

EPISODE 107

FT: Stefanie O'Connell, welcome to So Money. The Mindy Kaling of personal finance!

[00:01:59]

SO: [Chuckles] Yeah, that's a really flattering title.

[00:02:02]

FT: How did that happen? I think that's awesome!

[00:02:04]

SO: It came from a newspaper who reviewed my book. So when I read that I was like, "I'm putting that everywhere!"

FT: Oh my gosh, yes! Can you like own that phrase? I mean that is So Money. I love it!

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SO: I know! That's like a exactly everything I wanna be.

[00:02:19]

FT: She's my dream guest, and so I feel like through you, vicariously I am challenging Mindy Kaling in the finance world.

[00:02:27]

SO: Oh man, that's a lot to live up to! [Both laugh]

[00:02:29]

FT: But you're also a dream guest, because you really speak to my audience. I think, I surveyed my audience recently and found out that a lot of people listening are millennials as it is. And you are in the trenches and focus on millennials as an audience to help. What do you think is the biggest challenge, the 20 somethings, early 30 somethings face right now?

[00:02:52]

SO: I think it's balancing the unique financial demands, like the massive student loans, with the unique challenges of their employment. So millennials are notoriously un- and under-employed. And so they're balancing really high debt loads with really insufficient income. So it's created a new kind of challenge that we really haven't seen before. And the other implication of that is, not only is the income lower, but a lot of millennials don't have access to employers who are offering benefits like retirement and health care. So that's a big onus to put on a 20 something who just graduated college who doesn't have an HR department to kind of help them get on their way. They're kind of responsible for everything the moment they get out the gate.

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FT: It is a challenge. On the flip side, there are opportunities to not getting this welcome reception to the traditional 9 to 5 world because it does make you stop and think about how to reinvent your career path, how to think outside the box. And if you can get - if you can be successful at that at a young age, I think that sets you up for success so much in the future. You know, my brother for example, he's 24 I think. Todd if you're listening, he's 24 and he has never had a full time job where he's had benefits or a 401k. He's completely been freelance since graduating from school. And it's actually been something that he has learned to really love and appreciate because he can make his own schedule, he can actually make more money this way.

Of course, he has to pay for somethings out of his own pocket like, you know, retirement, health insurance, things like that. So it's got it's challenges but also there are opportunities where now he has kind of a lot more freedom and his network is just so much bigger than if he was working in a cubicle, right? In a traditional company. So that would be my advice to millennials. So sort

of like seize the moment, you know? I mean, yes there's like so much going on that it seems unbelievable and overwhelming, but let's look at some of the opportunities that you can tackle as well.

[00:04:59]

SO: Yeah I think you're dead on with that. I've had a similar experience to your brother and I think it's kind of a matter of what perspective you take. I think it's really easy to fall into the trap of being a victim. Cause yes, we do have some challenges thanks to - I know, I graduated in 2008 from college. That was like, "Oh my gosh, could I have had worse timing?" But it's kind of what forced me into really doing the same thing your brother did, and looking for new opportunities and creating my own employment and creating my own network as you said, using the unprecedented resources we also have access to. So while we have big challenges, we also have things like the Internet, and micro-entrepreneurship, and so many things where you have very little startup cost to create a really huge enterprise on your own. So yeah, it's all about how you look at it.

[00:05:50]

FT: Talk about the 'broken beautiful life'. I love that title [both chuckle]. It sorta reminds me of Suze Orman's like the "Broken Fabulous", whatever she had.

SO: Right right.

FT: Yeah it was really popular. But I love that it's coming in your voice, as someone who is, as I said, in the trenches with these millennials that you're coaching. How has the book gone? And what has been the reception to the book?

[00:06:13]

SO: The book's been really great because I think it's been hard for millennials to identify with some of the personal finance literature in the past. And coming from, like you said, the 'trenches' and having had that experience and really divulging that in all of it's messiness and reality, it's

created a response that people don't tune out when I start talking numbers. They're like, "Okay yes, we share this story and I'm with you". And when I start going into like the details of what to do next, even though that information is really similar across the board, because we've already connected on the experience level, they're taking that information. Like I seem to have found a way to package the information in a way that will actually resonate with some of the people who are reading my book, which I'm so excited about! Cause I get emails saying you know, "You inspire me to like open a Roth IRA, and I fully funded it!" And I'm like, "Oh my gosh. That's such a total, total win". And I knew you knew you needed to do that before, but the fact that you actually did it, that you read the book and it inspired action. Like I couldn't have had a better result, you know?

