

**EPISODE 815**

[ASK FARNOOSH]

**[0:00:32.0]**

**FT:** Welcome back to So Money, everybody. It is November 30<sup>th</sup>, 2018. We are in the homestretch of 2018. Hope you all had a fantastic Thanksgiving holiday. Hope it was restful. Came back from San Francisco/Portland on Saturday. Funny story, so if you follow me on Twitter, I shared this on Twitter. I got a pretty good laugh. We were on the plane coming back and we were in the sixth row, close to first-class, but a few rows away. Our daughter who's 21 months, she began to cry inconsolably. It was an unfortunate ride. I mean, she was great going in to San Francisco. On the way back, she just couldn't fall asleep. I think she was jet-lagged and all of the things and just was wailing for chunks and chunks of time.

Parents, there's just sometimes you just can't do anything. You just have to hold her and rock her and she had drank all her milk, she drank all her water, she wasn't hungry, she wasn't thirsty. It was just being 21-months-old. Yeah, I feel terrible for everybody sitting around us, but what are you going to do?

Someone did do something. A man in the fifth row right ahead of us, five B, apparently walked up to the flight attendant, a nice woman, and said to her, "I think you should take this baby away from these parents. They are having issues with their child and I think you should take the baby to the back of the plane and rock her."

I love that. I love the optimism that this guy had, right? He had a plan. He was going to go to the flight attendant with a pretty detailed plan. He had many steps. It was multi steps. She was going to come to us, she was going to somehow get the baby away from us then she's going to maneuver her way to the back of the plane then rock. Then who was going to take care of the passengers? She was the flight attendant after all/nanny apparently.

The flight attendant was the one who came over to us whispered this funny story to us. That's where she opened the story. She's like, "Funny story guys." She was fantastic. She got Colette

a warm bottle, she really understood and of course, she mentioned she was a nanny for 15 years. How rude/inappropriate/hilarious/ignorant was it of this man in 5B to assume that all could be better if this flight attendant would just step in and that somehow we were bad parents, because our child was crying.

Listen 5B, it's the holidays. Everyone's travelling, including small people, children. They fly all year actually, but in this case it was the holiday weekend. I don't know what he was expecting to be on a cross-country flight, whether maybe he was expecting it was going to be a flight full of bachelors, I don't know. Sorry, we pooped on your parade.

I did notice as we were leaving the plane, as I was gathering my things that he had a bottle or two of Tito's vodka underneath his seat. There you have it. You know what? I wish I could have been having some Tito's vodka too, but it sounds like in the end he was having a better time than I was. Just wanted to share that story, because it was on my mind and lots of people got a kick out of it when I told them. Hopefully, that made your day.

Anyway, we have lots of questions to tackle this Friday going into the weekend. I'm also solo this time around again. You know what, the holidays and I've been sick. It's been a little challenging coordinating with a co-host to come on and share the mic with me. We will be back on track starting next week. We start with co-hosts again in December. If you would like to co-host, don't be discouraged. I haven't given up on the whole thing. I've just taken a little bit of a break connecting with listeners to have as co-hosts.

Continue to send me your desires to co-host at [farnoosh.tv](http://farnoosh.tv), or rather [somoneypodcast.com](http://somoneypodcast.com), which you can access through [farnoosh.tv](http://farnoosh.tv). Go to [somoneypodcast.com](http://somoneypodcast.com) and you can click on Ask Farnoosh, the button at the top-right. There, you can either share me your question, or you can send me a message saying that you'd like to co-host. Also Instagram is a place where you can find me and also send me a direct message there.

It's been a pretty crazy week since I got back, by the way. Started on Monday with the Today Show, then I did an event at the 92<sup>nd</sup> Street Y, which was my first time at this massive New York institution. If any of you are familiar with the 92Y on the Upper East Side. It's a Y, but it also

doubles as this incredible event space, where they bring just some of the most – the ultimate speakers.

