

EPISODE 626

[ASK FARNOOSH]

[0:00:34.9]

FT: Welcome to So Money everyone, it's Friday September 15th, 2017. Welcome to the show, welcome to our Friday Ask Farnoosh Bonanza. Many many questions to tackle this week, this day. I was so delighted to come back from vacations and see literally hundreds of questions from you all.

For those of you who were on my email list, I sent out a quick frightened email before vacations saying I'm going away, I need questions from you all because we're running a deficit actually for once in the mail bag.

Because I was taking a two week hiatus, I was worried that I was going to fall behind and I'll have enough content, enough questions and everybody really, immediately hit the reply button and sent me some incredible questions. Thank you to everybody who did that and made my vacation basically.

Helped my vacation at least be less stressful and you know, if you're not on the email list, I encourage you to join us at the So Money online community. You usually get a weekly email from me, it's usually helpful and sometimes there are freebies, sometimes there are things you'll learn about before anybody else.

It's a really fun ride and I promise not to bombard your inbox, I'm pretty light with the emails but would love to have you join us there if you haven't yet. That's just going to somonypodcast.com and signing up.

Very excited too that today, we have a listener who has been a fan of the show for a while, she's a mom, she's financially savvy, she's here. Her name is Naomi Hattaway and I'm really delighted to bring you on to the show Naomi. Thanks for joining me.

[0:02:17.9]

NH: Yeah, absolutely Farnoosh, this is a real fun thing and like you said, I have been a fan for a long time and soak up all of what you bring us and the guest as well.

[0:02:28.0]

FT: Thank you. I'm curious, in addition to listening to the podcast, what else do you consume? What are your go to money resources?

[0:02:38.0]

NH: I obviously, I'm a So Money podcast listener, I also was a huge fan of your Follow The Leader show, that was really fantastic. I really look towards and I think I actually learned about them from you, The Elevate Network and Elevest as one of my places that I go to learn more about investing and then just also put that into practice.

I started investing with Elevest a couple of months ago and it's been fantastic. I'm also a huge fan of David Bach and Smart Women Finish Rich. Those are probably my three go to.

[0:03:13.7]

FT: Well, we're all big fans of Sally Crotchek here and her platform, Elevate and Elevest. I'm happy to learn that that is working out for you. Tell us a little bit about yourself. You know, I know that you're a mom of three kids from between ages of 20 something till 11, you're a young mom, tell us more about you and what brings you to this cohosting situation?

I mean, not everyone asks to cohost, what drove you here?

[0:03:43.5]

NH: When I saw that you were asking for a cohost, I thought, well that would be fun, by day I joke that I'm a realtor with – I run a team in northern Virginia and then I also have amassed a

pretty cool real estate network that's nationwide, that really brings together the realtors who are in it for the right reasons which is to help clients be more educated about the home ownership process.

Instead of just their commissions because I think that's something that our industry kind of gets a bad rap for. I also am a community steward of a really cool thing called I am a triangle which is an international place, we call it a home for our global community that is on the move.

That is the other thing that I do. Yeah, that's a little bit about me.

[0:04:30.3]

FT: You're a mom of three, can you tell us the ages, who are the children, what are they up to and how are you still awake right now? Maybe because you don't have any babies and infants that...

[0:04:43.0]

NH: Yes, that's a huge thing.

[0:04:44.9]

FT: Everybody's sleeping through the night in your household.

[0:04:46.3]

NH: Everybody sleeps through the night and we're actually at the point now where they get up on their own alarm clocks in the morning for school which is huge, it's like it's everything when you get to that stage.

Our daughter Mia is 11, she is an avid ASL, American sign language freak. She studies it constantly, it's part of her big life goals. Our middle son Antonio is almost 14 and he is the wickedest – gosh, I can't even think of what you call it.

Like animation guy, I don't even know what that's called but he's on his computer making beautiful things and then our oldest, Taren is 22 and he is currently in aviation maintenance school.

