

EPISODE 416

[SPONSOR MESSAGE]

[0:00:34]

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[ASK FARNOOSH]

[0:00:43.8]

FT: Welcome back to So Money everyone. It is Friday and it's Ask Farnoosh time as always. Every Friday I answer your money questions. We go through some changes on this podcast, we go from seven days, to five days, to three days per week but the Friday episode remains the same, we are answering your money questions and this was a pretty bitter sweet week because Follow The Leader aired its final episode of its season.

Very excited on the one hand to see the Tracy Anderson episode premier and for those of you who didn't catch it, don't worry, you can always watch it online at Followtheleader.cnbcprime.com for free. So Tracy Anderson was our last profile, a female founder, fitness guru and entrepreneur. Trainer to the stars, people like Gwyneth Paltrow and Madonna and who else? Sophia, help me out here.

[0:01:42.6]

SY: Once upon a time, Kim Kardashian.

[0:01:43.8]

FT: Really? Wow, Kim Kardashian. And Farnoosh Torabi, I went to one of her classes and trained with her in a group, not one on one, that would have been scary. She is an amazing

entrepreneur, somebody who I think a lot of us in some way shape or form can relate to only because for those of us who are entrepreneurs, who are experts in our fields and want to go big, how do you do it, how do you scale, how do you clone yourself but not really? That's why Tracy is the leader that we wanted to follow in this particular episode.

Really excited for that to air but also of course because it was the last episode and time will tell if Follow the Leader will have a second season, that is to be determined. I've always said that no matter what, it's an experience that I will always take with me and it got me to places I had never been, meeting people I had never dreamt of meeting. So it's a real privilege and just happy that I got the chance to share it with you all.

All right, this week we've got a ton of questions and some comments and of course Sophia is back, Sophia, how are you doing my love?

[0:02:50.0]

SY: I'm doing well, I'm doing well. Thank you for having me on another episode.

[0:02:53.8]

FT: Are you having fun? Because that's all that really matters, I don't want to feel like you're doing a chore here.

[0:02:58.4]

SY: I am but you know what else is an exciting week Farnoosh? It was our one year anniversary.

[0:03:04.1]

FT: It was, you and I. Can you believe it?

[0:03:08.3]

SY: No I can't, time flies when you're having fun.

[0:03:10.3]

FT: I know, and your birthday is this month too. So May is an especially cool month over at our office. Thanks for reminding me, I don't think we really celebrated so we'll have to do something fun to commemorate our one year anniversary.

[0:03:24.7]

SY: Definitely.

[0:03:25.8]

FT: What do you think has been the hardest part of working with me and maybe the thing you least expected?

[0:03:34.8]

SY: Wow, putting me on the spot.

[0:03:36.7]

FT: I know right?

[0:03:40.2]

SY: Well I would say, I never envisioned working for an entrepreneur. I always thought that both of my parents had a corporate jobs and went to a liberal arts college so I was always under the impression that you worked the nine to five. So I think that it's been a really cool experience working for you, an entrepreneur, getting to experience all of the different projects that you have whether it is working with a client who is a little bit more corporate, someone like a JP Morgan

Chase or whether it's doing something really fun like the podcast and where you're interviewing all of these great people. So I think that's just been really cool to see that side of things and opened my eyes to the fact that maybe I could be an entrepreneur one day myself. So I think that's been really fun and exciting.

One of the challenges I guess is probably along that same line, getting used to working by yourself sometimes. When you're working at a corporate job, you're kind of on an open floor plan surrounded by all these people and sometimes now it's a little bit more well made when you're working by yourself or with a smaller team but I think it's a lot more fun because you get to have, well you meet so many more people but you also really get to experience everything from the bottom up. So you know you're not stuck in one role. I think that's kind of been a challenge but also one of the many parts of being an entrepreneur, so I think that's been fun to experience.

[0:05:19.3]

FT: Good to hear, this is really a feedback for me, I think, to hear this and I completely know what you mean about the isolation factor sometimes because even of course when we're together, that's fun but even that can feel a little — we work at a WeWork everybody, which is the whole point is for us to get out and meet people at WeWork and everyone keeps to themselves which is I don't think something that they intended or really would like to get out there.

