

0 (0s):

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1 (47s):

It's my pleasure to welcome you here to the Clark Howard show. And I want to tell you something coming up later in today's podcast, Why being a runner instead of a homeowner may be the smart move for 21 and maybe a 10 to 22. But right now we get to talk about me

0 (1m 9s):

Throwing lemons in your way. When I give what you feel is bad guidance, bad advice, bad information. And it's very important to me that you trust that what you're hearing from me, his information, you can put two work in your wallet each and everyday. When I fail in that, I need to know, I need you to let me know. And that's why we have Clark dot com slash Clark Stinks. And then once a week, Christa goes through your posts on Clark Stinks and shares her favorites with you right here on the podcast.

1 (1m 50s):

I should have never encouraged to, to speak to what you think I'm pretty stupid. It should be ashamed of yourself, or maybe I'm wrong. Maybe I'm wrong, maybe you're right. All right. Clark this one was,

0 (2m 4s):

I mean, the most popular one in the last couple of weeks, leaving your car unlocked is one of the worst takes ever. You mentioned checking the back floorboard before entering your vehicle, but this is preposterous. Most cars have tinted windows these days. And as you've mentioned, most consumers have shifted to SUV's and crossovers. Unless you have x-ray vision, you risk putting yourself in a dangerous situation. The cost of a new window is worth the sense of certainty that comes with a broken one. If a criminal is lurking nearby, the broken windows serves as a warning before approaching a dangerous situation. It can also alert good Samaritans to something amiss.

0 (2m 45s):

Finally, it's the same reason that food comes in seal containers. It lets you know, if something has been tampered with a criminal, could enter a vehicle and find nothing of value, but potentially end up with a personal information, like an address in the case of a stock, this broken window is the only reason someone might think to make their home secure. This piece of advice does not only stink. It's a liability. Patrick,

1 (3m 9s):

Patrick, thank you for that. I have had people burning my ears up about this one. And obviously I was looking at this without full perspective. I was so focused on the problem with vehicle break-ins that I didn't focus on the spinoff effect of particularly physical danger to you. And so I was wrong. I was looking at something with too narrow, a perspective and it led me to the wrong conclusion. And so I stay on correct. And I appreciate all the people who with great passion spoke very vehemently that a busted window is a much better choice than somebody working inside your vehicle.

1 (3m 59s):

And the point of the, of the glass being smoked, that you can't really see you in any more, very true,

0 (4m 6s):

Both you and I are a pair of dirty socks. You were talking about how wonderful Texans dysregulation of electricity is. And I Stinks for taking it hook, line and sinker. I take so much of your word like the gospel and just like, there is a place for unions and there's probably even a good argument for a lobbyist. There is also a need for regulation. I think you fail to see both sides. And I failed to question you sincerely you're left-handed fellow travel, loving, born cheap birthday, twin PS. You're still my hero. Matt,

1 (4m 42s):

Matt. Thank you. And I do have a lot of egg on my face for the last 15 years raving about Texas's system for energy, because there are people that are dead because of shortcomings and how Texas deregulated their power system. And the truth is Texas implemented a true libertarian dream for power. And it doesn't mean the failures that Texas just had doesn't mean that opening up the market to a complete competition like Texas had done is the wrong thing.

1 (5m 25s):

What was wrong is not putting any checks in the system that required that the grid be up to stress. And that stress means there are a dead people and untold billions of economic harm that Texas will face and Texans collectively we'll face for it at least a couple of years. So it's not that the deregulation was wrong. It's that there was requirement built in that required that the system be tough enough to handle unexpected either extremely hot or extremely cold temperatures.

1 (6m 10s):

And so that was a fail of the deregulation and something that if you read the history of what went on with deregulation, the legislature in Texas was warned 12 years ago with this problem and session after session chose to do nothing about it.

0 (6m 33s):

You said existing homes don't appreciate only property. Does would you reconsider that position based on increasing costs to build a new, similar home like code changes, impact fees, lumber prices, et cetera,

1 (6m 46s):

Michael Michael, thank you, Andy. When I say that stark thing about homes do appreciate it's the land. They sit on that appreciates. I'm not looking at it from the raw dollar standpoint that you raised very, very valid point that because of the additional costs faced in a new construction that that provides a for, to the value of a used home. When I'm talking about is that when I talk about depreciation on a home and I'm talking about all the maintenance that's required over time, we had to recently replace a heating and air conditioning system at our home just because it got old.

