

EPISODE 242

[INTRODUCTION]

[00:00:29]

FT: Welcome back to So Money everyone. I'm your host, Farnoosh Torabi. Today on the show we have, whom I think is a true leader in the financial education space. He is one of the first personal finance bloggers to really take the stage in a big way in the early 2000's before financial blogging was really a thing. Similar to J.D Roth who has been on the show, who is the founder of Get Rich Slowly, a very popular personal finance site. We have on the show today H. Luke Landes, or Luke. He's the founder Consumerism Commentary, you may have heard of it, one of the first independent personal finance blogs. And on it, Luke held himself accountable for his own financial decisions. He had quite a journey to financial independence. The website became one of the most popular to provide basic financial guidance to, particularly young people, focusing on education, awareness, and decision making.

Luke also had an accompanying podcast on which he's interviewed me several times and so I'm happy now to have him on my show and put him in the hot seat. Luke is also the founder of the Plutus Awards, a way to highlight independent financial publishers. I actually took home the Plutus Award last for Best Personal Finance Book when I published "When She Makes More". So I'm deeply grateful to Luke and to all those involved in the awards for that honor. And speaking of Plutus, Luke is also the founder, the new founder of Plutus Foundation, a community foundation with a mission to provide opportunities for the financial media community to support programs that enhance the financial capability and well-being of citizens of the world. What a mission!

Several takeaways from our time with Luke: he takes us back to his not So Money days when he was broke, jobless, moving back in with his dad. He said it was a time in his life when he was "burying his head in the sand". "Why?" I asked him. What made him so afraid of facing the music? We talk about starting a blog and turning it into a business. Consumerism Commentary was purchased a few years ago, and Luke discusses what it takes to make money as a blogger.

And with the launch of the Plutus Foundation, Luke aims to spread financial awareness. What does he see today as being the greatest financial need in the marketplace?

Here we go, here is Luke Landes.

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[INTERVIEW]

FT: Luke Landes, welcome to So Money. So nice to have you on my show this time. You've been very generous in the past having me on your blog in Consumerism Commentary, so I'm really honored to be able to pay back the favor.

[00:03:14]

LL: Oh no, not at all. I'm honored to be on your show. It's such a great show. I'm happy to be here.

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FT: Let's start by learning more about the Plutus Foundation. This is a new venture for you, very exciting, extremely philanthropic. Share with us the mission and why you wanted to start this.

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LL: Sure. Plutus started with an awards ceremony and in fact it started six years ago and before there was a conference for our community, my thoughts behind the Plutus Awards was to create a way for the community to come together, appreciate each other, the work that we all do and to give this idea of independent online publishing a little more of a boost and representation amongst the wider more traditional media.

Because for a while, independent publishers didn't have as much recognition as I thought this community should have. There are great writers who may not be employed by magazines and

newspapers and there's a lot of great information out there and the Plutus Awards would be a way for us to celebrate that. We can move the community forward by paying attention to those who are doing the best work and at the same time, it would give some of these expert independent writers an opportunity to show appreciation for the products and services in the financial industry that we feel are the best and that other companies should emulate.

That's why there are two sections to the Plutus Awards. The first is to honor independent publishers, podcasters and the other is to show appreciation for the products and services that we think are the best.

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FT: And now you have launched Plutus Foundation. Tell us about that. That's really a broader mission and it just recently got its 501(c)3 designation.

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LL: Yes, I'm super excited about that as well. The Plutus Foundation started because I have been trying to think of how I can leave a legacy while still remaining involved with this financial community, even though the site that I founded Consumerism Commentary were sold several years ago. I still want to stay involved, charitable giving and charitable missions were always a part of what I did with Consumerism Commentary. I wanted to find a way for me to continue doing this and spreading this important mission. The mission of the Plutus Foundation is to provide opportunities for the financial media community to support programs that enhance the financial capability and well-being of citizens of the world.

It's a very general mission, but that's on purpose because this will give away for the board of trustees and for the steering committee to come up with what might be most needed at any particular time in terms of financial need across the world, and deal with it directly in that way. It provides an opportunity for other independent bloggers who are doing well with their businesses and their blogs to pull their charitable resources together and eventually creating the endowments that will continue to support the things that we feel as a community are important to us forever.

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FT: What do you see as one of the greatest financial needs out there if you had to pick one? I knew this is going to be a collective decision but according to you, what do you think is something that is in dire need?

