

FT: Kate Northrup, thank you so much for joining me on "So Money" today.

KN: Thank you so much for having me.

FT: I've been a big fan of your work ever since you published "Money: A Love Story." We interviewed you on Yahoo Finance. It was a very successful video. People are just really drawn to your voice. You're an amazing writer and you speak from experience. Because you haven't always had success with money and you were very transparent and candid in your book. I think you're helping countless, countless people really take their finances from good to great or okay to better, and I think you're a real inspiration. And for those of us on the call, on the podcast who aren't familiar with 'Money: A Love Story,' tell us what it's about, and your journey to bringing that story to life.

KN: Yeah, so it's really a book about the energy and the emotional aspects of money. There are some practical tips in there about saving and reducing your spending and some practical tips about business and investing. But mostly it is a book about getting your head and heart in alignment so that money becomes less of a stress in your life. And that you feel more in the flow and you feel more abundant and you continue to have positive behaviors around money. Because I think a lot of us, just like with the dieting world and the health world, everyone knows they need to exercise more and eat less. Everybody knows that they need to save more and spend less. That's not news, but why don't we do that? And so I address the why don't we do that in "Money: A Love Story", And really help people to get their actions in alignment with what they actually want. So it's really an integrity issue, actually.

FT: And we're gonna get to more of your personal story in our time together today, but you bring up an interesting word that I've hear repeated in many of my conversations on this podcast with successful people who have a really good relationship with money. And it's the word "Abundance." And I feel like it's a very new-agey word, 'cause it's coming

back into...

KN: It is.

FT: Yeah, it's kind of making a comeback and I want to know, what's your definition of abundance? How do you define that?

KN: Abundance to me is having trust that there's more than enough to go around. That it's really divorcing ourselves from the zero-sum model, and knowing that there really is more than enough well being to go around. More than enough money to go around. More than enough success to go around. And being able to relax a little bit in the trust that there isn't more than enough.

FT: Well since we're sort of philosophical already, let's keep at it. My first question for all my guests is a philosophical question. It's a personal question. And I want to find out, what is your personal financial philosophy or mantra that you apply in your life that helps keep your money in check.

KN: My personal financial philosophy is that money is a stand-in for what we value. And really when my money life, if I get off track at all, I come back to what are my values? What's important to me? What matters to me. And then how can I get my financial life in alignment with that. So has my spending gone off the rails? Well if it has it's usually because I'm spending unconsciously and I have not been in touch with my values. So money is a stand-in for what we value. The more value we add to the world the more money we make. And the more we're in alignment with our own values, the better our relationship with money becomes.

FT: I like that. Because it's often not about the numbers, right? It's about our behavior, it's about our mindset, it's about what we value which a lot of times we don't take the time to consider. Life's busy. Things happen rapidly. These sort of like the soul searching aspect of your financial reality is something that we completely skip.

KN: Yeah.

FT: We go straight to the spending and we don't even think about the why behind it or the how come.

KN: Exactly. And I'm really all about the why. To me, the what doesn't really matter if we have not addressed the why. And I think that we should be constantly in an inquiry with ourselves around why am I doing this right now? And the more we can pay attention to the why, the more our behavior ends up changing because the sheer act of becoming aware and kind of becoming the witness of ourselves, that separation creates change. Just the awareness.

FT: So this kind of transitions us well into my next question which is about money memories. And so to learn kind of the context of the... Of where your philosophy stems from, take us back. Take us back to a time in your life, maybe it was when you were really young or more recently, a memory, a money memory that really helped shape, define, influence how you think about money today. Take us there. Where were you, what happened, and what did you learn?

KN: So when I was 16, my parents got divorced and what I saw is my mom in a lot of financial fear. And my parents have very different financial philosophies, so I grew up kind of with [chuckle] you know my dad's version and then my mom's version and... So learning about money was complicated just because they have very different philosophies. And so when the divorce happened, I saw my mom scared. She had... So my mom is Dr. Christiane Northrup and she's written a couple of New York Times bestselling books on women's health, she's been on Oprah...

FT: She's a big deal.

