

EPISODE 770

[ASK FARNOOSH]

[0:00:35.5]

FT: You're listening to So Money everyone, welcome. August 17th, 2018 Friday, it's great to be here, thank you for joining me, maybe you're on your morning run, maybe you're off to work, maybe you're leaving work early to enjoy the weekend wherever you are. However you're living your life.

Thank you for taking the time to join the So Money podcast. I can't believe this is episode 770. That's incredible, right? We've come all of this way and I say we because this is a collective effort, I cannot do this job without your support. Thank you to everybody for subscribing, for leaving a feedback on iTunes, for you know, joining me today.

Also, for sending me questions, this episode, these Friday episodes could not exist without your fantastic questions. Seriously, I was just telling someone over coffee this morning that I have the smartest audience. I mean, sure, we could all use some financial R&R, some TLC in our lives, whether we're trying to pay off debt or make more or anything in between.

But, the types of questions you're asking really speak volumes to your dedication to personal finance, your motivation. August 17th, middle of the month, what kind of updates do I have for you? Well, we are in the process of enrolling people into my So Money Podcast Accelerator.

If you're thinking of starting a podcast and you want accountability, you want maybe some group coaching because there's a lot of programs out there that gave you the materials and the to do list for starting your podcast and they're great. If you are somebody who has a goal to launch soon and to do that, you want accountability, you want someone to kind of hold your hand, to give you direct feedback and you want that person to be me and my team.

Then that's where the So Money Podcast Accelerator arrives. We are not just sort of this like hands off approach to launching your podcast, we have group calls, we have a Facebook group

where I'm doing lives constantly. Our goal is to launch you in 12 weeks which is a little aggressive that's why it's called an accelerator but for those of you who want to launch in the new year as part of your big resolution for the year, this is the way to do it.

If you're interested, get in touch, you can go to accelerator.somoneypodcast.com and fill out the application and I'll be in touch or you can email me at farnoosh@farnoosh.tv or you can go on Instagram and direct message me there and we can get the ball rolling, there's all sorts of price points and packages depending on your budget and what you want out of the program. If you're somebody who is more DIY-ish and you want to just be left alone, we've got a program for you if you want some accountability, we've got that program and if you want some super one on one time with me, there's also a high level of VIP program.

Something called Free for Everybody, get in touch, would love to talk to you and spacing of programs, I'm also doing another Book to Brand workshop this fall.

Some of you know that I have this two day live workshop in New York, every year, sometimes twice a year where I invite aspiring authors who want to write nonfiction prescriptive self-help books and don't know where to start, don't know how to do it, how to execute it, or who to hire or like, what kind of a literary agent should I get?

This two day workshop brings all of the best people from all of the related steps to launching a book. Literary agents, publishers, media people and then later when you've published the book, you want to leverage it.

How do you get on television, how do you get a brand partnership? I bring all of these key people who do these sorts of projects day in and day out to come and talk and educate you and hopefully become your best friend. If you're interested in Book to Brand, that's October 15th and 16th in New York, we have a couple of spots left, again, same way to reach me, go to farnoosh@farnoosh.tv to email me.

You got Instagram or you can also go to booktobrand.co for more on the Book to Brand workshop. All right, I'm going to transition now because that's a lot of me stuff. I want to get to our special cohost today, a woman whom I met at an event, at a panel that I was on and she

came up to me and was like, “I listen to your podcast, I have taken your advice and I’ve improved my financial life” and of course, then, I was like, “What are you doing on a Friday because we need to cohost together” and she was very kind to take me up on that offer.

Leyla Novini is here everybody, she is a New York resident and she’s kicking butt in the UX design space, she has an MFA in Design and Technology from Parsons. Also has experience in the music industry, she loves photography, she loves music technology, she plays the clarinet and she listens to So Money.

Leyla, come on to the stage my lady friend. How are you?

[0:05:59.6]

LN: I’m doing good Farnoosh, how are you?

