

EPISODE 854

[ASK FARNOOSH]

[0:00:34.0]

FT: Welcome back to so money everybody, March 1st. Man, February came and left us. We only had 28 days for February. My favorite month of the year but you know, here we are, March 1st, we are in the thick of things ladies and gentlemen, Stacks House is happening in a month, my team and I we're mostly excited, a little nervous but we would love for you to join this crusade and I know I'm going to be talking about this a lot on the podcast.

I'm sorry, not sorry but this is my passion project and you just got to ask for what you need and what I need is for you to help us, to join us, to share with us, we want to help women achieve their fullest financial potential, Stacks House is going to be one of the first offerings within a whole ecosystem of products and services and events that me and my cofounders want to provide women.

Because money is the thing, yeah? You're on this podcast, you know that, not news to you but we want to really accelerate women's progress in the financial world. Get more money in women's hands, get out of debt, save more, do all the things and so stacks house is launching in Los Angeles April 2nd, which is also National Equal Payday.

You can go to stackshouse.com to learn more about what we've got planned, all the crazy rooms and installations and experiences as well as how to get involved, how to get tickets and to join us on this journey. That's my little plug, I will promise to keep it balanced this month but I really do want to make sure that we get these reminders out because it's all about mobilizing the community, you guys have been so great joining me since day one of this podcast and I feel like this stacks house has really been a resurgence of my –

I don't know, just my intentions in this world of personal finance to help women and it's something that I'm extremely excited about and I just can't help myself. Thank you for hearing with me.

Shifting gears, this is a really great week for podcast in case you missed out on anything on Monday, we had Maria Aspen on the show who is editor at large at Inc. Magazine and she's got a book out called *Startup Money Made Easy*, which I'm not sure that I believe in that title having gone through stacks house fund raising ourselves but it's a great book for anybody who wants to learn how to realistically raise money for their startup.

What was really surprising to hear was that most CEO's that she interviewed, looking back at their startup days, on average, they needed just about \$5,000 to get the ball rolling, which is a lot less than I had thought. That interview, chalk full of wisdom and insights and inspiration, that's episode 852 with Maria Aspen.

And then on Wednesday, we had Dr. Anna who is a doctor, obviously and focuses on hormonal health, she's got a book out called *The Hormone Fix* and she was very just really went there on the episode, talking about her own personal experience with early stage menopause and being a doctor, feeling like she just didn't really have the knowledge that the guidance to work through these issues to ultimately conceive what she did but it was a journey and she shares some off that.

Also the connections between health and wealth, which we are obsessed with on this podcast. You hear that ladies, that's Allison Task. She's been listening, she's a good listener. Allison Task is back ladies and gentlemen. Allison is a friend, she was last on this show promoting her book and we want to catch up with her, see how things are going but I love Allison, especially for these Friday episodes because she comes with such a wealth of knowledge as a coach. Career and professional coach as somebody who is also a mom of four and – holy crap.

Allison, how are you doing?

[0:04:33.7]

AT: I'm doing really well, also, just wanted to shout out to the man who introduced us and made our little romance start here. My husband, and happy birthday Aron.

[0:04:44.2]

FT: Happy birthday Aron Task, which has – he’s also been on this podcast, of course.

[0:04:49.4]

AT: You two, back in the day, like in the out, you two had your own podcast.

[0:04:54.6]

FT: Yeah we did, it was called Wall Street Confidential I think, wasn’t it? At the street.com. People with podcast are just this kind of this new age medium but actually, I had Aron and all of us at the street.com had dabbled in this back in 2006.

I kind of wish we’d just stuck with it because imagine saying that you, even podcasting for 13 years, that’s unique.

[0:05:23.2]

AT: Be like 10,000. Yeah, I listened to your whole I’m so excited for your launch. I know like you said, it comes from the heart, it’s a passion project. I’m so excited for what you’re doing. It’s so important, and yes, with my clients, women and money, I deal with lots of different people coming in for career coaching.

The first question they ask, before they want to make a big move is, “Can I afford it” or that’s the question they actually don’t ask but it’s one of the first 15 minute questions I ask. Let’s just talk about money because career and money are super intertwined and career, money and mental health, right?

