**TM\_EP\_15\_Liz Weston**

[00:00:00] Welcome to the Tech Money podcast, where the worlds of technology and personal finance collide. Hosted by certified financial planner, speaker, blogger, and self-proclaimed personal finance nerd, Malcolm Ethridge, each episode aims to make you just a little bit smarter about your money. All from the perspective of the tech professional. Without further delay, here's your host.

[00:00:37] **Malcolm Ethridge:** Hey, there, listeners. Malcolm here. And in today's episode, we're talking about personal finance. More specifically, we're talking about recent trends in personal finance that have been either created or changed by the COVID-19 pandemic over the past year and a half. We've heard plenty about the ways in which people stuck at home have turned to the stock market as a means of entertainment.

[00:00:56] And in some cases, to a mass, a small fortune seemingly [00:01:00] overnight. We even did an episode on the subject earlier this year, where I interviewed the Motley Fool’s Chris Hill about the Wall Street Betts crowd. And the so-called meme traders? If you haven't heard it yet, go ahead and check it out. But what we don't see enough focus on is the average person managing the rest of their balance sheet, their savings account, their student loans, the inequities in the labor market, and the case-shaped recovery government stimulus childcare costs the housing market.

[00:01:25] et cetera, et cetera, you get the picture. So, I decided to call up somebody I know who has a reason to keep up with what's happening in the broader personal finance landscape. And just to have a conversation. Liz Weston is a personal finance expert and staff writer for NerdWallet. She's also the author of five books about money and has appeared on CNBC, Fox Business, NBC Nightly News, and The Today Show, to name a few, and her columns are carried by the associated press in the LA Times.

[00:01:51] Liz writes about all things personal finance for a living, from credit scores to taxes to Medicare. She's the co-host of the NerdWallet Smart Money podcast. And she's also [00:02:00] a certified financial planner. So, I feel like she has some very good insight into the minds of the average American when it comes to their money concerns.

[00:02:07] So with that brief introduction, welcome Liz Weston to the Tech Money podcast.

**Liz Weston:** Hey Malcolm, it's good to be here.

**Malcolm Ethridge:** Yeah, I appreciate you making the time to come on and do this. This should be fun. So, to get us started, I breezed through your resume pretty quickly there in my intro. What else should I have mentioned on the record here?

[00:02:26] **Liz Weston:** Let's see, I am the mother of a recent high school graduate. who's heading off to college in the fall, which is very exciting. Also, a wife of an artist. So, I understand a bit about the artistic and creative mind, and I'm also the mom to a codependent golden retriever and a very noisy cat. So that's pretty much it.

[00:02:46] **Malcolm Ethridge:** So, a lot of people calling you throughout the day as you're trying to hit these deadlines,

**Liz Weston:** Everybody needs something. Absolutely.

**Malcolm Ethridge:** So, I mentioned in my intro that you are a fellow CFP certified financial planner, but [00:03:00] to my knowledge, and you'll correct me if I'm wrong, I'm sure you aren't actually practicing or working with clients.

[00:03:05] One-on-one, what made you decide to put yourself through all that schooling and studying, and dare I say, torture to get the CFP?

**Liz Weston:** Well, of course, I had no idea what I was getting myself in for that's the first part of it. And then I'm incredibly stubborn. So, once I realized how much I was in for, I just had to push through, but honestly, I felt like I needed to have a higher level of education and understanding to really give people good advice.

[00:03:32] and about halfway through the program. We were asked, what are you going to do with this? And most of the people who were getting the CFP wanted to become financial planners. And I realized that I hate to be ignored to my face. So, when I'm out there giving advice to everybody, if you don't take my advice, I will never know.

[00:03:49] But I know you guys, dealing with clients, are constantly telling people the right thing to do, and then having them turn around and do exactly the wrong thing. I think that would drive me out of my mind. So, my [00:04:00]

**Malcolm Ethridge:** Very insightful. That I won't even say very much more than that. That is just very insightful.

[00:04:07] And that's interesting, that was your take. Yeah, my CFP books still haunt me, sitting on the bookshelf in my office. And so, I can't imagine studying that hard for fun. So, I'm glad that you told me it really was not fun. You did it out of spite, which is amazingly hilarious to me.

**Liz Weston:** Well, and when I did it, journalists couldn't get the mark.

[00:04:28] You actually had to practice for at least three years. And it was only more recently, in the last few years, that they decided to give us credit for experience credit for all the writing that we did. So, you'll notice there are a lot more journalist CFPs now than there used to be. But when I took all those classes, I didn't even have to bother with the tests.

[00:04:46] So I just moved on. I said I'd been through the courses, but I didn't use the mark when I was ready. When they decided to give us this mark And I had to go back and study all that stuff again and do a Bootcamp and do a review. [00:05:00] I almost killed myself and I shouldn't say it that way, but I mean, the workload was killing and

[00:05:06] I was so glad that I passed because my husband said: "flat out." If you have to take that test again, we're moving out. We are not going to go through that again.

