0 (0s):

<inaudible>

1 (6s):

My pleasure to welcome you here to the car coward show. You know, our mission is to serve and empower you so that you make better financial decisions in your life. Speaking of which in today's episode, I want to talk about the crazy stuff going on in the stock market game. Stop has been all in the news, but they're just one have a handful of stocks that have been going just nutso in the last few weeks. I also have some great news for you on health insurance. If you have suffered a job loss, so wanting to talk to you about the Gamestop thing, it's quite a buzz right now.

1 (48s):

My, I knew that this had really taken off when my 15 year old son wanted me to explain to him what the deal was with Gamestop because he's looked at Gamestop is just a, has been loser for a long time. You know, they've closed tons of stores, there's stores that are still open. What kind of a sad run-down. And it's something that at times seems to have passed by. But the value of Gamestop Gamestop has climbed Gamestop stock it's climbed and climbed and climbed and climbed.

1 (1m 30s):

And you may have heard some of the reporting about how this was really fueled on Reddit and how Elon Musk was saying, Hey, you know, by game stock, it's going to the moon. What about space X aren't they going to the moon or Mars or something? Anyway. So this has become a mania and it's been the revenge of very young investors. And so they have been bidding up this stock and it's been people doing so in very small purchases, huge numbers of people.

1 (2m 13s):

And Gamestop really doesn't have a lot of intrinsic market value, wall street insiders, big time money people have been playing a game called selling the sock short, which you may of heard the expression. The last few days, it's a financial maneuver where your bedding that you can buy a stock today. You can borrow a stock today and then find the borrowing of those shares later at lower prices, it's called shorting a stock. And that was probably a terrible explanation or a definition. But the idea is the big money crowd on wall street had been betting on the extinction of Gamestop.

1 (3m 1s):

And then what the small investors have done. A lot of people in their teens and twenties is they've been doing the opposite. They've been pushing the value of Gamestop up. And then people who would bet on the shares dropping have had to do it's called unwind. Their positions, buy shares, have a, a, a inflating stock price. And as they buy more of that, pushes the price up in order to close out their positions and limit their losses. It has nothing to do with the actual real value of Gamestop. This has also been happening with a remember, they used to be the hottest device.

1 (3m 41s):

People carried with a Blackberry, which has also been happening with our stock and think about five or six. Others were on message boards. People were saying, Hey, let's run this one up. And they've been doing it now. Generally when people collude, that is an illegal activity, but this is not traditional private collusion. These are individuals stating on message boards and as best as securities laws work today, as I understand them, it's not at all illegal, but the reality is these stocks that are being pushed up, have none of the intrinsic value that the market suddenly is saying they're worth.

1 (4m 30s):

And so this will, and where these usually end with a bubble is the value of these stocks are going to deflate. So it is what they call in investing theory, the greater fool, who is the last one, standing who rides it all the way down. You don't want to be you being the one who has to say coulda, woulda, shoulda sold earlier. And I want to know from Joe and Christa, have either of you been fighting the shorts on any of these stocks?

2 (5m 8s):

Yeah, I have not, but I have to tell you Clark my 15 year old son last night sent me a text while I was already in bed and said, what's my social security number. And I was like, well, why do you want to know that? And he said, I'm opening a Robin hood account. And I was like, you can't, you're a 15. He was like, I want to do it anyway. And he wanted to, he wanted to get in on the stock trading. And he's like, why don't you open an account with your name and social security number? And I was like, absolutely not. So I'm definitely gonna play this. This, make them listen to this segment of the Podcast or a 15

1 (5m 44s):

Year old to that. So

2 (5m 46s):

I know that they shouldn't hang out together and start, start their own little investing company.

1 (5m 51s):

Now, Joel is your oldest child is six, five, seven, seven is your seven year old wanting to open a Robinhood account.

3 (5m 59s):

Now this isn't on her radar yet, but that's definitely a sign of the time. So, right. I mean, think when things get this out of whack, this crazy with certain specific stocks and so much speculation, even the younger kids, I could just say like, Hey, anybody could get rich on the stock market. Let's do it. And yet I think you're right. This has to be some people

1 (6m 18s):

I'm interested, but what I worry about that a good point, but what I worry about is this is 1999 all over again. When a bunch of younger, small investors got hyped up on all the original, what we now call the dot bomb stocks and ended up losing all that money and then forward we're cynical and un-trusting of, or distrusting untrusting, distrusting of investing. And so the reality is I hold to my dull thing. I'm a doll person that with investing, you always start Corp. You always start really wide with Dullsville where you own a large swaths of the stock market for the long haul.

