

**EPISODE 125**

[ASK FARNOOSH]

[00:00:32]

**FT:** You are listening to So Money. It is Saturday, May 16th. Welcome to So Money everyone. I'm your host Farnoosh Torabi. It is the weekend. Hope you're having a fantastic time off from work. Excited to get to today's questions. It is an Ask Farnoosh episodes, of course every Saturday and Sunday I turn the show to you and I look to see what is on your money mind. Questions have been pouring in all week from you heading over to Somoneypodcast.com, clicking on "Ask Farnoosh". That is the best way to reach me. But before we go to those questions, let's first head over to iTunes because it's Saturday, and every Saturday I select one new iTunes reviewer to receive a free 15-minute Money Session with me. The session this week will go to 24andfiguringitout. That's the name, and this person says:

**REVIEWER:** "The podcast is life changing, seriously! 5 stars. I have been listening to this podcast for a few months and it had changed my life. I listen to So Money on my morning commute and man, does it start my day off right. The guests I listen to each morning energize me for the day ahead, remind me to take healthy risks, and serve as a reminder that everyone fails at some point, even the rich and successful.

**FT:** It's true.

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**REVIEWER:** "This podcast turned wasting commute time into the most inspiring part of my day. It's even inspired me to pursue my own endeavors more aggressively. I love Farnoosh's interviewing style and I can't wait to see what else this podcast and Farnoosh have in store. The postcast rocks!"

[00:02:09]

**FT:** Well thank you. That review rocked, and I'm excited to share with you that coming up later, in the next few weeks, on So Money we have some amazing guests including the one and only Margaret Cho. Just got confirmation that she'll be joining So Money. So that's cool right? People like Margaret Cho are interested in speaking with me and being a part of this wonderful adventure called "So Money". So stay tuned for that. So I wanna say, 24andfiguringitout, email me. I don't know if you're male or female, but email me: Farnoosh at somoneypodcast.com and there we can connect. I'll help you get to my booking calendar and you can choose a time to speak with me and we'll go from there. Looking forward to connecting.

Alright, let's turn to our questions for today, we have, starting with Rae. This is actually not a question, but it is some feedback. Rae says:

**R:** "A couple of times, you've referred to guests as having almost perfect credit scores. In both cases their scores were around or just under 800. A perfect score is 850. While anything over 750 is excellent 798 isn't really almost perfect."

**FT:** Well, Rae you got me. I will say though, I know the difference. I know that credit scores run up to 850, but I feel comfortable and confident enough to say that if your score is a 798, it's for all intents and purposes, perfect! In other words, if you're applying for a loan and you've got a 798, you've won. The lender's not gonna come back to you and say, "You know, it'd be much better if you had an 820." And by the way, 850 is sort of this "unreachable". I mean, I don't know anyone who's got an 850. And if anyone says they have an 850, congratulations. But you know what, next month it might fluctuate. Credit scores are really just a moving target and frankly, anything over 760 - as far as lenders are concerned - is the best score. That will qualify you for the best terms, the best interest rates on loans, assuming everything else on your application adds up and measures up. Thanks for pointing that out, it is true that your credit score runs to 850, but I don't feel like I have misled people on this podcast in saying that - figuratively speaking - that a 798 is pretty much perfect. Because in actuality, in practicality, that's gonna get you a loan as good as somebody with an 850 frankly. And there aren't many people out there who've got 850's so if you've got something in the very high 700's, low 800's, you're doing very, very well and you are near perfect.

So sorry if we're at odds over this Rae, but I appreciate getting in touch.

[00:05:10]

Melody says:

**M:** "Thank you for your podcast! I have a question for you: my parents did not prepare for their retirement and have run out of money in their mid-70s. They do receive social security, but it just is not enough to cover things like dental. I am in my mid-30s, I'm saving desperately for a house down payment and to avoid my parents mistakes. I also live overseas and I have two sisters with much smaller incomes than mine. How can I balance my parents needs whilst also taking care of my own? Any ideas would be really appreciated!"

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**FT:** Well Melody, you're not alone. Millions of young adults are in your shoes fighting themselves, trying to financially support their elder parents while at the same time dealing with their own finances. It sounds like you are, at the very least, extremely conscious about not making the mistakes that your parents made. That's great. You've learned well. You've learned correctly and you're trying to undo, perhaps, what might have been your fate which was just to sort of follow your parent's footsteps.

