#24: Slaying $500K of Debt with Rho Thomas

Full Episode Transcript

With Your Host

Debbie Sassen

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You're listening to the *Mastering Money in Midlife Podcast* with Debbie Sassen, Episode number 24.

Welcome to *Mastering Money in Midlife*, a podcast for midlife women in business to overcome financial anxiety and make more money without burning out or sacrificing their families. Join certified life and money coach Debbie Sassen as she shares practical business strategies and mindset shifts that help you dissolve the money blocks that keep you stuck in the cycle of under-earning and under-saving, sabotage the growth of your business, and prevent you from building the wealth that you desire.

Hello my friends, and welcome back to the podcast. Today I have an amazing friend with me, another financial coach by the name of Rho Thomas, and she has an exceptional story to share with us. Rho Thomas is an attorney and financial coach who believes that true wealth is having control of your time. She helps lawyers master their money to create freedom and choice in their lives.

She also hosts the podcast Wealthyesque where she shares strategies each week for lawyers to improve their money mindset and manage their money better to achieve true wealth. Rho has a story which she will share with us in the next few minutes about finding herself, she and her husband together, in more than $600,000 of debt. And with the exception of their mortgage, which they're still carrying now, they slayed over $500,000 of debt, and I think that everybody will have something to gain from this episode. So let's dig in.

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Debbie: I'm so excited to have a guest with me today. I have Rho Thomas who is an attorney and a financial coach, and Rho believes that true wealth is having control of your time. She helps lawyers master their money to create freedom and choice in their lives. She also hosts the Wealthyesque podcast, where she shares strategies each week for lawyers to improve their money mindset and manage their money to achieve true wealth. Hello, Rho.

#24: Slaying $500K of Debt with Rho Thomas

Rho: Hello, Debbie. How are you?

Debbie: I am doing great, thank you. How are you?

Rho: I'm doing well, thank you.

Debbie: So let all my listeners know where you're calling in from today.

Rho: Yes, I am calling in from Atlanta, Georgia in the United States.

Debbie: Okay. Wonderful. For Rho, it's 7:00 in the morning. It's 2:00 in the afternoon my time. And it's amazing that money coaches from all over the world can get together and talk about money because we love to do that, don't we?

Rho: I completely agree. And it is so amazing how all of the things that have been happening the last couple of years with the pandemic really I think have brought us closer together. Like, I have talked with so many people all over the world, and I wasn't doing that before.

Debbie: So tell us a little bit about what you were doing before, because I know money coaching wasn't something you started doing in your life, so take us back to the beginning, and let all my listeners know how you got to coaching.

Rho: Yeah. So I started my career as a lawyer, I practiced trademark law here in Atlanta for seven years. And I've wanted to be a lawyer since I was seven, so it was like, a long-time thing for me straight from kindergarten to law school and right into my first big-girl job at a law firm. So it was a lot of fun. But then of course the money coaching came in, and I can talk about that a little bit if you like.

Debbie: Yeah, well, tell me, because you and I spoke about before we started the recording, that as a lawyer, you got into debt. Right?

Rho: Well, actually it was before becoming a lawyer, it was student loan debt. And my husband and I realized, while I was practicing law, we had our first child about four years ago, and my law firm offered kind of a

part-time policy, so I don't know how familiar you are with the legal industry here in the U.S.

Debbie: It's been a while.

Rho: Most law firms have a billable hour requirement where you have to hit this minimum number of hours that you're billing out that can then be charged to the clients. So under my firm's part-time policy, I could do a percentage of that billable hour requirement for the corresponding percentage of my salary.

So if I did 80 percent of the hours, I would get 80 percent of my salary. We looked at our finances to see if that was something we might want to take advantage of, and Debbie, we realized we had $670,000 of debt between our student loans, our mortgage, and a car loan.

Debbie: Wait, I want you to stop and say that number again, because that is just a mind-boggling number. And I'm going to translate it to shekels to my listeners who are listening from Israel, but say that number again.

Rho: Yes, $670,000 USD.

