

EPISODE 1190

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FT: Welcome back to So Money, everybody. It is Friday, April 23rd, 2021. I'm your host Farnoosh Torabi, and this is Ask Farnoosh. A chance for us to chat, connect. It's my favorite part of the week for sure. Before we get to our questions, just want to discuss a little bit of the week.

This week, on Monday, Jon Birger onto the podcast. Now, Jon I go way back. He and I worked together at Money Magazine when I was an intern and he was a senior editor. Fast forward to today, Jon has written a couple of books now on the dating phenomenon. You might think, what does dating have to do with money? Well, Jon's numbers guy. His first book looked at the economics of dating and his more recent book, which is called *Make Your Move: The New Science of Dating and Why Women Are In Charge* offers some advice on how to navigate the dating world, how to identify your match. We had some interesting conversations, let me tell you. We didn't always see eye to eye on things, but I think you'll appreciate the discourse. Check out Jon Birger on Monday.

Then on Wednesday, we invited Leslie Zane to the podcast. She is the founder and CEO of Triggers, a brand consulting firm, the first female founded brand consultancy in the country. Leslie, before she even started Triggers was the brainchild of putting a man for the first time in a commercial featuring a baby product. This was I think back in the '90s or early 2000s. It was not received very well in the board room and she takes us to that scene and how she navigated that. And ultimately did land that commercial with a male actor and it went on to be an incredible success. So the first thing she did was quit that job and start her own company, because she has good instincts. We talked about branding, the science behind that, starting a business as a woman and at the time also raising children. Leslie's mother was a survivor of the holocaust, so you can imagine, that was a very unique upbringing and the lessons she learned from her mom have forever changed her life.

On Thursday, we had a bonus episode in conversation with Canada's most admired CEO, and that was Kirk Simpson, co-founder and CEO of Wave Financial. It's an accounting software business that was recently acquired by H&R Block for over C\$500 million. Guess what, Kirk is a college dropout. In fact, dropped out his senior year of college, which to me, it just sounds painful. Like if I was Kirk's mother, I'd be like, "Just finish. Just finish, you're so close." That's not Kirk's personality. He left college much to his parents' chagrin, started a business, that failed, started another business, which then went on to become Wave Financial, which then of course the rest is history. But his work is not done, and that's what I like about Kirk, he's always got his eye on the next thing. Check out Kirk Simpson on yesterday's So Money podcast.

All right! Let's go to the mailbag and pick our reviewer of the week. This person will receive a free 150-minute money session with me. By the way, Apple, if you're an Apple subscriber has been a little wonky this week with publishing podcasts. I and many other podcasters notice that there was a delay in publishing the episodes this week. Monday's show went off without a hitch, but then I noticed Wednesday's wasn't there, and then Thursday's took a while. If you are wondering where the Friday episode is, I don't know what to tell you. I hope that Apple by this time has fixed the glitch, but you can always go on something like Spotify or any other podcast player to get this podcast. You can go on iHeartRadio, Stitcher. I know Apple was unveiling subscription model for podcasts this week, so that may have had something to do with the wonkiness but trying to be patient.

Okay. The winner of this week's 15-minute money session with me is Fallon Buckley who left a review on Sunday calling So Money, "My favorite podcast." Here's what Fallon said, "I started listening to So Money about two years ago after my friends and I discussed the importance of educating ourselves about money. It is now my favorite podcast and I look forward to Fridays where I can go for a walk after work and listen to Ask Farnoosh, Farnoosh is such a great host, who is very down to earth and honest. She makes sure to address relevant and important topics including equity and justice while helping her audience become smarter about money. Highly recommend."

Fallon, thank you and thank you for highlighting that part of my work. It's conscious trying to understand that we're not managing our money in a bubble, that the world is not perfect and there are lots of external factors, things that happen to us, which are not our fault. In that world,

in that context, how do you navigate your finances with certainty, and confidence and a feeling of calm a lot of times. I know we have someone in the audience who left a question for today about how to not get so worked up about her financial goals. We're going to definitely talk about emotions on this episode as we probably always do, as it ties in so intimately with money.

