

EPISODE 178

[INTRODUCTION]

[00:00:32]

FT: Welcome back to So Money, everyone. I'm your host, Farnoosh Torabi. So honored to have you join this podcast. I know there are a lot of podcasts out there and I know that some of you have told me that you've never really listened to podcasts. So, here we are, I'm just really, really, really touched to have you as my community, my audience, my podcast compadres. Love hearing from you. Remember, you can always email me, Farnoosh@somoneypodcast.com or you can go on Somoneypodcast.com and click on "Ask Farnoosh," and there you can leave your thoughts about the show, if you have any questions for me, I answer them all the time on the weekends, Saturday and Sunday as "Ask Farnoosh."

Today, we've got a fantastic guest. He is a friend, he is a colleague in the news biz, he is journalist Richard Davies and he has covered many of the most important events of the past few decades including the fall of the Berlin wall, the 911 attacks, he even traveled with President Clinton on his campaign plane in 1992. Today, he brings his experience and expertise to his new podcast. A new podcast called "How Do We Fix It?" He is co-hosting the show with Jim Meigs. Together they discuss solutions to problems that we hear about everyday in the news like personal finance, space exploration, parenting, too many TV radio shows present the issues to [partisan bickering or tired old rhetoric]. So, "How Do We Fix It?", Richard's show aims to find positive views, and resolutions, and to be kind of a repair manual for the real world. I actually will be on the show soon. Do check out "How Do We Fix It?" Subscribe, subscribe, subscribe their new podcast. We want to give them some love and a shout out as I know it's very difficult sometimes to get a community together. It takes time. Doing a podcast is a marathon.

Richard is such a leader in the broadcast space, has been doing radio for most of his professional life and now I'm just really excited to see him transition over to podcast because I think this is a wonderful place for him and I think he's going to find his audience and going to learn more about Richard right now in this show. We're going to learn why he's actually happy that his career in news did not transition to an on-camera correspondent role, which would have meant more money. More money isn't always a good thing. Richard for many years in his career was a radio guy. He was a business correspondent for ABC News covering business, politics

and on the radio though. It was not on camera and he explored getting on camera, didn't quite pan out, he is glad for it.

How his wife's IRA outpaced his by tens of thousands of dollars with one very simple decision. The financial problems among others that Richard aims to solve on his new show "How Do We Fix It?" and also I'm curious, I asked him, "When did you know it was the right time to leave?" I could only imagine how difficult it is to be in a career path, at a company at ABC for decades and then decide, "You know what? I'm going to cut loose and I'm going to do this on my own." What gave him the inspiration, how did he finally make the decision and how can we all find a similar drive, and hunger, and inspiration, and confidence really to make that move? So without further ado, here is our fabulous guest, Richard Davies.

Richard Davies, welcome to So Money. My fellow podcast guru, how are you?

[00:04:19]

RD: So great to be with you, Farnoosh. You have been one of the inspirations for my podcast, "How Do We Fix It?" I'm moved after three decades at ABC News as a business finance correspondent also covering major news stories and it sure is a big change – everyday is a new challenge.

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FT: Well, I'm so honored that you said that. I, for many years have been looking up to you. As you've said, you are at ABC for three decades covering business news, politics, you've covered pretty much a lot of landscape I would say, from 911 to political, from elections and now podcast land. I'm excited for you to be entering this sphere. It's a really fun place to be and I hope that you're having a good entry. How has it been? Your show by the way is called "How Do We Fix It?", which is just brilliant because as you say, there are a lot of shows out there where there are pundits and it's very one-sided, or there's arguing and your show tries to really bring happy solutions, "Let's leave the podcast feeling invigorated and as if I can actually take on the problem."

Does happy sell though? Do you find that that's actually working? That having a show that it's about solutions and people being nice actually works?

