

EPISODE 1010

[ASK FARNOOSH]

[00:00:30]

FT: Welcome to So Money, everybody. Ask Farnoosh Friday. I'm your host, Farnoosh Torabi. It is Friday, February 28th. If you didn't catch our episodes this week, go back. They're a different kind of episodes this week. At least Monday's was. We had Nick Ortner on the show who's the author of *The Tapping Solution*.

Look. You know I'm not very woo-woo, right? I don't like candles and do séances and sit on my couch, praying that my money will manifest itself. But we did have Nick Ortner on the show who is a world renowned expert in this very ancient healing practice called tapping. I actually have friends who do it. They're legit and they are like cool people. But it's – I'm not into meditating.

Tapping is something that even if you don't do meditation, you could do this. All it requires is getting yourself calm and tapping your face on particular parts of your face where acupressure typically is applied. He actually walked us through an exercise in like what to be thinking, where to be tapping. This has gone on to help people with all sorts of anxiety, pain, and getting out of debt. Because what it does, ultimately, is – The idea behind it is that you do this because you're trying to clear your brain and trying to get clarity, reduce your stress.

We all know that when we make financial decisions like any tough decision from a place of stress, a place of emotion, over emotion, that can often lead to bad decisions, bad moves. I get the science. I get it. I'm not going to say I'm going to start tapping my way through life. But if you're curious about it and want to kind of go through it on your own a little bit with Nick guiding us, check out Monday's episode.

Okie dokie. Let's go to the iTunes review section and pick out a random review. This person will receive a free 15-minute money session with me. I've been surveying you guys and I know that a lot of you have discovered this podcast through the Web and through iTunes, so this is why reviews are important. Because if you do like land on the So Money page on iTunes, you're –

What are you going to do? You're going to maybe listen to a couple episodes. You're going to read the reviews. If the reviews are terrible, you probably won't subscribe.

But we're fortunate we're getting a lot of positive reviews. We have over something like a thousand, almost like over 900 five-star reviews. We're going to pick the review left on February 25th by Caitlin, a five-star review empowering financial advice. Caitlin says, "I've been listening to financial podcasts for the last year, and that's motivated me to get organized financially and start taking ownership of my money. Farnoosh has empowered me to take additional steps beyond my basic budget to make uncomfortable choices with my money that will help me to where I need to be. I have over a hundred thousand in student loans, an auto loan, and a small my credit card debt. But I feel like this podcast will help me through it all." She says, "For the first time, I'm prepared to take on my debt and I can see a light at the end of my very long tunnel."

Well, Caitlin, let's talk. Looks we have a lot to talk about your debt but really your future. It sounds like you have a lot of goals. You're very ambitious. You want to get ahead, and I want to help you. So let's get in touch. You can direct message me on Instagram, on the Gram @farnooshtorabi. Tell me you're the Caitlin that left the review. We'll get it going. Or you can just email me, farnoosh@somoneypodcast.com, and let me know, and we'll get the ball rolling.

All right. Let's not waste any time. Let's go to the mailbag. First question is from [inaudible 00:04:09]. She writes in and she says, "Question for you, Farnoosh. I'm done renovating my condo and I have finally set up monthly contributions to both a SEP-IRA and a taxable investment account. I'd like to spend my hard-earned money on a new sectional sofa and turn our guest room into a home office by purchasing a sofa bed as well. I'll be paying cash for both of these purchases. I currently own a really great mattress, a bed frame, a love seat and I spent \$3,000 total on these items last year. I can't seem to sell them for what I think they're worth on Craigslist. Is it a crazy idea to get a storage unit and store these pieces of furniture for up to the next three years? The math works out to \$600 a year to rent a storage unit."

She says, "I imagine that we're going to need to move to a bigger house in the next two plus year, hence maybe keeping the furniture." "By the way all this hard-core adulating stuff is quite

new to me,” she says, “Because I was a struggling actress in New York for about nine years and then quadrupled my income two years ago. I’m trying to play catch-up in a major way.”

Well, [inaudible 00:05:19], good work with those retirement accounts and the taxable investment account. That's really excellent. That's going to set you up real nice, and congrats on the place and making a little bit of a home office there for yourself. Look. Furniture is really hard to offload, speaking from someone who has moved a lot in her life, and I've shed a lot of furniture. I am not in the camp of renting out some sort of storage facility for keeping something into the indefinite future. If it's something super valuable that you know for sure you will want and need in the short term, I think that could be worth it.

