

EPISODE 181

[ASK FARNOOSH]

[00:00:31]

FT: It's Ask Farnoosh time! Welcome to So Money everyone. I'm your host Farnoosh Torabi, and this is Ask Farnoosh Saturday edition. Tomorrow is also Ask Farnoosh, and as promised, because I ran reruns last weekend for the 4th of July holiday weekend, I have amassed quite a number of questions since the last two weeks and I'm gonna dedicate today and tomorrow to try and to catch up and getting all of your questions answered. So if you've asked a question since last, last Monday, chances are you will get an answer this weekend. And it's Saturday, so I like to be a little generous at the top of the show, return a favour to one reviewer, one kind reviewer of the show. If you're catching this for the first time and not sure what I'm talking about, so every Saturday I pick on new reviewer on iTunes, one of the more recent reviewers, to win a free 15-minute Money Session with me.

And these sessions, I call them Money Sessions, but really they can be anything you want them to be. I just show up with a coffee and we chat. And sometimes the conversation is about money, and other times is about motherhood or life or a career, wherever the 15 minutes takes us. And so it's just nice to connect with you guys one-on-one. It's really cool to see a face to the listeners and I hope that my listeners are enjoying this. So anyway, to encourage reviews, because we know reviews are very important. If you're a podcast in the iTunes store, you are nowhere without at least some reviews and we have, collectively, as a group as a force, I have now 280 reviews! That's, like I'm so floored. I mean I look at some other podcasts and they have like four reviews, and they've been doing this for many more months than I have. So they're of course buried in the iTunes store. And I have the privilege of having a little bit of a spotlight in the iTunes stores once in a while because I think the reviews are so strong and so plentiful.

And so, I like reviews! What can I say? And to encourage them I offer one free 15-minute Money Session with one new, for one new reviewer. And because we skipped last week, I'm gonna pick two people this week and I'm gonna go first with Almadale, he says:

A: "Awesome podcast! Farnoosh get's a remarkable cast of guests to join her. Many have their own podcasts that I also subscribe to. It's like the secret circle of financial wizzards working to control "Podcastville". Seriously, Farnoosh has intelligent guests and topics that are on the cutting edge. Love that it is everyday too."

[00:03:10]

FT: Oh my gosh. Thank you, especially for saying that you liked that this is everyday because I'll be honest, some days I do consider cutting back, and sometimes my listeners write in and they're like, "Farnoosh, slow down. I can't take it anymore! [Laughs] It's taking me week, months to catch up!" But for some reason there's a little voice in my head that says, "Keep going, keep going, keep going. Good things will happen." Good things are happening! And obviously if you're enjoying it, then I must be doing something right. And so thank you Almadale. Before I give you some instructions, I'm gonna announce the second winner of the So Money 15-minute Money Session with me and I pick EenaLibrary. And it's a short review, short and sweet. Remember, it doesn't have to be like this long, long love letter. And it doesn't have to be a love letter. It can be a smart criticism or a thoughtful criticism, or you know, no haters. But I like to hear from both sides of the spectrum and I respect both sides of the spectrum. So if you don't like something but you can be respectful about it and you post it on iTunes and you give me a 3, hey! We might still connect. And so, anyway, didn't get any of those this week, thankfully I guess. And I wanna celebrate Eena and give a shout-out to Eena. She says:

E: "Best way to get inspiration everyday. Very interesting people, thought-provoking interviews, inspiration on all of life's matters, not just money! Addicted to this channel."

[00:04:38]

FT: Thank you Eena! And so Eena and Almadale, email me farnoosh@somoneypodcast.com and I will respond as quickly as I can with some instructions on how to book your free 15-minute Money Session with me, and I look forward to connecting with you both. Thanks so much!

[00:04:56]

Alright, let's get to our deluge [Chuckles], not a deluge but it is a good chunk of questions and I'm really excited to get to them. And so without further ado, let's dig in. Okay we've got a question here from Selin[e], or Selin. I apologize if I'm not pronouncing your name a 100% correctly, says:

S: "Hi Farnoosh! Thanks for the opportunity to ask a question. I have credit card debt that I am currently paying off, but also wanting to start my own business right away. My business will require about \$5000-7000 to start. Would you wait to pay off the debt, or start the business? I appreciate your answer and your time!"

