

**EPISODE 188**

[ASK FARNOOSH]

[00:00:30]

**FT:** Hey everyone, welcome back to So Money. I'm your host Farnoosh Torabi. It's Saturday! Saturday. What are you doing? I took my first tennis lesson this morning after what is now probably at least, at least 19 years or picking up a racket. I mean I've picked up a racket since I was 16, but I played horribly on my high school tennis team back in the day. I was terrible! But my high school basically had a rule that they could never reject anyone from a sport that you went out to try out for. They just probably would never use you on the field [Laughs]. I remember, they didn't use me on the courts, but I was always against like a freshman when I was a junior, who would kick my butt! The other team members sort of didn't like me cause I was the weak, I was the weak link on the team, but I really love tennis! What can I say?

I was just happy to be there, and I loved the little outfits, I loved the sneakers, I loved the racket - I just loved the whole thing about tennis. And of course, Wimbledon just ending now, it's a good time to pick up tennis again. I feel charged, I feel excited and I'm sharing this lesson with my brother because we wanna be So Money about it and save, and it's fun to do it with somebody else. I think it takes a little bit of pressure off you as you are perfecting your game, and I do intend to perfect my tennis game! So I hope to have more good news for you as the season goes on. We signed up for about 10 classes and it's a lot of fun.

So, it's Saturday so as I always promise at the top of the show on Saturday I go first to iTunes to pick a new person to receive a free 15-minute Money Session with me. So I'm gonna just, excuse my typing, I'm doing this live. Man, okay I'll go to the iTunes store. And this was quite the week for reviews. I think that, for some reason, lots of people were motivated to leave reviews and I'm gonna select [NataparryMC]. NataparryMC, left a review on July 14th, called it "Changing lives one interview at a time", and the review says:

**N:** "Listening to So Money has changed the way I think of money, finance, and economics. I grew up without an inkling of how to budget, save, or do anything with money. When money was

discussed in my household it was as if it was a bad thing to have. It was also a huge emotional trigger for me. Over the years I've tried to learn about finance, but was difficult to figure out how to apply it to my everyday life. I've been listening to So Money for the past month, and I'm soaking up the information from the interviews, and Farnoosh herself, like a sponge. Listening to the ways others have used money as a tool to enhance their life has drastically changed the way I view my own life and what I'm capable of. Thank you Farnoosh, you've changed my life!"

[00:03:39]

**FT:** Oh my gosh! Wow. I don't demand that you write nice reviews, but this, I couldn't have asked for a more glowing review, and a more touching review. Really? I've changed your life? That's, I think that's a very generous statement and I think that certainly my guests are inspiring and they inspire me and they've changed my life in some ways too, listening to all my amazing guests talk about how money has been a tool for them, but also an inspiration and a drive. So if it's changing my life, no doubt that it's touching other people's lives and maybe even changing other people's lives. So thank you very much for that review. I'm sorry to hear that money was such a sort of pain point for you growing up, but you know what? That's not uncommon! And so let's talk about that, let's connect. Let's do a Money Session. Email me, [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com), and we will connect very soon after that. So thank you very much for leaving that.

And I have to apologize, I was going through my inbox and realizing, "Man! I have a lot of questions I haven't gotten to." So if you have been leaving a question for me over the last two weeks, if you've left a question for me over the last two weeks and you're like, "Farnoosh! Seriously, when are you gonna answer it?" [Chuckles] Today might be the day! Or tomorrow. Today or tomorrow. I'm trying to catch up big time, and so there's like dozens of questions. Typically I don't do more than six or seven per episode, because after that it just gets to be really long. So I'm gonna try to be very quick and this time I haven't really prepared much for these questions, I will be honest. It's been a crazy week for me, my husband was outta town, my nanny had the flu. So I was single parenting for much of the week and trying to work, so it was a little messy. [Laughs]

For those of you who are on Periscope, you might have seen my little random Periscoping with my son Evan one afternoon. It was a little crazy around the "we work office", near Wall Street where we are. But such is life! Evan was the happiest he was ever this week. I think he just got a lot of spoiled mommy time, which means I didn't get much work done. So I'm gonna be answering these questions kind of off the cuff and that's just the way it's gonna work today.

