

EPISODE 131

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FT: Welcome back to So Money everyone. I'm your host Farnoosh Torabi. Hope you're having a fantastic day. Today's guest is the co-owner of moneycrashers.com. It's a personal finance and lifestyle website that caters to young adults. It attracts about a million readers a month and gives my guest an income that rivals his former hedge fund salary. Yes. His name is Andrew Schrage. The site is dedicated to giving practical financial education, actionable tips and strategies that can be easily implemented into your daily life as a way to improve your lifestyle and decrease stress. I'm all for that.

Three takeaways from our interview with Andrew: How he decided to leave the comforts of a 9 to 5 on Wall Street to launch his own business. I mean, what'd his parents think? He had just graduated from college. How he broke the news that he was leaving to his boss - that's a good story. And advice for anyone starting a personal finance website or blog today, how do you differentiate yourself and really hit a home run.

Here is Andrew Schrage.

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FT: Andrew Schrage, welcome to So Money. I am really excited to have you on the show.

AS: Thanks a lot for having me. It is a real pleasure to be here.

FT: I have been a big fan of your website for a long time. I knew that it started in 2009 and now it is 2015. It's been six years which in blogger's years, you know, it's been eon's. I feel as though, because I just have my ear on the ground with what's happening in the personal finance space, especially online. I feel like you've been around for a while, you know, and Money Crashers has really grown impressively over the last six years. This is also, we should mention, this is the site you started relatively soon after graduating from College. So, very impressive there as well. I really latched onto one part, one aspect of your bio, which is that you managed to turn this blog, this company that you co-founded, into a money making endeavour that where

now you are making more than you made out of a hedge fund out of College. How is that possible? Can you please teach me the secrets to how I can have a successful blog and make money where I can leave my job on Wall Street and do that

more lucratively?

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AS: Yes, definitely glad to detail that. And as you mentioned, I was working at a hedge fund right after graduation. I always wanted to do something entrepreneurial, start something up that can also provide some kinda good for a community especially educationally. That's what got me first interested in a concept of a website in particularly one that focuses on personal finance which I think is avoid in our education system. And I think that was the first step in building something that could sustain itself and provide me with a full time income. Finding a niche that you could fill and provide a need that people are looking for and that was something that both myself and Gyutae Park who I started the site with decided on as been what we're going to focus on when first building the site. And one strategy we used to kinda keep the pressure off in starting a business is starting the site while working our full time jobs. So, we will work all night. Any extra time we had where we didn't have work to do we would begin working on the site and we did that for about a year. Built up the traffic, built up some of the cash flows through some of the advertising, and got it to a point where we decided it was necessary and important for us to go at it full time. So, we quit our full time jobs at the time and had been working on Money Crashers ever since.

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FT: I suppose it was helpful to have an accountability partner, because I mean working a 9 to 5 and in this case with a financial job it's not just a 9 to 5, it is very much a 24 hour day job. It's easy to get discouraged, it's easy to feel there is never enough time. Was it really an asset you know having that partner in crime with you and to this day you're still partners. So, this is still working.

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AS: Yes, I think it was huge for us. I think some people maybe are better at being independent and self motivating themselves but as you mentioned having that accountability partner was

huge along the way. Having someone to bounce ideas off of to figure out where we should lead the site, what kinda content should we write about, how to develop our social media channels more. It is always good to have at least two people, I think, to brainstorm different ideas and evaluate what's going to be the best for the site's future or in any case whatever your business is - that future - to talk to other people, bounce ideas off of as you go. And that's been huge having Gyutae along for the ride.

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FT: The space now it seems very crowded to me. There are a lot of blogs, there are a lot of websites that cater to personal finances, especially to millennials. One, how do you differentiate and two, let's say you're someone listening to this podcast and you want to start a financial resource for people online, how do you go about it now? Because, between 2009 and 2015 a lot's changed. You guys have had a lot of time to build momentum. How do you hit it out of the ball park today if you were to do what you're doing?

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AS: Yes, that's a great question and as you touched on in the intro, I think being one of the "dinosaurs of the personal finance blogosphere" has helped us kinda be into the scene earlier than the rest in the last few years. And as you mentioned it is getting more and more saturated. There's hundreds of new financial sites being created every week. What I'd say is a few things: What I find with the majority of these sites is a lot of them aren't dedicated and are not committed. Maybe they do not have that accountability partner. So, a lot of them while they start off with the site for one month a few months maybe even half a year, a year. A lot of them do end of falling off because, either they are not held accountable or they're not passionate about it. So, what I would say is if this is something you're truly interested in and feel it is something you can give back and provide some incremental value above and beyond the other site out there then definitely dive in and go for it. As far as differentiating your site, I think it is important to have a very personal aspect to the site. So, for example, with Money Crashers, we had a team of writers, but we strongly encourage all of them to talk about their own story, their own journeys. How they've come to have the expertise in their particular personal finance subject. And I think that's something that anyone can do. Everyone has a unique story, unique angle. So try to teach personal finance, provide education while also telling your story while connecting with the

readers on a more personal level. I think that's one key way to differentiate, instead of just trying to write surely objective content.

