

EPISODE 440

[SPONSOR MESSAGE]

[0:00:34]

FT: This episode is brought to you by FreshBooks. FreshBooks is the ridiculously easy cloud accounting software made specifically for entrepreneurs and business owners who need to find a better way to deal with their paperwork. Sign up today at Freshbooks.com/somoney.

[ASK FARNOOSH]

[0:00:49.0]

FT: Welcome to So Money every one. Happy Friday, I'm your host Farnoosh Torabi with Sophia. Hi Sophia?

[0:00:57.2]

SY: Hello.

[0:00:58.3]

FT: How's it going? How was your week?

[0:00:59.9]

SY: It's good, it's been great, it's a hot one though.

[0:01:05.2]

FT: We had no transition, we went from kind of like this gross spring which was like rainy and then to this, like you said, it's like walking through soup.

[0:01:18.1]

SY: It's awful.

[0:01:19.4]

FT: Like hot tomato soup, it's like disgusting. Of course then we come to work and we have to use our space heater because it's so cold in the building. Let's just hope we don't catch pneumonia or something this summer. Isn't that what happens when you go from cold to hot?

[0:01:34.9]

SY: Yeah, you get really sick.

[0:01:36.9]

FT: You can. This was a very eventful week even though it was a short week, we both had on Monday and hope everybody had a great Independence Day. We were actually able to see some fireworks through our window in Brooklyn, which was cool.

[0:01:50.8]

SY: That's awesome.

[0:01:50.9]

FT: Yeah. We're really boring, Tim and I, especially with Evan it's really not something that we want to do is go to a crowded place at night in New York City and the fireworks. It's something that maybe when he's a little bit older and he can enjoy it and he has a little later bed time, it will be fun but it was like being a kid again, I'm sitting in my apartment and I'm hearing these fireworks, which were actually really loud and can hear them. It was very pounding.

I'm trying to like ego to all the different windows to see if I can get a glimpse and there was one window that gave us a little bit of a view so that was nice. Thursday, yesterday, I was at Podcast Movement in Chicago and that was cool. You get to see a lot of podcasters in the flesh and I got to be on a panel there. It was a quick trip. Got there early in the morning on Thursday, left Thursday night and got the chance to be on a panel with AdLarge, our podcast sales team partner and talking about how to get sponsors for your show without selling out. That was actually the title of the panel.

So I had to give some insider advice to fellow podcasters about how to ultimately monetize which is important because as much as I think all of us would like to do this for free, it is a labor of love but ultimately I think to have it be something that makes sense in the long run, especially if you're a very consistent podcaster, daily, three times a week, it's a lot of work as we know, it's important to get paid so we can keep at least the overhead running. It was really cool to be a part of that and happy to be back, happy Friday Sophia, what was your So Money moment this week?

[0:03:36.7]

SY: My So Money moment this week was I maxed out my Roth IRA for the year.

[0:03:41.5]

FT: Get out of here. Good job.

[0:03:43.8]

SY: I'm really excited.

[0:03:45.8]

FT: You didn't even tell me this, this is like you were waiting for the show.

[0:03:48.0]

SY: I know, I wanted to surprise you.

[0:03:51.3]

FT: What made you do it? What was the impetus?

[0:03:53.9]

SY: Well, I had the money and I said, "Why not just get it out of the way now?" So I met with my financial planner and she was thrilled that I had such great financial knowledge, which of course I credited to...

[0:04:07.0]

FT: She's like, "What could possibly be influencing you Sophia?"

[0:04:10.8]

SY: I credited all that towards you and my dad was extremely impressed. He was like, "You know what the max money you can contribute to your Roth IRA, you know what a Roth IRA is." So he was like, "You're doing something right." I was really excited and of course a huge weight lifted off my shoulders because I got that out of the way and now I still have money obviously in my emergency savings and I still have some stuff with my financial adviser that I can contribute elsewhere but no, I'm happy to know that I'm all set for this year in terms of my Roth IRA. So that was really exciting.

[0:04:45.1]

FT: Nice work, and early in the year too. That will come in handy when you're 59 and a half.

[0:04:51.7]

SY: Yeah.