[0:05:29.6]

FT: I love that, wow, proud mama.

[0:05:32.1]

NH: Well, it's so funny, you asked, it's really about I don't have babies anymore. They're able to do their own thing, get their own lunches packed and that's a beautiful thing.

[0:05:41.4]

FT: I look forward to that day.

[0:05:43.6]

NH: You will get there.

[0:05:44.0]

FT: At the same time, everyone says, really embrace and enjoy every stage, every year is incredible in its own way and it's amazing to watch human beings grow and become thoughtful, interesting people.

[0:05:58.0]

NH: It is, but it's also – I think people say a lot that what you just said, to enjoy every moment and spend the most time that you can with them but there's also I think some truth to parenting does have different phases that are more complicated and challenging than others.

Infancy and toddler stages are definitely difficult.

[0:06:17.9]

FT: Yeah. Because you can't rationalize with them you know?

[0:06:21.1]

NH: Yeah, the conversation is a little one sided.

[0:06:25.0]

FT: Yes. Well, one more question about you and the podcast and then we'll get to the questions but I want to start asking my cohosts who are listeners, what is it that you like about the show, what's something that you wish it included that it does not, any criticism, tips, constructive feedback, I'm open to all of it.

But now that you have the hot seat, I'd love to pick your brain.

[0:06:50.7]

NH: Well, you didn't prepare me for that. I think the one thing that I really appreciated is you get right into it, there's so many podcast today that spend the first 15 minutes selling or talking about things that aren't really the point of the reason that you have your listeners and I think I really appreciate that you get right into it.

You have guests that bring something unique to the table like it's not only about money. I loved when you had Michelle and I'm not going to remember her last name, the RV girl.

[0:07:21.8]

FT: Right, the millionaire.

[0:07:23.1]

NH: Yes. I loved her episode, I loved Nicole More's episode, I love when they bring like the bigger purpose of life into it instead of just money so I really appreciate that. I don't have criticisms.

[0:07:33.6]

FT: Thank you.

[0:07:34.2]

NH: You're doing a great job.

[0:07:35.7]

FT: Well, thank you so much. I like hearing some of these interviews with people whom you've never heard of, still bring something of tremendous value, it doesn't have to just be someone famous or someone that is a celebrity but even the average person who's not doing average things.

All of my guests do tremendous work respectively but you know, that maybe, you're learning about them for the first time as well as learning their financial perspectives.

[0:08:08.1]

NH: I think that's true and that probably is the bigger piece of what I was trying to say, it was that having the ability to be introduced to people that aren't on the normal circuit as podcast hosts or guests is really kind of cool because you are getting a front seat introduction to people that you wouldn't otherwise know about.

Yeah, that's super great.

[0:08:30.1]

FT: Well, I'm happy to hear it. All right, thank you so much for being here again, let's go to our questions. The first one is from Laura, it's a voice mail. Let's hear what she has to say and then we'll tackle it. Here we go. Take it away Laura.

[0:08:44.6]

Laura: Hi Farnoosh, we recently had a big hailstorm that caused us to have an insurance claim on our property. Likely insurance is paying for new rough and gutters and deck, all of it. We are going to get their work done on the roof but we were thinking, since there's no structural damage to the deck, it's just cosmetic that we would keep that money and pay off debt and then later down the road replace the deck when we have saved up enough cash for it.

What are your thoughts on not getting our deck replaced?

[0:09:29.3]

FT: All right, Naomi, Laura is wondering and maybe this dovetail's a little bit of the work you do because it has to do with the real estate and insurance so she's going to be getting this lump sum of money, this basically like insurance claim settlement, wondering whether she should pay off the debt or use it to redo the deck.

I mean, my take is, Naomi and tell me if you would agree. If the deck is not something that needs to be done imminently, I think that the debt takes precedence, debt over deck.

[0:10:00.2]

NH: I agree and I think – so one of her – to the point about can she spend it on whatever she wants, obviously you need to read your insurance policy but generally speaking, receiving money from a result of an insurance claim, that's your money. You can do with it what you want.