Your thoughts about money, obviously abundance, scarcity, all of that. I love so much when you talk about health and money, it just makes me happy because we need that conversation and women, we’re pulling no punches, when we go to our financial advisers and it sounds like they’re speaking a different language, we’re going to say, “Could you just break this down, I

know I'm a smart person and what you're saying isn't making sense, you're trying to obfuscate me," right? I love – believe your own intuition on what makes sense with money.

[0:06:30.1]

FT: Thank you for saying that, you know, I think I have always tried to remind myself and my girlfriends and everyone listening who is female that we may sometimes feel as though, the financial world is designed largely by men, for men.

As a woman inserting yourself in that context, you can feel as though you're not a part of the club, maybe you're asking a question that is too rudimentary or I know this might be a stupid question, now, there are no stupid questions, we're actually really great at asking for directions as we know.

Let's just leverage the good skills that we have, apply them to the financial world, we're going to win, the studies already show that women are better investors than men and we're much better at achieving our goals because we are much better at creating goals, we're very goal oriented. Let that be a reminder to you, if you're ever feeling insecure about your place in your financial life that actually, you have what it takes, you have more than what it takes.

Your book, *Personal Revolution*, Allison. Has gone, I mean, it's international now, you're all over the place.

[0:07:42.9]

AT: I'm here in Japan.

[0:07:43.7]

FT: You're huge in Japan. You're huge on So Money. Tell us a little bit about life after the book and what it has taught you?

[0:07:50.9]

AT: Well, thank you. What was interesting about personal revolution is it's actually my third book and the first one I self-published. I self-published it because I didn't have the time to write a proposal and sell it and put it in the market, I just needed it in my client's hands, right?

I'm a coach, I sell customized coaching services but there were people who couldn't afford me, understood and needed the support. I just got to get this out of my system, I got to put it in people's hands. There are people who would never come to me for coaching and I'm thinking right now of close friends and people like that who just you know, there's an awkwardness because –

I mean listen, I've coached my husband, I can coach everybody but if you don't feel like we can do it then we can't do it. These same people have read my book, people from high school, professional people from yours and Aron's crowd who I get a note from like Allison whatever.

"I was sheepish, I couldn't come to you but I have to tell you your book has changed my life." The act of putting the book in the world, the act of selling it, it became an Amazon bestseller in the first week. The best is knowing that it's having an impact and getting those sheepish letters from people because my last chapter is turn around and say thank you to all the people who helped you with this.

You know, I'm asking for the thank you card but then come, it's been super and it has actually really expanded through honestly, your podcast and James Altucher's podcast were two of my biggest lead generators, calls came in from across the country and around the world, I started coaching a lot more in Europe and Asia, thanks to you and by putting the book out there, I have something to talk about.

And podcasts have been the largest source of incoming clients because people will listen to podcasts, take action.

[0:09:49.0]

FT: Yes.

[0:09:49.8]

AT: Thank you Farnoosh for that opportunity from lots of new wonderful clients.

[0:09:52.4]

FT: Thank you to our listeners for doing the good work, I know, you guys really, you follow through, you're a mobilized group of people and it's why I love being the host of this show because I feel like my words, my thoughts, our listeners, wisdom, it's not falling on deaf ears obviously, it's very an in tune audience.

More reason why I love having you on this particular type of episode where we answer people's questions, this is one off our most popular types of episodes on so Money. More popular than even like celebrities coming on the show, people really want to hear not only their own questions answered but what are other people curious about because I think we all share sometimes, similar issues. We have questions today about everything from starting a podcast to life insurance to real estate, two questions coming in from our audience related to real estate.

I know you're kind of in a crossroads yourself with real estate. Let's start with the podcast question. This came through our email at somoneypodcast.com. This person clicked on ask Farnoosh, Sharon, hello.

She wants to start a podcast and she is thinking about it, it's right now she's thinking it's going to be pretty basic, speak to some guest on the phone, record that interview with a call recording app on her iPhone. She says that it does get expensive when speaking to guests outside the country, wondering what equipment do you use to record your podcast. All right.

Right now Sharon, Allison and I are on Skype and I know some people don't like Skype but it's worked for me, I'd say 90% of the time, since day one, it's free. You can get a \$30 widget software thingamajig called recorder. It's called Ecamm Call Recorder. I believe it's \$29.99 for the software, it connects, it syncs with your Skype when you download it.

