EPISODE 217

[ASK FARNOOSH]

[00:00:30]

FT: Welcome back to So Money everyone. I'm your host Farnoosh Torabi. This is Sunday, August 16th and we are celebrating our last day out East, here on Long Island. Me, Evan, and Tim, and I was considering doing a re-run on the weekend, but I decided to just keep it fresh, stick with the program, and not come back to work with a deluge of questions because that would mean a lot of catch up and I think that would also frustrate all the great listeners who've written in and asked some great questions.

And here back for an encore is husband Tim, who - I'm gonna say this because you should know - we recorded Ask Farnoosh already for Sunday, and then we lost it! And it's 11:38 PM and my husband was ready to like just crack open a beer and call it a night. But I said, "Oh my gosh, we lost the episode! What am I gonna do?" And so he's back and we are doing these questions again for a second time, but we're gonna try to pretend like it's the first, right?

[00:01:36]

TD: That's right.

[00:01:38]

FT: Okay. And so for those of you haven't heard yesterday's episode when I did a better introduction of Tim, let's do a little ‘nother mini introduction of Tim - Tim Dussinger, he is a married white male, 6'2", 37 almost years old. I know, okay 36! 37 in December - 36 and we met at Penn State, we had a class together, I had a super big crush on you, you didn't know I existed, and then life went on and I think it was 2006, we reconnected on AOL instant messenger because that's how things were done back then. I don't even think there was a Facebook?

[00:02:15]

TD: No. No there was no Tinder either.

[00:02:18]

FT: Yeah how about that. You know I have the CEO of Hinge coming on the show later this month, which is a competitor to Tinder. I only know this because my brother, who's 24 years old, is a connoisseur of the online dating apps [Both laugh]. And there was an article recently about just like how these online dating apps are really destroying the art of dating. You have so many options, so you're never gonna settle. You're just constantly never gonna settle, so it doesn't really materialize into meaningful relationships. But the CEO of Hinge debunks that theory and he has obviously some positive things to say about the whole platform and how to meet people online.

But I digress; let's get to this weekend's questions, in pretend like we haven't already answered them and lost the recording, shall we Tim?

[00:03:09]

TD: Okay. Starting of here is a question from Michael who says:

M: “Farnoosh, back in 2007, I inherited several rare coins and a bunch of silver. I'm looking to cash in the coins and silver to help pay down debt and save for certain life events, such as a wedding.”

[00:03:28]

TD: Congratulations Michael!

[00:03:30]

M: “How do I go about getting rid of the coins and silver? I know of a few of them are rare and I know a few rare coin places near me in Philly however, I'm not sure how to trust them. Please advise. Thanks!”

[00:03:44]

FT: Well first off, love Philadelphia cause Tim and I got married there. We got married at the, oh where was it? [Laughs] I don't even - it was only three years ago! I'm sorry, that was lame. We got married at the Betsy Ross House in the front yard there, and then we went over to this old bank called "Trust" where we had the reception. It was really cute and beautiful. I love Philadelphia. I hope you have the wedding of your dreams and hope this silver and rare coins will afford you that.

I would say, first do some homework and research the current market price for silver and whatever the metals are of your other coins. You can go to a site like Kitcoin - K-i-t coin - which gives you the spot price of precious metals - gold, silver, etc. So do your own homework, figure out what the current going rate for say silver is, and then based on the weight of that silver, do the math. Then when you go into these different venues that are going to be buying your silver, buying your coins, you wanna ask them how they value it, how they make money - what's there commission? And when they're weighing the coins, watch them. Don't have them go into the back room and do it and come and tell you what they think it is.

And if you have a running number in your head, and you've done some comparison shopping, you'll start to be able to weed out those who are just really, really low balling you. Kind of also trust your gut. If they're giving you a price that's really high, you might wanna question how they're doing their calculation.

[00:05:14]

TD: And the next question is from Joe. Joe writes in:

J: “Hey Farnoosh, I appreciate your honesty with the viewers and valuing our feedback. I just heard your announcement to switch over to the five-day format and based on how I listen to the show, it is great. I listen to the weekend episode on Monday so it would not hurt my viewership. I think it is best to do what works for you and your family."