1 (7m 32s):

And so that's a cost right out of my pocket. And that is a direct impact on the true value of the home. To me, all the repairs maintenance things we have to do over a year, over the years, they are a form of depreciation, but that's why, what you said is why I always encourage people to buy used homes instead of new, because you get so much more for your dollar buying a used home than a new one, but yes, the problem's and acquiring buildable lots right now, the cost of materials, the cost of labor, the cost of government fees have helped protect the value of used Homes in the marketplace.

1 (8m 19s):

Clark

0 (8m 20s):

Yeah. When you talk about jobs out of college and the reasons to have higher education above just a high school degree to obtain a better salary, please continue to provide equal attention to one very important option that you have mentioned before the military. We've all heard examples of men and women entering the military to obtain a trade or skill. And do you use this as a great resource for their career? If it wasn't for the air force, I would not be as successful in my career as I am now. I'm sorry. Clark but I must disagree. It's not always about the almighty college degree. Yes. Options are reduced now because corporations have set their expectations to require a bachelor's degree, but please continue to give the military and trade schools equal attention in this arena, Gary.

1 (9m 6s):

Well, Gary, thank you so much for your service to our nation. And I have a very strong feeling that we, as a country in order to get back to a common purpose, need to have a mandatory two year enrollment in public service for people at age 18 or 19, or somewhere in that age range where people serve either in the U S military for a hitch or serve in some kind of a public service capacity like Vista and the peace core or something like that, AmeriCorps that we need to rediscover common purpose in the United States.

1 (9m 46s):

That's not what you are posting about, but also you are completely correct that someone serving in the

military, which is a completely voluntary thing to do today, not only protects our nation, but it also provides an opportunity for you to learn skills that you can use post-military life to earn a decent living.

0 (10m 10s):

Someone asked about getting a real estate appraiser and you suggested they contact a realtor for a referral as a 20 plus year real estate appraiser. I have mixed feelings about that advice in a lot of cases, the relationship between praisers and realtors is adversarial. They like us when the appraisal comes in at or above the sales price and are very unhappy with us when it does not. So I would say the referral you get from a realtor might depend on recent sales and how things went personally. I would rather have a homeowner call and interview me to see if I'm the right fit for their needs. Also, all appraisers are expected to uphold national standards and be objective independent and impartial.

0 (10m 50s):

I would also recommend the homeowner contact their state appraisal board to see if there've been any disciplinary actions taken against the appraiser that they are considering maybe after interviewing a few appraiser's and checking with the state of praise, a board, then asking a local realtor, their opinion. That might be an option.

1 (11m 7s):

Steve, Steve, thank you. And I appreciate your post. You know, one thing also going on in appraisals that I have not talked about is the more and more of lenders are not hiring human appraisers anymore. They're using computer software to determine what an appraisal amount would be, and that has its own set of problems. Particularly if a home is a one of a kind, not part of a large development

0 (11m 37s):

Caller asked about their high electricity bill recently working in the utility industry, I can tell you the bills can be incorrect all the time. And it has happened to me when an unexpected large bill is received. Someone should always check their meter and make sure the end kilowatts per hour reading is not

1 (11m 54s):

Much higher than what their meter currently reads. When utilities have issues using using There monitoring or sending meter maids out, they estimate the bills, which are rarely accurate. This will be rectified later on, but if you don't catch it right away and pay you're effectively lending money to your utility at zero interest, call you a utility company. If the meter reading is far up and they'll oftentimes adjust your bill to the amount with estimated usage rather than the actual meter read Chris, Chris, thank you very much. I really appreciate that. You know, the way meters are read in the country, various a lot from one utility to another, and having humans read meters or using estimates or having electronics that read meters, all these different systems lead to a variety of issues that can come up and your suggestion that people go out and read their meter.

1 (12m 48s):

If they get an unusually weird bill, hi bill. Brilliant. And then one more related to this. Of course Clark doesn't stink, but in discussing the kilowatt, he missed the opportunity to mention that many public libraries will offer free rental of the kilowatt in their tool lending programs, Alex, Alex, I mean, this is the third time recently that someone has pointed out the things that you can do at a public library that I completely ignored for God about whatever. And so I think the answer to every question when it comes to buying something in me to say, if you check to see if you can lend that from your library first, I really need to put that in my memory bank.

1 (13m 33s):

And remember the possibilities that your tax dollars provide for you to be able to temporarily use something for free as a loan from your library instead of having to pay for it. I want to tell you, I appreciate all your posts on Clark Stinks you cannot even begin to imagine how much you help me do a better job at what I do and help me see the world from perspectives that I may have missed.

2 (14m 2s):

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1 (14m 48s):

There are some major disruptions in the housing and rental market's going on here in 21. That affect decisions that you might want to make. Even if you've been saving up money to put as a down payment on a house, it's been the goal you've been trying to do. There are certain economic factors right now that make possibly renting a better decision. And I love for people to own their own home, but right now we've got several things all happening simultaneously that affect your wallet.