**Malcolm Ethridge:** So, for context, I actually studied for my CFP at the same time my wife and I were planning a wedding. And so, you can imagine. I almost got murdered a couple of times too.

[00:05:27] So I can only imagine what it must've been like in your house. Anyway, so on a semi-related note, like on your podcast, you guys answer listener questions, get feedback, and such from the general public. What are some of the most popular topics you're hearing people wanting to ask about right now?

[00:05:47] **Liz Weston:** Well, it is a bit all over the map, but we do get a lot of interest in cryptocurrency. People want to know a lot about that, but they also want to know the basics: how to save money, how to set up my finances. [00:06:00] so that I'm covering my bills, paying off my debt, and getting ahead a little bit. So, it might be prosaic or basic, but that's the kind of stuff that people need to hear about. So, we cover that as well.

**Malcolm Ethridge:** Yeah, I think it can't be said enough because everybody consumes information from everywhere else. Like, like God knows how many outlets there are at this point, talking to people about their money, and people are still asking the same or very similar questions at this point, which means that it's topics that still need to be covered, you know, seemingly at nauseum.

[00:06:33] Yeah, one more time just because people are still asking those same very basic questions.

**Liz Weston:** So, and a lot of people are trying to, yeah. A lot of people are also trying to buy houses now. So, home buying is a big deal with our listenership in a normal market with this market. People are just pulling their hair out.

[00:06:51] So I think they need a lot more guidance and reassurance. And I think you're dealing with that as well right now. right?

**Malcolm Ethridge:** As we record this podcast. [00:07:00] Ironically, I have two clients that are sitting at the closing table. Getting mortgages done and so, I can only imagine, and these are people, of course, who have probably the easiest path to the closing table in all of America.

[00:07:14] If they can afford to hire a financial planner and pay somebody like me to help them keep it all under control. They're probably people of pretty good means with pretty good credit scores and the numbers don't matter so much as having a good experience, and they're even panicking a little bit and having some heartburn.

[00:07:34] So I can only imagine what it's like for the rest of America that you're getting into these bidding wars on what we would have considered a fixer-upper or even possibly a tear down two years ago. And now all of a sudden, because everybody wants to own a home seemingly at the exact same point where we're experiencing this, like just craziness.

[00:07:55] So I don't. I don't envy anybody. Who's going through it right now?

[00:08:00] **Liz Weston:** I did hear from some people early on in the pandemic that they thought, okay, housing prices are going to crash and I'm going to swoop in. And exactly the opposite happened. People just didn't put their houses on the market and the demand built up.

[00:08:12] And if I, if it were me, I definitely would wait. I think things are going to be calming down pretty soon, getting back to normal, but when people want a house, they want a house. Sometimes that advice just does not compute.

**Malcolm Ethridge:** So, I was in that camp. I thought you know, looking at what happened in 2008, obviously, now we know they're two completely separate crises that were driven by two completely separate things.

[00:08:39] And so the government's response to our response as people was completely different, but going into it, I was in the camp that said, oh, the housing market's going to crumble. And there's going to be people picking up five or six houses for pennies on the dollar at a time. And it's going to be '08 all over again.

[00:08:55] People are going to turn into renters because of the 17-year window. Or you can go buy a house again and blah, blah, blah, [00:09:00] blah, blah. And the doomsday scenario that I had painted in my mind was the complete opposite of your point of what we were dealing with. So yeah, I think it's very positive that at least the people who are in their homes and we thought would be displaced.

[00:09:16] Haven't been to the rate that happened in 'eight. But I also think, to the other extreme, it's not great that for people who were in the middle of the market, and I wanted to be able to buy, but you're still being priced out, but I digress. But for different topics, though, of things that are happening, the phenomenon is happening.

[00:09:36] I read a piece recently that you wrote about the enhanced child tax credit. Why should parents be paying close attention to whatever happens with that? I think that's really big.

**Liz Weston:** This story was prompted by one of my editors, who basically called this potentially life-changing money. And I was thinking, but he has a really good point.

[00:09:57] So if you don't know what the child [00:10:00] tax credit is, it's been around for a long time. And a lot of parents take advantage of this when they file their taxes every year. What happened was that Congress expanded it and made it fundable, which means even if you don't know what taxes you owe, you can get this tax credit. The big change is that they are going to be sending most families in the country with kids under 18 actual checks every month for up to $300 per child.

[00:10:24] And that's meant to be basically half of your credit. And then you'll get the other half when you file your tax return. So, these checks coming in give people a real opportunity. Some people are just going to need that money to pay the rent and keep food on the table. But for the families that have a little more means, this could be the opportunity to finally get that emergency fund going or finally start saving for their kids' college educations.

