Lee Burgess: Welcome to the Law School Toolbox podcast. Today, we're talking about all things money with our special guest Carrie Friedberg. Your Law School Toolbox hosts are Alison Monahan and Lee Burgess, that's me. We're here to demystify the law school and early legal career experience so you'll be the best law student and lawyer you can be. We're the co-creators of the Law School Toolbox, the Bar Exam Toolbox, and the career-related website CareerDicta. Alison also runs The Girl's Guide to Law School. If you enjoy the show, please leave a review on your favorite listening app. And if you have any questions, don't hesitate to reach out to us. You can reach us via the contact form on LawSchoolToolBox.com, and we'd love to hear from you. And with that, let's get started.

Welcome back to the Law School Toolbox podcast. Today, we're taking a break from talking about law school and turning to something that almost everyone has to focus on at one point or another – money. Please join me in welcoming our guest today, Carrie Friedberg, a certified financial coach, financial behavior specialist, and founder of SF Money Coach. Carrie and I met when our older kids were very little, because we have an amazing mutual friend, and I'm so excited to have her on the podcast to talk about all things finance. Who doesn't want to talk about money on a rainy day in the Bay Area? So welcome, Carrie.

Carrie Friedberg: Thank you. So glad to be here, Lee.

Lee Burgess: Alright. So, to kick things off, why don't you share a little bit about what you do and your career path to getting here?

Carrie Friedberg: Okay, sure. So, I am a financial coach who works with individuals, families, and small business owners all over the world on a holistic process of aligning their spending, saving, and earning with their values. I started on this journey as a client myself. At the time, I was financially dependent and financially enabling all at once, several people in my life. I could not write a budget, much less stick to one, and I was literally incapable of saving money. I tried many different things to solve this problem. I read books and series of books, I tried traditional financial therapy, I hired someone off of Craigslist to teach me Quicken, and I even tried designing my own tracking software. And nothing stuck, nothing worked until I hired a money coach. And finally, I found what I needed all along – someone to help me address both the practical side and the emotional side of money.

So, I worked with this person consistently for two years. It doesn't need to take that long for everyone. And literally, everything in my life changed. I, over time, doubled my income. I was teaching kindergarten at the time. I quit my classroom teaching job and started a tutoring business. I was able to move into a more spacious apartment in a nicer neighborhood. And I was able to save enough money to take a long desired trip to Southeast Asia, which was a spiritual walkabout of sorts. The most significant change, though, was how I felt. I was actually confident about money and happy with my financial life for the first time. And this transformation had positive ripple effects in all of my relationships at work, and in my family, roommates, and other friends. Because of this huge change, I decided to do the same counselor training program that my own coach had done, and I opened my private practice after that, 11 years ago.

Lee Burgess: That's amazing! I think so often we don't realize how empowering it is to take control over these things in our life that most of us don't want to talk about or think about.

Carrie Friedberg: I know, it is funny. A lot of people come into money coaching in avoidance with their head in the sand, and they're afraid, it's emotional. And then they feel so much relief and so much better after facing their finances. But I get it, it is hard in the beginning.

Lee Burgess: Yeah. So, you've mentioned you went to a financial coach, you became a personal financial coach. How is that different than a financial advisor or planner?

Carrie Friedberg: As a financial coach, I help people with the cash flow level and conversation – so, budgets, spending plans, basic savings goals, and even communication with loved ones, as well as self-care and personal finance routines. I guide people in making monthly and annual plans, so as far forward as we plan ahead is one year out. A financial planner or investment advisor works with people beyond one year – five, 10, 20, 40 years down the road, and they're primarily focused on the long-term savings.

Lee Burgess: I think one of the things I hear you saying is I think a lot of people figure that they shouldn't talk to anybody about money until they have significant money, which I think a lot of lawyers are thinking about. Maybe they get some of these big firm jobs with these six-figure salaries. But I think what I'm hearing you say is that it can have a great impact when you're just starting out or when you're trying to get your act together to make a change, like go back to school, to really have control over all these things early on, that it's not wealth that creates this need.

Carrie Friedberg: Absolutely. In fact, I think it's really missing from American high school curriculum and even college curriculum. Some of the Ivy League schools and large state universities have actually, in the last year or two, launched personal finance departments, like that's something you can major in now. So that's new and that's exciting. But I would say, yeah, get them while they're young. In other words, when finances are quite simple, even if you're receiving an allowance from your family or scholarship or other kinds of compensation, and you don't have that much spending money so your budget would be relatively easy to tackle and create, and maybe even manage with fewer expenses. That's the best time to get into this practice, so that you can develop that sense of confidence and mastery, and you have a system in place to prepare for when life inevitably expands with relationships or moving and jobs and income and lifestyle choices. So yes, at the same time, people who are in high school or college are maybe living on their parents' dole, or the scholarship money that comes from an outside source. They may not have had any consequences that are serious enough or uncomfortable enough to inspire them to do the hard work of personal finance. But more and more, these days people are seeing it as just part of wellness. There's mental health, there's physical health, and there's financial health. So, it's becoming more common and more mainstream.

