

EPISODE 722

[ASK FARNOOSH]

FT: You're listening to So Money everyone, welcome back, it's Friday and thank you so much for your questions left all over the place on Instagram, on Facebook, on the So Money podcast website. You all are finding me in many ways and I appreciate that. I've been as you know, having quite a party on Instagram with my Instagram stories and encouraging you to send me direct messages there and you know that if you've reached me on Instagram personally, I've done my best to reach you and write back and try to tackle your finances.

You know, just on the go and then share them again here on the show. That turns out to be probably the most effective way at this point to get me, my attention. Especially if you want an answer quick. Helping me sift through today's questions is a former guest of this show and she herself is a bonafide financial expert, entrepreneur, online educator.

Sandra Grahame, welcome to So Money.

[0:01:34.6]

SG: Thanks so much for having me, so excited to be here.

[0:01:37.4]

FT: I didn't even mention, you are the brain behind the very popular Smart Cookies which is a program that I'm sure a lot of our listeners are familiar with, it's been featured on Oprah and Money Magazine, on the Today's Show and a book. Basically, this is a company that helps you bring your richest goals to life in a way that's fun and inspiring and so, what have you been up to?

I know it's been a while since you launched Smart Cookies and just in true entrepreneur style, always hustling, what's going on?

[0:02:10.0]

SG: Always hustling and you know, managing the mom hustle too. Never a dull moment around here but yeah, it's been so fun over the years to – you know this too but the online space and really nurturing our online community and launching some amazing new courses and connecting with phenomenal money minded women and people all over the world which is just so amazing.

I mean, Smart Cookie started over 10 years ago now and that's when we were in Oprah and weren't really anything until we launched the business after that. I mean, what it's been able to grow into and being able to help so many people is just amazing. I never would have pictured this is where the journey has taken me but I love every minute of it.

I'm going to keep on hustling.

[0:03:00.0]

FT: Keep on keep on. Your newest program is a 20 minute how to guide and this is specifically teaching people how to transform their spending habits for good, why did you want to focus on spending as supposed to saving or earning?

[0:03:13.8]

SG: You know what Farnoosh? Because I feel like over my journey, no matter how successful I am, you know, I've paid off debt, I've increased my income exponentially but the spending is the one area that I personally have to keep going back to and catching myself. I actually went through a period just before the holidays where it was one of those – you know, you have those weeks where you're like, "I'm just going to treat myself" and then it turns into like two months of, "Okay, I need to slow it down."

I went through the process of creating this guide with our community, with the Smart Cookies Money Club, which is an online financial membership program that I have and we really worked together to create this in terms of how do you create more intention around your spending and

little tips and tricks that you can use throughout your day when you're exhausted and busy and tired and you just need to get a grip on your spending so you don't self-sabotage yourself.

This guide, it's a really simple way to look at your spending that actually becomes quite addictive in terms of how you look at it and I have found it really effective and the women in our community have. I'm really excited to share it with everyone, who can kind of share these secrets and really transform how they spend their money on a daily basis.

[0:04:25.7]

FT: Well, you're absolutely right, bringing the thought back into spending, the thought process, the pause that you need to sometimes take to reflect "Is this really something that I want, need, need right now?" I started to recently use Apple Pay which is going to be my demise. I actually showed up at the coffee shop over the weekend with my daughter Colette and forgot my wallet at home because you know, moms, you're switching purses, you got your work purse, your weekend purse, your whatever.

I forgot to transfer my wallet into my new purse and thought I had to return home. Well no, no. Because I had my iPhone and I realized I could use my phone to pay. I think I'm a late bloomer to this. I feel like I'm so late to the party.

[0:05:13.6]

SG: Yeah, I am too.

[0:05:15.5]

FT: I'm okay with that.

[0:05:16.9]

SG: Yeah, I feel like –

[0:05:17.9]

FT: I'm okay with that.

[0:05:18.5]

SG: I know, it's scary. Having the tools because it's so easy, that's the thing, it's so easy to spend, easier than ever to spend money. Yeah, we all need that pause and those moments where it becomes too easy to really reflect on okay, yeah, exactly what you said, "Do I love this, does this have meaning for me, could I get a better deal and you know, is this really in line with what I love in my life?" Using that filter is really powerful.