[00:10:51] So it really can be life-changing money. It can get people out of the paycheck-to-paycheck rut. and or get them on the way [00:11:00] to maybe saving more for their own retirement or saving for their kids' education.

**Malcolm Ethridge:** I've also been reading that $300 a month could be the difference in some cases. Whether people are able to pay for childcare to go to work themselves or not,

[00:11:14] And so we hear the statistics about how many women, how many moms, have been displaced from the labor market because, unfortunately, nine times out of 10 or nine times out of nine, whatever the math actually is when it comes down to it, moms are the ones that end up staying home with the kids. And for folks who are

[00:11:32] Close enough to the wire, that $300 could make the difference in them being able to go to work or not. But I hear that those checks will only last from July to December. I wonder what the likelihood is that they actually extend this program into 2022 and beyond.

**Liz Weston:** It's going to be really interesting. I think they'll be super popular.

[00:11:52] People like getting money, and this is something that helps parents, for all the emphasis on how [00:12:00] important having a family is. And having kids as parents doesn’t get a lot of support in a lot of ways. So, I don't know. I think this could be extended. I wouldn't count on it, obviously, if you're getting these checks, but it might be something that we see going forward.

[00:12:14] I would like to add one thing about the child tax credit. And I think this applies to planning in general: if you have a source of income coming in, if you have new money coming in from whatever source, it's so important to make a plan for it. Because that increases the chances that you will actually do what you want with the money, and it won't just get pedaled away.

[00:12:34] And I'm sure Malcolm, you've seen this with people who get a windfall, whether it's an inheritance or an insurance settlement, whatever it is, they get the windfall. For a while, they feel rich. They wind up spending the same amount of money two or three times. And they run through it. I think I don't remember where this statistic comes from, but there's one statistic that sticks in my mind, which is that a lot of inheritances are spent within 18 months.

[00:12:58] So this is obviously a much [00:13:00] smaller pool of money, but the same thing could happen if you don't have a plan. So, before the money actually hits your bank account, I think it's really a good idea to sit down and go, "Okay, what do I want to happen to this money?" Where would this money do the most good for our family?

[00:13:15] **Malcolm Ethridge:** I love that. And, you know, there are two sides to it. Like you said, there are people who don't need the money. Right. They'll get the money because they qualify for it, but they don't technically need that money. And so, figuring out a way that you're going to apply an additional $300 a month for six months could be to your point, throwing it into your kid's five 29 college savings plan.

[00:13:35] Right. And that still may not sound like a lot. right? The math on that says that's about $1,800. right? And you go, "Eh, what am I going to do with $1,800?" But I recently read something that said that families that have even just $500 saved for their kid's college education to this point, like regardless of how the kid is, that kid is.

[00:13:54] So much more likely to actually attend and graduate from college. Then there are the families [00:14:00] that don't actually put any money away at all. And so, if you just throw that $300 a month into your kid's college savings plan, there you go. You just got a pretty significant start on saving for your kids to go to college and made it more likely that they'll actually attend and graduate.

[00:14:15] So I'm with you. I think it's a great idea to put pen to paper and really figure out what you'll do with the 300 bucks of it. You don't just order some meals that you wouldn't normally order because normally you think they cost too much from the place that you ordered takeout from, or you go to dinner or whatever it is actually, to your point.

[00:14:34] **Liz Weston:** So anyway, so we all know how easy it is for money to just dribble through your fingers

**Malcolm Ethridge:** Which is why I, to add to your point, figure out where it's going to go before it comes so that it doesn't even cross my face or sit in my regular checking account so that I don't even bother to think about, like, oh, there's some additional dollars there that I can apply to.

[00:14:53] X or, we have quote, unquote found money in our hands. Things tend to look not as [00:15:00] expensive as they did before, and that's what I want to avoid. And so having a place for that money to land before it ever comes to your point is paramount in making sure that one, you do the thing you wanted to do with it in the first place, but two, it just doesn't get squandered by being a part of everything else.

[00:15:17] **Liz Weston:** Well, you just illustrated two of our cognitive biases. Two of the ways that our brains are wired funny, and one is that we treat money from different sources differently. We think of all the money that we earn as, "Oh, that's our hard-earned money." We might be more careful with that. When we get a windfall, we think free money is money.

[00:15:35] It doesn't matter where it comes from, but we have this bias, but what you do and what I do is make sure money doesn't hit our checking account. So, it's out of sight. Out of mind, that's kind of taking advantage of a cognitive bias of items. It doesn't exist, and that really helps. Use the funny way that our brains are wired to our advantage rather than have it take advantage of us.

[00:15:58] **Malcolm Ethridge:** So, I'm going to take us in a different behavioral finance direction for a second one. That's not as exciting to talk about, but I think it is certainly important. And so, I thought it was interesting that you guys are working on this, which is that NerdWallet ran a survey toward the end of last year, asking how many people had applied for and purchased life insurance since the pandemic took over our lives.

