

**EPISODE 902**

[ASK FARNOOSH]

[0:00:37.0]

**FT:** You're listening to So Money everybody. Welcome back to the show, it is Friday, June 21<sup>st</sup>. It is my son's birthday. Happy birthday Evan, turning sweet five. I'm trying to think if I can remember my fifth birthday. I can't, can't remember it. I'm really hoping that he will remember that his parents rented a theater so that he and 18 of his little friends could go see Toy Story 4.

Pretty excited about that though to be honest as an adult. Excited to be sitting in a theater without having to manage a birthday party. Really, because they're going to be watching the big screen and there might be an occasional bathroom run but it's a pretty relaxed birthday, if you ask me. That is what Evan is getting for his fifth birthday. We'll take lots of photos, there will be documentation.

Today's a special episode also because we are continuing our conversation from Monday. If you've listened to the episode on Monday, you know that I did an interview in front of a live audience, interviewing the CEO of Stash Wealth, Priya Malani and that aired on Monday.

We did that at Luminary which is a collaboration hub for women here in New York City. Highly recommend it if you haven't checked out Luminary. Anyway, at the end of our interview, we opened up the floor to audience questions and this is where that live podcast continues, we have a number of questions from people in the audience from why financial advice, seems to have forgotten the Gen Xers, yeah. That was a hot topic. To establishing good financial habits and setting money goals.

Here is Ask Farnoosh and Priya Malani.

[INTERVIEW]

[0:02:15.7]

**Q:** What are some tips you can give for just daily behaviors to get better at habitual finance? Just to make it more of an ingrained habit versus just like some daily practices that you can do?

[0:02:30.2]

**PM:** Totally. I kind of joke 10 years on Wall Street, my number one tip is automation. It's 2019, we're all using technology to make our life easier. Use technology to your advantage, you can automate just about every aspect of your financial life. What's really good about automation is you make progress without having to lift a finger.

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**FT:** Just to add on to that, I would say to have a daily touchpoint with your money, whether that's an app that you download that you get to check your running bank account, your – not to encourage you to check your portfolio every day but have some sort of touchpoint with your finances, daily.

Just as if anybody was trying to maintain their weight or shed a couple of pounds. You have to get on that scale, you have to know what the numbers are and have that be fresh and accurate in your head so that you can go about making like really healthier decisions.

[0:03:25.9]

**PM:** I would agree with that. It's really important to be mindful but at the end of the day, once you put your financial life on autopilot, you kind of don't want to have to think about it and really, just as long as you're living a lifestyle you can afford, and you know what that means, as long as everything else is being taken care off, you're paying down your student debt at the appropriate rate.

You're saving for what you should be saving, what you want to be saving for. This is a big problem I think amongst everyone, is that we all save very arbitrarily. We think about savings more in a general way. How many of you have a savings account? How many of you have put

money into your savings account every single whatever? How many of you move your money from your savings account right back to your checking account and use it to pay bills?

This is what happens. We think about savings just as this general savings, you need to actually know what am I saving for? Trip to Cabo, West Elm couch, whatever. Whatever you want to purchase and then automate it. If you can't automate daily set of monthly for that goal, just like physically there's not enough money, you have to either reevaluate your goal or reevaluate the timeline that you're trying to accomplish your goal.

It's really – otherwise, you're setting yourself up for failure. Then, once you know you're on track and the automations in place, ignore it, it's happening.

[0:04:38.9]

**FT:** I love my Mint app though. I love the net worth line, I want to just like keep looking at it like refresh.

[0:04:49.8]

**Q:** Thank you so much.

[0:04:51.0]

**FT:** Thank you.

[0:04:51.4]

**PM:** Thank you.

[0:04:52.8]

**Q:** Hi, good evening ladies, Thank you, Farnoosh, for always hosting really good live events. I've attended a few and glad this one's going to be on a podcast.

