

EPISODE 1438

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1438, overcoming debt, achieving financial freedom, with Cindy Zuniga-Sanchez.

*“**CZS:** Hispanic and Latino borrowers are the most likely to push off starting a family or, you know, having children because of their student loans.”*

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. Happy Thanksgiving week. Our conversation today turns to talking about debt and how to overcome your student loans, your credit card debt, but how to also achieve financial freedom along the way. Our guest is Cindy Zuniga-Sanchez. She was last on this show in 2020, talking about how she raised over \$200,000 worth of debt. She is the Founder of Zero-Based Budget Coaching. She has a new book out, *Overcoming Debt, Achieving Financial Freedom: 8 Pillars to Build Wealth*, where Cindy chronicles her own debt freedom journey, including taking inventory on your numbers, choosing your best budget, saving with a purpose, investing in your future, and increasing your income, and so much more. Here's Cindy Zuniga-Sanchez.

[INTERVIEW]

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FT: Cindy Zuniga-Sanchez, welcome back to So Money. We were just talking about how it's been pretty much one year or the one-year anniversary of your first time on So Money.

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CZS: Yes. It has been. It's crazy to believe almost to the day.

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FT: Last time you were here, you were talking about how you eliminated over \$200,000 worth of debt in 48 months.

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CZS: Yeah, yeah.

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FT: Much of that stemming from law school. Since then, you have been working on a book, which comes out. It's out. It's out as we speak.

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CZS: And it's finally here.

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FT: It's finally here. So maybe just before we get to the book and all of the important lessons you want to share for your readers in your book, which let's – I want to mention the title, *Overcoming Debt, Achieving Financial Freedom: 8 Pillars to Build Wealth*, eight. It's very hard to consolidate into eight but –

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CZS: Oh, yeah. It is. It is.

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FT: We'll get to some of those pillars in a minute. But, Cindy, just refresh us on your personal debt journey, which consisted of getting out of 250 – Sorry, \$215,000 worth of debt.

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CZS: Yeah, yeah. I mean, that's really where the story starts. It's graduating law school and finding myself in this situation of, "Oh, my gosh. I have so much debt." I think it's a feeling that a lot of, especially, I would say like grad students come into because the average undergrad debt is something around like 30,000, 35,000 dollars. But for graduate school, for either medical school, dental school, law school, master's programs, PhD programs, the debt is statistically much higher.

For me, I came across this situation of, great, I'm finally excited to dive into the real world of working full-time as a lawyer. Oh, but wait. I have so much debt to pay off, and I don't know how to do it. That was the big thing, right? It was just how, like how does one possibly even start conquering this debt. I went where most people go, which is the Internet. I went to the Internet, scouring for resources. I went to the bookstores.

Essentially, I needed to become a student all over again, right? A student of financial literacy, which I didn't have much of. Especially growing up in a low-income community as the daughter of immigrants in the Bronx, I really wasn't exposed to strong money management skills, and I had to teach myself all these skills and strategies for actually paying off my debt.

I'm happy to say that once I did, it really started becoming this kind of thirst for knowledge, where you just wanted more. I didn't want to just learn how to create a budget or just learn how to pay off debt. I also wanted to learn how to build my credit, how to invest, right? Like all these topics that just started coming up. Before you knew it, I mean, here I am years later, and I'm super grateful that I am in the position where I am now that I've been able to essentially take several months off completely from work to write a book and to deliver the information that I wish I had been exposed to early on.

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FT: What's harder, going to law school? Finishing law school, taking the bar, or getting out of debt?

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CZS: Listen, taking the bar is the hardest thing I've ever done in my life. That is a hands down. Studying for the bar exam is – Anyone that has done it, well, I think can relate that it is hands down the most difficult thing I think that you will ever do, and this is not to discourage anyone from going to law school or from taking the bar exam. Obviously, it's all great. But it's all different levels of difficulty. The bar exam is extremely, intellectually daunting. I mean, you're really having to stuff your brain with all this knowledge in a short period of time on some topics that you probably didn't even learn about in law school, or you didn't learn about it in that way in law school.

