

EPISODE 147

[ASK FARNOOSH]

[00:00:30]

FT: Hey everyone! Welcome back to So Money, Sunday, June 7th. I'm your host Farnoosh Torabi and welcome. Welcome to our weekend edition of So Money where now I turn the tables and respond to you. You become the guest on the show essentially. Thanks to all of your questions that have been streaming in throughout the week. We've got many, many questions to get to. I'm gonna get to as many as possible so that we don't have any questions that go unanswered. I know that a lot of you want the immediacy. You want your questions heard and answered. So without further ado, let's get right to it.

Charmane writes in and she says:

C: "Hey Farnoosh! Love the podcast, it's amazing! Anywho, want to know how you feel about credit card debt consolidation loans?"

[00:01:18]

FT: Well Charmane, in general I think that consolidation loans can be very helpful, very strategic as you are trying to get yourself out of credit card debt especially if you have multiple different credit cards with various interest rates. It can get very difficult to keep track of everything, pay everything on time, know that you are organized and making sure that everything's being paid on time. So for no other reason, consolidation can give you a more streamlined approach to paying down debt. And maybe that actually helps you get out of debt faster and more efficiently. Definitely wanna go with programs where the interest rate that they tack on to that consolidation is the average or less than the average of the interest rates that you're carrying on all these different credit cards - obviously - because you want it to be financially fruitful for you, that you're not paying more interest than you currently are on average on those cards.

One thing to keep in mind as you're searching for a consolidation loan, consolidation program is that there are some scams out there. There are, there are a lot of different financial scams, and I think in this particular category because sometimes as people are looking to consolidate, they might be desperate or they are willing to accept an offer that sounds too good to be true. If it sounds too good to be true, it is usually a bad idea. Also a red flag is if there is a consolidation program out there that says, "Hey, we'll help you. We'll lower your rate, we'll get you lower payments, you'll get outta debt faster. All you have to do is pay us this fee to be in the program." Or, "Give us your money," or "Give us your credit information, and we will charge you a flat rate." There should be no cost for entering a consolidation loan other than just handing over your debt to the bank, to the credit union, and they then basically convert that into one single loan, one lump sum payment.

So just keep an eye out for any potential offers that sound too good to be true.

[00:03:22]

Christine asks:

C: "Any advice on odd jobs that couples can do together to earn extra cash for retirement?"

[00:03:29]

FT: Well, Christine, funny you ask this because I recently interviewed a couple who was in a bit of debt and they wanted to get out of the debt, but more importantly, start saving for their future. And so what they started to do was run errands on the weekends. They had a car, they were living in a city, and they just decided, "You know, we're gonna go online and see what people need done. Whether it's laundry, food shopping, organization of their home closet, sending mail out through UPS, whatever it is, we wanna be the ones that can help people in our neighborhood accomplish those things," and they would make like 20-30 bucks an hour and they would do maybe 4 or 5 tasks per weekend. And they were making about a couple 100 bucks every weekend, maybe even more. Slowly but surely, actually not even that slowly, I mean quite quickly they were able to earn thousands of dollars and use that towards getting out of debt, but also getting a real head start on savings.

I would also suggest maybe if you have a home and you have an extra bedroom, airbnb is a great place if permissible in your particular apartment building. Or if you're a homeowner, an individual homeowner, maybe if this is something you're comfortable with renting an extra room or even your house out to travellers as you are away from home. There's also ways to rent your car when you're not using it. There are sites like Relayrides.com that allow you to rent out your car by the hour, by the day, by the week. Again, to travellers who are looking for more affordable alternatives to renting from the big rental agencies, or they just maybe need a car for an hour and they don't wanna rent for the day. So if you have an idle car in the driveway, this could be another great passive income stream.

As a couple though, together, maybe you also wanna think about a way to go into business together. Are there ways to synergize? I dunno. This could be a fun exploration and it could even actually plant the seeds for something steady in retirement. Like you start doing this now, maybe it's consulting or teaching or music class? I have no idea where your skills lie, I'm just thinking out loud, but if you start it now and start making the money towards retirement, maybe it's actually something that you fall in love with and is something that could be continued in retirement as a way to bring in extra money as you are enjoying the golden years.