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RD: We'll see. It's very early days, but this was born out of a frustration. We like to call ourselves a repair manual for the real world, a snark-free zone. Then the idea behind the show was really born out of my frustration as a reporter, that we were always talking about conflicts – left versus right and that during my career, I think America has become more negative in the political sphere. But on the other hand, when it comes to business, there are all kinds of shows and all kinds of efforts out there to solve problems. So, I kind of wanted to get that problem-solving mentality that you have in the business world and put it over into the politics world. It's not just happy talk, it's more a sense of, "Let's look at some different fresh ideas and try and move the debate forward." Rather than conserve it as in liberals always sniping at each other.

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FT: And what sort of problems are you interested in solving? At least in the first stage of this podcast, is it grand scheme of thing problems like a turmoil in the middle east? Or is it how to raise your teenage son who has refused to talk to you over a few weeks?

[00:07:01]

RD: It's both. It's the stuff that all of us are talking about and that isn't by any means confined to politics. One of the first shows is with Beverly Harzog, who has been on your show talking about fixing credit card debt. She's a fascinating person, she plunged into personal bankruptcy, was a shopaholic, got into big trouble with their credit cards, finally stared down a wine glass and thought, "Oh my God, this is not what I was supposed to be" and is now on the business of fixing people's credit problems. We had her on the show talking about personal debt.

We also have interviewed Phil Plait of Slate, the bad astronomer talking about how we fell out of love with the space program and how America should try and get back in there because it's a very important part of our future. Another area that we talked about is your taxes. Most of us spend maybe a third or even more of our income on taxes. Where does that money go? How is it being spent? Efficiency and government was something that we tackle with a guy called Philip K. Howard who's a really terrific guest.

And then back on the parenting front, Lenore Skenazy of Free Range Kids talking about how many parents are over-controlling, not exposing their kids to risk and Abigail Baird who's a

wonderful neuropsychologist, also the parent of two young twins talking about how we get the right mix with our kids in technology. Just a whole range of issues, but really, things people are talking about and concern them in their everyday lives, not just politics.

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FT: In many ways your transition to podcasting, it makes perfect sense. You have the art and the science for this, you have the experience for this, you have the voice for this.

What has been though for you a bit of a learning curve as you have made this transition? I also want to ask because I think a lot of my listeners might be contemplating, transitioning in their own careers. After 30 years, how did you know it was time to try something new? First, how has the entry been into podcasting in terms of maybe the challenges and also how did you know this was the right time to make the move?

[00:09:19]

RD: Well, our show, "How Do We Fix It?" I think the biggest challenge has been, "How do we find an audience? How do we monetize? How do we make money from this?" Those are all things that I'm not particularly good at because it's not my forte. I'm a pretty good broadcaster, I think the show is great, but I still have a lot to learn on exactly how to find an audience and how to make money, and to also build a community for the show because it's not just about making money. Many successful business people, they were driven by a passion to do something different and provide a different service. That's what we're doing as well. Trying to reach that audience is a huge challenge.

Answering your other question which is on making the transition, I just thought, "Let's try something new." I have adult kids. My kids are 25 and 29 – one is working on being a yoga studio owner, she has put a bid on a studio in New York City, the other is an artist. He's a painter. They are both out there on their own and I thought, "They are so brave." Everyday they are facing new challenges. The one thing that you don't get as an employee of a large company, even if it is a really interesting job like journalism, is you don't get as many daily challenges as you do when you're in business for yourself. Yes, that can be frustrating and exhausting, but it can also be really invigorating. I look forward to that challenge, of just being out there, putting myself out there and seeing if I can make a success. That was really the motivator.

[00:10:56]

FT: That's so beautiful. Actually, I do recall this story. I was stalking you on your blog and you wrote a little bit about this as a Father's Day tribute to your children, that they have really taught you a lot, encouraged you to make this transition. It's so nice to see that happen. It's a nice turn of events a little bit.

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RD: I think one of the great things about your kids as they get older, is they really teach you things as well as you teaching them things. I think it starts off with your kids being little and yes, you learn a lot about yourself as a parent, but then increasingly as they get older, you'll learn more and more from them and their challenges. That just changed me.