[0:06:01.8]

FT: I’m great and also, not for nothing but you’re Iranian, right?

[0:06:04.8]

LN: Yes I am, Iranian American.

[0:06:08.0]

FT: Yeah. I love it. All right, did your family talk about money as much as mine did growing up?

[0:06:13.1]

LN: Yeah, I mean, just I’m sure like as similar to you, my parents immigrated to the United States with not much going on, just start college degrees and you know, wanted to achieve the American dream. It was an interesting to the perspective as immigrants and me growing up here

and going to school. We were in a small town in Ohio. Not very many Iranians in town so like the only run ins were the ones we knew, there was nobody else.

Also, my parents at some point when I was a kid, they started doing business so seeing how they handled it and their perseverance in that space and you know, taking time to scale back on things and watching them succeed through their hard work has just been very inspiring.

[0:07:03.7]

FT: What was your impetus for looking for a money podcast and what have you been kind of figuring out about yourself as you've been listening to the episodes.

[0:07:12.6]

LN: Well, in fact, about 2014. I've been in New York for 12 years now periodically and 2014, I was in a really bad career rut, I graduated from my undergrad in 2009, economy was not in great shape, I was jumping from one position to another. My final stint I was kind of getting phased out of my job and I'm like, "this is unsustainable for me," I barely had any savings and vigorously job hunting and then not being successful. I made the hard decision at 27 years old to move back home with my parents, it was just one of those things where like, it was probably the most natural and best decision for me.

Because I mean, leaving like a studio apartment in New York City with like all my friends and going back to a small hometown. Not ideal but I knew I needed it and that was also around the time I found your podcast so in the midst of you know, restructuring what I wanted out of my career and learning how to save better and like be more financially responsible, it certainly was very helpful for me.

[0:08:25.6]

FT: What was that adjustment like and what were some of the things that you and your parents had to communicate around because I know like, it's different when you're living with your

parents and you're 16, you're under their rule and now you're a grown woman, was there a bit of a battle there or like how did you navigate some of those situations?

[0:08:49.1]

LN: I mean, it was interesting as an adult and my parents are pretty lively. A typical Persian parents, they were, actually, you know, they were just about to become empty nesters because my brother had left for college, my youngest sibling. They're at the position like they're almost excited to be empty nesters but because the Iranians naturally loved having their children with them, they were so excited.

But I think they were very supportive of me just trying to take my time to really focus because I came back, took a part time job at a car dealerships to save while I figured out what my next steps were and I just used that time to research a lot. I had decided to stop and think, what do I want to get out of my life, what are my skills, what am I good at and what I'm passionate about.

I realized, you know, I have always taken on a creative roles, actually started marketing in the music industry, I was a photo editor for some time and I wanted to continue that but find a way to make it sustainable for myself and find something successful. That's how I got into user experience.

[0:10:01.3]

FT: It's a great industry I have to say, my brother kind of fell into it. Well, he went after it but it was not something that he knew about in college. He graduated, realizing, I need some skills, like really hard skills that I can deliver to a company and get paid for it, as supposed to like, "I know how to think about the economy" which is you know, what they teach you about college.

If you major in economics, he's been very busy, it's a really great space and I think as women too, anything like software or design related. Stuff that you can do from home, from your computer, on the go. Like great lifestyle setup because if you do want to have kids, I'm learning more and more that having the ability to work from home or not be beholden to an office location somewhere while your kids are going to school is everything.

Your ability get home and be with your kids is immeasurable. All right, our first question comes from a woman on Instagram by the name of Certified Life. She says, "my husband and I both had nontraditional career paths in our early earning years, he was signed to a record label in high school and then he graduated early, missing out on college.

I became a full time musician by living frugally and only recently finished my masters in teaching at 32 years old." She goes on to talk about, you know, just the fact that they're kind of at a crossroads right now in their lives and in their careers and her main question is, "at our age, with a busy life, is working towards a Bachelor's worth it?"