But then paying off debt is more about – A lot of it is really emotional, I've found, right? Is having the stamina and that kind of really clear why for your journey to keep you motivated because, Farnoosh, sometimes I wanted to spend my money on other things. Sometimes, I do not want to send all of that extra money as an additional debt payment. I wanted to just go to a store and buy things, or I wanted to just book a trip or –

So a lot of it is building that self-discipline. I think that's probably the theme that runs through. For example, law school, taking the bar, paying off debt, even writing a book is discipline, and I think that's really, really difficult for us to not just establish but stick to.

[00:06:43]

FT: Yeah. No, I mean, literally, I got a question today in my inbox from a So Money listener, and I'm going to save – I saved it for an Ask Farnoosh. But essentially, our friend, I'm going to flick it up here now, Ricky, Ricky wants to know how to control yourself, as you're trying to budget. He says, “This is my biggest problem. I want to pull up my credit card. I want to buy stuff.”

How do we curb spending? How did you find that discipline? I mean, you seem like a very disciplined person. Maybe that's in your DNA. For others who are trying to find that groove and stick-to-itiveness, what's your advice?

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CZS: I would say three things. I would say number one is to make sure that you have a very clear and defined why. Like why do you want to get out of debt? Why do you want to budget better? Why do you want to invest? Be very clear and very honest with yourself. For some people, it's going to be something materialistic, right? Like they want a new house, they want a nice car, and that's okay. Own it. That's totally fine.

Other people, it's going to be something more like altruistic or philanthropic, or I want to give back to my community, or I want to be able to help financially support my family, which was a big thing for me. I don't have children myself, but I do have two aging parents that are definitely well into their retirement ages. I wanted to help make their retirement years a little bit more comfortable, especially because of everything that they sacrificed for me and my sisters. First step, I would say, is have a clear and established why.

The second thing would be to celebrate the milestones. Like along your journey, start celebrating. So for example, you know what, Ricky, if the case is I want to just be a better budgeter. I want to be better at managing my finances. Then I would say, of course, you're going to create your budget. You're going to create some type of a tracking system along the way. Especially when you're starting to budget, I think it's super important to like track your spending, right? See where your money is going.

Then maybe you challenge yourself of, "You know what? If I complete a 30-day spending challenge of tracking how I'm spending my money, I'm going to treat myself to that new movie, or I'm going to treat myself to a manicure and pedicure, a nice brunch with friends," right? Like something small to kind of reward yourself because we are humans, and we're not robots that just kind of are like, "Absolutely, I'm going to stick to everything to the tee, and I don't need any rewards, and I'm going to just go for it." That's not really how it works. So I would say celebrating the milestones, no matter how small they may be, I think is really important.

The third thing I think is really going to be to continue to surround yourself with financial literacy. Whether that is through this podcast, whether that's through following social media accounts that inspire you and talk about responsible money management, YouTube channels, magazines, books, right? Like continue to surround yourself with that information. I mean, I've been learning about personal finance for years now, and I still will go out and buy the book that a fellow personal finance educator has released. I will still go ahead and listen to the podcast. I will still go ahead and listen to the YouTube videos.

Very recently, there's everything going on with like FTX, right? I'm not super well versed at all in like crypto or crypto exchanges.

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FT: Who could explain that to a three-year-old? Nobody.

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CZS: I don't know, right? So like what did I do? I went on YouTube, and I saw like a couple of really interesting YouTube videos that were kind of breaking it down, and that was helpful. I am constantly willing to learn, and I think that's really important for us to realize that this isn't just a one and done situation. This is really a lifelong thing that we're going to do when it comes to learning about money.

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FT: Everyone should follow you, Cindy, on Instagram @zerobasedbudget. I follow you, and I noticed sometimes, in addition to all the great advice and strategy that you provide your followers, you also are very real and authentic, and you're like, "Yeah, I want a fancy bag. I like luxury." I love that you go there with your followers and not hide that because – Well, you tell me. Do you feel like there's a bit of guilt or shame around enjoying the nicer things?

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CZS: Absolutely.

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FT: People write about this to me. People with means and with wealth feel an unease, sort of – It's like weird. I don't know. They feel like this is a no, no. Tell us why this is something that we should give ourselves permission to embrace.

[00:11:20]

CZS: Yeah. I think that when I started really learning about personal finance and started following people in the personal finance community, I saw a lot of people really preaching frugality, cutting back, really deprivation and not so many words and also shame. I remember seeing so many posts really shaming others for wanting a nicer car or a nice bag or like the Gucci belt that like everyone was rocking like two or three years ago. People really putting certain people down for wanting those things.

