

**EPISODE 202**

[ASK FARNOOSH]

[00:00:30]

**FT:** Hi everyone, welcome back to So Money. It is Ask Farnoosh time! Saturday, August 1st. We are making it through the summer, breezing through. Although it's not been so breezy here in New York, it's been absolute humid, hot, gross, sticky - I'm actually in Fort Worth, Texas this weekend attending Podcast Movement. Yeah! How geeky is that?!

Honored to be on a panel here on Podcast Movement 2015, going side by side with all my podcast idols. We've got Pat Flynn from Smart Passive, Sarah Koenig from Serial, Aisha Tyler from Girl on Guy, John Lee Dumas - of course - Entrepreneur on Fire. We've got Marc Maron here from What the F podcast, right? I am kind of in Podcast "celebrityville" here and it's been really, really exciting, and I'm really looking forward to going home though. I miss my son, [Chuckles] I won't lie. I miss my husband and my son.

I do this thing now when I go on business trips, I limit it to 36 hours unless it's gotta be longer than that. I'm on a plane, back on the plane quickly cause I wanna get home to home life. It's how I've been trying to balance work and life and "mommyhood". But very, very honored to be here at Podcast Movement.

It's Saturday, so let's celebrate what we do every Saturday, which is pick someone new for receiving a free 15-minute Money Session with me. And I have to do this this week, I must pick, I must pick Steven. Steven [Phoned] - I'm sorry if I didn't pronounce your last name correctly - but Steven actually went and did something exceptional! Not only did he leave a review, but he also wrote and sang a rap in honor of Somoneypodcast.com. He's left it up on SoundCloud. I'm gonna actually put the link at Somoneypodcast.com under this day's episode. So look for Ask Farnoosh from this Saturday, and in the blog you will see the link to listening to Steven's wonderful little rap that he's done about this show.

And so Steven says:

**S:** "I love this podcast. One day I was searching for a James Altucher interview whom I'm a big fan of, and the So Money logo popped up. I figured I'd give it a shot, and now I'm a regular listener. What I love about this podcast is that it helps us open our eyes to our financial opportunities, and it helps us realize that we have more control than we might realize. Truly is very inspiring. One thing I do for all podcasts that I love,"

**FT:** Here we go..

[00:03:11]

**S:** ".. is write a little rap about it. Here's the SoundCloud link."

[00:03:15]

**FT:** Which he goes on to provide, and I will put this over at Somoneypodcast.com. It is worth a listen! Steven, I'm not sure if you have a future in music, but I really appreciate the sentiment and the effort and it really is so endearing. So thank you so much for that. Email me farnoosh@somoneypodcast.com and let me know that I read your name on the Saturday episode and that you'd like to connect with me and I will absolutely follow up with a scheduling link for you to pick a 15-minute slot that works for you, and we will get this money blitz on the calendar. So thank you very much for that.

[00:03:54]

Let's get to our questions for this Saturday. We've got a question here from Karin. Karin says:

**K:** "Thanks for putting out such an amazing podcast everyday! I have a question: how do you choose between being financially independent and having additional children? I'm also a Brooklyn mom to a toddler and we are very lucky to own an apartment, afford a nanny and private school, contribute to retirement. But as you know, having a child, especially in New York City, is expensive. A second one - mostly because of private school, we're zoned not in a great

school district - would make our financial situation much more precarious. I think I want another child, but maybe not at the expense of financial stability. Help!"

[00:04:37]

**FT:** Karin, I think you're my kindred Brooklyn spirit. I feel your financial pain, I really do, especially now as we are going through this renovation. I'm spending a lot more money than I thought, not only on the project but also on housing as I'm now displaced from my home. I too have a young son who's not yet in school, but the pressure is coming on. It's laying on thick you know, this cost of sending him to private pre-school is imminent - we have a nanny. But at the same time we're very fortunate, you're very fortunate. You are able to afford the resources to help you have the lifestyle you want, you have one healthy child, that's amazing!

