

Michele Cagan, CPA - Retirement 101 - Transcript

Tim Mullooly: Welcome back to Living With Money. This is Tim Mullooly. On today's episode I'm joined by Michele Cagan. Michele is a CPA. She's a Financial Mentor and the author of several books about accounting and finance. We're going to talk about a couple of them in the episode coming up. So Michele, thanks for coming on the podcast.

Michele Cagan: Happy to be here, Tim.

Tim Mullooly: Let's start really quick with a background about you personally. I always like to ask the guests, when did you first remember becoming interested in finance and money? And what was your relationship with money like growing up as a kid?

Michele Cagan: Okay, well my first money memory is when I was about five years old and my mom got me these little cardboard books from our local bank, I think it was called Valley National. And each book had like a duck or a frog or something on it and you put different kinds of coins and when you filled them up you brought them to the bank and put them in your savings account. And that's my first memory, is trying to get enough pennies quarters to fill up my little bunny books, so I could bring it to my savings account.

My relationship with money growing up was, I don't know if it was typical, I'm not sure. My grandparents had lived through the depression and then obviously my parents grew up in those households and my family was always very big on savings. If I wanted something I had to save up for it. As you just heard, like as soon as I was like five years old, my parents got me in the habit of saving. So saving money was always huge. When I was 18 I had enough money to buy my first car.

Tim Mullooly: Wow. Yeah. It's always interesting to hear a lot of the people that tend to work in finance or work with like personal finance and saving and helping other people with money have some sort of background or were raised in a household where saving money was stressed and it was something that was important to them. So that's interesting that that was kind of your experience as well.

Michele Cagan: Yeah, it was just a normal part of what we did. If we got like, me and my sister had got allowance, but we had to do chores for it or we didn't get it.

Tim Mullooly: Yeah. So from an early age it kind of taught you the importance of a dollar or working for your money and then spending it wisely from there?

Michele Cagan: Oh yeah, absolutely. I mean I had my first paying "job" when I was 10 years old, so it's just always been like a normal thing. You earn money, you save it, and then if you want something you get it.

Tim Mullooly: Right. So do you think that that, that financial background and how you were raised had any influence on you wanting to become a CPA or go into accounting or the financial

industry? When did you know that that was something that you wanted to do? Like working with people and their finances and accounting?

Michele Cagan: It's two separate things for me actually. So when I was in school, I actually took a lot of arts classes. I mean, I took business stuff too, but I took a lot of arts classes and I really liked them. But as I was looking at jobs at graduation, working in an accounting firm paid almost double what anything else did. So I thought, "I like this, I'm good at it. It feels natural to me." And I decided to do that. And at first I worked, for a big giant accounting firm and we worked with these big corporations and I worked on a lot of like IPOs and things like that. It wasn't until later that I started working with people on a more personal level doing like individual tax returns and helping people sort of navigate their finances or working with small businesses. And I actually found that I liked that part of being a CPA much better than the big picture stuff.

Tim Mullooly: Right. So just getting to interact with people on an individual level. That's what kind of made you take that shift from the higher big firm down to working more on an individual basis, helping people with their tax returns?

Michele Cagan: Yeah. It felt better to me. It felt more comfortable. I felt like anybody could have sort of been fit into the slot that I was doing when I was working for a really big firm that I felt like when I was working with individual people I was personally making a difference and helping them. And that felt good.

Tim Mullooly: Right. You could like feel the impact that you were having directly on the individual person?

Michele Cagan: Yeah. And it was also just more, like more friendly I guess it was just I was working with actual people, not just a billion numbers on a spreadsheet.

Tim Mullooly: Yeah, I could see how that would be more enjoyable. You get the human interaction back and forth as opposed to staring at spreadsheets for days on end. So on your website today, there's a handful, like a ton of different services that you can offer clients and people that you work with. What would you say are your most utilized services or what do you typically do for people when they come in and want your help?