What I try to tell my community is that if you plan for it, go for it, right? Like if you make a plan in your budget. Oh, you know what? I'm going to set aside money every single month to take that luxury trip to Paris, to buy myself the luxury bag while I'm in Paris. But it's aligned with you, it's aligned with your values, and it's aligned with your plan, right? If we have over \$100,000 of debt, maybe we're not buying three or four designer bags in one year, right? Maybe we're saving up for our first, and that's okay, like we're balancing things.

I think the reason why I do try to be very transparent about this is because I have coached people. I've coached, at this point, hundreds of people on their finances, and what I find a lot of times is that they're very hesitant to ask me or to tell me about that car that they want to save up for. When I invite that conversation, they feel sort of relief. They're going to buy it regardless. So might as well teach people how to do so responsibly.

That's what I say, and that's why I try to be transparent. I also try to make it clear that what you value may not be what I value. For example, for me, I don't own a car. So I'm not at all

interested in buying a really fancy car, or I also don't know anything about cars, to be fair, right? But someone else, that might be something that they really value. They want a really nice car, a new model, I don't know, with like leather interior. Now again, I know squat about cars, right? And that's okay. That's great for them.

For me, I really love travel, and I do like the occasional luxury bag. That might not be right for another person. They might be like, "A luxury bag. That's ridiculous. I would never spend 1,000 or 2,000 or however much on a designer bag," and that's fine, right? That's fine. So long, again, as you make it part of your overall money plan, I think it's okay to spend unapologetically on what you value and what's aligned with your money goals.

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FT: Here, here. I just addressed lifestyle creep on the podcast, this guilt, again. People saying, "Well, I'm making more and I'm spending more. Am I doing it wrong?" I'm like, "Listen, you're telling me that you're still investing in your 401(k). You've paid off all your credit card debt. You've paid down your house, which I don't think you have to do that before you buy yourself something nice." But yet, there's still this ambivalence around like living it up because maybe we have grown up in this culture of frugality.

Even I myself am the victim of shame. I remember not too long ago. I talked about on this podcast how I lease a luxury car. As soon as the words escaped my mouth, Cindy, I was like, "I'm going to get some mail." I got to a little bit of a nasty review where the listener was like, "I feel like Farnoosh is getting a little shallow."

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CZS: Oh, my gosh.

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FT: I'm a loyal listener, but I think – It's like –

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CZS: God forbid, Farnoosh, you do something like a little luxurious for yourself.

[00:15:12]

FT: A little luxury, as I drive myself around. Whatever. It's going to happen, and I'm fine with that. It's just interesting. It becomes content for the podcast, so thank you to that person who wrote that because you made me think. You brought some content to the show.

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CZS: There you go. There you go.

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FT: Let's get to your book. So as I mentioned, the – So the title, again, is *Overcoming Debt, Achieving Financial Freedom: 8 Pillars to Build Wealth*, eight. What's your – Okay, so the next question you might expect is like what's the first pillar. But I want to ask you, what was the hardest pillar to write about?

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CZS: I think the hardest was, honestly, probably the debt chapter. I think it was, and it's funny because it's what I teach. I teach it very often on like how to crush your debt, how to conquer your debt. But for me, it wasn't just about these are the steps to crush your debt, no matter what debt you have, right? But it was also acknowledging like the emotion behind it and also the systemic issues also when it comes to debt, especially when it comes to student loans.

I thought that one of the statistics that I came across that was really shocking and disturbing is when it came to certain demographics, is how student loans affect certain demographics. As an example, Hispanic and Latino borrowers are the most likely to push off starting a family or having children because of their student loans. Like that is the way that student loans and debt

has on my particular demographic as a Latina. I thought that it was so packed. I mean, the debt chapter is – I actually think it is my longest chapter in the book. So it wasn't just the, “Here's how to get out of debt. We're going to follow these steps, and these are the free calculators that you can use. These are free resources. These are the templates I'm providing for you.” It was so much more than that.

Of course, the chapter has that. But it was also like let us acknowledge the weight that debt has on millions of Americans. Let's confront that head on. Let's also confront the systemic issues that we have in our country. When it comes to how certain demographics are impacted by that versus others. I think that, like unpacking that. I also have what my proposed thoughts are on a potential future policy when it comes to student loans. I think that's really – It's very important because I think that right now, it's not working. The system as is is not working.