1 (15m 28s):

First, the number of homes that are listed for sale as we move into the peak spring buying season for homes is at record low levels. So you have too many buyers chasing too few homes for sale. And that's why if you've been tuning into this, what's been going on in the housing market, you may have seen the stats that the prices of homes versus where they were a year ago is way, way, way, way up. And it's because the demand just totally outstretches supply.

1 (16m 8s):

There are three factors why housing is in a crunch right now. Number one, specific to Corona. A lot of people

have not felt safe putting their house on the market. Having strangers waltz threw it for open houses or for showings. And so it's temporarily greatly reduced the number of homes that is a natural cycle would go up for sale. The second factor goes all the way back, almost 15 years now, when the housing bus started the banking scandals and the The fall, one housing bust, a massive number of builders and the United States folded.

1 (16m 56s):

And we have never had the number of new homes being built, following the housing bust that we had before. So you still have natural population growth generally in the United States household formation. And there is a natural cycle where people are in much of the country would buy homes. So the number of new homes being constructed has been way below normal year after year after year for almost the last 15 years. And that's created a supply shortage that also tends to push prices up. Labor costs for home construction have gone up and of late material costs.

1 (17m 41s):

Lumber for home construction is at all time record highs. So housing affordability buying a new home has gotten to be brutal. Did you have another factor? Yeah, I already gave enough reasons why, but there's one more too. There's more. The next one is interest rates that so many people were able to refi into over the last couple of years while the federal reserve has been artificially holding down interest rates have people and what something referred to as housing lock, if somebody sells their home interest rates have moved up well from their recent ultra lows, somebody would be trading in a lock-in they have with their, this thing, home and existing loan that so, so dirt cheap for higher cost money selling their home, moving somewhere else.

1 (18m 38s):

So all these factors all at once in combination have led to these much higher home price. The irony is I saw a thing from Moody's because I mean, who else reads all this stuff, this stuff, and showing the gap between the effective apartment rents and the effect of cost of owning a home. And so the home thing is climbing like a steep mountain and apartment rent's in most places and the country that are big enough to be measured, have actually been declining and not every sub-market and every Metro area has been declining and rents, but the overall effect has been rents are what they like to call them the lingo of the trade.

1 (19m 26s):

So several things are gonna happen. One, if you do follow my advice and you know, you consider renting for a while instead of buying, you're going to be able to build up more money ultimately towards down payment or towards retirement or whatever it is you would do with the surplus money you'd have between the cost of renting a place versus the cost of owning. The next factor is that as we get enough shots in people's arms and people who've been unwilling to put their houses on the market, go ahead and put their houses on the market. As you have a natural cycle of people that would be doing that just based on aging, but those people

are aging in place instead of selling and moving somewhere else, the inventory will increase and time is the profitability, a building continue and used to be so high.

1 (20m 19s):

You'll have more people go into the new housing. And plus I believe as I shared recently on our podcast, I believe that new methods of construction are going to help lower the cost of building new homes, where we move away from the outdated sticks up on building site method of construction that is so inefficient and cost so much and causes problems that we will learn to innovate. As people come into the housing market, the new housing construction market who know better how to build more affordable houses, that also are better houses to own better constructed and better for energy consumption.

1 (21m 4s):

Christa what question do you have for me now,

0 (21m 7s):

Teri in Arizona wants to know, is it ever okay to take a loan against your 401k? We have a little over \$1 million in the account. We would be borrowing \$50,000 and repaying. It is not a problem. The loan would probably be for eight years. I'm thinking this would cost us the least because you're paying yourself back. But I think I remember hearing this is a bad idea. So

1 (21m 32s):

The question is what's the 50 grand for any information on that? No. Okay. The loan from the 401k, depending on the provider will be somewhere, typically four, 6%, sometimes a little more interest rate. And you're thinking, well, I'm paying myself back and it could be depending on your situation, your circumstance, and the fact that it's 5% of what you build up in a 401k, which is fantastic by the way that you have a million bucks plus in the 401k, a this is not a major decision in your part because you've saved so much money in that 401k.

1 (22m 14s):

But over time, a 401k will typically grow greater than what the interest rate you're saving between the Borrowing on it and how you could typically borrow money elsewhere. For another purpose, since I don't know the purpose, I would say in your situation, this is a low risk thing to borrow from the 401k. But before you do it, consider what other loan outlets are available and what interest rate you would pay to borrow money. Another way to meet the need. You are trying to meet with this borrowed money. And if the interest rates are similar, then I'd rather you borrow elsewhere and leave your 401k alone to let time let it grow and let that 50 grand you would a borrowed have greater growth for you.

