

EPISODE 593

[ASK FARNOOSH]

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FT: You're listening to So Money everyone, welcome back, it's Friday June 30th ask Farnoosh time and we have a very special cohost. A friend and colleague from Mint.com. As you know, I've been partnering with Mint for the past year, been writing for their blog, been doing some fun events with Mint. A lot of you are Mint users, I'm a Mint fan, I think since 2007 at least? I've been getting really more into it now with so many expenses including a second child, things add up people.

It's nice to have everything in my phone, on the go and I thought it would be fun to bring on Kimmie Greene who is head of communications for Mint and also a mother and a very busy working mother. She makes it happen, she's a rain maker, what can I say? We thought it would be fun because we're two working moms, we have very busy schedules, we love money, we thought we would canvas the audience for their money questions related to parenting and family finances and we got a nice little batch of questions here.

Without further ado, we want to introduce Kimmie and say hello and welcome.

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KG: Thanks Farnoosh, so glad to be here.

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FT: Thank you for being here, by the way, this is a special episode because Kimmie is in person with me. Typically I interview people over Skype or VOIP but Kimmie, as I said, she's a busy mom and traveling, worker. She's here from California to come to New York, we're actually going to be doing a special event tomorrow night with the team of the Girl Boss team.

Sophia Amaroso and her new media empire girlboss.com, we're going to be doing a fun panel about all things money and impolite conversation about money and Kimmie helped spearhead that event and that's why she's here. I thought it would be fun to talk money.

Do you like talking about money? I mean, you must because you work at Mint.

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KG: I absolutely love talking about money. I don't always love spending money, it's a really tough balance. You know, how to be true to yourself when it comes to money, how to know what your family's priorities are, and how to just make it through the day, the month, the year without too many surprises at the end.

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FT: Are you one of those people that people, like your friends come to you for advice all the time?

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KG: You know, I'm really the one who always want to talk about money and as we know, it's a tough conversation and not everybody's open to chatting about their finances. I'll be like, "What are you guys spending on X?" And people are like, "I haven't thought of it."

I really want to spearhead that conversation and just be part of it more and more whether that's here on the podcast, you know, online and it's just a great way for us to all be more authentic in what we're thinking about and making the right choices.

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FT: You've been with Mint for almost a year. What's your hope and plans for the company as far as getting it out there? I mean, that's really your initiative is to help Mint become more and more of a household name.

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KG: Oh absolutely. I mean, we really worked hard this year to bring Bill Pay into Mint, in a single app experience. Everything you want and need to do with your money, whether it's budgeting, setting savings goals, paying your bills, looking at your credit score, you can do it all in one place so what we want to do in the coming year is take that all in one place functionality and make it highly personal.

Make sure that Mint knows you and that's just not where you're spending your money but what are your goals and can we make it a super smart experience going forward? We want everyone to be talking about that. A, have it feel like it's your own app and B, be willing to start more of this conversation around money we're having today.

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FT: It's true, personalization is the key to a lot of what makes a product a service successful, whether you're talking about your iPhone or a pair of sneakers or a financial app that's going to help you manage your money. We have some smart money questions and I want you to help us sift through them Kimmie if you don't mind.

We have a question here from Gilbert and I'm happy to say, he is from the Netherlands. Because people actually do listen to the show from overseas, that's pretty cool.

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KG: I love it that folks are listening from all over the world and that we can reach out to Gilbert today. His question is really focused on his eldest son, who is 12 years old and receives a monthly allowance of €20 euros on his bank account with a debit card and he's a disciplined saver, it's becoming interested in investing and we've heard this a lot, you know? Earlier and earlier, people are feeling that investing is a thing they need to do not just wait till they have a lump sum saved up.

But Gilbert wants to know what age do you find it appropriate to start investing, which part of his private capital, a few hundred euros should he, his son use for investing.