Fallon, thanks again for the review. Email me farnoosh@somoneypodcast.com. Let me know you left the review or you can direct message me on Instagram, and get in touch. I will follow up with a link where you can select your best time to chat with me, 15 minutes. I look forward to it.

[ASK FARNOOSH]

Let's go right to the mailbag, shall we? I'm just going to cut to the chase today, because it's been a week and I just want to say, I was obviously happy like most people. Unfortunately, I can't say all people, but most people of Sjogren's guilty charge of murder and manslaughter in George Floyd's death. It's a step in the right direction and the fact that people weren't sure what the verdict was going to be, despite the abundance of evidence and clarity around what happened. We all saw it. It was uncertain as to what the verdict would be. That I think is very telling and that is the takeaway, is that we are still living in a world where unfortunately there is a question mark around what it is to be racist, what it is to be a murderer. Even when we see them plain sight, and what are country is willing to do about it.

Then of course, the killings did not stop, so it's hard. I have an article coming out next week, on NextAdvisor. Just continuing my efforts to talk about race and money, and one of the things that I'm highlighting this month is the homeownership gap between white and black Americans, so stay tuned for that coverage next week on NextAdvisor. I'll be sharing it here as well.

But all right, let's get to the mailbag. Our first question is an anonymous listener and she says, "Hey, Farnoosh, as a woman of color and a business owner, you've helped me so much with getting my financial life together. Here's my question. When the pandemic hit, I was about \$50,000 in debt and that balloon to over \$100,000. My husband lost his job, my hours and my side gig were cut back and had a medical crisis. I have been aggressive about tackling that debt. I have been marketing my business more. I took a couple of part-time jobs. My husband and I moved in with my parents. I'm almost at the finish line. From \$100,000 in debt to about \$10,000 in less than a year. But now I'm feeling burnt out. Paying off this has become an

obsession and I know that the next step for me is to build up that emergency savings. But just thinking about it has me feeling exhausted. How do you go about tackling financial goals while keeping your sanity?"

Well, I mean firstly, we got to congratulate this listener, right? Have you celebrated yet? You knocked down \$90,000 worth of debt in one year. That is outstanding. Firstly, congratulations, We are also proud of you. Thank you for sharing and being an inspiration for all of us listening, that you can do this. It reminds me of a guest that I had on the podcast, John Kapetaneas way back. At the time, he was a producer for ABC News, I think still may be a freelance videographer and producer. He got out of hundreds of thousand dollars' worth of credit card debt, and all sorts of debt very quickly. I think in a year or less. He said, you have to get really uncomfortable, like we're talking six figures worth of debt, and you have an aggressive timeline. You need to do something dramatically different. Just sort of staying status quo, spending a little bit less, ain't going to cut it.

It sounds like you, my friend, who I'm not using your name, you moved in with your parents, that was dramatic. You up your income, you started to really hustle and bring in more revenue even though your traditional revenue streams, your old revenue streams had been upended. You went out there and you found new part-time jobs. That's awesome. That's what you have to do. There's no easy way to do this, so I get it, you're exhausted because you did it the hard way, which is the right way sometimes. It's not easy to get out of debt. I think in hindsight, you might look back and go, "Oh! That was so worth it and I don't know what kept me from doing that?" But you did it, it was hard and I'm going to give that to you. So congrats on getting yourself through that.

You've got a little bit more left to manage. It sounds like \$10,000, but I'm sure that feels like pennies compared to where you began. Here's my advice. First, breathe, congratulate yourself, go have a celebration if you haven't already. Open up a nice bottle of your favorite beverage. It doesn't have to be wine. It can be ice tea, I don't care. But enjoy it, relish the moment with your husband, the two of you together. Then the thing about saving money, which I know thinking about it all the time can be unnerving. But you don't have to think about it, you do the thinking once, which is right now, you're thinking about it. You commit to action step and then you commit to that action step automatically, so that you can move on with your life. Lean into the

technology. That's how you get rid of the emotional strain, is that you stop having it weight on your conscience.

