

EPISODE 1070

[ASK FARNOOSH]

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FT: Welcome to So Money everybody. July 17th. I'm your host, Farnoosh Torabi, and I have discovered something really exciting. I landed on Supermarkets Sweep on Netflix. Do you guys remember Supermarket Sweep? It's a brilliant show. My favorite shower from the early 90s where you have to compete against other contestants running through the aisles, grabbing the most expensive items you can imagine, meats, medicine, diapers. It's such an adrenaline rush. Apparently, there is a revival in the works too with host Leslie Jones from SNL. Meantime, I am super bingeing on all the Supermarket Sweep from the early 90s. The hairdos, the outfits are out of this world. Watching these men and women like savages run through these aisles, trying to just put whatever they can in their car and get out of there kind of is like how I grocery shop these days, right? You're just trying to eliminate any chances of getting COVID-19. You're just in and out.

Anyway, this is the stuff that makes me excited. Something that is not making me very excited, I alluded to this last week, is the fate of schools in our country and in our town. What is going to happen? We don't know yet. And I don't know if there's a right way, right? This is like basically what is the least risky, least damaging way to educate our kids in the fall given that we don't have a cure for COVID and many parents have to go to work. They can't be home hanging out with their kids also trying to teach them. Teaching is a skill. It is a masterful skill. And if you have a child like I do, my son who has a learning challenge, then you're definitely going to need extra resources.

And so for us, my husband and I, we were talking about this last night. It seems like it's all we talk about, is what do we want to do as parents? So there's going to be obviously a plan from the public schools here. Here's how we're going to reopen. Here's the schedule. Here is the protocol. But you still got to ask yourself, "Am I okay with that?" They're not going to please everybody, and you have to hope that what they come up with is a smart compromise. But we're sort of in the camp that we don't want to send our kids to school. We are worried about not their

exposure necessarily, but teachers getting exposed. And there's already been data coming out of schools and camps around the country, around the world that have reopened over the summer and outbreaks occurring even as they've taken really safe measures. They've been wearing masks. They have been keeping isolated for the most part, they say, and yet we have outbreaks and we have people getting very, very sick.

So last night, I kind of came to down to the bottom line conclusion, which was I think we would rather, as a family, avoid getting sick than anything else. That is of the utmost. This disease, this virus, you just don't know how it's going to react in your body. Yes, you could be young and healthy and not high-risk, and yet there are many people dying from this and we don't know exactly why.

And so for all those reasons, we are saving more money, we are not – I need a new bed. I need a new laptop. I need a lot of things. I'm not buying them. My goal is to finish the year with more money than when I started actually. Hustling a lot, taking on a lot of gigs that I may not normally have done. But this is the year for our family and I hopefully – You can learn from this or you are doing this, is to just focus on staying head above water, finishing the year with as much money as you can. Next year, totally uncertain as well.

I'm feeling a lot more bearish these days. I'm actually writing a column right now for Bloomberg. I'm a new columnist there, opinion colonists, about why I did take some money away from stocks and into fixed income in my portfolio. I did the forbidden thing, everybody. The thing that even I have said, which is to stay put. Don't do anything. But if you're nervous and you been staying up at night and you're looking at all the data, which I am, and all the headlines and you're like, "Hmm. This growth that we have experienced in the economy and in the market for a long time, it could happen again. But it may not happen for a very long time." We are just at the beginning of a very, I think, long and difficult slowdown.

So as an individual, your best bet is to do what you can control, which is save your money, reduce your spending and try to increase your work or try to bring in extra money or any money that you can. And so yeah, I did take money out of the market. I didn't cash out, but I did reallocate my portfolio. But I also should say that I'm entering a new life stage. I just bought a house. My life is isn't getting any less financially complex, and my appetite for risk is just not

where it has been. Those are all important considerations to me. You don't just move money out of the market because you have a knee-jerk reaction.

I started with a knee-jerk reaction, but then I kind of went into it more with myself. I thought about what will be the tradeoffs, and I'm making up for it in other ways in my financial life. More conservative stock portfolio means I got to save more in my rainy day account so I'm not tempted to dip into that stock portfolio. I got to let that ride out a little bit longer. Maybe extend my retirement deadline. All those things, I have to also consider and be realistic about. But anyway, all this to say that I can't stop thinking about money and I can't stop thinking about schools and I can't stop thinking about the what if's. And I'm just going to be blunt about it and put that out there for you and know that if you're confused, you're not alone. This is a very uncertain time, but I'm trying to steer myself and our family through all of this with the things that we can control, data, science. And at the end of the day, prioritizing our lives. But of course, takes money to stay healthy. It's not a perfect system.