So I love this question. I love questions that have to do with earning more because I think that is a conversation we're not having enough of and happy to have it on the show, so thanks for that question and good luck to you and your partner.

[00:06:12]

Shanna asks:

S: “Hey Farnoosh! I love your show, and I learn so much from you! I'm hoping you can help with a tricky family finance situation. My husband has a much better credit score than I do, which we both thought meant he was better with money. Not so! He's good at paying bills on time, but not at budgeting or evaluating where we SHOULD spend money (hello, three car loans in a two driver household, ugh). Ideally, I would like to set and manage the actual budget and have him

make sure all the checks get out on time. This'll work best if it's "his" idea - any suggestions for how to plant or approach that idea?"

[00:06:52]

FT: Yeah I've got an idea. It's this: you got to him and you say, "I've been thinking about our finances and how to really make things a little bit more efficient. I feel like you've got a lot of strengths that go un-utilized. You're really good at making sure that the cheques go out on time. I prefer to kind of manage the budget. What do you think we should do?" So you've kind of already told him what you wanna do, but you're letting him feel very much a part of the decision making. And if you wanna even go as far as saying, "I need your help. I think we could use a more efficient system or way of managing our money. I'm at a loss for ideas. I kinda had this idea, but I'm not sure." Make it a conversation but enlist his help, enlist his input, and that is a way to make him feel as though not only is he a partner with you in this journey, but that maybe even he came up with the idea.

I always think that that's a great way to be a team and this is how couples should always act. I mean it's not about necessarily making one feel more superior than the other in coming up with the ideas, but the real takeaway here is if you want something accomplished in your life together, where it has to do with your money or anything, it has to be a conversation and you have to enlist the other person's ideas and help and advice. And that's how they're gonna feel empowered and that's how they're gonna feel good about whatever decision is made.

So do that, and let me know how it goes. And you're absolutely right that while credit scores seem to resemble or reflect much of our credit behavior. A good credit score presumably means that you've been good with managing your debt, but it doesn't necessarily mean that you're good with spending or saving. So that's an interesting analysis that you've made and I think one that we often don't realize, we might take for granted. So thanks for pointing that out. Good luck with your hubby. Let me know how he takes it and hopefully you all will have a much more efficient financial life together after that conversation.

[00:08:58]

Alex asks:

A: “This isn’t really a money question but rather a question about networking. I always thought LinkedIn was supposed to be used as a “professional Facebook” where I only added people I knew or whom I had worked with but now it seems like the platform is changing. I get numerous requests from people I don’t know. They work in similar fields and we may work together in the future but there’s no connection now. Is there any value or point in accepting them? Would love your thoughts!”

[00:09:27]

FT: Well Alex, you know, personally I’m not a big user of LinkedIn. I understand that it is a huge networking platform. I’m probably in the minority because I don’t use LinkedIn that much. I go on there maybe once every couple of weeks. The requests come in all the time to become friends with me or however you know, “LinkedIn” with me and I in the beginning was just accepting everybody. Eventually I just started to be a little more particular about whom I was taking on and you’ll see if you go into my inbox, I’ve got like 100’s of people that have gone unaccepted, and it’s not because I don’t like them or that I’m being discriminatory, I just feel as though if I don’t know you or if we don’t have anything in common or connections, then it’s just time consuming for me to go there and click, click, click, click. Time is precious. That’s me though. I work in an industry that is very independent and very different in how I find jobs. I have an agent, I don’t usually go through HR or connect. I definitely value connections, but I go about getting my connections differently. More organically through friends of friends.