Lee Burgess: Yeah. So Carrie, I was reading your writing online, as I do when I stalk everyone that is a guest on the podcast, and you have talked about the importance of basic financial literacy. And I know you just mentioned that some high schools and colleges are even starting to build more of this into their curriculum. So, if you're not at one of those schools or didn't have that programming, what is this and why is it something that we all should be thinking about?

Carrie Friedberg: So, financial literacy is defined by experts around the world in many different ways. I believe that it's subjective since everyone has their own background experiences, challenges with money, as well as a unique family history. I know that developing a healthy and sustainable relationship with money is an inside job, and it really requires honesty, open-mindedness, self-reflection, self-awareness. And the emotional and psychological side is as important as the practical skills, tools, and frameworks and systems. And our relationship with money is a life-long journey. So, I believe that being financially-literate means thoroughly understanding your own financial picture and continuing to learn about money for the rest of your life.

Lee Burgess: That makes sense, that's a really a good way to think about it. And we at the Law School Toolbox always talk about women's issues a lot, probably because we're women-managed, women-owned, mostly women who work here. But women are often said to lack financial literacy. So why do you think women are raised to think that we're bad with money? I know we're oftentimes told we're bad with math. And what can we do to become more savvy and make up for this storytelling that's being told to us throughout our lives?

Carrie Friedberg: You're right, there's a long-standing myth that men are supposed to earn and manage the money. It really stems from the 1950s model of American families. And sadly, that mentality still exists in families even today. Equal pay for equal work is only 60 years old. So, our parents and their generation absolutely didn't subscribe to this. The Pregnancy Discrimination Act is only 50 years old. Many institutions, groups, family systems are still catching on to these simple yet profound changes in our culture. As far as families are concerned, without consistent conversations, which I call "money dates" with your loved ones, even your parents, if you're an adult child still living in multi-generational situations, or your spouse. People are more susceptible to becoming a statistic or falling into these old patterns of behavior. So, what we can do as women is requesting/requiring consistent conversations, which includes sharing responsibility to take care of family money, and all of the tasks and chores that come along with that, and requesting total transparency. Continuing to educate ourselves by taking courses, reading books, listening to podcasts, having conversations with people that you trust in your life to talk to about money and ask questions. And there's a lot of professional support available, so get some if needed. If there is that kind of limited thinking in your family system or someone who's very controlling, then it sounds like you guys need some help, or a woman can get help for herself.

Lee Burgess: I think it's an interesting problem, too. Professional women are statistically getting married later in life, which means that we have a much larger portion of our adult life that we might be our sole earners. We are building financial lives for each other. And I know in law school, this is always discussed in the nature of prenups, the importance of prenups.

Carrie Friedberg: Right.

Lee Burgess: I found it so fascinating when I would even have lawyer friends who would be getting married, especially after law school, and then we would start talking about things like money and then someone would say, "Well, we're fighting about money. He has this BigLaw job, and I do a different kind of law. And he's ordering $200 dinners of sushi." And I'm like, "Well, didn't you all sit down when you did your prenup and discuss all of this stuff?" And they're like, "No, that's not romantic." And those marriages, some of them don't exist anymore. And I think probably it's because those conversations, which feel a little yucky and unromantic, really show the fact that if you're going to share a life with somebody, that you become business partners and you have to be able to move throughout the world as such. And I think there's nothing that kills romance more than arguing over things like money.

Carrie Friedberg: Yeah, you're right. No, and I appreciate you saying that there is absolutely a business department and element of any long-term relationship, especially a marriage where larger assets like a house, and managing dual incomes, and throw children into the mix, and the stress of that. But you're right, and that's why you and I are on the same page. I'm really emphasizing one of my kind of prescriptions for new clients, especially couples at any stage in relationship, but where there's conflict or mistrust, fear, anxiety around the topic of money, I suggest that they sit down, carve out the time to talk for one hour every week. It's not forever, and it takes less time than it does to work out every week. So, when you put it into that "wellness" category again, this is just normal. If you go to a grocery store, you talk about money on Saturday mornings or whatever it is. It relieves the pressure, and it makes it more friendly, more common, less taboo, more comfortable. But when people kind of keep their head in the sand and are in a strong practice of money avoidance, it can feel like opening the skeletons of the closet, or everything is going to come tumbling down at once. People get very distracted in on to these tangent conversations, and it doesn't go anywhere. They don't accomplish anything. In my work with people, what I recommend for anyone who's able to do this for themselves on their own, is start from the beginning, start with the basics. You need to define your lifestyle – that's what you value and where you spend your money – and then apply numbers to that list. And that's your budget. You mix in savings goals and the reality of the income picture, and then it becomes pretty interesting. Tracking where your money is going is level one; that's the basic and foundational personal finance routine.