[00:16:19] And I think it said that term insurance sales were up about 10% during that time period, which I thought was interesting. Do you think people's recent interest in making sure that they've properly protected themselves financially? Through life insurance, will persist through the pandemic, or have you guys already run a new survey and found out that it's in fact no longer a priority since the pandemic is somewhat in the rear view?

[00:16:43] **Liz Weston:** Well, we haven't. To my knowledge, we haven't done the next survey yet, so I don't know. We'll find out, but I live in California, where nine out of 10 homeowners do not have earthquake insurance. Okay, it’s like when an earthquake [00:17:00] happens, suddenly people run out and more people buy it. Not enough, but a bunch of people does.

[00:17:05] And then, over time, it just fades away. So, we are speaking of cognitive biases. However, you say that we do tend to overemphasize what's happened most recently. So, a pandemic comes into our lives. It changes everything. We start thinking about our mortality. If we weren't in the habit of doing that already, we would take action or think we're going to take action.

[00:17:28] When the threat fades, we go back to our regular lives. So, I think again, this is why you exist. This is why I exist: to remind people that these needs are there, whether you're aware of them or not. If you have people who are financially dependent on you, you need life insurance. There are a lot of different ways to get it, but it's something that you actually need.

[00:17:51] **Malcolm Ethridge:** What you were referring to is what's called recency bias. And I appreciate you giving me an opportunity to flex my nerdy, econ muscles and [00:18:00] phrases and terms in this conversation that I normally wouldn't use because my daughter and my wife would roll their eyes at me and look the other way. So, thank you so much; it's my pleasure.

[00:18:12] But you also wrote an article recently about how to make sure you don't overpay for life insurance, which is related, but in a little different direction. Is that a common occurrence that people are concerned about?

**Liz Weston:** Yeah, it seems like we're either in one camp or the other, where people are ignoring the need for life insurance entirely.

[00:18:30] Or the wrong people are buying the wrong products because, as you know, life insurance is typically sold. It's not bought. And term insurance is not typically sold. If your life insurance guy is trying to sell you something, it's going to be a much more expensive permanent life insurance policy. And those can be great for the right people.

[00:18:48] Absolutely. But I keep hearing from people who have bought these policies who have no need for life insurance. And that's got to be the basis before you spend all this money on a permanent policy. [00:19:00] You have got to make sure you need life insurance to start with, and you have got to make sure that you have enough.

[00:19:04] And the problem with the expensive policies is that people wind up getting way too little coverage. So that's a little bit of my hobby horse. It really irritates me when I see something like a variable life insurance policy sold to somebody who's making $50,000 a year. It's just It makes me grind my teeth.

**Malcolm Ethridge:** What that also unfortunately does is make people mistrust the whole system.

[00:19:27] What I've come across is that, in the insurance industry, there's no regulation on who gets to call themselves a financial advisor or some other variation of that. And so, unfortunately, you have folks in the insurance space that will call themselves financial advisors. People think that's who they're meeting with.

[00:19:42] Although the person's affiliation with an insurance company means every for every problem you present, the solution is going to be some version of a life insurance policy. right? And so I can position that person who makes $50,000 that this variable life insurance policy is [00:20:00] going to be the thing that helps you retire the way you want to versus contributing to your company's 401k plan or contributing to an IRA yourself or whatever.

[00:20:08] Yeah, the conversation Well, this is a tool to, that's going to help you get to that thing instead of focusing on how to replace the income that you bring into the house every day for the people who depend on you financially for the years that you know, you're not here anymore. And yeah, I'm with you a hundred percent. I actually wrote an article not too long ago called "Life Insurance is Not a Financial Plan" that sparked some hate mail that I got to Chuck a lot of.

[00:20:38] But I take your point though that it is just, unfortunately, it is sold. Way too often in places that it doesn't need to be at levels that it doesn't need to be, which then turns everybody off from the conversation of life insurance in general. So, the people who really do need it and would benefit from having a 20 or 30-year term policy to cover themselves [00:21:00] and their kids, or whatever else, they never get it just because people are so turned off from the conversation.

[00:21:05] So I just thought that it was interesting that you guys took the turn, or acetate you specifically, you wrote the article, like you took the turn off, here's how to make sure you're not overpaying, but you still need to get it done.

**Liz Weston:** Yeah, exactly. And at least have the assessment to see if this is something that you really need.

[00:21:23] And if somebody's selling you one of these policies and it seems like a good deal, run it past a fee-only financial planner, run it past somebody like Malcolm, who could take a look at it and tell you, "Yeah, this is a good fit." Or maybe you haven't thought about all these other things that you should be doing first.

[00:21:38] And I think that the real issue is that a lot of the people selling life insurance have only been taught how to sell life insurance. They don't know what else is out there. They're not comprehensive financial planners. So, some of them really believe in their product, which is great. Some of them just like writing hate mail, I think, but.

