EPISODE

[ASK FARNOOSH]

[00:00:30]

FT: Hey welcome back to So Money everyone. I'm your host Farnoosh Torabi. It's Sunday! What do you think of these weekend episodes? Do you think that I should just go to a Monday through Friday and maybe do Friday Ask Farnoosh's? Because, you know, to be honest, this is a lot of work. I really love this podcast, it is a passion of mine but I dunno if I'm really doing the right, smart thing? Maybe the better move is to condense the show to a Monday through Friday format. Now that we've surpassed 200 episodes, we've surpassed six months, I'm looking at potential sponsorship. I'm thinking, "How can I really streamline this and do the best work and put the best show out there? And you know, maybe give ourselves a break on the weekends, get a breather, get some relaxation in and then start fresh again on Monday."

So just something I'm contemplating. A while back I was also contemplating this, although I thought it was too soon to really switch the format. But now I feel like I've earned the right to reroute this show, and particularly if my listeners think it's a good idea. So email me, farnoosh@somoneypodcast.com and let me know. Do you think that you would be down for a Monday through Friday format? Because maybe that's something we can start as soon as next month, and we give ourselves a break on the weekends. Would you stick with the show? Would you be disappointed?

I know it sort of loses it's cachet of being this "daily" 7 day a week podcast, which I pride myself in. But maybe I need to let go of that ego and pride and just do something that is smarter, more efficient, and healthier in the long run cause doing this 7 days a week, this podcaster is running out of sleep! So but that said, again, I love this show, I love doing this. It is a passion for me, it is a passion of mine and I really enjoy it. So I'm kind of torn, that's why I'm seeking your assistance, your feedback.

Lots of questions to get to today, as I mentioned on yesterday's show, I did not get through many although it was a pretty long episode, it was almost 20 minutes. I like to cut it off around

17, 18, 20 minutes because I feel at that point I'm burnt out, the listener might be a little bored at that point listening to just me, my voice, for that much time. It's good just to keep the pace. So we got - I'm gonna try and get to as many questions today as I can, I'm gonna stop rambling. Sorry!

And go right to Emily and she writes in and says:

E: "Hey Farnoosh, I'm really loving the podcast!"

[00:03:06]

FT: Thanks Emily! She says:

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E: "I listen to it everyday,"

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FT: Really?

[00:03:10]

E: "...on my walk back home from work. It has inspired me to schedule the first "money meeting" with my boyfriend of many years! My question is, can I as a non-US citizen invest in the US? I'm a Canadian and have been living in the US for the past 6 yrs. I've been looking online and found mixed messages about non-US residents investing in the US. Also, can I invest with only $1000 or $2000? In other words, is there a minimum amount of money one should start with to invest?"

[00:03:39]

FT: Well I don't think you are restricted, Emily, from investing in the US. I mean as US citizens we can invest in foreign markets and I think it should work the other way around. I'm not 110% sure about this, but I would say if you're interested in investing talk to your local brokerage about this and they should be able to spell it all out for you. Maybe there are some funds that are restricting? So you would need to do a little bit of exploration, talking to the right people such as someone who works for a brokerage or a financial advisor, would be the first step.

How much to start investing with? You can certainly start with $1,000 or $2,000 and buy an ETF or buy an index fund. Sometimes you can start with as low as $1,000 or even $500, so certainly yes you can get started. And I would say if you're interested in long term investing in something like an index fund, and exchange rated fund, passive investing starting with as little as $1,000, you can do it. And I would be very much in support of that. So thanks for your question. And hooray for your first money meeting! Let me know how it goes.

[00:04:46]

Joe writes in and says:

J: "Just a short note to commend you and thank you for your outstanding podcast. My wife and I are followers of your podcast and are sooo impressed by the quality and quantity of the financial information that you crank out on a DAILY basis."

[00:05:02]

FT: Okay, now I'm starting to feel a little like I have to keep this a daily show! [Laughs] Thanks Joe! Thanks Emily! No but this is really kind. Joe goes on to write:

J: "My wife and I are high school sweethearts, college drop outs, and now 'quiet millionaires'."

[00:05:16]

FT: Really? Wow! Okay. Joe says:

J: "I started out at Burger King, then law enforcement, then a repo man, now work as an SVP for a bank. We are heavily invested in buy and hold real estate and are looking to leave the W2 world shortly. We love all things Mr. Money Mustache and Farnoosh. Keep up the great work!"