Michele Cagan: Well there's sort of two different paths I have. One is if I'm working with a small business or one is if I'm working with a person on their personal finances and a lot of times they overlap. But on the business side, normally, I actually have been working with a lot of female founders this year who are just starting up businesses and it's really gratifying to sort of help them get there. And you know, mostly like getting their folks in order, figuring out their cashflow and things like that on the business side. On the personal side, I really help people just navigate their financial situation and what specific steps we talk about really depend on where they are. So somebody who's paying down debt, we would have really different conversations than someone who's trying to figure out how she's going to retire in three years. Or somebody who's going through a divorce versus someone who, a family that's having their second kid. It's just really the person's life dictates where our journey together will lead.

Tim Mullooly: Totally agree. I mean, the services, it's not just one size fits all, you get the same thing with everybody. Everyone has a different financial situation that requires different advice. For the business owners. Is it, some people have great business ideas, but they don't necessarily know how to run the backend of their business, is that kind of where you slide in and help them out?

Michele Cagan: Yes. I would have to say a lot of people do that and as much as small business accounting apps are great, at least some of the stuff is. I think they give people a false sense of security about their bookkeeping and then the first time they go to get their taxes done, they're like, "What?"

Tim Mullooly: Yeah, exactly.

Michele Cagan: Yeah. I wish people would come to me before they set their accounting stuff up, or at least very soon after, and maybe talk to me about what counts as a business expense and what doesn't and what's the best way to deal with expenses cashflow wise, instead of coming to me after they're kind of frantic, but that's never going to happen.

Tim Mullooly: Right. Yeah, and it's discouraging sometimes when you read the statistics about small businesses seeing how many fail within a certain, like one or two years of getting started. And I feel like a lot of times it's because they didn't set up their books correctly, not because the idea that they had for the business was bad necessarily.

Michele Cagan: Yeah, I've seen a lot of great, honestly, the thing that killed a lot of businesses is cashflow. Even if they're making, even if they're actually making money, like earning profits, a lot of times they just don't have enough cash to cover and that's where they end up going bust. Cash managements is a really, really big issue for a small company.

Tim Mullooly: Yeah, absolutely. So you've published a handful of books over the span of your career about personal finance, investing, accounting, you name it. I'll link in the show notes for the listeners to a number of the books that we're going to talk about. But the next book of yours that's had set to come out, talks about retirement. Do you want to tell the listeners like what the key questions about retirement are that you answer in this new book that's coming out?

Michele Cagan: I think the biggest thing I did, or the point of what I did was to try to help people figure things out on a personal level. Like not what average retirement savings is or not you need to save \$1 million. Everybody's situation is so different. And looking at these big pictures over the next 40 years, what do you want to do? Is really daunting and it just turned some people off and it makes them do nothing or do what they think is the minimum. It's really important to get started as soon as you can, even if you feel like you can't, but you, figuring things out on a personal level. So some people might need \$1 million to retire comfortably and some people might need \$250,000 and some people might need \$4 million. It really is based on your own situation and what other things you have going on in your life.

And what else you have saved off, or if you own a house versus rent. It's a really personal thing. And a lot of the advice that people get is very general. So this sort of helps people walk through

their personal retirement, what they need, how much they need, what other sources of money they can count on or not count on, how to figure out how much more they need to save, where they should put the money and why it matters, what kind of vehicle they choose to save their retirement money in. And one of the big things I stress is we call it retirement savings. It's not. It's retirement investments, it's not savings. Savings is 100% safe. Savings, can't lose it. Retirement investing, retirement accounts are invested and they are not 100% safe. So I also like to remind people they're not always going to go up, but if you've got plenty of time, that's something to think about.

Tim Mullooly: Right, exactly. So it's not necessarily like the general rules of thumb that you hear for retirement for people, it's more questions or an outline for them to kind of fill in their own personal numbers and personal answers to, to figure out what retirement looks like to them?

Michele Cagan: Yes, and I mean, it even addresses like some really specific situations. For example, like if you are a grandparent and suddenly your grandkids have to come live with you or you're going through a divorce and suddenly half of your retirement savings is gone. I mean, there's a lot of situations that happen. It's not the way it used to be where you worked for the same company for 30 years and then they give you a gold watch and a pension. That just doesn't happen anymore.

