

EPISODE 695

[ASK FARNOOSH]

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FT: You are listening to So Money everyone, happy Friday. Friday February 23rd 2018. We had some pretty spectacular episodes this week. In case you missed them we had, Monday, Abby Walker who is the author of *Strap on a Pair*, just also the CEO of Vivian Lou which is this incredible company that sells super comfortable insoles for women's heels. She talks about she left the corporate world and basically reinvented her career. It started with a blog that she was just doing to, kind of, keep sane, have a creative outlet and the rest is history.

And then, on Wednesday Josh Robbins who is the son of Tony Robbins joined us and he is all about helping us save money in our 401(k)s. Helping us arrive in retirement with more money in our bank accounts and had to ask him, what is it like to growing up with Tony Robbins as your head of household. Might be interested to hear what he has to say.

By the way anyone out there wanting to write a book? Is anyone out there interested in turning their expertise into a platform through a best-selling book because as you may know for the past of couple of years now I've been running these live workshops in New York City. Workshops that I host and then I bring on amazing people from the publishing and media world, and literary world to help, maybe someone like you an entrepreneur and expert come up with the great idea for the book. Show you how to do it and then also show you leverage it to allow yourself to get really known as the go-to expert in your field. Get tons of media, speaking engagements, brand partnerships, TV opportunities, it's a lot of fun but it's a very small group that I coach once maybe twice a year, so I would love to invite you to apply if this is you or could be you.

Go to booktobrand.co. We have a couple of spots left just that I would share that on a podcast. I haven't been doing a lot of promotion on this podcast but figured, hey, if anyone out there is listening or know somebody who needs to write that important life changing prescriptive book. Whether you're gosh I don't know an accountant or a veterinarian or a chef you have an

expertise and you want to share your message with the world let me know, let's talk. Go to booktobrand.co and you can apply book a time to chat with me.

But moving on we have an incredible co-host today as you know I love inviting listeners on to the show to co-host and I'm happy to say that this person is not just a super fan of So Money but she's also highly qualified to co-host with me. She is a certified financial planner self prescribed money nerd, Amy Irvine.

Amy, welcome to the show and tell us a little bit about your obsession with money, I love it.

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AI: Well, thank you for having me and yes unfortunately my entire family has had to listen to me talk about money and numbers, math, for pretty much my entire life. My younger siblings especially my brother was really pushed in the direction of learning math. I used to sit him at a little desk and be this teacher instead of a chalk board and actually make him sit through math class when he was younger and it is so funny because his youngest son is very similar to me. So, I often wonder if he is truly my brother's child or if he is somehow really directly more related to me about money and numbers are really something that I have always enjoyed. and I don't think a lot of people are surprised about the career path that I chose because of that.

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FT: Alright, so tell us a little bit about who you like to work with and while we have you what's your best piece of advice for us? What is something that a lot of your clients come to you with? A concern, a situation that you find yourself trying to fix or trying to guide them time and time again?

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AI: I think right now the biggest problem is just figuring out how to get competing goals in alignment with each other. And what I mean by that is a lot of the clients that I work with are in their late 30's to mid 40's and they're still carrying some student loan debt, maybe some credit

card debt, they have mortgages and they're thinking about the fact that their kids are going to be going to college. So how is it that they can plan for retirement, plan to pay down debt, plan to get their education expenses paid for and somehow help their kids with their own educational expenses. And then I think right now a big question is how is this new tax law going to affect all of that and affect me, going forward in this 2018.

So, it's a challenging time I think from that aspect. You know I was just on a phone earlier today with somebody who specializes in providing financial education to 16 to 22 year olds, through a non-profit organization and we are saying, you know, it's not like most of our education system provides financial education in high schools, it might be an elective that somebody can take but it's not like a required gym class or English or Math or anything like that.

Financial education isn't given in that manner so we're all expected to go out in to this wild world of life and we don't have the basics, a lot don't, and so then we get in to our 40's and we start to look at, "Gee I wish I had known. I probably didn't do that the way I should of or what are my options?" So I, you know, from my perspective where I see most often is just how do I figure out this competing goals, how do I figure out how to afford these competing goals and put it all together.

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FT: It's crazy my heart totally goes out to everybody who is saddled with student loan debt. We actually have a couple on So Money recently the Darcos, amazing episode. Rene and Nee Darco, two doctors married couple \$660,000 combined in student loan debt. They somehow paid it off in three years. That is a bit of an outlier story most of us don't have us don't have that much money but even if you have like 60 thousand, it's a lot.

So, what hope, what sense of optimism can we give listeners and anyone who is out there, feeling strapped with their debt, that they can overcome this and actually have a life, you know, life that includes, gosh, settling down, vacations, you know, worthwhile experiences, family, etc?

