EPISODE 832

> *“**SE:** Having a situation where I nearly lost my life was the greatest blessing that I’ve ever had in my life.”*

[INTRODUCTION]

[0:00:42.8]

FT: Our guest today was suddenly stricken with a brain aneurism in 2016. It’s an occurrence that is often fatal, but CNBC correspondent, Sharon Epperson, survived and she’s here on our show today to share her journey through that experience and how a few key financial preparations helped her and her family avert a financial catastrophe.

Welcome back to So Money, everybody. I’m your host Farnoosh Torabi. Sharon is no stranger to this show, she was on episode 247 in 2015. She’s a well-known financial expert who can be seen regularly on CNBC and other media platforms. She’s the Senior Personal Finance Correspondent for CNBC and named One of 12 to Watch in TV News in 2018.

When I interviewed her back a few years ago, we discussed her career as a journalist, her upbringing. But today, we’re going to shift gears and talk about her major health scare. She’s healthy now, back at work and an advocate for raising awareness about brain aneurisms and raising money for research. She has important advice for us today about how to prepare for the unexpected, things we can do right now to make sure our finances stay healthy even as our lives take a turn.

Here we go, here is Sharon Epperson.

[INTERVIEW]

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FT: Sharon Epperson my friend, welcome back to So Money and Happy New Year, this is airing in January.

[0:02:11.1]

SE: It's great to be back on So Money, thank you so much for having me.

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FT: Last time you were on the show was, believe it or not, like almost 600 episodes ago. We've been a little busy on this podcast but you've also been very busy and I want to just share the good news with our audience which is that you are in recovery, you had a really big health scare and we're so happy that you're healthy and back at work and seems like busier than ever and just to give listeners the quick story, but I want to really go into it with you and all the lessons you have to share.

You were suddenly stricken with a brain aneurism in 2016. That was a really life threat, a real scare for you and your family. You've come out of that now on the other side with a lot of lessons learned. Tell us a little bit about just maybe going back to that moment in time and you know, we never hope that something like this would ever happen to us but perhaps you almost felt like, you know, you were prepared in some ways financially, but not emotionally probably.

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SE: I don't think anyone is prepared for something that is a life threatening illness or an unexpected event that may change their life forever. No one ever expects that to happen but it is important to try to be prepared in some ways for what may happen or make sure that your family members and the loved ones are prepared and I was not prepared to basically have an explosion in my brain that could have taken my life and often does take the lives of more than 40% of people who experience what I did, having a vessel in your brain rupture.

But the good news is that I did survive and unlike many of those who survive and are unable to care for themselves or unable to return to their previous jobs and careers because of their neurological deficits, I have been able to come back to my career at CNBC and one of the things that I learned from it professionally is that the point that I was in in my career right when this happened was probably one of the busiest that I've ever had.

It was something I thought was going to be a tremendous asset to my brand and what I've done over the years as a personal finance correspondent and a speaker and a professor and kind of motivating people to manage and protect and grow their money. What I learned is that when I had to come to a full stop and reassess my career and reassess what my goals were as a parent, as a wife, as a professional I realized that I came out of it with a better brand and a brand that was truer to myself and what I want to do for the next chapter of my career and my personal life.

So that's why I always say that having the situation where I nearly lost my life was the greatest lesson that I've ever had in my life.

[0:05:19.5]

FT: Well, we're so thankful truly and you have a lot of important advice, real life experience to share with people. You were out of work for a while and that is part of why you're really insistent that people invest in disability insurance. It's not something that we often put on our to do list when we're creating a financial plan, but you had the fortune of having a plan like that.

Tell us a little bit about, you know, what could happen if we don't have something like this protecting us and do we really need it or is it just kind of a nice to have?

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SE: Well, I think if you have to think about, do you really need the income that you're getting from whatever job you're doing? Do you really need that money to pay the bills, whether it's your rent, your mortgage or utilities, your phone, paying for things for your kids? If you say yes in any way to that then you really need disability insurance. No one thinks about it, very few people think about it because no one wants to think about the what if. But the what if when it happens and when it hits and you don't' have it, that means you're not going to be able to pay for some of the essential expenses in your life.

So having disability insurance is something that will cover not necessarily all off your pay but a significant percentage, 40 to 60% of your income. Often, depending on how you pay for it and the way you do your premium, you will be paying for it in a way that it will become a tax free benefit to you when you are getting those payments. So if you live in a New York area or somewhere that's really high tax area, that can be a significant factor that helps also financially.

