

**EPISODE 146**

[ASK FARNOOSH]

[00:00:30]

**FT:** Good day everyone. Welcome back to So Money. I'm your host Farnoosh Torabi. Saturday, June 6th. I'm excited, if you're here with me, I'm privileged, I'm honored. It's Saturday, you're probably, hopefully doing some fun things today and this is just one of them, joining me as I take a look at all of the questions that have been coming in through the week. It's Saturday so we take time now to turn the show over to you, the listener, to see what's on your money mind. And before we get started, I'd love to just hop over to iTunes now and see what new reviews we have on iTunes. You know, reviews are really really important. I've learned over the few months of having this show that if you wanna have any kind of presence in iTunes, one: you gotta have people listen to your show, and two: you wanna have people be talking about your show and leaving positive reviews. It really helps your positioning in the store.

So to encourage y'all to support me in that way, I have been offering a free money session, free 15-minute money session to a lucky reviewer, a recent reviewer on iTunes. And this week I wanna congratulate our reviewer. Her name is kendog27, and she says:

**K:** "Timing is everything."

[00:01:50]

**FT:** Gives the show 5 stars. She left a review just a couple of days ago on June 2nd. She says:

**K:** "They say timing is everything and when it comes to finding the So Money podcast, that statement has never been more true. Back in February I sat around the table with two girlfriends and said I was hungry to talk about finance with other women, regular women just like us, but that money wasn't something that came up during girls night out. I wanted to get a female perspective because I'm the CFO of my new marriage and I wanted to dig deeper than the sales at Target or the Loft. I mentioned this to my brother, Tom Bonsaint, and he told me about So

Money. At first I thought, "Okay I have to listen to this because it would be rude not to seeming he went to undergrad with Farnoosh."

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**FT:** That's right! Tom and I went to Penn State.

[00:02:37]

**K:** "Little did I know, and no exaggeration here, that Farnoosh Torabi's guidance, inspiration, and daily shot in the arm would change my life."

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**FT:** Really? Wow.

[00:02:47]

**K:** "Farnoosh, what you're doing extends way beyond money. You are giving this 40-something-year old mom of 4 teens excitement about my finances for the first time in years. I already knew a lot of the basics, but the key point that keeps coming up and keeps resonating with me is that I've been undervaluing myself. So Money podcast has reignited a self-confidence I lost. And listening to it to and from work has become my favorite part of the day. Thank you Farnoosh for being my mentor and my pretend best-friend. Nicole."

[00:03:21]

**FT:** Wow, I'm speechless! I don't know what to say. This is such a nice review. It's so from the heart and I'm just feeling so lucky to have made this connection with you, at least virtually, and I would love to connect with you now face-to-face. So email me Farnoosh at [somoneypodcast.com](mailto:somoneypodcast.com) and there I will try to respond as soon as I see it, give you the link to where you can book a 15-minute time slot with me and we will connect over Skype. So thanks again and thanks to your brother Tom. I know he's a big fan of the show as well, sending

questions and feedback over email, and Tom is wonderful. I had great memories with Tom at Penn State. We were both Political Science majors, well I dropped out of Poly-Sci after like the first semester and he, I think he stuck with it. I think he's been very successful since. And it's nice to reconnect, at least in this way, after all those years. So thank you very much Nicole. And by the way, my best friend when I was in elementary school in Auburn, Massachusetts, her name was Nicole. So something to be said about Nicole's and Farnoosh's.

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Okie dokie, let's et to the questions for today. Got lots of questions actually to get to. I might not get to everything, so whatever is left will go tomorrow and whatever's left tomorrow will be the next weekend. But let's get right to it. Letta, she asks:

**L:** "Hey Farnoosh, so glad you have your podcast. I used to watch you on Yahoo Finance. My question is about re-establishing your money/stability. I was laid off at the end of 2013 and did not start working again until January of 2015 at a much lower pay rate. During the year that I wasn't working I went back to school only because I felt I shouldn't waste the time but I was continually looking for work as well. I completed my degree this May, but I am having a problem rebuilding, saving, retirement (which I used in 2014), and paying bills on time. Any suggestion on a better method?"