Debbie: So that's over 2 million shekels of debt. That included your mortgage?

Rho: Yes, included our mortgage, but our mortgage was about $200,000.

Debbie: So less than half.

Rho: So we had a $200,000 mortgage, $10,000 car loan, and then the rest was student loans. So it wasn't like we could just sell something and get out of it, we were going to have to pay this off.

Debbie: You couldn't sell your wedding ring, right, to get out of debt?

Rho: Exactly. So realizing that we had that amount of money, and we had some assets, we had the house, and had been saving for retirement, but we still had a negative $342,000 net worth. So we weren't even at zero.

Debbie: Right.

Rho: So that number was, like, oh, well I guess we won't be doing this part-time leave policy that my firm had. We couldn't afford it. Like, we had so much debt and the minimum payments were quite large, so I continued on being full-time at my firm and learned how to balance practicing with being a new mom and all that, and it was fine, we adapt, we figure it all out, but I did not like that feeling of not being able to choose what I wanted to do.

So that was what got my husband and I started on our financial journey, this idea that we could have control of our time and be able to make decisions for our life that weren't constrained for our finances. So that was where everything started for me as far as money goes.

Debbie: So I want to ask you a question, because a few episodes ago, I recorded a four-part series on creating financial freedom, and part one of that series was about financial freedom equaling financial choice. And my approach was we almost always have financial choice. Now, like you said, you could have sold your house, reduced your mortgage, downsized, you could have sold your wedding ring or your engagement ring, right?

But that wasn't going to make much of a dent in the debt. But even in terms of where you lived, the food you ate, the educations for your kids, your car, we do have a lot of things, and my approach is when we sort of outsource our choices to, "well these are just neutral circumstances in our life, I'm stuck, I can't do anything, I don't have a choice," it actually handicaps our ability to actually make choices, decide on purpose that we like are what we're doing, or decide deliberately that we don't like what we're doing.

So tell me a little bit about that, that you were in this place where you were like, oh, no, we don't have financial choice.

Rho: Yeah, I completely agree with everything you're saying in terms of, like having a choice in where we live. We don't have to live in maybe as large a house, you don't have to have as nice a car, you don't have to send

your children to private school. You can send them to the public school. All of that.

For us, I think we were at the place where, like we had bought a moderate house, it wasn't super large, it was a fraction of what the banks told us that we could afford, and we were driving the same cars that we had when we were in school, all of that. So it wasn't a matter of "oh, we've expanded our lifestyle and we wanted to contract it," we were fine with the way that we were living, but I think that initial thought of feeling stuck, what are we going to do, it caused a lot of overwhelm for me.

I remember feeling pressure, all of that, and I know that that was not the place that we were going to turn things around. So part of it was opening up the possibility that we could have that choice, and coming across different stories of people who had that, granted none of the stories that I came across were people who had the same amount as us, or near the same amount as us, but being able to still see ourselves in their stories opened up that possibility for us.

And so that's how we got our plan together of how we were going to pay it off, and then from there, continue building wealth to make sure that we had that choice in our lives that we wanted.

Debbie: So how did you decide on your plan? Because did you work with anybody to do that or did you guys figure it out yourself?

Rho: No, we didn't work with anyone. We figured it out ourselves. And the way that we decided on the plan was reading different stories about how people had done it. We listened to podcasts and read books and all of that. So we decided we were going to use the debt snowball method to pay off all our student loan debt, and the debt snowball method for anyone who is not familiar is where you pay your debts from the smallest balance to the largest balance.

So although we had $670,000 of debt, the smallest loans were $1,500, $2,000, some amounts that were a little bit more manageable, a little bit more attainable for us. So we were able to get the ball rolling fairly quickly

because we were paying off those smaller debts very quickly. And that provided I think that momentum that we needed. At one point we were paying off a loan a month, and we were getting paid in full letters and it just provided a lot of momentum as I said, that motivation to keep going. Like, we realized that we could do it because we were doing it.

Debbie: And were those $1,500 loans, was that credit card debt that you had on top of the student loans and the car loans?

Rho: No, that was student loans.