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LL: Well, financial literacy is an issue that's important to my heart and I think that a lot of efforts tend to not work well. That's probably putting it a little lightly. Financial literacy efforts tend to fail especially when you look and see some of the results over time that we get from very popular efforts and very well meaning such as putting financial courses as required in high school curricula. There are some problems and there's some specific reasons why trying to teach people to stay out of debt and use good decision-making when it comes to their money don't work across a variety of communities throughout the country.

Financial literacy is important, but I wanted to go about it a very different way. One of the things that I think would work better than say putting classes in schools is to build programs directly within communities. Part of the problem with anything you learn in school is that if you go home and education isn't a priority and the lessons that you learned aren't reinforced by your home life, then the things you learn in school don't really stick with you. By working with community leaders and with organizations – I'm just throwing out a few here like big brothers, big sisters or the boys and girls clubs – and work with them to develop programs within the community where the role models dealing with the financial issues are people from the communities, people respected and people that kids look up to and will hopefully see as role models that teach them how to live their life more financially responsibly.

That is why instead of looking at just doing a pure charity, I turn my ideas towards the foundation because that way we can support organizations who are already within communities doing great work instead of coming in as outsiders and going into community and trying to leave lessons and then leave and then not provide any role model support which is what's really necessary, I believe.

So that was my initial approach to the charitable issues, but like we already said, that's only my personal approach and that with a board of trustees and a steering committee, there's an opportunity for lots of voices to be heard in terms of how we're going to give support going forward.

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FT: How did you get started in this area, Luke? I know for years you ran the blog Consumerism Commentary, your reach was outstanding, the content was very, very powerful. What made you want to enter this space? Let's go back a little bit and talk about how you got started.

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LL: It's funny that you said space because there wasn't really a space when I started. Well, there was space and that there was nothing out there. What triggered Consumerism Commentary was several things – first of all was the issues I was dealing with in my own life. I have found myself in a very precarious financial situation and I came to a realization when I hit my personal rock bottom, that I needed to figure out how to claw my way out of that hole.

This is around the turn of the millennium, I had started reading more about money management online and one of my favorite locations to go to read great information wasn't necessarily the financial columns in the newspapers and it wasn't the investing magazines, it was The Motley Fool which had message boards where just about anybody could write whatever they wanted and discuss great things. There is a living below your means message board which I think I spent a lot of time reading.

At this time, I had already been a blogger. I've been blogging for a few years before that and even before blogging was a word, before there was a software called Blogger, I have been creating websites and updating them. So I thought, "Wouldn't it be a good idea if I could start a new blog and this one would be about my own financial journey?" My own journey towards improving my finances. As far as I knew, no one had done this before and I wasn't really looking for a community. I just wanted to get my thoughts out there. There are a lot of other blogs I have

tried. I had a personal blog which was I continued updating for years until Consumerism Commentary kind of took over my life. But I have tried different things like a fitness blog just to track how I was doing towards getting in shape and it never really caught on.

But the financial blog just seem to catch something. This was at a time in 2003, five years before the recession hit. What ended up happening is that more and more people started being concerned about their own finances, more and more people started getting introduced to blogging because it became very popular after the 2004 election cycle. So over the years, this huge community grew out of financial blogging and just didn't exist when I started. It was really fun to be on the forefront of what ended up being this great movement and now there are so many great independent financial writers, so many great bloggers and they've all been inspired by their own lives and the blogs that have come before them and it's great to have been a part of it.

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FT: Luke, let's talk a little bit about your financial philosophy as somebody who did have a lot of years under his belt writing about money and interviewing a lot of people about money. What would you say is your number one financial philosophy?

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LL: That's a good question and I think this came much more clear to me over the years as I spent everyday writing and introspectively looking at myself and thinking about what's really important. I think what it came down to is something that came right out of my personal situation. I just put my head in the sand when things started getting financially rough for me and I thought that the more I ignored things, life would be fine and things would just go away and I wouldn't have to deal with it. Obviously, that's not how the world works and I had to grow up a little to learn that.

For me, the philosophy comes down to one main thing which is just start paying attention. As long as you become aware, you can look at yourself and you can self-evaluate and you can start to figure out what you need to do to move forward. I think there are other rules of thumb

and other messages that people tend to like like, "Don't spend more than you're earning." I think all of those types of rules are great, but none of this would even be possible if you're not paying attention. If you keep your head on the sand and you're not aware of what's going on around you, nothing that anyone tells you will ever make a difference in your life. You just have to start looking at yourself and start paying attention.

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FT: Why were you putting your head in the sand? I'm curious. What was emotionally going on in your brain?