Listen, mom to mom, I say if you really want a second child and how do you know if you really want a second child? Well, you gotta think about what it is that you ultimately want out of life. What drives your happiness? And sometimes it means having that second kid, and adjusting your lifestyle to be able to afford that more comfortably. For us, I know that when we wanna have that second kid, most likely we will have to leave New York City. Not just because prices here are out of control, but because I, at that point, don't necessarily wanna be living in an urban environment 24-7. I like Costco, I like sometimes getting in a car and driving somewhere and not having to fight for parking and worrying about someone wrecking my car because they bumped me from behind. It's the little things.

But honestly, I think you don't wanna necessarily deprive yourself of having the family that you want just because of the financial pressures of where you are living. Something I've learned from so many of my guests who have financial freedom who have the families that they want, the size of the families that they want, they're not limiting themselves geographically. Brooklyn is great, I'll be the first to admit, I love Brooklyn, my husband loves Brooklyn. If we could afford to be here for many, many years, we would try that. But not at the expense of not having the family that we want.

Because we know that surrounding ourselves with family, raising children, giving our son a sibling or two, that's more special to us than dealing with the grind that is Brooklyn, dealing with

the politics that is the school system here and the financial pressure that is sending your kids to school here. We're gonna have to work around that because we want kids. I know, it's not an easy decision. Raising kids in New York, even in Brooklyn now, very costly. But if you want children, you should have children and you should figure out a way to readjust your spending, your lifestyle, your geography, your spending, your saving, to afford that. And that's how I feel about it. It's not simply done, but first people, first family, then money.

And maybe we should get coffee since we're both in Brooklyn and I think it would be nice to connect with another mom in the area. So email me, [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com) and maybe we'll get together. Thanks for your question.

[00:07:54]

Now let's turn to Terry. She asks:

**T:** "Farnoosh, what are your thoughts about self directed IRA's to buy real estate or gold? I ask because I would like to hear an objective voice. I typically only hear people that are selling services on this subject. Thanks."

[00:08:15]

**FT:** Yeah Terry, well they would be a little biased, I would imagine. My rule of thumb for any kind of alternative investment - and I do consider a self directed IRA as an alternative investment. So it's not something you wanna put all of your retirement in. It's maybe something you open up as a supplement to your existing retirement strategy portfolio - is to limit that kind of investment to no more than say 5 or 10% of your overall portfolio strategy, portfolio allocation. I think it's fine to own gold, I think it's fine to own real estate, I think it's fine to own art, I think it's fine to own wine! There are a lot of alternative investments out there that have a benefit. But your portfolio should not be weighted so much towards those things, and I think if you wanna do this, that's fine.

A self directed IRA, by the way for everyone listening, unlike a traditional IRA that limits investors to just stocks and mutual funds and bonds, a self directed IRA is an alternative account that allows for a more creative, broader range of assets such as: real estate, foreign

companies, precious metals like gold, even race horses. And so again, this is an alternative investment vehicle, and as such I don't think it should be a big part of your retirement strategy - maybe 5 or 10%.

[00:09:40]

MaryBeth says:

**MB:** "How do I convince my husband that it's ok to keep our emergency fund in our money market account. Every time we get near our (or my) 6 month goal all that money sitting there makes him crazy and he wants to transfer a large chunk of it to our investment account. He feels this account is just as liquid as our bank account. Especially since we do keep a couple of months in the money market account and theoretically would have time to withdraw this money if necessary. Thanks, Love your podcast!"

[00:10:08]

**FT:** I have a very simple philosophy about rainy day money, it should be kept in a very liquid account that you can access quickly and readily. The point here is that the money is ready for you in an emergency, in a bind. If it's sitting in a brokerage account tied up in a stock or mutual fund, it's not gonna be able to be withdrawn immediately. One of the other risks, potentially, of having your money tied up in an investment account as your rainy day money is that when you go to withdraw it, potentially it would be subject to a tax on the gains if your portfolio actually went up during that time frame.

So just some things to consider. I would just say, "You know what honey, don't think about this money. Pretend it's not even there and I'll take care of it. Just I'll keep an eye on it, and once we hit that six month threshold I promise no penny over that will go into this account. We'll put that in something more aggressive, but let's let the six month rainy day account breathe."