So I think my first bit of advice to you would say, have a really big talk with your siblings. I know that they make far less than you do, but this is not something that you should just assume should entirely fall on your shoulders. That you have other siblings that, while they may not be making as much money, this should be a part of their consciousness. They should assume that, while they may not be able to literally hand over money to their parents every month, but maybe they can do something to help them with their finances. Whether it's helping them pay their bills, calling their lenders, calling their billers and negotiating on their behalf - really being advocates for them. Because they're much closer, they might be able to do this easier than you can. And perhaps all of you should agree to chip in to an emergency fund for your parents. Make it equal, say, "Everyone, every month we're gonna chip in two percent of our salaries," and that could be a lot of money every month once it's pooled together and this can serve as your family emergency fund for mom and dad. I don't think this should fall entirely on you. If you want to

maybe contribute a bit more, feel free, but I think the siblings should be involved as well. And maybe it'll encourage them to make more money because this is everyone's mom and dad, not just yours. That's what I would do.

Todd, if you're listening - my brother - this is what I would do in the event that our parents, god forbid, got to a point where they were financially broken, I would hope that we would be able to work through it together. So think about starting a caregiving budget where you contribute everywhere from 2 to 5% of your incomes and hold that as an emergency reserve so that when they go to the dentist and they need to pay the co-pay, it can come from this. It's something that you just know you're gonna contribute to every month, you can work around it hopefully and maintain your savings - goals for all these other things you want to accomplish.

And I will say that you must talk to you parents about this. As difficult as it is to talk to mom and dad about money, especially when it's their money, it is important that you just have a really open and honest and calm conversation about what their wishes are. How do they want you and the siblings to help them out? And they may say, "Hey, we've got it figured out. Don't worry. We don't wanna stress you out." But just say, "As it stands, mom and dad, you're not earning enough through your social security to cover your costs. So from a practical standpoint, you need help and we wanna help you, but we just wanna make sure that this is a fluid conversation. That we're not assuming things, you're not assuming things, that we're really managing everyone's expectations, and more importantly, if something should happen to one of you, what then would you want us to do? Who of all of us would you be most comfortable making financial decisions on your behalf? Where do your bills go? How would we be able to step in seamlessly and take over your responsibilities?"

So it's important to break the ice a little bit - the financial ice - and just say, "I'm a little concerned but I want to make sure you're happy, that I'm not doing anything that's against your wishes, but I really wanna be there for you as much as I can. I mean, I'm overseas, but we have siblings that might be able to be of service to you in some ways." And let them be in the driver seat a little bit. I think parents, they still wanna be your parents right? They don't wanna be told what to do so it's really important to kind of shape the conversation like, "Hey, I really wanna help you. What can I do for you?" And maybe explain that you're having this emergency fund for them, and hopefully they'll really appreciate it. But communication is really the takeaway here with

your siblings and with your parents. Everyone needs to get on the same page, everyone needs to be accountable for something. Cause it's not fair to you, I agree. Just because you're making more doesn't mean that you necessarily have to be the only one that is concerned with this. That your siblings, they should play a role as well.

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Good luck and let me know how it goes. I always wanna hear back from you guys. I don't always hear the other part of the story. As I give you the advice, I'd love to know if you incorporated it, if you like, "That was horrible advice Farnoosh," or if you said, "You know what, I tried it, it didn't quite work but here's what happened." Let's keep the dialogue going and use the same tool, "Ask Farnoosh" to get in touch.

[00:10:41]

John writes in and says:

**J:** "My wife's parents have two daughters. About a year ago the parents gave my wife's sister \$100 thousand to help her buy her first place. They never mentioned to my wife if they will give her anything or discuss the gift. My wife feels like it is unfair and they don't love her as much. To make my wife feel better, I told her that we don't even need the money. However the emotional and relationship issues still exist. What should she do? Should she bring it up to the parents about how she feels? We're visiting them in couple days for a week so hopefully you can answer this weekend. Thanks!"

[00:11:16]

**FT:** Well John, I saw that and I wanted to get to this as soon as possible for you, and maybe you're already at your parents or your in-laws house. I will be honest, I had to really sit back and think about this. I didn't have ready answer for you, and I tried to put myself in your wife's situation. I tried to sort of channel all of the advice that I've heard over the years from really, really amazing therapists, and financial therapists, and relationship experts, and coaches, and even - I channelled Tony Robbins, I channelled Brené Brown - I channelled all these people

because I watch Super Soul Sunday. [Chuckles] This was a tough one. I can completely understand where your wife is coming from. This dynamic, parent-daughter, parent-child dynamic and then sibling-sibling dynamic - very layered, very complex how she is feeling. Maybe she's holding something inside of her that she has resented for many years, and this was just the tipping point frankly. This was the straw that broke the camel's back. She has maybe witnessed things in her relationship with her parents where she has felt like the odd one out, and now this is the biggest, ultimate slap in the face. It may feel like that but I don't think that the first reaction should be to express disappointment to her parents. She's probably feeling a lot of emotion right now, going to them right now in this stage, with this state of mind is not gonna be productive.