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FT: Well I think that the fact that his son has already expressed some curiosity probably means he's "ready". I mean wouldn't say like a three year old is ready but certainly, with anything to do with money if your kids are asking you questions I think sometimes this is a great question, "I want to learn how to invest, how do I do it?" but if it is like an awkward question like, "Are we rich? How much money do you make?" parents tend to want to just run away and go in the opposite direction but I think it's an opportunity to really find out why the child is curious.

Where that curiosity is coming from and really have a teachable moment. So I think this is a really great opportunity for Gilbert and his son to learn some basics around investing. It's not something that most people have the chance to learn when they're young. I think that before you really work with real money, what do you think Kimmie, maybe having like a fake account, a fantasy account? And you can do that online via a lot of different websites like I found one called Stockmarketgame.org.

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KG: That sounds right, Farnoosh. Because you don't want to give your children a lump sum of money. So you start out with \$500 and what if they have success with that? And then they go out and make bigger bets and they don't have the success because they don't have the background and experience to really optimize those investments. So I do think to start, make a game of it. Talk about it amongst your family.

This one is really interesting for me because I grew up the daughter of a financial adviser and I remember really early conversation, perhaps too early around like seven or eight, about pencils and erasers that didn't really stick. But there are times when you pick stocks that for brands that the kids are really interested in. Whether it's a soft drink or a retail line or anything that really resonates for them, and track those and get the idea of what money means long term and how money can grow. Because that is a hard concept. It requires some longer term thinking.

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FT: That's true, yeah. I mean, the key to investing is to invest in what you know. So spend the year, I would say, studying the companies that interest you and your son and do make a game out of it. Make it a regular habit that you meet every month or every few weeks and visit your stocks and by giving yourselves a year Gilbert, I think that will allow for volatility to basically become a factor and then your son can learn that stocks go up, they go down and it's a risk and so you have to be mindful and careful.

And as far as how much of your capital to use for investing once you're ready and you have given your son the rudimentary basics. I think so he makes €20 euros a month, maybe take 10% of that. I don't even know if that is enough to really start investing? But maybe start saving up to then be able to invest and the real other thing you want to teach your son, as we all know, is the power of diversification. So don't just pick one stock, pick a basket, five to 10 different stocks so that along the way he is really learning the importance of diversifying.

You have two daughters Kimmie? Have they ever expressed interest in investing? Are they too young?

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KG: You know,, at three and five, Farnoosh...

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FT: Oh forget it.

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KG: I have not had any pencils and erasers conversations with them yet but I think that notion of investing time, you know, let's grow some tomatoes this summer and in August, let's make salsa. That concept of investing and thinking further out, I mean, we were just on a family

vacation and the greatest place, the happiest place in the world at Disney Land and they wanted everything they saw. So it was like, “You guys can buy one thing, they have to look at it all and wait.” But that notion of waiting in time and that money means something, I knew you have chatted about that in past podcasts.

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FT: Yeah, delaying gratification basically. If you teach your kids nothing else and this is not even just the universal law of raising money savvy but also like capable adults is delaying gratification. If they can wait to enjoy whatever it is, they will enjoy that thing a lot more.

Okay, Mary is next and she is like a lot of parents with kids. They are a little older, they are very involved in extracurricular. She’s a little overwhelmed.

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KG: Well summertime can be so overwhelming. I mean kids are ready to throw the doors open at school, get some free time, get wet, enjoy the sunshine and parents are like, “Oh no, what do I do now?” Anything that will occupy my kids because I don’t want them to have the age old “I’m bored” comes typically with a dollar sign and so Mary is saying, “We earn enough to tackle the major costs every month, like our mortgage and car payments but with three kids spread between 14 and seven, it’s the extracurriculars that are taking a big hit. It becomes impossible to really have a rainy day fund. Ideas on how to cut cost when it comes down to sports activities, music lessons, and the list goes on and on. I mean kids can get so scheduled these days.”

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FT: Over scheduled, and I even find that with my almost three year old. It’s the kind of thing where like you said, you want them to be busy. You don’t want to have boredom but honestly, boredom can be priceless. Boredom is great, boredom is when your imagination takes over. Boredom is when you start to really think outside the box and get creative and so I get maybe with your 14 year old at that point maybe you are really intensely into something. But pick your think is I think important.