I think it's extremely important to make sure that you have disability insurance, that your company doesn't offer you and why not and how can I get it? If it does offer it, make sure that you get it and you get as much as you can. If you are self-employed that you look into, even though it may take some leg work to find a company that is able to give you disability insurance and that will ensure you, make sure you get it and you see that it's a real investment in yourself. Your greatest financial asset is likely the earnings that you make and so you want to protect that asset and the best way to protect that asset is with disability insurance.

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FT: Yeah, we don't often think of our earnings as an asset. But that's exactly right. Just to put it in perspective, I think a lot of us underestimate the risks, the probability rather, of becoming disabled and I was hearing you speak earlier, we were together at a – we were recording a podcast for the Wall Street Journal and I remember you said something like, the chances of you being disabled during your working years and being out of commission, out of work, as a result of your disability is a higher likelihood than say, passing away unexpectedly and yet, we talk about life insurance all the time and the importance of it, and it is important but we often don't have this conversation around disability insurance. But meantime, it's something that could potentially be more urgent.

[0:08:20.9]

SE: It's something that is more – could be more urgent and is more urgent for a lot of single women. As you're entering your career, you're just trying to figure out, how am I going to pay my rent, how am I going to be able to you know, a couple of times when I want to, how am I going to be able to pay back my student loans, how am I going to be able to afford all of these bills that are right here and right now?

Becoming disabled just like the fact that you may pass away, seems like so far away, so long from now. I don’t have to worry about that but when you’re single, there’s no one else that’s going to take care of you financially necessarily. If you’re independent from your financially independent now from your parents, you don’t have a partner that is going to pick up the income if you lose your income. You need to support yourself and have disability insurance.

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FT: What have you changed or adjusted in your own personal financial life in the aftermath of the aneurism? I know you had a lot of things in place that helped you thrive, but were there any adjustments that you still made?

[0:09:24.6]

SE: I think I am much more – I was always focused on my savings but I’m much more focused on trying to, as best I can, live not just within little slightly below my means because I don’t know what could happen and I don’t – I’m not anticipating ever having a relapse, I’m not anticipating anything happening but I just know that you just never know. That said, you never know what could happen. I’m making sure that I’m really paying myself first in many ways financially in terms of building an emergency savings.

But also, in terms of taking care of myself and my health and maybe making sure that I’m not overdoing it in terms of trying to do everything that I possibly can to work, for my kids, for my husband at the same time, to drive myself nuts. I mean, that’s just not healthy and your physical health can have a big impact on your financial health because you’re chronically ill or you have different illnesses, you’re not taking care of it. Just important to put it all together. Health and wealth go hand in hand.

The other thing that I have done a lot more of, I had automated most of my finances, pretty much every bill, you know, that I can, I have you know, automatic bill pay or you know, have automatic deducted from my checking account and the thing that I've done a little bit differently because my husband and I have each have different accounts for different expenses is we've clued each other in on all of it. You know, passwords and things like that.

I think that's really important too because if you're in a silo and again, it's whether you have a partner or if you're single, you need to have someone that you trust be clued in on what your intentions are, whether it's just how you pay your bills or it's a bigger picture of, you know, having to plan for who will take care of your kids if something happens to you, who will take care of your finances or your health care decisions if you're unable to do that because you are – you have become disabled or you're incapacitated for a short amount of time.

People don't think about that either, but I think that's something that's very important to think about. I've had a lot of conversations recently with my kids because my kids are 13 and 16 and I'm looking ahead to college for my son and to parents who have kids who are now out of the house and they're in college and the parents are still paying for healthcare and all of that but they're adults, they're over 18.

If they don't say that they want you to make the healthcare decision if something happens to them, it's not a given that you're the one who is going to be able to get all that information, even if you're their parent. Even if you're paying their insurance. Having some of these legal documents drawn up, whether you're 18 or whether you're 81, it can be very important and it's worth having those conversations with that to know how to do this and who can help you do it to see if you really need it and how you can get it in place.

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FT: Especially this time of year. New year, great time to do an audit of these kinds of systems that you may or may not have in place. I think to your point, communication is of the utmost, starting with your partner but also looking outside of your home, who are some other people you can bring in to help to communicate some of these really important moves in the event that you or both of you are unable to make financial decisions or healthcare decisions, whether it's a power of attorney or a guardian for your kids.