I guess her husband is considering going back to get his college degree. She said, "or, should my husband be putting his time into side hustles" and she gives an example, she says, "we remodeled our homes together, we have no debt and about \$360,000 in net worth due to my husband's great carpentry skills."

I think going to college is great and I'm glad that I did it and I'm sure you're grateful that you have a college degree Leyla but it's not for everybody and if frankly, if you're fast forward, if you're living your life and you're making the money and you're fulfilled and you know, you feel like everything is working out for your despite the fact that you don't have a college degree.

I don't think it's necessary to go back and get it, it really just depends on your goals but then of course, there are some people who just want the degree, right? It's like something a bucket list item. That's the case, if it's more for your own feeling of life satisfaction and like you've fulfilled life's journey. I think there's some merit to that but you just want to be smart about it too, don't go and like, go into debt, going to get this college degree. Also, be smart about it too.

If it means not working to get this degree which may or may not lead to a higher income or more job opportunity and in the meantime, you're not working so you're losing out on that income, I think that's something definitely to think about but what do you think Leyla?

[0:13:17.6]

LN: Yeah, I mean, I do agree and I can relate in a way because I finished my masters at 30 years old so I was definitely in a similar boat. I think I agree that if you're feeling like you're making good money and you're feeling successful at where you are now, then you may not need it. But, do you feel like it's a bucket list item and you feel like the Bachelors would be worth it to you, I would highly recommend at least, you know, getting to know like so what program are you going into, what are the – what's the colleges that you're considering and do your research.

My best advice in which I did and I went and did this after I graduated and was on the job hunt again, get to know the alumni of those programs, what was the bad crowd, what were they doing during that program, what are you doing now after they graduated? See if that's something that you want to either reflect on, if it's like worth it to you.

You know, there's alternative ways like I had the – when I did my research, it was either masters or even a boot camp and you took my research and just getting to know who, with these kind of programs, they seem like my last best match the program that I went to.

[0:14:34.3]

FT: Yeah, I mean, that's really the thought process, right? Figuring out, where does this Bachelor's degree fit in to the grand scheme of your life's goals? If it makes sense, if you feel like it's the right kind of an investment but like, you know, I sense that she's asking me to kind of get my take on whether just generally speaking, if getting a college degree is really important.

I mean, I think it just has to make sense for you. I mean I went to college but even then my parents said to me, "Make sure that you make the most of these four years, get a return on your investment" you can graduate and start working and have it be a pillar that you are building towards something and that you are not just going to college to "find yourself" which is definitely a lot of self-discovering in college for sure.

But thank you for sharing that advice for Certified Life and Certified Life, if you have more questions for me on that don't hesitate to reach out on Instagram. Okay next step is Dakota. She says, "First off, love the show" thank you Dakota. She says that she's been listening for

about a year and she's been sharing the show with friends and family now, thank you so much Dakota. I really appreciate that, I couldn't be as far as where without people.

Sharing and letting people know, people are just discovering the podcast for the first time today and I hope that continues for years to come. She says she has a question about student loans. She has about \$10,000 left and paying roughly 5% interest on them and if she continues to pay the approximately \$200 a month, she probably won't be debt free for another couple of years but she says, "Do you think I should continue paying my monthly payment or take a loan from my 401(k) or even my Roth IRA to pay them off?"

She's like, "How does that even work?" I mean there is one thing about refinancing and if you are going to be able to refinance this to a loan with a smaller interest rate that's one thing but to sacrifice your retirement savings in the name of paying off your student loan a little bit faster, I think is not the smartest thing to do just because mathematically speaking I think your money is better off staying in the market than it is paying off this student loan at 5%.

You should look into maybe if you can pay it off within the next year, I don't know if you can or 18 months, there are some zero percent APR credit cards that you can do a transfer balance and that zero percent is an introductory promo rate and it will reset to a higher rate usually much higher than 5% after the period of usually 15 months, 12 months. So that could be a good option but only if you are aggressive and want to pay off this debt within the next year.