Debbie: So you had, like, $1,500 student loans?

Rho: Yeah, I had 14 or 15 different student loans, and then my husband had one big consolidated one. And so the balances ranged from $1,500 or so, up to $340,000 on his consolidated loan.

Debbie: Wow.

Rho: So that wide range is where we were going. But we did have a lot of those four-figure loans and being able to pay those off helped as we got into some of the five, like I had $25,000, $30,000, et cetera, and so having that momentum, that backing of, you know, "we just paid off all of these loans," helped us to keep going.

Debbie: How did your lifestyle change as you were paying off the loans? Did you contract how you were living in order to pay off the loans?

Rho: So I wouldn't say that we contracted how we were living. One of my, like, the biggest part of my philosophy with money is that you don't have to contract. A lot of people talk about just cut off everything. "You shouldn't be going out to eat, you shouldn't do these things, just focus on getting your finance together."

I don't think that's necessary, but I do think it's necessary to be intentional which is what we weren't doing before. We made a good income, but we weren't paying attention to the student loans. We were paying the minimum amount that we were told to pay, you know, you get a little statement that

you get each month, you know, like, "oh, yes, paid, done." So we weren't paying attention to that, and we weren't paying attention to where we were spending our money. So couldn't tell you where the money was going, just was not in our account.

And honestly a lot of it was probably going out to eat at restaurants or buying things on amazon, or whatever it is. So we decided to become more intentional with how we managed our money, which started for us with creating a budget, which we did not have before, and determining how much we wanted to spend. For us at first was paying off the student loans.

Debbie: And you said you were putting money into a retirement account, and I know that when you talk about debt snowball, I think that's a term from Dave Ramsey, and he talks about having an emergency fund as well. Did you guys build savings along the way while you were getting out of debt?

Rho: We already had savings. And as far as retirement goes, we had been putting in the maximum amount initially. That's how we thought we were supposed to put in, the maximum to your retirement accounts, save a little, 20 percent or so, and the rest you just spend however.

And we weren't paying attention to that debt piece. So we decided to continue contributing to our retirement accounts while we were paying off the debt, but we decreased the amount that we were contributing because we already had that amount, that balance that was kind of built up from how much we contributed initially.

We didn't want to completely stop putting into retirement because we knew that it was going to take us a while to pay off so much debt. So we dropped it down to, our companies had a company match, well actually my husband's company had a company match, where I think it was 3 percent. If you put in 3 percent, the company would match 3 percent.

My firm did not offer a match, but we still put the 3 percent into my retirement account as well. That way we kept the momentum going as far as building our retirement savings, but we had more of the cash available

to put toward our student debt. And we were fine with the amount that we had in savings, we had the emergency fund set up where if anything were to happen, we did have that reserved, but also because we were being more intentional with how we were spending our money, we had quite a surplus each month.

So if something were to happen, we were typically able to handle it out of our cash flow versus having to dip into savings. It might just be that we don't make as much progress toward paying off our debt in that month because we're using that money from the cash flow.

Debbie: And how long from beginning to end did it take you to get out of debt? And when I say that, do you still have a mortgage?

Rho: We still have a mortgage. We've paid off the rest of it, and it took about five years. We first saw the amount that we had at the end of 2016, and we paid it off August of last year. August 2021

Debbie: Wow. So it took you just over five years to pay it all off?

Rho: Yes.

Debbie: Amazing. That was over $300,000 of debt in five years.

Rho: Yes.

Debbie: Did you have a party? Did you celebrate?

Rho: It was about 500, I think. Almost $500,000.

Debbie: Okay. 300 was your husband's debt, and then yours on top of it. Okay. All the numbers are flying around.

Rho: I know my numbers are crazy, Debbie. No, we didn't have a party to celebrate, but we did take a trip to the beach. We finished right around the Labor Day holiday here in the U.S., so it was a long weekend, my husband was off, so we went down to the beach; it was our kids' first time, so they had a lot of fun playing in the water and all of that.

