

EPISODE 1530

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FT: So Money episode 1530, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. On a whim, I decided to share a parenting fail on social media this week. I can't be bothered with Instagram sometimes, but I know I have to feed the beast. That's the truth, although I love being on there and watching everybody else's videos and getting schooled on different kinds of parenting hacks. So I decided to share one of my own. It's actually an excerpt from *A Healthy State of Panic*.

If you watched the video on Instagram, I used a technique that a lot of people are using right now, which seems to be in favor with the algorithm. It's where you do a voiceover, and you're watching the person doing something basic. Someone might be doing yoga. Someone might be like just driving. I was blowing up balloons for my son's birthday, and it was tangential to the story that I told or the piece of advice that I gave. I wanted to share it with you this Friday.

If you want to go and check out that video, which has gone a little viral in 24 hours, it's gotten about 30,000 views, which is a pretty big deal for me. I'm not that cool. But sometimes, I have interesting ideas and funny ideas. So this is a story about how a few years ago, just a few years because my son just turned nine this week, and he was about five when this happened, my daughter, Colette, was about two and a half. They went to a birthday party.

Now, I was working. So I sent them to the birthday party with their babysitter. This birthday party was for a boy who had invited both Evan, my son, and his sister. So I gave them the present, told them where to go, where to show up. It was just down the street at the low local's indoor soccer venue. So they go. A couple hours pass, they come back. I'm home now, and I say, "How

was the party?" Our babysitter says it was fun. Colette said it was so much fun, and she's showing me like the goodie bag and all the things.

Evan is grumpy, and he's telling me, "Mommy, I didn't know anybody there." I thought he was just exaggerating because the truth was that his friend wasn't a friend from his classroom at school. It was a friend from another classroom. So I thought, well, of course, he's going to invite his friends from his other classroom. Evan and him are just buds separately. That happens. You're going to meet new people. Good for you.

He said, "No, Mommy. I didn't know anybody." I said, "Well, of course, you knew at least Blake, who is the birthday boy, and his brother, Ollie." He said, "No, mommy. They weren't even there." At which point, I started to panic, okay. I checked my calendar. Lo and behold, Blake's birthday was the following Saturday, same place, same time. The wires had crossed in my brain. I thought it was that Saturday.

Now, the point of this story is not that sometimes you fail as a parent, and you should feel bad about it. The point is that sometimes you fail as a parent, and it's an act of brilliance. Let me continue. Now, of course, who sends not one but two kids to the wrong birthday party, right? At this point, I'm a bag of emotions. I'm embarrassed. I'm worried that maybe we have caused this innocent family that threw this party for their kid at the soccer venue extra dollars because our kids decided to crash it. So we called the venue, told them what happened, and the venue manager's laughing. He's like, "No. I mean, no one noticed, and they didn't get extra charged."

So when I hung up the phone, I thought, "Hmm, this was a colossal mistake. I will own this." But did anybody get hurt? Did it cost anyone anything, besides maybe a little bit of discomfort, Evan playing with kids he didn't know? This failure had zero consequences. Then I wondered. This indoor soccer venue ran at least three, four events a day on the weekends. Could I have been releasing my children to random birthday parties for years, while I had some free time? I should have thought of this before.

As I write in my book, and this is a story from *A Healthy State of Panic*, rather than letting your fear of failure make you doubt your capabilities, sometimes the fear is just a signal that you got to just laugh. Laugh it off because as long as you're okay and the kids are okay, not much else

matters. Think about the times where you've failed in your life. Maybe you would go back and change a few things. Or maybe you wouldn't.

In this this case, I would not have changed a thing. Reminder, *A Healthy State of Panic* is available now for pre-order. If you order it now, you will get free access to my video lesson plan called Scared Smart to help us get a hold of our financial fears now. Get a head start on the book before it comes out October 3rd. You'll also get the introduction to the book, and you'll get a workbook for this mini course.

All right, let's go to the Apple Podcast review section. We're going to do something a little different this week and pick reviewers to receive a free copy of *Tough Titties* by Laura Belgray. *Tough Titties* is a memoir by our friend, Laura Belgray, *On Living Your Best Life When You're the F-ing Worst*. When Laura was on the show earlier this month, I mentioned to the audience, if you listen to this episode, leave a review on Apple Podcast.