I went there and I saw Dan Rather speak recently. I'm such a fan. Bravo Andy, Andy Cohen from Bravo, interviewed him, which was fascinating and lots of fun, lots of laughs, but also very serious. I was invited to join a panel there recently with my friend, Dan Schawbel who's been on this podcast a couple of times. He's the recent author of *Back to Human*; a best-seller. Ryan Serhant who's also been on this podcast; he is a star of Million Dollar Listing New York. I think this year or last year, he and his team sold about a billion dollars' worth of real estate. He's been e-mailing me to see if he can list my apartment.

We'll see Ryan. I'm thinking about maybe making a move in 2019. Get this, he told me – don't tell him I told you this. He told me. He pulled me aside and he said, this is the worst real estate market he has ever experienced in his career. Now he's young, but he also started his career in the recession, the Great Recession. I said, "Even worse than 2008-2009?" He goes, "Worse. It is an absolute buyers' market. Things are going for half off in New York. People aren't talking about it." For some reason he doesn't know. Frankly, he didn't really want to talk about it, because it hurts his business to say, "Hey guys, the markets taking a nosedive," because he works with developers. I'm totally throwing him under the bus here.

I think, he has gone on TV to talk about it, so I think it's fair game. It is I think a good year 2019 to think about maybe buying, if you're in the market. That's a little So Money advice for you. I asked him why. I said, "Why is this?" He said, because there's this unprecedented lack of consumer confidence that he's experiencing. People are totally spooked about the future, however you look at it. We don't know yet the implications of the new tax law changes. We don't know yet what's going to happen politically. Our economy, the R word has been thrown around more and more. I've been hearing about a pending recession.

All of these has really put people on the sidelines, buyers on the sidelines and that he says, he's never experienced to this extent, to the point where in New York City where the average list period for a home is a week, or in some cases, a couple of days. Now properties are sitting on the market for hundreds of days. It's unusual and it was interesting to hear his perspective.

Anyway, transitioning now to your money questions, I'm going to go over to my Instagram, because you guys have been really good about getting me questions on the gram. All right, we have a question here from Shanti. She asks, "Farnoosh, do you have any recommendations for books to gift to male friends who have wives who make more? Where is the male perspective book? LOL." Well shameless plug, *When She Makes More* by Farnoosh Torabi, although it is for women primarily and I kept female breadwinners in mind when I wrote it, is ultimately a book for couples.

My hope, my dream is that women read the book first and then they keep it on the nightstand, they put it in the bookshelf, they hand it to their husband and he reads it, or they read it together at the same time. That has happened. I have not solicited that, but couples have told me that that's what they've done. It's been really helpful. Men have written in, one of the best – oh, gosh, one of the best things I ever heard feedback from a reader was from a guy who wrote this long, beautiful e-mail to me. It was really touching. He said how my book really gave him this critical perspective, that he was completely blinded by the impact, the emotional impact that this economic shift has had on his wife, but also he was also burying a lot of his feelings about how he felt as a man in the relationship making less.

It's so empowering for women. It's also so empowering for men. You really encourage us to get in touch with our emotions and get real with what's bothering us and to not feel that we can't talk about these things, because they're not politically correct, or they're not masculine, or feminine, or whatever. We just have to get it all out of our systems, so that we can then move on, right?

It is still unfortunately one of those paradigms. I would hope that by now in 2018, we'd all be fine with whoever makes the money in the relationship and how much of it, doesn't matter. It is one of those things that continues to bug us. Not all of us. Some of us are handling it like champs. Others we have difficulty. I had some difficulties with it. My husband had difficulties with it. We're working through things.

To your question, Shanti, on Instagram, I don't have any male books on this topic that I know of. Although, I did buy the URL [whenhemakesless.com](http://whenhemakesless.com). If a guy wants to buy that from me and write that book, call me. I anticipated there being something about this for men at some point, so maybe just hang in there, or something will come out into the marketplace. In the meantime, I

do think that my book and there are other books out there too that and I'm more too, I know they're in the works for women breadwinners that can service the male reader too. Sorry, nothing specific, but check out *When She Makes More*.