And one of the things that really struck me about that trip is we planned it kind of last minute, we hadn't been planning to go to the beach, but we were able to do that and we had no thoughts about the money or the finances, how it would shake out, and I remember thinking that the last however many years we hadn't been able to do that kind of thing because we didn't have the cash available.

Or I guess we could have done that, but we were choosing to put the money toward this goal, and now that goal is gone, and we still got the surplus in our cash flow, and now we can decide, "oh, we're going to take a little and go to the beach at the last minute," and it was a lot of fun.

Debbie: So what are you doing now? Because it's been almost a year since you've had any debt other than mortgage. You have all this cash surplus every month. What are you doing with it?

Rho: So we have increased our retirement back up, so we are contributing to that again, and then we're splitting the rest between additional investments, so just in a brokerage account, and then we've also increased our spending a bit. So one thing that we've always had in our budget, I say always, one thing that we included in our budget was some kind of fun spending.

So we had fun for the family, but then my husband and I had just our individual, like, no questions asked, this is your money that you spend however you want to. That's something that we started even before our whole financial journey because that was a point of contention for us early on in our marriage, like, he's spending on things that I don't value, and vice versa, and, you know, it was the questions, and so we decided that we would have this set amount each month that we could spend, no questions asked.

So one of the things that we've done since paying off the debt is we've increased that amount as well. Because I believe that, yes, it's important to be responsible with money, but I think it's also important to enjoy your money, too. I think we can swing to extremes with either hoarding it and we

can't do anything with it and we can only do the responsible things, or I'm just going to spend it all and live it up YOLO. So striking that balance I think is important. So now with that surplus, we divide it between more responsible things and having fun, enjoying it.

Debbie: Good for you.

Rho: Also at the end of last year, I left the practice of law to go full time in my money coaching business. So I would say about four years ago I started sharing our story, sharing our journey on a blog, just talking about, "oh, this is how much debt we have, and here's how much we were able to pay off this month," et cetera, and talking with friends and colleagues, they were asking how we were doing it, how we were paying off our debt. So I started helping them with their money. It was kind of just a fun thing, a hobby of sorts.

And I remember in 2019, I just had my second child, I was coming back to work, and I was thinking that there was something that I could do to help lawyers specifically. And so at first I thought it was going to be reconfiguring my blog to be specific to law, but as I started getting into it, I started helping the first years at my firm with their money, I held a little impromptu money class where I reserved a conference room, and I was like, here are all the things I wish I had known about money. And I started sharing that with them. And then in 2020, we all know how 2020 went.

Debbie: Not as planned.

Rho: Exactly. Like, the turn of that decade was really, I don't know, impactful for me. I don't know if that's the right word. But it was the first time where ten years had passed and it felt like no time at all.

Debbie: Right.

Rho: So I was thinking, I've been feeling this pull to do something to help people more specifically, to help lawyers, so maybe let's look into what that could be. So I started working with a business coach, and trying to determine what that would look like. And ultimately, it led to what I'm doing

now with coaching in a more formal capacity, starting a business, all of that, so I was doing both through 2020 and 2021, and I have since left the practice the law to go full time on the business side.

Debbie: What a beautiful journey. How many people are you working with at the moment?

Rho: I currently have five clients at the moment. And I've worked with I'm not sure how many over the last two years, but it has been really fun. Really interesting.

Debbie: And for how long do your clients normally work with you?

Rho: We work together for six months one on one.

Debbie: Beautiful. And tell me, what is it about lawyers, it makes sense that you were a lawyer so you know the specific issues and student loans, but is there something specific about lawyers that makes their financial situation different from other people? I mean, as a financial planner and money coach before I pivoted my business I worked with lawyers, doctors, dentists, people who were employed, people who were self-employed, but tell me, is there something specific about lawyers that makes them unique and that you can really relate to their financial situation?

Rho: Yeah, I think the thing for me, having been a lawyer and having been in the financial situation that a lot of lawyers are in, my student loans, for example, I think a lot of lawyers can relate to that.

Debbie: Yes.

