

EPISODE 153

[ASK FARNOOSH]

FT: Happy Saturday everyone! Welcome back to So Money. I'm your host Farnoosh Torabi. What've you got on the schedule today? Here in Brooklyn this is probably one of our more quiet weekends before the storm enters - the calm before the storm as they say. We are transitioning our apartment into a little bit bigger place, which means we're gonna be kicked out as construction ensues in a couple of weeks. Hopefully, fingers crossed, if all goes well and on time with the contractor, which never does but I'm hopeful. And we're gonna be moving out, moving to a sublet with a baby and movers are coming and I'm trying not to think about it too much. I'm just trying to let the universe take it's course and do as much as I can to plan and write cheques, and hopefully everybody will do their job.

But just a little rant this Saturday morning as I embark on a new episode with you guys of "Ask Farnoosh". Ask Farnoosh, what's on your money mind? And you know it's Saturday, so we are going to first go to iTunes and pick a lucky winner who will receive a free 15-minute Money Session with me. Every week I pick one new reviewer from iTunes to get a free session with me. And this week the ticket, the award rather, goes to Mave2124. She leaves a 4-star review, not 5-stars, but I'll take it. And she says that:

M: "I recently found this podcast following Farnoosh on Twitter. I remember her from an appearance on NPR's "Tell Me More" Podcast..."

[00:02:12]

FT: Michelle Martin may be a good idea for a future guest!

[00:02:14]

M: "...discussing the issue of making more than her husband and a book she wrote on the subject. I decided to give the podcast a try and enjoy it very much. I like the short interview

format and getting a personal view of how people actually handle money and make themselves So Money. I would recommend it to anyone interested in getting a handle on their money.

[00:02:34]

FT: Well thank you very much. Sounded like a 5-star review to me, but I get it. Maybe you reserve the 5-stars for the exceptional. I'm proud, and happy, and honored that you wrote this review Mave2124. And she says, she calls the review "Conversation About Money, Not a Lecture". That's right. We try not to point fingers on this show and sound too authoritative, but we're all friends right? So here's the thing Mave2124, I'd love to hear from you. Email me farnoosh at somoneypodcast.com and I will reply back with my booking calendar and we will get on the Skype, or the phone, whichever is more convenient for you and we'll hash out whatever's on your money mind. Thanks so much and I really appreciate it.

[00:03:21]

Okay, let's get to our questions. I've got a lot. I've got comments too so I'm gonna try to get through everything as much as I can today before going too over time. You know, I like to keep these episodes shorter than the weekly episodes - the Monday through Friday episodes - cause it's the weekend and after a while just hearing my voice for 15-20 minutes, I get tired of it, I'm sure you do too. So let's get through these as quickly as we can. Amy says:

A: "I'm 34 and I'm saving 14% of my salary in a 401k, 403b, as well as a Roth IRA and an emergency fund outside of work. My salary is minimal compared to most people my age. I also work a part time job to pick up extra money. I try to live frugally but I'm still worried that I'm going to be in trouble when retirement comes. What are your thoughts?"

[00:04:11]

FT: Well, Amy, my thoughts are the following: You're fine. You're doing great. Stop worrying. I think that 14% of your salary at your age is wonderful. And you've got a diverse number of allocations for your retirement savings. You've got the 401(k), the 403(b), the Roth IRA which is a great tax shelter, short of tax-sheltered retirement plan where in the future when you withdraw

you don't have to pay taxes on those withdrawals. And so you say you're also hustling. You've got a part time job to get money, you live frugally. I'd say you get an A+ in my book. And so that's all I gotta say about that. I mean, I assume that you've been doing this good habit, this good work of saving for a while that if you just embarked on saving for retirement at age 34, I'd say, "Well, maybe you need to pick up the slack a little bit." But if this has been kind of your mode - your modus operandi - for a while, then I'd say, "Thumbs up! 2 thumbs up!" And yeah. I'm gonna move on now because I mean, am I right? Guy? Gals? She's pretty perfect as far as retirement goes.

And he's the thing, I will say that because we talk so much about the lack of retirement preparation that people have, that you start to wonder, "Well am I prepared? Am I doing okay?" So I understand where the insecurity might come from, but I mean just learning what you're doing I think you're on track. And if you wanna revisit - the important thing for you to do is really envision "What does retirement mean for you? Where are you gonna live? How much stuff are you gonna have? What do you wanna do? Do you wanna work part time, a little bit, not at all?" So I would say envision retirement, understand what the implied costs may be, you can't figure it all out right now but just do some estimates, and work backwards. And if you feel as though what you're doing right now is on track to meet those financial goals, then you're good to go!

[00:06:15]

Jerry asks

J: "Hi Farnoosh, Great podcast! I listen to it when I workout."

