

**EPISODE 836**

[ASK FARNOOSH]

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**FT:** Happy birthday to my brother. January 18<sup>th</sup>, 2018. My younger brother, my only brother, Todd, is 28 today. For those of you who may not have ever heard of Todd, he's been on this show a couple of times at least. I've dragged him on So Money, much to his chagrin, but he always does really well. He's such a cool guy. We are many, many years apart, he and I. I'm just going to spend the first part of this episode just talking about my brother, I guess.

It's his birthday and I'm his big sister, so it's my job. He is a wonderful, wonderful person. It's so incredible as someone who's 10, 11 years older than him to have watched him over the years. I was 11-years-old almost when he was born. I remember just wanting a sibling every Christmas, every birthday, every you name it holiday, I asked for a sibling. I didn't care if it was a brother, or a sister. I just wanted someone to play with me.

Todd arrived in 1991, January 18<sup>th</sup>. He and I were inseparable for many years and then I went off to college and that was tough leaving him behind, but we are now both in the same city, Brooklyn to be exact. Uncle Todd comes over quite frequently. My kids are obsessed with Uncle Todd. Just want to say happy birthday to our number one uncle, our number one brother. Hope you're having a good day. Tonight we're going to party.

Right now, we're going to tackle some of your money questions. This is a big week for So Money, by the way. So Money turned four-years-old this week, everybody. January 14<sup>th</sup>, 2015 I turned the lights on this show. If you remember, if you're with me since the beginning, we were a daily show, seven days per week. I was crazy, but honestly, I would do it again the same way that I did it. I think it was really important for me to put out as much content as quickly as possible, get my name out there, get this show on the map, fail quickly, right? The harder you work, the more output you have, the more opportunities to learn from your mistakes.

Also, more opportunity to really engage with your listeners. Big shout out and thank you to you, you listening to this show, whether you're driving to work, walking to work, doing a workout, washing the dishes. I don't know. What do you do when you're listening to this show? A lot of you tell me you're commuting, as many people do when they're listening to their podcasts. Just want to say thank you to you for keeping the lights on all of these years.

I turned them on four years ago, but you helped keep them on and helped keep me on my toes, accountable. One of the things that I really admire about you the audience is that I feel we're all in it to win it together. We're all helping each other. We're all here to learn. We all have also some advice, right? We have life experiences; good, bad that can contribute to helping the whole community grow. That's why I have many of you join me on these Friday episodes to co-host with me and share a little bit about your background and what brought you to the world of personal finance. I could go on and on.

What's interesting is that today, I do not have a co-host. I guess, it happens sometimes. I do my best to try to schedule listeners and others to come on the show with me on Fridays, but sometimes it just doesn't come together. This is one of those days. To be honest, I like sometimes just being solo on occasion. In fact, a listener rode in the other day and said, "I really appreciate the couple of times towards the end of last year when I was just myself on this show with no co-hosts." Mainly because she liked that I just went straight to the answer. There was no banter. Sometimes people just want the straight answers. They want quick tips, quick advice. I'm going to do my best today to tackle as many of your questions as possible.

I'm just going to turn on Instagram right now, because that's where a lot of you have been expressing your concerns, giving feedback. Let me just hop on. This is actually my first question here – this is a good one. This is a woman from Texas who will remain anonymous, who is 27, single and interested in hiring a professional matchmaker to find a good quality partner, she says.

It's a pretty hefty price tag, considering the services provided, but she says, "I see it as an investment in myself. I have no debt, aside from a \$200 balance on her credit card that I pay off every month. Would it be okay to stop contributing to my 401(k) for six months to quickly pay for this, or should I hold off a year and come back to it? I also have a good amount of investments

outside of retirement that I could liquidate, but the market has been dipping lately and I really don't want to cash out anything at the moment. I want to be responsible, but I'm also ready to make some serious moves in my personal life.”

What do I think? Well, I get this sense of wanting to be in a partnership. I get that completely. I remember being in my mid to late 20s, single and I, like this person felt I accomplished a lot in my professional life and my financial life and I was ready to make some room now in my personal life for someone special. This was before all the apps, like literally people were going on match.com, but not telling anybody about it. You definitely didn't tell anybody if you hired a matchmaker. That was taboo. Now I think it's totally mainstream, totally fine, totally acceptable, totally something we talk about regarding getting a little assistance when it comes to finding the right person.