[00:07:23]

FT: What's the secret to your writing?

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SO: On a bash at honesty. [Both laugh]

[00:07:29]

FT: Self-deprecation. Cause we've all been there. And at times we're still making the mistakes that we are telling people to avoid.

[00:07:37]

SO: Yeah totally! And I think I'm just totally real with it. Like I know that I'm not perfect. And I think we all know we're not perfect. But I don't know that we're all willing to plaster it around the Internet. And I am. And if that helps people, and myself in the process, then that's a win.

[00:07:55]

FT: What's your financial philosophy, Stefanie? A money mantra that carries through all of your financial choices and is a pretty conscious kind of tenet of your financial life?

[00:08:07]

SO: Yeah. So obviously my whole site and book is "The Broken Beautiful Life" and so my philosophy is that, "A beautiful life isn't something that's bought, it's something that's savoured". And I really believe that because I've been, you know, living in New York City for almost 10 years and people think of it as such an expensive place. And I live here on the cheap, and it's because I'm not going out and doing the \$3,500 average rent and the \$25 average entrée dinner. I'm doing it all on the cheap because I don't equate quality with price. I find value in everything by appreciating what I already have and what's already available. There's so many resources here. There's so much wonderful stuff to discover every day. And it doesn't have to cost anything, or if it does cost something, it doesn't have to cost a lot.

[00:09:02]

FT: And as you teach these younger adults about that, isn't that challenging? Because I feel as though it's very overwhelming and tempting to be young and perhaps living in a city, and I always say, "You want what you can't have". So when you're broke and beautiful and 25, you want the Chanel bag. You want, you know, what you think what you want is like all the material stuff that's shiny and pretty.

SO: Yeah.

FT: How do you convince them that, no actually is not what you value?

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SO: Well the focus has to be on what the goals are. As soon as you can get people re-grounded in what their bigger picture goal is rather than like what's shiny and pretty right in front of them, it's much easier for them to stay grounded and making better financial choices. So one thing I tell people to do is, you know, carry around visual reminders of what those big picture goals are.

You know, if they were trying to take a vacation - fund a vacation next year - or max out their retirement accounts this year, I say, "So what could you like put in your wallet or wrap around your credit card that can kind of ground you when you're faced with temptation?" I know I did that when I went to Europe. I was like, "Alright, I wanna go to Europe," and I have that really bad habit of picking up food on the go cause I live in New York, and you're running around, food is everywhere. And I just wrapped this picture of Amsterdam around my credit cards and it was like my little reality check anytime I was about to make an impulsive purchase. I was like, "Alright, this is the trade off. Are you willing to make it or are you not?" And sometimes I am willing to make it, but it's just being mindful in the moment so that things aren't automatic and you're really considering those bigger picture goals.

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FT: Yes. And now with your phone, you can put a picture up on the phone. You can, you know, there's a lot of ways to have constant reminders to yourself about what actually is important.

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SO: Absolutely!

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FT: Did you grow up being so smart about money? Or did you have an experience that kind of changed your life, or at least your mindset, about money at a young age? I like to go down memory lane with my guests and ask, you know, what was your biggest financial memory growing up? How did it alter your course?

[00:11:15]

SO: Well, I think I came from an upper-middle class family, so really I didn't think about money much. Because when, you know, you have it you don't realize it because it's not really yours. It's your family's. And then you go out on your own, and that was kind of like my wakeup call was when I went to college and then graduated college. And I majored in acting. So the reality of that

lifestyle was definitely my wakeup call. And it was definitely a little bit more recent than like, let's say, in my 5 year old memory of it. But it was certainly jarring because I was working, you know, big shows, and touring companies, and in New York City, and The Madison Square Garden. And even when I had hit it big, my salary was around \$500 a week. And that really wasn't gonna cut it. So that kinda served as the wakeup call to say, "Okay, if you have this money, how are you gonna make it stretch?" And then obviously that, even alone when you're working isn't enough. What else can you do? How else can you add value and find alternate sources of income to create a lifestyle that is more sustainable than the starving artist lifestyle that you've been living?

[00:12:29]

FT: I love that. So, were you a little heartbroken to leave acting? Cause that's such a passion to follow. I think I was a big theatre rat in high school and college, and I just, I thought that's what I wanted to do. And then, you're right. The financial reality is sobering. It's also a little heartbreaking cause you're like, "Man, this is what I wanna do!"