Here's what you can do, you can first decide how much you can comfortably save each month automatically, and you can start small if you want. There's no one who's going to judge you and say, "Why aren't you doing more?" Start where you're at, but start. Then you need to decide. This is step two, where you want to park that savings. You could open up a new account somewhere online, and that's where your emergency stash lives, or you can open up something at your existing bank, or create an existing savings account and start really pumping money into that. That's the second step. Step three, schedule it, schedule the drafts, schedule that day per month that you want your money to go into that savings account from your checking account. Okay. That's three steps. Then step four, you just move on.

There are apps that can get you acclimated to this. There is Digit which we have talked about on the show. I've interviewed the CEO, and it has been now five years that Digit's been around, maybe a little bit longer. It's an app. It connects to your checking account, it tracks your income, your spending and the technology understands what you're really capable of, like what your savings capacity is. And every day or so or every week, it nudges you and says, "Hey! How about we save \$12 today?" Sure. So you save the \$12, but it does this on enough over the course of a month. By the end of the month, you've got hundred saved effortlessly. You could do something like that.

We just talked about how sometimes you have to make hard moves to make big moves in your financial life. But in this case, it can be easy. Keeping your sanity can be difficult if money is constantly on your mind, especially if you're having anxious feelings about money. When I was interviewing around for a financial planner 10 years ago, quick anecdote, all the planners would ask me a very good question, which was, "How do you want to feel about your money and how can I help you get there?" I said, "I want to get to a point where I don't really have to think about my money, at least not in the worrisome way that I do sometimes right now. I don't want to be concerned about my money. I just want to make sure that when my head touches the pillow at night, that I am putting my money to work, that I've made the right decisions and the rest is can work out. That I've automated my savings, I've automated college savings, I've automated retirement savings, I filled the insurance gaps.

You make these decisions once and then you move on. That's the advice I want to in part on you is that, you make that decision once and you move on, and then it doesn't have to be this weight. Lean into the technology, commit to a small amount to save at first, make it automatic, make it periodic. And when the debt is totally out of the picture, this last \$10,000, maybe that's when you save more, you up your contributions. But seriously, can we just one more time, huge round of applause on a racing nearly all of your credit card debt in such a fast period of time. That is absolutely impressive. I am so proud of you and I hope that you don't think that me being proud of you is a condescending thing. Some people think that, "Oh! Don't tell me you're proud of me. That's weird. Who are you? My dad?" I'm proud of you because you make me feel really good. I'm going to say that. It's a selfish feeling maybe. But my pride is so attached to your success.

I'm so proud of all of you, all of you in the audience for showing up for this podcast wherever you are in your financial journey, the fact that you're listening, you care. Whether I'm coming with you on your walk, or your typing, or you're lying in bed or whatever you're doing. Thanks. Thanks for spending part of your day with me. I am proud of you. A guest told me that she was proud me and I never heard that before, a guest telling in the interviewer, "I'm proud of you." I took it. I was like, "Thanks. Can heart that enough?" Anyway, congratulations. Let me know how I can be a further help if you're still stuck. You know where to reach me.

Next question is from Niha who says,

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N: "Hey, Farnoosh! I just finished your Skimm You presentation, and wanted to say a huge thank you."

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FT: Sidebar, I hosted an investing webinar for Skimm, theSkimm. You're all familiar with theSkimm. It's a daily newsletter that is awesome, and it's just a great way to stay in touch with the news, current events and theSkimm co-founders have been on the podcast as guests. It's

this incredible startup story. I joined them for their inaugural Skimm You program, which is like their University online courses, and this was all about investing. Niha, thank you for joining. She is in her mid-20s, a consultant at a big firm and has always been both self-conscious she says about investing and relentlessly trying to understand all the terms and strategies. She says,

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N: “I look to your podcast and saw how many episodes you have. I’m looking to learn what high income women in their 20s optimize for anything from investing, to renting a home, to grad school, savings, et cetera. If you have any specific episodes you recommend starting with, I’m all ears.”