I mean, maybe the seven year old is still exploring and trying to figure out what is his or her thing but I think eventually it's about saying let's hone in on something, "Let's focus on one or two things," and then Mary, if you've got two kids in the same camp for something or the same lessons for something, ask about a sibling discount. That happens.

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KG: Absolutely. I think for the younger kids you're right. It is still a time of exploration. But there are some places like community centers that maybe are more cost efficient than private lessons or private camps. There's the library, it has a ton of awesome engagement throughout the summer time and activities and I read an article recently that kids once they start reading really lament that their parents don't read to them anymore.

So I know this isn't going to cover the day time hours but take some time this summer, the unstructured time you're talking about Farnoosh, to try and meet with kids or have them be able to use their summer time to dive into books too.

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FT: That's brilliant, yeah. My son is three. He loves when we read books to him and I'm happy to know that he will want that even though he will be able to read when he's five, six or seven years old. Great advice.

All right, okay this person has a very personal question for me.

[0:11:22.3]

KG: "Farnoosh how do you and your husband divide and conquer your finances? Who pays for what?"

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FT: All right, so I have been a pretty open book about this. In fact, in my last book I talked about this, in *When She Makes More* and so you can read that book and learn all the details. But just to answer your question, we as you probably know have an income disparity in our marriage. I make more than my husband. It's enough where I feel like for us it makes sense where I cover a lot of the day to day and the big expenses like the mortgage and the reoccurring very big ticket stuff.

My husband is the saver in the family. So I am the spender and he's the saver in the sense that he is saving long term for our kids. He is putting aside a lot of money towards retirement. He is also of course contributing to a lot of the stuff day to day but that for us is what seemed to have made the most sense. I think for couples where there is a lot of income disparity, the person who makes less can sometimes feel less than.

So trying to emotionally navigate that but also practically navigate that is what our challenge was but also an opportunity because what we found is that you know for my husband to be able to be the primary long term saver for things like college in the family, that is a huge reward for him to be able to reflect and say, "You know what? Because thanks to my hard work I was able to essentially send our kids to college" and I think that is a really wonderful thing.

I think that that's going to be a source of pride. So it works for us and along the way we also have free buckets for how we allocate the money. There is my account, his account and our account and at one point we did work with a financial adviser who was really helpful in the beginning of our marriage, helping us to get squared away, levelled the playing field, figure out where our weaknesses were as far as insurance and estate planning.

But once we worked for her after about three years, we felt confident to take the reins and at that point, all that was really left to do was manage our investment and we don't really feel like we have to actively manage our accounts so we work with now robo-advisories and occasionally we'll check in with some financial experts. But really we have taken on the brunt of it and we feel confident about that, so that's us.

Kimie do you want to divulge, personally?

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KG: Okay, no absolutely. I mean this one has evolved for us overtime Farnoosh for sure and we had the same set up with the three accounts, mine, his and ours and before we had kids, we jointly paid into the ours but kept everything else to ourselves and as we had children, it was amazing particularly as I was on classic maternity leave. I didn't make my full salary while I was out for three months.

All of a sudden the balance was disrupted that we had set in place for a handful of years and overtime now as we have added a second kiddo to the mix, it's now everything that we need to cover our families expenses and goals from a savings perspective goes into a joint account and Roger and I keep a very small percentage and that is really to buy each other gifts. Like I'm talking tin-tiny percent of what's left over.

And so it's been a conversation for us overtime and we have worked with a financial adviser as well and that's really a bigger picture of what is going on in the market things. We don't feel like we can keep as much of a pulse on but I do have a pet project as a mom of two daughters that wedding savings is something we've already talked about and seeded with a little bit of money when I was a consultant for myself for two years.

So that's why I am using a robo-savings tools to layer onto that because it's not something that needs to grow massively, but if I am thinking about it now when they're so young.