Otherwise, I would just say keep status quo. If you have a little bit of extra cash flowing through your budget then pay more towards the principle on this loan, this \$10,000 loan to just get out of debt faster and overtime pay less interest but I don't like the idea of compromising your retirement accounts.

That stuff is really I think best for a last ditch effort. You have no other options, you've got a health bill, you've got a bankruptcy that is forth coming and the only way you can deter it is to take out some money from your 401(k). I mean there is money there that allows you to be borrowed but in my view, not the best, not So Money surely. Did you have student loans Leyla and if you did or didn't, what's your recommendation for Dakota?

[0:18:33.5]

LN: I was fortunate enough that I didn't have student loans but I'm in a position where I just set aside money to make sure that I am saving and I do have my 401(k) set and my goal is to not touch it because I want to make sure that it is safe and secure. So that is my take on it. I do recommend thinking about what are your goals in the next few years especially if you want to pay it off as fast. What other things are you willing to set aside in those years to pay it off for it? It is just to make sure that you like it enough, so make sure that you maintain your savings as well.

[0:19:13.5]

FT: Yeah, that's important. So when you are trying to build your financial life, there is a lot of moving parts and it can be overwhelming. You've got student loans in one corner. You have your attempts to stock up in a rainy day account over there with your 401(k) if you know it's important for your future and then of course, you have to pay your bills and keep the lights on and so sometimes you are wondering about where to move these pieces around.

Or the chess pieces and you know debt, in an ideal world you have none of it but if it is the sort of debt where you can manage it and there is a deadline, there is a timeline and you know with student loans there is a term. So it is not like credit cards where it could be forever. For student loans it's like 10 years, 15 years and it sounds like from her she could pay it off within the next few years, that's great.

If that means you can then leverage the rest of your income to invest, to pay, put money into a rainy account to go on a vacation like I am all for that. I think it gets a little trickier when your debt starts to take over your ability to do some of these other things and then that's where I would say, "Okay let's look at refinancing or a modification program" or whatever but definitely not the case where I think she needs to be taking money out of her 401(k).

Next question, Becky, you want to take this question for us? Do you have it in front of you, I don't know if – okay, great. So tell us what her question is please.

[0:20:47.0]

LN: So Becky from NYC, "Because housing crisis pop every year in NYC, is it a bad idea to put less than 20% down or should we wait and potentially have to pay more in the future?"

[0:20:59.2]

FT: Yeah, so I don't know though. I think housing prices might be going down in New York City. Don't quote me but I have this feeling because I look at the market incessantly and I'm always looking at home values and my own home value. I am very much interested in this and I see a bit of a cooling off at least in the Brooklyn market. There is a lot of inventory and interest rates are on the rise.

The tax credit is not as advantageous anymore for home owners generally speaking. So I think all of those factors combine makes for more people on the sidelines when it comes to buying homes and therefore Becky, I don't think you have to be worrying about prices just like going up too much, too fast right now but of course, historically New York City is one of the best places to invest in real estate.

We see prices over period of time, it is not surprise that if you bought something five years ago that today it is doubled in value. That does happen sometimes. With that said, New York City is not the market where you can put down 5% or 10%. I have never heard of that, I think 20% is the norm in any kind of market condition especially if it is in a seller's market. You'd better be ready to put down 30% and then depending on the building, you might have to put down all cash.

80% of apartment buildings in New York City are co-op which means the co-op board sets the requirements for purchases and it is not unheard of for co-ops to be like, "You need to put down 50% or all cash" it's crazy. So it's really a question of are you able to afford what you want to afford now. You want to buy a home that fits into your budget, that allows you to still live within your means and you can make that mortgage comfortably.

That's my two cents Becky and good luck. You know I love real estate and I love New York, I love real estate in New York. So if you've got more questions on this do reach out. Okay last question here is from Antonia on Instagram. She says, "Hey Farnoosh, love the podcast. For us millennials and more specifically freelancers, what are some ways to start investing?" She says, "I have inconsistent income as an artist."