Then fast forward to today, I will pick several of you to win a copy of *Tough Titties*. So here we go. If you hear your name, what you want to do is either DM me on Instagram. Let me know you left this review for Laura's book and Laura's episode on Apple Podcasts. Or you can email me, farnoosh@somoneypodcast.com with your name, where you want me to send the book, and I will be on it.

Okay, so here are the winners. Azmamasan, Azmamasan calling the review, "Tough Tatas." I'm not going to read all of the reviews. I'm just going to read the headline and the name. So if you recognize either your pseudonym or title of the review, get in touch. MercyAyo. MercyAyo left a review entitled Mercy A. Ava80z, "Great episode with Laura Belgray." OhJoy08 who wrote, "Enjoyed the episode." Mc_graham, "Finding comfort and empowerment in So Money." All right, if you heard your name, get in touch. I've got a book for you. DM me on Instagram @farnooshtorabi. Or email me, farnoosh@somoneypodcast.com.

All right, before we hit the mailbag, let's review our episodes this week. On Monday, we were in conversation with two guests talking about breaking free from the guilt and shame of building wealth. Monday, of course, was Juneteenth. So I thought let's talk about the ongoing work that we still need to do to create real equity in this country. We spoke with Yemi Rose, Founder of

OfColor, which is a black-owned financial wellness platform, and Aja Evans, a licensed therapist who helps clients relieve money anxiety to achieve financial wellness.

Then on Wednesday tackled another big complex topic, climate change, specifically investing in climate solutions. Our guest, Molly Wood, is the Founder and Chief Storyteller at Molly Wood Media, which is an advisory firm for the climate economy. She also is the host of Everybody in the Pool podcast. Molly's a long-time business and tech journalist turned venture capitalist, and we talked about all the moving parts and hurdles behind bringing climate solutions to the forefront, the innovations that she's really excited to see, and why she is ultimately optimistic about the direction of climate action.

All right, this mailbag is an old mail bag, but I wanted to resurface it. These questions are still relevant and lots of important takeaways for us even still. I want to start with the question that's probably going to take the most time to answer, and that is our friend of the audience who's contemplating a divorce. She is anonymous. Here's her note.

“Hey, Farnoosh. Long-time listener here. I've been tuning in since the early days of your podcast. You're the reason why I started caring about personal finance. I'm in the midst of trying to make a decision that could have serious short and long-term financial consequences. So I'd love to get your thoughts. My husband and I are both in our 30s, no kids, no debt other than a couple thousand dollars left on a car loan. I'm a six-figure earner, while my husband left his six-figure job earlier last year to take a break and figure out a career pivot.

We own a \$600,000 home that we bought in March 2020, and the house has since appreciated about \$100,000. We both come from fairly humble beginnings. So being able to purchase this house as our first home means a lot to us. And living in a city where the housing market has stayed relatively warm, even in this economy, this house is also a big wealth-building opportunity for us.

Unfortunately, my husband and I have been in a very rocky place in our marriage for over a year. We're trying to work things out, and I still love him as a friend. But deep down, my heart is saying this is not the right relationship for either of us, and it would be best for us to get a divorce. However, my practical brain is pushing back against the idea of divorce for financial

reasons. Not only can divorce be costly, but we'd both be giving up a major wealth-building opportunity by having to sell the house as part of the divorce. I can't afford to buy him out, and continuing to co-own the house and renting it out is likely not an option.

I'm wondering how much I should weigh the financial implications and opportunity costs in making a decision on whether or not to end the marriage. I know I can stand on my own financial footing, so that's not a concern. I'm curious to know what your thoughts are. Thank you, Farnoosh.”

All right, so my first thoughts on this is just, firstly, thank you for coming to me with – this is a huge life decision, and the fact that you wanted my thoughts and wanted me to weigh in, I don't take that lightly. So thank you so much for reaching out. So what you presented here is a conundrum that is really rooted in your fear of something really important ending, which is less the marriage but more potentially this wealth-building opportunity.