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AI: Well, I generally ask people a very specific question when we first start working together and it it's, "If money wasn't a barrier let's going to take that off the table right now. Let's just say if money wasn't a barrier what would you change in your life? Once they tell me that answer then everything else all the other direction that's given, kind of, goes back to that particular item so if they say to me, "If money wasn't a barrier I pay off my debt," So that's your priority. So, let's figure out how to achieve that, right?

Let's look at what you're spending is and let's take a pick at your bank statements and your credit card statements and I use three highlighters in a lot of those cases to help people to look at highlighters or pull out three highlighters. And take one highlighter and highlight everything that you don't think you have a lot of control over like your mortgage and your loans and those sort of things.

And then, take a second highlighter and go down through and highlight things that you have a little bit of control over like groceries, you know, maybe a little bit on the utility side and then take a third highlighter and highlight everything that you have complete control over.

Take a look at what's left, take a look at something that you don't – all of the items that aren't highlighted you don't need it and you don't want it and you can completely probably control it. So what's left can we use some of those resources that are left, could – because you remember you didn't know you just bought it, you didn't really really want it and you didn't really need it.

So, what are those resources left and how can we apply it towards that particular goal that you just said to me. Whether it's, you know, paying down debt or saving additional money in your retirement plan. So, we try to take it in baby steps I would say because once you get that first goal, okay, what's the second one? And, sometimes it's the priority like something that's really pending that needs immediate attention that we have to focus on that but –

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FT: This is amazing advice, I hope everybody is putting pencil to paper here or you're typing in your phone. Tell us what maybe some of these surprising things that we can control? Can't control a lot, right? Can't control the price of food and our boss who refuses to give us a raise

for who knows whatever reason. What are some examples of surprising things that we can control the cost of easily that you share with our clients that has been transformative for them?

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AI: Well, for example let's say your mortgage payment is, you know, 40% of what your monthly budget is and if we look at that and I say, "What if, you know, what is it about this home that you have such a deep connection in? And I know our home is in many places or many situations the place that it feeds our soul, right? So, I'm not asking people to give it up but if your home is such a big expense what are the other alternatives? Let's have a conversation about that.

Or if gas is, you know, something that you're really spending a ton of money on getting back and forth to work. Are there alternatives to sharing the car pooling or taking public transportation or could you talk to your boss about working from home a couple days a week. That's not possible in every job but, you know, it's a possibility in some cases.

What I see in some cases is child care. I am – sometimes I think oh my goodness I'm in the wrong career, what people pay for child care is extraordinary. What are the options within that because that's a really important aspect of life who you leave your children with as an extension of you to a certain extent, right? So, but it's very very expensive and I see eating up some significant amount of people's budget.

So talking through what could be done in that respect to lower those expenses. What are the alternatives and what are the options and sometimes just having the conversation about it brings things to light. It's just people sometimes do things because that's what everybody else is doing.

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FT: Oh yeah, keeping up with the Joneses. Okay, let's shift gears now to listeners' questions beginning with Angel. He says, what is our advice on index funds and ETFs? Right now he has a mutual fund with the bank that has two percent return and through research he sees that

index funds has six to nine percent returns and he wants to savings to grow so what do we recommend.

It could be that his mutual fund just as not having a great year and that's why the two percent return the returns for index funds and ATF's historically over stretches of time not just one year but we're talking, you know, decades. I have seen the reports of 6 to 9 percent.

The benefit, the real benefit to index fund or ETF versus something like a mutual fund or just mix back of stocks is that the maintenance fees, the management fees rather are lower – much lower. Index funds, track an index whereas mutual funds can be very actively managed by a person and then you got to pay that person. So I think that if you have if you're, kind of, not impressed with the mutual fund that you have you can try your AMI I think an index fund or ETF is a better more economical way to go.

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AI: No, I absolutely agree and one of the things that stood out to me in that question is in our industry the language that used often is extremely confusing to people because we have so many terms that sound very similar. So when I first read that question I thought, I wonder if he means a money market fund is getting 2% versus a mutual fund to giving 2%.

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FT: Yeah, that was, kind of, low for mutual fund.

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AI: Yeah, and then I wondered, maybe there's a mutual fund but maybe it's a bond mutual fund so maybe it's not a stock mutual fund their an equity mutual fund so absolutely agree with the idea behind index funds. You know, I am a big believer that especially if Angel has, like you said, 20 or 30 years or even 10 years looking at options that are focused on the SMP500 as a broad market or even a balanced fund that's an index balanced fund. Vanguard is one of the companies that I often recommend because of the balance fund they do manage it a little bit so

there's a little bit of active management in there, just a tad bit. But their fees are still very very very low and so, you know, that would be one, sort of, middle of the road mutual fund that you could chose.