Of course, everybody's using the apps now, all the dating apps and Million Dollar Matchmaker, that show on Bravo was such a fun thing to watch. People do this. People do it. It's totally transparent. Here's the thing, I mean, I as a woman, as the host of a financial podcast, as someone who's been there done that, in terms of opening up my life to focusing hard on trying to find a good partner, I would not liquidate anything to help myself find a man.

Okay, that's just my prerogative. I don't know what you want to call that. Is that the feminist in me? Is that the financial nerd in me? Is that the concerned older, wiser friend who is listening to this question saying, “You know what? I want to believe that you can find someone either on your own, through friends, through all these apps.” Even if you do want to hire this professional matchmaker, that's fine. There's something against that. It's more that I don't want you to compromise your financial security and all the good work that you've been doing in building your wealth to explore this.

I think that there are other ways to finance/afford a professional matchmaker. Maybe you take the six month months a year to save up to pay for this with cash, as opposed to liquidating investments. That's just my opinion. I don't know if others listening what you think about this, but it's not even so much that you're liquidating to afford a matchmaker. I would be hesitant to liquidate investments for anything really.

I mean, you invest for the long-run for a long-term goal, be it retirement, something down the road 10, 20, 30 years. I would hate for that to be disrupted, interrupted for any reason. I get that there are emergencies in life. Listen, if you are going through a health scare, you need money for a surgery, you needed money for medicine, healthcare. If this was a matter of your health, of your life, I would say well, maybe you should take a step back and slow down the 401(k).

I feel like, you're 27, you have other resources at your disposal that are free in some cases, to help you narrow down some eligible bachelors. I would exhaust those first before necessarily working with a professional who's going to cost you a lot of money that would necessarily mean taking money out of your investment accounts. Instead, be aggressive in this area of your life, date a lot, but maybe save up simultaneously, to then if you still wanted to afford this matchmaker at the end of the year.

Maybe DIY it in 2019 a little bit more, a little bit longer. You're still young, in my opinion. That is my advice. This person wanted to be kept anonymous. Totally respect that, so I'm not going to share her name, but I wish you the best. Please keep me posted. This is super juicy. I want to know how your dating life is going in 2019. Keep me posted. You know where to find me. You know where to find me right everybody? Somoneypodcast.com, click on Ask Farnoosh, or go to Instagram @FarnooshTorabi. You can follow me there, direct message me.

I try my best to answer all the questions on Instagram. It doesn't always happen. I make the best of intentions to answer everything. Sometimes I don't answer things, because it's inappropriate or rude. I get that occasionally. I get weird questions that I'm not really the expert on, or that I feel is a little inappropriate. I'm not going to expand on that, but I will just end it there.

A lot of the questions are great and a lot of times I will do screen grabs and keep them in my photo folder, so that I can reference them later easily. Instagram is not the best organizational tool for tracking questions, that I will admit. That often results, not often, sometimes results in questions falling through my cracks. If you don't hear from me, it's not because I'm necessarily intentionally ignoring you, it's sometimes just life/poor management on Instagram. Re-ask the question, tap again. That often does trigger a faster response.

All right, so back to Instagram. We have a question here from – I don't have the name here, but I will do my best to summarize the question, which is about kids and investing. This is a question about a person who has a six-year-old son. My son's four and a half and my daughter is almost two, so we're not quite where this person is with their son and money. Here's the question. "We currently have save, spent and donate jars for our son, so he's learning to delineate his money." Fantastic. "He's racked up quite a bit in his savings jar and I'd like to expand it to an investment jar as well." She says that we got the money savvy pig for my daughter.

The money savvy paying everybody is an incredible, low-cost, powerful money tool for kids. It is designed and created by my friend, Susan Beecham and her husband, Michael Beecham. They run Money Savvy Generation. They've been working in the kids and money space for the better part of two decades. The money savvy pig was their introductory product, foray into the marketplace, made a huge splash with it. It has four saving slots, or rather four slots; one for saving, one for spending, one for investing, one for donating, which again, it shows children of the young age that money has many purposes, rather than just one slot, which you'll just accumulate the money and then spend it one day. Apparently, her daughter has this.

Now back to her son; he's six, he loves numbers she says, he's got a decent understanding of money and math for his age, which is really impressive. Now she says, "I want to start investing with him, so he can see that his money can grow beyond a traditional savings account. What types of investments do you feel would be best? We'll probably start with around \$100 and as he saves more, we'll add to it. Should be research companies that are of interest to him, any thoughts?"

There are a lot of ways you can tackle this. I mean, six-years-old is a pretty good age to be having the investing introductory conversation. I hope that you're having this also with your daughter. Maybe she is around the same age. I just read an interesting article. I think it was on Fast Company that we talk about money with our sons a lot differently than we talk about money with our daughters.