[00:05:36]

FT: Well thanks Joe, this is gonna help me and my family. Tim is nodding agreeing because he hasn't told me this, but I have a feeling that he thinks I'm work-overloaded and even a few times during this vacation when I've answered emails and taken some calls, I could sense some disappointment. Maybe I'm reading into things...

[00:05:58]

TD: You're reading into things.

[00:05:59]

FT: Mhm. Well I'm really happy to know that this is not gonna change your viewership and loyalty, and I have heard from others too that Monday is when they do catch up. And I do see a spike on Mondays as far as downloads. So I know Mondays are where it's at and so that's why a lot of times I release some really hot interviews on Mondays because I know that people are gonna be tuning in to see what's going on on So Money. And I really appreciate the fact that you took the time to write in to tell me this because I really value your opinion and everyone who listens to this show.

Cause this show really was created for the listener. Of course I had some ideas going in of what I thought would be good ideas, but really this is a work-in-progress this show and the more that you give me feedback, the better it will get. So I really appreciate that Joe.

[00:06:43]

TD: We'll move on to Amanda and she has three questions for you today.

[00:06:48]

FT: Three?

[00:06:48]

TD: Three. The first one is about retirement and specifically she writes in:

A: “When I first started working after college, I was making $28,000 a year. I decided to contribute 10% to my company's retirement plan, with 5% of that in a 401(k) and 5% of my salary in a 401(Roth). Well, now it's 2015, I'm making $85,000 a year. Should I be doing all my contributions pre-tax now based on my salary? Or how do you generally make the decision to do pre-tax or post-tax contributions? P.S. I do max my personal Roth IRA each year, as well.”

[00:07:30]

FT: To put it simply, I think the best way to figure out whether or not you should continue to do a post-tax move as in investing in a Roth IRA, or 401(Roth) is to do it until you can cause it's a great vehicle to save. So until they say to you, "You can't do this anymore," that's when you stop doing it. And I know even then, if you have any existing accounts that you can roll into a Roth IRA, that might be something you might wanna do because it's just too good to pass up.

So until you can, do it sister because it's a really good vehicle and I hear now you have two more questions, so I don't wanna spend too much time on that answer. But here we go, here's question number two. Tim, take it away.

[00:08:14]

TD: Question number two from Amanda is:

A: “Hey Farnoosh, I've been really enjoying listening to your podcast since I discovered it last week! About a year ago, I was listening to Dave Ramsey, since I do love Personal Finance, but I have no debt myself and was tired of hearing about all the stories of paying off debt. I couldn't find something else at the time, but THIS is the podcast for me! :) I'd love to leave a review, but I (gasp!) don't have any Apple products or use iTunes. I'm using "PocketCast" on Android. How can Android users leave reviews?”

[00:08:49]

FT: Well, I've never heard of PocketCast and I'm sure it's wonderful and I am sorry that I've been so insistent on iTunes reviews, but it is where a lot of people, and most people listen to the show and all shows. But not to shut out people who wanna leave reviews on other channels, you can totally do that. And if you're an Android user, the show is available on Stitcher so you can download Stitcher and leave a review there.

And actually, someone yesterday, funny enough, asked a similar question. Like, "I'm an Android user. How do I leave a review?" So I have said, I said this yesterday, that if you leave a review on Stitcher, I will consider that as well for the 15-minute money sessions with me. And in fact, next Saturday I will specifically pick somebody from Stitcher. So that applies to Android users as well as iPhone users; you can download Stitcher on any device, but particularly beneficial for Android users that cannot get access to say the iPod app or iTunes. So do that and hopefully we'll connect.

You have a third question here, which is:

[00:09:54]

TD: This is Amanda's third question:

A: “I'm listening to Episode 126 and you talk about how your 20's are the time for risk taking and the best time for making financial mistakes, and even trying to start your own business, etc. I'm 26 and have my ducks in a row, and don't think I've made a major financial mistake yet, or so I think?. I also have a decent amount of cash saved up, and really do love the idea of starting my own business, however I don't have any idea of my own. Where should I start looking for the right side-project or the right business plan for me?! My strengths are in execution; I'm not really a visionary!”