Rho: And so that piece I think makes it easy to relate to lawyers. And I think as far as things that are different about lawyers than some other professionals, maybe not some of the ones that you mentioned like doctors and dentists, but just in general, one of the things that I believe about the personal finance industry is a lot of times it does not take into account people who maybe make the amount that some lawyers or doctors or

dentists make, and have the amount of debt that lawyers and doctors and dentists have.

And so I think there are some different considerations in terms of how to manage such a large debt load and make sure that you're being intentional with the income that you have that the mainstream personal finance industry doesn't always take into account.

Debbie: How much does lifestyle inflation come into the coaching that you're doing? And for anybody who doesn't know, lifestyle inflation is the moment your income goes up, then your standard of living and your expenses go up to meet your income, and sometimes your expenses go up to surpass your income, because there's this expectation the money is coming, we can put it on a credit card, we can take a bank loan, it's okay, there's a lot of money coming in. So tell us a little bit about that.

Rho: Yeah, lifestyle inflation absolutely comes into play in my coaching because often we start making more money, as you said, and then it's, "oh, I've got to get this nicer house or this nicer car," or whatever it is, and those expenses keep rising. And there's actually a graphic that I show in some presentations that I do, it's a line graph, and it has your income, and your income is going up, and then it says "needs" in quotation marks.

And the needs is following the line graph of the income, and then the savings is going up, but at this more moderate level. And I think that's exactly how many of us handle our needs. Right, things that were once wants, or were once luxuries now become needs and they become a part of our core spending.

So one of the things that I look at with my clients in coaching is, how much of this do you actually want to be spending? The things that you're spending on, how much are you spending on for things that you actually care about, versus things that maybe you think you should care about because you're a lawyer and you think you should have this lifestyle? And that examination is often very interesting because they realize that they're spending more money on things that they don't care as much about that is

then taking away from, one, things they do care about, and two, the financial goals that they have.

Debbie: I like the way you put that: Spending on things you care about. Because it puts it, I use the designation of needs, wants and desires, but "things you care about" is, there's just a nuance there to really help you think about your spending, and say, do I really care about this? There's a question involved, because sometimes people ask me, what's the difference between a want and a desire?

And I sort of think of in terms of a timeline, a need is something I need now. I need to eat, I need a roof over my head, I need water. We can debate if I need a flush toilet or if I need electricity; I can live off the grid if I wanted to, but in 2022, not too many people I know are going to live without flushed toilets, and we're not going to be living and building our own fires. And then want is something I think is a little bit more near-term, and desire might be something that's further out, like upgrading a house, might be a family trip if we want to take to Martha's special anniversary or birthday maybe in ten years or something like that. But it's something that we don't have to have.

But things that I care about is just a beautiful way of looking at your spending and saying, do I really care about this? Now, when I'm working with families sometimes that have a lot of children, they really care about their kids and want their kids to have afterschool activities, so it does get a little bit nuanced, but I like the question and I'm going to adopt it. Thank you.

Rho: You're quite welcome. And, yeah, I think things that you care about, it can encompass your needs, yes, I care about having the need for food and water met, but then it can also adopt or encompass some of the wants and desires that you may have. But if you're looking at things that you care about, some of those wants and desires may not be things you actually care about.

It might be things that you're looking at because your colleague has the thing. Or your neighbor. Or whatever it is. So do you want this because you

actually care about it, or do you want it because everyone around you has it, or it's what people in your profession are doing, or what you're supposed to do because you're at a certain stage of your life.

Debbie: Right. It's, like, is it something that's a status symbol, something like Keeping Up with the Joneses kind of a purchase. You might not really care about it, but you just think you should do it.

Rho: Yeah, exactly. I think a lot of lawyers especially run into that. You know, "I'm purchasing this thing, this luxury car, this specific designer brand or whatever it is because everyone around me has it and I think that I'm supposed to have that thing," versus whether they actually care about it. And sometimes they do. Right?

I'm big on fashion and beauty products and things like that, and my husband is big on cars. Those are things that we do care about. I enjoy those things, he enjoys those things. But it's looking at, okay, am I going to spend on this thing because I want it, because I care about it, versus, like you said, it's just a status symbol, it's what I'm supposed to do.

