

EPISODE 1418

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1418, financial advice for creative entrepreneurs, with expert Sarah Becker.

*“**SB:** I think it's really good to know that like here's my lean enough number. Here's what I actually need. And then here's how much I want. And then aim for that want, obviously. But, you know, March 2020, it's really good to know how much you actually needed, not how much you wanted.”*

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. Do you run a successful creative business or want to and just aren't sure how to best manage your own finances? You're hitting your earnings goals, but you don't have a whole lot in savings, and you're wondering why.

Today, our guest is Sarah Becker. She's the creator of Becker Talks Money. She's got some really helpful strategies. You just heard a snippet of the advice that she is about to share. After 10 years as a serial entrepreneur, Sarah Becker kept hearing the same story from her colleagues over and over. While outwardly successful in their businesses, they were failing in their personal money goals.

That's what inspired her to start Becker Talks Money and become a financial educator for small business owners. She believes money doesn't have to be scary. That curiosity is more important than correctness, and everyone can become an expert of their own money. We talk about how much to charge, how to know what your enough number is, and why frugality is making a comeback. Here's Sarah Becker.

[INTERVIEW]

[00:01:58]

FT: Sarah Becker, welcome to So Money.

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SB: Thank you so much. I'm so excited to be here.

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FT: We met on social media.

[00:02:05]

SB: Oh, yes.

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FT: Shout out to Instagram.

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SB: Amazing.

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FT: You responded to my very sort of last-minute request on there to say, "Hey, anybody out there? Can you help me? I have a hole in my show." I got so many fantastic replies. I am good till probably 2023 at this point. Your reply really made me excited because what you teach is something that I think is important for our audience. I know many people in the So Money community either are creative entrepreneurs or want to start a business.

We've touched on this many times in the show, but it begs repeating the importance of how to strike that balance between running a successful business and running a successful personal financial life. This is where you really arrive and show up for your clients. So maybe, Sarah, spend a little bit of time telling us a little bit about your work and what you really love helping people with.

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SB: I've been in the creative entrepreneur space my entire career. I always said once this stops working, I'll get a real job. That's never happened. I'm now 31. I started doing my own stuff in 2008. I put myself through college photographing weddings, actually. Then when I was 24, I had been saving, saving, saving all my pennies and ended up purchasing with another partner a real estate space, a 6,000-square-foot abandoned house in my hometown of New Orleans that had been blighted since Katrina.

So doing that, I learned a lot about how real estate works, how real estate businesses and companies operate, and then started another business in my late 20s. Through all of this, I am surrounding myself with other entrepreneurs. My colleagues are all self-employed. So pretty early on in my 20s, people would ask, "Well, how did you afford that? Like how did you afford to put your money in a real estate space? Or how did you do that?"

So I started very casually. I mean, we're talking like over a year about like how I was kind of managing my money, how I was directing it. Then when COVID hit, and all of my small business colleagues were trying to figure out, "Okay, do I go on unemployment? Do I apply for PPP? How can I shift my business, especially in the event and hospitality space, which is what New Orleans is? How do I shift it in order to make some income during this time that we did not know how long it would last?"

So that's when I really started digging deep into financial education for small business owners and entrepreneurs. People kept saying over and over again like, "You should probably charge for this." I was like, "Maybe when we're not all in lockdown, right?" I was just on Zoom all the time, helping people out. So in January of this year, I officially started Becker Talks Money. I

have a course that helps walk people through, basically, the tenants of the financial side of your business. I also do one-on-one consulting. I'm working on some like lower ticket things that are more accessible for everyone.

But it's a true joy because these people have always been my friends. I've always been in this space. Now, I get to really dig deep and help people with stuff that I was always curious about anyway. I was always the girl being like, "How much did you pay for this house?"

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FT: We would be friends in real life. I always say, if you can comfortably explain something over a beer or over a coffee to friends, and that seems to be the thing that you do quite a bit, there might be business in that.

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SB: Yes, absolutely. Yeah. I mean, it's worked out for me. So I think you're right.