[00:06:01]

We're gonna start with Andrea. She says:

**A:** "I've had a Roth IRA for about 5 years. It only recently occurred to me, while listening to So Money, that it should probably be rebalanced, but I have no idea the best way to go about that. Are there good tips? Does doing so often involve paying fees? Should I just wait till I find a financial planner? For what it's worth, it's through Franklin Templeton, you don't have to mention that if you don't want to give company shoutouts! haha."

[00:06:31]

**FT:** Oops! Okay, well it doesn't matter. I think, Andrea, you could probably call the fund or the fund manager or the 800 number that's attached to that particular fund, their customer service, and ask about rebalancing services, and I don't think it should cost anything. I think this is pretty standard now. The other thing you might wanna do is just talk to somebody there and be familiar with your allocation in terms of the percentage breakdown. What percentage am I in stocks? What percentage am I in bonds? Blah, blah, blah." And then make sure that this person knows that every year you want to rebalance so maybe it's just a matter of scheduling a call with them on the phone and they will do it for you over the phone.

So definitely do-able, you just have to do it with your fund and the team there. And hopefully they can offer this to you for free, in some capacity. Good question.

[00:07:29]

Alright, moving to the next, Alicia. She says:

**A:** “Hey Farnoosh! I love your podcast; you liven up my commute everyday! I need help with where to go next with my money. I'm making a great salary, I invest in a 401(k), I have an IRA, a good stock portfolio, and some money market accounts.

I know I shouldn't be sitting on my savings, which at this point contains well over a year's worth of expenses. I know my money should be working for me, but I just don't know where to go next. I love my job, so a new business isn't right for me now. Do you have any recommendations on how to get more of my money making money? Thanks!”

[00:08:04]

**FT:** Wow, that's a really good question. I feel like I was in the same boat as you a while ago, and probably still. I have more money in cash than I probably should. But I'm a mom now and I feel like I just want that security of knowing that that cash is liquid and accessible, and so I'm investing it in my home renovation and I'm gonna be depleting some of that, some of that cash savings. But that's how I'm doing it.

For you I think the question you wanna answer for yourself is "What do I wanna accomplish in the next couple of years?" My answer here is not, "Open up such and such index fund." It's really, "How can I invest this money into my life, into myself to have it pay back in other ways. Perhaps it's personal growth, perhaps it's real estate, perhaps it's travel, something like opening up a college education account for your - college savings account for a kid that hasn't even been born yet. Cause I did that [Chuckles], with Evan, cause I'm crazy! But it's gonna help us out a lot once he's ready to go to college let me tell you.

So it's really about thinking along the lines of "What do I want? What is important to me in the next couple of years?" You say you have more than a year's worth of expenses, well if you have a year that's good, that's solid. I wouldn't do anything with that. Let it sit, have it be accessible, let it be liquid. Anything extra that is icing on the cake, maybe it's something that you do something fun with. You go on a vacation! I'm just throwing ideas out for you, but there's really no wrong answer. I mean a wrong answer would be perhaps that you just buy crap with it, stuff that in a month you can't even remember what you bought with it. So I would say, just try to

think of some meaningful things. It doesn't necessarily have to give you a percentage return that is definite or foreseeable, but that it does make you happy, it makes you feel like you're living your life to the fullest.

[00:10:08]

How's that for off the cuff? Stephanie says:

**S:** "I'm a freelance business and financial writer that has had some success in the national media. Curious how you've made the shift from being a writer, to a personality in the financial space? I would like to do the same, but I don't know how to take that first leap to find media and speaking engagements beyond those at a local level. Any tips?"

[00:10:31]

**FT:** Well Stephanie, very, very timely question because I'm actually coaching people on this exact thing, on the DL. I'm not really promoting this, it's not like flashing on my website screen, I'm not sending emails about this constantly, but I am putting together a small group of men and women who want to do exactly what you've told me. "I want to get to the next level. I want to become more of a go-to expert in my field. How do I break through?" And I've amassed a lot of insider intel over the last 10 plus years of doing just that and I wanna be able to connect the dots for people, but I would say, you don't have to work with me. I'm not trying to convince you to pay me to work with me, I'm just gonna say that it's very coincidental that you brought this up. But if you're interested, email me.