[0:05:45.4]

FT: I love that it's just a 20 minute guide and not like a 200 hour guide. I want everyone to go and check it out, it's free, why not? Smartcookies.com/spendingawarenessguide. We'll put that link over on So Money's website as well but smartcookies.com/spendingawarenessguide. I love that you're here with us today of all days too Sandra because we have some questions that I think will really speak to the mothers in us and the entrepreneurs in us and the first question is from, someone on Facebook who has asked to remain anonymous, no prob.

She says that she's in the tail-end of her 20's, happily married to her husband of 6 years, early marriage there. I've always been fascinated about people who get married really early in life like 19. My mom was 19 when she got married.

[0:06:33.7]

SG: Yeah, my mom was young too.

[0:06:34.8]

FT: Crazy young. Her question is, well, let me give you a little bit more about her before I get to her question. She says that they're currently on track to finish paying off about \$20,000 of debt

within the next few months, and she's really seeing some light at the end of the tunnel. Their next goals as a family is to build up their emergency fund, 6-9 months of savings. They own their own house and would like to also put some money into home improvements.

The one problem she says, it sounds like they're making a lot of progress. Good job, that they have baby fever really bad.

[0:07:10.5]

SG: She says she has baby fever.

[0:07:12.9]

FT: She does, does he? She's wondering that you know, after they finish paying off the credit card debt, is that the best time to start to look into expanding the family? Or, should they wait until they kind of have all of their ducks in a row with the savings and the debt paid off. Are they going to be irresponsible if they just sort of like, throw a – she thinks like throw caution to the wind and without all their finances figured out to start trying for a baby.

Can I just say, there's never a perfect time to have a child and it sounds like they have a lot of momentum, good, positive momentum building? They have identified their financial goals, they're working towards them. The thing about reproducing is that, it's like you think you can have so much control over this thing, it could take years. I hope not, it could take the first try, it could take several tries.

I feel like if you're ready emotionally and your money is kind of working towards the right moves and you're getting your finances arranged and you're committed to that. There's no reason you can't work on this simultaneously, right?

[0:08:22.9]

SG: Yeah, I completely feel the same and I feel like exactly. She's in a great spot. Especially for being so young, I mean, they really are and they're being –

[0:08:31.3]

FT: They're not even 30 yet.

[0:08:32.2]

SG: I know, exactly. I feel the same, you know, I mean, there's no magic number you need to have in your savings account before you can have a baby. There is no, you know? I think yeah, there's no reason why they can't start exploring and see where that journey takes them and you're so right Farnoosh, I mean.

It could happen the very first try, it could take years, but you never know and truly – the other thing about becoming a mom is that – you know this too is that your filter for what you focus your money on in terms of where you spend it and how earn is, it really changes in a positive way. In ways you might not expect because yes it's expensive to have kids.

[0:09:18.9]

FT: If you plan for it which sounds like – that's the best case scenario here, right? This is a reader or a listener rather who you know, it has the fortune and the privilege to sort of plan it out. Sometimes you get pregnant and you didn't want it or didn't expect it and it's your false – you know, life takes you in places and it's a miracle when it happens but better to know what you're going into and getting yourself into and some parting advice I have for her is, try that to the best of your ability, get rid of that debt before the baby arrives.

You know, if you get pregnant tomorrow then you've got nine months, just kind of keep that timeline in your mind, can I actually get rid of this debt within the year if this baby comes sooner or later? I'd really like to see that for them. I would also say, try to really map out your childcare plan and your employment plan, and your husband's.

Women, let's be honest, we're the ones who usually are the ones who opt out but I would love to see her try to still stay in the career game and even if she does take time off, which she

should, you know, to be with her baby in the beginning that she has a re-entry strategy and that she's, you know, making sure that she doesn't you know, sacrifice her career if that's not something that you really want to do.

Then also look into life insurance because you're going to need that and by the way, you can also start saving for college before your baby's born, not to get too ahead of ourselves but 539's are something that you can open at any time and then just switch the beneficiary over to your child from you to your child, once he or she is born. Good luck, I mean, this is exciting.