But even better would be go out would be to go out there and get an exchange traded fund or those ETFs that would be, you know, .07 seven percent versus say actively managed stock mutual fund that might be .75 or even .5 and it's -

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FT: For one, I've seen over 1% for some -

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AI: Some know, yeah. Watch your share class on that just as FYI with mutual funds just real quick. It's something that his a C after it understand that, that is an additional 1% charge that you're getting hit with. And so something that could charge 1% could actually end up charging 2% because of that share class, so be real cautious about that.

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FT: So, share class C is the one that costs more money, that's the one to remember?

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AI: That's the thing to remember.

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FT: Wow, okay so you just saved us a lot of money Amy. Thank you very much.

Let's check out Kevin's question. He says, what's your advice regarding the stock market specifically ones that starts to correct itself or crash, how do I protect my gains from the last seven or eight years? Where should I safeguard it?

I would say just hang in there, right? Don't go anywhere.

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AI: You know, I look at it two ways, I stay in the game myself and I usually recommend my clients to stay in the game. Somebody needs money, you know for something within a short term period of time, like a year, then we do take it and we put it aside and kind of say, you know we're not going to go law on it but if the market corrects we don't have to worry about not having what we need.

But the other way I look at market correction is that it just went on sale. So I joke with people I love shoes. Love them! That is my weak spot. absolutely cannot go into a shoe store. I have to have an envelope for my shoe spending because that's the only way I can control it. When I go into a shoe store and I see two for one I don't just buy one, I buy two right, I get two and when the market corrects itself that's the way I look at it, it's just went on sale.

Before it went on sale I could only buy one pair or one share of a particular ETF or mutual fund now I can actually buy two or one and a half or whatever the correction might be. So I tend to get very excited when the market has a correction because I look at it to take new money and get it working for me. And you know really, if we don't time the market over time it actually shows that you're much better off than if you try to time the market getting out and getting in.

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FT: Thanks Amy and Kevin let us know if you have any more questions about this. I think that he's echoing what a lot of people, investors are thinking, voicing right now. We're looking at 2018 with a lot of uncertainty politically, financially, economically and - but as you pointed out Amy earlier in this show, there are still things that are within our control, how we spend, how we budget, how we negotiate, and that's very empowering.

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AI: What are those goals and how close to you needing the money for something have you become. And if you're starting to get within, you know a certain window it's probably wise to sit back and say, "Well how much do I need if there was a correction?" You know, "What, what do I need liquid over a couple of years if there was a correction or a year whatever it might be?"

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FT: Okay, Amy we want to round out Ask Farnoosh with two questions from listeners regarding negotiating your salary at work.

Leah writes and she says, "What's our advice on asking for ways while working for a non profit?" She says, "I know our budgets are tight right now and all salaries comes from donations."

That's tough, I mean it's one thing to negotiate at a for-profit company where they can always find a way, right to move some money around to pay you more if they value you. At non-profits it is, you're right, the budgets are tight, it's very much beholden to how much they bring in from donations.

I think Leah if you had a really outstanding year and that you can correlate your role at the non-profit to directly to an influx of donations. Now, I think you have a pretty compelling case there. If your presence and your productivity has been directly linked to more money coming in to the non profit. I think that's worth mentioning but it's going to be tough. I think that's going to be a harder conversation than say someone working at Google.

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AI: I know that she's saying that budgets are tight and salaries come from donations. But I also think that it's really important to sit down with the organization and to sit down with yourself and say, you know, "Is this my passion? Is this the job that I am in love with and is this where I want to be?" And ask the questions about is there going to be additional resources available.

If you are absolutely in love with your job if you couldn't see yourself doing anything other than what you're doing now, is the organization that you're with the only organization that will do that? Are there opportunities some place else and asking for a raise is tough, in any job especially a not for profit because they're saying often that you know budgets are somewhat limited. And I think asking them whether they foresee other opportunities coming your way and sometimes it needs doing a side hustle even.

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FT: Yes, you know I love the side hustle and I would add that sometimes it's not just about the money and sometimes if you can negotiate more flexible work schedule so that perhaps you can work from home a couple of days a week, that saves you commuting time but also maybe frees up a little bit time in your day to pursue a side hustle.

Then again, going back to putting things in your control, a side hustle you can control far more than you know, perhaps, your non-profit's ability to give you a raise. You can probably make more money faster that way. Think about ways you can leverage your skills in the ways that you can make money from the stuff that you have.

You can rent your gear out and you can rent a spare bedroom, you can rent your bicycle, you can walk dogs on the weekends. There are a lot of ways now that people are finding easy side hustles. It's really about what you like to do and what time you have and the web, the internet, is a great connector for people who want to start making money quickly.

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AI: Yeah, maybe babysit a couple of hours in the evening or anything like that. It's amazing what people can earn in today's world and those types of jobs. I haven't, I don't have children and I don't know the cost associated with some of that, but I was told the other day that an average somebody can earn easily \$10 an hour doing some evening daycare.