Lee Burgess: Yeah. I was just thinking it's good we're talking about this during tax time. I feel like everybody should be very aware, because we've all been filling out all of our tax documents.

Carrie Friedberg: Yes. I know.

Lee Burgess: I know. So, most of our listeners are starting out or in the midst of their law school careers. And for most law students, that means some level of debt, to kind of horrendous amounts of debt. If someone has a great deal of student debt, what should they be thinking of as far as paying it off, or saving, or vice versa? A conversation that happens a lot in the law school career path is, "Get these super big firm jobs, they pay you all this money. Pay down your debt, and then you can have a better life." That's such a good, common message.

Carrie Friedberg: Yes.

Lee Burgess: And so, I was just curious about what you think about that message, and how should people approach this idea of law school debt, which I'm still paying off mine.

Carrie Friedberg: Yes, I know. It is so common, and it can last a while. I think student loans is a form of simple debt. It's finite, it's fixed, it's unchanging, and it can last even a couple of decades. And understanding that that decision can be a long game, and kind of mentally accepting that it's going to take a while is really key to have enough money in any given month to also, at the same time, from the beginning, the moment you graduate or even during law school, be saving money. So I really believe that the fastest way out of debt is through saving. And Jesus, that can be tight in the beginning, as you're figuring out your cash flow conversation. And you may have to wait to live on the ideal block and with the view or whatever lifestyle vision you have. You may not have it all at once or right away, but if you can learn to do both at the same time – paying down the debt and putting money aside, which may require minimums for quite some time, like you've built a tolerance for... My husband also has student loans. Then you can build some meaningful savings. And this is key to preventing other kinds of debt like consumer debt from credit cards, which is all too easy to fall into a pattern of overspending and magical thinking. That's where people really get into trouble when they also have, like you said, massive student loans. That's a really unmanageable situation, but it is preventable.

Lee Burgess: Going back to something you said earlier too, about really educating yourself when you are making the decision of where to go to school, whether to go to a school that maybe offering you scholarships so it will cut into that debt. I think oftentimes, people don't really sit down and think what the difference might be if you exit school with $60,000 of debt versus $120,000 of debt, and what that looks like 10 years, 15 years down the road, when you're thinking of buying a house and what kind of law you want to practice, and all of that kind of stuff. It seems like these are things that one should really sit down and try and look at when making a lot of these choices, because these numbers sound very abstract when you just start fumbling around large numbers.

Carrie Friedberg: Yeah, when all you have to do is sign. Sign here, yeah. It is, and you're right. The savvy, astute people – and it's okay if you didn't know this before today – but they're the ones who are willing to do the back of the envelope math and really slow down the process, make sure all of your questions are answered, even from the loan agents or however and the conversations go. You can ask when will payments start to be expected, how much will they be, and things like that, so really projecting out into the future, so you can understand, "Okay, if I take Carrie's advice of the strategy of paying minimums and stretch out this simple debt as long as possible, because the smaller amount is going to be more manageable for also having a life and money to live on, and saving and taking care of other needs." So, even if you go to law school or choose a large loan because it's the school of choice or the location of choice, you can still say "Yes" to yourself. You're not defined by your debt. You are a whole person that also has current expenses and lifestyle needs as well as a vision for what they want to create for themselves. So that's really the kind of holistic view I like people to take.

Lee Burgess: I think it's a really good idea. I still remember signing these documents, and I did not spend a lot of time thinking about what those numbers really reflected and meant. And when I graduated from law school, the Feds changed the rules around student debt, and so some of my debt was locked in at this very low rate, some of it had to be consolidated. They were very different rates, which allowed me to choose to pay off higher loans versus... There was a lot going on when I really sat down and looked at it.

Carrie Friedberg: Yes, it's complicated. And you're not supposed to know all of the answers. So again, financial savviness means calling – calling in with your questions, asking a mentor for advice, interviewing someone who's older than you or has been through this before. What did they learn, what would they do differently? And taking care of yourself in that way, so you go into a great new adventure with as much information as possible so that you feel empowered and that you're at choice with it.