There are some policies though where the money is given as a check that's also to the mortgage company. Just be aware of that if any of your listeners have that situation, that does get a little trickier because you'd have to give receipts showing the work done.

For Laura, I say, fix the roof that needs to be done and then pay off that debt 100%.

[0:10:37.2]

FT: All right, good luck Laura and let us know if you have any other questions. All right, let's move on and Naomi, if you wouldn't mind taking the reins here and letting us know what is on Bo Young's mind.

[0:10:48.5]

NH: Bo Young had a question about being young, living in New York City, having just moved there and not having a lot of extra cash but wanting to be social. I have to tell you, it's been so long since I've been in any of those three categories but that's going to have to be something you aim, Farnoosh.

[0:11:05.8]

FT: Right. Well, I think I'm right there with you a little bit. I mean, I try to make an effort to get out but it's so hard. But I did write a book on this topic, being someone who was living in New York City, still living in New York City but in my 20's, in New York, being slightly broke, in debt, working but not making that much money, still wanting to have a life.

You can read your *So Money Live Rich Even When You're Not*. But just to take a few pages out of that book for you and share with you and the audience some of my takeaways. I mean, it's – the first thing Bo Young to realize is like, when you're young and you don't have that much money and you're living in a fun and expensive city like New York, it's very easy to get swept away.

It's very easy to get drawn in, sucked in by the city, by the friends that you have who want to go out all the time and it's all very tempting but I think it's important and I wish I had done this more consciously in my early 20's was to really take a pause and evaluate what is really important to me and not so much like what seems exciting to others, what others are telling you to do.

What I think I have to do because I'm in New York and I need to take advantage of the city. But, surely, you have, you listen to this podcast, I'm already assuming that you're ahead of the curb a little bit with your financial readiness and your desire to live a financially healthy life so be selfish, I say this in the book in the best way possible like actually, think about what is important to you and stick to those things.

Prioritize them. If it turns out that in the next year, you really want to save up to go to grad school or travel more, maybe get your own place, those things cost money and they should really take precedence over anything else. Sometimes when we identify those things that we really want, that we want, need.

We want it so bad we need it to be happy and be fulfilled that it's easy then to say no to these other things like dinners out and going to this bar and going to this place. Certainly, you can do those things still but in moderation.

Along the way, there are a lot of ways to save on entertainment and dining out in the city. I like to go to sites like gosh, restaurants.com, there's Guilt City, there is what is it that – Naomi, what's that site where you can, it's like a flash sales site? Groupon.

[0:13:40.0]

NH: Groupon, yeah. My dogs are seriously annoying.

[0:13:45.6]

FT: What kind of dogs do you have?

[0:13:46.6]

NH: We have three and I'm texting my kids, going, put them outside. Sorry.

[0:13:51.2]

FT: Three dogs and four... three kids, three dogs, okay. You're officially my hero, I don't know how you're doing this and you're doing a podcast with me. Yeah, you know, look for free excursions, you can just literally type in "free New York City activities" and sometimes you'll find some really fun things that are going on that are seasonal like festivals and fairs, concerts that might be free.

Sometimes your credit card or your bank will have affiliations with museums and other kinds of places that – where you can get like a discounted entry ticket or sometimes some evenings are held free for customers of a particular bank.

Explore all these things. You probably never have to pay full price for anything if you don't want to and it may just mean going at a different time, it may mean waiting to find that deal, it may mean going in a group and getting a group discount.

Thirdly Bo Young, I would say. Really important because again peer pressure can be what kills us financially in our 20's, we want to kind of keep up with our friends is to not be shy or hesitant to tell your friends, your good friends that look, I'm trying to save money and I don't want to be a Debby Downer, I don't want to be a buzz kill.