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SO: [Laughs] You know, I don't know where I stand with it at this point, to be honest. It is hard to think about leaving the theatre forever. I don't know that I've really come to terms with the fact that I'm gonna do that or not do that. But I found that, what creates happiness evolves and I think what happens with people in theatre is they get so laser focused on what this one idea of happiness is to them. And I'm sure it also applies to anyone who's following like a passion of some kind. And when you're like 19 or 18 you're like, "Yes. This is all I wanna do, and this is all that will make you happy". But 10 years go down the line and like other things come up. And I think you really need to open to those opportunities and seeing what's beyond that little tunnel vision you have of your dream. Because what I see is a lot of people with that single-minded pursuit, and it makes them miserable. And they're not financially happy, they're not financially stable, they're not personally happy, and they're really struggling. So I don't say I've sworn off theatre completely, but it's not my sole focus anymore.

[00:14:07]

FT: Yeah. Me too. I love going to Broadway shows, but then I'm like, "Wow, I don't really like watching these musicals anymore". [Both laugh] It's like, "This was really all I could think about in high school and college". I would go around singing like Sondheim music and now it's like, "Okay". So you're right. Happiness is something that evolves. I love that quote.

[00:14:28]

SO: Yeah.

[00:14:29]

FT: Failure, Stefanie. I wanna talk about your biggest financial failure. What did you learn?

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SO: Oo, biggest financial failure. That's hard. I think it was just, I used to be kind of a push-over. My mom has a really strong personality and she is totally awesome, but I remember feeling like I always needed to compensate for her high demands when we were in situations, you know, where service was unacceptable or whatever. And I think that when I started to live my life independently kind of took the opposite approach of my mom. And what happened was like people walked all over me and they took advantage of me. And it had financial consequences. So like if something wasn't up to par I wouldn't say anything. And I would feel pressured into buying things by salespeople because I didn't wanna be difficult, and I didn't wanna create a problem. And I realized real quick that that is just a bad way of approaching life. So I've kind of re-assessed because that could, over the course of a lifetime, probably cost me hundreds if not thousands of dollars.

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FT: Wow. Yeah you know, as I always say, you gotta be your biggest financial advocate. Because no one's gonna care more about your money than you.

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SO: You're right on with that.

[00:15:55]

FT: How about success? Let's flip it. What was the financial 'So Money' moment that you're really proud of. What happened? What did you learn?

[00:16:03]

SO: I think creating my own business, *The Broken Beautiful Life*, and building an entirely alternate stream of income. Like I said, I majored in acting and I was a professional actress, and I now make a living writing about finance. So I know that that's a very bizarre transition, but I'm super proud of it. Because I'm now making more money than I ever have and I really learned to leverage my skill set. And I think that's something that people don't do enough of. They don't realize how adaptable they can be if challenged themselves. And if they challenged themselves to continue learning all the time. If you're always learning, and always figuring out new ways to apply the skills you already have to new information, you really increase your opportunity for success so much.

[00:16:56]

FT: I cannot agree more. That's so true. What's a habit of yours, Stefanie, a So Money ritual that helps keep your finances in check? It could be something daily, it could be something less frequent, but it is conscious.

[00:17:10]

SO: Yeah. So I'm a spreadsheet lover. And what I like to do is crack all my spending down to the penny, and all of my earnings down to the penny. And I also use budgeting software. So what I then do is cross check all of my spreadsheets against all of my software. And then I'm like checking my net worth, and my spending, and like seeing where we're at. It's so nerdy, but I

love it. It's kind of like my own personal finance contest with myself. Like can I best myself? And it's really made me like awesome with my money, so my nerdy-ness pays off.

[00:17:50]

FT: Well and also it sounds like you're really like triple, quadruple checking your math.

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SO: Yeah. Absolutely. Especially now that all my income is from freelance, it's so easy to lose track of that you know. I got payments coming in from all different places, and all different kinds and forms. Like some in the mail, some direct deposit, some PayPal. So if I don't keep track of it, I don't know what would happen.

[00:18:11]

FT: Right. No, that's a very, very good point. Okay, we're almost wrapped here. Before we go, some So Money Fill in the Blanks. Where I start a sentence and you finish it. First thing that comes to mind. Ready?

[00:18:25]

SO: Mhm!

[00:18:26]

FT: If I won the lottery tomorrow, say \$100 million dollars, the first thing I would do is _____.

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SO: Take a trip around the world.

[00:18:35]

FT: Alright. For a year? For six months? I guess that would take, that would take some time.

