EPISODE 1554

So Money episode 1554, Ask Farnoosh.

[INTRODUCTION]

ANNOUNCER: You're listening to Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[EPISODE]

[0:00:32]

FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It is Friday, August 18th, 2023. How's everyone doing? We woke up this morning, actually quite early, 4.30 in the morning to a crying six-year-old, whose ear was giving her a lot of pain. It's a big day today. It's the last day of camp. This girl's gone to camp for eight weeks, made all these friends, wrote all her camp letters, camp counselors' letters, I love you letters, the thank you letters. Really excited to go today to camp to give them the letters and cap this incredible camp experience, but I don't know.

I'm recording this episode. As I record, she is at the doctor, hopefully to get an antibiotic and we can give it to her and maybe send her off to camp still late, but at least being able to give her friends a final hug for the summer. All in a morning's work as a parent and as a working parent, shout out to all the caregivers out there who may have had plans and then the plans change. I feel really bad for her. I'm trying my best. I don't know. Just top of mind. I'm sitting here recording. I'm a little late to record this episode. We'll publish this later on Friday. Normally, I publish right in the morning, but not happening today. It's been a long summer. Not that I want the fall to happen, but marketing a book and running a business and parenting, all of it is quite the combination.

I wanted to start today's show with a reflection on how I go about choosing where to spend my time, how to invest in my business. This is a question I get a lot. In fact, I'm coaching people right now on this through Farnoosh BTS, Behind the Scenes. It's an intimate virtual coaching program. We've got about a dozen very successful women entrepreneurs in the group who want to learn how to grow their personal brand and create a bigger personal brand extension off of an already thriving product, or service-oriented business.

One of the things we've been talking about recently is how to decide which shiny object to pursue. It may seem worth it to pursue everything, because we tend to see all of our favorite experts and thought leaders everywhere. Everyone's got a robust social media feed, all the feeds, all the TED Talks, all the books, all the blogs, all the podcasts. I mean, look, as an entrepreneur who myself, I make money off of my personal brand, my advice, my perspectives, I know the value in having multiple revenue streams and having visibility on multiple platforms. But not all the revenue streams matter and not all of them make sense.

There's the risk of burnout. There's the possibility of spreading yourself too thin. That's not how I like to engage. I didn't arrive at my career with the goal of saying, “I want to reach millions and millions and millions of people.” I know that's a goal for a lot of people, but I didn't come to this with that as a metric for success. My metric for success is, am I making an impact? Am I able to go deep and be thoughtful with an audience that's also thoughtful? Sometimes that means keeping your audience a little bit more narrow, but then you get to go really deep.

TikTok, YouTube Shorts, they're wildly popular. It's just not my jam. No. For me, not everything is worth it. For you, the calculus is also different, but I think ultimately, we can agree that we can't be in all the places and we don't want to be in all the places because it doesn't always make sense for what our end goals are. Ultimately, how I decide if a project, a platform, or a pursuit is worth it, I created this Venn diagram, which is really nerdy, but it's basically these three circles. One is that it has to have clear ROI. The other is that the project has to feel self-aligned. It has to spark joy. Then the third circle is that it gives me agency, or a sense of agency. In other words, I feel in control of how this is going to work, the outcome.

I know there's a lot of uncertainty in everything that we do, but producing a podcast, versus waiting for the phone to ring and someone telling me, “We'd like to work with you,” that's not agency. This podcast gives me a lot of agency. I can apply my intentionality. I can apply my own control, my own sensibilities. If I want to make more money with the podcast, I can. Those three circles, when there is overlap, that's where I go, “Yup, this is for me.” This is an ideal project because it has a clear ROI, they’re joy sparking qualities, and I get to have a sense of autonomy and agency.

Here's the other thing about when these three circles converge. Then, I'm more likely to be involving myself in a project that indoors, where there is staying power. That, again, may not be everyone's recipe for success. I'm not saying that I don't pursue things that are one and dones, that are quarterly projects, or perhaps run the risk of failure in the short-term. No, I'm not anti those things, but the beauty of having these three circles converge in a project, the ROI, the sense of agency, that element of joy is that I'm sure to be involved in this for a longer period of time. That I'm going to want to go back and try again and do it again, maybe even fail again. But there will be ultimately a body of work at the end of the day that I can reflect on and be really, really proud of.