But you have to do the math. I mean, okay, you're not going to get \$3,000 back for furniture. Anyone selling furniture out there, you have to start with the best expectation of maybe you'll get 50% of what you paid for that piece of furniture and that's if it's in good condition. If it's still in the box, maybe 75%, 60%. Furniture is just one of those things that once it's used, it's really hard to sell high or even for half of what you paid for it. I mean, 20%, 25% is more like it.

Although my brother has had a lot of success selling furniture on Facebook. There's a listings on Facebook where you can just post all your stuff, whether it's handbags, furniture, clothing, plants. My brother has sold plants on Facebook. Maybe cast a wider net first step, see what you can get, and then put in the note that you're willing to negotiate that this is the price or best offer. Because cash in your hand today, even if it's a fraction of what you paid, even if you just make \$100 total, I know that's a little heartbreaking.

But this is what happens when you buy furniture. You have to just accept that this is something that's very personal to you. Someone else might not want it, and so you have to be really careful when you invest in furniture or rather buy furniture. It's not really an investment, right? But if it's something that you just need for transition, don't spend a lot of money on it. We just moved to this rental. We had a bunch of storage items to put stuff in and our clothes. We didn't have a lot of closets.

I'm not spending a lot of money on stuff, right? I'm only here for maybe just six months, depending on how quickly we find a house. I just went to Target. I bought all this stuff that we

can perhaps reuse when we go to the new house. You got to be careful with furniture. But back to your dilemma, price it lower. Try to sell it. I think it's better to offload it now. Get cash in your hand now.

Here's a thing. If there's going to be another headache down the road in two, three years when you are ready to move maybe to a bigger place, now you've spent \$1,800 storing this stuff and you might not end up using it at that point. Now, the furniture is older, and it's going to be harder to offload. If this is something that's really valuable to you, see if there's someone that you can lend it to, a friend who doesn't have pets, just like takes really good care of her stuff or his stuff and say, "Hey! Can you borrow this from me for the next year, and then I'll take it back from you after that?"

It's also a risk. But if you're really heartbroken to give it away, maybe that's kind of a happy middle. But in general, my equation for whether or not it's worth to store something is this. First of all, furniture is different. I mean, furniture you're using. But if it's something that you haven't used in the last year like a ski jacket or a set of skis or rollerblades or an appliance that you're like, "Oh! This food processor. I didn't even know I had it. But I'm moving now and I found it, unearthed it. I'm going to store it, because when I get to bigger place and my dream kitchen, I'm going to finally use this food processor."

I bet you won't. I bet you will get that bigger house one day, but you still won't use that food processor. By then, is it worth it that you have kept this \$80 appliance and have spent hundreds of dollars a year, perhaps more, to keep it in your inventory? Cut your losses. We live in a culture where we have such attachment to our stuff. We feel like we're never going to be happy with something else. This is the only couch I ever want. This is the only desk I'm ever going to love, and I spent so much money on it. But try to sell it on Facebook and Craigslist and sell for what you can get. I think you'll be better off. Less is more.

By the way, you can always donate it too and get a tax write off for the market value, which is a moving target. But it won't be 3,000 because it's a little old. But it perhaps will be a nice tax deduction for you. So think about that. You could donate it, make someone else happy, and pocket a little bit of money in tax savings. That's my advice for you and hopefully others listening thinking about storage. [inaudible 00:10:00], thank you so much.

Next up is Courtney. She wrote into the So Money podcast website and she wrote, “Thank you for all the gold you've given us weekly. I need your insight preparing for my upcoming review in May. I've been with my company for six years since I graduated college. My starting salary was \$40,000, and in those years it's grown to \$56,000. Last December, I received a \$12,000 bonus, which is awesome. However, I anticipated making much more money with each paycheck after all this time and not waiting until the end of the year.

I'm the only person in my position as an events manager at the company and I'm very good at it. I've elevated every single event and I've increased client attendance and experience exponentially as time has gone on. I truly do not want to quit my job or look elsewhere. I love the company and the work and will gladly retire here. However, I'm 30 now. I'm newly married. I feel a higher salary is much more appropriate for the value that I add to the company. I don't want to threaten them but I do want to be strategic in figuring out what is the absolute max they're willing to increase my salary this year so that I don't have to leave simply due to money. I plan multiple \$500,000 events each year, so I know they have the budget. It's a matter of me going about it the right way. Looking forward to your help.”