[0:11:04.1]

SG: It is exciting. That's such an exciting stage of life. I mean, I'm excited for her, it sounds like she's really being – having the foresight to do some planning. The one piece of advice I would say too is check with your insurance and look at your – you know, she might not know birth plan in terms of what she wants to have, she's going to have in the hospital, use a midwife. What those costs are too.

Because that is something that can, not that that should prevent you. Better to look at that after you get pregnant.

[0:11:32.0]

FT: I will also say that for me, I can only speak for myself but I found that the more stressed I was, the harder it was to have a baby. You know, just because, you know, you get stressed because you want the baby so bad and then it doesn't happen right away and then it's just sort of this like self-fulfilling prophecy.

I know your finances can be stressful so to the extent that you can kind of get yourself, at least in that area of your life, feeling good and not feeling stressed out. I think that's going to go a very long way and making sure that you have a very stress-free pregnancy and everything and happily ever after.

Good luck to you and thanks for your advice Sandra. How many children do you have?

[0:12:17.5]

SG: I have two. Jack is six and Violet turns four next week.

[0:12:21.1]

FT: Okay, you're a little ahead of – your kids are a little bit ahead of where mine are and I think also the same gender and age difference. My son's three and my daughter's one, almost four and he is so jealous of her, let me just tell you. He loves her, but I cannot sneak a kiss to Colette if he is in the room.

He just gets so sad and I wonder, does it get better, did your son have sort of a love/hate relationship with his sister as a much younger child?

[0:13:02.7]

SG: Yeah, he did and then yeah, it does get better for sure. I think the more mature that they get but then, also, they completely have their minutes or moments where he completely reverts back to it. I feel like it's just the constant and it's interesting, the dynamic between the boy and the girl and I don't know if you see this too.

But I feel like Jack and I right now have like a really great connection. I mean, I have an awesome connection with Violet too but she's definitely daddy's girl right now and I feel like me and Jack kind of have a little powwow going.

It's interesting to me to – it hasn't – I feel like it switches every year or so. It will be so interesting to me as they grow up. I'm excited to see how those relationships and their relationships and the dynamics, I mean, it's an ever-changing landscape over here, every single day.

Those ages, you're so in it right now Farnoosh, it does get –

[0:13:56.7]

FT: So in it.

[0:14:00.0]

SG: There's a light at the end of the tunnel. I see it, you're almost there.

[0:14:01.8]

FT: My gosh, it's so physically exhausting. I am not ungrateful for a second but, I'm just tired and there's no denying it, you know? Who knew, like a little person could take out so much of your –

[0:14:17.9]

SG: I know, right? It's exhausting. It's nonstop. At the end of the day, why am I so tired? What has actually happened today?

[0:14:24.0]

FT: Nothing has happened.

[0:14:25.4]

SG: Nothing's happened. You've all just –

[0:14:26.4]

FT: You've tried to tie shoelaces, you try to find missing toys, you've told him 13 times to take a bite of his dinner and you know, it's all good. Everyone should have children. Moving on.

[0:14:42.4]

SG: Good luck to you.

[0:14:43.6]

FT: Good luck everyone. I have a question here from Brand and he wants to know, this is great for you to again because I think you have this sort of abundance mindset, you're always looking at creative ways to increase revenue. He says:

“Can you talk more about income producing assets, that you can start with \$1,000 or less and scale up? Or maybe peer to peer lending? I would be interested in hearing more about some of these maybe non-traditional investments. I am getting tired of hearing max out your 401K or get your employer match. I'm tired of hearing about paying down debt, saving an emergency fund, everyone knows these things.”

Yes, I hear you Brad. In fact, I'm working on a book right now, I think. So early stages about sort of you know, leveling up your finances because people who listen to podcasts, especially this one, I feel like we know all the tried and true advice, right?

We know all about spending less than you make and you know... Like Brad, I think he's really the zeitgeist of the listener where it's like, “Okay, what else, what more, I want to do better, do more.” I really appreciate this question. I have a few thoughts but why don't I – I'll let you start first, let me put you on the hot seat.

[0:15:59.5]

SG: Yeah.

[0:16:00.5]

FT: Feedback for him.