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FT: Niha, advice for a woman who has the ability to earn a lot of money, sounds like that’s you. Congratulations! You have an incredible opportunity here to build wealth. That as we all know is not just one step. It’s multi-steps. You don’t have to be doing all these steps at the same time, but it’s important to think about all of the factors that go into building wealth. As a woman, this is extremely important. I mentioned it on my presentation that night, last week, that as women, we live longer than men. There is the pay gap of course. We often tend to spend more for things too than men do. There is a bit of a gender tax, a pink tax as this is called on everything from haircuts, to mortgages. I think I read a statistic the other day that said, a 90% of women, because we have this longer lifespan than men on average, we will be taking care of ourselves at some point independently.

That can be scary if you’re not on top of your money, especially if you’re in a relationship and you don’t know where the finances, how the finances are being managed. But you really have an opportunity here to get ahead of that and it starts with saving. Make sure you have that rainy day savings account, six to nine months minimum. Then I would say invest, max out all of the tax advantage accounts that you possibly can. That’s maybe the 401(k) at your job, a Roth IRA outside of the job. Then maybe open up a brokerage account, which doesn’t have a tax-deductible benefit to it. That is just plain-vanilla brokerage account, where you can open up a portfolio and start investing index funds and ETFs, low fee ideally. But you can take out that

money any time. It's really a supplement to your overall investing strategy. That's what I do. I do max out my SEP IRA, have brokerage account and I have other things going on for other people in my life that I want to save for, like my children's college savings, et cetera, et cetera.

Then you start thinking like beyond those traditional assets, like stocks and you might think about real estate, you might think about starting a business. Maybe you do want to go back to school. Starting to prioritize of those things outside of those traditional investment strategies. That's really personal because some people aren't really into real estate, but some people are more into starting a business. Investing in yourself, i.e., starting a business, investing in your education, investing in experiences are all well worth it. This is the stuff that I hear from many of my powerful female guests who come on the show. Once they started making enough money to cover their basics, that was about, "Okay. How do I accelerate my financial life?" At that point, it's not just a math question, it's a personal question, it's a personality question.

I would recommend episodes like the one we just did with Leslie Zane on Wednesday. She is the founder of Triggers, the brand marketing firm and she talked about on the show how one of the biggest mistakes she made was piling a lot of her money into one particular investment strategy, which at the time was telecommunications stocks. That industry busted. She realized, what am I doing. I'm investing into this very speculative space, whereas, the thing that I know that is a sure bet is me. I know that I'm going to be good for the money. Whatever money I give myself that I put into my business, that I put into my self-development will pay off. Some people will invest in a business coach to help them get further in life and career and then make more money.

I was just talking to Rachel Rodgers who will be on the show I think next week. She's got a book coming out called, *We Should All Be Millionaires*, so stay tuned for that. She talks about how to get from six figures to seven figures. It was really about a mindset shift, but also investing in people, a team. She's like, "You pay someone \$75,000 a year to run your business or to help you run an important aspect of your business. But if that person's contribution can 3X your revenue, your top line revenue, you got to believe that's a worthwhile investment."

My advice to you, first step, make sure you're optimizing all of these tax-advantaged investing accounts, the 401(k)s, the Roth IRAs, traditional IRAs, et cetera that you can. Then I would also

supplement with a brokerage account because you may find that even after maxing out these portfolios that you want to do more. I'm not a stock predictor, I'm not a market predictor, but I do feel very bullish about where things are headed in the stock market. There's a lot of interesting innovation happening, the economy in some ways, although not the totality of it, but the job market, it's picking up. There is a lot of benefit to being in the market right now, across the market and riding that for the long run. Into the extent that you can be aggressive with that, I think that's where the smart money is.