[0:05:02.1]

**FT:** Thank you.

[0:05:03.0]

**Q:** I have two questions. One, I think you've touched on before in other episodes but again, being someone who is coming of age and embracing myself and not seeing that full family life, you know, husband, kids, house, car and everything else that is, I guess, gendered for females. As someone who is looking into my years ahead, what advice would both of you ladies give to the new females who don't have that in their agenda?

And the second question is, going back to teaching about finances, I have three young nieces. 8, 5 and 13 months. I would like to do something for them and one of the biggest things that as a struggling, growing up person, money was always an issue and something that I don't want them to go through is having to grow up and being a girl, thinking about having a dream, other than being a mommy and a wife.

How and what can I do to help them?

[0:06:16.4]

**PM:** Can I answer the second one first? Top of mind, it's such a cool tool for kids and it's so straightforward and you can get it on Amazon, which is where we get everything these days. It's this piggy bank. It's segregated, so that there's like a save, a spend, a donate and an invest. Every time they get their allowance, it doesn't matter.

[0:06:39.8]

**FT:** It's called the Money Savvy Pig.

[0:06:41.5]

**PM:** Yeah, Money Savvy Pig.

[0:06:42.7]

**FT:** It's my friend Susan Beacham.

[0:06:45.2]

**PM:** I love it. It's so smart because they go from getting the money to no criteria, no requirement and then all of a sudden they're faced with these decisions and having to just like think through, because once again, the psychology I think is the biggest part that's missing on Wall Street and everywhere else.

It's just having that moment to have to think through that decision. Okay, I can save some of it, I can spend some of it, I can donate some of it.

[0:07:10.2]

**FT:** That your money has -

[0:07:11.3]

**PM:** It has more purposes. Exactly. Each of them leads to a different thing. To address your first question, I mean, everyone's so different and that's why you know, financial planning is a very personal experience, personal finance, as they say, personal, right?

Everyone's going to have different goals, different idea for what you want to accomplish. There's no - help me here, you don't have to feed -

[0:07:38.0]

**FT:** I think that -

[0:07:38.7]

**PM:** There's no rules.

[0:07:39.3]

**FT:** There are no rules. I think your opportunity right now is to sit down and think about where do you want to be and I would do it in increments. In the next year, in the next three years, five, 10. You know, you get the picture. Eventually it's going to get too abstract but – I think we should have those kind of high and mighty goals like I want to be a millionaire one day, I want to buy a house on the beach.

Where do you want to be this time next year? Whatever your heart desires, you know? I just kind of create my own roadmap and I could tune out all this noise, right? This noise about you got to have a house by the time you're 30 and you need to have kids by the time you're 35. Whatever. Surround yourself with the women that you want to want to emulate.

I think that's really important. Finding female mentors that you feel like wow, they're really doing life right, you know? I want to be a part of that, I'm going to learn from them. I think that's really important like for women especially having mentors for me was instrumental.

As someone who knew she wanted to have kids and knew she wanted to have a career. I would seek out women who are doing that and picking their brain like how did you do it so I could reverse engineer it a little bit better for myself. You know, this sounds crazy but the world is your oyster. It really is and I think that the challenge is tuning out these influences. That is what's hard.

[0:08:59.8]

**PM:** Social norms, absolutely. Can I throw out a quick stab about home ownership? This one's pretty mind blowing. The New York Times put out an article about a year and a half ago and

basically, they looked at the real estate industry over the last 126 years and on average, over 126 years of homes have appreciated .37%.

[0:09:25.3]

**FT:** No way.

[0:09:26.1]

**PM:** Outside of bubble markets.

[0:09:27.3]

**FT:** My gosh.

[0:09:29.8]

**PM:** This sort of like conventional wisdom that's passed down to us that we must own a home, renting is throwing money away, if anyone is telling you, renting is throwing money away, that is mathematically not true. Literally.

[0:09:41.9]

**FT:** Outside of New York and San Francisco.

[0:09:44.7]

**PM:** Well, you know, it's funny that you say that because Ramit Sethi, author of *I Will Teach You to Be Rich*. He's been living in New York 10 years and he's run his own numbers and he said, he could buy but he's chosen not to. Even in a market that's known to appreciate. Home ownership, it's not necessarily bad, it's just not necessarily an investment.