Instead, I would say your wife needs to take a deep breath, and ask herself, "Why do I think that my parents love for me is measured by how much money they give me?" Think about it. We all have relationships with money. We all have relationships with our parents, and if perhaps she looks back at her childhood and remembers that her parents helped - her parents sort of healed situations always by throwing money at problems. Or instead of saying "I love you", they gave her more money. So if that was the case, and realize that this is just the conditioning that she grew up with and we all have these sort of unfortunate conditionings. But really thinking hard about where does this sense of feeling left out, feeling less loved, why? Why is this issue of money causing that? Is it because she really does see that money is a source of love? And if so, why? So do a little self-reflection on that and understand why you feel the way that you do. The disappointment maybe has more to do with how your wife views and values money. And that money represents love.

If that's the story that she's telling herself, then I would encourage her to rethink that story, reshape that story, reframe. How about this, how about money is just a tool, it's means to an end, it's just a piece of currency. Because I'd be willing to bet that her parents - unless they're just awful people which I don't think they are, hopefully not - did not help her sister out because they love her more, they wanted to make your wife feel bad. They probably didn't realize the ramifications, the emotional ramifications it would have on their daughter. Maybe they did, and that's why they didn't really talk to her about it because they just didn't wanna make a big issue out of it. But they did it probably cause they recognized that their other daughter needed some help to achieve her goals, and as parents they decided to help her out in this way.

So for your wife, I would say, instead use this moment to be really just grateful. Be grateful she has the ability to be financially stable on her own. Be grateful that she doesn't need her parents help, and to the best of her ability - and I know this is hard. I know it. You have to be the bigger person - to the best of her ability, try not to be passive aggressive when talking about this gift at family gatherings. And the next time she sees her sister, or the next time she sees her parents, don't say anything you'll regret. Because I know that there is temptation to be bitter, to be resentful.

Unless this act of generosity from her parents to her sister is just one example of many, where they've been clearly just obviously more attentive to her sister than her, leave it alone. And if that is the case where over her lifetime she's experienced tons of moments where her parents have just been really inconsiderate to her, then it's not about the money right? This is a bigger issue, maybe she has to really confront them about that. Go to therapy with them or without them. Really then it's not about the money. It's about an overall relationship conflict. But otherwise, try to look at this event as a sign of how much you should be appreciating life. And as parents - I'm a new parent - you're gonna make mistakes. You sometimes make decisions that will hurt your kids but it's never intentional. And as an adult woman, try to have compassion over this.

Let me know how it goes. Now you're probably spending time with your in-laws. I'm curious to know if it comes up. Sorry that was kind of a long answer, but this was not - I think - a question about money. It's really a question about your wife feeling like there's some emotional disparity happening between her parents and her sister and herself. So let me know how it goes John.

[00:17:01]

Sahil writes in and says:

**S:** "Hey Farnoosh, I really enjoy your podcasts, please keep them coming. I have a question regarding P2P lending. Is a H1B Visa, Work Permit holder, allowed/eligible to invest through Lending Club? I want to invest but I could not find answer to the above question. Please provide your comment on the same."

[00:17:23]

**FT:** Well Sahil, I searched and searched and searched, and I also didn't find anything on this. Although I did find an article online from the BBC that said you can, that technically you can do this if you're an H1B visa holder, but I don't always just go on an article right? You wanna go to the source. So if were you, I would just call Lending Club. They've got a toll free number. It's (888)-376-664. Call them and ask. They'll tell you. It'll take 5 minutes, hopefully not longer if they're not on some sort of long call-waiting. I would also ask Prosper. Prosper is a similar company that allows for P2P lending on their site, and their number is (877)-646-5922. So I'm sorry I don't have the answer, but I do know who does. It's Lending Club, and Prosper. So call them and hopefully they would have an answer for you. And their answer is better than anyone else's.

Good luck, and thanks for listening. And by the way, to learn more about P2P lending, we did do a great interview with Simon Cunningham. Simon is the founder of LendingMemo Media. Which is a website dedicated to educating people on peer to peer lending. And that was episode 115. So if you're interested in becoming a borrower or an investor in this peer to peer marketplace, check out episode 115.

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That is a wrap everyone. Thanks so much for tuning in to So Money. Good luck to all of our question askers this Saturday. Hope that my advice was helpful, and if it was not or it was, I wanna know either way. Just as a reminder, to ask me a question, just hop onto [Somoneypodcast.com](http://Somoneypodcast.com), click on "Ask Farnoosh", and ask away. Another reminder, if you wanna win a free 15-minute Money Session with me, go to [Somoneypodcast.com](http://Somoneypodcast.com), go to iTunes, and click on the podcast show. Go to iTunes, click on So Money under podcasts, leave a review, and every Saturday I select one new reviewer to get that free 15-minute Money Session. So good luck with that. If you're interested, hope to hear from you. Thanks in advance. Have a wonderful, wonderful rest of your Saturday everyone. I really appreciate you joining me and hope to see you right back here tomorrow. In the meantime, hope your day is So Money.

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