[0:04:52.1]

FT: Which isn't for a while but just so you know, that's great because I know I was just talking to Dr. Daniel Crosby this week. That episode is going to air later this summer. He is a behavioral psychologist, actually he's a financial adviser who specializes in kind of behavior and human behavior and he's got a PhD in this area and he talks about that as human beings, we're actually not — we don't rush to save, we don't jump at the opportunity to save because it's just not in our, biologically we've never been needed to save.

Going back to the cavemen era, we lived maybe till like 30, 40 and so there wasn't this urgency to feel this need to save for the future or save anything for the future. Money, food, anything. So it's something that we definitely have to consciously do. Good for you, happy to hear that.

[0:05:50.3]

SY: Thank you, yeah, I'm excited. What was your So Money moment this week?

[0:05:54.9]

FT: So Money moment this week? I mean I guess going to podcast movement was super So Money. Sometimes I think the So Money moments aren't about money necessarily but about relationship building and relationship maintaining and I'm happy to say that also this week I got together with some girlfriends that I've been friends with for over a decade and we make a commitment to see each other at least once every few months or sometimes it drags, maybe once every six months but we go way back.

It's always great to catch up and it's a feel good lunch and I had the opportunity to hang out with some girlfriends this week. So that was very So Money in my book. Also, very So Money. I think is when I got an email from Libsyn which is for those of you who are maybe in the podcast world. You know Libsyn is the largest server for podcasts. It is where I think like 90% of the podcasts are hosting their shows, and they're now in a relationship with Spotify.

Spotify is actually introducing podcasts to its mix of audio entertainment and they emailed me to say that, out of the blue, that So Money was selected. Right now, they're hand picking podcasts to be featured on Spotify. So for those of you who are Spotify fanatics, next time you're on there, check me out. I haven't even done it myself yet but I uploaded it this week with the green light from Libsyn, so very excited to continue our world domination in the podcast world Sophia, this is really cool.

[0:07:44.6]

SY: I know, it's really exciting.

[0:07:45.9]

FT: We have over two and a half million downloads as of last week, which kind of like — it kind of crept up on us but it's nice to recognize those milestones and can't believe that it was just less than a year and a half ago or about a year and a half ago that we launched this show and I went from zero to two and a half million in that time. So I think that's worth a pat on the back.

[0:08:08.4]

SY: Oh for sure.

[0:08:10.9]

FT: All right, let's get to our questions this week and see what's on people's money minds? What have you found Sophia?

[0:08:16.5]

SY: All right, our first question is from Jon, he recently read an article that you wrote about being laid off. He says he also was laid off after his first job right out of college back in 2013 and

obviously he wasn't too thrilled about it. But he managed to find motivation to apply to hundreds of jobs every day and finally got a call for the job that he's currently working.

He's a DOD contractor and has been in this role for about two years now but he feels he's not being challenged and that he may not be in the right role. He's tried applying for some internal positions but finds that the process seems to be all politics. So he's continuing to apply and stay patient but he wants to know when enough is enough and should maybe he think about looking elsewhere or have a chat with a supervisor.

[0:09:09.6]

FT: One of the best pieces of advice I ever got early on in my career, I was only, I was an unpaid intern so that's how early on in my career it was. I was like 19 or 20 and I was working in New York at a — I was actually at CNBC at the time, at the .com side doing a marketing internship and my supervisor at the time, Candice Johnson, if you're listening, I love you! And she had just started working there and one day I saw her, this is like I'm really dating myself, but I saw her faxing her resume out and I was like, "Candice, are you looking for another job? You just started here, like what's going on?"

She's like, "Let me tell you something Farnoosh," and Candice had just also gotten laid off. Kind of similar to you John. I've been laid off and I think like everyone at some point probably will get laid off. Usually always good things happen after layoff, but she said to me, "Just because you have a job doesn't mean you shouldn't be looking always for another job. Your resume should always be circulating."

Take that with a grain of salt because I don't think like you want ultimately be known as the person who is always looking to leave and you want to be very careful about your resume getting in the right hands and you don't want to like have your boss who just hired you suddenly see that you're like on the job boards elsewhere. But I think her point was that you should always be, keep an eye out for opportunities and it sounds like John, that the opportunities that you want aren't really ready there at your job currently and if they are, it seems like there's a lot of hoops to go through.