If you can realize that and go into the decision understanding that okay, I'm doing this for other reasons besides thinking of my home as an investment, then it might still be a good idea. One of the things people forget when they talk about their home as investment is that in order for it to be an investment, in order for you to capitalize on it, you have to sell it and downsize. Who wants to do that?

[0:10:28.6]

**FT:** My parents really should though. They're going to get to a certain age, you don't need to do all the lawn care and the pools a nuisance. I totally hear you. I think that you know, buying a home or any really big purchase that you're told you're supposed to do, it's a money equation.

You got to figure out the numbers and a lot of times, it doesn't work out but it's like illogically too. Do you want to be a homeowner? Do you want the headache? Some people do, they love the idea of pruning their whatever their plants and all the things and like -

[0:10:57.9]

**PM:** Millennials are free birds, we're seeing a trend away from that, is part of the sharing economy. I think we're seeing a lot of millennials move away from ownership in general.

[0:11:04.9]

**FT:** Well, renting our clothes, people.

[0:11:07.2]

**PM:** Right, we're renting our clothes, we don't buy cars, we use Uber, the whole thing. There's the whole -

[0:11:11.7]



**FT:** We're so non-committal, and now you want us to commit to our finances? What? Look, we have a line. Okay, come on up, you're next.

[0:11:20.9]

**Q:** Hey Farnoosh, hi Priya. Thank you guys so much for being here, it's so special to be with two such financially savvy women. My question is twofold. We talked a lot about millennials but as a Gen Xer, I have to kind of go to that next generation.

[0:11:36.8]

**PM:** I'm a Gen Xer, too.

[0:11:38.7]

**FT:** Gen Xers unite!

[0:11:42.0]

**Q:** My question is, I think you're going to see this trend also with millennials, correct me if I'm wrong, women who waited to get married, got married a little bit later, were already settled in their career, already kind of had their nest egg and now you're sort of combining households, you don't have that pre-nup, would be wonderful, you don't have it and now you have no line of sight into your spouse's financial picture.

So you are growing up, you are raising a family or you are starting a family or you are co-habiting with someone who you have no line of sight into their finances. Do you have any suggestions or advice on that and I think it is relevant to the millennials as well because I think people are getting married a little bit older.

They are already established in their careers and perhaps you're 35, you're 36. You are getting married and your spouse has his career as well, would you have any advice along those lines?

[0:12:37.2]

**FT:** I mean you absolutely should not be working in financial silos. I think that it is true that a lot of us get married before even knowing basics about our partner. For example, how much maybe student loan debt he or she is carrying. Do you know how many people I've met that don't know how much their spouse makes? It is perplexing.

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**PM:** Yeah, the stats are in the 20s, 20% of people actually knows what their spouse makes.

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**FT:** That's insane so I think that first, you just have to create transparency and how you do it is through a few ways. I mean one is you can work with a third party like when my husband and I got married, we did work with a financial planner for a period of time just so we could – I think it kept us accountable. It also allowed us to have this third person to tell us what we needed without feeling like it was finger pointing like, "You should do this and you should do that."

No, but the smart lady in the room with the degree told us we should open up life insurance with this amount. So that was helpful and it also was like a reoccurring meeting that we had and it was really helpful but the other thing is like transparency as far as there are so many technologies out there. So merging your accounts at least just to see where everything is. My husband and I before we moved in together before we got married, we met at a margarita bar.

And brought post its and pens and we wrote down and we knew this is going to happen. We each wrote down salary, savings, investments, debt and I think we each own property so home values and then we swapped at the same time and then we took a shot and you know?

[0:14:11.7]

**PM:** I love this idea.

[0:14:12.9]

**FT:** That was just our way of doing something that was important but I am not making it feel draining and awkward and tough. That we went to our favorite place and we knew that we were going to start a new beginning together. This was important and that is what we did and that is how we made it a little sexier and fun.

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**PM:** I don't have much to add that is all very accurate and very, very smart.