But can we may be this weekend look for things to do that are a little more budget friendly or take the lead. If this is something that you don't want to burden your friends with, be like, "Hey guys, I found a great concert in the park or movie in the park, let's go, let's do a picnic" and then that's your Friday night and that's – you know, very little money spent.

This may seem uncomfortable to tell your friends that you're trying to save, that tipping up money with your friends but please do. I think that they will be receptive, the good friends, the friends that really respect you will be receptive hopefully.

If they're not, then maybe that's something to consider in the friendship but I think that you, being a 20 something in New York City trying to save, you're not alone.

[0:16:03.1]

NH: Also that if Bo Young does that, she might have friends that wished someone would say that, it might be a really great conversation and they might all have a little bit of relief around having that.

[0:16:15.0]

FT: Yeah, super refreshing and I think very welcomed. Take the plunge and be the guy or the gal, I'm not sure if you're female or male to say to your friends that you know, I want to save money and maybe it means that we do more things together but indoors, potlucks, backyard parties, movie nights at someone's apartment.

You know, the point is to be social and yes you want to experience this and you can do that but let's try to mix in some of the more affordable activities as well. Good luck to you, I have been there, it can be done and my book, *Your So Money, Live Rich Even When You're Not* may be some additional guidance for you so good luck.

We have a question from Joe and I want you again to read this for us Naomi and I think you might have some advice for him.

[0:17:06.6]

NH: Sure. Joe wants to know, how do you teach your kids to invest? He asks, "I feel if I tell my son to make an investment and it does not do well, I feel like I'll make him lose." I think – I know. My first thought was that that is so sweet. We don't know how old the son is but I think that part of what he's saying, the, don't tell him.

I think that part of it is educating his son how to make that choice for himself so that it takes off that pressure of being the one that forced it. I just finished reading the book called Opposite Of Spoiled by Ron Lieber. Which is, have you read that?

[0:17:46.3]

FT: I have and Ron's been a guest on this show talking about this book, he is a New York Times writer for the money section and so yeah, I'm all for that book, there are a lot of great, just actually sent out an email about some great resources for parents who want to teach their kids how to learn about money, whether it's investing or saving more.

There's a ton of ways to do it but go ahead.

[0:18:05.7]

NH: And JJ you sent I think in your email JJ's book on startup club around kids and entrepreneurs but I think that it's all about baby steps and again, it depends on how old the child is.

For us, when our kids were little, we started with savings and there was something called the money jar and it literally helped them understand the difference between putting money aside for savings, putting money aside for spend and putting aside money for give.

For younger kids, I think that's where you start. I've heard someone say and I don't remember who it was that their grandmother taught them to invest on something that they enjoyed and so it was McDonalds.

He bought stock in McDonalds, I don't remember who that was but I like that concept, instead of letting investment and how to get started to scare you. Pick the things that you spend your money on and then look at how you can invest in those things. I don't know, what do you think?

[0:19:00.5]

FT: Well, just to chime in with you. David Bach was actually the one on the show who talked about his grandmother, grandma Bach talking about McDonalds and stocks and the story was they were eating at McDonalds and she said to him, “David, there are two types of people in the world.

There are the people who eat at McDonalds and then there are those who invest in McDonalds. Or own a piece of McDonalds.” He was like, that sort of started the conversation and it’s something that he has talked about even to this day. It definitely resonated with him.

Another friend of mine, Susan Beechum runs the company, Money Savvy Generation and she actually creates this wonderful award winning piggy bank with four slots so it teaches kids, there’s four slots for four different activities with your money.

You can save, spend, donate or invest.

[0:19:47.1]

NH: Love it. Love that there’s an invest piece added because I think that’s their movement.

[0:19:50.8]

FT: Yes. You know, I think Joe. If your child loses money on a stock that you’ve pretend to invest it in, that’s good, I think that needs to happen at some point. You win some, you lose some and then through that, you talk about how it’s not your fault but you know, sometimes companies don’t do as well as we hope.

It’s part of why we also need to not just buy one stock but many different stocks to build and maybe this is too savvy of a word at this age but a mix or diversified portfolio.

