

EPISODE 1524

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FT: So Money episode 1524, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. Friday, June 9th, 2023. I'm your host, Farnoosh Torabi. You're listening to our Ask Farnoosh editions of our podcast, and I am coming at you from San Juan, Puerto Rico. Yes. This is my first time in Puerto Rico. I had the great opportunity to join Jannese Rodriguez at her Our Money, Our Power Financial Freedom Summit. Yes. This is an incredible event. She has brought people from all over the world to Puerto Rico to learn how to build wealth.

I am the kickoff keynote this morning. I'm recording this on Thursday for our Friday airing. So I'll let you know how that goes next week. I mentioned earlier this week that I was kind of nervous about it. I was making my slides for it all week. It's my first keynote tied to the book, *A Healthy State of Panic*. So it's not like five ways to blah, blah, blah, blah, blah. It's like *A Healthy State of Panic* on the stage. It's part story, part takeaway. I'm trying to make it funny.

I'm probably trying too hard. But it's my first stab at it. I'm sure it's going to go through many, many drafts. But this is a great audience to test it on. They're a very kind and generous and eager audience. They want to learn. They're here to celebrate. They're here to have fun. So I'm just so grateful for the invitation. I've never met Jannese in person, and she is just as warm and sweet and smart and dynamic and more beautiful in person than online. I just can't believe it's taken us so long. But I guess we could blame a pandemic.

Truly, it is moments like these where I have to pinch myself and just recognize how far I've really come. I'm here also with Rachel Luna who's the author of *Permission to Offend*, great, great book. She's going to actually be on the podcast later this summer. But she said to me,

“Farnoosh, you have a really hard time accepting compliments.” She just like leveled with me. She was like, “I noticed, at least once yesterday. We were all gathered, and someone gave you flowers.” I said, “Who gave me flowers, flowers?” She's like, “No, no, no. It's a metaphor. Someone gave you a compliment, and you like immediately like shut it down.” I said, “Well, you know, I was raised with this mentality that you should never get too proud. You should never be boastful.”

So I guess it's still hard for me to accept compliments and accept sometimes just the truth of like how far I've come. But I am owning it right now with you that I am so, so grateful and proud of myself for like getting to this point. I intentionally designed my business the way that I run it so that I can be home most of the time but also travel to cool places. I don't do a ton of speaking. But I think after this book, I want to do more and more and more stage work. So I'm already like planting those seeds here. This event, giving me that platform, that opportunity, is not one that that I take for granted.

Saying all this transitions us now to my big announcement this week. I've been having a lot of announcements lately. But this week, I've been dying to tell you. I'm now opening the doors to my coaching program. This is not something that I do often. I've done it a couple times in the past. I've just – with everything else going on, it's really hard for me to find the time and the bandwidth and the dedication to teach people not about money but how to run a sustainable, joyful, personality-driven brand business. I thought with everything going on right now with the book and promoting it, it is an opportune time to bring a few people behind the scenes of how I operate my business.

If you're on the newsletter, if you subscribe to my newsletter, you've already heard about this offer. But if you're not on the list, I'm telling you now. There is a link in the show notes where you can learn more about my program. I'm calling it Farnoosh BTS, behind the scenes. I am going to just literally pull the curtain for you. Over the course of four months, we're going to talk about all of the strategies, all the different revenue streams that I have, how I build these systems, the relationships that I have, how I create those relationships, how I get on the Today show, how I get on Live with Kelly and Michael, how I run this podcast and monetize it.

It's a lot. It's going to be jam-packed with information and insights. You have an opportunity to literally ask me anything. It also includes a ticket to my VIP launch party in New York City. We'll also have lunch that day, and it's going to be a very intimate group. I can't take on a million people. I can't take even on 20 people. So it's going to be a small group. There is an application. It starts in August, in case you're wondering about timing, and it runs for four months. So if you're interested, hit up the link in the show notes where you can learn more about what it includes, what you will learn, the timeline. Then there's an application as well.

But if you've been curious about me and want to learn from me, not about personal finance but about business, revenue streams, and earning more, and content creation, then this is our moment. This is our time. So I hope to hear from you. Okay, enough on that.

This week, I was really blown away by our guests. You've also been, I think, similarly blown away if. If you've listened to Firoozeh Dumas who came on the show Monday, she's the author of *Funny in Farsi*. I've been hearing from people. They laughed. They cried during that episode. One person was like, "I had to stop listening. I came back to it. It's everything you would want in a conversation in 30 minutes. It has highs. It has lows. It has humor. It's real. It's deep.

Firoozeh is an Iranian American. Her book, *Funny in Farsi*, it kind of changed my life. I read it 20 years ago. Now, it's the 20th anniversary of this award-winning book. It captures the story of this one Iranian family coming to the States. The book just gave me permission to be Iranian and be proud of that out loud in public, not just at my parents' house or amongst Iranian friends. Even if you're not Iranian, but you empathize with the immigrant experience, you empathize with being othered and assimilating and the challenges that come with that, you must listen to that episode.