You know, so often, we don't preplan and we don't setup these systems, Sharon. Because this is a really emotional topic. Money in and of itself is emotional but when you add to it this thought process of what, the what if's, what happens, the tragedies, the possibilities. It can almost deter people, right? From actually dealing with this and so any advice for those people listening who are like, "Oh, this is just making me so depressed."?

[0:13:24.5]

SE: Right, "I just had this great holiday season and now this women comes on and she's telling me to think about what to do —

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FT: Right?

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SE: — if I get hit by a truck. I think you have to look at it the other way and I actually thankfully always have looked at the fact of planning for the unexpected and planning for what happens when I'm not here is the greatest legacy I could ever leave for my children and for my family, and I think, particularly as an African American woman, culturally that not being — death not necessarily being something you talk about, definitely not wills, and you know other than, "This is what my funeral's going to look like," people just don't talk about it.

I think that it's important in order to pass on a legacy of financial strength. If not, immense wealth. It's important to make sure that you've had these conversations and so after having the holiday season while you spend time with family and friends and you've enjoyed the countless, you know, encounters and that you've had with people and sharing how much you enjoy being with one another, take that time to also celebrate what you can leave to others in terms of being able to not leave them with your credit card debt with, you know, a house that you haven't really figured out how anyone's going to pay for it if you're not here.

I see so many friends that have been left in those situations where you're devastated because something has happened to a loved one but then it's compounded by the fact that you have no idea financially if this means you're going to have to take on all their financial responsibilities and all of their debts and all of that. There's no plan. I think that that can – it's just – that's even more devastating because it lingers as, you know, as you only try to deal with the emotions around a traumatic experience. I don't know if I'm sounding like it's any happier than you know, when you initially have the question, but I just think it's such an important legacy to have.

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FT: Yeah.

[0:15:25.9]

SE: A legacy of financial strength. It's just like the greatest gift you could give anyone is to let them know that they're going to be okay, you've left everything okay so that they don't have to worry about your finances.

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FT: Right.

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SE: It's a great thing to be able to do for your loved ones.

[0:15:43.2]

FT: Yeah, I mean, to me it just sounds like if you are struggling with the emotions around this and kind of doing what you need to do, it's not really about you at the end of the day, right? It's about your loved ones, it's about your legacy and I think as women too, we're really good at putting other people first. So, leverage that okay? Leverage that instinct to sort of want to take care of everybody else first and yourself last. We normally don't advocate for that, but in this case, if that's what's going to motivate you to go out there and get the will and get the life insurance and the disability insurance then so be it because it will be for a great reason.

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SE: The other thing you can find is you're not perfect and no one is perfect and being able to admit that, you know, "I kind of messed up, and I'm trying to get better but you know, my financial situation with my credit card debt is not where I want it to be." Or, "I still have this much left on student loans and I'm not exactly sure how I'm going to get it all done but I'm going to figure it out." Having that conversation with someone can be liberating, can be freeing, can be a way to help you then get on a better task and in addition to your partner, if you have a husband or you have a spouse, you need an accountability partner in your financial life. Single or married or coupled.

You need to have someone who you could say, "If a curve ball comes my way, can you keep me straight? Can you keep me so that I'd do what I set out to do? And if I am continuing do what I am doing, if I am already on the task just check in with me every now and then." So keeping everything to yourself whether it is goals that you set for yourself that you are starting to make or challenges that you have in front of you that you are not sure that you are not able to meet, having someone, I like to call it my AP, my accountability partner, really helps and that is not necessarily the person who is on all the documents or something. It maybe someone else. It maybe someone else that you bring into the inner circle. It may be a financial adviser. It may be a close friend. It has to be someone that you trust that's going to keep you on that path.

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FT: Yes and there's actually science behind everything that you just said that when we announce our savings goals, when we share our ambitions, financial ambitions as opposed to doing them in a silo and I can see where that can happened. A lot of us, we don't want to talk about our money because we feel like it is a taboo topic but just being open about it holds you accountable to that and people have been proven to actually not just be able to save more. But they save more frequently and they're just way more successful with their plans.

So just believe Sharon and I, there is actually studies out there that have driven this point home. Our show is sponsored by Chase Slate, Sharon and it's January so we are asking guests what is your financial resolution in 2019?

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SE: My financial resolution in 2019 is to add more money to my son's college savings account. Increase my monthly savings in his savings account.

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FT: And is there a particular goal in mind or is it just for more peace of mind?