FT: Alright! It's like working out and getting financial inspiration at the same time. I'd say that's quite the multi-tasking.

[00:06:30]

J: "I followed you when you did webcasts on financial fitness a while back. Then a year or two ago, I finally signed up for Twitter. I found you there and began to follow you. It's only recently that I discovered the world of podcasts! I'm a late bloomer!"

FT: Well you know what Jerry? I'm a late bloomer to. I only discovered - well I can't say I only discovered podcasts a while ago, but I feel just even having this show since January, I'm very late to the game. But I'm happy we've connected. And he goes on to say:

J: "Anyway, I've found your podcasts very insightful and of great value!

FT: Thank you!

J: "You have excellent guests that make the show so much more fun. Will you do a show on you asking yourself the money moments and rapid fire questions? Thanks! Jerry."

[00:07:12]

FT: Yeah, actually I think I will. And I think what's holding me back or just kind of delaying this is that I wanna find the right kind of person to ask me the questions. I kinda feel like this might merit an opportunity to invite someone cool on the show to flip the script and ask me the questions. So I dunno, let me know who you think that person should be. Maybe it's an existing podcast host, maybe it's - and I was just on Joe Saul-Sehy's podcast the other day, "Stacking Benjamins", a lot of you listen to that podcast too. I'll be on his show or maybe you've already heard it by the time this airs. I think it's airing in two weeks actually. And I was a guest on his show answering his listeners questions. So maybe I'll invite him on my show to ask me those questions that I asked my guests. But thanks for planting the seed Jerry. I will definitely do this at some point, it's just a matter of format, figuring out how I wanna execute it. But I'd love to answer my own questions. I think that would be fun.

[00:08:12]

Corine asks:

C: "Hi Farnoosh, I LOVE YOUR PODCAST! I don't know how I found you, but I am thrilled that I did!

FT: Me too! Thank you. She says:

[00:08:19]

C: "I get inspiration, solid advice, and learn about alternatives. My question is; What can a senior citizen do when they have lost it all through failed investments? I am a professional 64 yr old single woman who invested heavily in several businesses, and working to keep one that I own afloat due to clients bankruptcies. I have no real debt and have had to defer a lot of income from my business. Short-saled a house and I rent now. I'm hopeful and I made a plan."

[00:08:48]

FT: Well Corine, I'm sorry to hear about this. I think you're hanging in there, I hear it in your words, I sense it from your words that you're very determined, you're making a plan. I would say you're 64, that's still very - I mean it's not very young, but you're not old, old. You're doing well, you're active, you're running a business, and if there is a way to somehow with this business that you're keeping afloat, maybe it's a matter of closing the doors and just cutting your losses sooner than later and starting fresh. I'm sure you have so much experience that perhaps it's not now that you enter a new business of your own, that maybe you go in and help other businesses that are already established and you take that risk burden off your plate of being an entrepreneur at 64. I think that what is awesome about you and your career experience is that now you have so much to offer existing business right? You can go in and say, "I can consult you, I can come in as a turnkey operator, I've been there, I know how businesses work." Maybe that's an area to focus your energy on, is to isolate a few companies that you wanna go in and propose being a consultant, maybe on retainer.

And the existing business that you have, maybe you just sort of phase that out because that sounds like it's probably a source of stress for you. And that's not what you wanna be dealing with at this stage in your life. You wanna be enjoying your life. You wanna enjoy the fruits of your labour. But it sounds like you do still need to make money, so I would say try to look at maybe becoming more of a consultant and putting to rest the current business that you have, slowly untangling that and just calling it quits there. Because it sounds like it's a lot of stress, a lot risk. Sounds like you're dependent on your clients, so maybe you can turn it around a little bit and be

more in control, and go out there and find a few clients of your own that will pay you on retainer and the money's there, and you don't have to worry about all the other extras that come along with running your own business. I hope that makes sense! But that might be what you're already planning out, and I would definitely, if I were you that's what I would explore.

And then just plan on working for at least another 5, 7, maybe 10 years. It sounds like you're healthy, in good spirits, able bodied. Take advantage of that because that could be your ticket to financial freedom at this stage in your life.

[00:11:35]

Caity asks:

C: "Hey Farnoosh! I love the podcast. Due to you I'm actually passionate to learn more about personal finance for the first time! The downside is is that I'm anxious about getting my finances in order. I have debt from grad school (\$40 thousand at 6.55%), but I have a good paying job, so I'm slowly eating away at them (the loans), while contributing the max amount that my employer matches to my 401k."

FT: Alright. Thumbs up!

[00:12:03]

C: "There's not a lot of extra money since I live in LA, but every bit helps. I hear a lot about student loan refinancing – can you talk about what that means and whether it's worth it to me to refinance? Thanks."