I may be getting too ahead of myself but you know, I think that we can’t always protect our kids, I think it’s actually important for them to see both sides of investing.

[0:20:36.2]

NH: I agree. I also think that it's worth the lesson to talk about again, depending on the age of the child, maybe it's a CD or an Xbox game or maybe it's a little pet shop but what happens to the money that you invest in that product versus the money that you could potentially lose in a stock and the risk is actually, I purchasing the product, not the stock.

That might be something that a lesson that they could kind of identify with. You know, looking at – but it's not really a loss, it's a lesson and helps you to be a smarter investor next time.

[0:21:12.0]

FT: One thing I recently learned about financial literacy and age is that when you're young, it's really hard to – the studies have been conclusive on this, that it's really difficult to just teach financial facts to a young person, it doesn't stick, it doesn't really resonate.

Much like a lot of other things we learned along the way you know? Do you really remember all the details from history class or science class, same as with money but what really makes any kind of literacy impactful is to attach the education with action, right?

I think you brought that up kind of with the fact that you know, It's great to talk about stocks but it's another to actually engage in a game or go to a store where for example a retail outlet for one of those stocks or companies and actually explore it and see it how it's running and it becomes an experience attached to a lesson or a fact and I think that's what we'll make for the best scenario in really driving home any advice, any points that you want to make to your kid about money.

So just keep that in mind and I certainly will too as my kids get older. They are a little too young now to learn anything about money really but my three year old I do want to take him to the grocery store. He does do the exchange like he actually, I gave him the money and he pays for it.

[0:22:47.4]

NH: That's great.

[0:22:48.0]

FT: He doesn't probably know what he's doing but he knows that there has to be some kind of exchange. You just don't go into the store and get stuff for free.

[0:22:54.1]

NH: Right and also we had the experience too, a couple of times where we paid cash for groceries and our kids were astonished and they were like, "Why aren't you using money?" and I realized it's because we only used debit or credit card, this piece of plastic and so that was an important lesson also. There needs to be a little more of a difference between or teaching our kids that money exists in different formats. So yeah, that's getting off track, but..

[0:23:22.0]

FT: No, it's a good point. I think that there are advantages to using credit and teaching your kids about credit. That's a big part of our financial lives but when they are really young, sometimes it's very intangible to explain what a credit card is and does but money they see it come and go. They see that there are bills and that it's finite and when it's gone it's a physical thing. It's much more physical and I think can better help parents when they try to explain to their kids.

"Well we don't have money left for a toy now because we just bought groceries" or whatever you want to try to explain. So anyway thanks for your question Joe and I feel like your kids are going to be okay because you are the kind of parent who's actually caring enough to write in a question about this and let us know how things end up. Okay Jessica says that she's actually following up on something that I said on a previous episode.

Which is that she says, "You shared you were able to purchase your first home with the help from your parents and working a few systems. Can you please re-share more from this story and how you did it?" So Naomi do you know anything about my little strategy of how I bought my first studio?

[0:24:35.0]

NH: I didn't heard that actually so I'm going to be interested to know.

[0:24:37.9]

FT: You would be interested right? Being that you are the real estate expert.

[0:24:41.1]

NH: Totally.

[0:24:41.9]

FT: So this was Circa 2003, '04 and I've been in New York City for about a couple of years. My father is telling me that I should buy a place and my parents don't live in New York. They don't know New York prices. Yeah, that would be a great idea but actually I am not qualified. I don't make enough money, I don't have enough savings, I'm 20 something years old, I'm even not in the right headspace I think to become a homeowner.

So let's also give the context for when what was happening in 2003-2004. Everyone and their dog is getting a mortgage okay? That was just the sad truth and my parents I think while they weren't big investors in let's say the stock market, they are not entrepreneurs, they are very risk tolerant of real estate, very risk tolerant and I think that our culture is just like that having talked to other Iranians and kids growing up in Iranian households.