[0:16:02.3]

SG: I love this question because yeah, this is my wheelhouse for sure. Here is the thing with a thousand dollars or less is a hard amount to really like scale up but, I think where we are right now in the world in this. I mean, with technology and investment opportunities and all the things.

Here is my thought. I mean, yes an investment isn't going to be your traditional 401(k), et cetera, is going to be riskier but I mean, it sounds like he's okay with that, right? That sounds like something he's willing to kind of jump into, but I feel like you can also do something that you can have more control over.

My thought, when I first saw this question was like, why not invest that in yourself and maybe he already has to some extent but in his own business or if we haven't started his own business or something in the online world. Or I feel like with investing and I don't know if this is what he meant Farnoosh, I'll be interested to get your perspective on it, peer to peer lending.

When I read that, I read it as in terms of you have a friend or a family member who has bought like a business or an investment opportunity to you and needs, you know, \$5,000 to do their startup. I mean, that's the kind of opportunities that I personally get excited about.

I think he might have meant something different in terms of peer to peer lending, which I did a little bit off digging, I'm not super familiar with that world. But I think keeping your eyes and ears open and having those conversations with other likeminded people in your community or in your sphere, to put it out there like "Hey, I've got a couple of thousands of dollars and I'm really interested in some new investment opportunities. What do you have for me?"

I think having those conversations, you just never know where those are going to lead and if you have a little money to play with after you've already done all the traditional things then I think that's awesome. I'm interested to hear your thoughts too Farnoosh.

[0:17:54.2]

FT: Yeah, I love everything you had to say and when you said peer to peer, I was thinking like prosper, lending club.

[0:17:59.7]

SG: Yeah and that's what I think he probably got like, "Oh peer to peer" yeah.

[0:18:03.7]

FT: Yes, definitely could mean giving money to a friend someone you know as they are building a business and you are an investor in that project but then there are also other platforms where you can, with less money, let's say \$1,000 open up a portfolio of "peer investments". You don't know these people, but these are people who need money for various things whether it's like paying off their student loan debt, you know?

And you're basically investing in them and their intention to pay back the debts and so you are basically lending them money and the advice is to really have a portfolio there because you want diversity. You don't want to give one person all your money. Like you said, this is going to be a higher risk venture than say putting it into something more traditional like a 401(k) or an IRA and that's okay.

So, I think the most important thing is that you decide upon an investment or a project or some sort of utilization of this money that will make you happy, excited, curious, interested. So I heard your voice really kind of light up Sandra when you're like, "I love helping out friends and giving them money," that's cool. So, what makes you excited? Is it investing in other people's ideas? Is it putting it into your own self-development, a photography class, learning a language?

Learning how to code because ultimately you want to build an app or something like that. So, I would say think ten steps ahead. Where do you want to be in a few years and how can this money, even though you say it's just a \$1,000 but how can you use it to get those baby steps going. You know I will always reference my friend James Altucher's book, *Choose Yourself*, right? And that book is all about choosing yourself.

And when you are choosing how to direct your dollars that you dedicate a smart portion of that to reinvesting in your skills, your talents, your experiences. So, travelling the world with that, maybe you can't go all over the world with a thousand dollars, but you can buy plane tickets to

somewhere really cool, meet new people. So, it also depends on what you define as an investment and what defines as feeding your wealth and your net worth.

So a little bit of a philosophical question he asks I think too because this isn't just about putting it towards a numerical investment but it could be something that won't pay off for a while and with that you just have to have faith and at the end of the day, just do something that you are really enjoy because if it doesn't pay off, at least you enjoyed the ride.

[0:20:43.5]

SG: Yeah, exactly and something that you're passionate about educating yourself on and being on top of. I mean something like this I feel like is a more hands on opportunity. So, whether that's hands on personally or hands on with – I mean not necessarily hands on but being curious. I love that you said curious, I think that is such a positive emotion to follow. It means something that lights you up and is something that you're naturally want to educate yourself on.

That's where no matter what happens, like you say you're going to enjoy that process. The learning process and knowing what your comfort level is or how much money you are willing to risk or put into that learning process. It's a comfort level that you need to check in with that yeah, I mean having the freedom to explore the projects and the investment opportunities that are really exciting and inspiring to you is a really great place to be in. So, I think it would be fun to see what he explores with that.