[00:11:39]

FT: Well, we wish you the best of luck with "How Do We Fix It?" I echo all of your sentiments about feeling unsure about how to market it, and how to get your audience, and I think beautiful thing about podcasting is that it lives in iTunes largely and iTunes is a great platform. I think as I've always been told, it is a marathon – it's not a sprint. I think for someone with your career, you know you have a lot of patience it sounds like.

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RD: I don't know about that.

[00:12:11]

FT: Well, I know you're learning how to have more patience as your kids are showing you, but it does take us some patience. But it also instantly gratify. You air the podcast and people give you feedback right away. For me the best part is just having the creative control, which is something you probably have but not to this extent now that you have at your podcast.

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RD: That's really true. I know that you worked for Yahoo! Finance and for other big media outlets. When you do work for somebody else, they assign the story, they tell you what format

they want to be performed or written in, and this is very much decided on our own format. You created, I think, a brand new show. My co-host Jim Meigs who's the former editor-in-chief of Popular Mechanics and I have a lot of fun with this. I also have a great producer and we've created something new, a new kind of sound, a new kind of program that isn't NPR, but is kind of halfway between commercial radio and NPR that's about a spontaneous discussion rather than just simply a piece that's perfectly put together in small sound bytes with lots of sound effects.

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FT: Yes. You can be a little messy on the podcast and listeners are okay with that. Well, I'd love to do a deep dive and learn more about your financial perspectives, Richard – your experiences with money and I'm happy to hear you're having some cool guest. I'm a guest on your show coming up.

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RD: Yes, you are.

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FT: I have to say. And so, you're interested in money obviously. You're a business correspondent for ABC News for many years. What would you say is your financial philosophy? If you could distill it, if there's one money mantra that you have, if you wouldn't mind sharing that with us, what is it?

[00:13:58]

RD: Before I answer that question, let me have a big shout out for Farnoosh because on our next show next week, you will be on it and giving some great advice about money. You certainly know more about this subject than I do. But I think that my philosophy has been formed to a large extent by my experience as a reporter. Then check once, check twice, be skeptical. That really goes to looking at financial products. There are a tremendous number of different options out there and I think just doing your homework and doing your research is job one.

Then the other thing I think that I feel strongly about is a sense of balance in life. Yes, it's great to go out there and spend a lot of time making sure that you've figured out your different

financial options, but don't knock yourself out with it all the time. We are parents, we're lovers, we're enthusiast for a whole range of different things – don't devote all of your life to finances. But as you've reminded me and you've done this in the show that we have coming up, it's really important that you at least know enough about your finances. They're not a constant headache, they're not a constant cloud over your head.

[00:15:21]

FT: Right. Yes, you need to acknowledge it and appreciate it for what it is and some people don't even want to go to that extent. But just baby steps sometimes is all it takes.

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RD: I haven't always followed my own advice, but I've always spent a little bit more than I should have done, but not a lot more. A lot of that spending a little bit more than I should have done has been on things that have given me great pleasure. So, I don't know whether I really regret it or not. For instance, things that give me great pleasure, I've always allocated money to travel. Travel every year somewhere new so that I have a fresh experience. I don't think it's just about getting stuff – you asked me about my approach to money – it's not just about stuff, it's about your ability to use money, to win, or gain new experiences in life.

[00:16:18]

FT: Yes and we'll talk a little bit later about your expenses, your guilty pleasures, the expenses that make your life easier or better, because I do think that you're absolutely right and studies have shown that when we spend money on experiences and getting the feeling that we want in life, it's money well- spent and it actually does increase happiness. Interesting.

[00:16:40]

RD: Yes, it does. That's right. As long as it doesn't become a constant obsession and as long as you're not always comparing yourselves to other people whether you're a little bit ahead or a little bit behind in that race. Do things to satisfy yourself.