Tim Mullooly: Right. Yeah, definitely. It takes a little more, there's more nuance and more thought to it that goes into that. It's not as cut and dry as it used to be. Kind of piggybacking off of that, I feel like there are some questions that people think that they should like, "Oh, these are the questions I need to ask about retirement." But are there questions that people don't ask about retirement that they definitely should be asking at this point? I feel like there's probably a lot.

Michele Cagan: Sure. It's more that there are things that people overlook, like they don't realize what it actually mean to be retired and to be, and it also depends on if they're sort of doing FIRE, where they're going to try to retire real young or if they're doing like a traditional, I'm going to retire when I'm 70, that makes a really big difference too. And I think one of the things people overlook is what they think they're going to do, and how much that will cost in terms of how fast they're going through their money. And one of the biggest things that people don't think about is healthcare. And I know that's gotten a ton of press with big scary numbers, but that's something that people really kind of need to prepare for emergencies in general and healthcare stuff, because that's where most people end up running out of money.

Tim Mullooly: Yeah. So it's more like kind of just figuring out the details of what your retirement is going to look like and not just saying, "Oh, I'm going to retire." And that's it, "And I'll just like figure it out as it goes." Kind of getting more detailed about like, okay, well what does your retirement actually look like? Right?

Michele Cagan: Right. Like for somebody who wants to travel a lot, that's going to be more expensive than someone who wants to hang out at home and volunteer. One's not better than the other, but if you know which one you want, it helps you figure out how you need to plan better.

Tim Mullooly: Yeah, absolutely. I mean, it's hard to, we say it to clients here all the time and we're doing plans for them. It's hard to plan for something if you don't know what you're planning for, right?

Michele Cagan: Yeah, it is. It's impossible actually.

Tim Mullooly: Yeah, exactly. Yeah. One big component of retirement I feel like for people is social security income and benefits that they get from social security. How do you approach discussing social security with people? Is there like a general rule that you follow when it comes to social security or like how do you approach that conversation?

Michele Cagan: You know, this is another one of those things where a lot of people and a lot of advisers kind of say, "Wait at least till the full retirement age, better to wait until a couple of years after," but that's not true for everybody. This is also a super personal thing. For example, somebody with a chronic illness, they should start taking their social security as soon as possible to get the most out of it. I mean it's really situation dependent. The other thing is that I don't know if a lot of people realize how big a portion they expect social security to be of their income after retirement versus the portion it will actually be.

People don't realize that if they have more, if they're also working, they may have to pay taxes on their retirement benefits. There's just a lot about it that is very unclear that people, they don't make it easy for people to figure out. One thing that I do try to have a lot of people do is to do their my Social Security account so they can see what they can expect and it gives them an idea of it before they're already like, "I thought I was going to have more than this."

Tim Mullooly: Yeah. So it kind of prepares them for what they can realistically expect once they start collecting those benefits?

Michele Cagan: Yeah, and you need a certain number of work credits. You need to work for a certain number of years before you can collect at all on your own work history. As you earn more money or less money, it changes how much your benefit will be. And this is especially important for people who don't have traditional jobs and who are consultants, freelancers, self-employed, where what they pay in self employment taxes. That's really what's determining their benefit. Kind of important that they get that part right.

Tim Mullooly: So in the book, does it kind of just lay out when, is there a section in the book about social security? Does it kind of just lay out all the different variables and things that you need to consider with social security? Is that kind of how you approached it in the book?

Michele Cagan: It is. And I even walk through like literally the steps of opening your my social security account and how to see if it's an accurate reflection of your earnings. I mean, I even went so far as to put a whole section in there on Medicare, because that's even more confusing.

Tim Mullooly: Yeah, definitely. I feel like that's something people definitely need as much information as possible about.

Michele Cagan: Super confusing. I was helping my mom with it and I realized, "Yeah, nobody understands this." I should put something in about this too.

Tim Mullooly: Yeah. It's unfortunate that like you said, nobody really understands it when it's such an important part of people's lives later on down the road for them.

Michele Cagan: It's enough to give you kind of a migraine.

Tim Mullooly: Yeah, absolutely. So, another part of retirement is the different type of retirement accounts that people have throughout their life. I mean, one that you can have through your workplace is a 401(k). A question that we get here as advisors or financial planners more than I anticipated is what is a 401(k) and what do I need to know about it? So how do you approach talking to readers in the book about 401(k)s, if someone came to you with that kind of question, what would you say?