[00:10:36]

FT: Well, you know, I would say, "Get visionary!" Start thinking about - visualize where you wanna be in the next three years, what you wanna be practicing. Sometimes it helps to ask people that you love and trust, "What do you think I'd be good at?" Think about what your friends come to you for advice for? There's doing what you do to make money, which is maybe what you learned in school or what you've picked up on the job and that's what you do to make money, and there's what you know. And a lot of times what we know goes untapped, un-leveraged.

And so my suggestion to you is to figure out what you know that you're good at teaching, that you're good at sharing and hone in on that. And if you don't have something like that yet, do some exploration. Take the next year or two to really self-explore. Travel, meet people, try new things, and really tap into that inner, those inner qualities that you have that perhaps haven't yet been self-discovered. And more importantly, you wanna discover something that you not only like to do, but that there's a market for, right?

So you might like surfing, but the market to learn how to surf is typically places by the water. So if you're like in a land-locked state, you're gonna have to move to make that a viable business. But you get my point right? You have to make sure that you also do the research, which sounds like if you're an execution person that should not be a problem. The hard challenge for you is to really soul-search a little bit, think big, and I would say start by asking people that you know that you respect their opinion and say, "Hey, if I ran a business, what do you see me doing?"

Not to say that you wanna do what other people want you to do, but sometimes getting feedback is a really critical part of this journey. And do that, and I think you might be pleasantly surprised by what you discover.

[00:12:29]

TD: The next question today is from Cait. Cait says:

C: “Hey Farnoosh! This podcast is so great - congrats on going from 7 to 5 days a week - you deserve a break! I was wondering if there is any downside to having multiple saving accounts. I have a emergency fund that I would like to keep growing, but I also want to dedicate some savings for things that I know I need to spend money on, such as Christmas, and vacations, etc. Is there anything negative about having more than one savings account other than having the overhead of tracking each account?”

[00:13:01]

FT: What do you think? I'm gonna turn the tables over to you. You've been a nice MC, but it's time to pick your brain. What do you think? Do you think that's a good idea?

[00:13:08]

TD: I think Cait's right. I think the biggest down side is just the bookkeeping of having multiple accounts. I wonder if she has enough savings that if you had one giant savings account, if you could get like a better interest rate or anything, but these days I'm not even sure that's possible.

[00:13:26]

FT: It's a good one. I didn't think of that. And actually there are other benefits of having a large lump sum in one account. Like I just learned that I can qualify for no ATM fees because of my current balance in my chequing account that I reached a certain threshold. So there is some benefit other than just the consolidation factor of having all your money in one place and being able to track it easily. There may be some incentives that the bank will give you for keeping all your money in once place.

But truthfully, if you have a lot of savings goals and this is helping you achieve them, then stick with this. Visualization, compartmentalization is a huge behavioral trick when it comes to managing your money appropriately and making healthy decisions. So if this is working for you, then go for it. Like Tim said, interest rates aren't even that exciting right now, where even if the bank was like, "Well, if you have X amount in our bank we'll give you 0.03% instead of 0.01%."

Like that at the end of the day is gonna be meaningless for you so do what works for you. And if this is working for you, stick with is.

[00:14:32]

Alright we have one last question from Elizabeth and I can tell because I'm skimming it, she's got grandparents inheritance - it sounds like it's gonna be a little bit of a sticky issue.

[00:14:42]

TD: Indeed. And Elizabeth asks:

E: “Hey Farnoosh! My partner received a sizeable inheritance from his grandparents years ago. This is before we met. We’re currently 26 and 29 years old. His parents put this inheritance in low yield bond, and advised him to keep renewing it annually until he wanted to buy a house. However, home-buying is not something we’re interested in and instead we’re interested in investing, early retirement, and living in other countries! We have been investing over 50% of our income and I think his inheritance would be better off in a more productive investment vehicle, such as index funds. He agrees but has yet to tell his parents; they are into real estate and have had relative control over how the inheritance is invested for the last several years so I think he’s afraid of what they’ll say. Personally, I’m eager to move the money, while my partner just keeps on delaying. Our finances are separate so I can only push so much – help me!”