[00:16:55]

FT: Take us down memory lane. I'd love to capture an image of little Richard growing up. Where did you grow up by the way?

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RD: I'm little Richard.

[00:17:04]

FT: Little Richard, baby Richard.

[00:17:06]

RD: Yes. I was born and raised on Long Island in suburban New York, and grew up there, and then my parents were both British. My father came to me when I was 13 and said, "We're going back." I'm like, "What do you mean? I'm American. I'm an American kid." My parents had English accents and they said, "My head office has assigned me to go back to England." So we moved to England when I was at the age of just 14 and that was a huge shock for me and really hard. I have to say as a second child – and a lot of second children are rebels – my big rebellion when I was a teenager, when I was a kid, was I'm American, my parents are not. I spent many years wanting to come back to the United States. I consider myself a first-generation American. Even though I was born here, almost have an immigrant sensibility because I chose. I actually had to really work to come back here in my late 20s and I did. I see myself very much as an American even though I have English sisters and many English relatives.

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FT: Wow. So now culturally, what was your experience with money growing up? What was the conversation about the money like and was there a conversation about money ever? I'm just curious, was there a clash from British culture and American culture that you recognized at a young age?

[00:18:35]

RD: Yes, that's a really interesting question. When I was talking with you for our podcast "How Do We Fix It?", you had a great story about how important money was to your family because your parents were immigrants from the middle east and came over here and living the American

dream. It's really important to them. They included you in that. I would say that we were very different. I don't think money was discussed nearly enough in our household and I think that as parents, that this one mistake I've made and my wife made when our children were young was we didn't talk enough about money with them. There's no reason to be obsessed by it, but I do kind of wish that they were a little more money-savvy than they were when they were little. They've got better in time, but I think that money conversation is important and we didn't have it very much at all when we were kids. Partially because we were lucky enough to be fairly comfortable. Maybe that's why, but I think that with a lot of people, money is considered to be off the table as a polite source of conversation and that's something that needs to change.

[00:19:46]

FT: Did you ever want for things when you were a kid as you have an allowance? Or how did you go about as I would have manipulate my parents to get me something, or pin one parent, side with one parent and I don't know, sometimes a game of politics trying to get a new sweater in the Torabi household. I'm curious about any similar stories growing up with you.

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RD: You probably went to your dad, right?

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FT: I did, I did.

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RD: There were always things I wanted, but I didn't have a very strong desire specifically to get specific things. I will say this though, that when I was a kid, when I was 13, I'm just [thinking] that kids can't do anymore and that was like deliver the evening newspaper. I come home from school in whether it was snowing, or rainy, or hot, or cold and get on my bike and deliver about 35 newspapers to nearby houses in suburban Long Island. It was for news day. They had this great delivery program where they encourage kids to deliver the newspapers and you were paid – the newspaper was \$0.5 a copy and I was paid I think \$0.04 for every newspaper I deliver.

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FT: My gosh.

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RD: I relied mostly on tips.

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FT: Yes, I would imagine.

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RD: If people tip me well, I put the paper in their door. If people tip me okay, it was on the porch, and if people didn't tip me at all, the paper was on their driveway.

[00:21:23]

FT: In the rain, yes.

[00:21:23]

RD: That was [inaudible]. Well, I think that gave me a sense, really at a very young age of making money for myself. I always had holiday jobs growing up. I pumped gas and when I was in college, I did a whole bunch of different little jobs, but really, just to get by. My parents didn't give me a big allowance, which is great. I did do those odd jobs. But maybe I'm wrong about this, maybe this is more perception than reality, but I think it was easier to do that when I was growing up in the 1960s than it is today.

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FT: You mean having a job as a kid?

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RD: Yes. That was more of a tradition than it is today. I'm not saying it doesn't exist, but I think there were more opportunities for kids to take little jobs.