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FT: I couldn't agree with you more. I think why we gravitate towards some financial experts than others is because we connect their voice, their story, their personalities. So that, you gotta lead with. I totally agree, because you couldn't find how to get out of debt from, you know, in ten million ways by just Googling it. That information is out there but makes it, what makes one person better at giving that information than another, is maybe their ability to put themselves out there, be a little vulnerable, show their flaws, be funny, be curious, be connecting with your listeners and I think, like you said, having that regularity is important too. Don't, you know, make sure that there is a consistency as to how you're communicating. People want you to be there when they expect you to be there.

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AS: Exactly.

FT: Alright Andrew, you are young. You graduated from Brown University in 2008. You had the stint at the hedge fund and went on to launch Moneycrashers.com. You've had a lot of success in a short period of time. What would you say, so far, is a financial philosophy that really captures how you've gone about achieving financial greatness?

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AS: I think it's all about, in my case, "practising what you preach". So, obviously one of the key tenets of Money Crashers is budgeting, saving money, creating additional ways of income, saving for retirement. Everything you find on our site to help people in their own personal financial lives is something that I practise and have practise for a long time. I've been fortunate enough for my dad to have always taught me some of these good habits: not spending your money on materialistic and unnecessary things. And that's something I evaluate on a daily basis whenever come to a purchasing decision or whether I should save or invest or look to retirement options. All those things I'm constantly running through my mind and trying to determine what is the best way to spend or utilize any kind of income that I have. In some cases I will have to talk to Gyutae and it might involve reinvesting into the website, for example: we are working on a

redesign right now. So, I think what's important is that you never settle for where you currently are and you're always looking for ways to improve your financial life, improve your financial fitness. And I think by doing that and constantly analyzing and evaluating you really can't leave yourself in a better position than by practising that.

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FT: You mentioned your dad. I'd like to just visit now a little bit about a little of your financial journey. Growing up as a kid, what would you say is your biggest money memory? What happened? Take us there. What did you learn? Did you have a lemonade stand? [laugh]

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AS: I did have a lemonade stand actually. And a lot of my parents friends, some of there earliest memories of me, probably when I was seven/eight years old, is holding the Wall Street Journal looking at the New York Stock Exchange and following some stocks that my father would suggest looking into. I had not done any investing at the time but there is always a few companies I just monitored every day, hold the newspaper open and it's bigger than my entire body at the time and just kinda follow companies, see kinda how money can work. How you can build your money by investing and saving. And I think that is probably one of my earliest memories and something I am glad my father kinda brought into my life and kinda taught me some of these financial tenets on a very early age.

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FT: You went on to go to Brown University and you majored in Economics. Very applicable to what you are doing now. It seems it's been very much a linear process for you, it's like you had the good grounding growing up, you went to school, you got the good education, you had a stint working in the financial industry which then parlayed this experience now as a founder of Money Crashers. When did you fail? I wanna know. Let's talk about failure and mistakes. Can you share one with us where it was very, very influential and actually helped maybe alter the course of your career, your financial life.

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AS: Yea, there's definitely been plenty of failures along the way. I would say one of the more recent ones is just kinda in starting up Money Crashers we definitely didn't create the necessary income off the bat that we could have created. We ignored a lot of avenues to build the site and focused in some ways a little too much on aspects outside of content and we've come to learn that not only is the content on our site important but areas like social media which we initially ignored for the first couple of years are ones that we've now start to stress on and have found that it made a huge impact on our community, on our site's traffic and on the overall revenue. I think kinda from a business perspective we definitely made some mistakes and oversights early on with our website by probably in large part because we were new to the web space and didn't know exactly what areas were the most important to focus on. So, I think that was probably a failure with regards to Money Crashers and something we've learned from in a volt overtime to build the site and put us at a much better place now then we were six years ago and even when we first quit our jobs. I think we've experienced some huge growth by just learning along the way and I think that's an important lesson for anyone. I think you never in a place where you can't learn more and the same can be said for myself. There's always financial areas that I can improve on. I could save and invest more than I currently do and I'm always trying to be more and more disciplined on a daily basis.

