

EPISODE 998

[ASK FARNOOSH]

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FT: Welcome to So Money, everybody. It is Ask Farnoosh Friday, January 31st. We made it. I just read on Instagram the other day, man, we're four months into 2020, and it's still only January. Anyone else feel that way? It's been a month. It's been a month.

I was going to start this episode with something a little different. Typically, I just start with the iTunes review of the week, go right to the questions. Or sometimes, I have a cohost, which, by the way, if you want to cohost, let's get it on the schedule. Send me an email, farnoosh@farnoosh.tv. You can direct message me on Instagram. Let me know you a little bit about you and why you want to cohost, and I'll pretty much reply, and we'll get it going. It's that simple.

But, yeah, normally, I do that schedule of events, right? We do the mailbag, and then it's – The show is over. Today, I want to start with something a little different. Many months ago, I sent an email to my list. If you're not subscribed to the Farnoosh list or the So Money list, please subscribe. We do some fun exchanges there, let's of learning, lots of community building.

But many months ago, I sent – Not many months ago. Probably like two months ago, I sent out an email. It was December, before the holidays. Many of you wrote back and said this is the biggest gift of the year. I mean, I knew it was like going to be somewhat valuable but I had no idea how many people were going to be impacted by it, and it was something like this that I want to share now with you listening, because I feel like if that many people were pleased with it, let's spread the wealth, right? Let's spread the value.

It was an email essentially that demonstrated my behind-the-scenes negotiating. I often get asked via email to participate in things. If it's a speaking event, I'm very interested. I love speaking. I love speaking in front of audiences; small, medium, big webinars. I have a podcast. What else do you expect, right? But more than I love speaking, I love making money.

At this point in my life, as I've been working now in the industry for like 15+ years, I've been speaking that whole time. I've got books. I've got things going on. I also got a family, two kids, small kids. If you're going to have me leave my house to do something that is going to be a for-profit for you, I'd like to also profit.

In this instance, I got an email and I was able to almost 10X-ed. I like 9.5X-ed the initial offer to come have me be on a panel for a women's event. I sent out this email to my list that pretty much was word for word what she said, what I said, what she said, what I said. It's all of our email and how over the course of I think four or five email exchanges we landed on what was pretty close to my panel-speaking fee. From where we had started, it was 9.5 times higher.

I wanted to start today's episode with kind of a shout out to that email and really walk you through it verbatim here on the show. Yeah, sound good? Okay. The transcript, by the way, will be on somoneypodcast.com, so you can – Don't worry about taking notes. Okay, here's how it started out.

I got an email. It said, "Hey, Farnoosh! How are you doing? We'd love to have you join us at the blank conference. We're putting together a panel on women and money and thought you'd be awesome for it. We can offer you a small speaker fee but can, of course, be generous with promotion out to our network. We'll have opportunities to sell books on site and anything else we can do that can provide you value. Let me know."

All right, so I get this email and I'm excited. I like this organization. The event, I should mention, was going to be pretty close to where I live in Brooklyn, on a weekend. Not loving the fact that it's done on a weekend but I happen to be around that weekend. So I said, "All right. Let me see how far I can take this." I mean, she said that there was a small fee. But never assume that just because a speaker fee is "small" that it's nothing or that it's close to nothing. Small is a very relative term. I've learned over the years, small to a billion-dollar company was not small at all in my world.

Before replying to the email, I should say I also visited the conference website, which was live at the time. I noticed, and you can usually scroll down or maybe there is a page for it that says

sponsors, but usually you can scroll around and you can find the sponsor labels. Then get to our sponsors. In this case, there were multiple sponsors. There was a big, big, big, big sponsor, a key sponsor that I just knew like, “Okay. This is not going to be a cheapo event. They’re putting money behind this.”

That got me thinking, just a little hmm. So here was my reply. I said, “Hey! Thanks so much for thinking of me for this. I'd love to participate and support. Please let me know what time that day you were thinking for this panel, as well as the other speakers you have lined up and your budget for speakers. If it's easier to hop on a call and talk to logistics, happy to chat. Thanks again. I really appreciate the invitation.”