I mean, we've heard from our guest, Dr. Hans Boateng, who's the investing tutor. He's like, "The richest people in this country, what do they own? It's stocks. The richest people, rich, rich, rich, crème de la crème of this country, yeah, they're probably on real estate too. But the biggest aspect of their net worth is stocks, is the stock market." That's worth something, that's worth looking into. Then from there, it's really personality driven. Do you want to become a landlord? Do you want to invest in real estate? There's a lot of ways to get into it. You can do a real estate investment trust, REITs, you can buy a property, you can become a landlord, you could do an Airbnb, then you could start a business, which is different kind of risk. But it all kind of depends on where you're going and what your goals are, but this is a great question. I love that you're asking it. Your head is definitely in the right place.

One last question from Kelsey and she says,

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K: "Hey, Farnoosh. I love the podcast. It has completely transformed my financial literacy. Question for you, I have about \$45,000 in a brokerage account actively managed. I put money in it over 10 years ago and I have not touched it since. It has grown a lot over the past 10 years, but I'm pretty sure the fees are decently high since it's managed by a person versus a robot. I have learned a lot more and I want to kick my brokerage investing into gear and I'm interested in a lower fee option, but curious if there are efficiencies keeping it all in one place. Are there reasons I should keep it all in one account, so that it compounds better or should I let that money keep working and start another account with a robo-advisor?"

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FT: All right, Kelsey, really good question. Hearing your question that you're not thrilled with this actively managed portfolio. Your guess is probably correct that the fee is relatively high, because there is a human who is managing that portfolio versus a robot or a technology. There is no difference really in who's going to do better. In fact, lots of studies find that the robo-advisor track, the automated track is more cost-efficient. Because it's more cost-efficient, you end up making more money over time. If you can, move that money to a robo-advisory, an automated platform that we've talked about on the show so many times, so many options. It's really about where you feel most at home so to speak, because a lot of these platforms have similar fees, similar benefits. You can go to Wealthfront, you can go to Ellevest, Betterment, Schwab, Fidelity, Vanguard, et cetera, et cetera.

NerdWallet has really good comparisons of all of these and you can break it down and see, "Well, hey! Maybe this one is better for me because I also get the advantage of working with a human. I like that" or "I don't need a human, so I'm going to go over here." Frankly, it could just be the UX that you prefer at Ellevest because it's very pretty versus someone else that maybe isn't your vibe. It's really at that point picking your flavor, but I do think that shifting while it is a bit of like going against inertia, because it's like anything. Moving a bank account from one place to the next. It sounds really painstaking it's not as hard as you think.

The fact is, a lot of these platforms that I just talked about, they want your business. So calling them up and having them help you walk through the steps, I'm sure they'll be more than happy to do it. Take advantage of their customer service. There are advantages to having all your accounts under one roof. The main one is that it creates this sort of streamlined experience. It's all organized, it's all there, you're not trying remember log ins to all these different places. Just to put it in practical terms, a friend of mine was about to buy a house this year and he had to show the seller that he was going to buy the house from proof of down payment money. Well, he has about nine different accounts, so he's like, "I had to go home." It was a whole like several hours of getting all the forms and it wasn't impossible. I mean, considering we live in a digital world, it took probably a fraction of the time it would have taken 20 years ago to show the evidence of these funds. But had he had just one account with all the money in it, it would have been a much faster experience.

Fastness isn't everything. It's not the only thing that matters, but it does help in those circumstances when and you got to show proof of funds really quickly. In general, you just want to park your money somewhere where you feel like the customer service is ace. You can have access to it 24 hours a day, so that you can withdraw the money right away because almost everywhere, you have to wait to access the money and like actually have it in your hands. But that it is also cost-efficient, and you don't need one place for all your money, but in terms of your investments, may be one place is best. I keep most of my investments in one brokerage house, then wherever you bank could be someplace else, your credit is someplace else. But investing, it's nice to have that all on one screen.

That's a wrap everybody. Thanks for tuning in. Enjoy your weekend. I hope it's so money.

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