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SE: Well, my goal for both of my children is I really would love for them not to have student loans that's the big goal and part of that is going to be my saving and part of that is going to be our discussions about where they can go to college, where they're going to come out in a strong financial position and not leaving with a bunch of debt based on what they want to do. So it is an ongoing conversation and I have thankfully a couple more years with my 15 year old and more than that with my 13 year old.

But it is something that I am thinking about quite a lot because I've been hearing so many stories about people being burdened with student loan debt and I don't just mean someone in their 20's. I mean the parents that still have student loans and those that had to go back to school because they got laid off and they thought that that would give them a better position in the future and it's just so difficult. You know, it's hard to get in front of that and so I want to help my kids be in front of that before they even start their careers by not having that debt. So it's a big, big goal and I don't know if I will reach it but I am trying.

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FT: And are your children receptive to these kinds of conversations? I know parents often underestimate. I think they underestimate the ability for children to really wrap their brains around sometimes, you know, why we can't just mortgage the house to send you to college or take out all of these loans and to get really realistic about the cost of college when you're 13, 15, 17 that can feel very abstract to you and unfair because all you want to do is go to your dream school.

So any tips or maybe even surprises that you've encountered in talking to your kids? You know, maybe positive things that you've – that you went in with sort of feeling like they weren't going to get it but now they do. Things that sort of keep parents optimistic and motivated to have these open dialogues with their kids about money especially as college looms?

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SE: Well, I think it is really important to start so much earlier than they're even thinking of the word college. You could probably start talking to your kids about money before they can even spell the word college, just in simple ways that just you know when they want candy or they want a cookie or they want a snack or they want something from the store of what the cost is associated with it and if they waited and they waited for it to go on sale, or they waited for to really think about if that's they toy they really want or do they want something else? What else would they get if they didn't get the toy?

Those are conversations you can start really, really early and my kids have with toys, it's what I do and I talk about money all the time and I don't turn it off. I talk about it at home and when we are buying things with the family and I remember when my kids were probably 10 and seven or so, we went to go buy a new refrigerator and I had them look at the prices just because the number to them was like, "What?" So I'm like, "This is the place you go in every day. It has all your favorite stuff in it and you need to know how much it costs. So when you have that urge to swing on the door of it and it pops off because then I am going to have to buy another one, you know, don't because this is how much it costs."

I do that with them a lot so that now when my kids do their holiday list, their Christmas always comes with coupons for Retail Me Not. Or like, "This is 50% off so this is why I should get this one." They know that Santa is going to look for bargains as well and the elves might be working a little hard at what they were going to give them for Christmas, but it would be great if they got a little bit of a sale price on it. I actually talk about that stuff with them a lot and I think as my son now working in the summer as a camp counselor making his own money, when he goes to buy things he looks for things that are on sale. He looks for things that he has a coupon for. He waits until he actually had all the money for it and he thinks sometimes about whether that's the right thing to buy. He doesn't do that all the time but he does do it enough for me to know that he hears me.

The last thing I'll say is sometimes the money lesson can be not fun and they don't get excited about them. My gift last year after my son had his first job, I wanted to make sure that he had a checking account. So I set up a high school checking account for him and I had the clerk at the bank gave me a fake debit card because he had to be with me in person to get the debit card but I just wanted something for him to unwrap, and he was so excited. He was like so excited just to see the plastic and then when I explained to him that there was only a certain amount that after an addition to his saving that was in there, there was only a certain amount that I'll be be giving him for school for going out or whatever and then when it was done, it was done. So if he didn't budget right, he wouldn't be able to eat lunch or whatever.

He said, "Wait a minute, this is not a gift." I said, "You know, well it is a gift of a money lesson more than it is a gift of money." But you know it was something that I wanted to – he was really excited at first. As he started to understand all that went into it and I think that's life. We get really excited when we get that new job or we got a raise or we got something great that happened in our financial life and then the reality is you still have to pay the rent and the mortgage. You still have to, if the car breaks down you still have to fix it. You went over your lease, you have to pay for that. Whatever it is, these things happen and you still have to figure out how to be resilient in light of it.

So I think in the New Year as everyone is focused on what is my resolution, what am I going to do this is my goal, let's think about also what you're going to do to be resilient if that doesn't pan out. Because that actually may be more practical use of your time to figure out that sometimes it's not practical to just come up with a bunch of resolutions that sometimes they're hard to meet.