Every time you record, this call recorder app will record your voice and your guest's voice. From there, you can get the sound file and you can edit from there. I also would recommend Zen Caster, which is a free website, zencaster.com. Literally, anybody, anywhere in the world that has a secure network can go on Zen Caster, it's free and you just send the website to them and you create a special link, a special – specifically for the two of you. You both get on that link and you can record.

You can also record via Zoom, I wouldn't do it on an iPhone. I know, iPhone, your data's going to get really tired and worn out. It's going to get expensive with international calls so work to use one of these VOIP software programs that are free to get you recorded easily and on the cheap. What do you think Allison?

[0:13:01.0]

AT: First of all, I love you Farnoosh, I think you're cool and awesome and smart but you just told her how to get her podcast going for 30 bucks. You know how to spend your money well, I trust you, you're not afraid to spend money but you just solved that and you gave her like, here's the system I use, not everybody does that.

People play games, ask you to take an online class, pay thousands of dollars to get the information you just shared for free. You're aces. I think you're right. I think if she's thinking about starting podcast, do it, use the software Farnoosh uses, it works, most of the podcast I was on when I was promoting my book did it via Skype.

[0:13:38.0]

FT: Yeah, Skype. Only on occasion has Skype let me down but that's why I have these other backups like Zen Caster, you can also do Zoom, yeah, maybe use your phone in a pinch but I would not use your phone as a primary tool.

[0:13:57.2]

AT: Yeah, do it, good call. I like it.

[0:13:59.6]

FT: Good luck Sharon, thanks for your question and I'm really excited, I love helping anybody who wants to start a podcast so keep those questions coming.

[0:14:08.6]

AT: Farnoosh, one more thing to add, I have to be a guest on the podcast and I said yes, then she sent me a contract, which included I think that she was going to own one of my children like if I said the wrong – please be like Farnoosh, be generous with your guests, send them a little note about what they can expect but don't send them weird legal documents, not that you would, I'm sure you wouldn't but like that was the only podcast, I was like no thank you.

People get weird, don't be weird.

[0:14:37.2]

FT: Yeah, that's for sure, you know, along that note, I've had on one or two occasions, guests send me contracts and say like they're going to own the audio, they're going to get the last edit, I'm like, "what? I'm sorry, what? First of all, this is just content, I don't understand, we are not doing a commercial. You are not hiring me to work for you, this is really weird" and then you just know they are going to be a comfortable guest even if you are okay signing that. So I usually just kindly decline after that. That is some big red flag but yeah, let us keep it friendly.

Our next question is from Kim, Allison and she actually left a voice mail. So I am going to let that play but it concerns life insurance and long term disability. So let us here what Kim has to say.

[0:15:30.1]

KIM: Hi Farnoosh, my name is Kim. I have a question specifically about life insurance and about long term disability. My husband and I are both in our early 30s. We do not have kids and I have a small whole life insurance policy and my husband has some insurance through work but we

do need to look at getting some long term disability as well as term life insurance. We've been working with a financial adviser.

And I am just worried that it seems like it's really expensive and I am not sure how to know how much coverage is enough, how much is too much, are we paying too much. So I don't know if there is a good average for people who are healthy, early 30s no kids, how much we should be really spending on life insurance and long term disability at that point in your life. So any help would be much appreciate. Thank you.

[0:16:26.2]

FT: All right Kim, thank you for your audio question. So Allison, she's healthy early 30s no kids and thinking about life insurance and long term disability, which I am going to start with the long term disability. I feel like you're way too young to be concerning yourself in long term disability. I actually did a little behind the scenes research for you Kim and I went to the American Association for Long Term Care Insurance.

That is aaltci.org and in general, just a good website to check out for data and information but they don't even recommend you start to really look at this until around 52 to 64 years old. You know here's the thing, if you start getting it now you have to keep paying it until you are going to need it, which may not be until you're 70. So that is like 40 years of payments and like any insurance, if you miss a month or two, you run the risk of it becoming terminated.

So minimize your risk, get it when it makes the most, 50 to 64, keep being healthy, generally it costs and this is guide according to the website, it can cost anywhere from two to \$3,000 per year when you get it in your 50s assuming you are healthy and all the things. So would shelf that for now but let us talk about life insurance. This is important. I know you don't have kids now or I am not sure if you have them down the road.