I did not hesitate to throw in the word budget. A lot of us hesitate to ask for money. I asked for it in my first reply but not right away. I did mention that I was appreciative, that I would love to do this. I had some questions. The money isn't the only question. I want to know who else is going to be there. I want to know when it's going to be, right? Is it Saturday night? [inaudible 00:06:08] during the day.

Not that it really makes a difference, but I just didn't want to go right to the money. But I am also going to ask about the money. I want to know, do you have a budget. I'm not going to tell her exactly how much I want to make yet. I just want to know what we're working with. Like I always say, even if you're in a negotiation with an employer, if they ask you for your numbers, no. Ask them for their numbers first. The first person to show their numbers is usually the one that has less leverage now.

Then from there, this person wrote back to me pretty quickly and said, “Well, right now, Farnoosh, we are at X dollars per speaker. But let me know if you have something else in mind, and we can do a dedicated email out to our email list, promoting you and driving traffic wherever that makes sense.” She said, “For this panel, we'll hopefully have –” I'm parenthesizing here and anonymizing. “A pretty important person joining and talking to folks like another top expert. In general, we have some very famous and well respected people coming.” That's me editorializing there, but you know. Trust me. These people were not going to come for free. She said, “In terms of timing, I think saying this would be sometime between 12:00 and 4:30 is accurate.”

What were my notes from this email? This is my thinking out loud, right? Here's what I thought. Her initial offer, the X dollars per speaker, is significantly below my typical rate. But by saying let me know if you have something else in mind, I'm thinking, "Okay. The door is open for negotiation. Let's start." She also mentioned who was coming. Not because I was trying to be nosy, I want to know. Do these people typically take a speaker's fee? I've been around the block long enough to know who speaks for a large amount of money, and there were some of those names on the list. I thought, "Okay. Well, this can't be what they're paying everybody. Some people are making more. Why should I make less?"

I knew for a fact one speaker was a fierce negotiator on the record. Third, I wanted to relay to her that while I appreciated the offer to promote my work, they do have a big community. I appreciated that. It was more important for me to make money. It was. So I wrote back. Here's what I said. I said, "That's a great lineup of speakers. Normally, for speaking events, my rate is X for keynotes and X to Y for panel discussions. If there is a way to get closer to my panel speaking range, that would be ideal for me. Just let me know what's possible. Would love to be a part of the event and do a lot of promotion to my community. Thank you."

Okay, so what did I really say there? I said, "Well," and I was very honest with her about how much I earn for speaking engagements. Don't lie. Tell them actually what you make because these people are not new to this. They also know what other people make. If you quote something really crazy high, they're going to know that that's just not true. So I was very honest about that and I also said that I wanted to keep the conversation going. I made sure to say, "Let me know what's possible."

I also made a point to remind the person that was emailing me that I would do some strong promoting on my end as well to drive ticket sales. This was not just a one-way promotional street, that you're going to also come and be able to introduced to my community, and my community is pretty awesome. She wrote back one – She wrote back two sentences. She has an offer now. Does five times my initial offer work? Here initial offer was X. I wrote an email. She came back with 5X and then she said, "I'm working on a really tight budget here!"

Okay, at this point, you could've said, "Take it, Farnoosh. She came up five times and she's on a tight budget." But she said to me, "Does this work?" Okay, she came up by a factor of five after just a couple of emails. That's awesome. But she did leave it open again. She said question mark. Is this good enough basically? She's suggesting there's room to go higher or do something else. I decided to then really roll up my sleeves and drive home my worth. I told you, I like money.

My reply to her was, "Hi! I really appreciate your new offer and willingness to work with me on this. Speaking about, financial feminism is my specialty and what I'm most often invited to talk about, so I'm really excited for the chance to participate. I'm wondering if I can provide more value to your event by promoting it on my podcast, my social feeds, all with the hopes that we can come even closer to my minimum speaking fee?" I said, "Here are some thought starters. One, we can do an interview with your founder on So Money and we can dedicate time to talking about the conference and where to buy tickets."