But I would just say, to answer your question, for me what was pivotal what was really the catalyst for getting me out there in the media in a big way was having a book, a published book. So you say that you are a writer, I would say work on a book. Work on a book idea, survey the market, survey the landscape, see what's out there, see what's missing. How can you be a unique voice? How can you be a standout voice? And think about packaging a book together, whether you go to a traditional publisher or you self-publish, that's up to you. I think both have it's pro's. So that for me has been my ticket. It's been the best way for me to launch my career,

and looking back it was the absolutely best choice that I ever made with my career, was to launch a book called "You're So Money" and that led to other books.

So that's what I would say to you. So good luck, and if you have any other questions along this line, don't hesitate to reach out: [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com)

[00:12:24]

Okay, Rebekah:

**R:** "I graduated from law school with \$192,000 in student loans and currently still owe about \$150,000. I'm not married and in my mid-30's. My concern is that I have nothing saved for retirement. My employer does not offer a 401(k). Up until now, my focus has been on paying off the student loans. I would love your advice on this."

[00:12:47]

**FT:** So Rebekah, I would say if your company does not offer you a 401(k) you can always open up an Individual Retirement Account, either a Traditional or Roth, depending on your income. I would say if it is below six figures, you would definitely qualify for the Roth IRA which is a great vehicle to save for retirement because the money that you invest in the Roth IRA grows and can be withdrawn tax free in retirement. So that's a great perk. A Traditional IRA you can deduct the investment that you make from your taxable income today, but then in retirement you pay taxes on that. So I would say, if you don't have a 401(k) at work, look at an IRA outside of work. You can open one up virtually at any financial institution, bank brokerage, credit union. So if you're already at a bank that you love, start there.

[00:13:43]

Okay! Great questions guys. Okay Sam:

**S:** “What is your advice for investing extra money? I have managed to save up 3-6 months of expenses as an emergency and as per my budgeting every month, will have \$2000 left over. Where can I invest that so I can gain some residual income through that investment?”

[00:14:06]

**FT:** Well, you know, on this show I don't give investment picks or investment ideas so I would say if you don't have - but I can speak broadly. If you don't have a retirement account, you might wanna look into opening up an IRA, like I just was talking about. And within that IRA, looking at index funds, ETF's. You might wanna, we've had on this show some guests that have talked about peer-to-peer lending. That's something that, if you can create a diversified basket of loans that you are basically giving money towards investing in, those could be an interesting investment. I don't know much about it, but sites like Prosper.com and Lendingclub.com can get you to create a very diverse basket of investments. And "investments" are other people's loans that you're funding. Not entirely, but maybe you're giving \$10 here, \$15 there, \$200 there and the return might be a nice one.

So that's something you also might look into. I mean, I don't really know what's going on in your life? Do you have a mortgage that you could put an extra payment towards every year. That could reduce your interest over the long run. It's not gonna be an immediate kickback, but in the long run you will save a lot of money because you'll knockdown the term on that mortgage effectively and you will save money on interest. So these are all things that are putting your money to good use. So let me know what you decide to do Sam.

[00:15:40]

I'm gonna move on to Natalia. She says:

**N:** “I would like to know all the ramifications of bankruptcy. I was counselled to file bankruptcy because the banks that own my loan will not agree to the short sale. We've been in limbo for about 2 years. My other debts comprise of a rental property that I own with my ex, that is rented, yet losing money. \$60,000 in credit card debt where I am the authorized user and my ex is the holder of the card. \$95,000 in tax debt. I'm currently trying to start a business. There is not

much overhead and I don't plan to incur debt to get it off the ground. I would like to know how this will affect future opportunities.”