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FT: I really like the story of taking your kids into the store to price shop refrigerators. You know, I think it is a little funny but it is also important because often we grow up not knowing what things cost. The things that our parents afford for us what do those things costs? So that when we do turn 16 and we get that debit card with some cash on it we have perspective, right? We have a sense of what might be worth it or not or what's worth it to us or not? That's really smart. I really like that tip.

A lot of people, Sharon, are talking about recession in 2019 and you know the tried and true advice I think is just you can only control what you can control. We can't control the state of the stock market but we can control our own savings. We can control our diversification in our portfolios and our debt and is there anything else you would like to share as people always I think naturally get apprehensive about a market down turn?

Especially because it could mean job loss, it could mean home devaluation, it could mean all sorts of things; plummeting in their 401(k)'s. But is there anything going into that forecast that you would recommend we do or not do?

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SE: Well, I think I'm glad you put the investment part last actually. So if you are thinking about again, your greatest financial asset, your earnings, your job, you just want to do a monthly or at least every three months check in. "What am I doing? Am I reaching all the goals that I am supposed to reach that the company wants me to reach, or that my vendors want me to reach?" Or what have you.

You want to make sure that you are literally doing the best that you can in your field and you also want to be smart about it and be updating with all the great things you did in 2018. Make sure your LinkedIn profile, your resume is ready in case something does happen. That's not a bad exercise to keep every three months even when the market is going sky high and the economy is on fire, you want to be prepared. So that's what I would do on a professional front.

In terms of your home, if you are worried about your home price and home value, unless you're a person who invests in real estate you're living somewhere to live there. I mean it is not just an investment and so if the price of the home value goes down and you still have eight, 10 more years because you want to stay in that area because that is where the schools are for your children or that is where you love being, it's not that big of a deal.

It may come back up, it may not. But again, this is where you're living and you know, it is the cost of living there where you are by being a home owner versus the cost of renting in that same area if it kind of still makes sense, then I wouldn't worry too much about that and then in terms of your investments, this is money that is in the market that you do not need for at least five to 10 years and if you need it sooner than that, then it should not be invested in the market.

So it doesn't help to see the market down, or the Dow down by 600 points. You know it doesn't help to see a 5% slide in something that you thought was going to be sky high for the next year but if you don't need that money, it doesn't matter as much. This is money that you are going to need 10 years, 20 years, 30 years down the road. So I think all of it is just, and to me, whenever there is talk of a recession or problems with the economy or market down turn, it's a wakeup call for many people that sleeps through all of this and that I think is a great thing.

If this causes you to pay attention and to read the statement or to look at again your resume, look your resume over or to really make sure that this is the area that you really want live in and what are the real benefits of being in this neighborhood or being a home owner, that's all good things. Because I think, again we spend so much time researching other things. Research the best restaurants, we're researching the best appliances to get, researching the best electronics to have and you don't spend as much time researching what is going to be best for us, for our financial life, for our professional life. So this might be a time for people to start the New Year and do that.

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FT: You said that you've now really been leaning into a lot of conversations around wellness, health, preparing for the what ifs and so where can we find you? Obviously it's CNBC but what are some of the other initiatives that you are involved in that we can support you or find you at?

[0:29:38.8]

SE: Well, one of the biggest initiatives that I am doing in terms of health is just bringing awareness about what brain aneurisms are and increasing the research funding for them. I mean one in 50 people have a brain aneurism. Often nothing — it's fine, nothing happens to you. But many people, something could happen serious and there's very little set of funding for research to look into treatments and for early detection and for new developments in that area.

So I am working with the Brain Aneurism Foundation to raise awareness and research funding about that. I am also working on at CNBC, a couple of digital projects that are looking at the intersection of health and wealth and just your financial future in general. One is called Your Money, Your Future. Another one is called Retire Well and then you can see me most nights on Nightly Business Report, which is a show that is produced at CNBC but actually airs on your local public television station and you can see me on the weekends on your local TV stations on a show syndicated called On The Money.

So those are some of the things I have going on right now but I think the easiest way to figure out what is going on is to just follow me on Twitter, @sharon_epperson or Facebook or Instagram and I pretty much put a lot of things that I am working on there.

[0:31:01.0]

FT: All right, we'll definitely put all of that on our website as well. Sharon thank you so much. It is really nice to reconnect. Great to hear your voice and thank you for spreading the good word and all the wisdom, really important information for all of us as we try to really just make the most of the year and our lives. Thank you so much.

[0:31:19.8]

SE: Thank you for having me. It's great to talk to you.

[END]