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FT: At least, babysitting is where it is at. Especially if you live in a city here in New York. As a parent now, I pay handsomely to babysitters and when I was actually baby sitting in my 20s, because that's one of my premier side hustles, I earned, and by the way this was like a decade ago, I think I earned anywhere from \$13 to \$20 an hour, depending on number of children, the more kids obviously the more money and the parents would always pay for my cab right home, they would pay for dinner and bonus, the kids will go to bed early so I had all this free time in the evening and I actually used that couple of hours every baby sitting shift to write and wrote my first book, primarily, thanks to a lot of downtime during babysitting. So I'm really a proponent of that.

Alright, last but not least, we have a question here sticking with negotiating from an anonymous, anonymous fan on Instagram. And by the way if you're not following me on Instagram please join in the fun. I've been doing a lot of storytelling, you can see the behind the scenes of my personal life, my professional life and my everything. So, if you want to connect with me there I would love to see them. By the way, it's a great way to connect with me quickly, people had been messaging me through Instagram and since there are a lot I get back to you quite quickly.

Anyway I digress but this is somebody from Instagram who writes how do I continue my salary negotiations when I have already have the conversation about ten times and I kept hearing, yes, you're in line once the budget frees up. All the while this person says, this poor person says they've expanded his or her role and workload. Come on, hey, it's time to look for a new job, am I right Amy?

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AI: I do, that was my exact thought. That unless you are geographically tied on this area or this job, or it is the train job that you've always, always wanted and you don't think you ever going to find anything, well I would even question that, on the second there's probably you know there's other companies that would probably take advantage of your skill set but if you've asked ten times and you keep being told the same line, I think it's time to start shopping as well.

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FT: Yeah, I would give your employer one more chance and this time go in the meeting asking for, politely asking for, some sort of timeline, you know, are they thinking that the budgets are going to free up in three months, six months, never? And I think that you can phrase it as, say this to your boss, you know, “I think by now it's no surprise that I really want to move upward in this company, that I've been really persistent and I just want to know what is ahead? If there is no upper trajectory then I would appreciate that sooner than later.” And I think at this point you are allowed to show some disappointment, come on you know, put your cards a little bit.

Let them know that you're getting impatient. I'm getting impatient for you and simultaneous to you having this last conversation with your employer, if you feel comfortable, doing it and you're motivated, update your LinkedIn profile.

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AI: I think it's important too when you go in to the next meeting, you know, to sit down and I had the time and say, here's a lit of all the things that I've done, right. All of the - how my role has been expanded and what additional workload that I've taken on and, you know, maybe do a little search about what the salary figure is that goes along with all of those skillsets, so that when you go in to the meeting you can actually say, you know, “I've been taking on all these additional responsibility and my role is expanded, I know the budgets are tight right now but I really consider giving me a raise of x dollars. I think the market justifies that, I think my work justifies that. I think I expanded role justifies that.”

If somebody said that to me I would have to sit back and say “Okay, wow what do I have? What do I have on the budget line to try to figure out what to give you differently.” You're going in with data.

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FT: That's right the numbers don't lie and as parting advice I would say and I've talked about this on the show before but it is worth mentioning again, go in to your human resources office, ask the manager for your position's salary band. And what does this number represent? it's basically

what your company has budgeted for your position, sometimes it's called the salary band, other times it's the salary range. It will give you some really important context and perspective.

So, if you're say making \$60,000 a year and you discover that your salary range is 55 to 95 thousand dollars per year, that means your very much still on the lower end of that salary range and if your work is above and beyond then I think it's going to some really compelling data to present to your manager. So, try that and let us know how things go.

Amy this is where we part but I'm loving so much talking to you please come back and thank you so much for joining me and sharing all your fantastic professional advice showing us how can save money and also do let us know how we can find you.

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AI: Well, you can find me out on my website which is irvineadvise.com that's one way. It's certainly can follow me on Twitter and Facebook. I'm usually around in the XY Planning Network as well, so much of the avenues to be able to reach out to me and my email address is amy@irvineadvise, if you have any questions, feel free to send them out there as well.

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FT: Thank you, thank you so much Amy. Looking forward to having you back. And everybody, you know how to reach me right go to somoneypodcast.com. You can send me your question by clicking on Ask Farnoosh. There also you can let me know if you're interested in co-hosting. You can also connect with me on Instagram [@farnooshtorabi](https://www.instagram.com/farnooshtorabi) one word. Follow me there, send me your messages there, your questions, your interest in co-hosting.

If you, by the way, also want to write a book a prescriptive non fiction book and you needs some help and you want me to help you. Go to booktobrand.co, learn a little bit about the live workshop I'm posting later this spring. Thanks again to our guest Amy Irvine and hope everyone's weekend is So Money.

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