[0:21:41.7]

FT: Yeah, so tell us. Let us know, follow up Brad. Share with us where you end up and we'd love to learn. All right next is Dawn and Dawn unfortunately had a bad experience during a breakup. Her ex took one of her two credit cards and racked up debt, \$2,000 worth of it and probably didn't pay it off because now her credit score is suffering. So how can she fix her credit? Well first thing I think she needs to make sure that he no longer has access to that card. Or notify the credit card company.

I mean if he was fraudulently using that card, I bet she could probably follow up on that and notify her credit card company as to that incident but that could also take some time to repair. In the meantime maybe she should just cancel the card so he no longer has access to it. I would hate – it sounds like he's not doing this anymore, but you just never know if he's going to go back to being vengeful or whatever.

And then building your credit score, it's not rocket science. It comes down to basically just paying your bills on time, keeping a low debt to credit ratio. So not carrying a huge tall balance month to month, preferably zero dollars you are carrying every month, that you are paying off that balance in full and that you are demonstrating, that you are responsible not just with credit cards but with also other types of credit.

If you have student loans, if you have medical bills, if you have a care loan that you are also managing those bills on time and you are in good standing with those debts. I mean there's other factors but those are the big three. If it is more serious than that, that he kind of spent this money and did it fraudulently then that is definitely something that simultaneous you are doing all those good things, you want to notify the credit card company.

And maybe they can dismiss those charges because I know with my credit cards, if there's a charge in there that I personally didn't make I would dispute it and they'd have to investigate it and until it's proven that that is something that I authorized, I am not liable of that debt. So, was he a co-signer on this credit card? Was he an authorized user? If that is the case, then you need to get him off immediately.

[0:23:59.7]

SG: Yeah, bye-bye to that.

[0:24:02.7]

FT: Bye-bye, yeah. Are we done with that? And by the way, if you want me to call him I'm happy to.

[0:24:08.8]

SG: Yeah, exactly. I'll jump in on that too Farnoosh, you can give me a call.

[0:24:13.7]

FT: Send me his address, no.

[0:24:14.8]

SG: The good thing about that is I mean if there is a silver lining, \$2,000 is a lot of money but you can easily recover from that in terms of credit score and paying that off. What do you think for timeline Farnoosh, within a year or even less than that if she can pay it off?

[0:24:28.5]

FT: It's so hard to really say but I do know that every month your credit behavior, your payment behavior, your payment activity, gets reported to the credit reporting agencies and thus your credit score updates pretty much every month, every billing cycle. So, you have every 30 days an opportunity to life your score. Is it going to bounce back within a month to A plus range? I would doubt that.

But I think if you are consistent with that good behavior. I would just say automate your payments so that you are never missing a payment. That you are putting down more than the minimum substantially more than the minimum that over a three to six month period you should see some visible improvement and you can check your credit score using a number of ways.

You can get it through your credit card, your bank and there are other websites that you can get it, fico.com etcetera but it is really important that you do track it so that you can – and make sure that your credit report, this is what I would do, I would pull your credit report. Go to annualcreditreport.com and see what is actually your credit history, are there any mistakes, are there any – how was this \$2,000 late payment reported.

And just so you have an understanding and then when you see your score you will understand how it got calculated. All right and last but not the least, Amie, I am not sure, she writes, “How do you plan for caring for aging parents and young children at the same time? My parents are retired and have decent savings, but they are getting older and my dad had some health issues so what do you suggest?”

Do you have, are you in this situation? She’s sort of like the sandwich generation?

[0:26:23.0]

SG: Yeah, I mean this is so hard because as the stage of life, you not only have to take care of yourself but also you’ve got young kids you’re planning for and parents getting older and I feel like as woman, this is our go-to, right? We just want to take care of everybody and I do think it is possible and I do think it’s so admirable, but I am also so careful. My natural inclination is to be like, “Are you taking care of yourself first?”

That is my biggest thing, are you saving for retirement? Are you maximizing your income? Are you doing those things and having the conversation with your parents. I mean kids are one thing, right? You can put a time and place and have your 539 and do all the things but in terms of aging parents too, I think it is really important to have an open honest conversation with them about what they are doing to prepare themselves.