Debbie: So you said when you purchased your house that it was more modest than what your bank was telling you could buy.

Rho: Yes.

Debbie: Tell me a little bit about your values as you were growing up. Did you grow up in a family where debt was something that you witnessed growing up, or was it something like, "no, no, no, our family never gets into debt?" How did it happen that you guys chose to buy this house? Because, back to financial choices, more modest than what your banker said, "oh, yeah, you guys could buy a house five times that size," right?

Rho: Yeah, my husband and I both grew up in households that didn't bring in a lot of income. So I remember my earliest memory about debt was my mom celebrating paying off her credit cards, and that being a really big deal. I was in high school at the time. So I was afraid to even get a credit card when I went to college, I was, like, no, no, no, I'm not doing that. I

don't want to feel like I'm paying off this credit card for, she said she had been working on it for years, and so that seemed like a really big thing, a really big task.

So I remember thinking oh, no, I don't want to get a credit card. And eventually I did get a credit card, and I wanted to be more responsible with it so I didn't get into that kind of debt that my mom had talked about.

But in terms of the way that my husband and I grew up with money, money wasn't really talked about in my household aside from, like I said, the conversation where my mom was really excited about paying off her credit cards, but I didn't know a whole lot about money coming into adulthood, and my husband was the same way, but we had witnessed our parents struggle at times with finances.

And obviously we didn't know exactly what that was, being children and not talking about money with our families, I didn't necessarily know why that was or any of the specifics about it, but I knew that I wanted to manage my money in a way that I didn't have the struggle. So I made sure that I put away money in savings from the time that I was on campus. I had a campus job and I might have been making $100 or $200 every two weeks, but I was putting a portion of it away in savings, and that kind of thing.

And like I said, I waited a while before I got a credit card. I think it might have been my senior year of college when I was like, okay, I think I'm ready to do a credit card now. But I think all of that played into our desire to make sure that we were able to manage our finances well. And so you were almost spot on with what the banks said, they were like oh, yeah, $850,000.

I was like wait a minute, yes, I can take out this $850,000 mortgage and have no money left for other things, or we can do this $200,000 mortgage and still live in a nice house and have a lot of money left for other things that we want to do. And that ended up working out really well when we got into paying off debt because we bought our house before that whole debt journey. So then when we got into where we were paying off our debt, we

had so much surplus available because it wasn't going toward a mortgage. So then we were able to get out of debt even faster.

Debbie: And I think that's the point that people should be aware of when it comes to mortgages and banks, and I even see it on my phone, I get people, I mean, apps reaching out to me all the time, I don't even know who they are, you can take a loan at the click of a button, you can have a 50 thousand shekel loan.

And when it comes to mortgages, they're not always your best friend. They provide a useful service, and lending money is very useful, most people do not have the cash to put down on a house, you know, buy the house outright, but the banks want you to be mortgaged to them, to be beholden to them for 25 and 30 years, because the interest is what they earn on the money that they lend you.

So even though you can take it, and I think that's something everybody needs to think about, is what does that mean in terms of your long-term financial picture? Even in the short term like you and your husband decided, no, we want to have other things that we want to be able to buy, not just being here paying off the bank for the rest of our lives. It sounds like you guys were really sensible, like you had a feeling already when you were in college.

Like, some people will follow the same path as their parents. "Oh, they were in credit card debt, oh, that's not a problem, we'll be able to pay that off in the next 17 years." But you were like, no. Not doing that.

Rho: Yeah, because I saw the amount of stress that my parents had sometimes around money, and I think the same with my husband and his mom, seeing how the way that they were managing their money caused some of the heartache, some of the struggles that they had, and on top of that, the stress that came with it, we were thinking that we wanted to be a little bit, we wanted to manage our money differently.

And, granted, we are in a completely different situation than our moms where we both grew up in single-mom households, so imagine one parent

trying to raise multiple kids, like, I've got two siblings, my husband has three siblings. So with one parent who's working and trying to provide with all of the things, I know that they were doing the best that they could, and I'm so grateful to both of them for all that they did.