Michele Cagan: Okay. I would say if you are lucky enough to have an employer who offers a 401(k) plan, you should absolutely take advantage of it. So a 401(k) is really just, it's a retirement account that your employer sets up for you and makes it really easy for you to put money in by pulling the money right out of your paycheck, because they're pulling the money straight out of your paycheck. That money never ever counts towards your taxes that year, so you don't have to pay tax on it. And it lowers your overall tax bill for the year. So if in 2019 you put \$10,000 into your 401(k), then that means that's \$10,000 less that you're going to be paying tax on. At the same time, the money in your 401(k) account, it grows, it gets interest and dividends and some of the companies, like if you pick stock, some of the companies will be worth more in two years than they were last year.

Whatever your money earns, you don't have to pay tax on it until much, much later. Unlike a regular investment account where you have to pay tax every year on everything you earn. And that cuts into how much your money can earn because it reduces the amount of money that's available to work for you. It's a really good thing and it helps kind of snowball your retirement account, getting it bigger and bigger than it would be if it were in a regular old account.

Tim Mullooly: So, that's something, I mean, regardless of the age of the person involved, I mean is that something for young folks, if they're just starting their career? I mean is the earlier the better getting started with that 401(k) or is there other accounts that they might want to look at first or definitely just like use that 401(k) right off the bat?

Michele Cagan: If your employer offers a 401(k) or some offer 403(b)s, like if you're a teacher or a firefighter, they're very, very similar. It's the easiest no brainer way to deal with it.

Tim Mullooly: Yeah, absolutely. I think some people get confused between 401(k)s and then I feel like some people interchange the terms 401(k)s and IRAs and Roths, Roth IRAs. Could you explain the difference between the 401(k) and then there's the IRA and the Roth IRA. Let's focus on the IRAs, traditional and Roths. Can you explain just on a very basic level what those two are for the listeners out there?

Michele Cagan: Absolutely. So a 401(k) is a plan that your employer sets up for you. And IRA, whether it's a traditional IRA or a Roth IRA, is a retirement account that you set up for yourself. And in fact, many people can contribute to both if they want to. An employer 401(k) and a personal IRA. So a personal IRA basically works like a 401(k). You put some money in, you get a tax deduction for it right now, and the money grows in your account without you having to pay taxes on it every year. When it's time to take the money out later on after you're retired, then you pay tax on it. A Roth IRA is kind of the opposite, but also like with hot fudge on top.

Tim Mullooly: Yeah. What do you mean? What's the hot fudge? What do you mean by that?

Michele Cagan: So, right. So a Roth IRA is the same thing as a retirement account that you put money into, but you pay tax on that money now, it doesn't give you a tax deduction now. In exchange for that, you get to keep all of the money that that ever grows into. And not pay a dime in taxes. So if it starts out at \$10,000 and it eventually grows to be \$500,000, you don't have to pay tax on all the money it earned. Because you already, you kind of prepaid the tax on it. And in exchange you get all of this excellent earnings without any tax ever. A little caveat, as long as you wait till the right time to take it out. Roth IRAs are awesome.

I mean they're so great. I mean, you can't put as much into IRAs as you can put into 401(k)s, but you can still put a chunk of money in there every year. The other awesome thing about Roth IRAs is unlike traditional IRAs or 401(k)s, any money that you put in, not the growth and the earnings, just any that you put in, you can take out whenever you want to with no tax consequences, because you've already paid tax on that money. So it's not locked in the same way other accounts are. And Roth IRAs do not count against you when you're looking for a student aid.

Tim Mullooly: So would you say that Roth IRAs, they're beneficial to anyone who can put money into it, but would you say it's more beneficial for younger folks for the Roth IRA?

Michele Cagan: I think that every kind of retirement account is even more beneficial for younger people because the more time you have, the more your money will grow without you doing anything. It's actually, there's all these charts you can find online, but for example, if you just put like \$10,000 in when you're 20 and never put anything in again, you'll end up with as much money as someone who starts when they're 40 and puts in \$10,000 a year.

Tim Mullooly: Right yeah.