[00:05:25]

**FT:** Well Letta, well first, congrats on finishing school. That's a huge accomplishment and I know the feeling of wanting to stay busy and relevant and informed, and educated. You don't wanna have a gap on your resume that shows that you were doing absolutely nothing while you were unemployed, especially if it was a long-time unemployment. So good for you for doing something useful and hopefully beneficial and hopefully you didn't take out too many loans to accomplish this. But I think what I'm hearing from you is that you're having an income problem. You're not making enough money to really play catch-up to that lost period of time when you weren't making money and even dipping into your retirement account. So you have a deficit now as far as savings goes.

If it's not possible to make more in your current career, in your current job, and I'm guessing you can't just go and ask for a raise yet, you've just started. I would try to find a way to make extra money on the side. If this means working nights, working weekends, doing something that is completely unrelated to the degree that you achieved, so be it. Because this is kinda what you have to do now to make up for the year, the year and half when you were unemployed and getting financially behind. So to get ahead and to aggressively rebuild that savings, rebuild that retirement account, and start to be able to pay your bills comfortably, it may mean making a few extra hundred dollars a month - \$300, \$400 extra a month. Would that change things? It might.

And what can you do to achieve that kind of revenue stream on the side? Fortunately there are a lot of websites these days that can connect you to side gigs that are not too difficult and aren't really skill-intense. You know, just running tasks for people through Taskrabbit.com. Hopping over to Elance.com and finding some freelance online virtual jobs like copywriting, copyediting, graphic design. Whatever your skill sets are, you can find things categorically. You could pet sit, you know, I bird sat when I was in my 20's and I was running kind of a financial deficit in my own personal life and that helped me tremendously. Care.com, Tutor.com, we talk about this on the show quite a bit, this idea of addressing your income. While you might be kind of obsessed with saving, and that's definitely got it's benefits, I think we also wanna think about how we can be strategic with income.

And as far as paying your bills on time, you know for me it really helps to be on an automated system. Systemize, systemize, systemize. Finding ways to just get your financial life on some sort of repetitive system where you're automatically saving, you're automatically contributing to retirement, you're automatically paying those bills on time every month so that your financial responsibilities are not the sort of thing that you obsess about all month long. That you just know your money's going to the right places at the right time, every month. So to the best of your ability, automate and try to find an extra revenue stream or two. Good luck!

[00:08:47]

Patty writes in. She says:

**P:** "Hey, might you consider including "Best Of" compilations on your website? I would love to direct people to a "Best of So Money" for recent grads, women in transition, or help for small business owners."

[00:09:02]

**FT:** You know Patty, that's a brilliant idea. I have thought along those lines and actually coming soon to iTunes there will be a So Money Top Hits Podcast, where I've compiled I think it's about 12 or 10 of my more popular interviews. Like interview with Tony Robbins, Tim Ferriss, who else? Gretchen Rubin, James Altucher, so I have found that people want to get a flavour for the show. So I thought, "Well let me create this kinda 'best of' compilation." So that's coming soon to iTunes. It's gonna be it's own stand alone podcast and I'll be sure to promote it and introduce it to you all when that is live.

But you actually have another great idea which is the actual So Money Podcast, categorizing the shows, maybe compartmentalizing some of them to follow a sort of theme. Like something for recent grads, women in transition - I love this idea. I'm actually gonna run with it. So I'm gonna give this to my team and see if they can start to develop this and maybe find a home on the website where people can quickly access them. So thanks for this idea. Wow, you're great.

[00:10:14]

Melody writes in. She says:

**M:** "Hey Farnoosh! I came across you after receiving an advance copy of "When She Makes More" and I've been a follower since."

**FT:** Well thanks Melody.

**M:** "My question pertains to retail store credit cards. Credit cards from Macy's, Banana Republic, Anne Taylor, etc. I'm on top of managing my money. Overspending and high interest rates associated with store cards isn't an issue. My question is: would it negatively affect your

credit if you don't use the store card regularly? For example, I maybe use my Macy's card 1 or 2 times a year. How many store cards is too many? Rules of thumb to follow? Thanks!"