KN: She's a big deal! My mom is awesome and she was 50 at the time and realized that she had made it to the age of 50 without ever learning about money. She actually had never been single since she was 13, believe it or

not. There was somebody since she was 13. And so there she was at 50, single for the first time ever really since she was a child basically, and she had... She really knew she needed to get on the fast track. I mean she was afraid she was maybe gonna lose the house and she had given all financial decisions to my dad, just assuming because he's a man, he would know better than her.

KN: And so when she went through that, I watched her and was around at the time it was... My sister had gone to college and my dad was no longer living with us. So it's just me and my mom and I made this internal... Kind of like this internal pact with myself to never end up in that same situation of lack of knowledge and lack of empowerment. And so I started reading all of these books on personal finance when I was in high school right along with her. We read... I read, Rich Dad Poor Dad by Robert Kiyosaki, I read Think and Grow Rich by Napoleon Hill, I read Smart Women Finish Rich by David Bach, all of that stuff. And I put myself on this track to become financially literate and I'm really grateful for that.

KN: Of course, you know, I veered off plenty times myself [laughter] but that moment was a pretty crystallizing moment where I made a decision to do it differently than my mom had, and I'm really grateful to her because she shared her journey with me and she handed me these books and she said, "Listen, you're a young woman and you need to learn about this. I didn't learn about this", and, "Let's do this together".

FT: That's awesome that she did that. I think sometimes parents underestimate the ability for their adolescent kids, teenage kids, to really understand money. And I mean yeah, you're not gonna maybe understand all of it, but bringing you into their journey and letting their kids see how they are thinking and managing and earning, I think, is invaluable. And you know, you'll make mistakes obviously, we all do, but I think that's a huge gift.

KN: Yeah. Yeah, it's... I am really grateful for it. It's interesting, I have a friend who was over the other day and we were talking about the woman who helps us keep our house clean [chuckle], and she's fabulous and I was

recommending her and he told me later on that he hadn't wanted to discuss the money aspect in front of his daughter who was there. And I thought that was such an interesting thing. You know she's old enough to start to learn about money and I thought it was so strange that he didn't wanna discuss anything financial in front of her. And I think that when we don't give our... I mean I'm not a parent yet so we'll see, right? But, I think when we don't give our children the benefit of the doubt that they're smart enough to learn this, we really do them a disservice because then suddenly they're 18 or 22 graduating from college and they've never been trusted to be smart enough to handle it and then they do really stupid things [chuckle]

FT: Yeah. Yeah really... Yeah. Even when you have the education you still can do some stupid things. So imagine if you have no education [laughter] Yeah. Well we actually transitioned well now into my next question. It's almost like you know the questions. What are... What's coming at yeah. Financial fail, this is what I think is always interesting to learn, especially from the... You know the pros, and the authors, and the experts who have it together. But you know what, we didn't always. And so I think you talk about this in your book as well, sort of an impetus for why you wanted to write the book, right? You weren't always successful. Share a disappointment with us, a financial fail if you will, that was very life-altering or at least was an awakening of sorts for you, and what did you learn? And then I wanna know what was the stupidest thing you ever bought? Crazy [laughter], dumb thing that you ever bought?

KN: Oh, okay. So...

FT: You can start with that first if you want, if there's really a good one.

KN: If I could think of a dumb thing I ever bought... Gosh. I do remember one particular moment. This is not a crazy dumb thing but one particular moment which I think illustrates my past [chuckle] history with money, was that I had made a pact to myself that I was no longer gonna spend money on my credit cards. 'Cause I realized once I totaled it up in my early

20s, I had gotten myself into over \$20,000 worth of credit card debt. Which, you know, I know in the grand scheme of things some people hear that and they're like, "That's really not that much money"