If you've been hanging out with me on Instagram, thank you. And if you're new to my feed, welcome. In the last week, I've had thousands of people join my Instagram account. This all thanks to Time Magazine and Next Advisor, where I'm a contributing editor, featuring me, and many other credible financial experts as people you need to follow online. And so people read that and did that and we have thousands of people now following me that may not have known who I was or weren't following me before. So I want to just to welcome you to my world.

And as that was happening, I reached out to everybody on Instagram and said send me your questions. Let's dedicate an episode of Ask Farnoosh to the questions that have come from these new followers. So we're going to be going through several of those in this episode. People want to know about how to make more money, how to monetize skills? Where to invest if you're interested in socially responsible investing? SRI. Some personal questions for me. What's a negative money mindset that I grew up with? How is my house doing? I've got all the answers.

First, let's head over to iTunes as we always do on Fridays and select our reviewer of the week. This person will receive a free 15-minute money session with me. And this week I want to say thank you to Tara, HRV. Four stars out of five. She says, "I enjoyed the black wealth matters series. It would be powerful to have a sister series to that and share stories of successful Native

Americans who their strategies and issues affecting their communities. Thank you for amplifying these voices.”

I love suggestions like these. If this is what you want, this is the platform for it. We got time. We've got bandwidth to cover these really important topics. So Tara, let's connect, and I'd love to ask you some questions about how I might go about deploying this, if you have any sources for me I'm going to do some more research on this. And if anybody out there is listening and identifies as Native American, first nation citizen, then let's get on the phone or let's email. Email me Tara, F-A-R-N-O-O-S-H@somoneypodcast.com. And anyone who wants to email me, that's the email, farnoosh@somoneypodcast.com. Tara, email me. I'll be in touch with the link where you can go and select a time for us to connect. I'm looking forward to chatting more about this.

Okay. The first question I received on Instagram, this was all last week when I asked everybody who is following me, all these new followers for their questions. A friend wants to know how can we incorporate black lives matter in our money decisions? Actually, I just wrote an article for nextadvisor.com that is a summary of some of the top learnings from my black wealth matters series. What I learned about race and money. And I think this will help to answer your question. I'm not going to read to the entire list, but here's a few.

The first is we got to stop saying things like, “If I can do it, so can you.” You've heard me probably say this, right? We have said it at some point in our lives. But depending on the audience you're speaking to, this could not work, right? Because depending on the community you're speaking to, the audience you're speaking to, the group of people you're speaking to, they can't follow in your footsteps. If you're coming from a place of privilege, white privilege especially, you can't assume that if there's a black person in the audience that they're going to do exactly what you did with exact as much ease and access and support.

Rather, I think we need to be more transparent about the intricacies and the nuances of how we got to where we are. So if I'm going to now talk to you guys about how to ask for a raise in the workplace, and I've done this successfully. Not all the time, but sometimes. I need to acknowledge that the color of my skin may have actually allowed me to ask for a raise without consequences, without rejection. There is systemic racism in the workplace. With that advice, I think I need to caveat it and say like if you are a person of color, this can be more challenging.

Here's some advice. And the advice would be to find a white ally at work who can help you navigate. Who can be a not just a mentor for you, but a sponsor for you, who's going to talk you up in meetings. Who's going to say if there is something said, that is potentially racist. And as a white person, how can you be a better ally to people of color who are on your team who work for the same company? So saying if I can do it so can you sometimes irresponsible.

My friend Donovan was on the show in the series. He was my former editorial assistant. Now he's like a huge big time writer or journalist. He writes for the Atlantic and GQ and he's got a huge book coming out about the crack epidemic. He said something on the show that really stayed with me, which is that this movement is not just about equality. It's about equity.

So when we talk about what is important to the black community when it comes to opportunities and equal opportunities and equality, we have to also remember that equity is a big part of this. And what is the difference? Equality is treating everybody the same, which is important. But equity is giving everyone based on their individuality the resources and the support they need to be as successful as everybody else.

How can you support this and how can you be an advocate for this in your life? Well, that means that you support the laws and the leadership that will provide more healthcare, more quality education and more job opportunities to those who have been left out who now need it more. That's equity. Not just equality. So if you want to contribute to these causes, if you want advocate for these causes, there's something you can do that is ultimately going to help black individuals achieve greater opportunities, more access, more wealth.

I also learned that the racial wealth gap needs a new name, because it's not really again. It's a chasm. So when you are talking about financial inequities amongst races, acknowledge that words matter. When we say gap, culturally, we think of binding the gap. It's not a huge problem. It's just jump over it, hop over it.

We need more than just a hop to get over this racial wealth disparity. For every one dollar of accumulated wealth a white family has, a black family has just one penny. I also learned that financial literacy is key, but so is access. So if you work, let's say, in financial services. How can you provide better access to your customers? If you're not present in black communities, if your

bank is not currently working with black communities as much as they are white communities, how can you change that?