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FT: It used to be you could get a job at the Gap, folding sweaters when you're 15. Since the recession there's a lot of demand for those types of jobs now because it's not just the teens who are competing for them, but even people who are older who have been laid off, or need to work because they didn't save enough for retirement. So yes, the economy has created an environment now where many people are competing for jobs that maybe just a teenager would have gotten.

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RD: That may change. I do feel the economy is getting stronger but the jobs market overall is really only halfway back to where it should be.

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FT: Well, thanks for that glimpse, for that blast from the past. That was pretty fun to imagine. So, just one note, you said you were delivering newspapers at a young age. You've been in the news industry for quite some time.

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RD: I have a tape of me at age nine doing a newscast.

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FT: Oh my goodness.

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RD: I've always wanted to be in news. There are times when I thought, "Why aren't I making as much money as my friends?" And then I reminded myself, "Look, this was your destiny." I've always done the career that I wanted to do. I'm really lucky in that regard, that I always had that passion, I always wanted to do radio. I love radio and I think one of the great things about podcast is that they're the new FM. When we were kids, or when I was a kid – I'm older than you – FM was really coming into its own. There has just been AM radio. Now we have podcasts that are really coming into their own and I just think it's a really exciting time for radio, which is still such a wonderful medium. It's so often ignored, it's been the outhouse of media for a long time with people always talking about video, internet and the other new things. Podcast are now

a relatively new thing and I think they've really added a great deal of energy and excitement to audio.

I was at a conference last week and I just want to share this anecdote with you, Farnoosh. A radio consultant called [Valerie Galore] got up and she said, "You know, when you're in the car on your own, you turn on that black box. Whether it's a podcast or a radio show of some other type, all of a sudden you're not on your own." I thought it was kind of cool. I like that idea that when you're listening to your show or listening to my show, you're not on your own. You've got a companion.

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FT: That's a nice thought.

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RD: I think that's a wonderful thing about radio.

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FT: It's definitely a unique connection that you have with the correspondent and the people that you hear on the other side. I know that I connect with my listeners occasionally one-on-one. I offer a free 50-minute session to people who – and this could be a good tip for you – leave a review for my show on iTunes and once a week I'll pull a name from the list and we'll connect for 10 minutes or 50 minutes and we'll just – your listeners, I find they want to chat. Sometimes they connect with me, they don't have any financial question. They just want to chat.

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RD: That's a great idea.

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FT: Yes. I tell you, it has helped a lot. I get about five-six new reviews a week in a time now where many podcast have just tapered off with the reviews because people come and they say, "Oh, she's got a 100 reviews. What's my review going to do?" But, I have almost 300 reviews in about five months now and I attribute that to the listeners that has maybe encouraged to do so

because I've been offering them money sessions with me. But now, they just end up being just chat sessions. Sometimes listeners say to me, "I feel as though I know you really well." They ask about my son, they want to know how my husband is doing, how the renovation project is going and sometimes I forget that I've disclosed these things on the show but they don't forget. It's touching and it's nice just to know that you have this community suddenly that you've basically created out of thin air.

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RD: That's exactly right. You've created a community, but there really is an intimacy about radio that I don't think exists with TV, or with most websites.

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FT: Well, I would like to talk about failure now. We were doing so well. I'd like to talk about failure because I think it's very revealing. I think often on the other end of failure is success. So, when it comes to money in your personal life, Richard, would you say there was ever – it doesn't have to be catastrophic – but it would be a category of failure, or mistake, or regret that you're almost happy it happened and the lesson that you learned.

[00:27:02]

RD: Yes. There have been a number of stumbles along the way. I wouldn't say that there's been anything catastrophic, but I do think that the one thing that really was something that I regretted at the time, which I really learned from and I'm very glad happened was I tried to make a move into television at the network television level and had various interviews including one with Peter Jennings, sitting with him for half an hour when he was anchor of World News Tonight about being business correspondent in ABC News. Nothing came of that. I kept knocking on doors and I really failed at that.