And do they expect you to fill in the gaps there and I think starting with that conversation before assuming that you need to take care of them, I mean maybe you don’t and maybe you do, but I don’t know, what do you think there Farnoosh?

[0:27:29.0]

FT: Well that was my first thought was don’t assume anything yet, right? That you have to have the conversation which you could, it is easier said than done. Parents don’t always want to have a money talk with their children, even though they are in their 70’s they still see you as the little girl in diapers, or at least their child and maybe they are traditional. They don’t talk about money with their kids and certainly not their money.

But I think that as two adults now, it's really important to have this conversation because it is going to just ready you for the inevitable. I mean that is life, right? We don't know what is going to happen. Better to be prepared, have a plan and ask questions like, "What is your plan? How can I help?" And at the very minimum, try to get things from them if possible like a running list of contacts like where they pay their bills.

Who their estate attorney is, you don't need usernames and passwords yet but do they have a will, do they have sort of lockbox where you can access things in the event that one of your parents or both are unable to pay their bills, or make executive decisions about their finances? So do this when they are healthy as opposed to in an emergency or when it's a little too late and so I think that if you frame it like, "We want to help you".

Or you can also reference others, this helps, referencing other family members who may not had the good fortune of foresight and planned preparations like say, "Hey remember uncle Bob and how there was a terrible accident and he couldn't pay his mortgage but he had the funds and his kids couldn't access it and he had to go into foreclosure," like I don't know, that is a very specific story.

I don't have an uncle Bob but I am just saying that sometimes it helps to drive home the importance of this and make it feel like such a personal attack. You know you are being realistic and you are pulling these real stories of real people in your lives, how to avoid that from becoming your fate is simple. Just have the conversations, have an awareness, educate yourselves, know what your roles should be.

And really, coming to them as remembering that you are still their children that this is something that you want to obey your wishes and you want to be respectful of their goals and plans. I think that is the best modus operandi in me but the fact that she is thinking about it proves that she is a good kid, you know? A lot of children are like, "Whatever," you know?

[0:30:14.0]

SG: Exactly. "They'll figure it out."

[0:30:15.9]

FT: “They’ll figure it out.”

[0:30:17.1]

SG: Yeah and she will figure it out for sure because clearly she is already thinking about it and having the foresight of being so thoughtful about it.

[0:30:25.0]

FT: So thoughtful and if you have siblings and you feel comfortable talking to them about this and maybe going in, not to ambush your parents, but to go in as a family and have a family meeting about this, that might be a nice way to ease the confrontation or the seeming confrontation. Next time you all get together at brunch or family dinner or whatever to bring it up, lightly then.

And then maybe have another time where you talk about it more seriously and you actually go through some paperwork. All right, thank you so much Sandra. That was great, we went through everything.

[0:30:59.1]

SG: Yeah, well thank you so much. I loved these questions, these are perfect questions.

[0:31:03.9]

FT: I get the best questions.

[0:31:05.6]

SG: You really do.

[0:31:06.7]

FT: I brag so much about this audience because it makes me look good right?

[0:31:10.4]

SG: Yeah.

[0:31:11.6]

FT: No one asked me about cutting coupons, I really appreciate it.

[0:31:14.2]

SG: No and that's why I freaking love it. I think that's what's awesome it's that clearly your community is smart and savvy and just want to up their game and up level what they are already doing because every single one of those questions, everyone was already on the right track. They just wanted to push themselves above it. Yeah tweaks.

[0:31:34.8]

FT: Tweaks, yeah they wanted to push the envelope a little bit and I so appreciate it.

[0:31:38.4]

SG: Yeah and I am so excited to hear about your new book. I love, love that.

[0:31:41.1]

FT: Well look, it's so early stages. I haven't even typed a single sentence. It's all in my head but I feel as though the audience so inspires my next steps. I just want to keep providing value. So if I am overwhelmed by questions that seem to be really thoughtful and sophisticated and

illustrating that people are trying to think about kind of up leveling their money, that's probably what I need to write about.

So more to come on that front but really also excited about your spending awareness guide, smartcookies.com/spendingawarenessguide you all, it's free. Thank you for all the great work that you do.

[0:32:24.7]

SG: Thank you so much Farnoosh.

[END]