan to pay as little interest as possible throughout your debt journey here. That's really what her goal was, right? I want to be able to get out of this debt, paying as little interest as possible. So she's got some of her balance on the 0% APR cards, perhaps a consolidation loan. Which would give her a lower interest rate is the next best thing.

But then ultimately, you can do this on your own with the credit cards that you have by committing to paying more towards the principal every single month, which will mean that over the course of paying down this debt, you're going to pay less in interest. Doing it yourself might give you more flexibility than doing a consolidation loan because the consolidation loan, it is what it is. You got to make that payment, the same payment every single month. If that's too rigid for you because maybe there are some months when cash flow is better or worse, you can do this on your own by coming up with your own payment structure. There are calculators online that can give you a sense of, well, if you put this much towards the balance every month, this is where you're going to be in year one, in year two.

Those were the things we talked about. I think right now, if you have credit card debt, if you want to secure yourself ahead of a recession, pay it down. We know it's going to get harder and harder to pay it down as the months go on because interest rates are going up. So just prioritize this. But like I told Samantha, back at the Recession Help Desk, don't eliminate savings to pay down debt. You want to try to find some sort of balance so that you can avoid debt in the future.

All right, let's go to the rest of the mailbag. Roxanne, a loyal listener, writes in with the following. I'm going to take some time on this question because this is sort of a heavy, heavy question, but I think will apply to many of us listening. So here's what Roxanne has to say. “Farnoosh, I am a small town woman that has been a high earner as a business owner for many years now. Some years, I make upwards of $400,000. I don't assume I'm always going to make this kind of money, so I've been investing for years. I have gotten to the point where it feels overwhelming, and my investments are pretty much all running on autopilot right now.

I'm not a huge spender. But as it often goes, I'm one of the top earners in a family that lives a middle class life. So I am the go to for my family when they need my help. I'm at the point where

I've worked in safe for over 15 years. And up until we started this business 15 years ago, I had never made over $30,000 a year. I'm single. I have three sons that are starting their own lives soon and currently attending night classes for the associate's degree that I put off in high school. But here's the thing, no matter how much I save, I don't feel safe enough to not worry about it being enough. I do without a lot of things that I want right now, hoping to be able to afford anything I want in the future. I do a daydream of finding the perfect partner, and maybe then I'll be more comfortable spending.

But lately, it seems like I'm putting a hold on my life to, hopefully, wait and spend a happy one with a partner, and that worries me. Do you have any tips for a woman that grew up flat broke, knowing all along I wanted more? I have several hundred thousands of dollars saved, and my net worth is well over a million dollars. Why do I still feel like I could blow it and be back at square one? Do you have any advice for a woman like me? I'd love to get your ideas on investment strategies for high earners like myself that are single women with kids almost grown and how we should be saving and spending our money. Your loyal listener, Roxanne."

Roxanne, thank you so much for trusting me, sharing so much, and being willing to put yourself out there with this question. I have a lot of thoughts for you. Firstly, just I want to say this. Put yourself first. Easier said than done, I know you know that is the right thing to do. But you have earned it. You've not only earned it, but you deserve it. The other thing too I want to say quickly is that you say you're worried about making a mistake or – What were your words? You said, "I'm blowing it all and going back to square one."

Well, Roxanne, when have you blown it up and gone back to square one ever, right? Sometimes, we forget what we're capable of. You have been climbing and climbing and doing so well and thriving for all of these years. You're imagining yourself as someone that isn't you. You're not that person. Sometimes, I think when anxiety shows up in our lives, we tend to worry about these what ifs because they're – But the truth is what we really should be focusing on is our own patterns. What if I go on a shopping spree? And what if I like put my house up for sale without telling my husband? What if – Yeah, I could be that woman. But I'm not because I have never been that woman, and I never had the instinct or the impulse to be that woman.

So give yourself more credit and recognize all that you've accomplished, the consistency with which you've accomplished everything. I know you called in here with wanting to learn some investment strategies and saving strategies, but I'm more interested in getting more to the root of your relationship with money. We've talked about this, actually, in recent episodes, and maybe you've listened to them. Maybe you haven't. But I'll put those links in our show notes, where we talk about money trauma and financial trauma and how our past haunts our lives today.

You, Roxanne, the underpinning of your question is the emotion that I see all the time, which is fear. You're afraid of outliving your savings. You're afraid of repeating your childhood, where your family was broke. So now, understandably, you have a hard time trusting that things might work out for you. Your question, your worries, shed light on the fact that there is a big difference between being secure and feeling secure. They don't always go hand in hand. You can look at your bank statement, see all the zeros, and like feel good that you've done all this work to invest and save. Yet there's a part of you that feels like it's not enough. It's going to go away. You're going to blow it up. You still feel vulnerable.