I look back, and now, I consider myself a radio guy, and also was given a comfortable but not incredibly affluent – I never became wealthy at ABC News Radio whereas television news correspondents tend to make a great deal of money. So, I didn't make as much money as I thought I was going to, but I ended up spending a lot more time with my family. My work enabled me to have some time off. I worked hard, but I also had a lot of weekends off, and a lot of time with the kids.

The other thing that happened was I was assigned to my [hora], to do Morning Drive radio and get up at 3:30 in the morning, which I did for more than 20 years. That was tough, but on the other hand, what was such a gift, what was so great, was that I come home at noon and I was Mr. Mom in the afternoon. I was the only dad in the playground very often when my kids were growing up. I really knew my kids, I really had time to spend with my kids.

So sometimes, a career setback, or a career that maybe isn't in the fast lane but is on the medium track instead can be a really great solution for a parent who is trying to balance their lives. Because life is a balance – a balance between career, a balance between relationships, a balance between fathers and mothers and their children.

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FT: That is so true and I love what you're saying here because essentially, life's about trade-offs. Right?

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RD: It is.

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FT: From your perspective, you were doing what for you was considered maybe like the middle ground. You wanted to be a TV reporter, making oodles and oodles and buckets of cash. But just from the outside-in, Richard, someone looking at you who was aspiring to become a radio correspondent, you're the epitome of that, you're at the pinnacle. I'm just saying.

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RD: That's why I tell that story reluctantly because...

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FT: I know. It's like, "Where do you go from there?"

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RD: Exactly. I think that's what drives us ahead. We always want to get to that next mountaintop. I think there are a lot of reporters in television who are doing incredibly well, who make lots of money, who wish they were anchors, and there are lots of anchors on local TV who maybe own the market and they're incredibly successful, and they wish that they were what [Brian Wayne] was before [inaudible].

[00:30:00]

FT: Right. Oh my gosh, that's another episode, although I'd love to dive into that. [00:30:06]

RD: But I do think that everybody – maybe not everybody – but I think the vast majority of us do have hopes and dreams that we'll achieve more. I think that sometimes we need to be satisfied with what we've got or realize that because maybe we're not as successful in one part of our life, it enables us to be successful in another.

[00:30:26]

FT: Right, and to look at the equation and not focus so much on the success variable, but the fulfillment variable as well. As Tony Robbins has taught me, "Success without fulfillment is failure." Perhaps you would have gotten that anchor job and made tons of cash, but if you weren't spending any time with your family, deep down at the core you would have felt like there were something big missing and that would have not really been a success in the grand scheme of life.

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RD: Yes, I agree and I think that Tony Robbins saying. It's so interesting. Sometimes a one sentence slogan, or a saying like that, "Success without fulfillment is failure" is quite profound and that's certainly true with that.

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FT: I repeat that to myself a lot these days because life is getting busy and I need to make choices and say no a lot to things that I don't really want to because it's a great opportunity. But then I think if I have to hire a second nanny, something's wrong.

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RD: Right.

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FT: This is not balanced.

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RD: Yes because I get so much joy out of now, my relationship with my kids and I think there is a sense in parenting and I know there is in business, too. This isn't just a parenting thing – you get out what you put in.

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FT: Amen. Well, let's talk about success, Richard. What would you say is your biggest financial moment, a So Money moment that you felt really proud of yourself? What happened? And take us there.

[00:31:55]

RD: Wow, that's a great question and I'm not sure I have a very good answer for it. But I think that probably the best decision I made was to automatically save for retirement. It sounds boring, but just that check off of just not even seeing the money before it headed into my paycheck. Just putting it into that 401k fund and building that up was definitely a big success. And then the other thing, I think also has been on property, is taking, buying homes and just quietly, calmly, over years doing them up and making them better, making money from that. Those are both good money moments for me.

[00:32:48]

FT: And in New York City, the trick is to buy and hold. Over time you will make a nice quiet NASDAQ for yourself.