So for me LinkedIn is just not, at this point in my career, super valuable. For you though, I think a question you wanna ask yourself is, “How does my industry operate?” Like people that you know in your line of work, are they getting meaningful connections through LinkedIn that are adding value to their career that are getting them jobs. If LinkedIn is that instrument for them, then maybe you wanna be a little bit more careful about how you’re managing your LinkedIn account. It’s not that you’re accepting everyone, but maybe you are going through these requests and thinking about who they are, how they might be able to help you, how you might be able to help them now or in the future. And maybe it’s that out of the 100 requests that you get, 1 in 10, 2 in 10 you say “Yeah sure, let’s get LinkedIn. But I agree that LinkedIn is just

becoming this big hodgepodge, like everybody is on there and linking and liking your skills and recommending your skills like what?

I actually had a conversation about this with somebody, a career expert and she said, "You know, it's one of those things where it can't hurt. You don't wanna have a LinkedIn page that has no LinkedIn friends and no one's endorsing your skills but at the same time there's really not a huge benefit to having hundreds of people endorsing your skills. It's just sort of, people don't really care about that. It's not what's getting people jobs." So you know, just kind of use your judgement, figure out what your time is worth and be a little strategic about who you accept. If there is somebody whom you see that doesn't really seem to have much in common with you now but maybe there is a potential experience that they had or they went to the college that you're interested in applying to down the road for a graduate degree? I dunno. These are the kinds of things you want to think about before accepting yes.

But also thinking about "how can I help these people too?" If you get a LinkedIn request from someone and you don't think that there's anything that they can offer you, maybe there's something you can offer them, and that can start a great relationship in the future. So sorry, this wasn't a very direct answer but I get it. LinkedIn is sort of one of those very hard to analyze thing and it's hard to know what will really move the needle on LinkedIn. So good luck Alex.

[00:13:07]

Andrea asks:

A: "What's the best way to check your credit score? I'm probably buying a house soon and I'd like to have an idea where I'm at before I start approaching banks."

[00:13:17]

FT: Really smart Andrea. I like this approach. You wanna know where you stand before the bank finds out. Hopefully all is good, but if you do need to improve your score, you wanna learn this before the bank catches wind of it, because it could just get you off on the wrong foot. It could mean that you don't get the loan that you want, the lower interest rate, so there are a lot of ways

you can find out your score these days. The score you wanna know though is the FICO score. 90% of lenders look at the FICO score. It's the biggest credit score calculator and issuer and Myfico.com is the website. It's not free on their website to get your score, but there are other resources that are free that you can check out. There's Credit.com, Creditkarma.com. Your bank might even offer you a free credit score, depending on your account. So if you have a particular credit card account with them or a bank account with them, if you have a credit union - a lot of credit unions are actually offering free credit scores once a month or so, so check with your existing bank and see if they will offer you a credit card.

I've actually partnered with Chase Slate and they offer their customers, now, a "free FICO score and more" feature which gives you access to your credit score as well as all of the analysis behind your score. Like why your score is where it is, you specifically, and what you specifically can do to improve your score. And this is totally free to their customers. And I have a feeling this is gonna become a growing trend. So start with your bank. Good luck with your home buying and if you have any questions about real estate, home buying, let me know. I love this topic. I've bought and sold many apartments in my lifetime and I'm having a guest on soon, Kathy Braddock, who is a real estate expert in New York City and a friend, and she's got a lot of insights for first-time buyers. And speaking of guests, stay tuned for tomorrow. We've got an amazing lineup this week and tomorrow we're gonna kick it off with Ross Mathews.

Ross Mathews, for those of you who don't know Ross, he is a correspondent on E! Network. He's a red carpet correspondent. He started out as an intern with Jay Leno. Yeah, and they threw him on television and he was spectacular. And I remember the day they threw him on TV. I was watching TV with my mom and we thought, "This guy is hilarious." And it's just been really fun to watch his career blossom. So he's on the show. He's fabulous and also this week, lots of other fantastic people. We've got Laura Vanderkam, a brand new author of a book called, "I Know How She Does It". We've got Dough Nordman who's an expert on retirement advice for the military and military families and much more

So stay tuned for this week. Hope you have a wonderful rest of your Sunday and weekend. In the meantime, I hope your day is So Money.

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