If you have a friend who is trying to buy a home who is a person of color and you've already bought a house, walking them through that process, connecting them with the key players that helped you buy that house; the mortgage broker, the attorney. It's not just about literacy. It's about access, and that's the sort of thing that we talked about also in the series with Stephanie Vaught, whose founder of the Detroit-based company Social Money Finance. It's helping gen-exers navigate money. And she says that black people have been left out of conversations and instruction related to financial education. And that includes how to gain access to products, services and resources, and it has far-reaching effects because it translates to things like homeownership, which I just talked about, your political power, your ability to open a business, your ability have access to capital.

Check out the article on nextadvisor.com. There's a number of more things that I learned and they're heir just the tip of the iceberg. But I wanted to highlight at least some of the top items that demonstrate just how far we still have to go when it comes to race and money in this country. And I really appreciate the question that came in about this.

Okay. Our friend Amanda wants to know, "How can I make more money? I am a teacher." Every wants to make more money these days, right? It's good. Recessions tend to get us thinking outside the box." So that's silver lining, and I would say if you are a teacher, Amanda, I don't know what you're teaching, but there are many sites out there that are very inviting to teachers who want to expand to their audience and want to monetize their skills. There is teachable.com, tutor.com. LinkedIn even has a lot of ways for people who want to teach to get on there and start teaching. I think the first thing you want to do though is start making a list of all the things that you know how to teach. And it may be more than just the things that you're currently teaching in the classroom. So if you're teaching, let's say, first graders about art, there might be a lot more to what you can teach. Maybe you've over the years become an expert in child behavior, early childhood development, art therapy. There's a lot of diversions, there are a lot of tangential things that you might also be skilled at that would expand your learning audience. Maybe it's not just kids now. Maybe it's parents. How to teach parents how to incorporate easy art projects at home? So think about what you can teach. Find the platform where you can teach

it and get into business. Start with a few customers. Grow it from there. I would also suggest talking to your friends, other parents, other teachers about what they think you would be best suited for. Maybe they even have some experiences doing this as well.

A question from Kiersten who wants to know more about socially responsible investing, or SRI. She's specifically looking to invest in index fund. Kiersten, love that you're interested in SRI investing. I can't offer specific investment picks on the show, but I will tell you that many of the top robo advisors, these automated investment platforms like Betterment and Ellevest do offer their version of SRI. Some of them call it impact investing. Some of them call it socially responsible investing. I also discovered a platform called Earthfolio, which has a really interesting appropriate name Earthfolio. It's an online investment platforms specifically designed for SRI investing. So everything that they do is in this category. I haven't checked it out. I can't vouch for it, but the good news is if you're interested in this, there are a lot of ways to get in on it. And maybe that's part of the overwhelm.

So as your research, I think it's important that you first figure out what it is that you are most passionate about, that your most convicted about. Because SRI is a very big category. It stands for socially responsible investing, which is broad, and the investments that are usually in those SRI funds, they consider environmental, social and corporate governance. You may have heard the acronym ESG. So SRI and ESG are often discussed in the same breath.

ESG, environment, social, corporate governance, those are also very big broad categories. If you are someone who is most passionate about the environment, then that is kind of what you want to lead you in your discovery of where to invest. There are going to be certain ETF's and index funds that categorically focus more on one thing over another. So very important to do that kind of research and make sure that your values and your goals are aligned with that fund. But check out Ellevest, check out Betterment, check out Earthfolio, these are platforms where you can open up a fund and start investing within the SRI category.

Okay. Calb SS on Instagram has a personal question for me, a question I typically ask guests on the show, and now he's turning the tables. He says, "Farnoosh, what is a negative money mindset that you grew up with and how did you overcome it?" This is a bit of a hard one for me. Growing up, I think, and I've said this, I had a rarely positive experience for the most part. My

parents talked about money. They didn't make money a taboo topic. Growing up, there was a lot of curiosity about wealth and money and what does rich mean, and we were always invited and encouraged to think about those things. It was not inappropriate. So I appreciate that.

That said, I have been exposed to a lot of arguments, fights between my parents about usually money. Money was always a point of contention between, even though they gave us a great life and provided for us, there was a power struggle that they had, and it stems from the fact that my father made more than my mom and sometimes was the only one making money in the relationship. And that money translated into power for him, and less power for my mom. So I witnessed this, and I think rather than growing up with a negative mindset around money, I think it did the opposite for me. I think it really drove home the point and the importance of why as an individual, whether you're man or a woman, to each stand in your own financial ground, that you each need in the relationship financial autonomy, financial independence. And maybe you're not always working all the time in your relationship because life happens, circumstances change. You can't work. You get laid off. You have kids. You got to take time out of the workforce. But the importance, the insistence of having your own stash, okay? Something that you can fall back on, that you can have to support yourself in times of necessity, extremely important. If for no other reason, to make you feel as though you have the options, right? That you can stay or leave. Sometimes people stay in bad relationships because they don't have a financial out.