[0:14:36.8]

**FT:** The tequila makes everything better.

[0:14:38.8]

**PM:** The tequila part, brilliant. Absolutely brilliant, yeah we help and encourage clients to take the one team on dream mentality because finances are every other aspect of your relationship. you are going to tackle all of these other challenges together. As a couple why wouldn't you want to tackle your finances? And the way that we help couples to get there is to helping them have a goals conversation because all of a sudden, it makes it less about who is saving what and who is spending what.

And it is more about, "Do we care about this? Are we trying to accomplish a vacation home in seven years? Are we trying to accomplish? What do we want?" And then all of sudden, once you have a thing in mind, you feel more like – you want to be accountable to that goal.

[0:15:16.6]

**FT:** You are connected.

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**PM:** Yeah, exactly and if someone is splurging more going out of control then you're like, "Hey, just want to check in with you is that goal that we have to buy a vacation home still important to you because if it is, this is the strategy we have to stick to."

[0:15:28.9]

**FT:** Right and the reality is that couples, financial opposites attract just like personality, opposites attract.

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**PM:** Which is why automation is important.

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**FT:** Savers marries spenders. So people are like, "How do I change my spouse from being a spender into a saver?" And I'm like, "You can't." So what you have to do is like you said, kind of identify common ground and things you both can get behind. So whether that is that house or we just talked about don't buy a house but maybe it's that trip or building a business together or starting a family.

Now it is really putting our financial moves in perspective in a way that is really hitting home in a different way. That is making us feel more compelled to do the right thing.

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**Q:** I won't introduce myself but I had the opportunity to be on your podcast and this is a lot better. So sorry I think this is so cool that you are doing it live. I am a JP Morgan Alumni veteran, whatever you want to call it. I am also a card holder and a shareholder who keep spending on that card but I have a question for Priya. I get the whole focus on millennials and everything now seems to be aimed at millennials.

The largest transfer of wealth from the baby boomers to the millennials. What are people doing for Gen Xers? Because nobody is talking to – I am a Gen Xer and no one is talking to this population at all.

[0:16:51.1]

**PM:** So I would probably give a shoutout to XY Planning Network, which is a huge network of financial planners across the country that serve Gen X and they are awesome. They have a really cool website where you can literally go on and filter through exactly what you are looking for, what type of financial situation you're in and they'll match you with a really cool financial planner.

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**Q:** But why is there such a segregation of these populations? Like I totally get the baby boomers. My parents are baby boomer, my boyfriend actually is a baby boomer and they came out of a depression area and that is how their parents and my grandparents saved. But why are we so different? We are not that much different age.

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**FT:** I feel like Gen Xers have their shit together more, I don't know. There's that perception.

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**Q:** I would agree.

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**FT:** There is that perception that you all have figure it out and then there's this other gen, this up and coming generation that has very unique, more unique circumstances i.e. student loan debt. You know we have a crippled health care system. I don't care what side of the politics you're on but it shouldn't cost you \$625 to go get a checkup if you don't have health insurance, you know?

And if you are 24 years old, 25 years old – I don't know, I think that there are some systemic issues that are more affecting these younger people and that your generation, you know the brand for Gen X is a lot more positive and chirpy.

[0:18:16.3]

**Q:** No, we're the forgotten generation. I mean listen to SNL, right? That's what they say, we are the forgotten generation, just because again we are kind of boring, right? Well I am a traveler and I left my great job in banking after 20 years and sink in a good way, all of my money into this company, right?

So huge risk, which Gen Xers aren't normally known to do just like the baby boomers but I do think there is this overlap somewhere, where Gen Xers can learn a lot from millennials and that sort of what you are teaching them and then vice versa. I think this we got our shit together, maybe there is a good way to bridge the gap somewhere.

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**FT:** It may also just be the cycle? So Gen Y is not growing up and now we are talking about Gen Z and soon people are going to be like, "But what happened to Gen Y?" Millennials. I don't know, I get you though.