Then on Wednesday, total switch of gears. We talked about building a sustainable business, a profitable business with Melissa Houston, who's the author of the new book, *Cash Confident*. Melissa has been a guest on the show previously where she talked about her own personal finance journey and hurdles. She is also a certified public accountant, helps lots of business owners go from zero to profitability. She came on the show with her best advice because it turns out a lot of us have turned to entrepreneurship in the last three years. 2020 was actually the record year for the number of entrepreneurs on record in the United States.

Okay, let's go to the mailbag and pick our reviewer of the week. This person gets a free 15-minute money session. This week, we're going to say thank you to NYU neuro who left a review calling the show first straight advice from a phenomenal personality. Okay, this was also – like I had a double take because I was like, “Phenomenal? Who are you talk – who's this person talking about?” Five stars. “Farnoosh is incredibly practical, yet fully comprehensive and delving into all topics regarding personal finance. Her advice has helped me with all aspects of personal finance. Thank you so much.”

All right, short and sweet and so flattering. Thank you, NYU neuro, for your review. For this, I'd like to extend a free 15-minute money session where you can ask me anything you want about personal finance but also whatever, career, life. I'm a bag of tricks these days. So how we do this? You want to DM me on Instagram @farnooshtorabi. Or email me, farnoosh@somoneypodcast.com. Let me know you left the review. I'll quickly send back a link. Before you know, we're going to be chatting on the phone.

All right, let's go to the mailbag. This week, questions about job hunting. How long is too long to be unemployed? Then it starts to affect your hiring success. Then also my favorite books for investing and what is a stock split. That's an oldie question but a goodie. I wanted to revisit that.

This first question is from Kayla who writes in with the following issue. “Farnoosh, I'm in my late 20s. I'm moving to a new state to take care of my mom. I work in the sciences and currently work for local government. I'm applying to jobs where my mom lives and recently had an interview for a position with the state government. I'm cautiously expecting a job offer. My qualifications check all of the boxes for this position.

However, the advertised salary range is half to two-thirds of what I currently make. This is due partially to the difference between the two states but also to the fact that this is a slightly lower tier position in terms of responsibility and scope. I'm not thrilled about taking this step down, but I'm concerned I won't be able to find something better in my field. So my question is twofold. One, how long is reasonable to spend in a job search? Then two, how much negotiating can occur are when considering a government job? Is it unreasonable to request compensation outside of the advertised range?”

All right, Kayla. I thought it would be interesting to kick off this answer sharing the average “duration” of unemployment per the Bureau of Labor Statistics. Right now, as of May actually because we don't have June's numbers yet. But as of May, that is 21 weeks or a little bit more than five months. We can't read too much into this data because we have to assume that not all of these people are going to get full-time work right away. It may mean they're just taking on a part-time job or a freelance job. At which point, they would disqualify for unemployment, at least full unemployment. So then they would be considered employed.

This includes all unemployed people as well, this survey, and not just those who are actively seeking work. So five months give or take. It also depends, of course, on your industry, where you live. If you're looking for a local job, not a remote job, you really have to take that into consideration. But it is true, unfortunately, that the longer someone is unemployed, and I'm speaking generally, the harder it can be for them to find work. There is out there still a bias from employers against having a big gap, a time gap on a resume.

If you're unemployed for a long time, well, and with nothing else to show for it, I think that it would make someone a little puzzled like, “What have you been doing?” I mean, of course, if we're in a recession and if this was 2008, 2009, I think that employers are not blind to what is happening in the macro economy. So if they've been slow to hire and their competitors have been slow to higher, then they should understand that, and they shouldn't use it against you.

But nevertheless, I think that to cover your bases so that you can avoid those distractions, you can avoid those second guesses, my advice to you is let's say you don't want to take this job because you're not thrilled with the money, you're not thrilled with the position, and you're like, “You know what? I'm going to keep looking, and this may take me another three, four, five months,” I would say that don't leave those three, four, five months unattended to your career, to your learning, to your investment in your professional skills.

As long as you are staying “active” and when it comes to interviewing for that next job and the employer is like, “Well, so I see here you have a six-month gap on your resume,” or a 12-month gap, you can tell them what you've been doing and why that is relevant to your qualifications for the job. So this could be a bunch of things. It could be I was taking some online courses to up-level my skills. It could be like, “You know what? I was transitioning to another state and helping

my mother and caregiving. While I was doing that, I was focused on a little bit of job hunting, but I couldn't do it full-time.”