Everyone's working in their own silo but I did sign up for a cupcake tasting the other day at WeWork. I do take advantage of those things when they come up. But yes, I think it's important for us to get out more while we have an office, I think it's important to go to the meetings and I try to send you off to things even if I can't go just because I know it's important to remember how to network and talk and make those relationships. #goals. Things to work towards.

All right. One of the many jobs you have is of course compiling the questions and the comments for Ask Farnoosh every week and going through all the mail and I'm going to do the honors of reading our very first, well it's really more of a constructive criticism from Sheena who did not

leave me her email by the way so that I could respond privately. So I'm just going to respond to you on the podcast because I don't think you'd mind.

So Sheena says:

[0:06:41.2]

S: "Hey Farnoosh, I love your show, I'm a dedicated fan."

[0:06:45.2]

FT: She has some feedback from the heart. She says:

[0:06:47.2]

S: "Save time for more content by asking your subjects questions once. You repeat questions a lot, even when they're not complex. And during Ask Farnoosh, maybe skip the kudos in people's letters, we know how great you are so get to the inquiry and your awesome advice."

[0:07:05.2]

FT: Lastly, she says:

[0:07:06.2]

S: "Production quality is sometimes not so bueno. We understand you interview people remotely but maybe get a producer to help edit out the reverb or use better tools. Thanks for all that you do, stay up."

[0:07:19.2]

FT: I don't know Sophia, I want to appreciate this but I don't know.

[0:07:23.5]

SY: I feel like it would have come from the heart if she had left an email address just so that way you could keep an open dialogue with her, I think that would have been ideal maybe. Maybe she didn't leave one just because she didn't want to be contacted for whatever reason, maybe it didn't have anything to do with that but you know, you can't please everyone.

[0:07:45.1]

FT: I think it's a well-intended email, I think that it's a little harsh actually. I totally agree with what you say, I think that I do — I don't know if I repeat questions, but I don't shoot from the hip. This is a conversation podcast, there's going to be um's or it's not super polished, I'm not reading from a prompter, I don't know if I can really change that or if I want to.

I do have a production team. I can't always control the audio from the other person's end, we try our best to really smooth everything out and we do use good tools. So I really apologize if you're not getting the podcast of your dreams here, not so bueno. All right, let's move on. Who is next?

[0:08:30.2]

SY: All right, our first question comes from Tom, he's a fellow Penn Stater.

[0:08:34.4]

FT: Yes, I know Tom. I know Tom. He and I had a poly-sci class together, we were in the honor's college together.

[0:08:41.8]

SY: That's so nice. Well, Tom writes in and he goes:

[0:08:44.2]

T: “Farnoosh, what would you recommend for someone looking to save money for a purchase several years off like a wedding. Looking to make it somewhat difficult to access to prevent temptation and also minimize risk and impact of inflation. Thanks.”

[0:09:00.6]

FT: Well, first of all Tom, you’re so thoughtful for thinking so far in advance about the someday wedding that you’re going to have. I think that you’re taking the right step which is thinking about it, being proactive because it always end up being more than you think just like a renovation, just like buying a car, a wedding, everything is always, it turns out to be a little bit more than what you thought it was going to be.

So starting ahead and planning it out, and any money that you absolutely need, if you need to have that liquidity for some kind of an emergency or big purchase that’s important in the next five years, I would try to keep most of that liquid. Anything above five years I would say, put it in the stock market, put it in something like an exchange rated fund, maybe money market, earns less interest but it’s something more than just .01%.

That said, there are a lot of online savings accounts that it’s not super sexy but it’s 1% to get started. I think like Goldman Sax has an online account, Ally Bank and all sorts of other online banks that do that and again like you mentioned, the beauty of that is that it prevents temptation from taking the money out.

One last thought that I have on that though, which is that there’s a website called Smartypig.com. SmartyPig intends to help people kind of in your boat that have short term goals, short to midterm goals. Whether it’s paying for a wedding, buying a car, putting up a down payment for a home, going on a vacation that’s like around the world that’s going to be five figures or something like that, and encourages you to save for those goals in an online savings account.