I'm not saying this is you, this person who wrote in, but this is related. Then I'll get to some tips, but I just wanted to expand on this a little bit. I think it's an important talking point. Have you

discovered this in your life that maybe as a kid growing up, as a sibling, or as a parent, you find yourself having different kinds of money conversations with your kids? It may have something to do with gender.

What this article found, it was based on a study, was that we typically talk to our sons about how to grow wealth with their money. That means typically, how to invest, things like the stock market, real estate. With our daughters, we tend to talk about money mainly in the context of spending and saving and budgeting. I often hear on my podcast when I ask guests around the end of the interview what is the one thing they wish they learned about money growing up? Often the women, more than men I can say have said, "I wish I had learned more about investing." Because investing is where it's at. If you want to grow your money, if you want to build wealth, you have to invest.

Back to this question, this woman is – this mother is asking about ways to invest her son's money a little bit at a time, six-years-old, a \$100. Hope that this is also something that they're involving their daughter in. I would say it's totally fun and I would say, my friend Susan who started Money Savvy Generation would agree, because she did this with her own kids and has done work around this, is starting with the companies that your children are familiar with, whether that's Build-A-Bear, or McDonald's, or – I'm being very stereotypical here with what kids like. Disney, right? These are all a lot of the companies that are children-facing, that children totally know, they can get behind, they recognize what they do, what the products are, what the company is all about.

That can be a great way to introduce the fact that there are companies out there and that as – and this is actually taking a page out of David Bach's book. David Bach is a nine-time New York Times' bestseller. When he was little, he remembered his grandma Bach telling him that there are two kinds of people. There are people who eat at McDonald's and then there are people who invest in McDonald's. Sometimes you can be both of the same person, right? Basically, that was his way of learning at a very young age about all the different ways to interact with a company, right? You can shop there, you can consume their stuff, their services. You can also be an investor and have a stake in this company's growth, or lack thereof.

Maybe you start with Disney. My son loves cars, so maybe we would start by saying cars is a part of a big company called Disney. Disney, you can actually buy a piece of Disney and you can hold on to this stock. It's called a stock. Over the years, it's going to grow, it's going to fall, it's going to make money, lose money. It would be interesting maybe if you start at six over the course of a year to see where you end up and then over many years. It's the thing that you can totally get into with a \$100. That could be a fun exercise.

It's not generally advised that you pick and choose stocks in your portfolio. I'm not in that camp of education. I feel you just want to ride the indexes, or the ETFs and not be in the minutiae of buying and selling, because that doesn't really necessarily guarantee you better returns and that can get quite expensive, all those trading fees. For a kid to just open up their minds to the world of investing, that can be a fun way to do it a relatable way. I think you're onto something here. I would recommend that and check out Money Savvy Generation. Thank you for the question.

A little while ago, I went on Instagram and I went into my stories. I do this on occasion. I'm trying to do this more regularly in 2019 as a I guess, goal, So Money goal, is to just drop in and say, "Send me your questions." Then you can actually have a little fill in the blank, in stories, where you all can type in your questions. I get them automatically. I then go on Instagram story and give the answers to those questions in real-time. It's a lot of fun.

I want to pick some of those questions. I didn't have time to answer in stories. Stories only give you 24 hours to respond, so there were some questions that I just didn't get – have a chance to answer. Some I want to revisit, because they were fun and maybe you didn't catch them, so here we go.

Carly B Squared. I think I went to high school with you Carly. Left city job to take care of my son. What should I do with my pension? Leave it, or roll over? It just depends on a couple of things. I mean, so in this case, it was a pension, but this is all so relatable if you have a 401(k) that you had at a previous job and then you left that job and what do you do? Do you just let it sit? I would first check with the rules around this pension and rolling over and all those related steps. In some cases, depending on the amount of money that's sitting in the pension, you either have to roll it into something else, or liquidate it within a period of time. If you don't do anything with it within a period of time, they may just send you a check.

I know at least with 401(k)'s and 403(b)'s, if you get a check in the mail, that qualifies as actually an early withdrawal that comes with penalties and also taxes. If you want to avoid that, just be up to speed on the rules and provisions around this pension. Talk to the pension manager and just get the download on that. Then if you discover that you can do either or without risk, I would think about what is it that would make your life easier. If you were to roll it over, can you roll it over into a better vehicle that gets you better options, lower fees? If you left it there, is there going to be a management fee that you have to pay that could eat away at some of the gains?