[00:15:46]

FT: Yeah Elizabeth, I mean this is very layered issue, obviously - you know this. I think the fact that you've got parents involved and this is an inheritance so this is emotional - understand that this is very generational. If my parents were getting an inheritance I think they would also look at - they told me already - they wanna invest my mother's inheritance in real estate, which I'm like, "No don't!" So this is something that is, I find, is very generational. Our parents are very much locked into this idea that real estate equals wealth, and while that may still be true in some ways, if it's not for you, it's not for you.

But look, your partner is an adult and you need to just trust that he will do what's right. I trust that he's not going to take this money and throw it into a McMansion, because it doesn't sounds like that's what he wants - that's not what the two of you want. And I think that as long as you keep the lines of communication open with him and you talk about this regularly enough where it doesn't become pestering, but it's a healthy conversation about this money, that's what's important and that you just let this run it's course.

This isn't gonna change overnight; it's not like he can walk into Thanksgiving dinner and be like, "Hey mom and dad, guess what? You've been telling me how to manage this money, no longer! Peace out! Pass the turkey." That is not what's gonna happen, it's not gonna be an easy conversation. But I would say, if you wanna play a part in this, this is your role - this is the healthiest way to go about this: just have relaxed conversations with him from time to time. This is a very delicate thing. This is an inheritance we're talking about, which involves people who are no longer with us.

And sometimes when that happens the people who are inheriting this money and the parents probably feel a responsibility here. They wanna make sure that they do the right thing with it. And just trust that the right thing will happen, but it's gonna have to happen on your partner's time, and his parent's time. Don't be too pushy, don't get upset. Just if you're keeping your finances separate, that's fine. I think that's healthy. Just make sure that you have your ducks in a row and that you're taking care of you, and that this inheritance, you know, it's gravy! Imagine it wasn't there.

If you really need peace of mind, just imagine this inheritance didn't exist. And so whatever happens with it, is what happens with it. But the two of you can still plan together for your futures based on how much you're making and how much you're saving. But this inheritance is a bit of a grey area, but it just needs to kind of get worked out between your partner and his parents, and that's frankly the only two parties here that can have a say in this. It will work out, but if you have any further concerns, if things go a different direction, write in and let me know how things are going.

What do you think Tim? I mean this is really - money and family, we come from very different families and also when it comes to money our families deal with money differently, talk about money differently. My family can't stop talking about money and real estate, your parents are a little more reserved and conservative. You and I even have different temperaments when it comes to discussing money and handling money. But the most important thing is that you have those common goals, which it sounds like you and your partner do. And hopefully with those common goals, with that common ground, it is understood what needs to happen with your money.

That's not to say that it does't take work or communication, it absolutely does. But the foundation is common goals, and it sounds like you have them. And it sounds like you're a lot like my millionaires from this week; Jeremy Jacobson and Winnie Tseng, because they're in their 30's, they retired by saving like something crazy - like 60 or 70% of their take home pay, they travel the world, they don't own real estate. Listen to that episode if you haven't yet cause that might also offer some nice inspiration.

[00:19:27]

And that's a wrap guys! That's a wrap for this Sunday's Ask Farnoosh. Thank you again to my lovely assistance/partner in life. [Laughs] Assistant for this podcast! You know what I mean! Tim, thank you so much for being a good...

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TD: You're welcome. This was a lot of fun.

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FT: Isn't my audience really smart?

[00:19:43]

TD: They are. These are great questions, situations I never thought of.

[00:19:49]

FT: Exactly, I mean even I had to really think about, you know, "What would I do if I were in this situation?" So thank you, I really appreciate these well thought out and articulate questions.

Tomorrow, fasten your seatbelt. We have Nate Berkus on the show! Yes, Nate Berkus. That Nate Berkus. If you don't know who it is, Google him. He's a big deal. So looking forward to unleashing that interview. In the mean time, hope you're having a fantastic end to your weekend. Hope your day is So Money.

[END]