Michele Cagan: It's crazy-

Tim Mullooly: compound interest.

Michele Cagan: ... yeah. The compound, that's what ... when your account balance grows, that's called compounding, and the more time you have, the more that's going to happen and you're going to end up, even if you put in less money when you're younger, you're going to end up with more money when you're older. Time is your best friend when it comes to retirement.

Tim Mullooly: Well, that's good. Hopefully for those listening out there that clears up some confusion about what a 401(k) is versus traditional IRA and a Roth IRA. Because I feel like a lot of people just interchange those terms and they don't necessarily always apply to what they're talking about. One component that I think some people don't usually consider when retirement is location, meaning like physical location, where you retire. Can you talk to the listeners about some of the better or worse places to retire?

Michele Cagan: Yes, I totally can. And this is another one of the things I want to say, it totally depends. Like the best place for you to retire and the best place for me to retire are probably completely different. So what's really important is, two of the things that are like true for everybody is retiring in a low tax state versus a high tax state. Retiring in a low cost of living area versus a high cost of living area. If you're worried about running out of money, living somewhere with low or no taxes and low cost of living is going to be a better financial place for you to retire, as long as it's not a bad place for you to retire for other reasons. Like if it's not so far away from your family that it's going to cost you \$10,000 a year to visit back and forth.

Typically, when people get older, they'd rather be somewhere warmer than somewhere colder. That can factor into it too. Like what kind of weather and where your family is or where your friends are. That's going to be a big deal too. So people, when you're thinking about retiring, personally, when I hear the word retire, a beach completely pops up in my head. But beachfront property, that's pretty expensive. I have no family in that area, so it's what comes into my head, but is it really going to be the best retirement choice for me? I don't know. I think I just might make everybody move to where I am so I can be on the beach. This is kind of my plan.

Tim Mullooly: Just bring the whole family with you.

Michele Cagan: Yeah, just come with me.

Tim Mullooly: I feel like we've seen clients kind of uprooting themselves from, we're here in New Jersey and a lot of ... when they retire sometimes tend to obviously go down to Florida, but even like the Carolinas, stuff like that, just for tax purposes or for financial reasons, it's cheaper to live down there. But they do end up coming back and forth. And I think that travel cost that you're talking about is something that people don't necessarily take into account as well.

Michele Cagan: Well, and there's also kind of the emotional cost of being away from what you're familiar with, that there's a lot of emotional costs involved in retirement that people completely overlook and they're at least as important as the financial costs.

Tim Mullooly: That goes back to one of the first things that we were talking about, kind of just picturing what your retirement is to you. I mean, figuring out those details and actually thinking about it ahead of time. Like, "Okay, if I actually move and uproot and go to South Carolina, what is my life going to look like there?" It's the lifestyle and being far away from my family. Is it going to be worth it to offset all of these financial savings that you might have?

Michele Cagan: Yeah, it really, it's such a personal thing and there's so much that goes into it. It's not just about retirement, it's about your actual life when you're older or when you stop

working. When work is no longer the main focus of your life, there are a lot of other things you need to think about.

Tim Mullooly: I had mentioned before that you've published books on a number of different topics in the finance space. One of the books that you published last year was about budgeting and that's a topic that we talk about a lot here on the podcast. So, I wanted to ask if you could share with the listeners one or two of your best budgeting tips or how people can easily keep track of their expenses that were featured in that book that you put out last year.

Michele Cagan: Some of the best budgeting tips that I personally use are, your budget is supposed to work for you. You're not supposed to be tied to your budget. So if your budget is making you feel uncomfortable, inflexible, it's not right. So you need to tell your budget to your life, not your life to your budget. That's one of the things that's really important. And the other thing is, and this is something that probably everybody knows, but it's really hard to do in real life, is do not spend more money than you earn. Just don't do it.

Tim Mullooly: Yeah. Like you said, it is harder to practice that as well. I feel like it's one of those, it's common sense people hear it and they're like, "Oh duh," but then not many people actually do it.