Then I also shared my media kit that had metrics, audience, reach. Then I suggested some advertisements on the So Money podcast. I offered Instagram stories with links to the event site. I offered an Instagram feed and Facebook page post, promoting the event. I said, "Look, just for this podcast and social media package, I normally charge X," which was a big number. I said, "You're going to get this basically for free if we just come closer to my panel speaking fee." I said, "I 100% empathize that you're on a budget." I said, "Look, I'm also a startup founder. I know struggle is real and I want to do the best that I can to support you."

I just couldn't get over the fact that they had a sponsor that I know had a lot of money. I've also – I was just fresh off of running my own women's event, right? So I know that sponsors are willing to pay premium to get in front of professional women. They just are. This was not going to be a stripped-down event. I said to her, "I love the mission of your company. I would be honored to work together. Thanks for considering and please let me know if you have other ideas."

Again, what did I do in this email? In the first paragraph, I highlighted that I was really appreciative, that I'm also in demand. Okay, this is – What they are bringing me to talk about is my bread and butter. It's my jam. They weren't coming in and had asked me about how to do my taxes, which I can talk a little bit about but like I'm not a tax expert. So I was going to – I pushed

it a little bit. I provided a full menu of ways that we could work together to promote the event, to support the attendance, and that was the podcast, the social media, lots of value.

My final counter was just a little bit below my minimum for panel discussions. I said, "Can we come close to my minimum?" I also used a very successful technique in negotiation, which is called anchor pricing. Anchor pricing, what is this? You basically say how much the real value of a promotion would be or the perceived value. In this case, it was like five times her counteroffer. Plus you're going to get that and my involvement on the panel, all for a fraction of the price, a steal. She's able to kind of anchor it in something much bigger, much more valuable.

She did reply right away. I got nervous by I kept my ground. Five hours later, I was starting to lose faith, but then the email came back. Here's what it said, "Okay, we can do X but—" I said, "This is great." "Can we also add in you helping to promote our founders book when it comes out?" I wrote back instantaneously, "Yes, definitely!"

Everybody wants to feel like they're walking away a winner, right? I got what I want. She got what she wanted and all within a few emails. I realized that this is a very unique negotiation. You're listening and you're like, "I don't speak. This is not for me." But I do think there are takeaways for everybody in any negotiating scenario. So always ask if there's a budget.

I mean, we're not talking about going in for a job interview. Clearly, there's a budget. They're a company hiring you to do a job. But if this is a speaking event or a consulting gig, any kind of ask that is asking you for your time, your skills, you got to ask if there's a budget. You have to know your worth and you have to not be shy to ask for it. Make it easy too. Deliver your value on a silver platter to make it extra easy for this person to take your counteroffer to their team or to their higher ups and explain why you deserve to be paid more. She didn't respond to me for five hours.

Also, focus on facts. Position your value in terms of what that person on the other side of the negotiating table actually cares about. Things like your expertise, the metrics, the data, the quality of your audience, the quality of your product, the quality of your services. Don't give up. Even after this booker came up five times the initial offer, I was led to believe there was more money in the pot and made one last effort to ask for more. So did she, by the way. She said yes

to my final request and threw in this interview with her founder, which is going to bring more value, again, I think to their company.

Always, always, always, last but not least, show appreciation and gratitude. It does go a long way. If I didn't like this company, I wouldn't have continued to keep pushing. I would have said, "This isn't for me," or, "I'll take this, but I won't – I'll only be there for half an hour. I won't do any promotion." I don't know. I don't even know if I would've done it. But I really wanted to make this work and I felt an obligation to negotiate, because the organization is all about financial empowerment, right? I'm a financial expert. I talk about this all the time. I got to practice what I preach and I have to say that did give me some comfort in doing it because I felt like they shouldn't be surprised by me from me to negotiate, right?