[00:21:55] That's just part of, one of the financial planners I was talking to about this [00:22:00] said something to the effect of, "Do these insurance guys think that we can't do math because they're making all these assumptions and they're making all these predictions about what's going to happen with this policy."

[00:22:10] And it's like, you know, the math doesn't add up anyway. That's kind of a side issue to what we're talking about, which is simply if you are. I'm intrigued by one of these products. Yeah, make sure you need it, make sure that it's the right product, and get a second opinion on it. I think that's the basic rule of thumb for these things.

[00:22:28] **Malcolm Ethridge:** The second rule of thumb, just to put a button on it, to your point about who whole life insurance is good for It's a very, very, very slim percentage of the overall population, right? Almost always, term insurance or some combination of term insurance with different maturity dates will get you where you need to be.

[00:22:46] **Liz Weston:** Yeah, absolutely.

**Malcolm Ethridge:** So anyway, but on a different note, this is now not about folks passing away too soon. This is more about us living a very long time. You have another article [00:23:00] out that I really liked, which was about the eight and a half birthdays that impacted your retirement. I thought that was really interesting.

[00:23:06] As a person who helps folks plan for retirement for a living, it never occurred to me to recognize it that way. Can you run through really quickly what those are and why they matter?

**Liz Weston:** I want to do a shout-out to my colleague Bebo Shea because she's the one that came up with that headline. My headline was, I think, nine birthdays that can affect your retirement.

[00:23:27] And she pointed out one of the birthdays was a half birthday, so I love her headline, the eight and a half. Yeah, so, the first one is turning 50 and at that point you can make those lovely catch-up contributions to your 401k or your IRA or both. So that's an additional cost for the 401k. It's an additional $65, 000 this year.

[00:23:48] And so that means you can put up to $26,000 in a 401k. If you're lucky enough to be able to do that, those catch-up contributions can really amplify those contributions for the IRA. [00:24:00] It's another a thousand bucks. So that means you can put in up to 7,000, which is pretty cool. The next one is turning 55, and this is the penalty.

[00:24:12] That's the point at which the penalty for withdrawing money from a 401k or four-oh-three-B disappears if you're separated from service. So I kind of backed into that sentence, but normally you have to pay a penalty if you take out the money too early, but if you lose your job, when you're 55 or older, and you're separated from service, then you can start tapping that 401k.

[00:24:35] You still have to pay the income taxes, but you don't have to pay those penalties. And then when they took the tax, Yes. Yes. And then when you turn 59 and a half, the penalties go away again, but you still have to pay the income tax on most of your withdrawals, unless they're from a Roth. The next age is one.

[00:24:54] I don't see it getting talked about a lot, but when you turn 60 and you are a [00:25:00] widow or widower, that is the earliest that you can begin social security and survivor benefits. Those can be super helpful. That's normal, I mean, you can start earlier if you're disabled or if you're taking care of the deceased person or minor children, but for most widows and widowers, age 60 is the start.

[00:25:19] And social security has kind of an interesting twist to it, which is with survivor benefits. That's one of the few benefits that you can start and then switch to another benefit. So, you could start with your survivor benefits and then switch to your own benefits later when they're maxed out. Again, lots of social.

[00:25:36] Security is incredibly complicated. I don't know how a program that benefits so many people's lives have gotten so complicated, but if you are thinking about applying, Oh, my gosh, please talk to a fee-only financial planner, a CFP first, because this can be really tricky. The next age is turning 62. And that's the earliest.

[00:25:56] You can begin with social security, retirement, or spousal benefits. So [00:26:00] we were talking about survivor benefits. This is for your own benefit or your spouse's benefit. Most people don't want to start that early, but that is as early as you can start. When you're 65, you're old enough for Medicare. Somewhere between 66 and 67 is your full retirement age.

[00:26:17] That's where you get what's called your full benefit. You can actually get more if you delay, but most people want to wait at least until their full retirement age to start. And then two more ages turning 70 That's if you delay your social security benefit. That's when it's maxed out. There's no point in delaying further.

[00:26:38] And then 72 is the age at which you start making required minimum withdrawals, typically from your retirement funds. So how did I do, Malcolm? Did I explain those correctly?

**Malcolm Ethridge:** You've got them all in there as far as I know. Which again, I thought. Like this should, it might actually be, but this shouldn't be like on a chart that [00:27:00] everyone over the age of 50 sees all the time to remind them of these things as they come up.

[00:27:05] especially the social security part. I don't know that enough gets explained to people, even if you call the social security administration and you say I'm 62 years old, I want to start my benefits. I don't know that they ever make you aware that you are taking 75% of what your benefit would be.

[00:27:22] If you waited till 66 or 67, not only are you taking a 25% hit, you're locking this in for the rest of your life. And so I don't remember what the exact math on it is, the exact statistics are on it, but the majority of people who are on social security benefits as it stands right now actually start their benefits at 62.