[00:11:04]

Charles writes:

**C:** “Hey, I really like the podcast and format. I wish you would have challenged James Altucher a little more with some of his premises. In my opinion he really has no money strategy. His book was written just to be controversial without any real substance. What kind of advice is it to not invest in a 401(k)? This should not be an all or nothing question. In any event you do a great job and I really appreciate you putting out content on a daily basis.”

[00:11:30]

**FT:** Well thank you Charles. You know James is a friend of mine and I've had him on now on the show twice. Most recently he was on, let's see, episode 193, July 23rd. James has a new book out called "Choose Yourself Guide to Wealth", and I agree. James' philosophies about money are unconventional. I took him to task when he said, "Don't invest in a 401(k)," and by the way, he's not the first one to say this. I have heard this now from a few people, even on the show. But my questions is always, "Well okay, if not the 401(k), where?" Where do you put your money where you could potentially get an employer match, where you could grow your money aggressively, earn that compound interest? Yes there are fees, but you can minimize those fees.

By the way, also you get the huge tax benefit. And there really is nothing that compares. The 401(k) is incomparable to date - I'm not saying that in the future there might not be better vehicles - I'm a fan of the 401(k). I'm with ya! And I love James and I think his book, it does have some merit. I think he is very experienced, very knowledgeable, obviously super popular - more popular than me! But I guess it helps to be someone who thinks outside the box. People really appreciate his advice.

[00:12:47]

David asks:

**D:** “I've been working on my small business, business management for entertainment industry professionals, and I'm having a difficult time breaking out of my immediate client network. Traditional marketing channels, like Facebook and AdWords, might not be well received as the

industry calls for an illusion of exclusivity. I would love your help on some ideas to break away from just referrals and focus on marketing. P.S. I love the podcast!"

[00:13:14]

**FT:** Thanks David. Well what a cool industry you're in; managing entertainment industry professionals, business management. I'm sure that is something that is in high demand and I understand, yeah Facebook and AdWords doesn't really quite make sense for the way that you're trying to earn your clientele. Honestly David, I would say think about hosting perhaps some dinners, luncheons, where you invite clients, you get to hear from them. Having face to face time with people can really go a long way in getting them to remember you and your services and want to refer you to their friends, their friends of friends.

I do this sometimes, you know, I host breakfasts and I invite people that I know that might not know each other. It's really fun for the attendees, but also for me I feel there is a lot benefit because it just helps me maintain authentic genuine relationships with people I care about. And they know what I'm looking for, I know what they're looking for, there's a mutual respect. And it does, down the road - maybe not right away - but it can lead to more opportunities, more clients, more resources that will help your business tremendously.

So try to think less about the online strategy, and more about offline. How can you find people, meet people, interact with people, engage at lunch, at breakfast, at dinner, for drinks, meetings, events that you can host where you're just giving, giving, giving. And down the road you'll be remembered as somebody who's very generous, and very good, and very kind, and very respectful and good at his job. And that might earn you some future clients.

So I hope that was helpful. Sorry I don't know a whole lot about your industry, otherwise I might have been able to give you some more specific advice. But I find that to build clientele it helps just to sometimes go offline and just focus on developing, furthering your relationships with the people you already know.

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And that's a wrap everyone. Thanks for tuning in this Saturday. Coming to you from Fort Worth, Texas at Podcast Movement. Really appreciate your listenership this week. Tomorrow lots more questions to get to. This wasn't even half of the questions that I have received since our last "Ask Farnoosh" session. So I sense I'm gonna be catching up a little bit over the next couple of weeks. So if you didn't hear your question today, hopefully tomorrow, and if not, the next weekend.

Keep 'em coming guys. Go to [Somoneypodacst.com](http://Somoneypodacst.com), click on "Ask Farnoosh", and that's where you can send me your latest money musings. What's on your money mind, or your career mind, your kid mind, or a life mind? Anything! Throw it at me, I'll do my best to give you my honest take. Thanks again, and hope your Saturday, August 1st, is So Money.

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