The interest is pretty competitive, I think it’s around one or 1.2% and the end of your savings goal, which by the way, during your saving’s journey, you can invite people to save into your account. So birthdays, holidays, whatever the occasion, you can almost treat it like a Kickstarter

and give people the lanes and it can go and donate to your savings goals. Their donation is not a tax write off but you get the point, it's considered like a contribution, and that can help to get your savings goals met and then at the end, you can either cash out, get a debit card with that money on it.

If it's something like a trip that you're planning to go to, the website has partners, affiliations with different hotels and travel agencies that can help you get discounts on purchases. It basically has a mall so you can go and use that money and I think earn even discounts. So that's the last thing that I would recommend. Have you ever heard of SmartyPig Sophia?

[0:11:42.1]

SY: I have not, I'll have to check it out.

[0:11:45.7]

FT: It's been around for a while. I remember writing about it 2008 or 2009. Look it up and make sure if they're still alive and well. Here they are, SmartyPig.com. Their interest rates gotten a little less since we last checked, it's 0.75% right now. Look around, I wouldn't say this is the best but definitely I like it because it's goal oriented. So heck out SmartyPig.com.

Okay, who is asking our next question?

[0:12:17.4]

SY: All right the next question comes from Christy. She writes:

[0:12:20.4]

C: "Hi Farnoosh, I'm a Canadian living in Vancouver and listen to your show daily. I have learned so much from you since I started listening six plus months ago. I'm an interior designer and will be visiting New York City in mid may for ICFS. Can you recommend any budget friendly

must see restaurant, events, or amazing design centers, thanks to time your podcast is So Money.”

[0:12:42.5]

FT: Wow, thank you Christy. How exciting that you’re coming to the big Apple. I’ve been living here for gosh, 13 years, 14 years? Plus the summers in college and Sophia, you are from kind of the tri-state area, you’ve been living in New York since college. I think definitely check out Brooklynn, I think there’s some amazing cuisine food out here and sights. We’re really making a name for ourselves out here in the borough.

Whether you go to Williamsburg, which is not where I live but has tons of restaurants and it’s really a great scene for getting some cool cocktails, great music, great vibe in Williamsburg. In Brooklynn Heights and Park Slope, great restaurants around here as well. I would suggest actually a website called Grubhub.com and NYmag.com has some great current up and coming or best bang for your buck kind of deal and steals when it comes to food and restaurants and things like that.

In midtown, one of my favorite restaurants, which is kind of a hole in the wall but pretty big once you get inside and just a great vibe because it’s truly Parisian. Everyone speaks French — I’m a francophile so everyone speaks French, the menu’s French, the music’s French, it’s perfect. It’s like you go back in time and you’re in Paris. It’s called, La Bonne Soupe. Have you ever been there Sophia?

[0:14:05.4]

SY: I have, it’s really delicious.

[0:14:06.7]

FT: Isn’t it?

[0:14:07.3]

SY: I love that spot, yeah.

[0:14:08.6]

FT: It's just a really charming lovely restaurant, the people are great, the staff is really sweet. So check that out, it's not expensive, I think like \$15, \$13 bucks for an entrée and a lot of their entrée's are crêpes, which is very Français and as far as sights, we know that at the MET right now, there is, there might be appealing to you as an interior designer. If you like fashion, there is the Man x Machina, is that what it is?

[0:14:36.5]

SY: Manus x Machina, yeah that's the Costume Institute's gala's spring exhibit, which is supposed to be fantastic.

[0:14:45.4]

FT: Yes. Check the calendars for all the museums, you said you're coming in June. There are certain days of the week that are free and sometimes I know the MET, I believe it's the first Friday of every month, they do free tours in the evenings. Definitely worth checking out the websites of different museums before coming just to see if you can plan your visit or your timing around, sometimes when they have freebies going on.

I would just recommend honestly taking a walk, putting on some really comfortable shoes and walking up and down maybe Central Park, starting at maybe the Upper West Side or the Upper East Side and walking your way down to the village, if it's a nice day. You could literally get some nice Fitbit miles going but also just being here I think in the city is very inspirational. Everything, the skyline. Speaking of skyline, do go to the High Line. I have not actually been to the High Line recently, have you Sophia?