It seems like you have your mind set already using your own words that you see your husband as a friend, and you don't really see a future together as a married couple. You've sort of made up your mind on that. I could be wrong. But it seems like with that, you've sort of reconciled with that. The part that you're grappling with is the money part, particularly this wealth-building opportunity part.

If you come to me and you said, “Hey, I'm worried about the fact that I don't work or I don't make a lot of money. I don't have savings or I have a lot of credit card debt, and now I want to get divorced. That could have some serious short and long-term ramifications on my financial life if I were to get divorced really quickly and hastily.” So my advice for you in that scenario, in that financial scenario, would be different than what you're presenting to me here, which is that you are financially stable. You make six figures. You don't have much debt. What you're really just stuck on is at this home, which has appreciated \$100,000 could appreciate more.

So my question to you, my listener, is this. What are you more afraid of? Are you more afraid of being in a marriage that does not fulfill you, knowing that you could this time next year be in a happier place, in a happier relationship? Or are you more afraid of something that, quite frankly,

hasn't even happened yet? It is just a story in your head that this house is going to continue to appreciate and build wealth.

Homes, as we know, are a great store of value. But the last two years were unprecedented. The home prices increased dramatically since 2020, between 2020 and 2022. This year, we are going to see home values drop. Your home may not retain that added \$100,000 in equity. I'm not being pessimistic. I'm just looking at the data, and I'm looking at what forecasters are saying. So all this to say that you were kind of stuck between reality and your hopes. The reality is, my friend, that you don't want to be in this marriage because you're not in love with your husband anymore, and you don't have kids, which helps because that makes for a less complicated separation.

Then on the other side, you have this ambition, this hope, that the house will become this wealth-building tool. I'm not saying get the divorce, but I'm just saying be realistic about what you're actually going to win in a divorce right now, given everything you told me, given everything you know. You're going to win your ability to reclaim your personal livelihood. You could be in a healthy or happy relationship this time next year. Is that more real or less real than your home becoming this wealth-building tool forever and ever?

By the way, and let's just play out that scenario. Let's say you don't get divorced because you're really insistent upon keeping the house and getting richer. But all the while, your marriage continues to fall apart. What does this house become now to you? Do you risk that this house becomes a source of resentment, a source of – it's like when couples stay together just for the kids, but they're miserable. Then the kids don't feel great about that. The kids know.

My mother did this to us growing up. My mother's still married to my dad, and she doesn't really listen to this podcast. I know this won't ever get back to her. But even if it did, I mean, I'm telling you the truth. Growing up, there were moments in my parents' marriage that they wanted to get divorced, and they didn't. They would make clear to us, to me especially because I was the older child, that, "We're not getting a divorce because of your well-being." I was like, "Great, thank you."

At the time, I was like, “Yay, my parents aren't getting divorced.” But as I got older, I started to really understand what it takes to be in a healthy relationship. I got really tired of their fighting. I thought to myself I wish they would get divorced because now, I feel like I'm the source of their misery. Frankly, they should move on. You should never feel stuck in a situation that makes you really unhappy because of maybe the prospect of something else happening that could be great.

But what's more important to you? What are you more afraid of? The thing that you're more afraid of is where the answer lies. If you're more afraid of being in a relationship that keeps you unhappy, that keeps you stuck, knowing that the longer you're in this relationship, the longer it means you're not going to be in a better relationship. Are you more afraid of that or that maybe your house is going to grow more in value?

Listen, if you get a divorce now, you still walk away with an extra 50k if you split it down the middle. That's not nothing. Again, I know this is like a very nuanced, complex problem, and my answer is not meant to give you the shortcut answer or even the answer. But it is just meant to give you some things to think about, and it's being – I'm being very honest. This is how I would approach this.

I'll give you one other example of a couple that did stay together because of the house. This was back in the recession when you couldn't sell a house. Their home had depreciated massively, and they wanted to get a divorce. They had kids too. Things were really complicated. So they didn't get divorced right away because it meant a lot of loss, beyond just the loss of the marriage. It meant financial loss. It meant breaking up the family in a very difficult economy where their jobs were uncertain.