Real estate was a very buzzy hot topic and no one ever shied from it. It was always something that was of interest and curiosity. So anyway just another bit of context for you. So I'm 23, 24 looking at places to find my own place because I am living with a married couple paying very low rent in this rent controlled beautiful apartment but obviously my time there is limited and I need to find my own place and rent, you get a shoebox for at the time it was like if I wanted to live on my own, I have to spend. I wouldn't be able to afford it and probably move out of the city.

Finding roommates was also challenging and so I said, "Okay let me just see what's out there to buy" because my parents thought this was the strategy. My dad said, "Look we have acquired a lot of equity in our home what if you.." the idea at the time was let me just apply for a mortgage.

My parents would lend me the money from a down payment using their home equity so that I could make a purchase of at least a studio. With my salary I probably could have afford it with the monthly payments. My biggest weakness was the down payment because I was 23. I wasn't going to come up with 20% of where you have to be, minimum of 20% in New York City. So I finally found a place that was, the math was good.

I had good credit and I also was going to get this down payment loan from my parents. We were all ready to go, we actually made an offer, all of a sudden we find out that the mortgage company wasn't going to give us the mortgage because for some reason, they didn't do New York condo loans or whatever it was. It was not a New York State Bank or whatever. They were a little hesitant so at the last minute if we didn't go through with these plans I think we would have to pay a penalty because at this point we had made the offer.

Time had gone by and the owner had something, we were going to lose our deposit. So my dad was like, "Let me just take out, I think he had about 400,000 in equity in his home. So we took all of it out and paid for the apartment in cash.

[0:28:17.2]

NH: Oh wow.

[0:28:17.5]

FT: Yeah, the place was like 395,000 and immediately, the day after we closed we went to Washington Mutual, remember that bank?

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NH: Eww.

[0:28:31.8]

FT: It doesn't exist anymore for good reason because of the story I'm about to tell you, I literally walked to Washington Mutual, I showed my license, I showed my deed, I showed I don't know what else, I showed an address like a proof of ownership of my home and they gave me basically a 90% HELOC for this apartment. So I basically then took that money, gave it back to my dad.

[0:29:06.2]

NH: Ended that? Oh my gosh.

[0:29:07.9]

FT: And that became my mortgage and then a year later, I refinanced that into a fixed rate mortgage, 30 year fix rate because it was like an interest only loan which was at the time, okay but I knew that that was only going to be more expensive as the years went on and rates were going up. So I refinanced it to a 30 year fixed rate loan about a year later and was paying 1,200 a month which was totally doable for me and I owned a home and my parents were paid back.

[0:29:42.7]

NH: That's a rebate.

[0:29:43.6]

FT: More or less, yeah so that was my story. Now I realized, super lucky right? I had a parent who had money in their home who was willing to cash out basically and take the risk because there could have been the risk that we would have gone into a bank and they would have said, "Sorry we can't give you a HELOC" and my parents would essentially become my landlords at that time which probably would have been a bad investment for them.

But at least they were able to know and move on with their lives a little faster and that was my story I don't think that story would happen again. I hope it doesn't happen again but we didn't know what we were doing is necessarily a risk for the bank. You know the banks were willing to take us on. So we were like, "Okay, here we go" and I could make the payments and I was smart enough to refinance it a year later and lock it in the rate because a lot of people got this very attractive loans during that time frame with interest only or five year arms, seven year arm and then of course were unable to make their payments eventually and lost their homes in the recession.

[0:30:53.3]

NH: Yeah.

[0:30:55.0]

FT: Yeah, what do you think?

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NH: I think that's pretty awesome. I think –

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FT: Is that So Money or is that kind of shady?

[0:31:00.8]

NH: No, I think that you used what was given to you. It wasn't like you guys went around the system, the system was there and willing to do it. So I am all for using the system. I think that like you said, it's probably not something that someone's going to be able to do the same thing now but one of the things that you said was so important that you can't have gifted money for a down payment. You need to make sure that you do it in the right timing because it has to be a certain number of days before closing.

