

**EPISODE 130**

[INTRODUCTION]

**FT:** Welcome back to So Money everyone. Such an honor to have you joining me on the show. I know you've got a lot of different podcasts to choose from, and you've decided to spend some time with us here today. And today's guest, I am soo excited because I feel as though she is someone who, for me, has been a guiding light in this world of finance. She is our financial planner in the Torabi-Dussinger household, and I've talked about her on the show many times, and so I thought naturally, "Let's bring her on!" Because people must have some curiosity around who this person is and also wanna hear her insights and her takes on managing money.

Well, her name is Stacy Francis. I'm honored to introduce her as our guest today. She is the founder and CEO of Francis Financial, a holistic fee-only financial planning and wealth management boutique here in New York. She is a nationally recognized financial expert, and obviously a Certified Financial Planner. She comes with over 18 years of experience in the industry. She is also a Certified Divorce Financial Analyst, as that is something more and more people are in need of. She is a media maven as well. She's been everywhere from NBC, to CNN, PBS. She's been contributing to over a 100 publications from investment news, to The Wall Street Journal, the New York Times.

Stacy's also received numerous awards, including the Heart of Financial Planning Award from the Financial Planning Association. And CNN Money Magazine also listed her as a 'National Money Hero'. And she is my money hero. Many takeaways from our interview with Stacy, including the most popular objection she receives from prospective clients, how to know if you would be well off working with a robo-advisor as opposed to one-on-one with a real-life advisor, and the biggest mistake she made with her money.

Here is the lovely, the talented, the wise, Stacy Francis.

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[INTERVIEW]

**FT:** Stacy Francis, welcome to the show. Wonderful to have you.

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**SF:** It's great to be here Farnoosh. Thank you so much for having me.

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**FT:** Well thank you for managing my money so well, Stacy. You know, for listeners, I know that they're very curious about this whole financial planning world. How it works to work with a financial planner, the different types of planners that are out there. You know, do I work with a fee-only planner? Or you know, someone at a brokerage house? And you know, the answer is: there's someone for everyone out there. You just have to kind of do your homework and do your interviews, and really test this person based on not just what they know, but also the personality, you know. Do you like this person? And if you don't, maybe that's a good sign to move elsewhere. How do you educate people on this particular topic. I'm sure you get this asked a lot, "How do I know when I'm ready to work with a planner? And then what do I do from there? What's the first step?"

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**SF:** Great question. You're ready to work with a planner when you find that all the resources that you can find on the web - you've read the books, you've read the articles in different places - and you find yourself still having a lot of questions. In particular, Farnoosh, questions such as, "Well what does this really mean for me?" And if you're one of those people where you're not getting the answers to all of those important questions that you have about your finances, you definitely could be ready to work with a planner.

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**FT:** What's the biggest objection you hear or have experiences from clients or perspective clients, like, who think that they don't need to work with a planner. That they have this, they have

some kind of story about what it means to work with a planner. They don't like it, and they don't wanna work with a planner. What do you think is the biggest objection?

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**SF:** You know, the biggest objection that I see is that, "I don't have enough money". A lot of people feel like you need to be a millionaire before you work with a planner. Well, what I have to say is that there are all different types of planners that work with all different types of people in their lives, and it could be that even if you're not that millionaire yet, you need a planner to help you get on track, to set your goals, and to start to achieve them, to become that millionaire that you maybe want to be. Whatever that goal might be.

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**FT:** And people have actually asked me, "How do I know how my planner gets compensated?" And I just say, "Well ask!" That should be part of the interview, right?

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**SF:** [Chuckles] Exactly. It needs to be part of the interview. I mean, can you imagine, you know, any other service that we use, not knowing how much we're gonna pay. Like, think about when you go shopping, before you buy something you look at the price tag right? Can you imagine going into J.Crew or Anne Taylor, or you know, Brooks Brothers and you know going to the counter not knowing what you're gonna pay. Well, it's the same thing with a financial planner. You need to ask, "How do you get paid?" And what's important is understanding what's the difference between fee-only, fee-based, commission - these are all different ways to get paid. And if you're not understanding how they get paid as they describe it to you, it's not your problem, it's not your fault. It's because they're not explaining it clearly enough for you.