All right, Courtney, how to go about asking for more money in a fair way, and I think your first step would be to go to human resources and ask them if they have the information. Some companies don't, but a lot of companies do. Ask them for the salary range for your position. What is the salary band? Just a refresher, if you've been listening to this show since day one, you know this because I talk about this quite a bit when it comes to negotiating a salary. But HR typically has this information, and you can just walk in and ask for it or send an email to your HR manager and say, “I'd like to know my salary range for my current position of events manager.”

What this is what your company has budgeted for your title and role, and they have this for every title and role in the company. Most companies that are medium to large size have this. Startups, forget it. They probably don't have this, but the more established companies do. It's really interesting context for you. It's important context, because if you're learning that you've been with the company for six years and your salary is \$56,000, and while it has increased since the first day, what is the full potential you're your company has budgeted for you? Is it 100,000? Is it 90,000? That's going to help you answer your question, which is how much more

are they willing to pay me. That's really important data that you go in with your ask. So find that out, step one. It's going to give you some perspective.

You might find that you're at the very top of that range. What if you find out you're like 56,000 and the range goes to 40 to 60,000 dollars? You're almost out of that range, so then the conversation for you is not can I get a raise. It's I want to get promoted. I want to get promoted, replace myself, and build this team out, because we're growing and I have the vision for this. I think this is going to add value to our company's bottom line. It already has. I've increased clients, da, da, da, da, da. People are coming, and so what I would like to propose is a title switch to VP of events. I want to hire somebody that's to fill my role and train them so that we can really have a more robust engine here in this department.

That will automatically put you in a different bracket, and you will have to now make more than \$60,000, because that is now officially the position that you gave up to get promoted. Does that make sense? Finding out this number is going to give you a lot of Intel, and it will hopefully shape your strategy from there on out. If you find that this job can go up to \$100,000 and then I think you have a lot of room here to negotiate for a salary bump. But you might be at the top of that band, which then really the next step would probably best be getting promoted so that you can up level your salary range.

Step number two, I want you to look at what other people in your field are earning. You go to sites like PayScale, comparably.com, salary.com. You can find out average salaries for your position in your city at competing companies. People who have similar kind of trajectory issue. They've worked there for five, six years. See how you stack up. Are you making more than these people? Are you making a far less? Are you right around the average? Also important because if you find out that you're underpaid versus the market average, that's another good data point.

What I'm trying to say here is lead with the data. Lead with the numbers, because numbers don't lie. It's hard to make up the numbers. If you're getting the salary range, that's from the company. That's their number. If you're getting the data, that's from respectable websites. That's an aggregate of a lot of people's information, and you can compare it to a few sites and say, "I

looked at these multiple sites. Every site that I went to, this number kept popping up, and it's 20% more than what I'm currently making."

Number three, you included some of this in your question, but I want you to include this in your conversation when you talk to your manager is to say, "I'm so passionate about my job. It's clear that I'm dedicated. I look forward to every new event. I've been here for six years. I could see myself retiring here." That's key. You want to let them know that you see a future for yourself at the company and you want to feel valued. As much as the value that you're bringing to the company, you want to feel valued, because that's going to help you feel more inspired, more motivated, more dedicated to the work.

Money matters, okay? If anyone's going to say it doesn't, they're lying. Money matters. It's what keeps people sometimes at jobs or at not at jobs. That is something that you don't want to beat around the bush with. You want to say, "I'm adding a lot of value to this company. You know it. But just to highlight some of the things, boom, boom, boom. \$500,000 events, increasing attendance by this much every single time. I'm looking ahead at this is a new year. We have a lot going on. I got a lot of ideas that I want to implement. Rather than waiting until the end of the year, which is sometimes a guess game of how much it was going to be my bonus, I would like to have more predictability in what I make. I have contributed and I've added value to the point where now I feel like I should be earning X."

If you're earning, let's see, \$56,000 at this stage, is it a extra \$10,000 a year that you're looking for or \$15,000 a year? That's not to say that you're not going to get the bonus. You still want to get the bonus, right? But you want to raise your base salary and say, "I think it should be closer to \$70,000," or whatever you think it is. I don't know your industry, but this is a good time to be asking for this. It's the beginning of the year, and they want to keep you because you're the only one in this role. If they lose you – That's the other thing. If they lose you, wow, that's going to be tough. No one can do your job.