Lee Burgess: Right. You mentioned that you started this financial journey when you were a kindergarten teacher for your own personal kind of financial journey. So what do you wish you could have told young Carrie – younger Carrie, you're still young – younger Carrie, who is starting out with her first professional job? Many of our listeners will be starting their first real professional job after school.

Carrie Friedberg: Yes, I would say my best advice is to do the inner work, to fully understand yourself and understand your worth. Interesting ingredients that I think go into salary negotiation or fee setting can be education, experience, previous success, specialties or your niche, and as well as your level of professionalism. Also, just aim high. You need to go into those negotiation conversations understanding exactly how much your life costs. That's the direction you should go. It's not coming home and doing the math about what kind of apartment you can afford now, but it's being proactive and taking these preventative measures. So again, having the budget already in place and easy access to that information or that total. And it's not just the basic monthly total; there'll always the periodic or bigger ticket item, non-monthly expenses. Those are the ones that people usually forget.

I have a tool on my website, it's so important, and this is like the thing that changes people's lives to wrap your minds around those non-monthly expenses, so you can really understand how much you should be saving into a specific savings account to pay for those things when they come up. These are things like holidays, gifts, travel, car expenses. Even if you have a simple lifestyle in law school or just out, you still have some of these desires and responsibilities outside of your regular monthly budget. So, you need to know what your bottom line is and how much money after taxes you need to be taking home every month. And going all the way through, following that thread, again, on the back of the envelope or a spreadsheet, or your existing budgeting system is something that very few people do. But you'll be glad that you spent a couple of hours thinking about it, so that you can confidently request what you need, and if they don't offer it to you, you can say "No".

Lee Burgess: Right. No, that's true. I guess it was pre-pandemic – it seems about a year and change ago, but it seems much longer – I guess it was just a year and change, but Alison and I did this for our business. We sat down and did a deep dive into our books, really going line by line, looking at where all the expenses were. And it was kind of fascinating how much money we found by really being thoughtful and intentional about every single line item and how many things sneak in there when you don't really go line by line periodically. And now we do it much more often. It's possible we hadn't been as detail-oriented in that because we were fine, we were making money, but we didn't really realize that there were these little expenses hiding places. Now, by keeping up with it and going through that stuff on a regular basis, we can avoid those little sneaky attacks that are just hiding out there.

Carrie Friedberg: Yeah, the leaks in spending or unused subscriptions or other commitments. Even if you have a staff or other large projects that you want to tackle in a year, it really makes you think, "How important is it?" and, "Are we getting everything we need and want from this person or this service?" I'm saying that with heart and compassion, but yes, a savvy business owner is very present and connected with their finances, even if that's not their job. Even if they're not the CFO or the bookkeeper or that person, you want to be looking.

Lee Burgess: Yeah, because I think whether it's your business... And if you're a lawyer and you go into solo practice, you are also responsible for all this stuff. You can hire bookkeepers, so you don't necessarily have to do the accounting yourself, but you have to understand what's in the books.

Carrie Friedberg: That's exactly right. And learn to speak that language. It is so rarely taught, nobody is kind of launched into the adult world speaking small business finance or strategic debt repayment language, or even personal finance. So, you start from square one, and it's okay not to know. Examine what your questions are and work towards getting them answered and satisfied, and then that's where expansion and growth comes from.

Lee Burgess: Right. So you mentioned a tool on your website. Are there other certain tools that you suggest folks check out to look at savings and budgeting?

Carrie Friedberg: So I, at the moment, am using Quicken – it's an Intuit product to track my personal and business finances. It doesn't really matter what system or software program you choose, but choose one. It's fine if it's a simple spreadsheet that you make yourself. And there are other awesome software products out there – some favorites are YNAB – You Need a Budget; Dave Ramsey's EveryDollar; Google has a spreadsheet where you can link your bank accounts and it downloads the transactions for you called Tiller HQ. Once you get a system customized and up and running, which is the major roadblock that most people avoid or quit when they realize, "Oh, this is hard or uncomfortable" or, "I don't get it" or, "I didn't know it would take this long." Realistically speaking, I tell people to plan on spending five to 10 hours on setting up and learning and practicing on a new system. And that sounds like a lot, but once you push that boulder up the hill, then you enter this easier, more comfortable, less time-consuming maintenance phase, and you'll just be so glad that you did. Then it's about maintenance and consistent personal finance routines. I outlined the best practices for what to do when throughout the month and the year, and they can be downloaded for free, like that periodic expenses calendar I mentioned on my website, on the Tools page.