Michele Cagan: No, it's harder to actually do than you think it is. Quite frankly, the credit card industry has made it so enticing and seemingly easy. They really trap people because they offer all these things that sound like bonuses and rewards and they let you use these tiny minimum payments. It's no big deal. And it feels affordable because, "Well, I only have to pay \$30 a month." But it can actually leave you with life crushing debt and cost people thousands and thousands of dollars worth of interest, but they don't realize it as they're doing it because most people start using credit cards when they're in college or just out of college. And by the time it's a couple of years in, they suddenly have a huge credit card debt. And I do blame the credit card companies because they do it on purpose. I mean, they purposely created minimum payments to keep people in debt.

Tim Mullooly: It's unfortunate that they know that humans just innately will spend more than they have and they've kind of exploited that. It's unfortunate that that's how the credit card system is working at the moment.

Michele Cagan: It is. I actually have a book coming out early next year about debt and it talks about how to reverse that and make the credit card companies pay you to use their card.

Tim Mullooly: That's interesting. Do you want to give a little teaser into that, but not to spoil the whole thing in the book. How does that work? Because I'm sure lots of people would love to have credit card companies pay them.

Michele Cagan: Yeah. Well, the trick is, is that you've never run a balance. If you're not paying them interest, they're paying you to use the card. Because you're getting the float and you're probably getting points. So if you're getting points and you're not carrying a balance, you are actually earning money by using the credit card.

Tim Mullooly: It sounds like such a basic concept, but that's something again, a lot of people don't do. It's just pay off that balance in full each month.

Michele Cagan: Yeah, it's hard. It's hard to get a hold of debt. So yeah. I mean, one of the best budgeting things you can do is not get yourself in debt that you can't handle, which is of course really hard to do and people don't often realize it until they're already there. And then there's a lot of emotions around that. Then you feel, a lot of people feel guilt and shame and they're angry at themselves and it locks them in to a really bad mindset about money. And one of the things I often do with people who have debt is I say, "Look, this is your situation, this is it. You're already here, so let's not worry about what made it happen. Let's figure out where we're going next."

Tim Mullooly: Yeah, exactly. Don't beat yourself up about it. You-

Michele Cagan: It's done.

Tim Mullooly: ... just start working your way out of it. Exactly.

Michele Cagan: Yeah, it's already there.

Tim Mullooly: There are a handful of books on Amazon that people can buy that you've written over the years. They go all the back to 2005, I think was the earliest one that I saw on Amazon. And in particular the one in 2005 dealt with investing. So I was curious, the messages in that book for investing in 2005 have they changed at all over the last, here in 2019, over the last 14 years? Or are the basic building blocks of investing still the same as they were back in 2005?

Michele Cagan: You know, I think mostly yes and a little bit no. I think mostly yes, because there's still risk and reward where the more risky comes with more reward in general. The biggest basic principle is buy low, sell high, which unfortunately most people do the opposite. But that's still the basic principle is to buy a good company, hold onto it, leave it alone. Don't invest emotionally, don't day trade. I mean, those basic principles are still the same. But the way the economy works has changed kind of a lot in the past 15-ish years. It has, especially after 2008. The economy has really contracted and a lot of people lost their houses and saw their investment crash and it was, brought a panic. Even though the basic principles are the same, I think the way people apply them may not be the same anymore. And the other thing that I didn't know as much about back then is how much I love real estate and because I don't have the energy to deal with owning a rental property. I love REITs and I didn't know that I did back then and I totally do now, and crowdfunded real estate sometimes.

Tim Mullooly: So would you say that, like you said the principles are kind of the same but the way people apply them, so kind of investor behavior or sentiment I guess has changed since the trauma that people went through in 2008 and '09 has kind of changed the way that they approached their investments?

Michele Cagan: Well there's that, but there's also, for example, Acorns and Robinhood, like micro investing didn't exist and robo-advisors didn't exist and people either had to do stuff on

their own or pay a really high priced advisor. I mean, like E-Trade was kind of just starting out back then and now online investing people can do everything themselves. ETFs weren't, I pretty sure ETFs were either just getting started or not really around them. So there are some things that are different that make it much easier for people to invest. You don't need as much money to get started, you can do it yourself without having to pay a high priced broker. There's a lot more autonomy in it than there used to be.