My generation is drowning in student loans, and I think that like we need to confront the fact that a lot of people in my age group are not buying homes because of student loans. They're not starting families because of student loans. They're not able to have their own apartment because of student loans. So we need to talk about it, and I think that chapter was probably my most challenging because I understood it. I felt it. I felt that weight. I knew what that burden felt like and trying to make sure that I communicate it while also providing hope is really important.

[00:18:46]

FT: Yeah. Because it's hard to write a chapter where you're giving advice about something where there isn't a level playing field. It's not like, “Oh, do these five things, no matter who you are, where you come from, what you look like, and it'll work for you.” So it can feel disingenuous to write that without getting all this context, which then I think can run you into some brick walls because it's like, “Well, here's the problem.” Then you don't really have a solution for why.

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CZS: How do we fix it?

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FT: [inaudible 00:19:12].

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CZS: Yeah, yeah.

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FT: Dismantle the system. But you also want to give hope, as you talked about. Well, since you brought it up, what do you think you would like to see this administration, the next administration implement? We, obviously, know about Biden's plan, which has been hitting up against some blocks.

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CZS: Unfortunately. Yeah.

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FT: Unfortunately. What additionally you'd like to see that we – So that the next generation is not where the current generation is at.

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CZS: That's what we need, right? We don't just need this like temporary solution. We need long-term solutions. I think that the first thing is, I mean, hands down the rising cost of higher education. It's out of control, Farnoosh. I mean, to attend my law school, I think it was, so what now, 10 or a little over 10 years ago. The total cost of attendance was something like \$75,000, okay?

Now, the same deal, right? Tuition, room and board, like the same situation for cost of attendance is something creeping up to \$100,000 a year, a year. Okay. I mean, to say that it is

outpacing inflation is an understatement. So really controlling the rising costs of higher education, we are going to need some type of government regulation when it comes to – I understand, yes. A lot of these are private institutions that we're talking about. But it's gotten to the point where it is becoming completely unreasonable for someone of I'm not even just saying low income, but like even middle income to go to school because it's so unbelievably expensive. The rising cost of higher education is something that is, I think, so egregious that that needs to be addressed, for sure. I would say that's probably one of the first things we need to do.

Another big thing is interest rates. I mean, when I graduated law school, the average interest rate on my law school loans was something like eight percent, eight percent interest on \$150,000 of loans. That's a lot of money. I mean, we're talking it's tens of thousands. In my book, I actually share that it was about \$80,000 in interest that I was going to have to pay a loan, just interest.

So we need to have, again, some stricter regulation. I think that I hope that the administration is seeing the impact of, for example, setting interest rates to 0% for the past almost three years now with a pandemic. I'm not saying, "Oh, yes. They need to set it at 0%." But maybe start evaluating what rates we are imposing, which I understand Congress does for federal loans, on the student loans where something like six, seven, eight percent on a student loan is extremely high, right? So that's another thing.

Then I think the third thing is really going to be to promote financial literacy at a very early age. Like we need to not make financial literacy like one class in college that you take. I mean, I didn't even take that in college, right? Or one seminar that you do with FAFSA, like the financial aid office or anything like that. No. From when kids are young, we need to start teaching strong money management skills in high school. We need to start teaching about the implications of taking out certain amounts of debt and what kind of payment will that debt look like when you do graduate from college. We need to start having these really candid conversations at the school level, at the elementary level, the high school level so that kids can start becoming not just more informed but also empowered when it comes to their money making decisions.

I mean, an 18-year-old is signing on to potentially hundreds of thousands of dollars in student loans, and we're not educating them on that before they do that. I think it's really irresponsible

as a society, and I am really happy that there are more increased efforts on that front to establish financial literacy at the high school level across the country. But we need more. We need more of that. Like just as vital as learning about math and science and English and language arts and all of that is to our youth, so is financial literacy.

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FT: Yeah, when I think about what I learned in college and what actually I'm using from those classes in my real life, very, very little. I would add to that great list of things you mentioned that we also need to change the narrative around college and what it represents and what it – It's not just the highway – What is it? College or no way, right? You have to have a college degree to have a successful life. Yes, the data shows that if you have a degree over your lifetime, you will have higher earnings and potentially more net worth.