Lee Burgess: Yeah, that's great. I think so often we hear something like five to 10 hours and you're just like, "Oh, that's not possible." But we all track time because we're all lawyers. If you tracked the amount of time you spend scratching your head or you're trying… Let's go ahead to taxes, it is tax season. Everybody sits down and starts to pull out their documents and can't find things. How much time do you spend in frustration, and how many hours of frustration can be eliminated by doing this work that sure, makes you uncomfortable, but it's not like these problems go away. It's just those 10 hours get spent other ways.

Carrie Friedberg: Yeah, exactly. And the minutes in between your sit-down financial housekeeping task sessions of anxiety as well; just the passive worry, that baseline note of your stress about money. So yes, all of that can be avoided. Financial wellness is really a lot like yoga or taking vitamins or meditating. It's a little bit on a consistent basis carries you very far. And then the possibility is that next tax season it's virtually a click of a few buttons and a personal note to your accountant and you're done. So, yeah.

Lee Burgess: Yeah, the other week I was feeling very overwhelmed, so I sat down and meditated once, and then was like, "Yeah, that didn't do anything." And then I was like, "Wait, I know from my meditation mindfulness practice that I need to do it every day. I need to do it longer." It's something that I love, but I was like, "No immediate gratification? Out of the door, tool, meditation tool."

Carrie Friedberg: I know. That's hysterical, yeah.

Lee Burgess: Yeah, that's always a sign you need to meditate more.

Carrie Friedberg: Probably, yes. I struggle with my own meditation practice as well, and I absolutely am not enlightened by any stretch of the imagination. It's hard for me to close my eyes, I'm always searching for something to do. But one of my teachers, Jon Kabat-Zinn who's so amazing, insists and suggests that time expands when you meditate, and that if you do it and give that to yourself and calm your mind and invite clear thinking, when you then return to your busy life or the tasks or work or school, that you will be more efficient and you therefore gain time by meditating. Anyway, it's an inspiring thought.

Lee Burgess: I did go back and meditate the next day.

Carrie Friedberg: You did?

Lee Burgess: But the first day I was just like, "I can't believe I'm spending time doing this again."

Carrie Friedberg: I know, it's hard. Super hard.

Lee Burgess: So, a lot of people, I think, read news about the stock market, which the last few years especially, have been quite fascinating. I will be honest, I am not well-versed in the stock market as many people are. But what are your thoughts about newer professionals trying to jump into the stock market, and how does somebody assess their tolerance for risk, since I know that risk is a lot of what drives the stock market behavior?

Carrie Friedberg: It is, and I don't speak investment ease either. However, there are great resources and companies out there that make this decision and adventure easier. So, on risk tolerance, Vanguard, as well as Investopedia, they both have risk tolerance assessments available to the public on their websites. So you can do an online quiz and get some feedback from institutions or organizations like that. That's interesting, and would be part of your financial literacy journey and education. And then there are these great companies – you've probably heard of them – that have really succeeded in making investing available to everyday people who have no experience or don't kind of "speak the language". So, even for people in law school, young or new professionals, some that come to mind are Betterment or Ellevest. That's really geared towards women, but I think anyone can invest with them. And E-trade of course, who's very strong in their marketing, so everybody's heard of that. And you can start small with even $25 or a $100 a month to get acquainted with the process and to practice and begin your education about investments. And over time, when you have more money left over at the end of every month, you can up the stakes and start to invest more. It's kind of like when people say, "I want to buy a house", and I offer the homework that they start attending open houses. It's called "exposure therapy". It's like, "Well, let's lean into that and just go there and try it on." Yeah, it can feel like wearing someone else's clothes in the beginning, but when the stakes are as low as $25 a month, it doesn't really matter what happens. And then there's the patience factor with investments and other long-term savings. It really is the long game, so you have to be patient. You have to give it a year before you decide to change things or sell things. You have to kind of study it and watch and see, so that you can understand the fluctuations and ride those waves.