[00:18:40]

SO: I think a year. I mean, obviously it wouldn't cost \$100 million but, you know, a little piece of it. That's what I'm gonna do. Yeah.

[00:18:48]

FT: Nice. The one thing that I spend my money on that makes my life easier, or better is ____.

[00:18:55]

SO: My tech support for my website. It would take me forever to do it on my own.

[00:19:02]

FT: Oh yeah. My husband's a software developer and -

[00:19:05]

SO: Oh I'm so jealous! [Chuckles]

[00:19:07]

FT: No but sometimes I need third party help.

[00:19:09]

SO: Yeah.

[00:19:10]

FT: It gets to be that way. My laptop, by the way, is like just crying every day. Like, there's - it's slow. It's like, "Please stop typing on me". I don't wanna buy a new one, but I think I have to.

[00:19:22]

SO: Yeah I was there two years ago. I caved! [Laughs]

[00:19:25]

FT: Yeah. My biggest guilty pleasure that I spend a lot of money on is _____.

[00:19:30]

SO: Food! I love food! It's so bad, but New York, I mean we have like every kind of cuisine and the best, of the best, of the best. So I can't control myself. [Laughs]

[00:19:41]

FT: This is probably the most popular answer to that question by the way.

[00:19:45]

SO: Alright, I'm glad I'm not alone. [Chuckles]

[00:19:47]

FT: My biggest guilty pleasure that I spend a lot of money on, besides food is _____.

[00:19:54]

SO: Oo... Lululemon! [Laughs]

[00:19:58]

FT: Yes. Okay.

[00:20:00]

SO: I usually ask for gift cards for occasions, so I don't spend too much of my own money. But yep sometimes it gets me. [Chuckles]

[00:20:08]

FT: No, I'm with you. Every Christmas I ask for the same two gift cards: Lululemon and Sephora. Because I could really do some damage in Sephora on my own dime. I'd like to go in there with some gift cards if you don't mind.

[00:20:19]

SO: Yes please.

[00:20:20]

FT: One thing I wish I had known about money growing up is ____.

[00:20:24]

SO: I just wish I knew how expensive like the mundane stuff was, I guess you know? Every time I order like toilet paper or paper towels, or all this stuff, it blows my mind how expensive it is and I just, I just wish I knew to be prepared to spend all my money on what is gonna be really the mundane.

[00:20:48]

FT: That's a really good point. Yeah we think of like the big stuff obviously as carrying big price tags - your home, your car, your education. But food is expensive, coffee's expensive, it adds up. The little things add up for sure.

[00:21:02]

SO: Yeah. Absolutely.

[00:21:03]

FT: When I donate money I like to give to _____ because _____.

[00:21:07]

SO: So I ran the marathon two years ago for Fred's team, which is Memorial Sloan Kettering's charity. So I like to support friends who are doing things like that. When they're running for a cause or biking for a cause, you're raising money for something. Generally to help people I know in a cause that they're supporting.

[00:21:31]

FT: Do you draw the line anywhere. Cause I think that sometimes if you're that friend who's very generous, you get approached left and right. "Hey I'm doing this bike marathon. Hey, I'm gonna do this dance marathon for Sickle Cell Anemia." Like then, where do you - do you have a budget for donations?

[00:21:50]

SO: Yeah well I like to set aside 5% of everything I earn. Not just for donations, but for giving in general. So that would include donations and like birthday gifts, wedding gifts, things like that. And so within those parameters it's gonna vary month to month depending on what other occasions I have going on. But giving a little to more people I find to be more gratifying than necessarily giving a lot to one or two people.

[00:22:17]

FT: Yes. And finally, I'm So Money because _____.

[00:22:21]

SO: I am So Money because I feel empowered by my finances for the first time in a long time. You know, I was an actress who was struggling with money. I was a starving artist. Signature starving artist and I have created sources of income, and a business, and a book and I implemented tracking, and savings, and retirement funding. And I'm just feeling possibility, and freedom, and like I can breathe because everything is in order. And it's So Money!

[00:22:58]

FT: So Money indeed. Isn't breathing nice?

[00:23:01]

SO: Oh so nice!

FT: Isn't it nice to inhale and exhale without stress?

[00:23:04]

SO: [Chuckles] A 100%!

[00:23:06]

FT: Stefanie O'Connell, thank you soo much! I hope you have a great rest of your week.

[00:23:10]

SO: Thank you Farnoosh.

[END]