For me, these are the worth it projects, where I will willingly put my time, my energy and my resources against. When I talk about ROI, one of those circles, that doesn't just mean money. I want to clarify. It can mean growth. It can mean that there's going to be an opportunity here that is really special and unique that I can then leverage to get to a different goal that I'm after. Recognizing a return on investment is not just about recognizing whether, or not this is going to pay. Of course, that's always helpful and good. Some projects you pursue because things will happen that you can then leverage to make money. That's my little TED Talk on how Farnoosh picks where to put her time and her resources.

Yes, I have a threads account, but I'd be lying if I said I've checked it in the last two weeks. Yes, I have a TikTok account, which just crossed the 500-follower threshold. Now I am 100% irrelevant on TikTok. I might have the lowest follower account for somebody with a successful podcast and books. Again, can't be in all the places. Not all the places want me. That's fine. I don't need to be accepted everywhere. I'm just going to go find my people and hang out there.

That's where the fun happens, that's where the magic happens, and you know what? That's where the money happens.

All right, let's go to our iTunes review section, or I'm so old school. It's called Apple Podcasts now. We're going to pick our reviewer of the week, then we're going to go to the mailbag. Even before that, I have a couple of announcements that I want to share with everybody. Really important ones. Firstly, I want to say thank you this week to our listener in the audience who left a review earlier this month, Nomad Neeks. “All the money things.” This person called the review, “All the money things. I love all things finance and love how this show marries money with a powerful woman in the finance space. Thank you for sharing all your insight and serving listeners so much. 100% recommend.” Nomad Neeks, thank you so much. Really appreciate your listening to the show, the time you took to leave the review.

I know it's not easy. Apple does not make it simple. I wish it did. I wish it was just a big button, you could click on it and boom, you're off to writing your review, but it's a little bit of a process. I appreciate everybody who has gone through the journey to leaving a review. We have almost 2,000 reviews. I don't take that lightly. That's a huge accomplishment for all of us. Thank you for making this contribution to the show. It's a huge contribution, by the way.

Get in touch with me. Leave me a DM on Instagram @FarnooshTorabi, or you can email me, farnoosh@somoneypodcast.com. Let me know you left this review and I will be back with a link for you to pick a time for us to connect.

All right, a couple of announcements, and then we're going to hit the mailbag. I have been messaging with some of us in our community, who are experiencing the devastation from the wildfires in Maui firsthand. It's really, really sad. I mean, there are no words. The pictures are just – I've never been to Hawaii. I've never been to Maui. I just can't even imagine. I recently donated to the Maui Strong Fund, which I'll put the link in our show notes. If you would like to support the victims, I have a link as well in our show notes about what locals are hoping to receive right now and how you can get involved.

State and county officials are offering new guidance on what is needed to help the victims of the Maui wildfire. They don't want clothing donations, but monetary donations are still very appreciated. There's the Hawaii Community Foundation, Maui United Way, and a longer list in our show notes of places where you can contribute, including the American Red Cross, and also, GoFundMe has set up a page of verified fundraisers for those who have been affected, individuals and families.

Also, want to share that my book has been selected as one of the most promising, must-read, non-fiction titles of October 2023 by Next Big Idea Club. I honestly thought this was a scam when I first got the email. I couldn't believe it. I was like, “Oh, they just want money from me. They want me to work with them, and they're going to promote me, but they want money.” I just brushed it off, and then my publisher got in touch, and she said, “Did you know that you have been selected for this giant honor?” I was like, “I'm sorry, what?” She said, “Yeah, Next Big Idea Club, the curators include Adam Grant, Daniel Pink, Malcolm Gladwell, Susan Cain. They are going to look at your book, as well as other books that they have narrowed down to award.”