But I think too, looking at the money story that they had and being able to kind of glean from that my own lessons, even though, like I said, my mom did not teach me directly about money, I was able to learn a bit from her story and some of the things that she went through, and decide if I wanted to take the same path.

Debbie: So it's interesting that you talked about the money story. And as you were talking, I was thinking, well, you are now changing the generational money story for your family, for your children. They are seeing something completely different from what you grew up with, and that's going to have this beautiful domino effect for their families, and their grandchildren, and their great-grandchildren just for the next hundreds of years. How are you educating your kids around money? First, tell us how old your kids are.

Rho: Yeah, so my kids are five and three, and our money education, we're still on the beginning end of that. Part of it is helping my older son especially, to learn that he has to earn his money. Like, everything will not be given to him. So of course we buy the things he needs and some of the things he wants, but some things he wants beyond that, I don't know if you're familiar with the Daniel Tiger television series.

It's similar to Mr. Rogers; it's from Mr. Rogers' company. But Daniel Tiger is Mr. Rogers, he has the little red sweater like Mr. Rogers and all of that. My kids love Daniel Tiger, so my son wants this Daniel Tiger book, and he has been doing little things around the house like emptying the dishwasher and things like that to earn some money to buy his Daniel Tiger book.

Or going to the store, and them having the set their cash that they're going to spend, and having them actually hand that to the cashier, and get the

change, and learning about money and things like that. So that's how we're educating them at this stage.

Debbie: Beautiful.

Rho: I would like to be more intentional about it as they get older to teach them directly versus them just learning from what they're seeing from us. But that's where we are currently with our money education for them.

Debbie: I think it's great. And what I like, and I don't know how much longer this is going to last in the world, but you're giving them cash, they get to hand over the cash, and they get to have the change. And we're moving over to a cashless society. And I did the same thing with my kids, I give them the money, they went to the store, they had to bring me the receipt. Here and there I would check it, but I also wanted them to know that I was watching the money, making sure the money didn't disappear.

And once there was a hole in the bag and some of the coins fell out and stuff like that, but yeah, it's part of our discussion. And I would hope that cash would stay in circulation so that kids can keep feeling money and handling money, because otherwise it's already enough of an intangible thing in our lives, but it's so, so important.

I mean, it's the basis for everything. You can't buy that water, that flushed toilet, that electricity, right, you can't buy your vacation at the beach if you don't have money. And all of those things are real, and what's funding it should be real to us also. But I don't think you or I are ever going to be the ones who are in charge of making that decision.

Rho: Yeah, I mean, I have to say too, with my son's Daniel Tiger goal, that is less tangible. So he's earning money, but I have him keeping a little ledger where he's like okay, April 5th, empty dishwasher, fifty cents or a dollar, whatever it is, so he's keeping up with it that way versus getting that actual cash.

And I think both skills are so important. Because I remember, too, your point about us becoming a cashless society. I remember getting my first

debit card, and I was just swiping, swiping, swiping, and not really paying attention to the actual funds attached to that card, so my bank account was just going down, down, down, and it would go down sometimes, Debbie, to a dollar. And it's like, oh, can't spend anymore till my next payday in a week.

And I think that piece of it is something we have to learn to manage, like when we are not having the tangible, like it wasn't I'm handing over dollars and now I only have one physical dollar in my hand, I was swiping the card and not paying attention to the bank account balance and things like that. So I do think that there is a skill to learning how to manage your finances in a cashless way.

Debbie: Right. I guess it's just different, I mean, I remember going to the store with my mom, and she had a checkbook, and every time she gave a check, she would be doing the math in her checkbook, like how much was in the bank account, how much she spent, and how much was left. And nobody balances a checkbook anymore. And what you're teaching your son is how to keep the ledger, how to basically track money, right?

Rho: Exactly.

Debbie: Which is something that people don't do. I think maybe that generation between a cash society versus a cashless society, we're just maybe caught in the middle, so we haven't yet developed the skillset that's necessary for the cashless. That's my hypothesis as of this moment.