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FT: Very proactive of you and it's true, parents of the bride are still traditionally are the ones who end up paying not all but the most out of the pie and I just wrote about that for Mint. I was kind of surprised but also not because the institution of marriage goes way back and I think it is a very nostalgic moment and a lot of parents, you would be surprised, you think your parents have saved nothing but they have been looking forward to this and actually they have saved something for this occasion.

So it's always worth asking if they want to pitch in, and if you have any more questions about how my husband and I divide and conquer our finances, if I have left anything not discussed just ask. That's what the Friday episodes are for.

Okay, Lizzie's got a question about the 529. Do you have a 529?

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KG: You know, we don't have a 529. So I am super excited for us to talk about this question and there's a few reasons why and you may know a little bit more about this, Farnoosh, than we have but it differs by state and we just moved not too long ago from Colorado to California. So our approach when we're in Colorado is a little bit different than what we probably need to be doing now that we are in California.

But Lizzie is wondering, "Should we save in a 529 plan if we're not a 100% sure our child will attend college? It's not that we don't have high hopes for her but by the time she is ready in 15 years, college may not be all that's necessary. Already companies like Google and Ernst & Young are among a number of top employers that don't require a college degree from applicants."

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FT: It's true. It's a legit concern. I think that the whole college landscape is evolving. I just interviewed Adam Braun who is the founder of Pencils of Promise but his latest venture is called MissionU and what it is it's like an alternative to the standard four year college program and essentially, this is a one year program. You get to learn some hard skills like software development and then hopefully transition into working at companies like Google and Facebook.

They have partnerships with these amazing brands and then it's free but you have to pay them back through your salary over the course of however many years. It's a very practical approach to college. Really making sure you get that ROI. I am not sure what college is going to look like in 15 years for Lizzie's kids, but I will say with the 529, it is somewhat flexible. It's not as flexible as say a Roth IRA or a brokerage account in the sense that you can take out the money for

things other than college and not be penalized. But if your kids don't end up going to college, you can use the money for your education, to give other kids, other relatives, you can always change the beneficiary.

Now if this is still not something that you are a 100% comfortable with, then do look at the Roth IRA. Do look for a brokerage account, and then as far as the different kinds of 529's, which you brought up Kimmie, every state has their own. You could choose to invest in any states 529 plan. Even if you live in Colorado, you can invest in New York's 529 plan which is where I have two accounts for our kids and I love it. You can look at all the different kinds of 529 plans online at collegesavings.org and look at the historical performance of the different 529 plans because every state invests in different things and yeah, start there. What do you think?

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KG: Well I think that's absolutely, Farnoosh. When our girls were weeks, months, years littler, we were really interested in the flexibility of the market. But increasingly have been chatting about 529 plans and really realized that there are a host of different ways to save for college and right now, we do have a savings goal. A single savings goal set up for both girls in Mint and so that really knows what I need to save in order to get them to a four year school and how much I need to save on time.

As we have our oldest now heading to kindergarten and we are lucky enough to have public schools in our neighborhood that we feel are outstanding, we are taking that commitment we have made every month to go into daycare and preschool and saying what do we need with that money to start having it build towards education in a different way with college as the angle.

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FT: Yeah, I mean, you have to think about those tradeoffs. So if you want your kids to necessarily be able to afford private school at the college level, that's a certain price tag and so maybe during their elementary years, their grade school years, they don't go to the private school so that they have the money for public school. In my family my dad's a huge academic and for us kids, he really wanted us to be able to go to graduate school.

I never quite understood this, but finally I did go to grad school. I went to grad school for journalism, I had to figure out what exactly was going to be my thing and they had actually saved money for me for that. They hadn't saved money for undergrad for me, funny enough. But grad school they were able to contribute some and they still took out loans but it was like for them it was just every family is different. For them it was an important milestone for me to reach. Anyway that's the 529. If you aren't comfortable with 529's because they are relatively restricting, there are other ways to save like Kimmie is.