So the house was sort of what kept them together. They lived in separate quarters in the house so that they could still at least be separated and maybe pursue their own personal lives, while they were working their way towards a divorce. But they – for them, the decision was we're going to get divorced but not right now because the house is under water. One of us just lost our jobs. We have small kids.

So you add it up, and it's like, "Okay, let's make a plan. Let's take some time. It's not to mean that we are not going to move on with our personal lives and have a divorce eventually. But we need to create an interim plan." Everyone's life's different. Again, my friend, thank you so much for emailing me. If you have more questions, if you want to talk more about this, follow up. I'm happy to be here for you.

All right, our next question is from Laura on Instagram, who wants to know whether she should quit her job because, frankly, it's getting to be toxic. She says, "The company culture at my employer is slowly becoming more and more toxic. At what point do I know that enough is enough, and I should leave? I'm confident I could find another job making similar money, if not more. But is the grass always greener?" So I asked her on Instagram. I followed up. I said, "Can you be a little bit more specific? Like what's actually happening in your situation?" She said that, "There are constant power struggles with rewards to the big egos. I've kept my head down, but I feel now I'm being personally bullied. I've reported a specific incident to HR, but I haven't received much support. My direct managers have been supportive, but I feel like nothing is being done to address the root issues."

Yes, this just sound like a rooted issue where there is a reason these bullies feel comfortable doing what they want to do, acting how they want to act without consequence. There is a cultural problem going on, and companies compete on culture for good reason because there is a lot of toxicity in the corporate landscape. Knowing this, there are companies that pride themselves on having a very different kind of culture. I do think that some companies are better to work for for that reason.

But you want to also be realistic. You don't want to just jump ship because of one bad incident. Or like you're getting a bad sense of things. If this is a job that's paying you a good salary with benefits, it's got good flexibility, you like your direct manager, there are some pros. So you want to weigh the pros against the cons. If this persists and HR doesn't rectify the situation, if you continue to be bullied, if you continue to be passed over for opportunities and promotions over politics, then, yes, I think that this is not a sustainable situation, especially if your goal is to rise up through the ranks and to get further along in your career and grow.

So my answer to you, Laura, is like this doesn't sound like your forever company. I would start to look around. There's never any harm in looking around, passing around your resume, putting feelers out there. In the meantime, maybe the situation improves at your job. Maybe it doesn't. But it never hurts to compare and see what else is out there. I don't think it's a grass is always greener scenario. I do think there are some companies that are truly better at everything and truly better, especially at the culture piece. Good luck, my friend.

All right, we have a question from Carrie who has twins, Kevin and Emma, who are freshmen at Penn State, my alma mater. Their intended majors are finance, which is also what I studied, incredible. Okay, so she says, "I've shared your media platforms with them both. We are all in awe of you." This is so sweet. "As an alumni, any guidance you could share to help them gain an edge would be most helpful."

All right. Well, I had a great time at Penn State, let me tell you, and I was a finance major. Would I do anything differently? Probably not. I had a really incredible four years at Penn State. I studied abroad. I worked at the daily paper, not on the news side, funny enough, but on the sales side; selling ads, creating ads, selling them. That was a huge leg up, let me tell you. Pretty sure, it landed me a number of internships because it was real-life experience. Our college paper was not just this like basement enterprise. This was a paper that went out. I think we had something like 30,000 copies a day, daily paper. It was the largest college daily paper, I think, at the time. So to work for that organization, that's not too shabby.

Our sales team brought in a lot of revenue. I was part of the sales team. I helped – I developed a lot of skills outside of the classroom in that experience. If your freshman kids are interested in that, I think back then, they were – there's a training program. You applied. There's a training program. I was there for four years. It was an incredible experience. I'm actually having lunch with two women that I met at the Collegian all those years ago next week. So it builds incredible lasting friendships as well. That's one thing.

Studying abroad, 100%. If you can do it, if you want to do it, I more than encourage it. The opportunity to be living in a country with no responsibilities except to go to class, and then you're there to travel. Why not? Then Penn State actually has a number of programs where

you're essentially just paying Penn State tuition and then sending your kids abroad. There are other private programs you can enroll in, and those credits will transfer over back to Penn State. But there are Penn State programs that run abroad that would just require you to then secure your airfare, and they'll arrange housing and all of that. I did that. It was incredible. I spent five months in Paris.