I think that in these days too employers really understand the personal constraints that we have, the personal responsibilities that we have that may take precedence, frankly. If you have financial runway way to be able to do this move, help your mom get adjusted, help yourself get adjusted, and that may take a month or two, and that takes you out of the job force, I think you want to talk about that perhaps either in your cover letter or when you're doing a phone or a Zoom interview or in-person interview. It wouldn't go on your resume necessarily.

But this is ultimately what I'm trying to tell you is this. Have a narrative. Be clear on what you're going to tell an employer that you have been doing that is going to make them forget about the fact that, okay, well, whatever. She hasn't worked for six months, but she's been doing all of these other things, even just a few other things that were productive and makes her an attractive candidate.

I just had this conversation with a friend who is considering two different jobs. She quit her job last fall, moved to another state thinking, “I'll just find something when I get there,” and nothing's really transpired. It's a different city with a lower cost of living, therefore, a lower pay. It's just nothing is really blowing her away. She did get two offers recently. One is a part-time freelance hourly gig. Then the other is full-time but the pay is really low, and it's actually two levels below what she was doing in her other city. So she's asking me, “What do I do? What's better for my resume?”

I said, “You know what? The resume matters. But what matters more is your narrative and also which of these jobs is going to give you more of what you need to advance in your career.” This is just one of many steps in your career. You're not going to do any of these jobs forever. You know what I told her? I said, “Take the gig. Take the freelance gig because that one was potentially more pay because it was hourly. It was sort of open-ended.”

Two, I said, “Based on everything that's going on in your life right now too.” She was like planning a wedding and thinking about maybe moving again. I was like, “Do this freelance gig. It gives you flexibility. It pays the bills. You're learning.” This potential gig was actually going to

push her. It was going to have her do things that were actually beyond the scope of things that she'd been doing at previous companies. So I was like, "Well, you're going to learn." No, it's not full-time, but employers don't care about that. You're – what they'll care about is like why you took that job and why it made sense for you and why that's going to make you now a really great candidate for the job that you're applying to next.

Another story, my dad, if you recall, if you listen to this show, he got laid off in his 60s when most people would just say, "Well, you know what, early retirement." But not my father. He spent 18 months getting himself certified in machine learning. He took free courses online through Stanford and Coursera. In 18 months, which is a very long time to be unemployed, he landed a job.

But the resume showed that he was busy up-leveling his education and his skills, and he ended up pivoting to a different area in tech because what he realized was like in your 60s, when you get laid off and you've had a very senior role, it's very hard to replicate that job, right? The reason he got laid off was because there was a consolidation. So there are fewer jobs to begin with that would align with what he was doing previously. So he said, "You know what? I just got to pivot a little bit." He wasn't going to do a 180, but he added on to his education.

That's – I'm sidebarring here. But if you're interested in up-leveling and staying relevant and staying current and employable, I would be looking at AI. I would be looking at machine learning, and this is in every profession. But to start thinking critically about how you do your job and how you approach your profession and what that's going to look like in five years. What's going to change, and what can you start learning now so that you're not doing a hard pivot in five years? Because all of a sudden, technology changes overnight, changes lives overnight. I mean, think about how quickly AI has been infiltrating our lives. It doesn't frighten me as much as I see it as like an opportunity to like really learn and get on the train. You got to get on that train.

So now, back to you, my friend. I think that you want to consider this job opportunity in the context of your life's demands at the moment. You may earn less, and you have a lower role. But maybe now, as you're transitioning to caregiving, that's okay. Would you consider this just

an interim job, this one that isn't great pay until you land something better? How bad do you even need the money? All this should factor into your decision.

Of course, if you decide this is not the right career move for you, the way you can combat any unemployment bias is doing things to keep your experience current, working on personal projects, volunteering, taking relevant coursework, taking a freelance job, taking smaller projects. By the way, those types of work are more abundant now in this economy as employers are looking to hire temp workers. They're not able to commit to the benefits and the full-time as they were perhaps this time a year or two ago.

You did ask a question about negotiating a government job salary band. It's very hard. I've never had a government job, but I have a lot of people tell me who work in government roles that it's very strict. I would always recommend asking, trying. But I don't think you're going to have as much luck in a government job as a private sector job.

All right, we went all over the place with that question. This is what I love about being the solo voice on the Ask Farnoosh episode sometimes is like I can just and I know you're keeping pace with me. Amanda has a question about investing. She wants my top three book recommendations. She and her husband are looking to invest outside of their 401(k)s and wondering about maybe opening up retirement and investment accounts outside of that. Before I pull the trigger, though, she says, "My husband wants to get a little more knowledge on investing."

Okay, Amanda. I'm going to give you four titles. A couple of these people, these authors have been on So Money. So you can listen to their episodes as well. But Erin Lowry is the author of the *Broke Millennial* series. One of those books, I think it's book number two, is about investing, *Broke Millennial* takes on investing. It's a basic guide, so you probably don't need to read all of the chapters. But for anyone who feels like they aren't ready to get into the market outside of like a 401(k), this is a great beginner book.