I know all about politics, I have experienced them myself, I don't think anyone would disagree that politics are unfortunately just a part of sometimes working someplace and so if you feel like you've put a good effort in and you have tried to apply yourself and apply to different jobs at your job and it's just, you're hitting a wall then absolutely, look elsewhere. But I think the lesson is that you shouldn't just wait until you have exhausted your opportunities that your current employer to then start looking elsewhere.

You should always be looking elsewhere, and in fact, sometimes they say the best way to advance in your career or to make more money is to leave, and it's always better to look for a job while you have a job. So do it. I think you're definitely ready for it, definitely the time is right, start looking elsewhere. There's only so much you can take when it comes to work politics, right? So that's what I would suggest. What do you think?

[0:11:49.0]

SY: I think that's good advice. My parents always said that as well like, you know, it's always easy to look for a job when you have a job. So it's nice to know you have that security, you still have that paycheck coming in. But then of course, it's always — you always have to look out for yourself too. I mean of course, you definitely don't want to jump around from job to job all the time but he's been there about two years now and I think if he's not happy and he knows he might be happier elsewhere, it's definitely the right time to look for something else.

[0:12:19.5]

FT: Yeah, and I'm not sure how old he is but if you're in the phase of your career life where maybe you're in your 20's, your 30's and it's all about growing and all about learning and applying what you've learned to your next opportunity, you don't want to be wasting time somewhere where you feel like you have plateaued.

Maybe in your 50's and you're approaching retirement it's okay to plateau a little bit, you're ready to exit. But really, now is the time to be challenging yourself and if you don't feel challenged at work and you don't feel like your job can afford you any more opportunities to learn more and you've hit a wall, then definitely I think it's time to move on because you have

your future to think about. You want to make sure that you're constantly being challenged and learning. So do it.

There's no harm in at least looking and seeing what opportunities may be elsewhere. I love these kind of questions. I love questions about work and career because there are lots of books out there about it but I think when you're in, I mean you're at a crossroads, it's really challenging. Because a career change or job change imply so much. It's a lot to take on and it can be very stressful. Definitely send me those questions and we'll work through them.

[0:13:32.4]

SY: All right. Our next question comes from Jaya. She's based — she or he actually, I'm not quite sure — is based in Singapore and he or she thankfully has no debt. But even though they're in Singapore, they think that the situation is pretty much parallel to how we are here in the US. 15 years ago, Jaya purchased an investment link life insurance plan and a portion of that premium is being used to purchase unit trust.

Overall Jaya is pretty happy with this plan but feels like there's a high management fee and is thinking of possibly giving up the plan and selling the unit trust in order to replace it with another insurance plan. But Jaya's worried that the premium will be higher now that they're older, so wanted to know what your suggestion might be.

[0:14:22.8]

FT: This sounds a little bit like a whole life insurance plan where there is an investment component to the life insurance plan. The whole life insurance plans often come with very high fees and similar to her train of thought, which is to give it up, a lot of people end up giving away, giving up their whole life insurance plans because it gets too expensive.

I think at this point, it's about, do I cut my losses and sell this plan and even if it means paying a little bit more of a premium for a plan that is more appropriate for what I need at this stage in my life and maybe I don't know how it works in Singapore but here, most people just need a term

life insurance plan that ends after a certain number of years that is — it doesn't have an investment component but it's a much more simple plan, more affordable plan.

And also Jaya, I don't know what your circumstances are, do you have dependents? Because if you don't, I don't know why you would need an insurance plan in the first place. That's a trap that a lot of us risk falling into. We get pitched life insurance plans that we just don't need. I was 24 and getting a call every day from this guy, this insurance salesman who wanted to sell me insurance and had a little bit of insurance through my work plan. I was single, I had no dependents, I was like, "I don't understand why?" They're not very good at explaining to you really the need other than maybe, "Well, you know, it's like you get it now, you're young and then eventually you'll have dependents and this will come in handy then," and I was like, "Well, I'm good. I've got other things to pay off."