KN: But when you are in your early 20s and you manage to rack that up in a little over a year, to me, that's a lot. It felt like a lot and that's what... I mean, that's my philosophy. It doesn't really matter the numbers. It matters how it feels and it felt like a lot and I had just been really unconscious with my spending and I had spent willy-nilly. It was a mess. So, one of the things that I remember I had made this decision to not spend any money on my credit cards. I was only gonna use my debit card. I was gonna pay off my debt and then I went to this sample sale or this like... It was kind of like a sample sale with vintage stuff. I'm not sure, but it was really cool and I found this Prada coat that I was just like, "Oh my god, this coat is gorgeous." It was an amazing price and I remember the moment. I will never forget. I remember where the checkout counter was. I remember what wallet I had at the time and I pulled out my credit card and it was one more thing that I put on my credit card, and I remember the moment of going for the short term kind of that short term high of buying something and also how bad it felt to betray myself because I had made a promise and I was breaking my promise. I gave the coat... I think I gave the coat away really soon after that. I never ended up wearing it. It was one of those moments. [laughter]

FT: Every time you look at, you're like, "Oh, what did I do?"

KN: Yes. Painful and it was kind of impulsive and it wasn't even my style. It was the whole thing. Yeah, I would say my financial fails were definitely around impulsivity and not being conscious of why I was spending the money I was spending and also in my early 20s, being in New York City, young professional starting my business, kind of building a name for myself, I had this idea that I needed to look a certain way and that I needed to look like I had it more together than I did. That, to me, meant spending more money than I actually had because I wanted to look more successful than I actually was. I threw myself under the bus a lot because I went to dinners that I didn't have the money for. I went on trips. I

went to trainings. I bought clothes. Things that I just didn't have the money for, I would buy them because I wanted to look a certain way. I think that that was my Achilles heel, and I'm grateful to have largely overcome that tendency.

FT: So, would you also say that that coat was the dumbest thing you ever bought or was there something [laughter]?

KN: Was there something even dumber? That's what's coming up for me right now. I can't think of anything. I will say this. It's like, on the one hand, I really felt like I betrayed myself in that moment and there are certainly things that I bought that I am just... It's like more of an accumulation of shoes and clothes, and this and that whatever, but I also don't have any regrets. For example, I spent money on this training class called The War... What was it called? Enlightened Warrior Training through T. Harv Eker and his company Peak Potentials and I did not have the money for it. I went. It was totally insane the things that they made you do like very much one of those kind of break you down physically until you whatever, have some sort of breakthrough situation.

KN: So, I went to that and that was probably money I didn't need to spend, but at the same time, I met a couple of my best friends there and I also refer back to a couple of those moments a lot. So, I feel like that... So, I really don't have any spending regrets I guess if I were to tell the truth. I really see the larger picture of how... And that's part of my philosophy is if we spend a lot of time beating ourselves up for our past mistakes, we keep ourselves really stuck. As opposed to looking at our financial past from the perspective of, okay, these are the choices I made and here are the ways in which they actually lead me to where I am today. For many reasons, it was actually perfect that I chose to go to that class even though I didn't have the money even though traditional wisdom would have said, don't do that. I did it and I don't have regrets because it's actually enriched my life in a lot of ways and led me to where I am.

FT: Yeah, I mean, there is a fine line between spending on something that you truly believe will help you in the future even if it means maybe putting

on a credit card or spending above your means to afford it. I think this sounds like it was a smart bet I could say, but then there's buying that really expensive suit that you could have bought a slightly less expensive suit and still gotten the job. [chuckle]

KN: Exactly.

FT: We rationalize sort of these personal investments sometimes that aren't really investments that just more and more superficial, but I truly think that things like courses and paying a networking event fee that might connect you with just one person out of the 800 that are there that could take your business from point A to point B. I think those are the smart bets that you still have to be smart about it. You don't want to bet the house on something, but I'm glad to see that that worked out for you 'cause it's an example of how you can really invest in yourself even when you don't think you can really afford it.

KN: Exactly and I think that really is the keyword. There are things that we... Sometimes, we take a risk on something and it's more of an investment. So, I do believe for example, with credit card debt, there are investments that I have made over the years that maybe I didn't have the capital for but I knew it was gonna pay off in a pretty short period of time. So, I see that as investment debt as opposed to consumer debt whereas I bought some shoes that were definitely not going to pay off in the short term or long term.

FT: Right, right. And you can learn from that investment, from that, and start to apply what you've learned immediately. So, you're in control of maybe making a return on that whereas shoes, as we know especially in New York City, they get chewed up by the streets, and it's...

KN: No kidding.