Okay, the last question is from Simon and it's a question that he feels embarrassed I think asking although I think it is a legit concern.

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KG: It's absolutely a legit concern. Simon is thinking about vacations, which so many of us are as summer is kicking off here and he doesn't generally like to splurge on their family vacations but recently their cousins asked if they would like to go to the beach together for next summer and rent a house together. But between all of us on the podcast here today, Simon is really torn about it. Definitely loves his cousins but they're quite frugal and he's worried if they travelled together what will we do without some of the luxuries and conveniences they're used to. Yes, Simon realizes, so spoiled, but is there a polite way to decline?

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FT: Well, I do think that there is something to be said about hanging out with your financial opposite; you might find some comfort in it. It's true, married couples end up getting together and they discover I'm the saver, you're the spender and while that can be challenging, I think there are some strengths that you can each leverage upon. I think for you, maybe you are used to certain luxuries and extravagances but maybe you'll be delighted in knowing that you're cousins have other ways of affording sometimes the same things for less.

So kind of keep an open mind about it but with that said, if you know your cousins pretty well and you know that they are boarder line cheap perhaps and this is not going to work out, I would

say you could tell them you aren't sure what your plans are going to be next summer. You're still trying to figure things out. You don't want to commit and then have to back out, so they should just go ahead and make their plans and if it makes sense, if there's room, you guys would maybe love to maybe come for a weekend or a long weekend and at that point, you'd love to share in the cost as well.

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KG: Well, absolutely Farnoosh. I mean, I would think the only other thing maybe to do before responding is to dig in behind the scenes a little bit. Do you think you know based on the town that you're targeting there might be a house that could work where you're not really paying that much more or pushing them out of your comfort zone because often times just adding another bedroom for an adult couple, if there is a bunk room for all the cousins to hang out, it may not be that much more. It could be actually be a lot more luxurious than you're necessarily used to.

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FT: Sometimes there is a benefit in multiples, right? You get a multiple discount or groups discount sometimes when you go out to the museums and things like that. So I think keep an open mind, explore the situation a little bit more, talk it out a little bit more but ultimately if you are not feeling it at the risk of insulting them don't be super honest. Just say, "You know, we're still figuring out our plans for next summer. We love you guys and we love to spend some time together but don't let our plans prevent you from going forward with your plans. If it make sense we'll meet up and it will be a lot of fun."

So good luck to you Simon and I think that we've all had this situation come up whether it's we're the loan saver in a group of spender friends. We are going out to eat and you feel like I don't want to split the check or vice-versa or you're in a relationship and you are frugal and your partner is extravagant. So it comes up a lot and especially amongst family and it can get really uncomfortable like, "What do I actually say?" This is the kind of stuff I love tackling.

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KG: It's the stuff we all need to be more honest about and the more we can develop that muscle to talk about money, the easier it will be for us to be able to conversant and so we're not offending anybody but it's just part of the way like, "Okay let's have some framework here." And there's restaurant options. I mean sometimes when you can go to Mexican or Italian, you can still get really fresh ingredients, organic ingredients, but they are not going to break the bank in some restaurants like that. So look for those experiences around where you guys might be renting.

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FT: Good idea. Thank you so much, Kimmie. Did you have fun?

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KG: I had a blast. I love to do this Farnoosh, thanks for the time.

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FT: My pleasure and thanks for making time for us given your busy schedule and you're here for just a short while in New York City. I am really excited about the Girl Boss event this week and thanks to everyone for sending in their questions, even though you kept anonymous in some cases. But we really appreciate your questions, Simon, Lizzie, Mary and Gilbert and even Mr. Anonymous or Miss Anonymous for wanting to know how I manage my money with Tim. I am always happy to go there with you, so don't be shy.

If you've got a question for me, go to somonypodcast.com, click on "Ask Farnoosh" and these days you can actually leave a voicemail if you'd like on the go. We'd love to hear your voice and by the way, it's the end of June. The summer is going by too fast. Happy July! Hope your weekend is So Money.

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