Ultimately, the finalists are going to be two selections made. I think the long list is maybe 10 or 12 books, and then the short list is going to be two books. Then those two authors will get blasted in their newsletter. They have a podcast. They will also buy thousands of copies of your books to distribute to their members. If you're a book lover, if you like sciencey books and books that help us think differently about life and give us fresher perspectives, Next Big Idea Club is a resource that I recently discovered, an online community. There's a free website, but you can also, I think, join, and then they give you a box every quarter of all their favorite books and other goodies.

As I said, it's curated by some of the best thought leaders, authors out there, like Malcolm Gladwell and Susan Cain, who's the author of *Quiet*, one of my favorite books. That's huge for me. I mean, just to be being nominated is huge. I mean, there's a lot of books that come out every year, every month, a lot of them center around self-help and pop science. I like to think that my book is worthy of those categories. It's just great to go into the book launch with this. The book comes out October 3rd. If you haven't pre-ordered yet, you can do so at ahealthystateofpanic.com. If you do order early, you will get free access to Scared Smart, which is my three-video digital lesson plan on how to harness your financial fears, use them, leverage them to make the best money choices of your life. I know it's a big promise, but trust me, it's what I do in my own life all the time. It's how I've managed to start a business, close a business, pay off debt, invest when it's really scary. Buy a house in the pandemic. So many scary things.

Scared Smart comes with the videos, there's a workbook, and you get the introduction to the book all for free just by pre-ordering one hardcover copy of the book. Go to ahealthystateofpanic.com for all of that.

If you missed any of our episodes this week, please check them out. On Monday, we spoke with Amy Morin, who is a psychotherapist and mental strength trainer and the host of the Mentally Stronger Podcast. She joined to give us her five lifestyle mistakes that keep us from growing mentally stronger and financially better off. Then on Wednesday, Hala Taha, host of Young and Profiting Podcast, she is dubbed the Podcast Princess, talks about how she built her show to massive success, one of the top business and entrepreneurship podcasts across all apps. She also runs a top marketing agency that helps to launch, promote podcasts across her network and elsewhere.

We talked about how she scored her first billionaire client and the reckonings of 2020, the despair that she experienced and how she ultimately came through that and discovered her path forward.

All right, let's go to the mailbag. Starting with Vincent, who says, he recently got a job offer in his field. He likes the company and the vibe of the management team overall. But they came in with a low-ball starting salary offer and expensive medical benefits. “I have been interviewing for competing companies where their starting salary is $10,000 more. Do I take this offer, given the state of the economy, or wait for a better option? Is there a way to negotiate the initial offer to be more favorable? Would love any advice you can share.” By the way, this company does offer a bonus of 10% to 20% based on performance.

All right, Vincent, do you know what I'm going to tell you? Can anyone guess? This is just the first offer. Companies expect a back and forth. If they are a company right now that is able to hire, even though there are layoffs and even though the economy is really tumultuous, it's a really hard economy to characterize, to say definitively what is going on. We know it's not great, but we don't know how long it's – we don't know how long this not greatness is going to last, what the next shoe drop will be. I think, Vincent, you do have some negotiating power here. I do think that if these other companies are offering $10,000 more, I think going back and asking for at least $10,000 more, or maybe ask for 15, because maybe they'll come back with 10, is fine.

They're not going to rescind the offer, just because you decided to ask for more. If they are, they're a weird company and you might not want to work for them. If you're willing to take that little risk, it's not a big risk, I'm telling you. A lot of people have this fear of asking for more, but this is the time to ask for more. When you have gotten the job offer and they've given you the initial offer, the ball is in your court. Your next best move is to come back with your asks. Sometimes you want to ask for a little bit more than what you want, because again, you want to have that back and forth. You want to feel as though this is a win-win for both sides.

If I were you, I would go back and ask for more. I would ask for more and I would peg it to the fact that you have knowledge that competing companies are offering more and that you really want to work here, but here are some of your asks. I think you're jumping the gun a little bit to assume that you either have to take this, or move on. I think that there's another step here, which is that you can come back with your offer. “Here's what I would like.” I will say this, that culture is really important. If you like the vibe, you like the management team, that's really important. The money is very important, but also where you're working and the environment is just as critical.