So I'm hearing a lot of fear in your question, and what I'm going to do now is I'm going to take some pages out of a book that I haven't even released yet, that's still in draft mode, because I talk about this in my book. You're not alone, Roxanne. This is something that comes up so often. People don't even recognize the fear that is behind their questions. Here's what I'm planning to tell my readers, but I want to give this information to you and everyone listening first, exclusive, exclusive. Here it is.

Over the years, I've seen this pattern of fear related to financial just rightness come up time and time again. This is something that people are deeply afraid of. Do I have enough? Am I doing everything right? You are worried a lot about enoughness because you grew up in poverty, because you grew up not experiencing abundance, not experiencing enoughness. So you have hundreds of thousands of dollars in savings. It doesn't feel like enough because your calculations are stuck in the past. When you see how much you spend today and how far to six figures can take you after you pare it down to the necessities in a time of crisis, in a worst-case scenario, you will see just how comforting it is to have six figures in savings, and you will realize you have far more than you feared.

So I'm not a therapist, but I've interviewed a lot of therapists on the show. This is what they prescribe. They want you to think about a worst-case scenario, again, not because they want you to get more scared but because they want to scare you straight. You have hundreds of thousands of dollars in savings. If your business closed tomorrow, how far could you live on that savings? If you decided to quit and retire early, what would that mean financially? If you had to pay for a surprise medical expense, say $100,000 out of pocket, where would that leave you? Really get specific about the scenarios.

I guess retiring early isn't a worst-case scenario, but it's something that maybe you really want to do, and you've been too afraid to pursue. You sound like, also, you need a break. Use your money to afford yourself the easy life that you deserve. You have worked hard. So now, make your life easy. Again, this isn't like where to put your money advice or investment advice because I feel like you've done a lot of the right things. You've grown quite a net worth. Now, your sons are going to be out of house. This is your time to shine.

I'm not a relationship expert, but I think that the best way to attract someone into be in a healthy relationship starts with your own confidence, starts with your own belief in yourself. I know, that's so woowoo, but you know this. Sometimes, I mean, just like the listener said to me on the phone earlier, she said, “I think I knew what I had to do. I just wanted to get confirmation.” So let me be the confirmation that, one, you're doing everything right. Two, you deserve better. And three, you're not going to blow it up because you never have. That's not who you are.

Then I'll just say this. Your fears are telling you something. I'm not here to say be fearless. To the contrary, I'm here to say let's be smart about what our fears are guiding us towards. Your fears are saying that you're worried about a worst-case scenario. Okay, let's explore the worst-case scenario, and let's be real about it. You have hundreds of thousands of dollars in savings. You have investments. You have a business with equity. If an earthquake happens tomorrow, you're going to be standing still. I have a lot of confidence in you.

If it helps, work with a financial planner. You have the assets to do this, to go and work with a financial planner, even if it's just one or two visits. You don't have to turn this into like a lifelong relationship. There are planners out there that you can just go and talk to and say, “Here's what

I'm doing. Can you tell me what the holes are? Where can I get more bang for my buck," and they will help you. So maybe you pay a monthly retainer, or you pay an upfront fee. But I think in your case, what you just need is some real confirmation, someone to tell you, "Here's what you're doing right. Here's what you could be thinking about to do differently or better."

Also, please encourage whoever helps you to create a fun account, where you can just put your hands in there and start spending on things that are just for you, purely out of enjoyment, because your money needs to serve you. Okay. You're helping a lot of people. You need to start helping yourself now with your money. All right, Roxanne, thank you so much for your question.

That's our show. I spent a lot of time on Roxanne's question, but I thought it merited some important time and some thoughtfulness because, as you could tell, her answer required many pieces. But I'm excited to share my book with everybody. I hope that it gives us permission to honor our fears. Take them more seriously. Not use them to make knee-jerk reactions, of course, but to sit with them and go, "Okay, these fears showed up for a reason." Whether it's in our financial lives, when we're at a career crossroads, when we're in a relationship or thinking about getting more serious in a relationship, honoring your fears, for me, has been a superpower. I'd love to tell you how it's worked for me and, hopefully, can inspire you as well.

Thanks so much for tuning in, everybody. I'll see you back here on Monday, and I hope your weekend is So Money.

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