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FT: Were your parents shocked when you said, "I'm leaving the comforts of the financial industry - you know, the guaranteed paycheques and the nice paycheques at that - to start a website?" Were they supportive, were they hesitant?

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AS: Yeah, that's a great question and I was nervous to bring it up initially. They had known I had been working on Money Crashers but they had always looked at it as more of a hobby, kind of a side income gig. And when I did bring it up they were definitely supportive but very hesitant. So, I'd say both of those things you mentioned just because them being raised in their much more traditional career paths working until retirement, working the 9 to 5 office job. And that was initially what I had foreseen for myself as well, but I think by explaining the reasons for my decision and where I felt the potential could be and also the fact that I thought the lifestyle would be much better suited to my interest and I really enjoy my career way more than I currently was or I felt that I would be able to if I worked in that office setting until 60 - 65.

They kinda felt that I was at a young enough age where when I did make a mistake I could always go back to another job or start over again. But, they were definitely supportive and that was important for me starting out.

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FT: Yeah, for sure. Yeah, I mean, you gotta try these things where you're young, because you have the time to change your mind and not really suffer the consequences that much. It's really, you just look back and you go, "That was a learning experience".

AS: Right, yes.

FT: What is your "So Money moment" Andrew? This is like a time in your life when you really achieve financial greatness. It was a proud moment for you, a "money moment". What happened?

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AS: I think the proudest moment is when I called my bosses into the office and told them that I was quitting my job. It was a huge step for me, it was definitely nerve wrecking and I was very scared to begin this journey without a full time job, without a stable income that I could seriously depend on. And while it was nerve wrecking it was a large step it was a huge accomplishment. I had already worked for a year at that point on the website and to have been able to build it up to at least enough cash flow where I felt comfortable enough to quit my job, was a big accomplishment for me. So, I'd say that was a huge kinda "So Money moment" for myself.

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FT: How did you break the news to them? Did they know you were working on this website? Did some of them feel as though there was a conflict?

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AS: They did. It had come up a little bit here and there but kinda been personal finance focus, it is pretty vastly different than the headstrong arena.

FT: [Laugh] It's different enough.

AS: But they definitely knew that I had been working on it but I was clear that I was only working on it at home in my free time and that it was not distracting me at all from work. So, the lines of communication were fully open there. And they were definitely disappointed to hear my decision and they had enjoyed having me on the team and I learned a lot there. But, I think we both realized that is was probably the best fit for me to take that step if that's what I wanted to do and they were ultimately supportive of it and again it was definitely a huge leap that I took and looking back I am extremely glad I did. And look back it was probably one of the proudest moments I've had, especially from a financial perspective.

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FT: With regards to the business though, every entrepreneur has one or many moments where they feel like they really hit a point in their career, in their venture, that it just blew them away. It's like everything they ever wanted, they got a great client, they got a huge cash flow, they got this great deal. What would you say is one moment like that with regards to Money Crashers becoming successful? What was a time in that website's history where that happened? Where you were like, "Wow. This is like what we also dreamed of. This happened, a deal came through." Something like that?

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AS: Yeah, I think starting out one of our very long term goals - so when I quit my job we were probably around maybe 50,000 a month in traffic. Which is good, but is nothing to write home about it's nothing that unique. A lot of site have accomplish that. So, one of our beginning goals was to hit 1,000,000 in traffic. And it seem like a very lofty goal and we weren't sure if we would hit or when we would hit it, how long would it take. And I'd say a little over a year after we started working on the site full time we crossed that 1,000,000 mark and that was definitely a huge accomplishment. It wasn't purely a traffic accomplishment because obviously with traffic comes cashflow and income and we had kinda crossed that barrier and seen a huge increase, not only in traffic but also the revenue of the site. And that was a big accomplishment, something we celebrated and something that made us very proud of what we had accomplish up to that point because a lot of sites don't ever hit that 1,000,000 mark. And we felt that that was something that really separated us and showed to us that we we're doing with the site was

working, it was unique, readers were enjoying it and we were getting great feedback from readers on articles and personal emails saying how much the site has helped them out. And all of those things kind of combined made us very proud of what we had done to that point in crossing that 1,000,000 barrier.

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FT: Awesome. Yeah, that's huge. 1,000,000 that definitely a differentiator and you can charge more [Laugh] from advertisers and affiliates. What's a habit, Andrew, that you practise? A financial habit that really make sure that you're managing your money in the way that you wanna be managing it, that you making healthy choices. What would you say? It may not be daily, but it is consistent.