[00:05:33]

FT: Well I appreciate you Selin and thanks for your question. I would say, pay off the debt. It's, as someone who has their own business, and I know a lot of business owners and you've heard a lot of business owners on this show, it really helps to start off your business with a clear slate financially speaking. Of course you might incur some debt as your business takes off, as it grows you might take on a business loan and that's fine. But I would not want you to add to any existing debt. It's just, it'll clear your conscious, it'll clear your plate, it'll just allow you to then also be better qualified for loans down the road. If you're someone who's carrying debt and then you realize, "I need a loan to move my business forward," you go to the bank and they're like, "Well, you know Selin you got lots of credit card debt. We can give you this loan, but it'll be a really high interest rate." So you're gonna be punishing yourself in some ways in the future if you don't get rid of this sooner than later.

And I would also say, by the way, that as many of my guests here on So Money have discussed with me and shared, a lot of entrepreneurs have started their businesses with like 0 bucks in the bank account, and, or very little. And so the point is that you can bootstrap your way to starting the business. You may not have the 5/\$7,000 now, but what can you do to sort of still get the wheels in motion that doesn't require any money? What sort of connections can you make or designs can you prepare? Or plans can you build, that will allow you to still dedicate time and thought and energy and productivity to your business plan and all the while, you're paying down the debt. So once the debt's gone, you can hit the ground running. Get it?

So that's what I would do. I would be a little conservative here and hopefully it's debt that you can get rid of within the year so that you don't have to wait that long to start your business. Good luck!

[00:07:23]

Elberto writes in, he says:

E: "Hey. I will be 53 years old this September, with few dollars in savings but no retirement money. What do you think the best retirement investment strategy is for me, considering the short span of time until I retire at 65?"

[00:07:40]

FT: Well before I give you an investment strategy, and I'm gonna be very broad there cause I don't like to give like stock picks or any kind of like specific diversity, any specific advice. But I will say that at 53 with little in savings and no retirement, I would consider retiring later than 65. The longer you wait to retire, the more money you'll have coming in for the longer period of time. You can navigate retirement a lot more comfortably, I think. You'll be making that pay cheque and just be able to save and spend more comfortably as you get older. And for right now, I would say if you don't have any retirement savings, do the best you can. Tuck away at least 20% or more of your paycheque at least. 30%, 40%, 50% would be ideal. Do this for the next 10 years. Maybe it's in your company 401(k), maybe it's in a taxable account, maybe it's in an IRA, or probably no a Roth IRA, but maybe an individual retirement account. I'm guessing, you're 53, you're probably making too much to invest in a Roth IRA. I dunno? I'm just saying. These are your options, but somehow, somewhere, be saving some money for retirement where it is being invested.

And as far as the strategy, you know you're 53, you're gonna retire at 65, I wouldn't be more than 50% invested in equities, in other words stocks and mutual funds that have stocks. The rest I would put in bonds, money market, cash-like investments, and keep in mind that while 50% may seem still aggressive, you know you're 53, you might think, "Wow that's a lot". When you retire at 65 or maybe longer, later, you're not gonna take all that money out. That money will

continue to sit and grow. You'll be taking out a percentage of that income, that money at 60 something, but the rest will stay invested and so your investment horizon is longer than just 10 or 12 years. Get it? So it's okay to be aggressive, but you know, keep an eye on it. When you approach 60, it wouldn't maybe be still 50% invested in equities. Maybe you do 40%, 35%.