That's what I wanted to share with you. I hope it was helpful. We're entering a new year. A lot of us are ambitious. We want to start businesses. We want to increase our prices. We want to ask our boss for more. Or we're on the other side of the negotiating table. Our clients are going to ask us for more. Our employees are going to ask us for more. This goes both ways. This goes both ways. I wanted to start the show with that. If liked what you heard, sign up for my newsletter. It's very simple. Go to somoneypodcast.com and submit your email on the homepage.

Now, let's go over to the iTunes reviews section. Every week, I pick a fan to receive a free 15-minute money session with me on the phone. I'm going to say thank you this time to Gina who a review this week saying, "Thank goodness for this podcast." Gina says, "I've been a listener for some time now, and the amount I've learned is astounding. I was never taught how to manage money. As a young woman, I didn't know where to start. I looked online for resources and then I found Farnoosh. She's kept me company on my 70-mile commute to work."

She says, "Ask Farnoosh Friday is my favorite and so much to learn on this podcast, very user-friendly, and down to earth. There are so many binge-worthy episodes with tons of diverse guests who give their insights as well. I just turned 30. I just made my first six figures and I'm trying to buy my first home. Thank you, Farnoosh. Love you and your podcast."

Well, Gina, my friend, congrats. Happy birthday, happy six-figure day, happy almost-homebuyer day. So much going on, and I like to think I had some little thing to do with it. I think it's all you, the fact that you're listening to a financial podcast says a lot about your character and your ambition, so I'm than happy to connect with you. I really appreciate this. You know I love talking about real estate, so come with all your questions as much as we can get through in 15 minutes.

Email me, farnoosh@farnoosh.tv. Let me know, Gina, you left the review, and then you can also, if you wanted, maybe hit me up in a couple ways, because sometimes I don't respond right away to an email. But I try to every 24 hours. You should get a response from me. But you can go to Instagram as well and direct message there. If you're not following me there yet, it's @farnooshtorabi. Let me know, and I'll send you a calendar link to schedule your one-on-one with me. Thank you so much.

We're going to keep this going all year, because why not? I love it. I love connecting with you, talking to someone new every week, making new friends. I work from home, so it's important for me to connect with real people outside of talking into a mic and not hear anything back.

Okay, let's go to the mailbag. A question from a friend on Instagram. Not a personal friend. I'm just saying friend, because we're all friends, right? The question is, "My brother –" This is actually from Jessica. Jessica, if you're listening, I got the question. She says, "My brother who is a US citizen has grown up in Mexico. He went to college, paid cash mostly cash for it. He went to college in the US. He didn't work here, so he doesn't have a history of healthy W-2s in the US. He has mostly worked in Mexico. He still works in Mexico. So bottom line is that he wants to build credit in the US. He has no credit. He was rejected for credit cards. What is your advice? How can he build credit in the US, anything he can do?"

Here's what I would say to your brother is you're living in Mexico. You're now working in the US but you are a US citizen. You have a US Social Security number. While having a lack of credit or no credit right now is preventing you from getting a traditional credit card, could you qualify for a secured card? Have you heard of this?

Secured card is basically a credit card with training wheels. You don't get a line of credit from the bank but your line of credit is backed by your money. First of all, where do you open up a

secured card? You can open it up at pretty much most credit unions, small banks, medium banks, even large banks. They're not all the same, so some secured cards have fees. Others don't. I would definitely shop around.

But what's great about a secured card is that for people who either have really bad credit and can't get traditional credit any more like a normal credit card, people who are new to this country and don't have credit history, or people like your brother who although they're not new to the country, they're US citizens. They have not really establish credit in the US. They have no history of borrowing money.

When a credit card company goes to approve them, they're not so sure. It's like, "I don't know. Well, how will you pay it back? Will you not pay it back?" A secured credit card in those circumstances can be very helpful in that you can slowly start to rebuild credit through the use of a secured card. The activity on the card does get reported to the credit reporting agencies. If it doesn't, there are some that perhaps don't open up that one, but always ask. Will the behavior on this card, will the activity on this card be reported to the credit reporting agencies?