But that's one way that that can happen, there's also a ton of first time home buyer benefits out there in terms of grants, in terms of different programs that allow little to no money down if that's the main concern is the down payment Fannie Mae and Freddie Mac have programs that are very low percentages down. If you are in an area that has USDA that's a 100% funding so there is no down payment needed and then of course if you are eligible for VA benefits then that's another great opportunity.

But practically speaking as well if you have an IRA you can I believe it's \$10,000 that you can borrow from your IRA penalty free which can be a nice chunk towards the down payment as well.

[0:32:20.6]

FT: That's from your traditional IRA or your Roth IRA? I know with a Roth you can take money that you've put in, you can take it out penalty free I think after a five year period.

[0:32:31.6]

NH: Well you know that is actually something.

[0:32:32.7]

FT: Penalty free, I am not sure about the traditional IRA.

[0:32:34.6]

NH: Yeah I am not sure either, I just know that for the purchase of a home, there is a certain amount that you can take out penalty free but I don't know if you are correct. I don't know the answer to that on traditional versus Roth.

[0:32:46.6]

FT: Well something to look into but that's great advice all of that is good, you know as a first time buyer there are a lot of resources reserved for first time buyers in New York City there is just not as – it's just harder here because people are coming in with all cash offers and real estate moves pretty quickly here. So you have to be really ready, have all of your ducks in a row but it doesn't mean it can't be done and I am an example of that.

[0:33:13.8]

NH: And actually my sister lives in New York City and she had that exact same problem where every time they would find something an investor would swoop in and pay cash for it and that was within hours of going on the market. So one thing that she did was she found a really great realtor who had an ear on the ground and he found a beautiful brown stone for them but was very much pre-market and they were able to land it. So you have to be savvy, that's definitely the case with New York real estate.

[0:33:42.5]

FT: Thanks for that advice. Okay Annie last but not the least has a question about travel and I understand, you Naomi were all over this summer, you're a big traveling family.

[0:33:51.7]

NH: We are and it's funny we used to live overseas. We lived in India and Singapore and we have itchy feet. So we have to make an intention to travel for sure so that we can save off the bug of wanting to be back overseas again. So Annie, can I go ahead and read her question?

[0:34:08.3]

FT: Yes, please do.

[0:34:09.8]

NH: Okay, so Annie says she wants to know when people travel for vacation how much do you budget for eating out and miscellaneous expenses. She asks, “I always travel and say I’m going to spend \$150 on eating out for myself for five days but then I go overboard and I end up spending more like two or 300. What’s a reasonable budget when you travel for one person plus maybe if you treat your relatives to one night?”

[0:34:33.5]

FT: That’s a really tough question. I have a lot of ideas around how to make your dining out experiences relatively affordable when you’re traveling and just your overall food budget more affordable. I don’t know Naomi if there’s a percentage that I would attach to it or a specific dollar amount, I think that for everyone it’s going to be different and I think yeah, if you go in strictly saying it has to just be a \$150, it’s easy to feel limited by that.

I’d say first rather than start with the dollar amount that you want to spend your budget, research the town the area that you’re going to Annie and look at some of the great food experiences that you may potentially be able to have there. I remember when we went to Paris with my husband and my mom and dad and my brother, we did a lot of cooking at home or not cooking but preparing our meals at home.

A couple of times we would go out to eat and then it wasn’t always fancy dinners. We would try to find like the best falafel shack or the best place to get a cupcake. So identify what these maybe five, six, seven experiences. If you are going for the week or two weeks, maybe there are multiple experiences around food that you want to have. It could be going to a restaurant and sitting down having a long five, six course meal or it could be just going to an interesting part of town.

And getting a burger or some fries or an interesting cocktail and figuring out what that may cost you, add it up and see where the total lands and if you’re comfortable with that then let that be your compass to experiencing food in this area and then everything else you know you really save on by preparing your meals. I find that sometimes combining meals is helpful like if you wake up a little bit late one morning, have an early lunch and just call it brunch.