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FT: What are the things that you seem to be repeating to first-time entrepreneurs or creative entrepreneurs in particular when it comes to setting up a sustainable financial system for themselves?

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SB: So the first thing is how much money is enough for you. I think in the space, we see a lot of like, "I'm a six-figure earner. I have a seven-figure business." I really hate that rhetoric because they're not telling you how much their expenses are, number one. Number two, I think it's a bit misleading to think that we all need to hit six or seven figures. Plenty of us need to make 60k a year, and we're good. Some of us need to make 150k a year.

So I like to reverse engineer budget to make sure that the money you're making in your business is actually fueling your life. Because if it's not, then what's the point, right? So that is the first thing I typically start people out with. Something I've been talking a lot about as inflation is rising, are we in a recession? Are we not? Are things like being very, very lean? So really taking a look at both your personal budget and your business budget, seeing what you can cut out.

I have a lot of people come to me in fear and say, "Every month, I spend six grand, seven grand, and I just can't keep affording to do that in this economy." Quote, unquote, air quotes. My biggest response to that is just because you're spending seven grand doesn't mean you need seven grand a month, right? So like really getting lean on those things is huge and also being flexible.

I mean, I saw this so much during the pandemic. I saw event caterers start doing home delivery for food when there were no events, and no one wanted to cook. I saw wedding photographers start shooting elopements in parks, instead of weddings in 300-guest-count ballrooms, that kind of thing. So the great thing about entrepreneurship and the worst thing about it, in my opinion, is that everything is temporary, and everything's always changing. So being flexible, being able to pivot, understanding that sometimes the only way out of something is through it is also huge.

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FT: I want to go back to what you said first, which is that figuring out what is enough for you. There's a whole episode right there on So Money. It's like a whole documentary. What's the calculus for that?

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SB: How I – I love to look at past data, right? Our past always informs our future. So I love to take the last six months to a year, if you have it. I mean, this is like my Super Bowl. This is my fantasy football, if you will. Take it, look through it, and really see. I like to separate things into needs and wants, right? You need to pay your mortgage. You need to have car insurance. You want to do all these other things.

Again, I think we're all past the point of being like, "Don't buy that latte. Don't buy that –" I mean, we're not doing that. That is not where I'm going with this. But I think it's really good to know that like, "Here's my lean enough number, and here's what I actually need. And then here's how much I want." Then aim for that want, obviously. But March 2020, it's really good to know how much you actually needed, not how much you wanted. I mean, so much goes into the calculations because everyone's financial life is so different.

A couple things that I have kind of been able to creatively suggest that I think are interesting, as far as getting that number down or changing how you view that number, is, for instance, I live in a duplex. I live in a double shotgun. It's what we call them in New Orleans. So the rent for my tenants pays the majority of my mortgage. So that gives me a lot of flexibility. It allowed me to buy a second home. Number one, it gave me flexibility to work with them during the pandemic, when we were all out of work.

I think that there are some things that people think they have to do and is really enough for them because they see everyone buying a single-family home. They see everyone with two cars. A lot of people, especially now that we're working remote, we don't need two cars for two people. You can share one. Creative things like that can really make your number even leaner, if you're worried about the future of your finances in the short term or long term.

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FT: Sarah, this is such good advice. But I forgot to ask you, tell me who your business clients are. Like when we talk about creative entrepreneurs, can you put some titles to that so that we can – If you're listening, you're like, "This is me." We're not just talking painters and artists and sculptors. We're talking about –

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SB: Yes. So I work with female solopreneurs that typically make anywhere from 40 grand to 200 grand. I do work with people who are makers and artists. I also work with a lot of online business owners. I work with a lot of realtors. Believe it or not, there's not a lot of financial

education for realtors, and they are dealing with fluctuating income, just like entrepreneurs are. So I work with – Basically, I say if you're a woman who has fluctuating income, who is trying to make this work, that's who my target client is.