Tim Mullooly: Yeah, absolutely. I agree. And I think a lot of those things that you were just talking about are improvements for the individual investor as opposed to negative developments for the investor. A lot of what you were just saying are our positives in terms of making things easier for people.

Michele Cagan: I do. I think lowering the bar for entry makes it sort of more democratic, it's not the right word, but it's more accessible. You don't have to wait till you've saved up \$5,000 to buy your first chair of something.

Tim Mullooly: So, we've talked about a couple of books that you've written and there are a lot more. So as an author of so many books over the span of your career, I just wanted to ask like what is it about writing books that you enjoy so much or what's your favorite part about the book writing process that keeps you coming back and wanting to write more and more of these books?

Michele Cagan: I love the beginning where I'm coming up with an outline and figuring out what I want to talk about and I love the end when I finished, but with like the white hot blaze of a burning sun, hate the middle of writing a book. Oh yeah.

Tim Mullooly: Why is that? Like just piecing all the different chapters together and the actual like legwork that goes into it is, it just gets like tedious or there's so much editing and stuff like that?

Michele Cagan: I don't know. It's just, you have to have kind of a like write 1,000, 2,000, 3,000 words every day and stuff gets in the middle, and some days you just don't feel like writing things. Especially kind of in the last 10,000 words or so. I just hate it. I hate the book and I say, "Why did I agree? Why did I decide to do this?" But then, when it's done, I'm really happy that I've done it. I always learn a ton and it also makes me better able to work with the people that I work with because I've brought in my knowledge, but I've also had to think about what people want to know about versus what do I want to tell them.

Tim Mullooly: Yeah, that's a good point. As you were saying that it kind of, I was picturing someone like running a marathon in my head. You're excited when you just get started and then miles like 16 through 24 are just dreadful. But then once you cross the finish line it's like, "Ah, I'm really glad that I did that."

Michele Cagan: Yeah, it's very similar and it is like, because you still like when you're writing a book, you have to pace yourself, you have to stick to a schedule. It's very, it is actually quite a bit like that. Although, I must admit I would never run a marathon. I could never run a marathon, it

is super similar and every time, if I'm starting on a new book, my family laughs because they're like, "You know, we're going to stay away from you when you're in that middle part."

Tim Mullooly: Right, right. Over the span of your career, I mean touching all different points of personal finance and money for people, what would you say is the single most important financial lesson that you have ever learned?

Michele Cagan: Everything always takes longer and costs more than you think it will. So you have to be prepared with plenty of saving. I mean, that's something that I knew as a kid that saving was important, but as an adult and owning a house and having a kid, you are always going to need more money than you think you're going to need.

Tim Mullooly: That's something that I work here with at a family firm. So my dad started the business and sometimes when clients will come in they'll ask like, "How much do you think I need?" Or he'll ask them, "How much do you think you need to buy a house? Or to have a kid?" And they say a number and he's just like, "No, the answer is always just more."

Michele Cagan: It is. It's whatever you think you need-

Tim Mullooly: Yeah, it's more.

Michele Cagan: ... just triple it and then triple it again. Just stuff happens and of course because life works the way life works a lot of times multiple things happen all at the same time.

Tim Mullooly: Last question here, I like to ask all the guests as I wrap up here, whether it's something you've learned in your career or something someone told you in your professional career or in your personal life, what would you say is the best piece of advice that you've ever received from anyone throughout your life?

Michele Cagan: I have two. The first one is always have chocolate on hand because you never know when there'll be a Dementor attack.

Tim Mullooly: I love that.

Michele Cagan: And the second one is something that my grandmother used to say to me is it doesn't matter how big your steps are, only that they're moving you in the right direction.

Tim Mullooly: I liked that one as well. I'm a big Harry Potter fan, so that first one hit home for me. But yeah, I think the second one from your grandma's very important. As long as you're moving in the right direction.

Michele Cagan: Yeah, it could be the teeniest tiniest step, but if it's getting you in the right way, that's all it takes.

Tim Mullooly: Yeah, absolutely. Have to agree. Michele, that was all the questions that I had for you. Thanks for coming on and talking about some of your books and personal finance. I really appreciate you taking the time.

Michele Cagan: I'm really glad. Thanks so much for having me on, Tim.