[0:15:42.7]

SY: Believe it or not, I'm really ashamed to say, I have never been. I've never been. I know!

[0:15:47.1]

FT: It's always — I feel like it's the kind of thing where it's always under construction, they've been growing it and growing it and now it's finally done. It's essentially, it starts at around 14th and 10th avenue and it runs up the west side for about 20 or 30 blocks and it's this, basically and above ground park. The Whitney Museum is there, again if it's a nice day, it's a must stroll. So do that. But check out nymag.com, grubhub.com, lots of great inexpensive options on those sites.

All right, you're making me want to go out and explore my city again, thanks so much Christie.

[SPONSOR BREAK]

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[INTERVIEW CONTINUED]

[0:17:31.4]

SY: All right, the next question comes from Sandra. Sandra writes in:

[0:17:34.4]

S: “Farnoosh, I’m so happy I came across your podcast at a time of much financial stress. Would you be able to educate those of us who know very little about finance? I have a background in science and my business background is obsolete. I have a Roth IRA that I know very little about. I want to educate myself about keeping track of my money. What resources do you recommend and what’s the best way to have control over my finances?”

[0:18:01.8]

FT: Well I think Sandra, you should give yourself more credit. I mean the fact that you’re listening to this podcast, you’re writing in, you have a Roth IRA, you have a business background, give yourself more credit. You know more than you think, or you know more than you feel and so I’m just going to be the first to tell you that you should just be a little more confident for sure. But of course, if you want more information, there is an endless amount of information out there.

I think the one, resources that I like the most, definitely obviously listen to this podcast and this category and this space that are great. There’s one that Paula Pant puts out called money, the Ellevest Podcast, Money For the Rest of Us, Jay David Stein, he’s actually been a guest on this show and then for online resources, I like Nerdwallet.com. I used to work there, I was a contributor and what’s great about Nerd Wallet is it’s a free website, it really breaks down the A to Z of personal finance and helps you assess situations in your life that you might come across.

Like should I buy that house, should I switch jobs, how do I open up a 529, what is a Roth IRA? Really gives you a clear rich answers for all of that and they also have this really cool ask an adviser feature which works like this: You go on nerdwallet.com, click on ask an adviser then you ask a question on their website and within I think 24 hours, an individual, like a real human

being gets back to you with a thoughtful response and it's free. I think for that reason too, I love nerd wallet.

Then there's also other great websites like bankrate.com, money.com, we mentioned Paula Pant earlier but she also not only has a podcast but she has a website called Affordanything.com. Mr. Money Mustache is a super popular personal finance blog. YNAB is pretty cool too, Youneedabudget.com. Now, that's not really a blog but it is a software that can help you budget and obviously, it's called You Need a Budget, but also just establish goals and be more conscious about your money and people who use it love it. It's not free but it's again, it's a really valuable resource.

Okay. Let's move on.

[0:20:16.2]

SY: All right, the next question comes from Ashley, she writes in:

[0:20:19.2]

A: "Hi Farnoosh, I love your podcast and have been listening for about a year, thank you for all of your insight, I'm almost 28 and have maxed out my IRA for the last three years but I don't have six months of income saved up. Should I switch priorities and make that my main focus? Would love your insight."

[0:20:37.5]

FT: Yeah, I think that sounds right Ashley. I think that if you don't have an emergency account, you should definitely prioritize that and you're 28 which means that if you did lose your job, I don't think it would take you that long to find another job. You're at a point in your career probably where you have a lot of options.

So great news that you've maxed out your IRA, but I would say that if you really need to make a choice here, I would focus more on emergency savings and not to say to neglect retirement but

definitely maybe put more towards hitting that six months of income saved up and it doesn't even have to be income. It could be just your basic expenses to make it easier for you. If you did lose your job tomorrow, what are the things you absolutely need to pay for to keep the wheels turning?