And then I would also say, and I've said this before in the show, and guests have said this, that you wanna delay your social security benefits as long as you can. The latest you can take out social security is at age 70. You can start at 62, but if you can wait to as close as 70 to start withdrawing your social security benefits, your benefit will be a lot bigger. And so that's another way to kind of buffer your retirement, your retirement financial speaking. So that's my advice for you. Think about retiring a little bit later to continue to bring in some income, save as much as you can right now. As much! If it means downsizing, go for it! Sell the home, get a smaller home. Sell some stuff, get rid of the second car, and this is all stuff that's gonna come in handy anyway when you age because you're not gonna want all this extra stuff lying around. I'm going through this with my parents right now. Trying t convince them, they're about your age, well no actually older. But you know, in the ball park. The great thing is though that they feel young, and they feel very spirited and alive and very youthful and so they don't think of retirement, they think of retirement as like their parents retirement so they're not psychologically there yet to think, "Oh my gosh, I really shouldn't have that third car," mom and dad! What?? Yeah, so why is the daughter the one that always has to break the news? But [chuckles] we'll get there, we'll get there. We'll get there as a team.

But anyway, thank for you question Elberto, I digress a little bit but hope that was somewhat helpful!

[00:11:44]

Rosie writes in and says:

R: "I'm a Receptionist Security at the entry of an Embassy in Washington DC. Right now the job will be eliminated in November and my previous job was as a Receptionist at the same place and that job has also been eliminated. We used to be four people rotated between the switchboard road and entry. They decided to put everything on the recording system. Could you

tell me what can I do now at 62? How can I make money or how to start an online business? I won't be able to live with \$750.00 a month. My rent is \$1,238.00 and I have to pay electricity and food. I don't look my age, many people tell me that.”

[00:12:27]

FT: Well Rosie, yeah \$750 a month is not very much especially if your rent alone exceeds that. So I would say, look, don't get so bent on trying to replace the job that you have. And it doesn't sound like you are. You're telling me you wanna look for an online business, make money elsewhere, good! Smart! Don't be so concerned about replacing the job you had cause obviously that job is eliminated or getting eliminated, so think about what are the skills that you have that you have mastered over the 34 years that you've been working. Your skills as a receptionist, your skills working for the government, your skills working in security. I would imagine you're really great at communications, really organized, responsive, resourceful. Maybe you're a really good writer, you're probably good with a computer. So those are skills that can transfer to a lot of jobs. And a lot of these jobs are online. I would mention a few places to check out, Elance.com, oDesk.com.

Even a site like Taskrabbit, which you won't find consistent work, necessarily there in terms of the same employer or the same task, but you can find a variety of different things you can do and the great thing is you can pick what you wanna do. That might be a way to supplement the \$750 that you're getting a month - I'm assuming that might be I dunno, Social Security or your pension. By the way, if that is one or the other, you might wanna find out what your Social Security payout will be. Cause that will add to this too. You're 62, so you technically can start withdrawing. I would hold off if you could. If you heard me talk to Elberto just now, I would hold off on that but, curious: what would be your Social Security payout if you were to withdraw now. And that could be something that you could rely on and back to the sites like Elance and oDesk, depending on the job, it could pay anywhere from \$10 an hour to \$30 an hour or more.

I mean my brother literally just hired someone off of Taskrabbit to help him move a couch and this guy, he has a van and a dolly and he charges \$100 an hour, 2 hour minimum, regardless of what you have to do. So to move this couch, and a desk from one house to another in New York City, my brother paid him 200 bucks, even though the job took him from start to finish, like less

than an hour. So people are making good cash on these sites and it's just about being really, kind of entrepreneurial and thinking outside the box and really understanding what your skillsets are and how they can transfer. And so that's what I would say you could do, you could do this now. You could do this while you're working, you don't have to wait till your job ends. So, you know, test the waters and let me know how it goes! If you need more guidance, send in another question. Good luck Rosie.

[00:15:28]

Dahomey says:

D: "Hey Farnoosh. First, I love your advice, it is very helpful. Thank you so much for everything you share. I would like to know what will be the best company or your best advice to grow my money or what type of investment I should invest my money in?"