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RD: Yes, you will. I know that the property market, which is so often portrayed by the national media as a national market is intensely local. There are some markets that are much, much stronger than others. Some of this really is the luck of the draw. Many people who have made a

lot of money out of real estate is fairly because they were lucky to buy low and sell high. That have nothing to do with their own skill. But I do think if you look after your property, that's definitely going to improve your chances.

[00:33:29]

FT: Yes. Well, that's encouraging for me because I'm renovating as we speak and hoping that I will see the other side of this soon and be happy that I did it. I think I will.

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RD: I hope so. [Inaudible] easy thing.

[00:33:45]

FT: No it's not especially when you've got little ones. But it's all good. It's not a huge project and it's the summer, so it could be worse. It could be middle of winter.

What is your number one money habit, Richard, if you have one? Something that you do regularly, consciously, that has a direct benefit to your financial well-being?

[00:34:11]

RD: I think my number one money habit is to be on top of my investments and to check my bank account and my investments as frequently as possible. I don't mean every single day, but I do try and check in with things every week. Then the other thing I think I've learned from experience is I used to constantly make little investment choices and I've learned to be more patient and to hold off. But you are asking about failure a minute ago. My biggest failure, I haven't even told you about – I just remembered. Here is my biggest failure.

In the mid-80s when we were really young, my wife and I both took out IRAs. She left hers in the Magellan fund and then it became fidelity capital management or whatever, and pretty much left it alone. That fund grew from I think \$4,000 in the mid-80s and I think at my last check, it was worth over \$70,000 or something like that. Anyway, [inaudible]. Just left it alone. Left it alone, grew over time, dividends are reinvested, blah, blah, blah. I on the other hand thinking I was so smart because I cover money and I could spot the next big trend, I invested in satellite radio, I

invested in a bunch of other companies, they did terribly. My fund which started at \$4,000, do you know what it's worth now?

[00:35:39]

FT: What?

[00:35:40]

RD: \$5,500.

[00:35:41]

FT: Oh, no. Fees? What was it?

[00:35:45]

RD: The point of the story is out of my failure, I learned Exchange Traded Funds, unless you really know what you're doing, this is what you do for a living, leave your investments alone. Check them frequently, sure, but don't move your money in and out of different things, and where if possible, avoid individual stocks. Also avoid actively managed funds. They usually do not outperform the markets. Just take a more relaxed approach, take your foot off the pedal in the sense of always trying to move and shift your investments according to your latest hunch. At least in my case, I was lousy at it.

[00:36:28]

FT: Did you hear that, everyone? Richard, I get so many emails especially from young adults saying, "I want to invest. I want to invest." I know what they're really asking. It's like, "Give me some stock picks, Farnoosh. Give me some stock picks." I sound like a broken record but I'm so glad to hear this from you as well. So, it's not just me, everybody. Boring is better.

[00:36:46]

RD: Yes, boring is better.

[00:36:47]

FT: Boring is better. Actively manage funds, all you're getting out of that is more money out of your pocket to pay for fees. Performance historically is sometimes not as good as index funds that are passively following the index like the S&P 500. So, if you have a retirement portfolio at work, if you have an IRA with your bank, check the ingredients and make sure that the cost ratios are low as can be, that you're in index funds, you're not spending more money than you have to be.

[00:37:17]

RD: Great advice.

[00:37:18]

FT: Okey-dokey. We are almost wrapped here, Richard. Before I let you go, I'd love to have you fill in some blanks.

[00:37:24]

RD: Okay.

[00:37:25]

FT: So, if I won the lottery tomorrow, the first thing I would do is _____.

[00:37:34]

RD: Go on an incredible vacation.

[00:37:37]

FT: Where would you go? You've been to so many places. You go somewhere new every year. Where have you not gone that you would like to visit?

[00:37:43]

RD: That's the thing with going new places every year, the list grows exponentially. I would definitely take my family on a great trip, probably to Machu Picchu in South America. I knew that's where I'd go first. I think that's where I'd go. Yes.