[00:27:43] And so I think maybe the social security administration could help us out a little bit by making people aware that if they waited one more year, two more years, they would have, I have a significantly higher benefit for the rest of their life than they do by taking it [00:28:00] as early as they possibly can.

[00:28:01] So anyway, but you actually like, so you've written this article on those eight and a half birthdays, you actually ride on retirement quite a bit. Have you noticed any new trends or any changes to the way people are dealing with retirement over the last 18ish months?

**Liz Weston:** Well, actually there's been a trend or early retirements and later retirement, which is really kind of interesting when you were mentioning that people tend to take social security too early.

[00:28:29] We actually have noticed that there is a trend to take it a little bit later. So that's very, very positive. It's really great to hear. Yeah. But with the pandemic, we saw a lot of sudden retirements. Either people lost their job and couldn't find another one or they took a look at, how short life is and just decide I'm going to go for it on the other end, those fortunate enough to keep their jobs and that we're able to work from home.

[00:28:56] I talked to a number of people who said, you know what? This is sustainable. [00:29:00] I could keep doing this for longer than I thought I was thinking about checking out and giving him my notice. But I think I'm going to keep doing this for a while. So, I think we're seeing. Trends on both ends are either accelerating retirement or being able to push it off.

[00:29:14] So that's kind of interesting how much we know that pandemic change so much about our lives and our financial lives, but that was one trend that affected the over 60 folks or over 55 folks

**Malcolm Ethridge:** On the opposite side, though, we're talking about the effects of the pandemic on people's money.

[00:29:31] right? Let's talk for a moment about money shame, which is another topic you've written about, which I thought was interesting. Can you first see that you're already there? You're already there. Can you first just define what that even means and then explain why it is seemingly on the rise right now?

[00:29:47] **Liz Weston:** Yeah, this was interesting. A woman was writing about this after her brother committed suicide. He was foreclosed on in the last recession, and he'd had money problems for a very [00:30:00] long time, and he finally took his own life. And so, this woman did a deep dive into why this happens, and to back up a little bit, typically the concept of guilt is associated with "I've done something wrong."

[00:30:16] And I feel guilty about it. Shame is a different emotion. Shame is I am wrong. There's something wrong with me. And what we've seen is that a lot of times, external things with the economy, things happening with our money, we react to those with shame. Oh, I should have known better. Oh, I shouldn't have done that.

[00:30:38] I was an idiot, yada yada, and a lot of times it seems that men really internalize this stuff. If they have a financial setback, I'm not a good provider. I am not a good person. It really gets internal. After I wrote that article, I received so many heartbreaking emails. [00:31:00] Most of them are from men saying, "I had this setback and I almost killed myself over it."

[00:31:05] Over money. And it was like, "Oh, just, it just took my breath away and it's not, it's so unfortunate." Everybody makes mistakes with money. Sometimes the consequences are way out of proportion to the mistake. We're not perfect. Like you were talking about what you expected to happen during the pandemic.

[00:31:26] I thought we were headed for another great depression. It didn't happen. We can't predict what's coming next, but we think we can. And we kick ourselves when we predict something wrong. And we're just so hard on ourselves, and that's why I'm really glad I was able to write that and the article, and people were able to see it because I think it made people feel maybe a little less alone that it wasn't just them feeling these emotions.

[00:31:48] Do you ever do that in your, go ahead.

**Malcolm Ethridge:** to that end. We read a lot about, or folks like you write a lot about, how [00:32:00] women aren't involved enough in personal finance and in the financial decisions being made in the household. Men control the purse, strings women, aren't up to speed on what's happening in the house.

[00:32:12] And then the husband passes away, and she's sort of at a loss. And, you have a ton of financial planners out there that specialize in working with divorcees and widowers for this reason. Right. But one of the things that I've observed in the time that I've been doing this, as you can imagine, is that the majority of the clients that we work with are couples.

[00:32:27] And the dynamics of the couple are such that the wife assumes that the husband should be good with money because he is a man. The husband assumes the wife is going to assume that he's good with money because he's a man. And so, the responsibility of who is going to manage the money almost automatically without blinking gets handed to the husband.

[00:32:54] Without anybody even really having a conversation about it, it's almost the same and I'm overgeneralizing [00:33:00] here. And I hope people understand that I'm saying this ingest, but it's almost the same as the conversation of, like, who's going to take out the trash and who's going to cook dinner. right? Like, there are certain gender roles that we've been conditioned with that.

[00:33:10] Nobody fights it, right? Like it just is what it is and that's the way things are done and what I've found in working with couples when they come in and we start our conversation and I just, I start the conversation by asking some variation of. Talk to me about your experiences with money, the earliest experience you have all the way, way back when to being a kid, and seeing your parents and your grandparents and whoever else had an influence on you and how they handled money.