[00:15:46]

FT: Well, Dahomey, you haven't been listening to the podcast that closely, or that much because I - and this isn't a diss. I know, we're at like episode 180 something so I'm not gonna hold this against you. But I will just want to tell you and everyone else listening, that I don't dispense investment picks or stock picks. You'll never find me saying, you know, "Buy XYZ company at X shares." That's just not my business, and I don't have expertise in that, and I won't lie, I won't pretend that I do. I wish! Man if I could do that, I would probably not be having a podcast. I'd be like investing for myself all day long. But if you want to learn about this, and I encourage you to educate yourself and learn - maybe not here, but elsewhere - I would suggest Frank Curzio. I interviewed him, he was on my show. I believe he was episode 78, and I've known Frank for almost a decade.

He's one of the country's most respected and recognized stock experts. He's been looking at stocks for almost two decades. He's travelled all over the world to hand-pick the best companies to invest in. So he doesn't just like look at charts and subscribe to Bloomberg, and that's how he picks his investments. He actually goes to the plants, he goes to the countrysides, he visits the employees to learn about how these companies are run. So he has extremely acute sense of,

and extreme acute sense of like the health of these companies and the viability of these companies. So he is a, you can find him online and he also has a podcast. He's Frankcurzio.com and his podcast I believe is also called like "The Fank Curzio Show" or it's called, oh gosh... Oh! "Wall Street Unplugged". Wall Street Unplugged, okay? It's a top podcast on iTunes. If you can't find it, it's usually like a hot podcast in the business category or the investing category. So check out Frank and good luck! I'm sorry I can't give you more specific advice, but I would say check Frank out.

[00:17:56]

Brian writes in, he says:

B: "Hey Farnoosh. My family and I have paid over \$109,000 worth of debt and I have been running a Personal Finance blog for 2 years. I've recently lost my job, but because of my emergency fund it was not a stressful situation for the family. I would love to be featured on your podcast!"

[00:18:15]

FT: Hey Brian! Well congratulations! That's phenomenal! Six figures worth of debt. I wanna learn more about you, so continue to write in, email me farnoosh@somoneypodcast with your website information, maybe a couple paragraphs about your journey, maybe your bio, and so I will look at that very closely and I will be in touch. So get in touch with me and I will get in touch with you. Thank you for writing in!

[00:18:42]

Aba writes in and says:

A: "I'm in the process of the changing job's. My current place of employment offers full payment towards a 2nd master's degree in public health, which happens to be my passion. The other offers a significant pay raise and the ability to learn and grow my career significantly in the next five years as a millennial professional. Should I say at my current job for the next three years for

the free master's degree at an ivy league, or should I leave and explore my options at another organization that will expose me to the best people in my field of healthcare?"

[00:19:19]

FT: Well, Aba this is a tough question. I know why you're writing in now. I wouldn't be able to answer this in a vacuum if I were you. I will start with this quote, and I've used this quote on the show before and I think because for me it's like, it's something that I learned this year and I've been a bit obsessed with this quote. So it goes like this, "Success without fulfillment is failure," okay? That's not my quote, that's Tony Robbins. "Success without fulfillment is failure." It sounds like the second option of being able to get the bigger paying job with the exciting opportunities, exposing you to people, blah, blah, blah. That's all great and sounds successful, but will you be fulfilled? And I don't think you will because you told me already that getting your master's degree in public health, that sector, that passion, that is your passion. That's your passion career.

So I think if you ever have an opportunity to get a master's degree from an ivy league school for free, that's like really hard to pass up, especially if this is for a degree that you are obsessed with, that you are passionate about, that you want to learn about. I mean, now that I think about it, it seems like a no brainer to me. I mean, the only other thing I would say about the other job opportunity is that it pays more, it just depends on what you want outta life. Like do you want to be the guy or the gal - I'm not sure if you're the female or a man, I'm sorry, I can't tell from your name - but do you wanna be the person who looks at your, who looks at her - his or her - life and thinks, "Yeah I have a lot of stuff, I know a lot of people, I have a great job title, I make good money, but I don't really love what I do." Or do you wanna be the person who says, "I love what I do! It requires some trade offs. I can't necessarily afford what I want all the time, and I have to save a lot more and I have longer hours, but man I love this and I would do this for free!"

