

EPISODE 1542

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FT: So Money episode 1542, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. It is Friday, July 21st, 2023. I'm Farnoosh Torabi, your host. In case you weren't sure how you got here or what you're listening to, this is So Money and our Friday episodes of Ask Farnoosh, where I turn the show to you and ask you what's on your money mind. You have sent in some brilliant questions which we're going to dig into momentarily.

But first, a couple of thoughts, notes, updates. So firstly, as you all know, and maybe you don't because I'm realizing that while I feel like a broken record talking about my book, you need to become a broken record because people aren't listening to you all the time. They're not following you as much as maybe you assume on a hour-by-hour basis. But my book, *A Healthy State of Panic*, comes out October 3rd. In the run-up to that, we are – it's go time, y'all. It's, I mean, like two and a half months out. This is the time to get organized with all my biggest fans.

One of the most important aspects of a successful book launch is coordinating, developing, and motivating your launch squad. Some people call this your VIP launch team, your street team. Essentially, it's this. You and others who are fans who want, just like me, to make sure that this book is successful, who want to support and want to join the bandwagon. I want to invite you to join my launch committee. I don't have a funny name for it.

My friend, Laura Belgray, who wrote *Tough Titties* called her launch team Team Tough Titties. I told her she should call it The Titty Committee. Nothing rhymes with panic. There's no really alliteration with like *A Healthy State of Panic*. If you think of an idea, let me know. But we're just calling us *A Healthy State of Panic* launch team or Farnoosh's BFFs. But essentially, I've

created a simple application, link is in the show notes, where you can just go and sign up to join my committee.

It's going to be fun. My goal is to take this really fun, pleasurable, informative. From the launch of the launch committee to the launch of the book, we're going to hang out. We're going to have some Zooms. You're going to get a copy of the book. In return, what I'm asking is for whatever you can do to help. Most significantly, I think if you didn't know this already, reviews are paramount. They are very imperative to a book's success, how it arrives on the scene. So at minimum, if you are able to write a review for the book, whether that's on Amazon, Goodreads, or both, I would love to have you in my committee, in my launch squad. More details at the link in our show notes.

Why this is so important, why authors do this, and why I have really chosen to do this, I've done this with almost all of my books, and it's been a wonderful experience. But it is so important for women and women of color to be recognized for their authorship. What does it mean to be recognized these days? I mean, the real markers of success, whether we like it or not, is those bestseller lists and the rankings on Amazon.

As much as we like to think we live in a world where everyone gets their books at the local bookseller, at the indies, and that's, of course, what I'm hoping everybody does, Amazon is where the majority of book readers go to get their books. Whether they're going to buy a book, they read those reviews. So I'm really emphasizing this with my book launch. I want to make sure that my book is successful not just for me. But when my book is successful, it means that other women and other women of color, authors can see that as proof that you can do this. My success will hopefully mean their success.

With that, I hope you'll join me in my ongoing efforts to bring *A Healthy State of Panic* to the world. Again, application in our show notes. It's really quick. I call it an application, but really it's a sign up sheet. So I hope you'll check it out.

Sorry for that long sigh, but I'll give you some context. I've had all my coffee. So it's not about being tired. I am recording this on Thursday morning. This you're hearing on Friday. Last evening, I hosted a live event. I can't give all the details yet. You will be hearing about it soon.

The details will be shared in a few weeks. But essentially, this was a live event where I hosted a recorded interview in front of a live audience of friends, close friends, media. It's going to be airing on So Money in the coming weeks. I'm very excited to share that with you. You're going to love the guest. You probably know the guest. The interview was with a well-known comedian, celebrity.

But behind the scenes, y'all, we experience some major last-minute turbulence. We landed the plane, but imagine finding out just a mere two, three hours before you're about to go on stage to host this live event, people are driving in, that your original celebrity guest that you had booked and had been in communication with for months is no longer showing up. Yes. It's not because like she had the stomach flu, but it was what it was.

Imagine. I mean, you're finding this out. I'm finding this out. I'm literally in the chair getting my hair done because I want to look cute. My photographer is showing up. The food's getting prepped. The stage is getting set up. Oh, my God. People are coming in from out of town. They're taking – they're coming long distances to come to this event that has promised them an unforgettable night and then to find out your guest is no longer coming. I won't get into the reasons why.