[00:16:19]

**FT:** My gosh Natalia! This is an episode. I mean, of So Money. I feel like there are so many implications here, potentially. I would say talk to a bankruptcy attorney. Invest a couple hundred dollars to have a one-hour sit down with a good bankruptcy attorney, and that person will lay it all out for you. At the same time, maybe you wanna talk to also a financial planner. In concert, those two individuals can help you tremendously.

What I do know about bankruptcy, and it's not a whole lot, I don't know all the intricacies of bankruptcy but I will say it's gotten a lot harder to excuse your debts in bankruptcy. The laws have gotten a lot harder, so just beware of that. You're more likely to be put on some sort of repayment plan, unless it's deemed that you are in just absolutely dire straits. So that is my understanding of personal bankruptcy, but people who will know a lot more than me will be worth your time and money to help you with some of these questions, and I would say a personal bankruptcy attorney and a personal financial advisor. Good luck to you!

[00:17:30]

Okay we've got a question here from Olivia. She asks:

**O:** “Great to hear Joe on the podcast.”

[00:17:39]

**FT:** Yes Joe Saul-Sehy - he's the co-host of Stacking Benjamins. Olivia says:

**O:** "I also enjoyed your visit to Stacking Benjamins a couple weeks ago. I've been struggling with financial impatience recently, now that I'm on track with all my goals I think a side hustle could speed up my progress. As a pregnant attorney with a 2-year-old, I have very limited free time but after much research, I've decided to jump head first into REI - made my first offer! I'd be

interested in hearing your thoughts on side hustles for the busy professional? On the real estate side, I'd love to hear an interview with the guys from Bigger Pockets.”

[00:18:18]

**FT:** Okay, so definitely gonna reach out to the Bigger Pockets guys, cause I like getting your recommendations for guests. By the way, anyone listening, if you have people you want me to interview, let me know. It's not always a slam dunk, but I definitely will make an effort to reach out to those folks and let them know that my listeners wanna hear from you.

Your other question about side hustles for the busy professional; if you're not insistent on doing side hustles that are tangential or directly correlated to your profession or you big skill set, strong skill set, I would say, "Do what's easy. Do what's convenient." We call it a hustle, but if you're a pregnant, busy attorney that's got also a 2-year-old, I mean you've got a lot. I had just a few days of trying to manage a 1-year-old on top of my job, and I'm not pregnant, and I'm not an attorney. So I can only imagine what your day is like, but just try to take the hard work out of the hustle a little bit. Sometimes it's just a matter of like doing something that's a passive income.

I just had a woman on the show that's selling clothes online, making lots and lots of money. You could pet-sit. You could, when you're away, rent your home out on Airbnb.com. Did you know that you can rent your car? Yeah! There's an app for that. You can rent your car when it is not in use for the app, by the hour, by the day, by the week. I believe it's called Relayrides.com and they actually will give you the insurance as well, so if the car gets ruined it doesn't touch your personal insurance. So I mean, you're telling me you're a busy mom, you're a busy professional, you're expecting another baby, you wanna make a little bit more money. Try looking into these other side-gigs that are not super time consuming.

I've talked about it on the show a lot before and I have no affiliation with them, but Taskrabbit.com - I use them a lot. This is a site where you can go on and find jobs in your neighborhood that you could perhaps fold into your afternoon routine on the weekends. Somebody needs some items picked up at the grocery store, or they need your help with maybe some professional legal advice? And that's something that you can freelance on the side. That might be something that you could start to slowly advertise? Just that you're out there as a legal

professional. You could do like an hourly fee - I dunno if you're employer would allow this? But that would be something cool too.

So, again, just initial thoughts off the top of my head. But thank you for your question, and good luck with your pregnancy.

[00:20:57]

Alright, we're gonna do a couple more questions and wrap. Van says:

**V:** "I would like to know what is the best way to pay off credit card debt and then save for retirement.

[00:21:09]

**FT:** Well I would say, "Don't try to do one or the other. I mean, try to do both at the same time if you can." I don't know how much credit card debt you have, but if you haven't saved anything for retirement, that's a concern for me. I'd like to see that you are addressing the credit card debt to the best of your ability, meaning you are perhaps addressing the highest interest rate card with more aggressiveness. You're not just paying the minimum on that card, you're paying triple or quadruple on that card and then making sure that the other cards with the other balances are being paid on time as well. And whatever little money you have left, putting that into a retirement account, because the earlier you get started with saving for the future, the happier you'll be when you get to that future. The more appreciative you will be. The more money you will also have to show for at that point, because of course with compound interest, starting early makes a big difference.