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LL: That's a good question. I was actually working for a nonprofit. This is again around the turn of the century and I have made some bad decisions, I wasn't earning a lot of money, I was living far away from this nonprofit where this office was and my financial situation was just getting worse and worse and I had student loan debt to pay off and I wasn't doing it, I had credit card debt, I was taking cash advances from my credit card because I needed to pay the rent and the more this was getting worse, the more I just tended to ignore it. I had speeding tickets that I wasn't paying off, it turned out my license was suspended and I didn't know it because I have moved and I never changed my mailing address.

There were so many decisions which eventually lead to me losing my job, losing my apartment, losing my girlfriend and losing my car. I'm losing those in no particular order, but those are all things that happen to me within the span of about three or four months. I had to move back in with my father who had recently just moved in with his relatively new life partner at the time. My parents were divorced about 15 years ago and they're both happy now with new partners, but my father had just met and moved in with his new girlfriend. So, I felt myself being a burden on them.

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FT: Third wheel.

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LL: Yes. I didn't want to stay there long. I knew I had to make some changes in my life fast. It was quickly going downhill.

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FT: How old were you at the time?

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LL: I was about 23 or 24.

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FT: This segues us to my next question, which is that along the way, perhaps you weren't given the education that you felt you needed to help you through this time early on in your life, what was your exposure to money growing up? How would you characterize it and what's your biggest money memory?

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LL: That's a good question. I don't feel that I had an unhealthy money education growing up. I feel I just didn't put a priority on it. I decided to go to school to study music education which I think is a great endeavor and I wanted to be involved in nonprofits from the very beginning. However, I was probably not in the financial situation that would make it easy to do so. Intellectually, I knew about debt, but I never had the experience of dealing with debt. My parents didn't share with me their own financial issues, but I'm a pretty smart kid – at least I thought I was. I was probably too smart to deal with money and that's probably part of the problem.

I figured things would work out if I just followed my dreams to do what I wanted. In a way, that's still a good advice for a lot of people but you have to take a practical look. I wasn't very practical

and I spend the time doing things that I wanted to do regardless of what my responsibilities were, which is just the way I was and even today people say I still have my head in the clouds and aren't always as grounded as I should be.

There's a point where that's just your personality, you're a dreamer and you do things like that, but at the same time you got to be grounded especially when it comes to something very real-world like financial issues, otherwise you end up in trouble and nobody is going to be able to save you.

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FT: What was your moment, your money moment that you felt you turned a corner? What was that first moment like for you? Was it when you moved out of your dad's place finally? Regained your job license, car? At what point did you feel like you had turned a corner for the better?

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LL: That's a good question. The recovery for me was pretty slow and gradual because once I lost my job and lost my apartment and went through everything that I described earlier, basically it came down to you need to find a job that is accessible by train and has the potential to support you financially. I got a job for a financial company, just a couple of train stops away. From there, that's the first point that, "I started to realize that I have a potential here now to support myself and eventually support some of these dreams that I still have" like working with nonprofits and being involved in the arts.

So, that started me out on the path and the corner that I turned, it was a slow turn because different pieces fell into place over a long period of time and probably the biggest one – there were some major turning points and the first is probably when I realized that not only could I share my thoughts online about my own personal finances and help people, but I can actually leverage that as a business. That never occurred to me when I started. These days, people don't even start a blog if they don't think they can earn money from it, but that wasn't the case back in the early 2000s. When I realized that there was an opportunity here to build a business out of something that I love doing, writing online, that was a really important moment for me and

again it took a long time from that point for it to be a sustainable business. I didn't quit my day job until 2010 so that's about six or seven years after I started earning the first penny from the website.

That was another turning point when I quit my day job. I probably could have done it sooner, but I wanted to be safe and I saw the risk in this and I just wanted to have a cushion for myself in case things went bad because you never know when it comes to [inaudible] online.

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FT: Sure, absolutely. How did you monetize the site primarily? How were you in business with the blog?

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LL: Mostly it was advertising and there's different forms of advertising that you can earn money from with a website. It started off with AdSense and at the time, bloggers were first starting to add AdSense onto their sites and first dabbling with monetization because a lot of publishers were worried at the time that they were to alienate their readership. If you had a pretty big readership, that's something that you'd be concerned about. You wouldn't want to just throw up an advertisement and for someone to say, "Look, this website has sold out to big companies and we don't want to read this website anymore."

I found out that as long as you keep providing great articles and great content and give people the reason to keep coming back, the sensitivity isn't as there as much as we thought it would be. Just over time, advertising grew. I mentioned the recession before everyone started being concerned about their personal finances and traffic visitors to the website, mine and many others within this personal finance space just grew immensely and advertisers were very, very interested in getting in front of a well-intentioned audience.