[00:10:53]

**FT:** Okay, so I have this mantra and it goes like this - and some people might disagree, but bear with me. It goes like this: "Credit cards aren't what get you in trouble. It's the behaviour associated with the credit card that could potentially get you in trouble. And so with that, it's not about the number of credit cards that you have, but perhaps how you're managing those credit cards. If you're somebody who cannot control yourself - and it doesn't sound like this is you - but if you're someone who cannot control having access to multiple credit cards, you know, having 4, 5, 6, 10 credit cards, then you wanna stick to 1 or 2.

But if you're someone who has opened up a number of credit cards over the years because there's just been different opportunities, you've had different interests, maybe you've decided you wanted to open up a travel rewards card, and also a cash back credit card, and also a card with your credit union. I'm not gonna judge you for wanting to open up multiple credit cards, but I will be disappointment when I hear that you've just gone crazy with those credit cards. So I don't have a rule of thumb as far as "how many is too many?" Okay, 30 credit cards, that's too many. But if we're talking 2 versus 6, versus 8, versus 4 - at that point it's not really about the number, but about the behaviour behind it.

As far as your other question goes, "is it bad to not use these store credit cards regularly?" The thing is, your credit score is based on how you're managing your credit allowance. It doesn't give you a poor mark if it sees you're only using the credit card a few times a year. If you weren't using them at all and you just kinda went dark on those credit cards, there is the chance, small chance, that the credit card issuer will write a letter to you and say, "We've noticed that you have not used your line of credit and unless you use it in the next month or two or whatever, we may just shut off this line of credit." And so that could potentially negatively impact your credit score, because you know, credit scores are partly based on your debt to credit utilization. And if your access to credit diminishes then maybe your credit utilization could go up. But given that these store cards typically have very low limits, it's not gonna be this huge hindrance, if at all.

So that's the only time where it could potentially be a problem is if the card gets cancelled by the credit issuer or by you and then you lose access to that credit and that could impact your debt to credit utilization ratio. I'm getting a little too technical here, but overall the answer is: don't worry. Just make sure you pay off that statement in full and on time so you're not paying any interest. And as far as credit cards, number of credit cards, it's not about the number it's about the behaviour. Cause you could have one credit card and you're terrible at managing that credit card, so who's to say that 1 or 5 cards is good or bad. It's really about how you are going about managing those cards.

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And last question I think, cause we're kinda running into overtime. I don't like to keep these very long. I know it's the weekend, you wanna get on with your life, but you also wanna have a little financial dose of inspiration as I say in the intro, or as my smooth-sounding voice-over guy says in the intro. So we're gonna keep it to this one last question now. And Mrs. P says:

MP: "Hey Farnoosh. A few months ago I emailed you about advice concerning an upcoming layoff for my husband. Well, I wanted to give you an update. Before my spouse was laid off, I started networking with some supervisors and managers that left the company. Through many hours and many emails, I was able to make a lot of connections that allowed a fabulous job offer to come in one week after my husband was laid off."

**FT:** Woah!

[00:14:51]

**MP:** "My husband..."

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**FT:** Can you hear me smiling? Can you sense me smiling?

[00:14:56]

**MP:** "My husband is very happy to continue working and contribute to the family income. Thanks for your advice and I love the podcast. Keep it up."

[00:15:04]

**FT:** Alright right Mrs. P! And I remember this because when you wrote in the first time and I read your name "Mrs. P", I was wondering if maybe you were my English teacher from 11th grade, Mrs. Perchuk - you were not. But a girl can dream. But I'm happy to hear this. This is fantastic. As I said before in the last couple of shows or Ask Farnoosh shows, I wanna hear back from all of y'all. I wanna know how all of this advice is helping, not helping. So Mrs. P, I'm really thrilled for you and your family. This is fantastic. Just really a great example. Thank you for sharing this, hopefully inspiring everyone listening.

Really the moral of this story is "Don't give up and put yourself out there. Be proactive. Seek out the opportunities. Don't wait for an opportunity to come knock on your door cause it usually won't happen. You really have to put yourself out there and be willing to invest. Invest your time, your thoughts, your ideas, and good things will boomerang. So thank you very much everyone, Mrs. P, Melody, Patty, Letta, and of course, Nicole, for your awesome review. Get in touch!

Thanks everyone for tuning in. See you right back here on Sunday. In the meantime, I hope your day is So Money!

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[END]