[00:37:57]

FT: Oh my gosh. Maybe I'll piggyback with you on that one.

[00:38:02]

RD: And then when I came home, I'd set up a vacation fund and wall it off with the rest of what I do, so that I always have money to travel with my wife and my kids somewhere each year.

[00:38:11]

FT: Wonderful.

All right, the one thing that I spend on that makes my life easier or better is _____.

[00:38:18]

RD: The one thing that I spend on that makes my life easier and better is definitely travel because I come back with new experiences from those different places and new perspectives.

[00:38:30]

FT: You're making me want to get out and travel. With a 1-year-old, it's a challenge.

[00:38:36]

RD: When [Kate] was 18-months-old, we went to Australia in Fiji and it was really great. So, you can travel with a 1-year-old.

[00:38:45]

FT: All right, I'm going to put on the list.

[00:38:48]

RD: Okay. I'll do your podcast when you're away.

[00:38:51]

FT: Oh, perfect. Done. Okay, great. I have a substitute. Excellent.

My biggest guilty pleasure that I spend a lot of money on is _____.
[00:39:01]

RD: Biggest guilty pleasure that I spend a lot of money on is probably eating out. Yes, eating out. Eating out at restaurants that are really delicious and terrific, but really are pretty darn expensive.
[00:39:14]

FT: I know. New York City, it's like...
[00:39:15]

RD: And there are so many wonderful choices, but yes, that's definitely guilty pleasure.
[00:39:21]

FT: One thing I wish I had known about money growing up is _____.
[00:39:26]

RD: Great question. Gosh, there are a whole bunch of things I wish I've learned. One is that stock pickers usually don't know what they're talking about and the other one is that real estate brokers are acting for the deal and not for the seller. That doesn't mean they're bad but their interest is getting the deal in place so they can get their commission.
[00:39:53]

FT: I know. It's such a bum market sometimes. What are you supposed to do? I just had a real estate broker on the show. She's actually a good friend of mine. An excellent broker and I was like, "Kathy, I just don't know why I should hire a broker if I'm selling my apartment or vice versa sometimes even. She said, "It's like getting heart surgery without a surgeon."
[00:40:15]

RD: I do think she's right. I do think you should hire a broker. I just think that you should be aware that when you hire a broker, that even a really good broker, that their natural interest is to

make a deal and that's not necessarily your interest. It's not that they're corrupt, or that they are not honest, but their natural interest is not always the same as yours. Just be skeptical. But yes, I think hiring a broker is a good idea.

[00:40:43]

FT: And when I donate money, I like to give to _____ because _____.

[00:40:48]

RD: I like to give to charities that don't get a lot of coverage or don't get enough money. One of the charities that I really like to donate to is Médecins Sans Frontières, which is Doctors without Borders, because I feel they are always there helping people with the greatest need, very often in places where they get virtually no media coverage. I think they're just a great organization.

[00:41:15]

FT: That's great. Oh, I love that.

Finally, I'm Richard Davies and I'm So Money because _____.

[00:41:21]

RD: I am So Money because not to be So Money would mean I was so bankrupt.

[00:41:29]

FT: And you are not bankrupt. So that is So Money. Yes. Thank you so much, Richard Davies. You're a fun guest and even a more fun host. Everyone, check out "How Do We Fix It?" It is in your local iTunes station now, which means it's everywhere.

[00:41:47]

RD: Farnoosh, the definition of having fun is when you look at your watch and go, "Oh my gosh, that really was 40 minutes or 35 minutes? I thought it was 10 minutes." So this was a lot of fun.

[00:41:58]

FT: Oh, it's my pleasure. I mean it, Richard. I'm really excited for your show, I'm honored to have been a guest and I look forward to helping you spread the word about it because it's a great show and it needs to be downloaded.

[00:42:09]

RD: Well, thanks so much, and your show is great, too. Thank you for having me on and I'm flattered that you wanted to chat with me.

[00:42:16]

FT: My pleasure. Have a great one.

[END]