And so I would like to see a bit of a hybrid approach if you can. And like I just finished talking about with Olivia, I would say try to maybe find a side hustle to pay down that debt really fast. Call it like a debt side hustle! I did this in my 20's; I babysat and did all sorts of things and that money, primarily, was helping me pay off some credit card debt. So if that's something you have time for, that's also a smart way to address the debt here and now and quickly get back on track with retirement. And I would say that once retirement is more of a viable savings bucket for you,

pretend that the debt is still there. Whatever money you were funneling towards the debt, funnel it now towards the retirement.

[00:22:56]

And then we got a question from Taous. Well actually, it's a comment and a question:

**T:** "Farnoosh I can't stop listening."

[00:23:06]

**FT:** [Laughs]

[00:23:08]

**T:** "I've read almost every book mentioned by you and your guests, including all three of your books. I'm becoming a little obsessed with personal finance. Who knew? My question is, my mom only started saving for retirement five years ago - she's 60. She is about to inherit a large sum of money - about \$100,000. What would you recommend she do? Annuities? High interest savings account? Keep it aside and max out an IRA every year? She probably won't retire for another 10 years. Thank you for all you are doing with this incredible podcast!"

[00:23:37]

**FT:** Well thanks so much! And that's a - you know, you're mom's pretty lucky here. She got a nice little surprise nest egg. Oh gosh, I mean, I don't know about annuities? I certainly am not schooled enough in them to recommend them, and from what I read about them, or what I've been told about them, they're very complicated vehicles. So if it's very complex for me to understand, I can't even imagine somebody who's not entrenched in the world of personal finance to really get it and, with confidence, invest in them.

High interest savings account? Yeah, I like that. Keep it aside and max out an IRA every year? Could also do that. I think all these savings ideas are good ideas. I thing about being 60 and

wanting to retire in the next ten years is that you don't wanna obviously put this in aggressive investments because this is money that she will likely need soon. And by soon I mean in the next 10 years. I don't know what other retirement assets she has. Does she have a 401(k)? Does she have a pension? Does she have other IRA's? Will she be getting a nice social security cheque and when will she plan to tap that?

Also think about what are her expenses that maybe she could use this money to pay down. Does she have a big fat mortgage that maybe this \$100,000 could help to reduce so that her costs then, in retirement, are kept at a minimum. So I would say, look at some savings opportunities, whether it's an IRA. But even if you do the IRA, I want her to stay pretty moderate with the investments. Definitely can do stocks, to an extent. Let's say, you know, 50-years-old, you don't wanna be more than half invested in the stock market. Talking about like stocks, mutual funds. The other 50% I would put in cash-like investments; bonds, money market.

And so depending on what else she has secured for herself for retirement, and how locked up that is, this might be money that she would like to keep very liquid so that it is accessible to her. And not knowing what her healthcare costs might be, that could be something that will be very, very helpful for her soon. So good question! Thank you so much for your commitment to this show and to reading all of my guests books. That's awesome Taous!

[00:26:07]

And I think I'm gonna wrap it here. I definitely have, let's see; one, two, three, four, five, six, seven, eight, nine, ten. I have like at least 10 more questions, but I'm gonna try and get to them tomorrow. Thanks everyone for tuning in. All of your questions were excellent, and I apologize if it was a little off the cuff, but it's been a crazy week and I just really wanted to get to these questions and respect your queries. And if you have any followups for me, you know how to reach me: [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com). Or just go back to [Somoneypodcast.com](http://Somoneypodcast.com) and click on "Ask Farnoosh".

Thank you so much! Hope you have a great rest of your Saturday, and hope to see you right back here tomorrow. Hope your day is So Money.

[END]