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**FT:** We're in a world now where people can get financial advice 'virtually' anywhere, whether it's good or bad that's up for debate. But then we also have companies that are creating online

services where you can for, let's say \$179, \$250 a year get access to a planner who will, you know, maybe work with you a couple hours a month or one our a month. They're kind of coined these 'robo-advisors'. Much of the information that's given to you is just given to you on the Internet. It's virtual, there's no one-on-one, but then if you wanna consult with someone that is available for an extra cost. Whats your take on that? Because it seems like a lot of the industry is transitioning towards this like faster, democratized way to get financial planning.

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**SF:** It's interesting. I mean, robo-advisors is quite new and the way that a lot of people look at robo-advisors is how they originally looked at TurboTax years ago. So when TurboTax first hit the market, many accountants were worried that they would be out of business, that everybody would be using TurboTax. Well what it's turned out to be - and this is I think also what's going to be the case with robo-advisors - is that robo-advisors is gonna be perfect for a certain group of people, but not everyone. They're going to be perfect for the person who wants to be more involved with their finances, or someone who is more of a do-it-yourselfer. They also are for the person who might have a very, very, very simple situation. Which is not everybody. So if you're a person where you have a very, very simple straightforward situation and you also are more of a do-it-yourselfer, you enjoy being part of this process of looking at your overall finances and being part of it, then robo-advisors might be best for you.

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**FT:** Yes. Well I wanna talk more about what you do, which is not robo-advising. You are very, you keep very close contact with your clients. We, my husband and I meet with you at least quarterly. Why did you want to become a financial advisor in this capacity? You know, a boutique wealth management firm as opposed to working at one of many financial advisors, at a house. Why did you transition to do this kind of work and the way that you do it?

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**SF:** Good question. You know, when I started this, the firm - and it was about 12 years ago - I really wanted to be working at a place where I could go home and feel like I changed someone's

life. I knew that whatever profession I went in, I needed to feel like I was making a huge difference in someone's life. And so when I joined a bigger firm, and I realized that you know what? The difference that I wanted to make, it just wasn't gonna be possible. And with that, did something that, you know, I look back and I still am amazed at the courage I had. You know, I started my own firm. I started my own firm when I was 27. And it has been an amazing process. And the fact that we've been able to really work with clients going through transition has been even more powerful because it's going through transition whether it's getting married, unfortunately some people getting divorced or losing a spouse, are times where there's so much stress. And being able to be there and giving them a helping hand, and giving them financial security is just unbelievably, unbelievably rewarding.

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**FT:** And you know, there are so many different approaches to financial planning. What would you say is your, kind of, how you like to think is your approach that differentiates you from the world of planning out there?

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**SF:** Good question. So wealth management is a word we see everywhere. And if you read the Internet you'll see it mentioned millions of times. Of the people who call themselves wealth managers, about 97% of financial advisors consider themselves wealth managers, and only about 6% really are. So what is a wealth manager? Well we have a special definition of wealth management. And wealth management for us equals investment consulting, which everybody does, right? Everybody will help you and advise you on your investments. But we also know that good wealth management includes both advanced planning - which I'll explain in a minute - as well as relationship management.

That advanced planning is really key and it's helping you with wealth transfer - transferring money to the heirs, the people you care about. Wealth protection - protecting your assets from being unjustly taken from you through a lawsuit or through taxes. Wealth enhancement - making sure the money you have grows and works as hard as you are. And then charitable giving -

many of our clients wanna be known for something. And even if they're giving on a small scale, they want it to make a big difference.

And then finally, the relationship management. You know, we wanna make sure that you are being taken care of in all the different areas. So that means working directly with your accountant, working directly with your estate planner. That's really important so that you get your entire life, financial life, protected and addressed.

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**FT:** And, it's all under one roof. Or it can be if you work with the right people. I love that. And yeah, I hear from people too - another objection I hear is, "Well I just wanna make a return on my money. I don't need the full suite of services," but you kinda do. You know, people are short-sighted in that. They just kinda want to see that their portfolio is growing, and that is an important part of wealth management. But, like we came to you think like that was kinda gonna be the centerpiece of the support. Because as I had had meetings with other financial planners, that was what they were moving forward with. Like, "Hey look at our Excel spreadsheets of all these returns, and these pie charts". And I was like, "Okay, that's uh very sexy". But you made it very clear to us that we actually had holes in our insurance plan, we didn't have a wealth - we didn't have an estate plan, you know there were all these other aspects that really form the foundation of a healthy financial life. It's not just the return on your retirement portfolio. Although that's important too.