[00:12:14]

FT: Yeah for sure. I think \$40 thousand at 6.55%, you might be able to find a better loan out there that might be a lower interest rate. I don't know, it's worth shopping around and I assume this is maybe a private loan? Just based on the interest rate, it doesn't sound like it's a government loan. But if you're really, really determined to get out of debt this year or in the next

12 to 18 months, which you might be able to, just depends on how you kind of stack up your money and allocate your money. There are private loans that you might be able to take out that have a smaller interest rate, and you can roll this current debt into that and basically get a private loan, use that loan to pay off your current student loan, and then the private loan becomes your new effective student loan with maybe a lower interest rate.

There are websites out there that can help you find ways to consolidate. I just wanna hop onto my computer right now and make sure I identify them correctly, but SoFi.com, S-O-F-I.com is one place where they say, "Fixed rates start at 3.5% and variable rates start as low as 1.9% APR," and this is a site that's dedicated to reducing the costs of your student loans. So this sounds, whether you do - I would prefer you do a fixed rate. I don't like variable rate loans cause there is that risk of "how high can they go?" So maybe 3.5% is still half of what you're paying currently, almost. So that would be something that I would look into. S-O-F-I.com. And then there's a lot of other resources online. You can also go shopping around at various banks, they might have different offers and a really great website to learn more about, just in general, student loan consolidation is FinAid.org - F-I-N-A-I-D.org.

But certainly I think that there might be some opportunities for you to refinance. I like the idea of refinancing cause essentially it lowers, hopefully will lower your interest rate or at least maybe sometimes you can refinance by stretching the term of the loan. Which doesn't save you money in the long run, but it does lower your monthly payments. So if you need some wiggle room for now, as you are struggling to get on your feet, that could be helpful and then as you start to make more money you can be more aggressive. I would say start paying double down on those student loans so you're not paying as much interest.

[00:14:52]

Alright, and Sheraz asks:

S: "Odd question: In your intro, what does double your double coupons mean?"

[00:15:00]

FT: [Laughs] My husband actually came up with that phrase, and I loved it when he said it. And I was like giggling the whole time and I thought, "That's gotta go in my copywriting, my copy script for the intro!" Essentially what I was trying to get at with the "double your double coupons" is like you know the extreme couponing craze. Which a lot of people are obsessed with couponing. And I get couponing to an extent, but I find that for people who are couponing as like a lifestyle and for them they justify spending hours and hours and hours a day cutting coupons because they feel like they're making money because they're able to save. Gaming the couponing system so that they can go to the stores that are tripling their coupons or doubling their coupons. So I don't think you can actually double your double coupons, but it was really more just to say like, "If you're into couponing, the extreme kind of couponing, this show is not for you." And so I took a little bit of poetic license with that phrase, cause I actually don't think that you can do that. You can double your coupons, you can triple your coupons, but can you double your double coupons? Probably not! [Chuckles] But I thought it was just funny, and it had alliterations so there you go.

That's was the behind-the-scenes of that little phrase popping up in my intro. And it's not an odd question. I think it was a valid question. I was actually waiting for someone to finally ask me. But I hope it gives you a good laugh, it gives me a giggle.

And that's a wrap guys, gals, for Saturday June 13th, episode 153 of Ask Farnoosh. Thank you so much to Amy, and Jerry, and Corine, and Caity, and Sheraz. And a special thanks to Mave2124 for your review. Don't forget, email me at Farnoosh at somoneypodcast.com. And hey, if you're listening and you're like, "I wanna ask Farnoosh a question! How do I do that?" Very simple. Hop onto Somoneypodcast.com, click on "Ask Farnoosh", and there you go. There is the template for you to do that. Starting on Monday, got some exciting news - well I think it's exciting! I'm gonna be doing some re-runs of the top hits from the show. So we've got Tony Robbins on Monday, Tim Ferriss on Tuesday, Seth Godin on Wednesday, Danielle LaPorte on Thursday, and Gretchen Rubin author of "The Happiness Project" and the new book "Better Than Before" on Friday.

So I decided to take the week to do a little refresh and air some oldies but goodies, especially for those of you who've just joined the podcast recently - in recent months or in recent weeks. A lot of the earlier podcasts from January, February, March, were really fun and popular. So I

wanted to shed a little light on them again and truthfully, give myself a break! [Chuckles] Yes, let's be honest, I need a little bit of a break. It's the summer too and I thought, it's a more appropriate time to be a little more laid-back with the podcast a little bit. Just air some re-runs for one week and give myself a little bit of time to catch up. And probably you too! Cause I know that listeners are having a hard time catching up with all the daily episodes. But yeah, just wanted to give you guys a heads up about that. I'm very excited to re-air those episodes. Hope you enjoy them for the second time, or in some cases, the first time if you've never heard them.

That is wrap. Thank you so much for tuning in. I hope your Saturday is fantastic, I hope it's So Money.

[END]