But this idea of maybe taking a gap year or going to community college first before you transfer to a bigger, more expensive school, or going to a trade school, or taking a nine-week coding boot camp and then getting a job at Google, which is happening. Introducing young kids to these other alternative ways to affording themselves a higher education, I think, is so important. Otherwise, we are ripping them off.

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CZS: Yep, absolutely. I think also I write about in the book is that for my parents, the American dream involved higher education, no debate about it. Like we were all to go to college, absolutely no debate. That would be how we break out of poverty. College held the key, and there is no doubt that college – I mean, statistically, yes, it plays a huge role in economic mobility. But, but I think educating our youth on options is also really empowering because what do we rather, especially kids of immigrants, which I feel like, for me, I definitely felt that pressure of like going to college.

I think a lot of times for children of immigrants, especially, it's like we feel like if we don't go to college, we're a failure. But what I found is that some of my friends that went to college, they did not graduate college because it wasn't right for them. What that led to was leaving school with a

bunch of debt and no degree. So would we rather that happen or empower the youth with making their own decisions based on different options that they have available to them so that they won't be in those situations that, for example, a lot my own loved ones have been in? Yeah.

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FT: I also find it really interesting that we often talk about college as this four-year experience. But most, more than 30% of students, graduate in about six years. Like six years is the norm because they take breaks, and they have to come back, or they enrolled in one major. Then they switched majors. Or there weren't enough classes because the school didn't have enough staffing. This happens a lot in California or had happened a lot in California at their state schools, where kids just could not get into the required classes. So they got delayed to graduate. I feel like that's a crime. You can't do that. You can't promise kids four years and then make it six.

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CZS: Right. Yeah, I agree. I think that, well, that also goes into this whole rising costs of higher education, where, I mean, let's just be very honest. It's in the best interest of these universities to keep you in their institution for longer periods of time. Come one. If that means more money, it's easy to lure someone that's already in it to stay a little longer than it is to acquire a new student, right? So why not? Again, I think that's part of the whole like needing to look into the practices that a lot of these academic institutions have in place right now for their students and actually saying like, "Are you operating in their best interest?"

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FT: Cindy, what a great conversation. I knew it would be. I've been looking forward to this conversation for months now, since I learned about your book. I was happy and proud to give an endorsement for your book.

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CZS: Thank you.

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FT: Yes. It's called *Overcoming Debt, Achieving Financial Freedom: 8 Pillars to Build Wealth*. I want everyone to check it out. Tell us where we can get the book, where you recommend we get the book.

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CZS: Yeah. So you can go to my website, zero-basedbudget.com/book. You can get it on Amazon, barnesandnoble.com, target.com., Bookshop, which supports independent bookstores. We love that. So definitely check it out there. You can follow me also on Instagram @zerobasedbudget. It's also officially as of today available in e-book format too. So if you're not like a hardcover lover, totally fine. You can get it in e-book format. It also makes a really special holiday gift, right? For the person that like kind of has everything or you don't really know what to get, like give them the gift of financial literacy.

I think it's something that I've poured my heart into for over a year now, and it's something that I am truly proud of because it approaches personal finance in a very no nonsense, relatable, but also like judgment-free type of way, right? Of like, "Let's work on this together," versus I'm just lecturing you on what you need to know about money. No, let's go through this journey together. I mean, readers will learn in the book that I'm still very much on the journey, right? I'm still learning a lot of things, and it's exciting.

It is this kind of resource tool, where if even once you're done reading it, I hope that you will continue to reference it, as you go through the different stages of your journey of, wait, what was that about credit again, and what was it about authorized users on credit cards or refinancing loans or negotiating your pay at work or even starting your own business, right? What are the things that Cindy recommends having a business plan? All these tools that I think are so important to not just get us through our journeys today, but empower us in the future as well.

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FT: Wonderful. We will certainly be supporting that.

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CZS: Thank you.

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FT: Come back anytime, Cindy.

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CZS: Thank you. Invite me anytime. I'm here.

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FT: You got it.

[END OF INTERVIEW]

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FT: Thanks so much to Cindy for joining us. As I mentioned, I totally endorse this book. *Overcoming Debt, Achieving Financial Freedom* simplifies complex money topics and demonstrates that it is possible to afford a life driven by your values. Cindy's book is available now, great gift for the holidays and to start your New Year. I'll see you back here on Wednesday, and I hope your day is So Money.

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