All right, we have an anonymous question on Instagram. She says, "I just got a credit card, my first secured credit card, which I plan on using to build my credit score. What would help my credit more? Making purchases and paying them off within the week, or waiting until the due date to pay?"

Well, I actually think we've talked about this a little bit on the show. Number one, most important thing to help your credit is to pay your bills on time. If you can pay them ahead of time, that's even better. Here's why; your credit score sometimes gets checked in the middle of the month, the first three days of the month, sometimes at the end of the month, but oftentimes at random points during the month and sometimes before you have paid off your bill. You're not late or behind, but you just haven't gotten to your due date yet.

Nevertheless, a credit inquiry company will pull your credit and will see that you have a balance. That could impact your credit score, because another big factor of your credit score is your debt-to-income ratio. That's another way of saying how much debt you're carrying compared to the amount of credit that you have on that card and across all of your cards, all of your debt versus all of your cards' limits. At that point in time when your credit gets pulled and you haven't paid off your credit card debt or your credit card bill, it will be calculated as a higher debt-to-credit ratio.

I always say, if you can, if you have the capacity and you are someone who is in the market for a loan, and so your credit score is going to be playing a big role in your financial life in the coming months, you want to try to pay off your bill basically as you go. You make purchases and then maybe at the end of the week, you reconcile everything, or at the end of the day. Being particularly vigilant about your bill, I think while you're trying to shop for a loan, because you do care about your credit score is important, because your credit score can get pulled at any time. I hope that helps to give you some clarity around this. It's a really smart question, by the way. I always brag about my listeners, because I feel it's a reflection of the show.

Mason on Instagram wants to know about investing. He's a college student with a little under \$5,000 in savings. Woohoo, Mason. All right. Really \$5,000 and you're in college. Well, talk about being ahead of the curve. He says, "I don't need the money for anything and I want to invest. What are your thoughts and are there any online brokerages you recommend for starting off?"

Oh, there are so many online brokerages, Mason. I'm sure if you've been listening to this podcast, which you have, we've mentioned a lot of them on the show. I think it's great that you want to invest absolutely. Get in there early. That compound interest will be exceptional and you will thank yourself when you're 30, or maybe just even 25. It really goes far very quickly when you're young.

There are lots and lots of online brokerages that we've talked about; Ellevest, Wealthfront, Betterment, Charles Schwab has the intelligent portfolio, there's vanguard.com. There's a gosh, Robin Hood, there's Acorns if you want to invest incrementally and on an app. There's just so much at our fingertips, more than there ever was and even more than just a couple years ago.

You really can't go wrong. Just search these sites, read up on all their fees. A lot of times it's similar. Then I would recommend investing in broad market index funds. They are low fee, they cover the market. If you're getting an early, young and you plan to ride this out for many, many years, historically speaking the market has performed well over decades of time over wide spans of time. I think that could be a good place to put your money.

If you need this money sooner, if you're planning to maybe use this as you graduate and move into an apartment and you needed a down payment or something or a deposit, then you might want to look into a CD that has a shorter length of a shorter term. It's a locked-in term, so you could do a three-year CD, a five-year CD, a one-year CD and you get a guarantee rate of return. It's not going to be super high, but right now actually CD rates aren't bad. Depending on the term, it could be starting around 2% and up, which is much better than leaving it parked in a bank account and then a checking account.

Do some more exploring, check out those sites and also check out some financial blogs that do a really good job of comparing these kinds of brokerages; sites like NerdWallet and Bankrate I highly recommend. Good luck.

Okay, a question in from Nikki who's e-mailed me. She's gone to the Ask Farnoosh button on So Money Podcast and she and her husband are thinking about embarking on a renovation project, which I know a lot about. We combined two apartments a few years ago. Her question is, "I'm curious about mortgages and other types of loans to finance a fixer-upper. My husband and I have our eye on a fixer-upper. It's an ugly house in a great neighborhood with great schools, walkability, it's close to my work, it has more space than we'll need, that we will need as our family grows. The list price is about a \$100,000 less than our current home that we own. However, our contractor thinks we would want to put close to a \$100,000 into the home for necessary fixes and cosmetic upgrades. What are some ways to finance a large-scale remodel?"