[00:05:38]

FT: Wow Joe! Why didn't you tell me this sooner? I was looking for millionaires like you, millionaires next door. That's actually gonna air in a couple of weeks, my series. So I got so many responses actually, to be on that particular week series that I'm thinking of doing it again in a few months, finding a whole new cast of five millionaires next door. So I would love to include you in that mix if you're interested, send me another email. This time email me: farnoosh@somoneypodcast.com and if you're interested, let me know and I will keep you in the running for that Joe. And thank you so much for your feedback and my thanks to your wife as well.

[00:06:17]

Vera says:

V: "Hi Farnoosh! Need your opinion: Should I move back home with my family when it's not necessary? I'm almost 30, in a stable career, save 21% of income for retiring, and have $3,000 in debt. Rent in my area is expensive. I pay all my bills on time but I have nothing left over for my goals. My parents just invited me to move back in with them. The pros: Saving money and my family would not suffer a burden or loss in any capacity. The cons: The boomerang stigma. Last time I moved home, I was clinically depressed because I was living at home, unemployed, broke - I felt like a failure. Please advise!"

[00:06:56]

FT: Vera, go home! No brainer. Why did you have this depression last time? Well because you were unemployed, you were broke. Now, not the same situation. You are gainfully employed, you are saving a wonderful amount of your income - 21%, that's very impressive. You, yes have $3,000 in debt, but that's nominal! You can get rid of that really fast, especially if you're living at home. And I disagree, I don't think there is a stigma of boomeranging. Maybe, you know, you're approaching 30, you expect at this point that you are on your own two feet, you're independent, you don't need to move back home.

And certainly here, you don't need to move back home, but you could and you can. And I think in this case, maybe it's worth spending the next year at home, shoring up even more cash. It's almost like you accelerated your financial life by two or three years from this quiet investment of your time, staying at home with your family. And if you like your family, that's even a bonus! So I say Vera, do it. You have my stamp of approval, you have my high-five, my virtual high-five and if anyone gives you crap for this, you know what? Just know that you are doing a really great thing for your financial life and what's more is you're spending time with your family, which is very special too. So do it, enjoy it. This isn't something that you can do anytime, any year.

In the future when you meet someone and you becomes two and you have a family, this isn't gonna be an option. You can do this now, do it, enjoy it, invest in it, and reap the benefits.

[00:08:31]

Alexia says:

A: “Hi Farnoosh. You are great and beautiful and my Iranian bestie is starting to get a bit jealous of my worship of you!”

[00:08:39]

FT: Oh boy! Sorry guys. Not meaning to get in the way of friendships, but I appreciate the comment. Alexia says:

A: “I'm saving 6% of my income towards retirement,”

[00:08:49]

FT: Great job.

[00:08:50]

A: “...and my company is matching this. Should I increase my own retirement saving to 10%, resulting in 16% in total, with my company's contribution? I am almost done saving for my emergency fund and I will then start saving for a deposit for an investment property, so I'm concerned that saving extra for retirement will slow this down. Many thanks! Kind regards, Alexia.”

[00:09:13]

FT: Well Alexia, first of all, awesome that you're doing enough to earn the full match at your company. That's a good lesson for everyone listening: if you have a 401(k) at work and your company offers a match, do that at the minimum. And if combined, your contribution and their contribution, reaches 10%, great! You're doing really well. I would say if you're in your 20's and you're just starting out retirement saving, that's a good goal, to have 10%. If you're in your 30's Alexia, or older, and you haven't been doing that great of a job with retirement savings in the past, and you're playing a little bit of catchup, then I would say, "Try to do more than 10%. If 16% is gonna prevent you from being able to save for other things and invest in other things, then maybe split the difference. Try to do 12%, 14%. But 10% is good, it's great if you're in your 20's and you're just starting out. But it's not enough, necessarily, if you are older and you are playing a bit of catchup.

So not knowing your particular situation, I would say consider that. You know yourself better than I do. If you feel that you are saving at a comfortable rate, then stick with that and dedicate some of your other money to these other goals of yours. But if you know that you are playing catchup and this is - well this is a good thing that you're doing now, it's kind of the first year that you've gotten into this habit - maybe it's better that you stick to a higher percentage. And thank you so much for your comment, and I hope I'm not really getting in the way of your friendship and what can I say? I love Iranian people, so you're in good company Alexia.