I'm assuming that it will be rent and some food, car payments, insurance, things like that that doesn't include things like a clothing budget or travel budget but just the basic necessities and if you can recoup those costs and multiply that by six to nine, I think you're going to be in really great shape and at that point you can go back to being aggressive with your IRA. I used to think that you needed six months of income Sophia, but I think that expenses is just fine. I mean income is a great thing to shoot for, your replacement income but just because that will allow you to just keep status quo, but if it really comes down to it, if you can pay for your necessary expenses then that's fine too.

[0:22:07.5]

SY: Yeah, no I completely agree.

[0:22:09.5]

FT: You have to agree with me because I pay you money and then you cannot disagree with me ever. No, I'm kidding. All right, we have time for one more question and it's a man, right?

[0:22:23.1]

SY: Yeah, it comes from Mike.

[0:22:25.0]

FT: Well Tom was a man too but I feel like we get so many ladies calling in which is great but it's also nice to hear from the fellas.

[0:22:33.5]

SY: All right, Mike writes:

[0:22:34.5]

M: “Hey Farnoosh, I have been listening since January and you even answered a question of mine about student loan debt recently. My next question has to do with non-compete clauses. I signed a two year, do not compete on my current job when I started. I’m beginning to think I made a bad deal for myself. What advice can you give on approaching this topic with my employer without them assuming I’m going to split? To be honest I don’t feel the company has held up their end of employment deal we made and I think my services may be better utilized elsewhere, thanks.:

[0:23:06.9]

FT: Well, non-compete clauses are not uncommon. First thing I would do Mike is I would say grab your contract and go through that fine print again because it sounds like you’re not 100% sure what it all says and my guess is that they’re just saying that the non-compete is such that you can’t leave and go work for a competitor, so a company that makes the same products or is in the same line of work and do what you do for two years.

If you have the sort of skill set that can be applicable anywhere or in a lot of places outside your industry then don’t sweat it because in that case you might still be able to go and get a job and do what you do but in a different industry. So that could be an option. If you feel that you’re clause is very binding, very restricting, very limiting and you really want out and you don’t want to give a red flag to your employer, then maybe it’s a sort of situation where you will go and you meet with a labor attorney.

Somebody who can really read to those fine print, find maybe a loop hole or understand better at your situation, the fact that you’re unhappy, maybe they have to lived up to their end of the bargain, maybe there’s a way where you can peacefully end this relationship and they can be flexible on the two year non-compete. I have found, not in my experience, but I’ve heard around

that sometimes if you've done a good job, they'll be flexible. They'll say, "Okay maybe we'll go to six months instead of two years because," you have to make a living.

If it can be found that this contract was disproportionately in favor of your employer, left you with no options, two years basically unemployment because you have this non-compete. That's not going to fly in any court room. If that is the situation, that's the case, which sounds pretty extreme, I think there's still hope. You don't have a non-compete in your contract Sophia, just so you know.

[0:25:01.8]

SY: Good to know.

[0:25:01.8]

FT: You can go work for like Dave Ramsey after this and I'm sure he'd be happy to have you and I'd be happy, sorry to miss you but at least you know, the world is still your oyster after you leave working for me.

[0:25:16.0]

SY: Well thank you, I appreciate that. But don't worry, I'm not going anywhere.

[0:25:19.9]

FT: Good because okay, you don't have to stay if you're not happy but I would be really sad.

[0:25:24.3]

SY: No, I'm still having a great time and I think there's still a lot to learn from you Farnoosh.

[0:25:29.3]

FT: Oh my gosh, I have a lot to learn. So if I have a lot to learn, you still have a lot to learn. Listen, this has been really fun and I want to thank all of our listeners who wrote in questions. Mike and Ashley and Sandra, Christy, Tom, even Sheena. I thank you for your suggestions. If you have any other questions, other thoughts for me, the best way to get in touch is Somoneypodcast.com, click on Ask Farnoosh and we will connect.

All right Sophia, I hope you have a good weekend.

[0:25:55.1]

SY: You too.

[0:25:57.3]

FT: Everyone else listening wherever you are, at home, on a run, in the car, hope you have a great weekend and I hope it's So Money.

[END]