

EPISODE 351

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[0:01:35.7]

FT: Welcome to So Money everyone, welcome back. I'm your host Farnoosh Torabi and today I decided to bring on the show an avid listener to the podcast. Someone who's been writing in, not just praising the show, but having a really interesting story of his own about getting out of \$50,000 worth of student loan debt. His name is Joe Koss. He is an accountant by trade and teaches as an adjunct professor at several colleges and universities on the topic of accounting and personal finance.

Joe was once saddled with debt, a lot of it, everything from credit cards to auto and student loans, most recently he had \$50,000 in student loans and he worked to pay that off on time and as quickly as possible. He had about \$28,000 left in that student loan figure and it was the

biggest push he made to get rid of that in just 14 months and it turns out that teaching personal finance to a bunch of college students is what gave Joe the motivation ultimately to practice what he preached to his students.

Some take away from our conversation with Joe. The specific steps he took to get out of that \$50,000 in student loans and why he was adamant about it. It wasn't a very high interest rate, he was on a fixed payment plan, why be aggressive with the student loans? How he budgets and it's not very sophisticated but it works and the anonymous donation he gives to his students that's helping them get a head start in life.

Here is Joe Koss.

[INTERVIEW]

[0:03:06.6]

FT: Joe Koss, welcome to So Money. Listeners, this is a listener and avid fan of the show who has been writing to me often and we struck sort of an online friendship and now we are talking to each other on the podcast, welcome Joe.

[0:03:22.9]

JK: Thanks Farnoosh for having me today, I really appreciate you taking the time to chat with me.

[0:03:27.4]

FT: Yeah, I really wanted to have you on the show because A, you're a fan of So Money, the real reason is that you yourself have an extraordinary profession that helping young people learn about money as a professor. You teach accounting and personal finance but you yourself also had a journey to get out of debt.

So we're going to talk about that on the show as well as my So Money questions, but first let's talk about why you listen to this podcast. I'm curious, how did you discover it and what's been your favorite episode?

[0:03:57.0]

JK: Well we've been in college week, those have been really good over the last week.

[0:04:01.2]

FT: Do you liked that? I'm experimenting here because I'm trying to find ways to maybe bring a deeper dive into certain subjects at least once a month and I pick college in January because who doesn't have anything to say about college?

[0:04:14.7]

JK: Right, no I really do like the themes that you have but I mean all of the guest have been really, really helpful because it really gives a different perspective of just when you see someone in the news like you've had Jim Kramer, you've had Tony Robins on the show and they're all really interesting people, but just to get to hear their story on a more personal level is just phenomenal and it just makes it for a richer experience when you're listening to the show.

[0:04:40.6]

FT: You teach college level accounting and personal finance. Do you find that students really get it when they're in school? That it really clicks. I find that really learning basic personal finance while it's important to get the exposure at any age but really, it doesn't click until you're making your own money, what's your experience with that?

[0:05:04.7]

JK: I think that's pretty spot on but I run into those students that do get it. It does take a little bit of prodding and really giving them information. I think from my perspective is I like to share my

own story and other stories so again using the podcast or using other stories through Dave Ramsey using Debt Free Screams just to give them motivation, it really starts to resonate with them a little bit more when you give them something that's real as supposed to a text book or just definitions of you need to do a budget or you have to tell them this.

[0:05:41.1]

FT: How did you learn about personal finance yourself?

[0:05:46.4]

JK: That's a really hard question to answer, I think it's just I do it every single day so I don't know if it's just something that has been engrained in me since I grew up as a kid. Money was always, not abundant when I was growing up so again, money was tight or money was just — you had to make every penny or every dollar matter.

[0:06:11.7]

FT: All right, let's talk a little bit about your own journey to becoming debt free. You had \$50,000 in debt at one point, that included student loans, did that also include credit cards?

[0:06:22.7]

JK: That was all student loans.

[0:06:24.3]

FT: Oh that was all student loans. So \$50,000 in student loans and you amassed that to become a professor right?

[0:06:32.9]

JK: Yes.

[0:06:34.5]

FT: On a professor's salary which I wouldn't imagine is a six figure salary yet.

[0:06:39.5]

JK: No, it is not.

[0:06:41.6]

FT: How did you get yourself out of debt, you did it pretty quickly, at one point you kind of — a light bulb went off and you're like, "I got to get rid of this debt." What happened with all that? Why did you become aggressive?