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FT: Brilliant. You mentioned the importance of and you hear this from your clients, like this recession or, I don't know, the current times, the situation. How do you recommend creative entrepreneurs prepare for what looks to be more volatility in the market, more uncertainty? Consumer spending is down in many categories. The cost of running a business in some regards is up. So how do we just control for this? Can we control for this?

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SB: Yes. Two very good questions. I do not think we can control for it in the sense that we are in an economic system and climate that an individual on our level cannot influence, right? However, we are in control of how we handle that when it hits us. I think it's already hitting, right? Whether or not we are in a textbook recession, I noticed my food prices going up, like my home insurance is doubling. I mean, there's plenty of things that are happening that we all have to account for.

So besides being lean and being flexible, which I already touched on, saying – One thing I really, really like to think about and exercising with my clients is how can you take your skill set and do it in a different way? Like productize it in a way that is maybe a lower ticket offer, something that is more accessible, something that can be more helpful for people. Then especially for product and service-based industries, and this kind of goes back to like the enough idea, I see a lot of people spending money they don't need to spend. I see a lot of people paying rent on an office that no one ever visits.

I think that things like that that you have said, “I will have my own office, and it's a milestone,” digging deeper into why is that a milestone for you. Why do you feel like you need this to be a real entrepreneur is really helpful because we need to start thinking more creatively? We need

to be starting to think a little more untraditionally. I think that the pandemic was just like – I mean, it threw us all into the deep end of that, right?

So something I also like to remind people as we went through that, that's the deep end of the pool. Now, we're in the shallow end of the pool. Like, yeah, it's uncomfortable still a little bit. But we've done the hardest part. Now, we're going to kind of ease out of it.

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FT: Yeah. It's hard to imagine things getting even harder than they were in March and April and May of 2020. Still, for many people, it's a really tough time reeling from the pandemic. The other concern or, like I should say, conundrum that a lot of entrepreneurs face in the beginning but also ongoing is like how much do I charge. Now, as a real estate agent or a realtor, that's sort of set for you. If you're building something of your own, how do you price it, and do you talk about this with your clients as part of their overall fortification of their finances? It has to be, right? What you earn is so important.

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SB: Absolutely. So, yes, I love to start with how much money you need, which as a business owner, you really need to know if your business is successful or not but then absolutely. So let's say you are a wedding photographer who's like, "I need to make \$50,000 a year." I'm like, "Okay. Well, then if your package is \$5,000, you need to book 10 of those, right?" I really recommend all entrepreneurs have three different tiers of pricing, right? So you're going to have a low tier, a mid tier, and a high tier. Then once you figure out how much money you need to make, you can play with those numbers. So you if you were not booking enough of the high tier offers, let's go down. Let's look at the mid tier and the low tier, how we can push those.

I really think that right now, people are scared to spend money, and that's okay, right? I'm recommending like, "Hey, let's not buy anything we don't need." So making sure to be constantly evaluating your products that it has value for the people that are purchasing it, I think that's a really important part of being a business owner.

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FT: You have found that less than 2% of the creative entrepreneurs in your network are happy with their money. What's going on?

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SB: I think that knowledge is power, and we do not have enough knowledge around money. I think a lot of creative entrepreneurs lack confidence. Therefore, they don't want to check their bank accounts. They don't want to know. I think that people are so quick to say, "Oh, well. You know, I'm an artist or I'm a people person. I'm not a numbers person," right? So I think really breaking down that idea that it's one or the other.

Like I always tell people money is literally just a tool that you learn how to use. Like you've learned to use your iPhone or your camera or whatever, and you can make it work for you. I work with so many people who are like, "I haven't checked my bank account in a year." I mean, that's extremely common because they literally just do not want to know. I think that when you are an entrepreneur, and you're holding so many different roles, and you have to put on so many different hats, you're going to take off the one that gives you the most anxiety, and there's a lot of anxiety around money.

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FT: Wow. That is nuts so. Not having checked your bank in a year.

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SB: I'm going to put that on my website. Farnoosh says this is nuts so.

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FT: Nuts so. I say that with all empathy and like I know. I know how that can happen but –

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SB: Absolutely.