Most secured cards, that is the case. The way you open it is you put your own money onto the card, a collateral of \$500 to start sometimes. Maybe less, maybe more, but never a big amount of money. Never like thousands and thousands of dollars. They start you small. The idea is that you then go and use this secured card like a credit card. You pay with that in stores. You pay with it in restaurants, all the things, your Amazon account. But you must pay it back every month. I mean, you should. The idea is that you're using this to help you build a good credit history, so you don't want to make any mistakes on this, right? You want to really go in with the intention that you're going to pay this off on time every month in full.

Over the course of many months, I would say over close to a year, if with this good traction, you should be able to upgrade to a traditional credit card and from there continue to build credit. Down the road, if you wanted to open up other lines of credit or get a mortgage, car loan, rent an apartment because you know that your credit is not just for loans. They check it for getting insurance, renting an apartment. That's where I would start is with the secured card.

Jessica, by the way, she's very kind. She started off the question with, "You said don't ask a question where the answer is max out your 401(k). So here's my question." Thank you. You're listening.

Yeah. I'm getting a little bit of a little bit of bad feedback, which is that there tends to be a lot of redundancy on the Ask Farnooshes. Not every episode. But if you have listened to all of them since the beginning, we're human. We go through life, and there are patterns. People ask a lot of the same questions, but I don't assume everybody is listening to every single episode. Or even if you did, that you remembered the advice. But sometimes, it can feel redundant, whether that's like, "What do I do with my retirement and how much savings should I have?"

My philosophy now is if you're going to ask me a question, google it first. If you can't get anywhere, there are no resources, trusted resources to answer your question if it's like a technical question, it's just a definition or what is this kind of question, just google it or go on a site like NerdWallet or Investopedia. Usually, they have very thorough answers.

I like to answer the questions that are a little more nuanced, like that have to do with crossroads in your life, or you are torn between a few decisions. A weird thing happened between you and a friend or you and your husband around money like, "Okay. This is not stuff that artificial intelligence can answer." I will step in. Happy to step in.

Next up is Hannah, and she has a question about what to do with her next step in life. She's 29, single, no kids. She's on all of the things. She saved, she has a 401(k), she's getting the full match, she's got a Roth IRA, and she's been contributing every year. Her question is, "What's next for me? I'm trying to set my next financial goals and I wanted to get your thoughts."

Well, Hannah, good news. You can do whatever you want, and I'm not here to judge or necessarily say you must now buy a house or you must now start a business or you must now open up an annuity. I would say that you do what you want and you take some time to think about it. This time next year, where do you want to be professionally, personally, financially? There's no wrong answer here. It's just making sure that you decide thoughtfully and carefully. You're doing all the right things.

I didn't see this list of financial accomplishments rainy day savings but I assume you have that. But just as a sidebar, if you don't have that, I would work to building up your savings where you have six months of your necessary monthly expenses saved, put in a savings account somewhere liquid, somewhere accessible.

Now, you're 30. A great time to be thinking about next phase, right? People in their 30s tend to generally think about the settling down phase, like buying a house, finally getting married, maybe having kids. I don't know if that's speaking to you. If not, totally fine. Be you and have your money help you be you. I guess that's all I would say. But you got to ask yourself these questions. Get brutally honest with yourself. It's an exercise. You might not be able to think of all this right now while you're listening to podcast. But maybe down the road, it'll occur to you.

My other piece of advice is to talk to others who are a little bit older; 35, 40 years old. What would you do if you were me? As a 30-year-old who's got her financial ducks in a row, my advice is to make sure that you are continuing to invest in yourself. The 30s, I mean, at least from my experience, we're a huge career growth phase where you really like jumping hurdles. You're getting so far in your career. You can get so far in your career. If you know in the next 10 years that you want to start a level of professional experience that you might want to be a CEO, you want to start a company, what sort of career, personal investments do you want to be making now to be more likely to get there, right? It can any kind of goal.

As I said in my very first book, *You're So Money*, be selfish with your money. That may sound terrible saying it out of context. But in this context, it's really about do you. Do what you want to do, do the things that align with your values, and do those things with your money. Then there's no wrong path, but you have to be really thoughtful about it. It takes planning. It takes asking yourself the right questions. I encourage you to do that.