But nevertheless, I had to go into immediate problem-solving mode. Talk about *A Healthy State of Panic*. My book was coming to life in that moment. Folks, I had, as I said, a mere three hours to secure another celebrity, to convince them to come to Manhattan on a Wednesday night, dressed, ready to be in front of a live audience with the media there. Long story short, we did it.

I'm going to be honest with you, this morning, I am suffering a little bit from PTSD. Everyone's telling me, "Oh, Farnoosh. You should be on cloud nine. You should be so proud. I mean, you literally pulled off a miracle." I'm like, "Yes, all of that is true." I think that there is still a little bit of trauma that is inside me. To say that it went off better than I ever hoped is an understatement. The guest that we ultimately secured is someone I would have wanted anyway. I couldn't believe she was available. She was gracious. She did it. She was fantastic. We laughed our heads off.

Trust me. This is all going to make more sense in a few weeks, so stick with the show. You're going to get all of it in a few weeks. I'm talking about it with you now because I think I just need to. Like in the absence of like a therapy session, this is what I do on the podcast. But would you believe that this morning, I actually cried? I cried over thinking about what had transpired over just like four hours yesterday. I don't know why. I think it was just overwhelm with all the emotions, the range of emotions that I experienced yesterday from panic, to joy, to panic again, getting – at one point, there were like six people we were potentially considering. Then one after another, like they weren't available, or they're in the middle of a shoot. Or they'd like to come, but they're not in town.

I mean, it was no short of a miracle but also a demonstration of how when you are in a state of panic, which I was, something in you goes into overdrive. It is an adrenaline, and I have to believe that it's ultimately there to try to serve you. It's an adrenaline that overflows in your heart, in your mind, in your body. It is like you're feeling like you're drowning, but you also realize like, "I know how to swim. I know this. I know how to swim. I don't need to drown."

Now, if we had to cancel this event, would it have been the end of the world? No, life goes on. People would have understood. But when you realize that you do have the potential to get back on shore, to keep this wonderful event that you have worked so hard to bring to life, to bring it to life again in the moment with hours, with the clock ticking, even as all systems are failing, you know what? You're going to go for it. That panic is telling you, do your thing.

Look, it's not promising you anything. The panic isn't promising you anything, but it is nudging you. That's all I needed. I needed that reassurance and realizing what my resources were, what my capabilities were. When you realize you have the potential, you will still go for it. I remember thinking, what is within my realm right now? What can I do? Who can I call? Message to all of us, PSA, you are more resourceful sometimes than you give yourself credit.

I also learned last night, I relearned last night that asking for help, it works. People are invested in your success. It may sound surprising, but they are, and I am grateful to my team for showing up for me yesterday, for providing that to me once more last night. My hairs are standing on my arms right now. I love you so much, you listener, that I wanted to share this with you. I haven't even shared this story with like my mother or my family. I was in such shock last night. I didn't

even have time to like text my husband the play-by-play because I was so just in go mode, trying to make sure that the show went on.

Speaking of the show, this show, okay, this show has to go on. Welcome back to Ask Farnoosh, the reason you're here, to hear other people's questions, to find yourself in these questions, to help you make the best money choices. Here we go. Let's go to the mailbag. Thank you for listening to my rant, but here we go. Let's go to the mailbag.

First is Natalie who wants to know, have I ever considered living abroad? Why or why not? I'm considering it. How do I plan for it? Oh, Natalie. Yes, of course, I've considered moving abroad. I remember I posted on Instagram something. I don't know. I was having a bad day, and it was also like a bad news day in America. I just posted something like I'm looking up during my lunch hour how to move to Portugal and escape the dumpster fire that is United States of America. A lot of y'all empathize with that because let me just say it got a lot of likes, and it was shared broadly.

But jokes aside and politics aside, I think I've always loved the world and the cultures that are surrounding the world. I think it's why I studied abroad when I was in college. It was a no-brainer. I wanted to, of course, spend several months as long as possible immersed in another country. Travel was something that we didn't do a whole lot, at least not abroad when I was younger. But always had a curiosity, always had an appreciation for just all the differences in the world, and recognizing that while I was so grateful to be an American citizen and to live in America that it would be an incredible opportunity to even for a little bit go somewhere else and experience something new. I think travel, immersing yourself while in a foreign country, is one of the most positively life-shaping experiences you can afford and invest in.