1 (7m 9s):

And then on the edges of that was called explore. If you want to do stuff like this, which is investing, that's really gambling, then go right ahead, but never betting the real money you need for your future on it. I had somebody stop me the other day and say, because I drive a Tesla and I got out of it, he said, so did you get rich from the Tesla stock? I said, no, I've never owned Tesla stock. And he said, but your end, all this stuff, as well as you know, I only buy because of what I do for a living. I don't buy individual stocks so that no one will ever wonder why I'm saying what I say.

1 (7m 50s):

But even if I was buying individual stocks, I don't buy stocks that have really run up way beyond their profits. And they're what are called story stocks. So over the long haul, the way you make money is being a turtle, slow and steady, no flash to it. And I know for a lot of people, that's boring, that's dull. I want to build wealth and security so that my life doesn't have to be as well as my investing strategies. Unfortunately, I ended up being doll anyway, so it didn't help.

1 (8m 33s):

But the idea is that this is a situation that people take what's going on right now. Seriously is if these are real values in companies that are in being bid up by what people are doing on social media and Reddit boards and stuff like that. Let me tell you, these are not real values. And at some point people are going to actually lose real money. Be careful. I am so terrible. I'm always telling people to eat their financial vegetables and not just eat candy and ice cream.

2 (9m 14s):

Everyone needs to hear it. And to my son, Matthew, get a job. All right, Clark do you want to get to some questions? Sure. Where do you want them to work anywhere where he has to get super dirty and that he hates?

1 (9m 29s):

So my son grant, who is same age is Matt, is he knows that we are requiring that he has a job this summer and you know that we're going to be out of quarantine and he was going to have to have a job. And so he has been talking to older schoolmates about where they've worked and stuff, and you should hear them trash talk, the jobs that they've had,

2 (9m 54s):
I'm going to really, I just, any job is good. Right. And to enjoy it is even better, but it's good to experience jobs that are really tough and,

1 (10m 1s):
You know, yeah. But see, I think it's great for every teenager to work in and a job where you have direct customer contact and you will learn the right way to treat people. When you do that, you talk to anybody. Who's worked as a server in a restaurant and they get to see people in their unvarnished cells and people that are rude and mean, or people that are, that are kind and friendly and everything in between. And you see that and direct customer contact and you learn the right way to behave. I wanna tell a story about my oldest daughter, who is a, you know, she's all grown and gone now, 31 as a kid, wonderful husband, all that stuff.

1 (10m 49s):
But when she first got out of college, she came out of college during the great recession. And there were really no jobs to be found. And so she took the job she could get, and she was doing direct customer contact in a veterinary medicine practice. And it was in the same zip code where she grew up in and she would have people come in, who were the parents of kids. She went to school with, who were always so nice and friendly to her then, but then coming in for bringing in their dog or cat or fair in it or whatever, and that they wouldn't recognize her.

1 (11m 30s):
And they treat her like dirt. And she was like, wow. And she learned a life lesson from that a little later than we're talking about that the reality is you're really setting an example every minute, how you live your life, what kind of person you are and what kind of character you have. And I hope that any teenager learns from a job how important it is and life to be respectful of everyone you are around, whether it's a personally at work and business, whatever it is that being kind and decent to other people is a core principle.

1 (12m 12s):
You need to always hold on to now, what does that have to do with our Podcast nothing at all. It's just in my mind.

2 (12m 19s):
Well, if you treat everyone well, you'll do better in life. Right. And you have more opportunities.

1 (12m 26s):
That probably is true, but I don't think there needs to be an if then I think its just the right thing

2 (12m 33s):

I do too. I'm just saying if you want to relate it somehow, if you are a decent person.