FT: But I have made the stupid purchase of spending, I'm embarrassed to say how much, on shoes. But, I'm getting over it.

[laughter]

FT: Let's shift it now to talk about something that you're really proud of financially speaking, a So Money moment, a time in your life when you had a financial win. What was your favorite moment among the many that you've probably had?

KN: So, I was sitting on my mom's kitchen counter. I was just home from my first year at Brown University, and I was having a conversation with her about what I was gonna do that summer. And in that moment, I decided to start my business for real with... I had had this business for a little while, but I hadn't ever actually buckled down and done it. And it was a network marketing business with a company called Usana, and I started that business because I had a dream of creating financial freedom by the age of 30 so that I could be home with my kids and still make a really great income, not have to sacrifice my income in order to stay home, and really, to be able to be a really super present mom. And so I made that decision when I was 18. I achieved that goal by the time I was 28, although I could have done it a lot sooner if I hadn't gotten myself into all that debt. But it's still, I think, a really great trajectory. And that was a So Money moment because I decided to dedicate my time during my summer vacations and my Christmas vacations to building that business. So, while my friends were out partying in the woods with their red solo cups, which is how we do it in Maine.

FT: Well, we do it at Penn State, too, where I went.

KN: Okay. I was often times on conference calls, and doing training, and doing business events. And, I wanna go back and give my 18 year old self a really big hug, like throw her a party because that decision changed my life.

FT: Yeah. At my wedding, my best friend gave a toast and she was telling everybody that... We went to college together, and she's like, "Farnoosh is the type of person who, when you're thinking about which direction to take in life, it's always like what would Farnoosh do?" because in college, for

better or for worse, I was the person, I was very much like you where I would head down freshman year thinking about, "Where am I gonna be an intern?" planning, planning, planning. I would sacrifice Saturday nights to work on projects and I had multiple jobs, and I don't know what was motivating me. I just liked the idea of being busy and having ideas that I could execute. And who knew that was gonna end up being my future? 'Cause now I'm multi tasking and it's become who I am. But, I guess my point is, is that there is value in just taking a chance when you're young, too, like working on different projects and keeping yourself busy even if sometimes the gigs don't pay because that work ethic and that learning through that process is priceless, is absolutely priceless.

KN: Exactly, exactly.

FT: Alright. This, we're actually almost finished here, but before we wrap, I wanna ask you a few more questions. The first is a ritual that you have, a So Money ritual that helps keep your finances in check. Like, what's a habit that you do, whether it's daily or weekly, that you firmly believe helps keep your money safe, and protected, and growing?

KN: So, this one is a little bit more energetic, new age-y, and that's the flavor I'm gonna bring to your show. I'm sure you have some people who are a little bit more hard core numbers and spreadsheets. But, mine is, and I stand by this, I know it makes a difference for me, when I pay for something in cash, I take a moment at the cash register, I usually step to the side so the next person can go, and I make sure that I put that money back in my wallet in numerical order with the presidents faces all facing me and no wrinkled corners, no stuffing wads of money in my purse, or in my wallet, or in my pocket, because to me, that's an affirmation every single time that A] I have the time and the luxury 'cause I think that our relationship with time can be very similar to our relationship with money. So, taking that breath, taking that abundant moment to care for my money, and it's an affirmation to me that I am spending that time paying attention to my money and caring for it beautifully and making sure it's in a safe place, all organized, and that it has a safe container. And that, for me, that gives me a sense of abundance and it gives me a sense of "I am caring for

my money."

FT: You respect it. I've even heard, this is maybe a myth or an urban myth, people ironing their dollar bills. [chuckle]

KN: I have heard of that as well...

FT: I don't know where I heard that. Maybe it was like a stand up comedy joke. But that's what it reminded me of.

KN: Yeah, no. My friend, Marie Forleo, who I'm sure you know as well, told me that, she used to... Growing up, she used to wash her money, and then dry it, and then iron it. [laughter]

FT: Wow!

[laughter]

FT: I'm just happy her money didn't get ruined in the wash.

KN: No, isn't that crazy?

FT: Wow!

KN: I never did that, but...

FT: That's kind of cute.