[00:23:36]

FT: Oh yes. I would say my career even just really took off during the recession. It was also the time when I got laid off, so I experienced both ends of the spectrum. I experienced getting a pink slip and then I also experienced being extremely busy and making some nice income during that time because like you said, everybody and their cat was interested in personal finance, so it was in some ways very opportunistic for people in this space.

What would you say, Luke, is your number one money habit? Something that you practice on a consistent basis that helps you directly with your financial well-being?

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LL: Probably always checking in and by that I mean just making sure that my finances are doing what I expect them to do. I check my accounts almost everyday, at least several times a week now. One of the problems that I had with my life as the person behind Consumerism Commentary is that in order to review financial accounts and give the best information to my readers, I had to open up a lot of accounts across a wide variety of financial institutions. A lot of banks I would review, savings accounts and I wanted to open accounts. Every time I reviewed something, I wanted to have a personal experience with it. That left me with several dozen financial accounts – savings accounts, checking accounts across I don't know how many banks.

But one of the first things that I started doing when I was moving away from Consumerism Commentary was to consolidate all of that. Between just checking my accounts regularly, and consolidating, and keeping things as simple as possible, those are the keys for me to staying on top of my finances and making sure I'm going the right direction today.

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FT: Forgive me as I don't know this. Maybe I should. What happened to Consumerism Commentary? You sold it? Are you still doing it?

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LL: Yes. Well, in 2011, I sold Consumerism Commentary to a company and this is all information that's widely out there now so I'm not telling any secrets, but it's the same company that now owns Get Rich Slowly and a few other financial blogs. They've been a great company to work with and after I sold the website, I continued to do pretty much what I was doing except handling the advertising side of things. I wasn't handling anything business-related with the website, I was still continuing to write articles every week, several week, continuing to promote the website and get people to come visit and interacting with other people on behalf of the website.

I did begin to pull away from it soon after the website was sold and as of now, I'm no longer writing for the website, which is actually news about a month ago. I'm moving forward now and focusing my time on the Plutus Foundation. Consumerism Commentary is still a great site and all the content is going to be there and perpetuity as far as I know, so there's certainly enough for people to read through and get addicted to now. They have some other writers that will be contributing to the site going forward.

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FT: Very briefly, can you share how a blogger can go about finding someone to buy the blog? When are you in business to that extent and when you become attractive to a company that would want to come in and take over?

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LL: That's a good question. I certainly didn't start out on a path to build a business and then sell that business when I started Consumerism Commentary, so I've been learning as I went along and I don't consider myself a good business person at all. This was all very new to me in terms of building a product or a business and then selling it. But there's always people willing to purchase a business that is producing some sort of revenue. There's always a market for it. The problem will be finding someone who is willing to pay what you think that revenue is worth.

It worked out for me – again I try to look forward and look to the future. I see in terms of business, there's a lot that still can be done with blogs, but I think that the future is going to be

more mobile, more mobile app related. I didn't see a clear transition path for Consumerism Commentary. I also saw a lot of risk in continuing a lot of the revenue for this particular website, was built on search engine traffic and that tends to be very volatile. There was this risk involved that a large company might feel that they're better able to handle that risk whether it's through diversity in different websites, or whether it's through the staffing necessary to make changes and to stay state-of-the-art.

I didn't feel prepared to do the things necessary to combat some of the issues that I was having with the stability of revenue and I was lucky and that the company that was interested was willing to pay a price that I felt that took some of the risk off my shoulders and ended up being a good deal for me. I think it was a good deal for the company as well although I think some of the fears that I had in terms of what would happen if I held on to the site, pretty much came true in terms of the competitiveness of search engine traffic, the need to diversify in order to maintain a good business.

To make a long story short, the ability to sell a business like a website depends on a lot of factors and the biggest one is whether someone is just willing to pay you what you think is the best price. A lot of bloggers will feel that their website is worth a lot more than a strong purchaser would be willing to pay. That could end up in a situation where these sites just don't get sold.

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FT: You have to be pretty reasonable. A lot of emotion goes into blogging, a lot of passion, so your judgment might be clouded as far as the actual value and these days, I think what's difficult is that there are so much over valuation when it comes to blog and any kind of financial tech service. I find that valuation stays half a billion, a billion. You might think that your blog is worth at least a million.