But you do have a partner and so the two of you really want to protect yourselves in the event of the unexpected. I did some calculations for you on Policy Genius, which is actually a friend of the podcast. They've sponsored us but I do like their AI. I like going to their website. It is very

straight forward. They have a calculator. You just type in your age, your general health, how much life insurance you want and the recommendation is about eight to 10 times your salary.

So I just type in a million dollars as an example and they came back with quotes ranging from 22 to 40 bucks a month for term life insurance and that depends on the number of years you want it for, 15, 20, 25. Term life insurance is very inexpensive compared to whole life insurance. So that is my recommendation. Allison, you know life insurance is you have to have this once you have a family.

[0:18:40.3]

AT: Yeah, you do and I will just say because I am sassy like that, man I hate things like life insurance. I feel like I have been paying health insurance my whole life, life insurance, it's like I hate paying for these things I never need because I am so damn healthy but my thing is, I paid for them and I believe that literally because I paid for them that I will never need them. So it is like a personal tax, this is how I wrap my mind around it, it is a personal tax I pay to never need the thing.

So I really appreciate that she is thinking about it. I get the feeling that she is somewhat recently married because she is in her early 30s. I get that Kim, I feel like she's a woman who's got her eyes dotted and T's crossed. So dot those i's, cross those t's I like the idea of term. If she is nervous about disability for some reason and who knows? She may have a family history, I don't know, I don't mind doing it. Again, I feel like you pay the bill so you don't have the problem that's how I see it.

[0:19:41.9]

FT: Yes, it is peace of mind a thousand percent. We hope nobody ever has to enact on their life insurance policy but it is just one of those things where you'd rather just be able to know that it is taken care off. Okay, a couple more questions, Anahi on Instagram wants to ask a questions regarding real estate. So here's the situation, Anahi and wife have a six month old and currently powering their way out of debt.

Once they are debt free, they've got their eyes set on buying a house. They live in California, which is pricey and that's become a challenge. They are looking at starter homes and they're trying to follow the 25% rule for a mortgage as well even though a lot of times people go up to 30% or 35% of their budget for a home but when I do the math he says it comes to \$300,000 home, which is impossible here. Rent is rising and rising and I feel like we're in rut, what's your advice?

[0:20:40.5]

AT: All right, I got strong feelings on this.

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FT: Please go.

[0:20:43.3]

AT: So I live in Montclair, New Jersey, a place I'm trying to woo Farnoosh to. So any support with the listeners in Montclair who is rooting for Farnoosh but here is the deal, when we bought our house my husband was like, "How about we rent?" and I was like, "Yeah, I want to buy and live the dream" right? You're getting yourself out of debt to take on debt. So I just want you to stop and think about this.

Here is the thing that people don't tell you about homes and I am okay to buy a condo or what have you. Oh my god, do homes cost money, mortgage ain't got nothing on my home cost. First of all, I live in an area where we've got three or four percent tax. So most tax bills in my area for houses that are three or four bedroom started 20K. 20K a year people so first of all, I want to know what the taxes are in his area.

Second of all, is he handy? My husband and I are not. What a mess, not only do we have to pay contractors but we have to beg them to come over. I've already had two law suits with contractors that have done me real wrong. I don't want any of this headache but at this point if

we sell, you know what I mean? We're house poor not because of the mortgage. So take a real look at that house, look at the grounds, look at the flooding, look at the roof, look at the boiler.

Look at your wife, the mortgage isn't even the beginning, look at your taxes of your housing cost. I want you to look at the whole picture and decide A, if you want a house and B, if maybe a rental does make more sense if you are one of those handy people then perhaps you want a multifamily where you can rent out part of it because I have relatives who are handy who have done real well with multi families because their house becomes an income stream.

So I don't like home as American Dream at all because it quickly becomes like I said, the mortgage isn't even a portion of our monthly payment.

[0:22:45.6]

FT: Right, so typically when we say 30%, 25%, we're talking about housing costs not just the mortgage. We are talking about your bank payment for the mortgage but also taxes and also maintenance. That is everything you want to squeeze into that 25% or 30% figure Anahi and I know this is sobering and this is probably not the uplifting advice you were hoping for but I do like your idea Allison of multi home, multifamily and look, you have your whole lives to save up for a home if that's your goal.