Then there's *The Psychology of Money* by Morgan Housel, which is not a sort of like how-to-invest book in terms of picking mutual funds. But it's extremely, extremely well-written and

thought-provoking, explores the complex relationships between money and human behavior. I think he has sold like over a million copies. It's phenomenal.

There's *The Intelligent Investor* by Benjamin Graham. It's a classic in the field of investing. Many people still read this because the wisdom is timeless. Benjamin Graham, the author, he's known as the father of value investing. So it's very fundamental. It talks about market behavior. It talks about risk management. It's not very long either. So I think you might be able to get through that quickly.

Then this book I actually haven't read. But when I asked around, a lot of people name-dropped it, so I'm going to offer it to you. It's called *A Random Walk Down Wall Street*. This book, I was reading the summary, and I thought, okay, I think I can recommend this because it advocates for passive investing, not getting in there and picking stocks and selling high, buying low.

Believe it or not, the other day in this hotel room, I overheard a guy on his cell phone telling someone, I guess it was a stock broker, his demands for like a particular stock sale. He's like, "When it hits 50, sell. Then just do the put option on that." I was like, "What is going on?" It felt like I was watching an old nineties movie or something. I was like, "Do you know that you can just go on [betterment.com](https://www.betterment.com) and call it a day and get some passive index funds." But I don't know. It wasn't for him. I thought it was funny.

Anyway, *A Random Walk Down Wall Street*, it covers all sorts of investment vehicles, stocks, bonds, mutual funds, index funds. We've talked about investing a lot on this show, Amanda, as you know. While I recommend all these books, I think it all just boils down to this. Don't overthink it. We have all the data now that shows that you picking, your husband picking individual stocks, individual funds, it's a waste of time. You can have an automated platform that takes into account your risk tolerance, your timeline, and your goals and create a diversified low-fee portfolio for you made up mostly of index funds or ETFs. Then you can go back to living your life. That's what I do. That's what a lot of people in my Orbit Financial experts and authors recommend.

I think once you start looking into like picking individual visual stocks and maybe getting into alternative investments, that would be an additional layer to your investment approach, where

that's not how you're handling most of your investments. But you're throwing some darts and crossing your fingers and hoping that those like alternative and/or other bets pay off. But when it comes to retirement, which is a really meaty goal, and you don't want to mess with that. You don't want to take like too many chances with that. You want to be able to just ride the market, which historically has produced sound, solid returns.

Speaking of stocks, this is a question we actually got a while ago but worth re-answering with some stock splits going on recently. Here we go. Chasing goals 30, "Can you explain stock splits a bit? What are the pros and cons? My company just splitted stock." Okay, so I love technical questions sometimes. Sometimes, you get the questions that are a little bit more nuanced, emotional. This one is strictly like, "What is this thing?"

Simply, a stock split is when a company doubles or triple the number of its shares in the marketplace. We've seen a lot of companies do this in years past, whether that's Apple or Tesla, with more shares in circulation. That means the price per share drops. So that may be one thing that you don't like, but it doesn't really materially change your stake. Because let's say you had one share that was worth \$100. The stock splits. Now, you have two worth \$50. Financially, you're still in the same place. You just have more shares to account for. Nothing fundamentally changes.

Why are stock splits a thing? Like why do companies do this? So really, it's optics. When a company does this, it's kind of a signal to the marketplace that it's growing. It's confident that people are going to be interested in buying more of its shares. That there's this demand for shares. So there's this almost bonus, this financial bonus when companies do this, and that people go and buy the stock. So the stock price sometimes lifts after a stock split.

For stocks where the price has gotten really, really high and inaccessible to most people, this is also a way for a company to make themselves more accessible through their stock offerings and invite more of the market to participate and have more diversity in their shareholder base. I think that's a good thing. I don't, again, see a real disadvantage to this. It's mostly just neutral or pro.

But, again, it does mean that the individual share price drops, but you also double the number of shares you own. Then soon after, you might see the price even go up because there's this – what is that? What's the word? Like optics or illusion. I don't think it's an illusion because there could be some – it's really fundamental too that the company is growing, and it has value, and it is in high demand. So that's stock splits 101. Sometimes, it's a split in two or three, so not always a one for two. Sometimes, it's a one for three, one to three, one to two. I've seen all sorts of different calculations.

That's a wrap, everybody. Thanks so much for tuning in this Friday. As a reminder, if you want to join my small group coaching program, click the link in the show notes. For those of you on the East Coast, stay safe. We know the air quality up there is just really, really bad. They've been canceling school and ending events. I hope we'll be on the other side of this soon. In the meantime, I hope your weekend is So Money.

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