These are the other kinds of considerations. Do some calculations and see what makes more sense. Rolling it over it into something new, a new instrument that might be a little bit more advantageous financially for you, might be where you're already parked – where you've already parked some cash, or some other investments. You can keep a lot of the stuff under one roof. That's also helpful. The convenience factor is also not to be underestimated. Just my quick thoughts for you Carly on that.

Next is a question from Bellman. Save for rainy day. What does that mean to you? Well, I think that I already answered this on Instagram, but I will just reiterate here, because I think I know what they're saying, or what this person is asking, which is what constitutes a rainy day? It's a blanket term.

I think I answered by saying that rainy day isn't always the best characterization of what this money really is for. I mean, so we say rainy day/emergency/goals. It's really just a security account for you that is liquid, that can come to either the rescue, or to the R&R of you. Let's say, there's so many things, right, that could happen in your life; good and bad, sideways, up, down, that having money in the bank can be so helpful in those situations, whether that's you get injured and your health insurance doesn't cover a particular prescription, or medical treatment and you have to pay out-of-pocket largely for it. Having money in the bank is going to help from forcing you to use your credit card, or dip into – liquidate your 401(k), having rainy day savings and come and help you when your car breaks down and you need to fix it and you don't have any other source of – and then you have money in the bank to cover it.

Or something fun, right? Like you want to go on a vacation, because you're burnt out, #burntout, and you just booked a trip and you need to pay for it. Rather than put it on the credit card and have it accumulate interest, you just pay for it. That can go a very long way. It's for your health, it's for your sanity. It's not an emergency, but it's a nice to have treat for yourself.

That's what the six to nine months savings can be used for. It's a lot of all of the above. We say rainy day, because it's mostly important for you to have money in case of an emergency, in case when your life goes a little sideways; you get laid off, you have to pay for an expense you were not expecting, etc., etc. Also, I want to give people the frame of mind to say you can also, you should feel unapologetic and guilt-free to use some of this money occasionally to treat yourself. Yeah, because you work hard, you saved hard, so enjoy it.

Speaking of enjoying, a question here on Instagram, favorite place to take a vacation? Well, it's funny, as a mom, as a parent, I think others would relate. I don't think I really take in any vacations in the last four and a half years. I've taken trips. I've taken excursions, but I have not taken truly a vacation. Although, I did go away with my husband over the Thanksgiving break to Portland for his birthday and early birthday celebration, which was the first time in five years that we had gone away together without the children. Can you believe it?

Let's just give a moment of silence for that, because that's serious. You say that out loud and you're like, "Damn, five years and I've never gone away for pleasure without my children." Yeah, so let that sink in for a little bit. We did do that and that was really great. I don't wouldn't call Portland my favorite place to take a vacation, but it was definitely lovely and we had some great weather, which isn't typical there. Usually, it's raining and windy. We had beautiful sun and we got to go on a wine tour and really, really soaked it up.

My favorite place to take a vacation and my hope is to do more of this vacationing in my future, in my near future, would be the Caribbean is lovely. I know it's cliché, but I love Paris. I studied abroad there. I went there on my honeymoon. I went there when I was pregnant with Evan. I hope to go back again soon. It just never gets old. There's so much to do in France. There's the South of France, there's Versailles, there's the country, there's the city.

I actually had an idea to go to France for four weeks this summer with my kids, with my husband. I feel that's really ambitious. I think I need to really plan that out and talk to a lot of people who have done something similar. I'm not as fluent as I once was in French. I think that would be really hard for me to spend so much time there, especially outside of the city where there's not a lot of English-speaking going on to do that.

Again, I will have children with me and that will be a huge undertaking. A girl can dream, a girl can fantasize. I think it's really cool. I remember one of my guests, I think it was on So Money, mentioned that he and his wife and their two kids always every year just get out of dodge for a month. They go somewhere exotic, different, or not. Maybe they go to the middle of the USA, somewhere they've never been and just hunker down for a month and experience that environment for a whole month. I think that's incredibly immersive, and I think for kids too, quite the education.

He's independent, works for himself, his wife works for herself, so that's why it's doable. It's hard to get four weeks away when you work at a company, but I always thought that would be a cool goal to work towards. I don't think my kids are quite at the age where I am brave enough to do something like that. I know so many of my friends take their kids everywhere. Just put them on a plane and go to Fiji. I'm like, "Nope."

I have a hard enough time going to the grocery store with my kids. I cannot imagine the flight and then all the things. I know my limits. I know my limits and that's – I think that's a good thing. It's a good place to be in.