00:33:37] Talk to me about how that experience shaped your attitude toward money and bring it all the way up to talk to me about how you guys handle money as a couple right now. So, a dollar comes into the house. It goes where who's checking the account? Is it a joint account or an individual account? How did you guys handle it?

[00:33:52] Blah…. right. And what I ultimately find from those conversations is that a lot of times the guys are [00:34:00] just as uncomfortable thinking about talking about in dealing with the money as the wife. Yeah, they just don't want to say it or feel like they can't say it because it's like, well, the expectation is that I should be good at this.

[00:34:14] And so they are. They're just as relieved and, in some cases, even more relieved when they hire a professional to take it over because that means that they're no longer on the hook for making the right decision. And no, one's now looking at them saying "you messed this up." So, if they're working with an advisor, they can collectively make the decision.

[00:34:35] You know what? That advisor is an idiot. We need to fire him or her. And they're the problem. But you can't quite just look at your spot. I guess you can. That's what divorce is. You look at your spouse and you say, "you're fired," right? It's kind of the same thing, but this gives them the opportunity to have an unbiased third party in the equation that should know more than they do.

[00:34:56] Right between the two of them, about how to do things and how to navigate and whatever. And I can't tell you how many times I can hear and see and talk to the husband that they're relieved to not have the responsibility of having to look like they know what they're talking about or feel like, it’s all on me.

[00:35:14] And I've got to carry this all on my shoulders, and you know that sort of thing. So, it is really interesting that it creates such pressure that nobody even necessarily comes out their mouth and says, "This is your responsibility." It's your fault. If it goes wrong, we just assign that to ourselves.

[00:35:32] **Liz Weston:** Yeah, well, I'm a big fan of Renee Brown. She writes a lot about vulnerability, and a lot about that. And she talks about what men feel like. Typically, traditionally, whatever that they're supposed to be strong, they're supposed to know all this stuff and women, unfortunately, back that up. We have these expectations and once you examine the expectation and go, "Oh, that's unfair."

[00:35:58] It's unfair to expect any [00:36:00] one person to carry this heavy load. This is something we should be carrying together. That said, we've flipped it in my household because I married an artist, and he's absolutely fabulous but does not want to deal with money. So, it's like, that's on me, but we hired a financial planner because even though I do this 24 seven, I wanted somebody who could if something happened to me who could help him and take over for him.

[00:36:25] And what I discovered was that it's also great to have that third party to bounce things off of. It reassures him when our financial planner says, "Yes, you can retire." And this is how much money you can spend. It reassures me that I can talk different things over with her and make sure that we're on the right track.

[00:36:44] It's just, it's so great to have part of the burden on somebody else's shoulders. So, to me, that's well worth paying for.

**Malcolm Ethridge:** Well, along that same line, prior to the pandemic, I was having conversations with small business owners who were looking for ways to [00:37:00] help make their employees smarter about money.

[00:37:02] Right. They'd seen the studies that read the research on how unproductive employees are at work when they're strapped for cash. And that's the only thing on your mind. Then the pandemic hit, and small businesses shifted their focus to survival mode, right? Not their benefits offerings. Have you heard much? do you think?

[00:37:19] I will start to see companies looking to take on the challenge of helping their employees manage their financial health in the same way they subsidized health insurance to help them manage their physical health, for example.

**Liz Weston:** Oh, absolutely. I think that trend is just going to continue. BlackRock, the big hedge fund, has been putting a lot of money into various initiatives to help employers with this.

[00:37:39] One of the most intriguing ideas is having a kind of sidecar. account for your 401k. So, just like your employer helps you save for retirement by offering a 401k, they could offer an opportunity to save for emergencies. So, there are various forms of this that are being tested out by different companies [00:38:00]. And they seem to be pretty popular. People like the idea of just having this money coming out of their paycheck and going somewhere that they can tap it without all the restrictions that are on 401(k).

[00:38:12] Or other retirement plans where the money is just there for when you need it. It's such a simple response, really. When you think about it, it's just automatic deductions, but it makes a huge difference in our propensity to save if we have access to those.

**Malcolm Ethridge:** Yeah, because Americans are notoriously terrible at saving money.

[00:38:29] It's like everything in our country is set up to help us get better at spending money. It's never really about helping us get better at saving money. So, I really liked that idea. It makes a ton of sense.

**Liz Weston:** And we don't need a pandemic to come along to have our savings rate shoot through the roof, you know? Okay,

[00:38:46] You can't spend money anywhere. So yeah. Of course, our savings rate went up and we started paying down credit card debt, as we do in every recession. But just to have that money day in and day out, coming out of your paycheck and being [00:39:00] available for you, once you've experienced that, you know how powerful it is but that it's kind of a hard conversation to have with people.