I think that there is an opportunity here for someone in the audience or someone listening to create more of an ecosystem for Gen X, yeah. Oh and one more question. I think we have time. Can we just do a time check? Yeah we have time for one more question.

[0:19:25.2]

**Q:** Hi, thank you so much. This has been super informative. So I have a question. Over time, I have opened up quite a few credit cards and found that I prefer some over the others, shout out to Chase Reserve.

So I was just curious to know your thoughts on what do you feel about closing credit cards and then second part is, how do you feel about the banks that are online only banks like Ally, versus banks that have store fronts and what are your thoughts on that?

[0:19:51.1]

**PM:** Yeah, this is a great question and definitely an area where I think millennials are making, could be making smarter decisions. So when it comes to credit cards, people get really worked up about credit cards like closing an old card. Honestly, if you are not going to make a big financial transaction, closing an old card is not that big of a deal, would you agree?

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**FT:** I would say generally yes however, if it is a card that has a really big credit limit and you are someone who is carrying some debt on other cards, it does mess up your debt to credit ratio.

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**PM:** Yes and there are very easy ways to fix that. So for example, one of my best and favorite FICO hacks is instead of paying off your credit card every single month, pay it every single week. You will see your score pop and actually, one of my favorite tools that's totally free is through Capital One. You don't have to be a Capital One customer, do you know credit wise?

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**Q:** Yes.

[0:20:41.6]

**PM:** CreditWise is a really cool tool. It is a really cool app and it has a credit card simulator within it and what it allows you to do is simulate different things. Like if I want to apply for a loan or if I close this specific card, what would that do to my credit score and so you can make an

informed decision now rather than freaking out about closing cards. You never really want to close your oldest card unless you have another card that has a similar credit history.

But to Farnoosh's point, having cards with high limits is totally fine. So if you have a card that has a high limit and there is no fee on it and it doesn't have great reports, stick it in a drawer. Don't use it.

[0:21:15.1]

**FT:** Or assign one bill too, maybe it is like your cable bill or your cellphone bill to keep them active that pays automatically to keep it from not falling dormant and then they shut it off for you, yeah.

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**PM:** Absolutely, yeah and are any of you guys out there using brick and mortar checking accounts? Like once again, they were on your college campus and so you opened up a checking account with them and then you open up a savings account. So with regards to checking accounts, it is fine wherever you keep your checking account but when it comes to savings accounts, you really want to start utilizing online banks.

Online banks because they don't have this same overhead as a brick and mortar bank, they don't have a bank branch, they don't have the overhead they are paying, they pay you almost right now about 220 times more in interest, which is crazy. So let's say you are saving up for a big purchase and you have \$20,000 stashed away, maybe it was a wedding or a down payment on a home. If you kept it in a brick and mortar bank in savings account, you would earn under 10 bucks all year.

That is insulting, if you kept it in an online bank, you would earn closer to \$450, which is crazy. Now I get it, you are retiring on this money but it is a domestic plane ticket.

[0:22:23.0]



**FT:** Why would you not take that money, right?

[0:22:24.9]

**PM:** It is a couple of fancy dinners, it's all millennials are like, "How do I make my money work harder for me?" This is by far the easiest thing you can do is to move your savings from a brick and mortar bank to an online bank and one of the cool things about online banks is they allow you to nickname your account. So Cabo trip, Turks and Cacaos, new West Elm couch. You nickname your savings account and automate your savings.

And now the thing that is really nice about keeping the savings separate from your checking is it's out of sight out of mind. So when you log in, you are not seeing your stash and you are not as tempted to move it right from your savings account right back to your checking account using it to pay bills.

[0:22:59.1]

**FT:** Great question, thank you and I think that is a wrap. Thank you so much Priya for co-hosting and tackling all of our questions and thank you to everybody who is in the luminary audience. We really appreciate you coming and it's New York, let the sirens run. My audience knows the drill. I normally record this from my bedroom in Brooklyn so they get it. Normally there is a child screaming in the background sometimes.

Such a joy doing a podcast and especially doing it live. Thank you so much and I hope your week is So Money.

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**PM:** Thank you.

[END]