[00:10:59]

Fiona writes and says:

F: "Hey Farnoosh, you should interview Caroline Rector of Un-Fancy, a blog about having a capsule wardrobe of 37 pieces per season to save money to live in other cities. She has inspired me to look at my wardrobe and get rid of clothes and buy new clothes and accessories with intention. Jess Lively featured her on her podcast twice!"

[00:11:19]

FT: Funny you said intention, and immediately I thought of Jess Lively. Funny how that word is now correlated with Jess Lively. And for those of you who don't know who Jess Lively is, she's a phenomenal female podcaster. Okay, I'm gonna look into Caroline Rector. I'll have our team reach out to her and that's how it works guys. If you wanna listen to people's interviews, particular people that you admire, that you respect, let me know! I will do the outreach on your behalf.

[00:11:45]

Now we have a question from Betsy.

B: "Hi Farnoosh, as a recent college graduate who is moving to New York soon, straight out of college and living on a starter salary, do you have any recommendations for how I should be budgeting my salary between college loans, rent, credit card debt, food, etc.? Any help would be greatly appreciated!"

[00:12:04]

FT: Actually Betsy, I do have a very specific pie chart that I like to show many millennials, many recent college grads. I use this chart, this breakdown, when trying to decide how much to allocate to all these different thing. And I will put this over at Somoneypodcast.com under this Sunday episode of Ask Farnoosh. So click on that on the website, you'll see this chart there. But just to explain, generally, I think that housing can be a really huge bite out of your budget. It can be a really big, big expense. And sometimes, a lot of times, we go overboard. Particularly when we're living in a city like New York City, which is very, very expensive. So limiting that is key. Not exceeding say 30% of your take-home pay.

I know that's rough in a city like New York City, so if you can limit it to 35% of your take home pay, good. I mean overall in the rest of the country, I would say, "You don't wanna be spending more than 25-30% of your take home pay on housing. At a maximum, in New York, I don't think you could really get away with not spending at least 30% of your income on rent, in Manhattan at least. So if you wanna live in a nice part of the city, get a couple roommates, at least, and look for no-fee apartments, and try to limit your share of the rent to no more than 35% of your take home pay.

Really, really important. Especially, again, if you've got student loans and your other commitments on your plate, you don't wanna be going over board with housing, okay? If you can live at home for a while, do that! Save that money that you would've otherwise spent on real estate. Then as far as debt, I think that it's gotta be addressed and at the beginning of the month, not the end of the month. You don't wanna be thinking of debt as an after thought, as an after task. So I always say that you wanna add up all the minimum payments on your credit card, on your student loans, and if those minimum payments are 20% or more of your take home pay, then you need to work with a credit counsellor. Someone who can help you negotiate those debts and get you to perhaps a lower interesting rate or some sort of a payment plan.

That's when you know you need help. If your minimum payments added up are less than 20% of your take home pay, then you wanna do what you can do put double, triple, quadruple that minimum towards those debts, starting with the high interest rate credit cards so that you are getting out of debt quickly. And once the debts gone, guess what? You've got 20% of your income now at your disposal to do what you want with it. And suddenly the clouds part. You should save 10% of your income in a rainy day account, and another 10% in your retirement account. You should save about 5-10% a month for food, groceries, and maybe eating out once in a while.

And for everything else, head over to Somoneypodcast.com. I'm gonna put this pie chart up on the blog there and you'll see the breakdown. And if you have any more questions, do email me. By the way, my first book, "You're So Money: Live Rich Even When You're Not", really it captures the zeitgeist of being a millennial young adult, especially in a big city like New York, spoken from the first person, how I did it, how others are doing it to make ends meet and have a lifestyle, really a good life, on a very, very small budget. Living rich, even when you're no!

So pick up that copy at your local library, or you can get a really cheap edition now on Amazon. It's been out for gosh, gosh, seven years? Oh my gosh I'm getting old!

[00:16:00]

Okay, that's a wrap everyone. On that nice note, Farnoosh is getting old, I'm gonna stop right here and say, "Hope you have a wonderful rest of your weekend. Sunday, August 2nd. We made it through July, can you believe it? And I dunno where you're listening from? But here in New York it is stinking hot, and I've been doing this podcast without my AC running because I didn't want it to be disruptive. And guess what? I'm gonna turn on that AC right now! Thank you very much!

Thank you very much for tuning in everyone. Hope the rest of your day is So Money!

[END]