

EPISODE 140

[ASK FARNOOSH]

[00:00:30]

FT: Welcome back to So Money everyone. Sunday edition of Ask Farnoosh. Hope you're having a great weekend. I'm in San Francisco and we're having an early birthday party for my son who's turning 1 later in June, but being that we are now in San Francisco with family, we thought we're gonna celebrate a little early. So he's having cake today for the first time. Parents, you know what that's like. Lots of, I'm thinking of just like making him sit in his diaper with a bib cause what's the point of putting on clothes if he's gonna be eating this massive cake with frosting, right? Maybe that makes me a bad mom, but you know what, it's gonna make for great pictures.

So, let's get right to it. I wanna get back to the Birthday party and I know you've got stuff to do this week, so let's get to it.

[00:01:19]

Chantl says:

C: "No Question but I just was reading business insider and I saw the title: "9 successful people share the one thing they buy that makes their lives easier or better." The first thing I thought was, "Sounds like Farnoosh wrote that title." Then, I look at the author and, of course, it sounds like you because it was your article! Lol."

[00:01:37]

FT: Yes, Chantl, that was actually a really great piece that Business Insider kindly ran for me and it was a compilation of answers from the podcast from guests like Tony Robbins and Tim Ferris. Everyone check out that article. It was really fun to see the podcast in print like that with photos of the guest and it was a really popular piece. I think something like a quarter of a million

people checked it out and so I'm thinking like doing something like that again because it was a really great marketing vehicle actually, for the podcast. People found out what So Money is and probably subscribed because of it. So thanks for reading it. And I saw that they were promoting it. The article ran a while ago and it's coming back, it's surfacing again so that's nice. Thanks for the comment.

[00:02:23]

Anthony asks:

A: "I have a unique investment strategy as part of my overall financial plan that I was wondering if you could review. I've chosen 88 investments. Every 6 weeks I buy about \$1,100 of whichever chosen investment is the cheapest at the time. The only problem I foresee with this plan is that it would take over 5 years to create a fully diversified portfolio with all 88 investments. By the way the investments are broken into small cap, mid cap, large cap, international, bonds, etc, and they are not all weighted equally."

[00:02:55]

FT: Alright, so Anthony I'm not really in a position to comment specifically on your strategy. I would reserve that for a certified financial analyst because I'm not an investment expert. I'm not licensed, I'm not qualified to really say whether your approach is smart or not, especially without more information. But I appreciate the question. I will say this: I do like the idea in general of going for a diversified approach with any investment portfolio. Seems like you're doing this sort of dollar-cost averaging where you're investing a little bit at a time, which as we know, that approach is also recommended because it's gonna ultimately reduce the risk of a substantial loss if the stock market takes a nose dive.

One other way you might wanna approach the investment strategy, not to get too specific, but is to maybe take that same amount of money that you're putting towards the investments every month at \$1,100 and put it towards all the investments, across all the investments if possible. You said that you're doing it like whatever's cheapest at the time, that's what you're investing in. But have you considered maybe doing it so that you're investing in a basket and it's not that the

mix is gonna be very big, because maybe \$1,100 doesn't get much if your going across all assets, but it's one way to get to that diversification a little sooner perhaps. I don't know if the mix that you have is necessarily the right one or a good one, and again for that it may be worth sitting down with a certified financial analyst for an hour or two, paying by the hour and picking their brain and saying, "Where can I make this more efficient?"

So good question. I'm happy that you are investing, I'm happy that you're asking this question. I hope my advice was a bit helpful, but for a more in-depth analysis, go with a certified financial analyst.

[00:04:50]

Tom writes in and Tom I believe you and I went to college, correct? I think we shared a few classes and both went to Penn State. He's been a great listener to the show and I'm excited to share his comment and question here. He says:

T: "Farnoosh, I know you said on the show recently that you wished listeners would follow up on whether they followed advice you offered."

[00:05:09]

FT: Yes!

T: "So I just wanted to say, write in today with two quick things. On one of the earliest Ask Farnoosh episodes I asked about taking a personal finance course and you recommended that I pursue it. Well I just finished an 8-week free one from Coursera and I helped tie together several concepts from your show. Really enjoyed the experience. Also wanted to let you know that about six weeks ago I outsourced home cleaning to a local green cleaning firm."

[00:05:39]

FT: Alright! High five. He says:

T: "They do an amazing job and I'm so happy to have more of my weekend to not have to focus on household chores. Thanks again for the advice!"

[00:05:47]

FT: Awesome Tom! Slam dunk times two. So you took the course, and I'm happy to see that it was free. Happy to learn it was free. Coursera everyone, check it out. Yeah isn't outsourcing domestic drudgery the best? I'm a big fan of that so I'm glad that you have joined the club.

And he has a question too. He says:

T: "I'm interested in a new role in my company. My career has progressed quickly for my age and if selected for the new role I will be quite young compared to my peers. With that in mind, I believe I'm also on the lower side of the pay scale. You've said that salary negotiations should be based on knowing what you're worth to the firm, how can I think through the process of coming up with that figure?"

[00:06:29]

FT: So Tom, I would say that first step is you wanna find out exactly how low you think you are on that pay scale. Did you know that you're entitled to know actually this information. If I were you, I'd make an appointment with Human Resources to seek what is known as your salary range, or your salary band. Every position at most big to medium, medium-sized to big companies, they have a designated salary range for each position and it's information that you're entitled to receive. HR might say that, "Well for your given job the salary could be," - and I'm just throwing out some random numbers here - "could be between \$50,000 and \$80,000." And you might be earning say \$55,000 despite the fact that you've brought tremendous value to the company, that you've been promoted twice, and that's very telling. That could be potentially very telling for you. It's information that will come in handy as you negotiate. And your boss, I guarantee this, will be a little surprised to learn that you know this because it's not like HR is going around and handing out this information. It's something that employees just need to know that they're qualified to get. It's just information that employees should know that they're entitled to know and they should be proactive and ask.

And ask you think through your salary discussions for this new role, I would try to find out what the salary range is for this new role. You may not be entitled to that information, since it's not a job you currently have, but maybe you can look it up on sites like PayScale or Glassdoor.com. Or if you're especially close to co-worker in a more senior role than you, and you feel like there's a comfort level there to ask them to ask HR their personal salary range and maybe relay that to you, without disclosing what they make but saying, "Hey Jon/Jill, did you know that you can find out your salary range? Can you go ask HR what that is? I'd be curious to know. I did it for myself and I found out that I can earn anywhere between \$50 and \$150 thousand." And it's not like you're getting too personal, cause you're not asking them for their salary, but just like kind of what their position could potentially earn from lowest to highest, and that could give you some other intel as you are thinking through this.

And that may not give you an apples-to-apples comparison, but it just may be helpful information. Knowing what the company's willing to pay at a maximum for a particular position is priceless information. It can be excellent context as you think about how much you believe you deserve to make. And so that will be my advice for you. Good luck! I'm excited that you're up for this new role, and as I say, keep us posted!

[00:09:08]

Thanks everyone for tuning in this Sunday. We've got a great line up of guests for you in the coming week. Make sure to check right back here tomorrow on So Money, and in the meantime, I hope your day is So Money.

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