I'm not saying, sell yourself short. I'm just saying that I want you to give this more of a chance. By that, I mean, go back and ask for what you want and what you think is fair based on your market research. Good luck to you, Vincent. Keep us posted. We're rooting for you.

Pune has a question about whether to file her taxes jointly, or separately now that she's married. She got married earlier this year in April. Congratulations, Pune. “Wondering what is most beneficial. We both make six figures. We both own homes in our names. He has a house and I have one, too. We've been using the mortgage interest as a write off all of these years. Not sure what is the best way to file taxes next year. Would appreciate some help with this.”

All right, Pune, I'm not a tax expert. You should really at this point work with a certified public accountant, a CPA. For everybody listening, when you get married, you have two choices when it comes to filing your taxes. You can either file married jointly, MFJ, or married filing separately, MFS. There are a bunch of things to think about before selecting that status. As I said, it's very helpful to work with a certified public accountant on your final decision. It is clear that the IRS plays favorites and does prefer couples to file jointly.

If you file separately, you may lose the ability to claim key tax benefits. You are left with a lower income phase out range for deductions. You may also need to choose the same method for recording those deductions, whether you choose standard, or itemized. This filing status tends to result in the bigger tax bill filing separately. It's why a lot of accountants advise their clients to go jointly.

That said, there are some advantages to filing separately. Maybe you want to take these notes down. Bring them to your CPA and get his or her, their approval. This may or may not apply to your situation, but for you and everyone listening, this might be interesting. You did mention that you make the same amount of money, you both own properties. If one of you greatly depends on itemized deductions to lower your taxable income, then filing jointly may entail reporting a much larger, combined, adjusted gross income, right, which then reduces your chances of being able to itemize some major deductions.

That includes medical expenses, personal casualty losses from theft, accidents, and other miscellaneous itemized deductions, including accounting fees, unreimbursed business expenses. Another reason you may want to file separately is to offset potential financial risks, or tax liability. Does your spouse, or their tax repair take certain liberties that you're not comfortable with?

I mean, I can speak to this personally. Not in my relationship, but I have friends where one spouse chooses to file her taxes separately from her partner, because the partner has a very liberal tax accountant. She's not comfortable with those liberties. She doesn't want it to backfire and get audited. Her husband's a little more risk tolerant, so they have different accountants and they file separately. It gives my friend who's not risk as risk tolerant to have more peace of mind. If an audit does crop up down the road, she's not going to be on the hook as well.

This probably isn't on your radar, but it's unfortunately a price that couples do pay sometimes for filing jointly. If you file jointly, I will say this. It sounds like you're both on top of your finances and your taxes, but you don't want to become that couple where because you're filing jointly, now one person takes the lead on the tax prep and all the meetings and the filing and all the other person is doing is signing, that happens too often. That can be a huge risk, because it's not – it may not even be intentional that the husband, or the tax accountant, the partner, or CPA is being careless, or on the other end of the spectrum, fraudulent, but it's really important that you stay involved and you ask all the questions and you're very clear on everything.

Finally, the state that you live in may simply dictate what is best. If you live in one of the nine so-called community property states, Arizona, California, Louisiana, New Mexico, Nevada, Idaho, Texas, Washington and Wisconsin, you may find that it's more convenient to file jointly, because your state requires you to go 50/50 on most, if not all income and deductions earned while married. If you file separately, there may be some added steps, like reporting half of your spouse's income in addition to yours. I hope that's helpful.

What I would suggest is you download this information and then you take it with you to your appointment with a certified public accountant, who can really look at your financial lives and come up with the best route to make it as simple and as efficient and as optimal for the both of you. Financially optimal. Thanks for your question.

All right. Cara, Cara has a question about an inheritance. She says, “My husband and I are about to get $25,000 as an inheritance and we have several options as far as what we're going to do with this money. We still both have student loans, about $40,000 each. My husband's might be forgiven, however, through PSLF, which stands for Public Service Loan Forgiveness. It’s a federal program. Mine were refinanced to three and a half percent in 2019. We are also expecting our first child this summer. I'm not sure if we want to set up a 529 plan. We both maxed out our employer retirement plans and we might make too much this year for a Roth IRA.”