[0:36:32.6]

NH: Right.

[0:36:33.4]

FT: Or make brunch and lunch your more significant meal like stock up on right? Because dinner is usually more expensive.

[0:36:40.4]

NH: Yeah, totally. I totally agree and dinner usually is more expensive. So if you've identified the places you want to go, go there for lunch instead and I think the other thing too, you are mentioning if you get up late that's probably what a lot of people do on vacation or on holiday.

[0:36:55.3]

FT: Yeah, you know some people like to get up early and like, I don't know, crazy people.

[0:36:59.0]

NH: We did two trips this year. One we would go-go-go all the time and have alarm set and the other one we slept in until lunch but one thing we always do is we hit the market. The local grocery store when we get there and we stock up on nuts and fruit and granola bars because those are the things that you can keep with you as you tour around the city and instead of going in for a big sit down meal maybe all you need is just something small that I do over so that's another way to save money.

[0:37:29.0]

FT: Yes and make sure that you go to the grocery store that the locals shop at and not the one that's in the touristy part of wherever you are staying. I also have found in doing a bunch of articles on vacation savings and I just did someone for actually Oprah.com, you can check it out

but there are Naomi some ways to hook up with locals when you travel. People who live there all year round who can be not just tour guides.

But maybe they would invite you to their homes to have a very traditional experience, traditional meal and the other people who are from there and really kind of immerse yourself in that culture and have you heard of this?

[0:38:10.0]

NH: Well, so I know of two. One is eatfeastsleep.com.

[0:38:15.3]

FT: Eat, Feast, Sleep?

[0:38:17.1]

NH: Yes, it's a word. It is the name really and then the other one is Eat With. They're not in every city but definitely worth checking out because I think that would be super cool I mean what a way to really immerse yourself in your travel experience.

[0:38:30.2]

FT: Yeah, Eat Feast Sleep seems to be very much a US based thing but when you land anywhere whether it's in Europe or Africa or Middle East, it's always helpful to have, to know maybe someone or through your friend connections like do you know someone who lives in this part of the country, the world, I'm going there we'd love to meet them and just have them maybe for a day to be your tour guide and really get you to go to some of these off the beaten path.

Restaurants and eateries that are more affordable and by the way, more of an authentic experience.

[0:39:08.2]

NH: Another thing that we do as a family. We always make sure that we go at least two or three streets in away from the tourist areas. Because like you said, not only is it cheaper but you're going to get a more authentic, real experience and much better food.

[0:39:22.5]

FT: Yeah. You know, read the reviews online, I think that Trip Advisor's great for getting a lot of feedback from travelers as far as where to go, what to avoid, Yelp as well but I really like Trip Advisor because sometimes depending on where you're going, you could find a lot of different stories and anecdotes and tips.

Make sure you do a little bit of online research before you venture anywhere and that way...

[0:39:49.0]

NH: I think that's probably the best tip for Annie because she was asking really what's the reasonable budget but like you said, it's not something anyone can dictate for someone else but when you – if you're looking ahead of time to make those plans, then that helps you – I think, stay on whatever your budget is if you make reservations for lunch to a certain place.

That's you know, you're going to be easier to prepare and plan.

[0:40:12.1]

FT: Yeah. I think sometimes when we come up with some arbitrary figure like \$150 without really having done the research, without really having seen what is possible. Because that could be a fair budget but you may miss out on some of the experiences, that would be really cool to have with that budget because you just didn't really do a little extra digging.

Good luck Annie, I hope you have a really fun and safe trip and Naomi, thank you so much for joining me. This was so much fun and I learned a ton hanging out with you.

[0:40:47.2]

NH: It was really fun. I enjoyed it. Thank you.

[0:40:49.5]

FT: Have a great weekend and everyone, hope your weekend is So Money.

[END]