So, yes, I have considered moving abroad. But logistically, it is not easy. It's not to say it cannot be done, but I think that you have to really do your research and plan for it. I mean, we've had families on this show who have done it, namely Amon and Christina Browning, who are the co-founders of a company called Our Rich Journey. They moved to Portugal from the West Coast, and they chronicle this. They talk about the steps that they took.

Remember, you can't just go to another country and start living there. You can't just go and assume you can go and set up shop and set up a house in a foreign country. Not all countries are welcoming in that way. Other countries have programs that you can enroll in so that you can eventually achieve citizenship or full residency status. Portugal is one of those countries or I think is still one of those countries. I'm not up to speed on the countries that are offering these expat programs.

You know where I would start is just a plain old Internet search. First, see what's possible. Like what is most feasible, and how much work are you willing to endure to make this actually a thing? I would, of course, recommend visiting these countries first, talking to others who've done that, what have they learned so that you can shortcut it, not make their mistakes. But I'm going to put the link to Amon and Christina's episode in our show notes. They have resources. I think whether you're looking to do what they did, which is move to Portugal, or other countries that offer similar residency programs for foreigner, that's a good place to start.

Okay, Sam wants to know, "Is it okay to pause contributions to my Roth IRA for a month if I need extra cash on hand?" Yes, absolutely. I believe that if you really, really need this cash because it's going to afford you something really important that has to do with your livelihood, your needs, and it's maybe even a high-interest credit card bill that if you get rid of it, you have a clean slate, and that's going to be immensely helpful to you not just financially but psychologically. I think there are a lot of reasons, a lot of qualified reasons to take a pause on a contribution to a retirement account.

A month, I think, in the grand scheme of your long journey ahead, I mean, assuming that this is a retirement fund, and you probably won't need it for decades, sure. I think it's going to be a blip on the radar, but it will be immensely helpful in terms of what it can afford you. Maybe that cash can afford you in another area of your life. Listen, I have been around for a while, and I think it's important to always build in some flexibility in your financial plan. Of course, we want to always just stick with the plan. The plan promises a lot of nice things at the end of that journey.

But you have to recognize that life will happen. The good thing is that you are committed to getting back on that wagon. Whatever it is that you're looking to use this money for, I just want to make sure that it's something that will benefit you, that you'll feel good about. Be sure to get

back on that investment plan, that automatic plan as soon as possible. But remember, if you were listening to the show during the pandemic, even the government was like, "Listen, you need to pull money out of your 401(k). We're going to make it easy for you right now. We're not going to charge a penalty. You might not even have to pay taxes if you pay yourself back within a certain period of time." I was pro that.

There's an expression I read. I don't know who quote, who said it. I've read it in the Wall Street Journal, but it was a quote from a financial planner who said, "When your house is on fire, you don't question the price of the water. You just get the water, and you save your house." So, Sam, maybe your house isn't on fire. But again, this is something that you want to afford because it will make your life better or easier. One month of not contributing to a Roth IRA for this reason, I think worth it. You have my blessing.

All right, we got this question as I'm recording. Someone emailed me. Maybe they know my recording schedule here. But Lindsay just wrote in, so fresh out of the mailbag. Lindsay writes, "I'm looking to roll over my 401(k)s from old employers. When looking at the fees for an IRA, many of them don't have advisory fees, but the investments will have fees. Is the investment fee the expense ratio? So if I have \$100,000, and the expense ratio is 0.75%, will I pay \$750 in fees?"

Lindsay, short answer, yes. Yes, if you in one year, assuming that money stays flat at \$100,000 invested in that fund or funds which on average carry a 0.75% expense ratio, which is the fee for investing in those particular funds or one fund. I don't know what your collection of investments there is. That, yes, it's going to be \$750 approximately. So, yes, that is it. That was easy. Thanks for the question.

By the way, there are calculators online that can help you to figure out not just what that's going to cost you in year one. But as you contribute to that \$100,000 and as your investment grows at that expense ratio, what are you ultimately paying in fees? Now, I did a little bit of math on this for you, and I learned that 0.75 ratio, which is a fraction of a percent, that is the money that is going to be owed to the platform or the mutual fund rather or to the fund that has created this investment for you, and you're investing in it. They get this cut of your investment.