KN: I think it's hilarious.

FT: Oh, my gosh! I love Marie as well. She's a phenomenal, phenomenal businesswoman and person.

KN: Yes.

FT: Okay, so you've made it to almost the end here. And what I like to do

now, is kind of a rapid round-robin of So Money fill in the blank. Okay, so I'll just start off with a sentence, you'll finish it, first thing that comes to your mind.

KN: Right.

FT: If I won the lottery tomorrow, say \$100 million, I would...

KN: I would rent a house for a summer, and invite everybody I love to come hang out with me, and just spend super quality time with the people I love. And, I would go to Southeast Asia and donate as much money as I could while still leaving enough for me and my family to helping end sex trafficking.

FT: Awesome. I was gonna say why Southeast Asia, but you... Wow! How did you become passionate about that?

KN: Believe it or not, I watched the movie, "Taken," and that is obviously such a Hollywood blockbuster. It's set in Paris. It's whatever. It's Liam Neeson killing people. However, I was so deeply disturbed like I think I had just never put... I think I just had never really realized how awful sex trafficking is. I've heard about it. I know I kind of vaguely had an idea, but... So and then, so it was that, and I was so deeply disturbed. And then I read the book, "Half the Sky." And then I've just had some other conversations. And so yeah, it's just something that I find... Obviously it's completely awful, and it's... For whatever reason, it is a cause that feels really important to me like the dignity of young women.

FT: Absolutely. And at the end of this, we'll make sure we'll put the links to any of the... Your favorite charities on the website.

KN: Great.

FT: One thing that I spend money on that makes my life easier or better is...

KN: Having somebody else clean my house.

FT: I've heard that.

KN: It is the best money I could possibly spend.

FT: Yeah, because no one... I mean, I wrote a book about women earning more and the insanity is that when she makes more, she actually does more housework.

KN: Yeah.

FT: And I think, it's because she's trying to overcompensate in the housewifery department and that's such BS, right? It's so crazy and twisted. And I'm happy, I always love to hear when people outsource that kind of stuff that takes up so much time. It has no value to your skill set, and you could be using that time to really improve yourself, your business, spend more time with your family, so many other better ways to spend your time.

KN: Yep.

FT: One thing that I wish I had known about money growing up is...

KN: That the more we put our attention on it, the more it grows. I had this idea growing up, I think it was because I was raised in a relatively spiritual household a little bit, a little bit new-agey woo-woo. I kind of had this idea that if you just do enough affirmations, the money thing will take care of itself. And it turns out, that you also need to have a spending plan, and meet with your accountant, and do your bookkeeping, and track your expenses. So, I wish I had known that there's also an energetic value of paying attention to our money, and then that could be a spiritual practice as well.

FT: Yeah, the numbers have to make sense.

KN: Yeah.

FT: You gotta do the math. And yeah, sometimes... And I wrote this book called, 'Psych Yourself Rich.' And people were like really Farnoosh? We can just like psych ourselves into being rich. I'm like, no, of course not. That would be a false... It'd be a lie if I told you that. But there's a big... A large part of managing your money well is getting in the right mindset, but absolutely, you have to, like you got to spreadsheet it.

KN: You do.

FT: I'm So Money because...

KN: Because I bring lightness and fun to a topic that some people can find boring and overwhelming.

FT: I couldn't agree more. Thank you so much, Kate Northrup. Tell us where we can learn more about you. And I understand also, I didn't ask you at the beginning and I apologize, but you have some exciting new projects this year.

KN: Yes, so you can head over to katenorthrup.com. I'm really excited we've just launched a course called, 'Feng Shui for Financial Freedom.' So, if you feel like you're coming up against some road blocks in your daily activities around making more money or saving more, just being better with your money in general, it may be because you actually have some blocks in your space. So, using the art of Feng Shui, you can actually do some simple little tweaks to create more space for abundance in your physical space. So you can check that out, and I have some articles over there, and all kinds of fun stuff at katenorthrup.com.

FT: Well, thank you so much for this amazing service you're giving us, and we will absolutely be checking you out. We'd love to have you back, and wishing you a wonderful, abundant new year.

KN: You as well.