1 (12m 37s):

Yeah. So did, did speaking of this, did you hear about the thing that happened at the Chick-fil-A with someone who was upset that they,

2 (12m 47s):

I saw the video,

1 (12m 50s):

Joe was you look confused and didn't hear about this. So this is a chilling video to watch. So they have all these coronavirus rules at Chic-Fil-A and this would be customer went berserk and tried to hurt and employees at the Chic-Fil-A and damage the store because they were being told to, I guess, mask up or whatever. And it's just,

2 (13m 17s):

Yeah, they got kicked out. And then they came around to the drive-through and we're trying to crawl through the drive-through window and then threw bricks at the window. And you know, the Chick-fil-A employees as Joel, Joel, once worked for Chick-fil-A or the most polite people on the planet. And I don't think that those customers got to my pleasure and I've got the order.

1 (13m 36s):

My pleasure. I'll tell you what our pleasure is and that's to answer your questions, but I want to talk about some key news about health insurance. If you or someone, you know, has lost a job during the pandemic, you got to hear what I have to say straight ahead. There are a many, many millions of Americans who have lost jobs that at first they thought they were only temporarily being furloughed from and when they lost the jobs, they lost their health coverage and so on are Podcast. We got a lot of questions from people about health coverage and it can be very confusing and the prices can be frightening.

1 (14m 21s):

But what has happened because of these new layoffs is the Biden ministration has reopened the healthcare exchanges around the country, which normally are only available for a tight period early November to mid December, each year for the following year. So we we're done for 21, but now for a number of circumstances, the exchanges are reopened. And historically, if you had a recent job loss where you lost coverage, you would be able to do what's known as a special enrollment period, but it had a lot of hoops.

1 (15m 4s):

You had to do that through now. You don't have to, if you want to see what health coverage we cost for you, or if you're buying for a family, you can go to Healthcare have, and then it'll ask your state and it will take you to the federal state exchange for your state. So it's just a straight federal exchange. Others. It looks a little different than the federal one, but the idea is how you buy the coverage, which is pretty similar everywhere. You will have a choice of color coded plans that are, those are generally bronze, silver or gold.

1 (15m 44s):
Most people buy silver plans. And the silver plans we'll have the, the same basic requirements, regardless of which insurer you buy it from the deductibles, it will be similar. They'll all pretty much have this year, same kind of aspects to them. What will be different from one plan to another is whether a doctors that you want to use are included and hospitals that you, I like to visit. If you have to go to a hospital that the hospitals are included. Now, what you'll see when you first go onto the exchange is you'll see premiums and potentially based on your income subsidies that greatly reduced those premiums.

1 (16m 34s):
Now these plans are what are known as compliant. You cannot be excluded because of pre-existing conditions and they can't exclude care for you for different things that you can by policies. If you've lost your job, that are ones that are what are called non-compliant. They don't have to take you based on preexisting conditions and they can tightly limit how they cover you. Those plans may appear to be much cheaper and the premiums typically are, but if you do get a bad illness, then they're not useless, but they pretty much are.

1 (17m 14s):
So the advantage of a non-compliant plan is they usually don't have the very high deductibles that you have with a real plan. But then at the other end, if you have major expenses, you're majorly out of luck with those non-compliant plans. When you buy it, healthcare.gov, you are buying real comprehensive insurance. If you don't qualify for subsidies, the premiums are astronomical. You will have meaningful deductibles that can a lot of money, but once you've met those, the plans very heavily cover your health care.

1 (17m 58s):
It's time for your questions you posted for me at Clark dot com slash ask and Krista,

2 (18m 6s):
Hey Clark. So this was sent in by Todd in Florida. He says, this is Clark advises. I made my teen children authorized users on one of my credit cards to help with their credit scores. They are both now married adults. One is 27 and one is 24. Will it negatively affect their credit if I remove them as an authorized user? If so, is there a way to determine how much in effect there would be?

1 (18m 31s):
Yeah. So the effect ultimately is determined by how much other credit they've established for themselves. If

your adult children now have gotten a two or more major credit cards in their names, maybe they've got a mortgage car loan than removing them from authorized user status will have minimal impact. On the other hand, if your adult kids have not gotten their own meaningful lines of credit, have their own, then you would impact them quite heavily by removing them as authorized users. So I'm assuming that they understood the drill, they got their own credit.

1 (19m 16s):
They've been out on their own for a while. In which case it's absolutely fine for you to close that authorized user status. It will have a minor impact, but typically not a meaningful one for you removing them. Joel

3 (19m 34s):
Clark Michael in Utah says, Hey, Clark during a 10 31 exchange, can you potentially not use the entire amount of the proceeds you get from the sale of your home? Meaning if I sold a property for a $150,000, and then I want it to roll that into a $120,000 property, the net difference would be 30,000. What I pay capital gains on that $30,000.