First thing first, do you really even need an insurance plan? Do you have financial dependents? And if you do, then if you can get yourself a more affordable plan that is perhaps a term plan, even if it means cutting your losses with this insurance plan that you have, selling it or not selling it but getting rid of it, yes maybe your premiums will be a little bit more now that you're older but the thing is, if you can save a ton on fees, it may be a net positive for you. It may be in that savings. Not knowing anything about how much you're paying or what your available insurance plans are but definitely worth exploring.

[0:16:51.5]

SY: All right. The next question is from Ruby but before we get to her question, she just wanted to let you know how grateful she is for the fantastic resource and inspiration.

[0:17:03.1]

FT: Oh well thank you.

[0:17:03.2]

SY: That is So Money.

[0:17:04.6]

FT: Thank you Ruby. I love your name Ruby by the way. That's a beautiful name.

[SPONSOR BREAK]

FT: I'd like to introduce you to one of our newest sponsors, Igloo, modern cloud based intranet software that's designed for the way your individual business works. What Igloo does really well is connect three things; people, information, and processes. Everyone in your company has access to all the information they need, using tools they already know, all in one place. Dropbox, Cloud Storage, Google apps, Sales Force, Calendars, and more.

It all integrates together in Igloo, and it's accessible on any device with an internet connection letting your team communicate and collaborate from anywhere and all of this works for both startups and big businesses. You don't even need an IT department to set it up. But don't just take my word for it, check out what Igloo can do for your business.

Go to igloosoftware.com/somoney and get your free trial of Igloo. A free trial that's really free because up to 10 users can use it for free, forever. Join companies who have already made the switch to a better, more efficient, friendly internet. Go to [Igloosoftware.com/somoney](http://igloosoftware.com/somoney) and see how Igloo can work for your company.

[INTERVIEW CONTINUED]

[0:18:16.5]

SY: Ruby and her husband are trying to get their financial acts together but they seem to have a very long to do list. They have all of this goals, they want to invest \$55,000 that's currently sitting in cash, they want to file FSA receipts, and they want to learn and start using a retirement plan that's tied to her side business income and she wants to get a high yield savings account and so forth.

But she wants to know how they should tackle this seemingly long list because they know they have a long way to go towards that financial security but at the moment it's seeming a little overwhelming to them.

[0:18:52.5]

FT: Yeah, okay. So Ruby, all right, I'm trying to just remember not all this. So she has \$55,000 in cash that she's thinking about investing, she has some FSA receipts that she wants to file, starting an investment, a retirement account for her business, get a high yield savings account, so forth. I mean a lot of these things you can do all in a week. There are some things that I would take that I think take more precedence, which is getting that savings account opened. Making sure that whatever the deadline is for those FSA receipts that you've hit them, that you file them on time, just make sure that some of these things might carry some deadlines.

So just make sure that you are working on track to me any certain deadlines you have to meet. For example also, this retirement plan for work, is it probably an annual thing where you have to invest every year at a certain point to get the deduction or the benefit the tax benefit and that's usually in some cases April 15th, tax day but it could be a different day for this particular account you're looking at. So just make sure that whatever deadlines are associated with these things on your to do list that you're on track to meet them.

From there, I think that in order of importance is that you want to have savings established, you want to — short and long term. So get that short term savings account opened, that high yield account ASAP. \$55,000 on the sidelines, I think you want to maybe start putting that to work through an investment account. There are many platforms out there that can do that for you. You could work with an advisor, I would recommend maybe just looking at some of the online platforms like for example, there is Wealthfront, which is a sponsor of this show, full disclosure.

But there's also Betterment, there's Ellevest, there is WorthFM, there's a lot of new investment platforms that take very low fee that diversify your money and allow you to track it online and through their apps. So check out those sites, that might be a good place to park that \$55k or could be what you take some of that and put it in that retirement account for work. Look at your

calendar and start circling dates. Like, "By the certain date here, I want to have the FSA receipts filed."

This isn't like rocket science. Maybe it's just like you need to put some circles around dates on your calendar and write down what you want done by when. A lot of these things take a lunch hour to get accomplished. Investing money online takes a lunch hour, I've done it myself. Filing FSA receipts might take some leisure time on a weekend. Opening up that account for your business, the retirement account might be a process, you have to first do some research, link up with a bank that can open that for you.