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FT: I mean, you're talking to the woman who checks her bank account like every day and not because I'm obsessed but because I just need to know.

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SB: I know. I will say that once that skill is learned, so once I can either physically hold someone's hand, which I have done before, or virtually metaphorically hold it, and we go through all the bank statements, and we make a little system, we get them in QuickBooks, or we get them in Wave, we run a few reports, and I turn them into pie graphs because we love pie graphs, then people are like, "Oh, I get it. I get it." This is actually exciting. Then once you can start down that path, it's so much easier.

I mean, I had an email yesterday from a client who was like, "I just wanted you to know that I do finance Friday. I check my bank account every Friday, after literally going months and months without checking it." Like that is huge because, again, knowledge is power. A lot of that anxiety can be so easily mitigated just by knowing your numbers.

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FT: Yes. Well, speaking of knowing your numbers, you share your numbers on your website with people. I don't know how up to date this is, but I want to share this because I would love to ask you some questions about it.

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SB: Absolutely.

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FT: So you kind of touched on these a little bit in the beginning, but you've three businesses that you started in your 20s. Your current retirement savings is 135k. You're 31 years old.

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SB: It's a tiny bit less to the market. But, yes, it's still holding strong. It's like 130.

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FT: Well you haven't actually – Those losses haven't been actualized because you haven't sold any stock.

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SB: That's so correct. Thank you for that reminder.

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FT: It's a moving target. You own five or co-own five properties. You say 50% of your income a year. I want to know all about how you do that, and I also want to know how you arrived at your enough number, which is \$70,000. I guess that's a year. You would like to at least make that a year. But even making that, you want to save half of it. So you're living only off of 35,000. Okay, where do you live?

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SB: Yes. Let's just –

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FT: What are you eating? What are you not eating? What do you drive? What do you do with your free time? How are you spending your money so that you can do this? I think this is so exemplary.

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SB: Okay. So first of all, I want to say that I really love my life. I would never take someone whose values are different than mine and say that they're living incorrectly, and they need to live like me because I'm really happy. I'm really content. Also, again, it's temporary. My work optional age is coming up, and I'm 31. By 45, I'll be able to do kind of what I want to do, which is amazing.

So a big part – First of all, I drive a 2010 Honda CRV that I paid eight grand for three years ago. Love that little car. I live in a beautiful house in New Orleans, which cost of living is very mid-range. It's getting higher every year. But again, because I'm willing to live in a smaller space, my apartment's 700 square feet, I have another apartment that gets rented, which, again, contributes so much. I would not be able to live off of 35,000, 40,000 dollars a year if I wouldn't –

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FT: You have income rental, right?

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SB: Without that income rental. Absolutely not. So that's a huge part of it. Then a lot of my hobbies are free. I read. I see my friends. I have people over for dinner. My restaurant bill is very low. Like a lot of those little things definitely add up. I will also say that my need is probably about 35 to 40 grand a year. But again, I'm really trying to save very aggressively for retirement right now. So I'm saving at least 28,000, 30,000 dollars a year into the stock market for my retirement.

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FT: I love it, and it reminds me of a headline I saw recently, something about how millennials are really aspiring for this. I forget the name of it. It was like a chill – Like we want to be chill. We want a soft landing.

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SB: Yes. A slow life. Yes. A soft life. Yes.

[00:19:31]

FT: The soft life.

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SB: Yes. Or do you prescribe to this? And tell us what you think it means.

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SB: Well, so I just saw that headline. Look, you know what? I will say that I don't think I live my life very softly. So I'm not sure. I need to do some more research about that, and I think it's because I'm really like 120 percenter. Like I go all in on this, and so I do – I want security. I think that that is my driving factor. I am not the kind of person who's like, "I want to go sit out on a boat for three months." But I do want to own two homes and live in two places, and I do do that. So again, maybe everyone's definition of a soft life is different for them.

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FT: It's fascinating. The photo on – I think it was cnbc.com.

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SB: Was it the bike? They're on the bike. Yes.