You don't feel pressured to start doing this now. You have a baby, you have debt right now, you have a lot on your plate. Not really the time to throw on this. Another huge financial exercise, you know buying a home is the biggest financial investment or rather purchase that you would ever make and so you really want to make sure you have all your ducks in a row and also giving yourself time to reflect on whether or not this is actually what you want as oppose to what you feel pressured into.

[0:23:50.7]

AT: I love that Farnoosh, so that's the life coachy moment here with this. You know my clients often walk into my office with a lot of should's and expectations and the societal expectation that once you're married and have a child you buy a home. You are not buying a home, the bank is

buying your home and you get to pay them for the privilege for the next 30 years and depending on the interest rate you get, you might be paying double the price of your home to have that home over time.

So just really think about this not as an investment but look at the should's and expectations around this choice. If we told you, you didn't have to and it wasn't the dream and the image that's been created in front of your eyes for years and years, is it the right financial choice?

[0:24:29.1]

FT: Yes, all right, really quick Lauren also has a question about related to buying a home but more about her credit score. So she and her husband are planning to buy a home in the next year and they have a pretty good size down payment but her credit score is not where it really needs to be to get I guess the good interest rate on the loan. Her husband has a great credit score. She doesn't have student loans, no car payments.

She has a Macy's card that she got in her early 20s, forgot to pay a \$60 charge for 90 days hence the lower credit score I guess. She is always being rejected for credit cards she said so ultimately wants to know how to increase the score for the purposes of being in a good place to buy this home and ask, "Could I finance a computer or a piece of furniture?" first, don't do that. Don't finance anything.

A lot of times when these retailers offer you like financing for a big couch or a TV, what it is your basically is you are maxing out a line of credit or you're maxing out their store credit and that doesn't help your credit necessarily. So I am not saying that that's an absolute thing that is going to happen but you have to read the fine print. A lot of these financing incentives are shiny objects. People go for them but they don't really realize the ramifications on your credit score.

Here is what, I mean if you need to buy this house immediately then it could be that your husband should be the one who applies for the loan. If your credit score is going to jeopardize your ability to qualify as a couple to get a loan and a good interest rate on that loan. It may be the sort of thing where your husband is the only one on the loan. It will mean you may not qualify for as big of a house but you will get the interest rate that you want.

Meanwhile, you build up your credit and down the road, you could potentially refinance to have you both back on that loan but a lot of couples do it this way because it just happens where one person had a better credit score than the other and they really want to make this purchase. So one person will apply for the loan, you will both be on the deed. Make sure that happens so that you both own the home technically, right?

But he may be the only one that is having his name on the mortgage but you both are responsible for it. You just have to make an agreement and a promise to one another to do that. Otherwise raising your credit score is not a quick fix. You need to just pay your bills on time every month consistently for many months, for years and I know you are not getting accepted for credit right now. So maybe look for a secured credit card.

This is a credit card that basically a line of credit is your money. You put your money on the card and then you start using it like a credit card and paying up your balance in full every month will then allow you to graduate into a real credit card within an actual bank credit limit and then again, I don't know how this is going to sync up with your home buying goals but if you can wait to do that to get yourself in a better credit position and then co-apply for this mortgage that could be one route.

The other route is having your husband just apply based on his credit profile not yours. Allison anything else?

[0:27:38.3]

AT: Is there any way that he can get pre-approved so they can at least ball park, him alone what amount they'd have to spend on a house.

[0:27:49.1]

FT: Yeah, they definitely can do that and I would talk to your banker, talk to your mortgage broker if you have one just to really understand the reality. Yeah and maybe she doesn't – if her credit score is not great but also maybe she doesn't have a lot of savings or income, it wouldn't

have really made a material difference anyway in their co-application. If she had a great credit score but not a lot of like financial assets, it may not been made an impact on the kind of loan that the bank would have given them.

But just talk this conversation with your bank or your potential lender to get a more realistic sense of what you are facing and that is a wrap. That is a wrap everybody. Thank you so much Allison.

[0:28:35.1]

AT: Thank you Farnoosh, it's been a pleasure to speak with you as always. I look forward to the next time.

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FT: Everybody check out Allison at allisontask.com. I will be putting that site on our site as well. Hope you have a great weekend and everybody, hope your weekend is So Money.

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