[00:39:06] If they haven't been in the habit of doing that, they have this idea that, okay, I've got to save a certain amount for emergencies, and then something comes up and the car needs a repair. The home needs a repair, the money's wiped out, and they feel like failures. It's like, "No, it works exactly the way it was supposed to."

[00:39:21] It just rinses and repeats. You just have to keep doing it. Right. And that automatic deduction is a great way to ensure that they're doing exactly that.

**Malcolm Ethridge:** Yeah, I like that one too. I'll keep an eye out to see whether it grows legs if Congress gets in the way, or exactly what happens because both could happen in this country.

[00:39:38] So my last question for you is, as we get ready to close this out, what has surprised you the most over the last year and a half, as you look at how people were behaving with their money before the pandemic? Through the recovery, whatever that period actually was. And now that we're at least on the back nine, right.

[00:39:55] Of dealing with the virus' effects, what do you think? What are you shocked the most by?

[00:40:00] **Liz Weston:** I'm not sure I'm shocked by people, but I, as I mentioned earlier, was really expecting a much worse recession than we're actually having. And actually, had the recession over. So, we're not even actually having what I expected to be a much worse, much longer-lasting recession.

[00:40:18] And I think the fact that Congress absolutely flooded the economy with money made a huge difference. I didn't trust Congress to do the right thing or the Fed for that matter. And I was pleasantly surprised. The other thing is the, oh, I want to put this carefully, but. I was also surprised at how many people were reaching out to others.

[00:40:45] In various ways, I had gotten a little bit cynical about people and what they would do. And I was seeing it everywhere in my neighborhood. Starting at the very beginning, somebody basically said, "I will go to Trader Joe's for you and pick up groceries for older people [00:41:00] in the neighborhood who couldn't get out."

[00:41:02] Seeing people, funding resources for the homeless talking, just talking to other people. What do you need? I've got this extra money. And we were talking about the child tax credits that are coming in and the stimulus checks that have come in. I heard from so many people who said, "I don't need this money."

[00:41:20] Where can I put it? That would have the most impact. And that just, I don't know, a warm, my heart made me feel more positive about us as a society that so many people were focused on that saw that there were needs and that they could step up and do that. That was kind of pleasantly surprising.

[00:41:39] **Malcolm Ethridge:** Interestingly enough, we do tax returns, I mean tax return reviews, for all of our clients. And one of the things that I've noticed as we've been looking at our client's 2020 taxes is that a lot of people's charitable giving went up. And so, to your point, humanity has kind of just shown that, given the opportunity, a lot of people will rise to the occasion.

[00:42:00] [00:41:59] Although we would. Assume the opposite. A lot of times, I'm in that Senate camp with me, so I get it. So, my true final question. I promise this is the last one. It potentially has absolutely nothing to do with personal finance. So, you can take a breath and sit back a little bit and let your shoulders go.

[00:42:17] But let's say that you'd never become a personal finance writer, right? Helping people get their money right and all that good stuff, but money wasn't a factor in your decision-making at all. What do you think you'd be doing right now?

**Liz Weston:** Oh, wow. That's a great question. I earned my pilot's license when I lived in Alaska.

[00:42:36] I lived in Alaska in my twenties. Yeah, and a lot of people do that. It's very common to have a pilot's license up there, and I loved, loved, loved doing it, but I wasn't able to do it enough to stay safe. So, I wound up stopping. I gave up my license. I wonder if I would have kept it up. And I don't know that I would become like an airline pilot or anything like that, but there's an aerobatic pilot out there called Patty Wagstaff.

[00:43:02] I interviewed her early in her career, and I was just amazed at the things that she could do with an airplane. Possibly. I would be up there with her doing barrel rolls and things.

**Malcolm Ethridge:** Interesting in that I didn't see that one coming. Well, so thanks, Liz. This was great. like. absolutely great. And given our audience, I'm sure some of the folks listening to this may want to follow some of the other stuff that you're doing and keep up with your articles and such. Where can people find you if they want more after this?

[00:43:31] **Liz Weston:** Yeah, come to nerdwallet.com. That's the site that I write for, and we have a podcast, a weekly called Smart Money. You can find that wherever you get your podcasts. And then finally, I have my own personal site, which is askLizWeston.com, and that will have links to my columns when they come up, as well as other information.

[00:43:51] That's important for you to know.

**Malcolm Ethridge:** Awesome. Well, Aric, with an a, why don't you go ahead and close this out, sir?

Aric Johnson: Absolutely. And I do not want to cast any shade or shadows or anything else on any other episode that you've done, Malcolm, but this was so much fun to listen to you guys. I could listen to this for another couple of hours.

[00:44:08] You guys going back and forth have great information. A lot to think about. And so, Liz, thank you so much for being on the show. Of course, Malcolm. You just get the best guests. So, thank you so much for bringing Liz on the show. This was tremendously fun for me. I geeked out, totally. And of course, our last thank you goes to you.

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