All right, one last question, okay? I think, I want to call it a night soon. I'm recording this from my bedroom. Yeah, I'm a fancy podcaster. What can I say? All right, this question, how much money should I save per month if my salary is \$46,000, \$36,000 after tax. This was a question on Instagram, Chef Boyardeem. Cool, cool, cool. Cool name.

Well, I remember making just as much as you and it was tough. It was tough making ends meet. I still though tried to save 10% in my 401(k) and that was helped by a 5% match from my company, so it was really like, I was doing 5% and then the company was doing 5%, so it was

10% my 401(k). I think I was just trying to save a couple of hundred dollars a month in a rainy day account, little by little.

I know it's really hard to save when you have a salary like yours living in a time like today when it just feels like everything, every day is getting more expensive. I don't know where you live, what the cost of living is where you are Chef Boyardeem, but I would say that start small. If it feels overwhelming to save, don't feel like you have to save all of it as soon as possible. Get in the habit of saving something very often, consistently automate it and gradually increase it. Turn up the dial every month a little bit at a time.

When you get windfalls, tax returns, gift money, whatever, add that to the savings to accelerate the savings. As you earn more, also commit to saving more. I would also add that when I was making \$18 an hour and then later it was \$46,000 dollars a year just like you are, and yeah, at the end of the day it was like 30 some thousand dollars. I was living in New York. I did everything that I just told you to do, but then eventually, I got to a point where I was like, "I need more revenue streams."

I kept asking for a raise, which you should do. Sometimes you'll get it, sometimes you won't. Even the best negotiations, the best presentations of why you deserve more money will not result in more money. They may sometimes fall on deaf ears. Sometimes your boss just doesn't want to give you a raise. I eventually left that company. In the meantime, I found other revenue streams.

At the end of the day I was like, "I'm a journalist. I'm a storyteller, currently working and telling stories for television at the time, but I can also tell stories in print." I started to write freelance for a local paper, and little by little got more assignments, more assignments and was making a good few extra hundred bucks a month, which helped to pay off some debt, which helped to save more, which helped to have a few extra fancy dinners out here and there, which at the end of the day, that sometimes feels better than paying down the debt.

Being able to treat yourself to a nice dinner, it's nice to know that you can do that for yourself. The only way that I was really able to do it was to bring in more money. I don't know if that is something that you have tackled, or attempted, but I would brainstorm more on that. It's just

better in the end too. You're hopefully going to monetize a skill that you enjoy, that's untapped at work. It could turn into you never know what. That's my parting advice for you and everybody else is maybe this is the year that we just scare ourselves a little bit in a good way.

We try something new. We think outside the box. We act outside of the box. We take a little bit of risk and measured risk. If you're not sure about the risk, ask me. We can tackle it on the show. Let 2019 be the year where you challenge yourself a little bit more. I don't think you'll be disappointed. There's so much to learn from that.

Last year, I did a little bit of stand-up comedy and that led to an awakening of my – in some ways, my inner spirit. It just was a lot of fun, of course, but it also opened my eyes to how much almost content I have about growing up, my childhood, my background in relation to how I'm running my money, my marriage, my family and all the things in between. There is a correlation between your background and your present life. I have found a lot of humor in my background. Connecting those dots to my current life has been something that I've been trying to be more diligent about chronicling. Whether that's through stand-up comedy, or just writing it down, I hope to maybe turn this into a memoir of some sorts.

Let me tell you, that scares the living daylights out of me, because writing memoir stuff is not what I have been trained in doing. I've been a very much a technical writer my entire life with some story in between. As a journalist, it's really a science, right? It's not quite the same as narrative nonfiction, which is something that I'm trying to tackle this year, which would never have happened, which would have never been inspired or sparked, had I not gotten on the stage and challenged myself by telling a few jokes, which is something I always wanted to do, but was always scared to do. Finally, I was like, "Just do the thing already." Here we are.

Use me as maybe inspiration, or I don't know what you want to call it, but just use me for whatever you want. I'm here for you. I'm here for you guys. I'm here for you hopefully for as long as you'll let me.

So Money celebrates for years this week. Thank you again. Thank you to all my friends here for sending in your questions. Keep me posted as things evolve, especially you anonymous with your potential matchmaking path journey that you're about to embark on. That's really cool if you

do it. Please, just leave your savings intact. Try to shore up the cash in other ways. I think your future self will thank you.

Thanks everybody for tuning in. I hope your weekend is so money.

[END]