Lee Burgess: I think it's interesting too that sometimes with any sort of investing, whether it be a house or even the stock market, that you kind of have to get comfortable with this level of commitment. I have a funny story about being 20 – I guess I was 22 – and I was living in Davis, the very small college town outside of

Sacramento where I had landed post-crash of 2001. I was supposed to be living this great life in LA as a consultant at an international consulting firm, and then the whole world kind of collapsed, and then I was temping instead, and renting a place that was cheap that a friend had told me about. But eventually I ended up having to buy a bed, and at that point, I hadn't bought anything that couldn't fit in my Volkswagen Golf. And so, I'm standing in the parking lot of Mattress Discounters in Sacramento on the phone with my best friend saying, "I just don't think I could buy the bed." And she's like, "How much is the bed?" And I was like, "It's just a few hundred bucks, but once I own a bed, I'm never going to be able to move. This isn't my permanent place, I don't really want to be living here." I'm having this complete meltdown in the parking lot over a commitment and she's like, "You know it's just a mattress, right? You could leave it, you could sell it, you could not take it with you. You could get a friend with a truck to move it. It's just not that big of a deal. Just buy the mattress, it will be fine." She was totally right, but there was. I think when in my younger days, before you have a lot of these "responsibilities" that any of these commitments just seem so heavy, I think there has to become some sort of levity of this idea of, go try out investing, it's like 25 bucks, what do you have to lose? A couple of hundred bucks at that point in my life was half my rent, you know?

Carrie Friedberg: Yes, I do. I know. You're bringing up a point that money can be very emotional. It's not as simple as just making a decision at the purchase point to take something home, or something online is so much more common these days. It is connected to everything else. And when you are grounded in the reality of your financial picture, a.k.a. budget or spending plan, where you're connected with your money, you know what's happening, and you're okay with what's happening, you're in alignment with it, it's really working for you. You're living within your means, all of these kinds of ideal things, and you realize you have a need. And I would call that a "need" for a bed that sustains you, a "want" entertains you.

Lee Burgess: The twin bed I had been borrowing, that somebody had left over, was done. It needed to be out.

Carrie Friedberg: Yeah, exactly. Also, an ideal personal finance routine is that you would create your spending plan and set your intentions for the upcoming month before the first of every month. And this is really different from rear-view mirror accounting, where we open the bank statement or look at the credit card bill after the fact or when it's due, or at the end of the month. It's too late, that's a very powerless position. So this is absolutely reversing this and anticipating as much as possible, and doing as much as you can ahead of time to increase control and decrease anxiety. Then if you had that practice in place at that time, you would have thought, "I really need the damn bed this month", and it was kind of penciled in or typed in 300, 500, whatever it was dollars in April. And then in that experience of being in the parking lot, it probably, hopefully, would feel more comfortable and easy because you already thought about it. You already had the conversation, just out of routine, because of course you did. Also to say that everyone falls into emotional spending, retail therapy, but there is a way out of feeling kind of bewildered by financial decisions, even if it's something so obvious that you need a place to sleep tonight. That really comes out of these healthy routines and setting that foundation and sticking to it.

Lee Burgess: See, what I needed was to know you all these years ago, and I could have called you from the parking lot at Mattress Discounters in Sacramento. And you could have talked me down to go buy my first bed.

Carrie Friedberg: Yeah, exactly. But when you speak to a point that in that moment, your best friend was that person, she was your financial confidant, like, "Why can't I walk in the store? I need this. It's just…" And processing and talking. Money coaching isn't a fit for everyone or may not be in the budget or schedule. And so, finding at least one person in your life that you like, trust, and respect enough to be totally honest and transparent about money stuff and what's up and what's hard and what's easy and what your questions are – that is an invaluable resource. And if you don't have someone like that in your life, then you might need to hire a professional to serve that role.

Lee Burgess: Yeah. Oh, reminiscing about not owning a bed. Hard to remember there was a time. So, what should someone at the start of their career be thinking about when they start getting offers to plan for retirement? And how do you balance that versus current spending? Or how do they start to make those decisions?

Carrie Friedberg: Yes, like I was saying, an ideal scenario would be paying down your student loan and saving and maintaining a livable lifestyle all at the same time. It's kind of like, "Oh my gosh, if you do the math, poof! There goes the money, every paycheck." I would love retirement into that. There are other savings goals that are more of a priority, but you know what they say, and it's true: Start young and watch your investments compound over time. That's how it works. So, as little as it is, you want to build it and it will come in the beginning years, and in your 20s, for example, or 30s, whatever age you go to school, and maybe kind of resetting your finances. And then trust that over time, you will have more money to invest. And while in law school or living in a new city or your first or second year as an associate, it's just true that you're not going to have tons of cash to invest. But if you can play that game at whatever level, it will be to your advantage. Plus, when you get a job, you want to take advantage of employer matching and other retirement plans. But even then, you might not be able to afford maxing it out from the first day of employment. That is a pitfall that a lot of people fall into, and then they just don't have enough money coming into the checking account every month to prevent credit card debt. So, it will all depend on your lifestyle and how much cash you need to live on every month, including those random one-off expenses that would be included in that number. And doing whatever it takes to prevent credit card debt, because the interest charges can be up to 25% and it's just...

Lee Burgess: Crazy!