You're kind of creating a great scenario for yourself. I'm really proud of you. I think this is going to work out in your favor but I think you want to lead with these numbers and be very thoughtful about it and really reiterate the how much you love your job, how much you're looking forward to

building your career there and giving back and all the things, okay? Good luck and I'm excited for you. Let me know how it works out.

All right. Good questions, everybody. Heather's got a question, and she says, "I have so many questions. Your podcast does a great job of addressing all of them, but what I have trouble finding is a resource or a financial advisor that can talk to me about all my financial questions at once and not just one topic, like savings, retirement, taxes, investments, and debt. I want to know for my situation, am I saving enough? Am I investing enough? Am I using the right accounts? What else should I be doing to maximize tax deductions? Am I paying off enough debt? Are there any resources or financial advisors you can talk about when you – Are there any resources or financial advisors where we can go with all of these questions?"

"What I find is that I can talk to an advisor through my employer to talk about my 401(k). I can talk to a CPA about taxes. I can talk to my brokerage account advisor about my investments. But really, I want to talk to someone who is not interested in having me invest only with them and will advise me on if I have the right strategy. Is this something that you do? I would love to hear about this on your show."

Heather, basically you're describing a certified financial professional, a CFP. This is someone who is responsible for giving you the best advice that he or she can, that is not a direct correlation to how they're making money, right? These are fiduciaries which means that any investment advice they give you, any retirement advice they give you, they're putting your best financial interest first. They're not selling you a product necessarily because they're making a commission. They might make commission but they have to disclose it. That's important for you now.

But you should to XY Planning, okay? Look for a financial planner there. I will say, not all financial planners are alike, and most will not be able to give you tax advice. Some are both CFPs and CPAs, so maybe that's something that you want to look for; someone with both of those licenses, both of those designations. But I find that just like when you go to a restaurant, if you're looking for sushi, you want to go to a sushi restaurant. You don't go to a diner that has everything because you want the best sushi.

I don't want to make life harder for you and say you got to have all of these different people in your life but I think a CFP will answer a lot of your questions, and then someone who is a specialist in taxes would be best to go to, in addition. A lot of times, your CFP can recommend a good tax professional, and they communicate with one another several times throughout the year. It's how they are able to do the best job for you.

Now, your CFP will also be able to look at your 401(k). They'll be able to look at your brokerage account. They will be able to look at your savings and checking accounts and all of the different accounts that you have. It doesn't matter that maybe they're not affiliated with these banks. They will be able to look at them for you. So I think a CFP is, in this case – If what you're looking for is all of these things, a CFP is going to answer probably 80, 90% of your questions.

I'm not a CFP. I thought about getting the designation but chose against it. I hope to answer a lot of these questions on this podcast. Hopefully, this podcast will continue to be a resource for you. But if you're looking for something a little bit more souped up, buttoned up, professional, licensed CFP, go to XY Planning.

Okay, Leah. Question from Leah, our friend on Instagram. She says, "I've got a quick question about lowering our tax bill for 2019. According to the tax calculator, we owe another giant federal tax bill. We don't have kids yet. We just bought a house. We are thinking of contributing the maximum amount to a traditional IRA to lower our AGI, adjusted gross income. Everything you read about traditional IRAs is information about the tax vehicle, but my question is how would it be pretax if we contribute now with our after-tax income? Would the tax be included in the refund? Appreciate your guidance."

Yes. Leah, everybody, if you want to lower your taxable income for 2019, you have still till April 15th to contribute to a traditional IRA. Use that contribution to lower your taxable income. When you report your income on your tax return, this will be subtracted from that. It will reduce your AGI. If you have any further questions whoever is preparing your taxes, I would talk to them. Even call the 800 number. If you're working with something like an online tax calculator, an online tax return service software, they have free help desks. You can call them and ask them this very specific question.

But it is true. There are some things you can do to lower your taxes for the previous tax year up until the tax filing deadline. One of those is contributing to a traditional IRA. Go do that. The maximum for 2019 is \$6,000. If you're over the age of 50, it is \$7,000.

All right. That's a wrap, everybody. Thanks for tuning in. Thanks to Leah and Heather and [inaudible 00:23:19] and Courtney for your questions. The best way to reach me is either Instagram. Direct message me there. You can go to somoneypodcast.com. Click on Ask Farnoosh. Leave a question there. Twitter, Facebook. I even got a voicemail on the website, so all the ways. Don't be shy. I want to hear from you. Enjoy the last of February, everybody, and I hope your day is So Money.

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