1 (23m 8s):

Now we are in a time where the stock market is likely over-valued and we are going to have a correction. We

may even have a bear market. In which case, taking that \$50,000 loan could actually in the short term, make you look brilliant versus what could be a temporary decline in your 401k, but you can't make those kinds of decisions, timing the market. So again, it goes back to the core principle, where do you sit in terms of the alternatives to meet that \$50,000 borrow need, Tim

0 (23m 46s):

And who's concern wants to know with Marijuana seemingly on a lot of States ballots with every election. It definitely feels like it will be completely legal in North America in no time. What does the best way to invest in Marijuana stocks? And do you think it will be a good return on my money

1 (24m 3s):

Marijuana investing, ironically enough is a very high risk venture. There are a, is marijuana becomes legal in the States. There are any have a number of enterprises that establish a legality that may have been there before, but become legal enterprises or start up. There's going to be a huge shakeout because one of the ironies about Marijuana being fully being legalized is that we'll become a less profitable crop as a legal crop than it was as an illegal crop with the risks involved in it. So buying Marijuana stocks is a riskier part of any portfolio, and it is almost, it's not a gamble like going to Vegas, but it is a higher risk, more narrow form of investing.

1 (24m 56s):

And it's something that I would say you put play money on not serious money, because we don't know is the shakeout happens over the next decade who the winners are gonna be and who is going to being left bankrupt by the wayside.

0 (25m 11s):

Kelly in Ohio says my husband and I have not yet had kids. Soar dogs are like children. We have an older, great Dane on multiple medications. The cat that is rather overweight, but still self-sufficient. And my energetic Australian shepherd with ongoing stomach issues, the testing to figure out what is wrong with my Aussie alone has already cost me well over \$450 in less than a year. Should I get Pet Insurance

1 (25m 38s):

This is a great question because our mentality and connection to pets is different than it used to be in our society that people did not do very expensive testing and procedures and operations to pets even a 30 years ago in the United States. So now Pet medicine can rival human medicine and costs as a animal ages. And for so many Americans, we now believe that we want to do everything we can to extend life and not just if humans, but also of our pets. So this makes Pet, Insurance a much more present decision that people have to make, talk to your fat, to see their experience with various Pet insurances 'cause based on breed or age, have a pet.

1 (26m 37s):

You may find that you think you bought coverage, that the breed is excluded or the, of the Pet excludes the coverage. Also, this would be a real opportunity for you to read consumer reports at the library, or to buy access to the consumer reports, to read what they've had to say about how you pick a Pet Insurance policy and also lemonade, which is a company I've talked about. That's like almost like a co-op for various types of insurance now offers Pet Insurance

0 (27m 14s):

Okay. Clark and then Gayle in North Carolina says, I'm thinking about getting another SUV from the years 2017 to 2019, I have a Oh six Honda CRV bought new. I've really enjoyed this vehicle, but there are a couple of things I would like one would be an SUV that is a crossover. Hopefully it would give a better ride. And I would really like to have all the safety features. They now have. I do not want to spend over 25 to \$30,000 at the most. I hope it's out there.

1 (27m 41s):

So you actually may be able to buy a 21 cross-over in your price range that you're looking at. You keep a vehicle so long, and I imagine you've loved the CRV. There's now lots of competition for the CRV. In addition to the RAV4, those to have dominated things, the vehicle that seems to be a real crowd-pleaser and in reliability reports repeatedly has been at the top, the Mazda CX five. And, but there's a absolute huge number of crossovers of various sizes.

1 (28m 22s):

And you can certainly buy one easily in that price range, 2017 to 2019 model year, but there've been so many improvements. And the last couple of years, that in your case, because of your cycle of ownership, it actually, isn't a bad idea for you to buy a new one in that price range of 25 to 30,000. I mentioned consumer reports a minute ago for a Pet Insurance consumer reports has at its best in its writeups and reviews of vehicles for reliability and quality and a customer satisfaction and all that. And it would be wonderful for you to look at what they say about the huge number of crossovers that are available.

1 (29m 6s):

And I want to thank you for being part of the team car community. Remember, we are available to you around the clock at Clark dot com and Clark deals.com. And I look forward to serving you in whatever way works best for you, our websites, our newsletters, our podcasts. If you see me on TV or also we offer one-on-one advice for you, that's available for free from a member of team. Clark something we've been doing for more than 28 years is we are here to serve you and empower you with knowledge. You can take control of your life and your wallet.