30, it's a big year, a big decade. I'm turning 40 in a few weeks, so I can say that the decade that's behind me now, I'm really happy that I saved my money. I'm really happy that I focused on my career so that when I did have kids later in my 30s, I felt personally that I had built up some – I'd earned it and I could not – Have to answer to anybody. I had money. I could take time off. I could not take time off. I could make my own decisions without pressure of financial pressure as a mom.

That's just me, but I, again, would encourage you to just do a little soul-searching and keep it coming. I love that you're embarking on this next phase, this milestone. Keep the questions coming. I'm sure there are going to be a lot of opportunities coming at you. If you want anyone else to give you some advice, let me know.

All right, next question. Last question from Jeff on Facebook. I've been visiting Facebook a little bit more, not a lot. But I did notice there was a bit of a backlog on questions, so doing a bit of catch up here. Jack's question came in last fall. So sorry. I hope you're still listening, Jack. He says, "Farnoosh, I've come into some money, about a hundred thousand dollars, and I'm wondering what to do with it." Here's what he's got on his plate. He's got a mortgage balance of roughly \$37,000, a loan on an RV for 25,000. He owes 60,000 on a couple of vehicles and then he has about half a million in retirement.

Well, I don't know how old you are, Jeff. I'm looking at your picture here on Facebook. You look like maybe we went to school together. I don't know. You look like you might be my age, but I have no idea. I'm only wondering because I'm trying to figure out like when you might want to retire. Are you close to it, far away? Half a million is a lot of money. But if retirement's two days from now, I don't know if that's a lot of money, especially if you have big expenses.

Good news is you don't have a lot left on the mortgage. You're going to be almost mortgage-free soon. I would take a look closely at those car loans. \$60,000 in debt on a couple of vehicles, as well as 25,000 on an RV, what are the interest rates on those debts, on those loans? If they're more than 6, 7%, I might prioritize a little over that 100 grand by putting some towards those vehicles, those car loans. Then with retirement, again, I don't know if that's a good place to be. Half a million sounds like a lot. But I would run just to see if maybe you want to put some more towards your future. There are sites like AARP, NerdWallet. Choosetosave.org have great calculators.

I'm also curious, Jeff, if you have a savings account. What's in your rainy day? As we were talking earlier, do you have enough to help you in the event that you're not going to work for a period of time, that there's no money coming in for several months? I just want to make sure

that that is also something that you have squared away. But I hope this gives you some direction, as far as prioritizing where to put this money.

I will say though that when you get a lump sum of cash windfall, there's this temptation to do all these things with it. It's overwhelming. Sometimes, you make the wrong decision, because we're making those decisions in a period of time that's emotional. Giving yourself time to let it sink in and think about actually what it is you want to do, need to do. Time is sometimes your best friend. Put it somewhere safe. Put it somewhere like your bank account, FDIs, insured, all of that. But don't make any knee-jerk reactions.

It's been a few months based on the fact that you wrote this so last fall. But I am hoping that you're still listening, that this advice is hitting home. Anyone else listening that is about to fall into some cash or just did, I guess the bottom line is don't do anything irrational and don't do anything too quickly. Also, depending on the amount of money, don't tell anyone. No. People win lotteries, and their family, friends who haven't talked to them in decades come out of the woodworks. It creates a lot of pressure on that person to give it all away, give out loans, just –

Then at the end of the day, you're like, "What happened," and then you go spend money on stuff that you think you're supposed to spend money on, because that's what "rich" people do. No, do you. There's the theme for today. It's just do you, do right by you, and your money needs to support that. That's it.

Thanks, everyone, for listening. Tomorrow is a new month, February. It's also my birthday month. It's also the month when this podcast is going to hit 1,000 episodes. It's going to be here before we know it. Actually, Wednesday is the day, so I expect all of you to be on the show Wednesday, listening. I've got something special for you planned. In the meantime, I hope your weekend is So Money.

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