Maybe it's about talking to your public accountant for that but that one I think might be a little bit of a time consumer. But open up that high yield savings account, you can do that today. So all of this things are important to accomplish, there's nothing here that I would say, "Ah, wait till next year." I think all of this things are very pressing that you want to get this done the soonest possible. Take the summer to do them and if you have any questions, let me know. Sounds like more you're looking for — there is no hierarchy here but of course I would love to see that your money is invested and that you have that savings account sooner than later.

The FSA receipts might be something that you do at the very end but that's what I'm saying, you have your husband to help, so delegate. "Here, you go open up the online account, I'll do the investment account, I'll do the FSA receipts, you look into the retirement plan for the business." Just start to get your ducks in a row that way and I think you'll be fine. I know, it can be really overwhelming but...

[0:22:55.5]

SY: Definitely.

[0:22:56.3]

FT: ...you have the time, it's the summer, not much goes on in the financial world. So it's actually a good time, there aren't really long lines at the bank. So take advantage of that.

[0:23:08.0]

SY: Plus I love a good — I love planning things on my calendar, that always helps.

[0:23:12.4]

FT: Yeah, you know I do that. I literally have alarms that go off and, “Okay, this day, this hour, you need to go into your online account and invest in — add money to your investment accounts.” That’s just it, you got to just remind yourself.

[0:23:32.0]

SY: All right. Moving on to our next question, comes from Kai Rose. She writes that she’s a challenged artist who recently lost her house and an art gallery studio business and her relationship all at once. But she’s on a fixed income with social security disability insurance and she has a small loan to pay off, which is about \$400 a month. So she wants to maybe claim bankruptcy but she thinks it’s too expensive and complex so wanted to know if you had any suggestions or what your advice for her would be.

[0:24:08.0]

FT: Well before — bankruptcy can be a long twisted road and it’s not something that I would love to advise people to do if you can avoid it. I think first thing Kai Rose, I would suggest working with a debt counsellor and I would recommend two resources for you to check out, the first meeting is free, so it’s the National Foundation for Credit Counsellors is one and NFCC.org. I we’ll put these on the website in case you don’t have a pen at the ready.

The other one is money management international. That website is Moneymanagement.org, and I love this two resources. They act similarly, they’re basically credit counselling agencies, they’re all over the country and so you go on their site, you can type in your zip code, they’ll help you find an office or an agent who will work with you. The first meeting should be free, to kind of just kind of evaluate your situation, your debt and all of that. It may be that they can help you

negotiate some of your debt to pay that off a little more affordably and work as your advocate for that.

Another alternative could be to suggest that you enter a debt management program. It's a nominal fee every month. I think it's anywhere from 10 to 15 bucks although if you're really in dire straits, they could waive that for you. The goal there is to help you work through your debt over time. This isn't a get out of debt quick scheme and so, you might see a lot of advertisements for, "We'll help you pay off all your debt overnight," or whatever. That's too good to be true, walk away.

But these two resources, I've referred to them for over a decade. They're quality and they may be even to give you some strategies that will help you avoid bankruptcy. But if it does look like bankruptcy is the best solution for you, they can also help you, kind of steer you down a good path for that. I'm not an expert on bankruptcy, I'll be the first to tell you that, I don't know a ton about it, although I do know that it's first of all, it's very difficult to claim personal bankruptcy these days.

Business bankruptcy is different but personal bankruptcy can be very difficult to claim and even then, a judge may say you still have to pay off your debt over time. Just as a reminder to everybody when you do claim bankruptcy and go through it, your credit is ruined for a very long time and it could take seven to 10 years for you to really rebuild credit and to be given credit again, if that's something that you need, that could be a consideration. So that's what I would say Kai Rose, don't go it alone.

Connect with the people that might be able to give you some really good guidance as far as your debt is and then I don't know what your disability is, however if you still are able to work from home, that may be a blessing, look online, we've talked about it on the show a lot about job opportunities and depending on your skill set, maybe there are some things that you can do from home that will allow you to bring in the additional income to get back on your feet. There's so many opportunities. Keep us in the loop, let us know what you decide and your next steps and hopefully we can support you.