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FT: Yeah. The couple with the bike with the baskets and the – That is not my love language. I grew up in an immigrant family. Hard work was what you strived for. I don't want to make it sound like you have to work hard in order to be successful. But it doesn't hurt.

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SB: I mean, yeah.

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FT: Do I want the easy route or the hard route? I mean, of course, I want things to be easy. But here's what I always said. I said I work hard so that my life can be easy.

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SB: Yes. I subscribe to that. But we're still in the working hard phase, right? I mean –

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FT: Yeah. What are you doing? You're 31. I'm 42. I would like to “retire early.” But what does that even – I mean, why, though? I really love what I do. I'm going to die at this mic and I don't see –

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SB: Hopefully, yeah. Hopefully, not anytime soon but yes.

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FT: I feel like I – You know what? I retired in the last recession when I got laid off, and I couldn't get a job, and I had to figure this out on my own. I was like, “I'm going to –” My definition of

retirement, I guess, in that moment was I'm retiring from the corporate doldrums of working for someone who doesn't know my value, going and collecting my paycheck, which is great and helpful. But is it my passion? I don't know. This way, I have more control over my time, how much I make. It's not easier, but it's more aligned with my values and how I source more fulfillment.

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SB: Yes. Oh, my gosh. Yes. That's huge. Are you familiar with the FIRE movement, Financially Independent, Retired Early?

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FT: Am I? I am, of course. I have a financial podcast. I've had many FIRE movement graduates on the show. I think that what's interesting about this Financial Independence, Retire Early, this has really gone on its own journey. Where when I first started covering it, it was a lot of the – It was male-dominated, predominantly white men who worked in engineering or tech, who made a ton of money, right? They didn't have student loan debt. They made a ton of money. Their companies paid for a lot of their expenses, including their housing, consulting, right? So they would go from city to city and live in hotels.

So, yeah, they were able to save 75% of their income and retire at 40. But even when they retired at 40, they were not making any more money. They started a blog, talking about this, and that blog was making money. So that was gen one of FIRE. Now, it's like way more diverse, way more different definitions of FIRE, slow FIRE, fat FIRE, all of that. Do you prescribe to this? And what's your flavor of FIRE?

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SB: Well, my husband was part of like that first iteration, minus the blog. I do not have an Internet husband, and I thank my lucky stars every day. But he was an engineer, worked in a corporate job. When he was laid off during the recession, and he just was like, "All right, I think I'm done. I've saved enough. I bought a couple of rental properties." But he's never stopped

working. I mean, this man is working 10 hours a day on all of the houses, and we talk all the time about what is it going to look like.

So I think for me, the FIRE movement can seem so extreme and/or so privileged. So while I definitely think there are some ideas that are so great about it like don't ever buy a new car, I wouldn't say that I prescribe necessarily to a FIRE mindset because it's so unattainable for most people. I really want advice that I give to be super practical.

[00:23:49]

FT: Yeah. I can feel. In the beginning, it did feel very like, “This is the way. This is the one way you do it.” You got to save 70% of your income. You got to live an extremely frugal life. Frugality is something that I feel like is – We’re softening up on that a little bit.

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SB: Well, yeah, because it became shamy, right? It’s like, okay, well, being responsible for your money. It’s not supposed to be shaming. I think, also, we as a collective generation as a whole have started talking more about the systems in place that keep us in certain, Farnoosh, places, that it's really, really important to be talking about those things. You cannot money mindset your way out of student loans or poverty or what have you.

[00:24:33]

FT: No. I remember back in 2008, I came out with my first book, *You’re So Money*. A newspaper asked me to log my spending for a week kind of as an interesting experiment. It's something that we do now all the time. I see –

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SB: Money diaries. Yup.

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FT: Here's what I bought. Money diaries and then it's like, "Here's what I bought at Trader Joe's. Here's what I spend in a month." There's no shame. But then back then, I like wrote how I spent money on clothing hangers. Okay. I spent like \$22 on clothing. Or \$11 or whatever it was at The Container Store. Oh, man, did I get my serving of troll central.

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SB: Vitriol?