As your investment grows, of course, their total grows. The percentage doesn't change. But, of course, as your money grows, they make more money. So it's a win for you, and it's a win for them. But this is where it's important to realize how even though a fee sounds small, 0.75 is less than one percent, that over the years cumulatively with compounding that you are paying six figures I saw at the end of the day in fees.

Now, this is assuming that you don't add any more money to your hundred thousand dollars. That you just let that \$100,000 ride at a six percent rate of return for 30 years. You've paid over \$100,000 in fees, but that's over 30 years. That's as you've made money, like your balance will grow to over \$450,000 if you do nothing over the next 30 years with this \$100,000. That's also assuming an average rate of return of six percent.

All this to say, be careful with the fees. Point 75 is fair, but could you do better. Are there funds that have .1%, .2%? They do exist, and they typically come in the form of ETFs or index funds. I would say if there are lower rates, lower fees because, like I said, I mean, if you knew going in that this fund, although it has a historical track of earning an average of six percent a year, who knows what will happen in the future?

But the historical average looks good, looks promising. But it's going to cost you \$110,000 over 30 years to do this. I think a lot of us would pause. So even just getting something that's a little bit less like 0.5 could save you maybe tens of thousands of dollars, so worth looking into that ratio and seeing what else is available. All right, Lindsay. Thanks for the question and very timely. I like it.

Did you all hear that Taylor Swift is bumping up the economy? That her Eras Tour is so massive, it is boosting the economy. This is according to the Federal Reserve. This isn't like a rumor or people's hypotheses. This is the Philly Federal Reserve saying that the singer has raised hotel revenues for the first time since the start of the coronavirus pandemic. So I nominate Taylor Swift for the next Federal Reserve Chief or at least get her on a board or something because I think that's just fantastic. I think it's so fantastic that a woman-led concert series nationwide is what it took for this country to see some growth. More power to Taylor Swift. More power to all our artists out there.

If you ever doubted your impact, you're obviously making a cultural impact, but you're also making a financial impact. Charge more for your stuff. Raise your prices. I was like, "Oh, I think I'll go to the Taylor Swift concert." A bunch of us were talking, and my friend was like, "Do you know how much those tickets are going for?" In my mind, I thought, "Oh, I don't know, maybe \$500." She said, "Try \$3,000." That's not even a good seat. You're behind a pole, and you can see a partial stage. I thought, "Who is going to these concerts? Who has this kind of money? Are people just putting these tickets and these hotel reservations on their credit cards?"

So my hope is that it's boosting the economy, but it's not coming at the expense of our debt levels. Time will tell, right? Maybe the next report, the next shoe to drop is like, "This just in. The economy is boosted, but consumers now are more indebted." I hope not, but that did seem like an incredible amount of money for just the ticket. Then people are getting on planes. They're getting hotels, which I'm sure are also jacking up their prices. So stay safe out there. I know. She's amazing, Taylor Swift. She's a goddess, but don't go broke trying to see Taylor Swift.

That's my money musing for today and our show for this Friday, our Ask Farnoosh episode. Thanks for hanging out with me. Next week's show lineup is amazing. We have Chriselle Lim, who is a fashion, beauty, and lifestyle phenom. Stay tuned. She's going to talk about a lot of things. We go there. She talks about her divorce and what she has learned about being the breadwinner. When you get divorced, what happens and the surprises she faced.

Also, my friend, Donovan Ramsey, on Wednesday, talking about his new book, *When Crack Was King*. Donovan has been on the show a couple of times. He's a friend. I mean, he was my intern for years when he was first starting out in journalism and always had his star on the rise. I'm just so proud and impressed with his amazing book that is sure to win lots of awards. It's already been celebrated by the New York Times, NPR, LA Times. It is an incredible captivating book about this misunderstood era of the crack cocaine epidemic and what we still need to learn from it, the myths that were spread about this crisis in our country and how it led to continued inequities in our justice system.

Oh, my goodness. Donovan, what have you done? This beautiful piece of work, this important piece of work, I can't wait to share it with all of you starting next week. Hit that subscribe button. Follow me on Instagram. Follow the newsletter. Hit up all the links in our show notes. I can't wait

to see you on Monday. Have a wonderful weekend, everybody. I hope your weekend is So Money.

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