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**SF:** Yeah that is important. But you know, as far as for your listeners, you know, things to be careful of: if you're working with a financial advisor and the first thing they do is whip out their returns, you know, be careful. Because you're hiring someone for more than just their returns. Because no one can guarantee returns. And if someone can, I really would love to meet them because they most likely should be on a private island that they own in the Bahamas. No one can guarantee that. But what you can guarantee is that you're gonna do the best you possibly can for someone's risk tolerance, and create for them a portfolio that bridges where they are now, where they wanna go, with those steps in between that have to happen to make sure that

they get to their goals. So that's important. And you know, there are some people that it is totally about returns, and for that they might be more robo-advisors. Again, that might be a good example of what they are looking for. But most individuals have more complex lives and it needs to be more than just, just that piece.

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**FT:** What's your financial philosophy Stacy? One that guides your money management, but also maybe that you spread through your work as you help your clients?

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**SF:** Good question. Spend less than you make, and then also save automatically. My husband and I, we have a goal to try and save 20% of our pre-tax income. Now guess what? We're not there yet. Right now we're there at about 15%. And typically what we do, is that we make sure that we save automatically. So on a monthly basis, we do not even see our paychecks. Money goes into savings, and money goes into our bank account for the everyday spending. And what's important is that every time we get a raise, what we do Farnoosh, is we don't give ourselves a raise. We have that piece that goes then automatically upping our overall spending - or our overall savings. So it's a really easy way for us to slowly over time increase the percentage without really feeling it and having to change our standard of living.

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**FT:** That's interesting cause you hear a lot about, keep an eye on - keep track of your savings. Like see it to believe it. But sometimes it helps to kind of know that it's happening, but don't get so obsessive about it and looking at it.

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**SF:** Exactly. I try and forget about it in the sense that, of course I'm looking to see how we're doing and rebalancing, but what's more important, if you have a dollar amount you're trying to save on a monthly basis go ahead and make sure that you are automatically putting that into

your savings. And that way you feel less compelled to have to watch every single penny of what you spent on your Starbucks, and then what you spent on the croissant later in the day. I wish I had that capacity but I typically don't. And so knowing that I'm hitting my savings goals, it gives me more peace of mind to spend the money I do have in the way that suits our family and you know, what feels comfortable for us.

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**FT:** Have you ever had a financial failure Stacy? And I mean let's be honest, we've all experienced some. What would you say is your biggest?

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**SF:** You know, it's interesting. We definitely had a financial failure. And it's not something I talk about a lot. But I think it's a lesson that teaches us all that we need to be smart with our money. My husband and I bought a beautiful condo in 2006. It was pre-construction. And by 2008 when it was completely finished, his compensation had been cut in half. So what was an apartment Farnoosh, that we could completely totally afford was now a really big burden for us. And I will tell you that we made it, but it was extremely tough. And the big lesson I learned through that, through self-experience bless was 'live below your means'. And we continue to do that so that no matter what happens, we are living below our means so that we have a cushion to fall back on and the amount that we have to pay for the important things - there are things that you can't cut back on like mortgage, rent, things like that that we can really afford. And we actually made it so that we can afford it now, you know, essentially even if one of us were to lose our job.

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**FT:** Yeah absolutely. I mean, especially when it comes to housing, although this wasn't your primary home. But you know, that monthly payment, for most people that's the biggest paycheck - bill that they're paying every month. So if you can diminish that as much as possible I think that can directly correlate to more peace of mind.

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**SF:** Exactly, exactly.

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**FT:** Okay, let's flip it. Your biggest So Money moment. A Stacy Francis success - financial success.