And I know I have friends in public health, they don't make a lot of money and so, and I know that you have to get your master's in some cases to grow and to get promoted within that sector. It's sort of a punishment in some ways because this is a field where we need devoted, excited, passionate, smart, intelligent, interested people, and we're like punishing them by requiring them to get this degree that unnecessarily costs all this money. So I say, if this is your passion, and we know this is a degree that is expensive and you're getting it from an ivy league, and this

is a field that at least in the beginning doesn't pay that much, go for it! Because free master's degrees from ivy league schools are very hard to come by! I mean, this is the first time I've actually heard of this. [Laughs]

But, getting a cool job, they're out there. And you seem very qualified. If you're already getting an offer like this now, the offer will be there again later if you want it, from somewhere else maybe, but point is it sounds like the school, the free education is a very once-in-a-lifetime kind of opportunity, and so I would say maybe that's what you do! I'm not saying you have to do it, but I would just say if I was your friend and we were talking about this over some coffee or tea or a drink, I'd say, "You know what? I think that's what you have to do, and I think that's what you know you wanna do, but you're just really, you're tempted because the other job offer is just so, it's soo cool! It screams success, and we all wanna be successful in life but you will also be successful if you take this other path." And it's very honorable that you're wanting to go into this field. So good luck with whatever you decide to do, but I'm kind of on the side of the master's degree for free, from an ivy league. Check, check, check!

[00:23:28]

Next question, Car he says:

Car says:

C: "I recently moved to NYC with my boyfriend..."

FT: Or sorry, she says, or he, I dunno! People, you have, all my listeners have very ambiguous names. It's like Farnoosh, I've met a male Farnoosh too. So this is cool I guess. Car says:

C: "I recently moved to NYC with my boyfriend of 2 ½ years. We met in Boston, he earns six figures. Then we moved to California to pursue creative careers. While we out there for a year, our money situation was very much the same, I even relied on him to pay rent, to my own dismay. Now I just got a job and I'm making more than him. It's only been a month and I can already sense how bothered he is by it. He grew up with a stay at home mom, my mother was

always the breadwinner. Do you have any tips on how we can overcome our differing ideologies?"

[00:24:17]

FT: Yes, well I wrote a whole book about it. Check out, "When She Makes More" [Chuckles] and I'm not sure if you're a man or a woman, I'm gonna guess a woman. What's really important when there's income disparity in any relationship, when there's income disparity and one partner feels as though because of this income disparity, he or she, and if she's making less or he's making less, that he or she is less "man". That they're powerless, or they're not as much of a provider. That needs some addressing in the relationship. You need to just address it head on and say, "Look, your relationship with money is not my relationship with money. I don't see money like that. I don't see me making more as a tilt in power or that I have, that I'm better than you or that I have - my time is more valuable or that I am the better provider in this relationship.

I was just talking to a guest the other day, Myleik Teele who's episode airs this week and she makes a good bit of money, a lot of money, she owns her own company. And dating has been tough for her. Now she has a great partner, but in the past it was tough because she felt she was under the impression that a lot of the men that she was dating sensed that because she was able to take care of herself financially and made good money, that she she didn't need them. And I think that's a big misconception. I think that's one you wanna articulate to your partner and say, "Just because I can take care of myself and I can make money, make more than you in this particular time in our relationship, it could change, but for now yes I'm making more than you and I'm providing things for us, it doesn't mean that I don't need you. It doesn't mean that I don't have needs, and it doesn't mean that you can't still be my most important person in my life."

Because that's what your partner really wants to be with you in some ways. And for a while, maybe because he was making more and he grew up in a very traditional household, he saw money as the ultimate way to provide. And now that's no longer necessary or required or the reality, so he may be sensing a sort of sense of - he doesn't know his identity anymore in the relationship, his sense of purpose. So as a couple you need to re-establish each other's purposes in the relationship. And I would just say approach him and say, "Let's talk about how

this is making you feel. I don't want money to get in the way of our relationship." Tell him that you're happy to be able to earn as much as you do because it means that the two of you can live more comfortably, it means that there's a little bit less stress in the relationship. Talk about the positives, that it may even mean, guess what? That he can take more risks in his creative career because he's not dependent on trying to bring home this big paycheque and that you're managing that for now.