Carrie Friedberg: Yeah, and there's research that shows people overspend also by up to 25% simply by putting something on a credit card that isn't being paid for in that moment. Instant gratification, have now, pay later. So, it's kind of like overpaying by 50% between the, "Oh, just get two pairs of jeans because I love them", and then that interest charge if you don't have the cash for it. So it's a really slippery slope that a lot of starving students fall into. Whether it's the Bay Area or wherever you live, it's just something to be aware of and keep eyes wide open.

Lee Burgess: Yeah. So as you were just talking about with looking at all of these buckets, like you want to be investing some of your retirement, you want to be staying away from credit card debt… Seems like credit card debt, big no-no. We're going to talk about that more in a minute.

Carrie Friedberg: Yeah.

Lee Burgess: So, you want to look at everything holistically to try and set the percent of income you want to try and save. Is that the key when I lay all of this out? And then is there a rule of thumb for saving, or is it really dependent on person-to-person?

Carrie Friedberg: The latter. I usually don't suggest people stick to a certain percentage because one size never fits all. I would want to know the complete details of someone's financial picture first. And I do recommend that everyone immediately opens two regular cash savings accounts. I've already mentioned them. One is for periodics, those anticipated non-monthly expenses. And then a separate cash savings account for a safety net. The goal for that account is six months of living expenses. And that money you would only use in case of an interruption of income, like a gap between jobs or internships, taking a sabbatical...

Lee Burgess: Pandemic.

Carrie Friedberg: Yes, oh my gosh! I never used to say that, and now I do. I know. The people who took my advice were very happy they did, and needed it, the ones anyway. And other people were like, "I get it now!" Some of my clients. But for all of these recommendations, again, it's built it and it will come. You want the flow to be open and these accounts to be established. It really doesn't matter what the balances are. You want to avoid monthly service charges for a balance that's too low, so you need to read the fine print. But once you have this foundation set, you will be so glad you started young and learned to manage your savings with this holistic approach.

Lee Burgess: Yeah, that's so interesting. I know, I love a good disaster planning session, that's the lawyer in me. It's like, "Let's talk about all the bad things that can happen and how we can manage them."

Carrie Friedberg: Right, yeah.

Lee Burgess: Alright. So, you mentioned about couples, that you work with couples, because whenever you partner with somebody to share a life with them, you've got to mix those finances in some way or another. And sometimes, like most things, couples don't always agree on money. So if you are a part of a partnership – and I think this doesn't matter what that partnership looks like, whether you're married, living together, same sex, opposite sex, you name it – if you are sharing a home and expenses, you've got to be able to talk about this kind of stuff.

Carrie Friedberg: Absolutely. There's a great book called *Money Harmony* by Olivia Mellan, and it's timeless. That can help a lot. That would be a good antidote to, "Oh, wow! We're not on the same page", or things that come up, or you realize once you move in, or a life event occurs, or suddenly their parent or great aunt is asking for money, they're giving it to them. All of these interesting things that can happen, curveballs. And couples that fight a lot about money might be a good fit for money coaching or couples' therapy. There's no two ways about it. It can be so intense and so emotional, like that overly-stuffed closet that people just walk by 20 times a day, rather than opening, that you may need an objective third person just to help get through the difficult conversations, and that is so normal. And it's not forever, it's just something that's available, because it is possible to have a family spending plan that acknowledges everyone's values. You must have some shared values because you are together, after all. But people change or don't change in ways we expect them to. It's fine to have personal preferences as well, and there's a place for all of that. And you can create realistic monthly and annual spending plans that are aligned with what's honest and realistic in terms of the relationship's spending habits, savings goals, and earning level. So it's a process, there isn't a quick fix. That is just the fact about financial wellness and financial health, is that it takes some time and some practice and discipline and consistency for your entire life. But once you embrace that and decide, "I'm going to make friends with my finances", then things tend to change for the better, and you can set that positive ripple effect out into your life.

Lee Burgess: I think one of the things that's unique for a lot of folks who may be coupling a little later in life, let's say in their 30s or late 30s, maybe not having children until they're mid-30s, even in their early 40s, is then we become the sandwich generation, which is that we are caring for small children and disaster-planning around what it looks like to be responsible for small little lives. And then also, we are oftentimes slated to take care of the older generation as well. And I think that's going to put some unique financial strains on folks.

Carrie Friedberg: On this group, yeah.

Lee Burgess: On this group.