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FT: Yeah. It was like, "You're an idiot. You're wasting your money." I was young and I was so upset by it. I was like, "What have I done?" I've put myself out there, and I thought I was going to be, "Hey. Look at me, transparent." I wasn't buying it on a buy now pay later plan. Okay. I use it with my cash in my wallet.

[00:25:33]

SB: Yeah. That's so interesting because I think now it would be like, "Farnoosh, you deserve those hangers. You deserve a little treat. Get the velvet ones."

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FT: Yeah, yeah. Invest in the velvet ones. All this to say we've come a very long way.

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SB: Thank God. Yes.

[00:25:47]

FT: Maybe to wrap up, I'd love to learn a little bit about where you started, where you are now versus where you started. Maybe some mindset shifts that have actually traveled with you become part of your new way of thinking.

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SB: I love that. Oh, I love that question so much. So my biggest money mindset issue is a scarcity mindset. I really struggled to get to the root of it because I grew up in a very financially settled home and had scholarships and parental help through college, which I think is important to note. So I had no student loans when I graduated, which is huge. I was already like top 1% with that leg up.

But then in my early 20s, I was starting my business. I paid cash for my then husband's graduate school, and then I got a divorce, right? So all kind of at once, I'm making big money moves going forward. Then I'm also taking a pretty big like net-worth hit, getting a divorce. I think that's something that I have learned is not only just to stay flexible but also to stay open. All the opportunities that can come no matter where you are, I think that my scarcity mindset can sometimes be like, "Okay, I feel safe here. So I want to stay here."

But, gosh, like the adrenaline of like a risk and when that risk really pays off is so huge. I'm like always still chasing it. So I think just to stay open is the biggest thing that I've learned in money and in life.

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FT: Money isn't life. Is that what you said?

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SB: I said money and in life, for both money and life.

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FT: Oh, money and in life.

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SB: Stay open. Yeah. I mean, to that point, like money is literally just a tool that we trade for other things to make our life better. Like having a bunch of it in an account doesn't make our life better just because it's there.

[00:27:24]

FT: Oh, my gosh. Thank you so much for spending time with us. Sarah Becker, check her out at Becker Talks Money. Where are you hanging out the most on social these days?

[00:27:38]

SB: I'm on Instagram, and I know that makes me uncool. It's time for me to move on to other things. But I'm tired, Farnoosh. I'm tired. So you can find me on Instagram and on the Internet, becertalksmoney.com. Also, you know what I love? I love an email. Send me a letter, guys.

[00:27:55]

FT: Yes. Send an email. I love it. What's your email address?

[00:27:58]

SB: It's hello@becertalksmoney.com. Hello.

[00:28:01]

FT: Keeping it simple.

[00:28:03]

SB: Yes. But it's me. It's just me. It's me, myself, and I.

[00:28:06]

FT: Yeah. People are like, "You run your own social media, Farnoosh?" I'm like, "Yeah. I don't have time to be managing other people to do that for me."

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SB: I know. That's a –

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FT: Your work.

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SB: Yeah. And that's the authenticity thing. I mean, people want to see you. Like they want to see you walking the streets, chatting.

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FT: I'm still learning. I'm still learning all the things. Thank you for keeping it real, for all your wonderful advice. I hope that we'll meet in real life one day, Sarah.

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SB: Me too. Thank you so much, Farnoosh. I so appreciate you.

[END OF INTERVIEW]

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FT: Thanks so much to Sarah for joining us. Check out her Instagram @beckertalksmoney, her website, Becker Talks Money. See you back here on Friday for Ask Farnoosh. Be sure to send me your questions. If you've got one, you want to get it in. Sneak it in before Friday. You can DM me on Instagram. You can leave me an email, farnoosh@somoneypodcast.com. If you liked this show, and you've been listening to it and are enjoying it, please I encourage you to subscribe, if you aren't already, and leave a review every Friday. I pick a name from the iTunes review section to get a free 15-minute money session with me. I'll see you back here on Friday. Until then, I hope your day is So Money.

[END]