[0:27:26.6]

SY: So the next question comes from Jalal. Jalal recently lent some \$600 who defaulted on paying their rent and they recently went to this person and asked for them to pay the money back, but they got no response from the borrower. So they want to know if you have any advice on how they can collect the money that's owed to them.

[0:27:47.3]

FT: Well I hope that there was a contract or an agreement or something in writing Jalal, and if there is something in writing then that is your proof that you could take this person to small claims court. \$600 I think qualifies you to get in front of a judge and have a third party decide. Maybe you don't want to go that far but if you are interested, I would look into your local county and see if you can serve this person.

Before you get to that point, you might want to keep trying to reach out to them and if this was a friend, hopefully they'll be honest with you, maybe they can't pay you back right away but maybe you can work out a payment plan. I don't think you want to come across as too aggressive just now. You want to come across and say, "Hey, I understand that you're going through some issues right now financially. When do you think you'll be able to pay me back, should we amend our original agreement to come up with a repayment plan that's amenable to you?"

Try to be a little cooperative but if you're getting resistance and this person's not even getting back to you then perhaps it is that you take it to a higher level, Judge Judy to the rescue but even if you go on Judge Judy, what's the first thing she's going to ask you? "Where's your contract?"

[0:28:58.0]

SY: "Have you got the contract?" Yeah.

[0:28:59.9]

FT: She doesn't take — what's the expression? She takes no prisoners?

[0:29:06.6]

SY: Yeah, that's it.

[0:29:07.6]

FT: I got it right! I'm getting better. She takes no prisoners. That's what I would say, I mean, there's really no other way to collect that money other than just being persistent hopefully and if not, then putting some extra force at it and getting a judge involved, but hopefully you don't get to that point because that's a lot of time and hopefully you can get this money back sooner than later.

[0:29:33.4]

SY: We have one last question and I thought this would be great to read on air because I assume if one person has it, maybe a couple of others do as well. But it comes from Leiann and she wants to know the best way that she can go back and listen to previous podcasts without having to scroll back each time?

[0:29:50.2]

FT: Yeah, a couple of people have asked this question and maybe it's a sign that I have to redesign it a little bit on my website but if you go to Somoneyepodcast.com, which is mobile friendly. So whether you go on your desktop or your laptop or your phone, you should be able to see a little line that says "view all podcasts". Above the most recent podcast on the home page, there's a little link that says "view all podcasts", just click on it and it will take you to a page that lists all of the podcast in chronological order.

So hopefully that helps, but if any software developers out there have a better solution for me, let me know. I'm actually in the midst of retooling the site and by the fall there will be a whole

new look and feel to my Farnoosh.tv and the Somoneypodcast. We're going to try to merge them a little more seamlessly. Just to make it a little better of an experience.

So I'll take note of this and obviously this will have to be something that we'll have to rethink for the face lift that we're giving the site in the fall. So if anyone else is struggling with that, I'm sorry. Hopefully that solves it and thanks so much for caring enough to want to go back and listen to the back episodes.

What's crazy is, sometimes we get this spikes in downloads on random days and I never know why. Sophia and I were like scratching our heads. We woke up Wednesday morning to a ginormous amount of downloads before 10 AM. More than we usually get in two days' worth of podcasts. We're very thankful. We like to just think that people are, through word of mouth or through everything else that's going on, are finding the show and downloading.

We really appreciate it, it's just a sign, it just really representative of the fact that this is a slow and steady pace thing. There's no such thing as a successful podcast overnight. You really have to work at it and some mornings you wake up delightfully surprised that more people have — it's like, do you watch Silicon Valley?

[0:32:02.0]

SY: I don't, but everybody's talking about it. I know I really need to get into it.

[0:32:05.3]

FT: You've got to, you've got to. It's one of the best shows on TV and one of the episodes was they woke up one morning and they had like thousands and thousands of users that they didn't have before. I mean the reality was, they were paying a click farm in India to sign up. We're not doing that on So Money but magic can happen sometimes, and I think this is pretty magical that we're getting all this new listens suddenly and we really want to say thank you to everybody.

Thank you Sophia for reading off those questions for us and thanks to all the people who wrote in and we hope you have a fantastic weekend and see you back here on Monday. Thanks so much, have a So Money weekend.

[END]