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LL: Part of the problem is that people read that websites do sell for seven or eight figures and there's not a lot of information around that to explain why they're valued at that range. So it

makes it easy for other bloggers to think that, "There must be a market and I'm going to get \$1,000,000, or \$2,000,000, or \$10,000,000." I think it sets up some poor expectations. The valuations in the tech industry is definitely scary. I never want to call a bubble because I'm not an expert in people who call things that are generally wrong. It may not be in public companies like it was with the .com bubble, but definitely in venture capital, there's just so much money flowing and I think it clouds people's visions a little bit.

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FT: Let's do some So Money fill in the blanks, Luke. Shall we?

[00:31:32]

LL: Sure.

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FT: If I won the lottery tomorrow, let's say \$100,000,000, the first thing I would do is ____.

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LL: Fund the foundation.

[00:31:42]

FT: That's right. And hopefully have some money left over to buy something fun.

[00:31:47]

LL: Yes, definitely. I've been renting and maybe it would be nice to settle down somewhere at some point. I just don't know where so we'll see.

[00:31:56]

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

[00:32:01]

LL: Blue Apron.

[00:32:03]

FT: Yes?

[00:32:04]

LL: Yes. I really like it. I'm a single guy living alone and I don't know how much you want me to go into detail in terms of...

[00:32:12]

FT: I know what it is, but a lot of our listeners might not. So tell us what it is.

[00:32:17]

LL: Well, it's basically an ingredient delivery service. Every week you'll get a shipment of fresh ingredients and recipes and you can cook meals for yourself. Basically one shipment a week last me the entire week and this way I don't have to go shopping for groceries, I don't have to put any thought into what I'm going to cook any particular week. It's just all laid out for me and it makes my life so much easier.

[00:32:44]

FT: And you learn how to cook which is another bonus to this, where if you're interested in that, it's another advantage instead of just ordering and take-in.

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LL: Yes, absolutely. I'm learning a lot about ingredients and what to do in order to make a meal tasty. It's been definitely a learning experience for me and it has made my life a lot easier.

[00:33:09]

FT: My biggest guilty pleasure is _____.

[00:33:16]

LL: I would say coin collecting. I haven't spend a lot of money on it recently, but I do enjoy just the hobby of it. Just having coins to look at once in a while. Not because it's money because it's an interesting art form.

[00:33:37]

FT: Yes, well, what do you collect typically?

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LL: Lately I've been interested in cents and I've been interested in piece dollars. Those are probably some of my more interesting coins that I hold on to. Mostly just US coins, but yes, it's something I haven't had a chance to spend a lot of time with lately, but it's something that when I do spend some time on, I get some pleasure out of it.

[00:34:12]

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

[00:34:18]

LL: Just that money is more than just something to worry about when it goes wrong, but it's something that you need to pay attention to constantly.

[00:34:31]

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

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LL: I like to give to arts causes. Like I said, I studied music education in college. I'm very passionate about music, I'm very passionate about theatre and the arts – those are all causes that I enjoy and get a lot of pleasure out of, providing my time, treasure and talent as they say.

[00:34:55]

FT: And last but not least, I'm Luke Landes, I'm So Money because _____.

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LL: Because I really love the financial blogging community and I'm always looking for ways to improve myself and always looking to help other people.

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FT: Well, thanks, Luke, for all the help that you're providing us. Everybody, check out Plutusfoundation.org to learn more about how to get involved and congratulations. It's very exciting and looking forward to seeing you hopefully at the next FinCon.

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LL: Absolutely. I'll be there and I'll be ready to have lots of fun with everybody.

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FT: Excellent. Have a good one, Luke.

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LL: You too. Thanks a lot for having me.

[00:35:44]

FT: Thanks again, Luke Landes for joining us on So Money. If you'd like to learn more about Luke, his website Plutusfoundation.org and you can follow him on Twitter at [@Luke_Landes](https://twitter.com/Luke_Landes). All this info at Somoneypodcast.com where we've got the transcript and comments from this episode and all previous episodes.

And I want to hear from you. Send me your question. Click on “Ask Farnoosh” while you're at Somoneypodcast.com and send me your thoughts about money, career, family. People ask me whether they should have kids, where they should live – the questions really run the gamut and I'm shocked they're asking me such broad questions, but I'm also pretty flattered that you would think I'd have some good feedback. So, appreciate all your questions. No matter what they are, send them over and I will hopefully answer them on Ask Farnoosh.

If you'd like to connect with me one-on-one, just hop on to iTunes and leave a review for the show because every Saturday, I pick one new reviewer to receive that free 15-minute money blitz. Hopefully we'll connect. Thanks everyone for tuning in. See you back here next time. In the mean time, I hope your day is So Money.

[END]