“We don't have any brokerage accounts at the moment, so that's another option. We thought it would be good to sit down with a financial advisor to come up with a plan for this inheritance money. Which would be a better plan for us, a certified financial planner, or a chartered financial consultant. Second question, do you think that we should use this inheritance to pay off our student loans? All of our student loans. That's what my father thinks we should do.”

All right. I'm going to answer that second question first, because for me, that's a very easy question to answer. The answer in my estimation is no. Why? Because you said that first of all, your husband's loans might get forgiven. Why jump the gun and pay them off, when you could get them paid off? Also, your debt is only at three and a half percent. I think this money is better invested in the stock market over the long haul. We've talked about on the show a lot that sometimes carrying debt is not bad, especially when it's a low interest debt, the payments are affordable and that opens up your finances and your cash flow to then use that money more instrumentally where there's a higher ROI, because you're investing it in the stock market, whether that is that 529 plan for your children, or a brokerage account that you two want to start, because you've maxed out your 401Ks at work.

I personally would not pay off a 3% debt, if I have other to-dos on my financial checklist, including investing and growing my money for retirement, for big expenses down the road, like college, or even a next home that you want to buy. I know that our parents are a different generation and there tends to be a different mentality and mindset around debt from a previous generation. He may also, your father be closer to retirement, or in retirement and knows the benefits of not having that debt. But for you two, where you're still in that growth stage of your financial life, where you're still very much motivated to invest and grow your money more aggressively paying off low interest debt, of course, it buys peace of mind, but is it the most financially beneficial thing to do?

The math says no. If the choice is between paying off that 3.5% student loan debt, or investing in the stock market over the long run, over the next 20 years, 30 years, the historical charts show that the ROI on that money put towards the investments of the stock market, the diversified portfolio, much better returns.

Now, your first question about whether to hire a certified financial planner, or a chartered financial consultant, CHFC, I have to say, there's not a ton of difference between the two designations. When you are becoming a CFP versus becoming a CHFC, both tracks, you have to go through some rigorous exams, testing, you have to up your certification periodically to prove that you're in good standing.

I will say, the most important thing no matter who you work with is that there is a certification and whether that is the CFP, or the CHFC and that this person is your fiduciary. In other words, somebody who is going to look out for you, make a plan for your money and do so with your best interest at stake, not theirs. There are fee-only financial planners, typically CFPs who do not earn commissions on products. That's where I would start, because in those cases, you're working with people that are most objective and can really lean into that fiduciary role.

Based on what you're telling me that you're getting this inheritance, you have a lot of wheels turning in terms of your investments, your retirement planning. You are deep in this next stage planning phase, planning and growing your family. I do think working with a financial advisor, whether it's a CFP, or a CHFC can be helpful. This person can guide you with your overall financial plan, answer specific questions you have around estate planning, tax planning, general financial planning, saving for college, saving for your next home.

You really want to like the person at the end of the day, too. I recommend you interview at least two or three people. Start with folks that are within your network. Maybe it's your colleagues, CFP, or someone that your insurance agent recommends. I also refer people to NAPFA, N-A-P-F-A.org, where you can find fee-only financial advisors. There's also XY Planning, which is a destination for finding, again, a CFP. But what's cool about that site is that the collection of advisors that they have there tend to work with people in the millennial subset, in the millennial cohort, Gen Z, Gen X, Gen Y. They understand that you're very much in this growth stage of your life. You're interested in building wealth and they work with entrepreneurs, all types of couples.

The advisors there are not afraid to nitrify, and sometimes that's the best way to work with an advisor, someone who really understands what you're going through, what your goals are, what your plans are, because they themselves are either going through it, or they have a lot of their clients going through similar phases, all right?

That's a wrap, everybody. Thanks for tuning in. A reminder, check out ahealthystateofpanic.com to learn more about some of these bonuses that we have in store for you, if you choose to pre-order the book ahead of publication. I want everyone to get a head start on the financial advice portion of the book, how to manage your financial fears. With that, I've created a program to give us all a jump start. Thanks for tuning in. I'll see you back here on Monday, and I hope your weekend is so money.

[END]