So that's a great gift that you're providing him. And together it's really important that you discuss ways that he can be the most important person, still, to you. How can he take care of you in your life, in a way that is meaningful and that addresses your needs. What kind of big ask can you ask of him. Is it like, "Hey, can you please manage all of the financial issues in our relationship as far as bill paying and negotiating our rent," all that sort of like the money stuff. Not that you're out of touch with it, but that he's sort of at the helm of it. Maybe it's that he helps with finding a new place for you guys to live. That he helps with managing the meals and the meal planning in the house. He does all the food shopping. Maybe all of the above.

So again, this is like something that you as a couple have to decide what you wanna do, how you wanna re-think the relationship in terms of roles and providing. The good news is that your boyfriend wants to step up in a big way. I have a feeling that if he's feeling a little unsure now because of this tilt in the financial picture in your relationship, that it's probably because he's like, "Man, how do I show up for my partner in a big way? I used to be the provider financially, now I'm not. I'm lost at sea." So you just need to like throw him some life support [Chuckles] and pull him in and say, "Look, it's not that big of a deal. This is actually a great opportunity for us and for you and I want you to seize the moment. Let's seize the moment."

So take advantage of this and together find some way to make peace over the income disparity. So look, you can tell I'm very passionate about this. I live this. So good luck and thanks for your question!

[00:28:56]

And we've got one last question here, before we wrap, from Monica. She says:

M: "Hey Farnoosh. Love the podcast, listen everyday and I try to implement the advice that you and the guests share into my daily life! I took your advice and asked for a raise and received a raise of \$3,000."

FT: Woohoo! Monica!

[00:29:17]

M: "My question is what should I do with the extra money? It's only an additional \$90 every month. I graduated in '13 and this is my first job. I have about 6 months of living expenses saved in my emergency account, I have a TSP, I have a Roth IRA, I contribute to get the max match of 5%, I want to save for a house and I wanna travel. Should I up my contribution at work, take home the money, or something else?"

[00:29:42]

FT: Monica! Listen, first of all, high five girlfriend. \$3,000 raise, that's excellent! This is probably your first job out of school I'm guessing, or second job, so you know the fact that you're flexing this negotiating muscle now it means you're only gonna make more, and more, and more down the road and you're gonna be a lot better and smoother asking for that raise the next time, and the next time, and the next time. So way to go! And it also sounds like you have a lot of financial bases covered. You know, you're saving for retirement, you got the emergency account maxed to the 6 months, that's excellent! So girlfriend, I want you to take a vacation! Yeah! Because that is So Money! You are So Money. You have done everything right up to this point. You deserve to celebrate and save as much as you can on this vacation, you don't maybe spend the whole \$3,000 or maybe you do? I will be fine with either way you go for it. If you wanna splurge, you wanna go frugal, go with a friend, split a room?

I did this when I was 25, my first like real vacation, I was 25 - my best friend and I, Kate, we went to the Bahamas and we stayed at like the Marriott and I think like we did it together, both under - for a week I think we spent like less than \$1000 bucks each. And it was a really fun moment. I really felt like an adult at that point, and it was really rewarding. So you know what? You did a good thing, and you deserve a reward. So save a little bit, put aside for a vacation. If

you've got a little bit left over, put it towards the retirement. You're getting the max of match, max of 5% which is great so I guess you're getting like I dunno 10% all in? Which is excellent! If you've got a little bit leftover, you know, pad retirement or pad the emergency. But go on the vacation!

[00:31:28]

And that's where I'm gonna end. Ending on a high note! Thank you Monica for that. And thank you also to everyone else who's asked a question for today. Car, Aba, Brian, Dahomey, Rosie, Elberto, Selin. We've got lots more questions tomorrow, and so stay tuned. I hope the rest of your Saturday, everyone, is So Money!

[END]