While my parents are still married, they worked through their difficulties. They worked through their differences. That for me was a huge part of growing up really fast as a young kid. Having to face these things through the experiences of my parents. But they say, with any experience that you're exposed to, with any sort of trauma that you're exposed to in your life, you either can grow up perpetuating that, having that be a hindrance, a barrier for you, or it's the sort of thing that motivates you to change your life to not repeat that from happening again. To not allow that to creating a block for you in your life. And I think that for me, it was the latter. So, Calb, I really appreciate the question. We go down memory lane a little bit. That memory is always present.

Right. Next question is, "Farnoosh, have you settled into your new home yet?" Yes. It's been what? May, we moved here. So May, June, July. Three months. Going on three months. We're doing good. My husband is obsessed with the lawn right now. My husband is obsessed with our lawn care at the moment. We are for some reason experiencing a lot of weird, dry patches. If

anyone to lawn care expert, let me know. So he's going down that rabbit hole right now trying to figure out what the problem is.

New problems, everybody. We didn't have any of these problems living in an apartment. But, yeah, we're happy. I don't know if I told you this, but when we bought the house, we also bought the furniture that was in the house. The sellers had already moved out and they had left a lot of furniture in the house to stage the home. This is all their furniture, but I guess they wanted new furniture in their new home. So we got to buy it for, I think, pennies on the dollar. And we actually got more than we need. So now I'm in the process of selling some of the furniture, and even our old furniture and selling that too. So that's been a lot of my summer preoccupation, moving furniture out of my garage with masks on into other people's trucks and cars. Realized not everybody can do that when they buy a house. But if there is that potential, that opportunity to take on the sellers furniture if you like it, it's in good condition, usually you can get a really great deal. And especially during the pandemic, the seller was not excited about finding a new place for all this furniture. They'd have to get movers. They'd have to figure out how to like dispose of it, and they probably didn't want it to go to waste, and they would've loved to have made money off of it. So here I was offering to make a deal.

The kids are happy, they have a swing set, a play set as my daughter calls it. We got a grill. People are investing a lot into their homes these days. Almost every other house on our block is either getting new painting done, siding, upgraded lawn care. They're getting pools built. They're renovating their kitchens. I do think this is because of the fact that we're all at home, and we're noticing things that maybe we knew are problems, but now we can't live in these conditions. So if you are in the business of home-improvement, decoration, handiwork, this is your economy.

But thanks for the question. We're really happy we're here. I'm actually going to write an article for Bloomberg next couple articles. It's going to be about why we're so thrilled we left New York City permanently, and we're not looking back.

Last question here from Tommy who wants to know about dividend investing, a technical question. Good question. I think right now, a lot of us are looking for investments that have a little bit of a guarantee. Instead of just being in the throes of the volatility, there are some

investments that will pay you something consistent every quarter, every year, and there's a lot of research to back up the value in dividend investing.

First of all, just to explain what it is. Dividend investing is a strategy where you buy stocks that pay dividends which is a regular income from your investments. And that's going to be in addition to any growth that stock experiences. And for every share of a dividend stocks that you own, you're paid a portion of the company's earnings. So those dividends come from the company's earnings. Most companies pay dividends quarterly, like I mentioned, four times a year. And I actually interviewed one of the country's leading experts on dividend investing in episode 883, Tommy, and anybody else that's interested, Mark Lichtenfeld. He's chief income strategist of the Oxford Club. The Oxford club is a bunch of investors and entrepreneurs who work together to learn and share opportunities to grow and protect their wealth. PS, I wish we all had more access to this. We talked about access earlier. I wonder how many people of color are in the Oxford Club. Not sure, but hopefully they're opening membership. This is the stuff that makes wealthy people wealthy.

Anyway. On that podcast, we talked a lot with Mark about dividend investing. How does he do it? What's the strategy? Mark has a lot of experience investing in the stock market. And in particular, with dividend stocks. We talked about general Smart practices there. And you heard me earlier, we talked about how – I don't have as much risk tolerance right now for all the volatility. So something like dividend stocks or funds that comprise of stocks that pay dividends, for me, who wants more income from their investments, dividend stocks is definitely to me to look into. All right. Tommy, good luck to you.

And that's our Ask Farnoosh Friday episode, everybody. I still have a lot more questions here on the gram that I didn't get to. So hopefully more next week, but keep the questions coming. You can go to Instagram @FarnooshTorabi. Direct message me there. You can go to [somoneypodcast.com](https://www.somoneypodcast.com) and click on Ask Farnoosh in either voice or type in your question there. And if you have more ideas for the show, who you'd like to hear from, the series you'd like to experience and the knowledge you want to gain, you can always get in touch those ways with me as well.

Thanks for tuning in everybody. Happy weekend. I hope your weekend is so money.

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