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**SF:** You know, it's funny. I have to say I feel like it's right now. Today. Today is definitely my biggest success. My biggest So Money moment. When you first start a firm which was a little over 12 - well actually now almost 13 years ago - it was tough. I wasn't able to pay myself as much as I wanted. In fact, I mean this is embarrassing to say, but I paid my nanny more than I made. Which makes absolutely no sense. But I knew I was investing in myself, and I knew that I was investing in my future. And where I'm at today I feel amazing because I am compensated the way I truly deserve now.

I am so excited that not only do I get to do something that I absolutely adore and love, I feel like I'm making - I'm changing lives. I'm making a big difference. But I also get compensated in a way that I really truly deserve. And I just have to say for, you know, all the business owners out there - Hurrah! That you can do it, you can have a dream, you can go after it, and you can live a really rich and rewarding life. I am able to give my kids unbelievable opportunities - opportunities I never had growing up. You know, I'm not worried about money finally. I finally, you know, feel so comfortable and I'm so proud of where we're at. It's been a lot of hard work and a lot of following my own advice that we give to clients. But it's truly been wonderful. So actually, the big So Money moment is now.

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**FT:** Yeah? Congratulations! Happy to be a part of the family as this is happening. I think what you say is so true in also the fact that you didn't pay yourself a big salary starting out. I don't think that's unusual, I think that was very savvy in fact. Although, you know, looking back maybe

it was hard times. But it was because of that tradeoff, right, that you were able to build a really successful business.

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**SF:** Yep. Thank you. Thank you hun.

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**FT:** Alright, habits Stacy. You teach your clients good habits all the time. What's one that you incorporate in your own financial life? It's conscious, it may not be daily, but it is conscious?

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**SF:** You know, I realized that staying on top of the finances of our personal household, staying on top of the finances of Francis Financials, and then also the charity that I founded 12 years ago, "Savvy Ladies", that I wasn't able to be as on top of it as I wanted to. I mean, my gosh it took a ton of time. So I hired a really good bookkeeper. And once a week I get a report for my personal household - where I'm spending my money, what bills are due - I get a report on Francis Financial, as well as Savvy Ladies. And I study these reports to see everything as far as bills that need to be paid, income that's coming in, and how we're spending the money. And have found that it's really important for me because I need to account for every dollar. Whether it's, you know, running the charity, running the wealth management firm, or a personal household, it's really important for me to feel comfortable and sleep at night to know that I know where the money is going, and that I'm spending money wisely.

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**FT:** Yes. You know, it sounds like you really invest in the outsourcing which is not uncommon on my show. A lot of successful, busy people - men and women - they get the support they need. They're willing to put money where it's gonna pay them back in either time or piece of mind, and sometimes more money.

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**SF:** Yeah, yeah. Exactly.

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**FT:** Alright let's have you finish some sentences for us Stacy. It's my So Money Fill in the Blanks section. It's a chance to just be a little fun, laid back, don't over think this. If I won the lottery tomorrow, and I know you're not a fan of playing the lottery, but if I won it - let's just say \$100 million - the first thing I would do is \_\_\_\_.

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**SF:** Put 50% away for uncle Sam! I hate having to pay taxes when it comes to the end of the year, April 15th. You know, April 15th is always kind of a tough day for everybody. But for me, the first thing I'd do before I even dream about what I'm gonna do with it, I'm gonna give it to uncle Sam so I can feel comfortable with the rest.

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**FT:** That's a big chunk! I'm sure that you're gonna get a little bit of a refund hopefully.

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**SF:** I better get a refund. I better get a refund. And I always feel better with that than having to pay.

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**FT:** Yeah. The one thing that I spend my money on that makes my life easier or better is \_\_\_\_.

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**SF:** I have an amazing cleaner. And once a week she comes in on a Saturday morning, and I do it on purpose on a Saturday morning so I can enjoy the house being pristine for the weekend. Now in reality, unfortunately by 6 o'clock on Saturday night, my children have their toys all strewn across the house. But there are those precious few hours that are magical, where the house is clean and I feel like an amazing women.

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**FT:** Oh my gosh, I know exactly what you're talking about. It's those minutes really for us, cause we have a 9, 10 month old. It's just like, "How does a little person create such havoc?" You know? Like, and we're pretty laid back. Although, I like a clean house, you know I let toys in the living room, but it's like, why is the chair upside down? You know like there's just something thing that - it's a, it's funny. I gotta take pictures of that because that's probably pretty funny. Well, my biggest guilty pleasure that I spend a lot of money on is \_\_\_\_\_.