"I am struggling to know how to take financial risks without compromising my sense of security in the event of injury or employment dry spells" so yeah, if you work for yourself, there is no 401(k) option most likely but there are SEP IRA's that works like an IRA but the advantage for self-employed people there is you can contribute far more than a traditional or Roth IRA every year. I think it is over \$50,000 a year if you wanted to and that is tax deductible.

The way that your money is invested is very much like it would be invested in other kinds of IRA's, you can do index funds, ETF's, mutual funds, individual stocks, bonds, you name it. So lots of options and you can open a SEP IRA pretty much anywhere and you control the contributions. So if you have a dry spill of income for a period of time, you can adjust your contributions accordingly.

Also we've talked about on this show apps like Acorns, Robin Hood, these are two apps that focus on investing. Acorns I believe hooks up to one of your bank accounts and every time you spend money, it rounds up to the next dollar. So if you buy a coffee for \$3.50 it rounds it up to \$4, takes that change and invest it for you in a portfolio of diversified assets and before you open up this portfolio, it asks you a bunch of questions.

Like what's your risk tolerance and what's your goal, blah-blah-blah. So the portfolio is very much customized to you. So there are these technologies that can help you invest especially for newbies who don't know where to start, make it really simple and make it very tech friendly so you can check your balance and your portfolio through your phone. It's very millennial. I still like them even though I am on the later stage of the millennial continuum. How do you invest Leyla?

[0:25:17.9]

LN: I've just been using a savings account, opened a CD to just have money secured aside. So I mentally prepare myself that it is not there so I don't use it.

[0:25:33.6]

FT: Look, you can invest obviously in the stock market but I am learning too that investing in yourself pays off, investing in real estate when you do it wisely and you don't break the bank doing it and you are thoughtful about it if it becomes a good rental property for you. That's worked out for a lot of people. So now Leyla, you are out of your parents' house?

[0:25:57.6]

LN: Yes, finally.

[0:25:59.7]

FT: How did you make the decision to leave? What did you need financially in order to leave?

[0:26:05.1]

LN: So I was fortunate enough where when I moved back and I took on a part time job and I saved, I saved all of that money so that I can use it to take it with me when I would move onto the next stage. Granted that my parents still wanted – they were so excited for me to move onto the next stage. They were so proud of me, I am their first born child and also the first one to receive a masters so they were pretty proud of me because of that.

[0:26:33.0]

FT: Oh my gosh, how excited are your Persian parents?

[0:26:36.9]

LN: Of course.

[0:26:38.3]

FT: I have this joke that I'm still working on the joke, it's called Persian mom.

[0:26:44.1]

LN: I love Persian moms.

[0:26:45.3]

FT: It's all about Persian mom, hashtag Persian mom, and I am like parenting philosophy of Persian mom is summed up as the following: Make your kid scared of everything that way they don't get murdered or worse become loser, right? And loser is anyone who is not a doctor or a lawyer. It's just like some things never change and our parents have very traditional mindset around what is success but certainly getting your masters is part of that.

[0:27:13.6]

LN: Yes, absolutely and especially since I just knew and I also deal with you know, I didn't want to be a doctor, I didn't want to be a lawyer and I certainly don't want to be an engineer either. So having parents that are supportive like of my career of creative aspects and how I wanted to pursue a creative career, it's certainly very hard and personal.

[0:27:37.9]

FT: Yeah, they're hard to convince but it's almost you're better off not telling your parents, your Persian parents what you're up to and then once you're successful – anyway, lots more obviously for you and I to discuss. It was so great to have you on the podcast. Thank you so much for coming up to me at that event and letting me know that you're a listener. That's how things happen people, you've got to speak up if you want me to know that you're an audience member and so happy to have you on the show. Thank you.

[0:28:04.8]

LN: Thank you so much for having me. It was a pleasure.

[END]