1 (19m 57s):
So this is funny. I have never had, somebody asked me about doing a 10 31 exchange where they didn't end up buying a property equal are more expensive. And just so you know what we're talking about. If you have investment real estate, there is a tax code, the 10 31 section at the tax code that allows you to role the gain from the sale of the first investment property, into a new one, and avoid having the tax bill. Now, as you defer the tax, he would go on the gain from the first property.

1 (20m 38s):
You have to go through special hoops where you have, what's known as a qualified intermediary who holds the proceeds from the sale of the first property. And you must identify and roughly six weeks, the next property you want to by. And then you buy that property in the rare circumstance where the new property is less expensive than the one you have sold than the difference would be subject to capital gains. But paying capital gains is not the end of the world. In fact, I chose with an investment property a while back, not to defer the gain and a 10 31 because tax rates have been so low that it made sense to me just to pay the tax at today's rates rather than deferring the gain to a point in the future where tax rates likely will be higher than they are right now.

1 (21m 39s):
Krista,

2 (21m 41s):
This is from winter in Washington last year, I continued making payments towards the principal on my federal student loans. There's another pause on student loan payments for borrowers until September of

2021. My current balance is close to $30,000. Spread over five loans with an interest rate of 4%. I'm trying to decide if I should work towards paying off one of my loans before September, which has $1,600. Or if I focus on paying the total remaining interest of 1680, I'm thinking it would be great to pay off one of my loans, but is it beneficial to pay off the interest before it starts accruing again after September? What do you suggest?

1 (22m 22s):
So the idea of going ahead and paying on loans, when you don't have to is actually a viable strategy because you pay these loans off. You're not going to have interest on them once w interest payments resume probably in October, you will have wiped out that debt. Now you could, as an alternative, although what you can earn on interest in savings right now is ultra low. You could just keep putting that money in savings and then dump it all against your federal student loans in October. But that seems like that's more effort than it's worth you right now can pay down on those balances, a benefit from the 0% interest when interest rates REZUME, you will have reduced the amount of obligations you have subject in interest.

1 (23m 16s):
And this is a very, a viable idea for people who have stayed employed, whose income has remained solid for you to continue on the path of paying down on your student loan debt. I know that what I just said is different than every other article that's been written about this saying, why wouldn't you just sit, still set on your hands and wait till interest presumes when payments are required, may be starting in October. But I think the discipline of paying on those loans and being able to pay on them with all the money going to principal is very much to your advantage.

1 (23m 58s):
Joel,

2 (23m 59s):
Clark Barbara in North Carolina says, is it okay to download tax software on a financial Chromebook?

1 (24m 6s):
Yes, that is something that I would think is AOK to do. And if I have not mentioned enough, 70% of tax payers qualify to use free tax preparation software by starting@irs.gov, what for the free file icon, click on it. And you'll see all the various software programs that are available to use, to prepare and file your income tax for free. Now, why is it only a 70% of taxpayers? That's the percent of taxpayers that have an income less than 72,000 a year.

1 (24m 49s):
And that's who qualifies for a free tax prep. Krista,

2 (24m 54s):

I have another student loan question from Emily in Ohio. She says, I'd have student loans that I pay on each month. They began as federal loans and then private companies bought them. I had no control over this. I would like to be able to take advantage of the executive order, have zero interest on my loans. I was told I do not qualify because my loans are privately held. Do I have any other option or recourse?

1 (25m 16s):
Okay. I have no idea what the backstory is there because federal loans don't just end voluntarily convert to private loans. It seems like at some point, somebody cheated you. And that's the only explanation I could give. Private student loans are poison to your pocket book. Almost always. There are rights and privileges. And in this case, this is a clear example with the payment holidays and interest holidays on federal loans. And I am just totally befuddled by How in the world. Your federal student loans became private Chris to do you mind sending a message back saying, if you can get more understanding about how in the world that happened and you know, the student loan thing is a problem in so many different ways.

1 (26m 12s):
And I think with $1.7 trillion outstanding on student loans that we're going to have lending reform and the United States. And it can't come a minute to soon have a great day. And I hope you've enjoyed today's podcast. If you did let other people know, if you didn't let us know how I failed to serve you at Clark dot com slash Clark stinks.