There's even some business fraternities and sororities. I would look into community service. The state college area has a lot going on. So that's one of the benefits to going to Penn State is that you have this ginormous university with all of its resources. But it's also within this really wonderful community with so much richness and so much culture. So tapping into that is another way to get sort of global experience, world experience outside of the classroom. Definitely spend a lot of time outside of the classroom. Classroom time is required, and you should go to class, but don't limit yourself to that.

If you want to start a club at Penn State that you don't see listed, the school, at least when I went, was very receptive to taking your pitches and then giving you money to go do the thing. So if they want to be entrepreneurial in that way, also something that they can explore. Amazing, I'm so excited for them.

Okay, Chelsea wants to know, "Farnoosh, I'm choosing a platform to invest for myself and our kids. Is there a platform or broker that you recommend?" Okay, so we've talked a lot about robo-advisors on the podcast, and these are tech-driven investment platforms that come from all over. I mean, you can get one through Charles Schwab and Merrill and Goldman Sachs. You can also get one through some of the newer, more modern players in the space like Ellevest and Wealthfront. I like all of them.

What I would say to you is as you are looking to find a home for your investments is, first, think about what you need, what you like. A lot of these investment platforms, it's – their interfaces are different. The UX is different. They all have their own avatar in mind as they're building out these platforms. So whatever one speaks to you the most, I would explore. I would also look at their fees. They tend to be very competitive and similar as a result. So 0.25 to 0.3 percent of your assets under management is typical. A lot of them usually have access to the same kinds

of investments, so index funds, ETFs, all that stuff. So that is how you can go about looking for an investment platform.

Again, you're the priority here. A lot of them will also have custodial savings accounts, which is where you would be investing for your children. They can't invest on their own yet, so you should invest on their behalf, and you usually do this through an instrument known as a custodial investment account, where you're investing on their behalf. Then they take over the reins once they turn – I believe it's 16. Maybe it's 18 in other states. But start with you. Then if you find a place you like, look and see if they have these custodial accounts where you can then invest for your kids.

All right, next question, and this will be our last. “Farnoosh, my husband and I listen to you every week.” Wow, a couple. I like it. “We love your fresh take on investing and money management and listening to all of your guests. I have a quick question. When you formed your company, did you start with an LLC? We are curious how you started out. We love traveling. We would love to start a travel website down the road, but we want to avoid rookie mistakes. Thanks a million. We love you. Jen.”

I love you, Jen. Thank you so much for this question. All right, so I started my company after I got laid off in 2009. It's the kick in the pants that I needed to just do the thing. The first thing I did was talk to my accountant. I said I want to incorporate. I want to start a financial education company, a production company even, a company that produces content around personal finance. So that's like books and speaking and brand partnerships and workshops, et cetera. I wasn't even thinking about a podcast back then.

But he said to me, “Okay.” He was not just any old accountant. He was an attorney and was well-versed in business law. So his recommendation to me at the time was to incorporate as an S corp. Not an LLC but an S corp. They're different. Which one you choose, it really just comes down to sometimes your preference and the type of business that you have. The one that's the best for you really comes down to how many owners have a stake in your business. Are all of your business partners US citizens? Does a partnership or corporation have a stake in your business? How would a self-employment tax affect your net profit?

I can't, obviously, answer these questions for you. So important to sit down with a specialized tax expert who knows business law, tax law. A CPA would be able to help you but preferably a CPA who works with business owners. Then additionally, once you get that set up and you get your tax ID number, you can establish business checking accounts and business credit card accounts, which I do recommend to separate from your personal.

Then other things like bookkeeping. QuickBooks I use because it's simple, and I do have a bookkeeper, and I have an experienced CPA who does my taxes and also now my personal taxes with my husband. That's it. Then you're off to the races. Good luck to the both of you. I'm excited for your adventure. Let me know how it goes, if you have questions as you're building the business, and how I can support you.

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

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