Carrie Friedberg: It definitely will. And I know you're in that right now, and I am as well. And yes, what to say about that? I have a script for a conversation – it is called Financial Partnership Questions. So, that can be a really helpful tool. And any of your listeners who want a copy of this tool, they can just send me an email and I will give it to them. And to say, "Hey, honey, I heard this podcast and I printed out this list of questions. Let's set up a time to talk about them." It's never good to surprise people with money conversations, but then you kind of go through the list and you put the power onto the piece of paper. It's not you demanding or needing or requiring anything. It's just kind of like, "Do you want to play this game with me? Are you available to talk about this, and explore like that?" I have a similar list of questions called Advanced Life and Money Questions, and our beloved mutual friend who introduced us helped me write those with all of her gifts and skill set around aging parents. And so, it's a combination of, how do you talk to your elders? How do you talk to your family members when the time comes about what's happening, how they can take care of themselves and what information you need to know as the younger adult who may become partially or fully responsible for their financial affairs? It's so nuanced. When we grew up, I really don't think our parents had this conversation with their parents. It was just such a closed door kind of culture. But these days, especially with people who are younger than us, millennials and 20-somethings, everybody's all about sharing and therapy and having conversations and asking hard questions. And I think that's a very, very good thing for financial health in general. You know what I mean?

Lee Burgess: Yeah. I like your point, too, that you just have to sit down and plan these conversations. It makes me think of a conversation I did with Eve Rodsky back a few months ago, who wrote the book *Fair Play*, about sitting down and having familial responsibility conversations. But did you have to sit down? You can have a glass of wine. Doesn't have to be awful, but it needs to be intentional. And I think these problems don't go away, but it is better if you do confront them and talk about them.

Carrie Friedberg: Absolutely, I totally agree with you. You need to be willing to be honest, yes.

Lee Burgess: Yeah. Alright, I know we're almost out of time, but we've got to go back to credit card debt because it's come up so many times. So, if somebody listening to this is saying, "Hmm, I am watching that credit card debt start to go up", what are your first tips about how they can learn more about what to do? What should they do if they're that person, if they're like, "This is sounding awfully familiar"?

Carrie Friedberg: So, the first step to getting out of debt is to stop digging. The extreme version of that would be to stop all credit card charges, don't use it anymore. Revert to debit-only spending for everything. That is some strong medicine. But it's true that you have to stabilize the situation by stopping making the hole bigger. And this is hard for you to hear, and it is for many people, and for some, it's impossible to take this advice overnight. A baby step in the right direction would be to consolidate all new charges to one active credit card. Then you can be more proactive and in control of the debt repayment plan and enter paydown mode on all the other cards, whether they're store cards or the Amazon card or the airline perks. And it's just all good marketing, you have to call a spade a spade. Perks are very seductive, but what do they really get us? Financial wellness is more important than frequent flyer miles. So, that's what I would say to start.

Lee Burgess: Got it. Stop the bleeding first, and then you can kind of start to remedy. That makes a lot of sense. Alright, well, oh my gosh! We could talk forever, but I think we have to wind up for today. If our listeners want to learn more about you, what you do, the resources you've mentioned, how do they find you?

Carrie Friedberg: My website is sfmoneycoach.com, SF as in San Francisco. And right on the home page, you can find out information about one-to-one coaching and the DIY, Do-It-Yourself, Personal Finance 101 course, which is launching on April 6th.

Lee Burgess: Yay! Hope everybody gets a chance to check that out. If you're starting law school, this could be a fun project to do before you start your law school experience, or a good summer break project for people who are coming up on their summer breaks.

Carrie Friedberg: Exactly. While things are still quiet here at the near-end of the pandemic, it is a good time.

Lee Burgess: That's right! It is a good time because you're not out with your friends, so you might as well be fixing your finances. Many of us aren't spending as much money socializing, so in a lot of ways, the pandemic might be a simpler time to clean up your accounting because most people aren't traveling, you're not going out and socializing. So, maybe it's an opportunity?

Carrie Friedberg: Maybe so.

Lee Burgess: Yeah.

Carrie Friedberg: I say go for it, yes. Come on in.

Lee Burgess: That's right. Alright, well, with that, we are out of time. If you enjoyed this episode of the Law School Toolbox podcast, please take a second to leave a review and rating on your favorite listening app. We'd really appreciate it. And be sure to subscribe so you don't miss anything. We will link to all of Carrie's resources in our show notes. If you have any questions or comments, please don't hesitate to reach out to myself or Alison at lee@lawschooltoolbox.com or alison@lawschooltoolbox.com. Or you can always contact us via our website contact form at LawSchoolToolbox.com. Thanks for listening, and we'll talk soon!

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Fair Play: A Game-Changing Solution for When You Have Too Much to Do (and More Life to Live), by Eve Rodsky
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