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**SF:** Zappos.

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**FT:** [Laughs] Free shipping!

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**SF:** It is and actually I was talking to a lovely women this morning saying, "I wish Zappos didn't have such quick delivery. You know, I wish that Zappos didn't have that quick return. I wish they didn't make it so easy!" Because they make it soo easy. So yeah, I actually typically don't have time to actually go into the store and go shopping. So Zappos is my biggest, biggest guilty pleasure.

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**FT:** And don't you budge - I heard you once say that you have a budget for shoes?

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**SF:** I do. I have - I typically go shopping twice a year. Which I know sounds really crazy. But I have a budget and I get all of my suits from eBay, and they're typically designer - DKNY, Chanel - and then I get my shoes typically from Zappos because they're really easy to return. And it's really easy to stay within the budget, cause again I do it two times a year. Typically right now, which I just did my Zappos and my eBay right now. And then I'll do it again in the fall, and it's great because I can keep my clothes because they're such good quality, for a very long time. And it's really been wonderful. I feel great, and I don't feel like I'm shelling out an arm and a leg.

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**FT:** And I should say, because you've told me this too, I think is a great tip, you buy things sometimes that are not in your size, sometimes 2-3 sizes bigger, but then you invest in the tailoring. So sometimes you can get a deal, right? You get the deal on something that is not your size, you wish it was in your size, but it's okay. Buy it and then spend money on a tailor which is probably gonna be even cheaper than, you know, buying it still at retail. And that's something else that you do which I think is really savvy.

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**SF:** Yep it's been great. And I'll by a designer suit that's not in my size and have it tailored. And what's nice is it's tailored exactly to your body. And if something fits you well, you look like a million bucks.

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**FT:** Yes. Alright, one thing I wish I had known about money growing up is \_\_\_\_.

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**SF:** Boy I wish I had known much more about money growing up. You know, I would say is that it's not scary. Money, numbers, math, I don't know if any other listeners feel this way too, but funny enough, I was the girl that never raised my hand in math and here I am owning a financial planning firm. I never thought in a million years that I would be where I'm at. And I realized that the more you learn about money, the more you become empowered. And the more you crave knowing about it because it's not scary. If anything, it's one of the best things you can do to make yourself feel better about yourself, and better about your overall situation.

[00:26:22]

**FT:** Yeah. Someone was asking me today, "Is there a correlation between saving money and being mentally healthy?" And I said, "Yes!" You know, I mean there's absolutely a correlation. I talk to people all the time who have struggled with a fear of scarcity, or just you know, depression even. And a lot of times the common denominator is a lack of money in their life, or an inability to manage it well.

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**SF:** Yeah.

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**FT:** When I donate money I like to give to \_\_\_\_\_ because \_\_\_\_\_.

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**SF:** I give to Savvy Ladies, and that is a charity that is my entire life. My entire life. I started the charity 12 years ago to empower women through financial education. I started in honor of my grandmother. And she was a very special women who unfortunately did not feel empowered about money. And so she stayed in an awful, awful abusive marriage her whole life, and it was because of money. And so for me, I've given more money than I ever thought I could really afford to the charity, but it's something that is so important to me. Because, I just, I don't want other women to not have the options that they deserve. And part of that is financial security,

financial peace of mind. So that's something that's really important and it's actually, our whole family is committed to it. My husband, my kids, we all volunteer and we also, it's where we give so much of our money.

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**FT:** Wonderful. It's a great organization. And last but not least, I'm Stacy Francis and I'm So Money because \_\_\_\_\_.

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**SF:** You know, I'm So Money because I'm making a difference and I really couldn't be happier. I really couldn't be happier.

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**FT:** Well congratulations Stacy on the success of your firm. We're very lucky to be with you and your team. And we will be putting all of your information over at [somoneypodcast.com](http://somoneypodcast.com) so people can find you. Have a great day and congrats!

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**SF:** Well thank you Farnoosh. I think the world of you. And thank you for all your support too.

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**FT:** My pleasure.

[END]