Look, I think if you're going to sell your home, you hopefully will have some equity that you're going to take with that home and you'll put that into the new home. Save some of that for the remodeling, if you can. That's one thing. You could also take out a home equity line of credit, assuming you will put down a good chunk for a down payment on this new home, you'll have some equity and you could take out a HELOC.

People traditionally would take out a HELOC, a home equity line of credit to finance a remodel and why? Well, the interest on a home equity loan is oftentimes lower than say, a personal loan, or even a credit card or a cash advance from one of your credit cards, but your home is basically the collateral. If the market tanks – real estate market tanks, that could really impact the value of your home. You may find yourself in a bind if you've also lost your job and then financially you're in trouble and now you've got your mortgage that's underwater and also your HELOC and they can get really crazy.

It's happened to people during the crisis, and so those fears are still present. I think people are not as quick to rush to get HELOCs. I would say, this contractor has estimated a 100 grand for renovations. He's mentioned that some of this would be cosmetic. Maybe what you do is you just pace yourself. I mean, this does sound like your forever home from how you describe it; it's

close to the school, it's close to work, it's got a lot of space, your family's growing, great neighborhood.

Given that you're going to be in it for a long time, pace yourself as far as the renovations go. It's not as instantly gratifying to get it all done in one fell swoop, but I think also you'll realize what you need once you get there and you move in and do the obvious things that you need to do to get the home and move-in-ready condition. For other kinds of cosmetic things, or built-ins and aesthetic upgrades, I think you should wait and not just because you want to be able to really grasp what it is that you want, but because then you can save for it with your own money and not have to depend on loans.

Loans, credit lines should all be last resorts. If you can pay with cash, that's always best. By the way, contractors typically like to get checks. Yeah, with a HELOC you can withdraw the money and pay checks. Having your own money at the ready, also makes you be a little bit more price conscious, right? This contractor is throwing big numbers at you. If you have a \$200,000 HELOC, a \$100,000 renovation doesn't sound too big of a deal. If that's a \$100,000 of your own money that you have to fork over that's not a loan, that's coming your savings, you might find ways to reduce that price, right?

You're going to research more, you're going to ask questions, you're going to price chop and I think ultimately, that's a good exercise. That's a good thing. Exciting, I will say, I don't like renovating, but I like having renovated.

Finally, I want to give a shout out to a follower by the name of Lauren on Instagram, Councilor Lauren writes to me that she got a \$10,000 bump in pay, because wait for it, she asked for it. Here's what she wrote: "Hi Farnoosh. I'm a huge fan. Your podcast and inspired me to ask for more while in a pay raise negotiation. By pushing for what I needed, I got \$10,000 more than I would have if I had gone along with what my boss proposed."

Then she's got her money mantra, "When women make more, they are more generous with their money." You are absolutely right about that. Actually, there have been studies that find that women generally are more generous, more charitable than men at all income levels. Whether you're rich, you're middle-class, you're paycheck-to-paycheck, women are more generous with

their money. I always say when women make more, the world becomes a better place. We need more money in more women's hands to help make the world a better place, because that is how we connect the dots.

With that, I just want to thank my listeners again for their great questions, for their insights and for sharing this great feedback. If you would like to co-host with me, please let me know by going to [somoneypodcast.com](http://somoneypodcast.com) and clicking on Ask Farnoosh, or going on Instagram @FarnooshTorabi. Follow me there, direct message me your questions, your interest in co-hosting with me.

2019 is right around the corner and my only job is to make sure this podcast continues to cater to you. Please continue to provide feedback. Every year we've changed things up a little bit, tweaked things here and there, just having co-hosts for the Friday episodes, we initiated that this year, just decided to do it. It's worked out beautifully. I don't know what's in store yet for 2019. I'm waiting for you to tell me what you want. Don't be shy. Get in touch.

In the meantime, thanks for tuning in as always. I hope your weekend is So Money.

[END]