Rho: I love it.

Debbie: So tell us a fun story that you've had with some of your money coaching clients.

Rho: One client was talking about something she had decided to do, and she had told someone that as of that moment she was not planning to do it, and as we were talking through it in our call, we were talking about what she actually wanted, and why would she do the thing, why would she not do the thing, she decided that she did want to do this thing.

And when she came to that realization that she wanted to do it, she was saying that she felt guilty because she thought she was going back on her word where she had told these other people that she was not planning to do the thing. And I remember saying to her, well, what if it's okay that you change your mind? And she had this lightbulb because in her mind it was like, I lied to them, I told them I wasn't planning to do it, and now I'm thinking I want to do it. It's like, no, it's not a lie, you changed your mind.

And that changed her perspective and the way that she was looking at this decision that she was making, and it relieved a lot of that guilt for her. Because she was like of course, people change their minds all the time, it's okay for me to change my mind. So those kind of lightbulb moments are the most fun for me to see how they are able to shift their perspective.

Debbie: Right. I think that's beautiful. And I've seen that also with my clients whether it's going out and just doing a little side hustle that you can do once a week on the weekend to make an extra five hundred dollars, and I'm like, yeah, but if you do it every month for the year, just multiply that by 12 and it's $6,000 and you can take $6,000 and apply it to debt, $6,000 to putting your summer vacation account, $6,000 to, you know, whatever.

And it's not a lot of time, like we think about these little side hustles, I think I would call it a side gig because hustle has this, like, frenetic energy to it. But when you're doing something on the side that doesn't take a lot of time, like one weekend out of the month, the financial reward can be huge.

Rho: Exactly.

Debbie: And they're also, like, wow. I even had clients once that they had one car, they sold their car, which was a newer model, bought two older models, right, so the insurance went down, probably the gas didn't go down because they were probably older, they were probably gas guzzlers, maybe they were smaller, but the long short of it was that they ended up saving money and had more convenience in their life because they had two cars instead of one.

Rho: Yes. Those little shifts.

Debbie: Sometimes those things we don't expect can make a huge difference.

Rho: And just helping them to think about things in a little bit different way. Because I find, and you might see the same with your clients, often we'll get into this either/or. Either it's this or it's that. And it's like, well, what if there's gray area in the middle?

Like it's not just black and white, and opening up those different possibilities, those different options and helping to explore that is really fun, I think, because people see, oh, I can have more convenience. Right, I can have two cars instead of one, and my other expenses as far as maintaining them might go down as well. They weren't thinking about that at all until you explored that with them, so I love that.

Debbie: Right. All right. Do you have any tips that you would like to share with my listeners, like if somebody is in a tight financial situation or even a flush financial situation, what do you think is the number one skill, tool, mindset that somebody needs in order to change their financial situation?

Rho: Well, I've got two. I got the number one kind of mindset thing, number one thought, and then the number one skill or way of handling money. So the number one thought I think is: Money is easy. I think we like to make it complicated, but really money is very simple. And managing your money can be very simple.

Debbie: Right.

Rho: So there's that. And then as far as the number one skill or tool, it's that intentionality piece that we talked about. And deciding ahead of time, planning how you're going to use your money versus just going forth and using it and then looking like, oh, man, how did I spend this much or how did I do this, why is this amount that I have left not higher? So thinking that money is easy, and then being intentional with how you use it, I think those are the two top things that I would leave with your audience.

Debbie: Love it. All right, Rho, it's been such a pleasure, thank you so much. I'm going to put your contact details into the show notes so that my listeners can find you on the Wealthyesque podcast. Do you have a website also?

Rho: Yes, my website is rhothomas.com, and that has all of my links as well.

Debbie: Beautiful. Thank you very much. I look forward to seeing you on the next episode of the Mastering Money in Midlife podcast. Bye for now.

Thanks for listening to Mastering Money in Midlife. If you want more information on Debbie Sassen or the resources from the podcast, visit masteringmoneyinmidlife.com.