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AS: Yeah, in my case it is daily and it comes kinda if you discussing your wants and your needs when you're making your purchasing decisions. So, anytime I take out my credit card or my cash to spend money, I always take a second, maybe 5 seconds to look at what I'm purchasing and determine whether it is a want or a need. And if it is a need then that's not a problem. If it is groceries or gas, I will definitely make that purchase no questions asked, but if it's a want or even a partial want, I'll be much more strict about whether I really need to make that purchase. I'll think long term do I really need this, how long will I really use this, how important is it to spend this money when I could be saving it or investing it. And I do that fairly constantly whenever I'm evaluating a decision or even at a standby and lanter a sandwich, even coming down to toppings, do I really need -

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FT: Are you serious?

AS: I do it, it's -

FT: Andrew, you make enough money. Get that extra tomato, or the avocado.

AS: I can't, I have to practise what I preach and it's instilled in me. So, I do kinda evaluate that on a daily basis but especially on the larger purchases whether that's some bigger ticket item, more high priced items. Those the ones I'll spend a lot more time on determining whether I need it and then also doing the necessary research to figure out how I can get the best deal on that item, since you can still buy the item but you could arguably get 50% - 70% off.

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FT: Well you know and it make sense you run a personal finance website. You can't be caught spending frivolously although that is something different to every body. But, I kinda feel what you're saying because I too feel as though I cannot go into debt or do something that's financially reckless, because I gotta practise what I preached too.

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AS: And just to add to that, one other thing I think is important and still, when I talk to people they don't have a full understanding of this "how to handle credit cards and spending". Because you just mentioned not getting into debt and that's something that I think is probably one of the most important aspects of your financial fitness. So, for example, with my credit cards I've never carried any debt over from one month to the next. I always have paid it of 100% in full and that's something I think too many people don't do and don't practise. They kinda see their credit card as a little bit of a place where they can carry some debt. Get kinda of a loan, maybe a lower interest rate for a while depending what the cards perks are. And that's something I think I've always practised and that have helped me really avoid getting into any large is by always paying any debt or loans off immediately and never carrying that over.

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FT: Amen. Alright let's do some "So Money fill in the blanks". If I won the lottery tomorrow, let's say \$100,000,000 - that's a lot of money. First thing I would do is _____.

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AS: Look into investing in a house or a home for myself.

FT: You rent?

AS: I currently rent.

FT: Alright, well there you go. That's a lot of money to play with.

AS: Yes.

FT: The one thing that I spend my money on that makes my life easier or better is _____.

AS: My team. We have a very large team in Money Crashers. Having that extra help not only I think makes our site better and the experience for our readers better, but it also allows me to delegate more and not try to take everything on myself which help my personal well being and lifestyle.

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FT: Truly. My biggest guilty pleasure that I spend a lot of money on is _____.

AS: Travel. I really enjoy travelling to new places and having unique experiences whether that's just going back home to visit family and friends or going to another country by myself. Of course I would make sure I have a good deal and get a good airfare and all that. But, that is a guilty pleasure of mine because I think travelling and having new experiences is so important.

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FT: One thing I wish I'd known about money growing up is _____.

AS: Interest. I think I didn't have a full grasp of the compound interest idea and concept. And I think if I'd known that earlier on I would have at least started putting more money into a savings account or a CD at a much earlier time whereas probably it didn't become fully known to me and I wasn't fully aware of the power of compound interest until high school and college.

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FT: That's actually something I here from a lot of my guests. When I donate money I like to give to _____ because _____.

AS: Universities. I like to give back to the education system that I feels help me in a great place and I think it's more more important that people focus on education not just personal finance or the financial arena. So, whenever I can that's an area I like to donate to.

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FT: And if they just make college more affordable. I donate to my alma mater too and I wonder if there's a way to donate that's a little more beneficial to students. And actually the money that I donate does go towards a scholarship. So, I feel like I'm doing my little part, because man colleges nee to like lay off a little bit on the intuition. Don't you think?

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AS: I agree. It's becoming more -

FT: Give me a break!

AS: - out of control how much they're charging.

FT: Out of control is right. And last but not least: I'm Andre Schrage and I'm "So Money" because _____.

AS: I practise what I preach and love talking about money 24/7. It's something I'm passionate about and I don't just do it as a job, I do it as my lifestyle and it's been an amazing journey meeting great people like yourself and seeing the whole blogosphere and the website of personal finance grow larger than ever.

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FT: Yeah, and thank you for bringing us all this wisdom and really I feel you're really a great role model for millennials, not just from a personal finance perspective but also from an entrepreneurial perspective. To have the gusto to leave at a very good job and go and pursue something on your own is incredibly impressive. So, Andrew thank you very much and we look forward to watching your business grow and your success continue.

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AS: Thanks so much Farnoosh and keep up the great work with the amazing podcast.

FT: Thank you.

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