[0:06:54.5]

JK: I'm teaching students to become debt free every single day and how can I actually teach them that if I'm not doing it myself? I think that's kind of counterintuitive. So what I needed up doing was I actually was using my class as my motivation, I almost made them as my accountability partner in this process. So I was sharing with them how I actually was in debt and how that has actually prohibited me to do things that I want to do with my life or saving money or going on vacations. To get to this debt first was very important. Again, I was just sharing that story with them all along the way as I was going through this process.

[0:07:36.0]

FT: Were they surprised to hear that their professor was in debt?

[0:07:40.4]

JK: I don't think they were.

[0:07:42.8]

FT: Really?

[0:07:42.8]

JK: I don't think they were surprised, I think in this culture, most people have student loan debts or most people are carrying some level of debt. I don't think that's something that would shock them but I think if you're teaching that concept where you want them to do something and you're not actually there yourself, it's kind of hard for them to believe that, that you can do that.

[0:08:04.8]

FT: In some ways, sharing this with your class, becoming accountable to them was what helped you get out of debt because I'm sure they were following up with you on that?

[0:08:16.6]

JK: Yeah, absolutely. I have student to this day that aren't even in my class anymore and they're still asking me questions about that or they are seeing exactly where I am or I'm asking them where they are in their journey because again creating their goals and actually reaching what they're trying to do so that they're not borrowing tons of money like I did or other students that are in the similar situation are dealing with this debt. It's almost like we're all accountable for each other in this process.

[0:08:44.0]

FT: How did you actually do it though? This started out as \$50,000 and then you had about \$28,000 left and you paid that off in 14 months. How did you do that? That's probably a lot of tradeoffs. I'm just trying to do some quick math in my head.

[0:09:01.5]

JK: There was a lot of tradeoffs. It was really and this is as boring as it gets in personal finance but it really came back to the budget. I had to make every dollar count. That's the most important thing and I do that every single month, I have a budget, I have a set amount that goes toward everything, I know exactly where the dollars are going and then everything that was left over was basically thrown at the debt and that also meant I had to pick up extra classes. So I was teaching more than, as we were discussing before the call, I have three classes right now but I was teaching well in excess of that many classes per semester on a consistent basis.

[0:09:45.2]

FT: How hard was that? How did that cramp your lifestyle?

[0:09:51.5]

JK: It just meant that I had to — the same with my money being intentional, I had to be very intentional with my time. Again, scheduling those times where I needed to be grading papers or I needed to be in a classroom, I just needed to make sure that it all worked.

[0:10:09.0]

FT: And so, I mean student loans often are called good debt because the interest rate isn't usually as high or nasty as credit cards or even if it's federal loans, it's even much lower than a potential private loan and it's also for education, so it's kind of a feel good debt. But why was it important for you to get out of this particular kind of debt so quickly? Was it just that it was taking a big chunk out of your budget every month or was there more to it?

[0:10:39.8]

JK: It wasn't taking that much out of my budget every single month, I had a pretty low monthly payment but it was just like one of those income repayment plans that they kind of set you up with initially and my interest rate was very low, it was right around 4% and I didn't want to be in debt anymore, I didn't want to have this hanging over me like a mortgage would for 20 or 30 years.

I've been out of school for almost 10 years now and I really didn't want to continue to be paying for something that I amassed in my 20's. So it goes back to the 30 year old version of me is not going to be happy with the 20 year old version of me. So I needed to pay that off and get it out of my life.

[0:11:23.4]

FT: When you did, what was the first thing you did that was maybe a reward to yourself?

[0:11:30.3]

JK: Oh man! It's kind of funny that you bring that up, I don't remember exactly what...

[0:11:39.7]

FT: You got to treat yourself.

[0:11:41.7]

JK: I mean I know I must have done something but it wasn't like fireworks didn't go off or anything like that, it was just more of this sense of relief that I didn't owe anybody anything and I think that was probably more exciting than anything else.

[0:11:57.0]

FT: In your personal finance class, which I think is great that your college offers that, even though it is a business school. Where are you again?

[0:12:06.0]

JK: I actually teach at several universities. So I teach at Claire University, I teach at a local community college and I also teach at a Baker College online.

[0:12:15.2]

FT: What do you find is the most difficult concept to in still in your students, to relay to your students when it comes to money?

[0:12:26.2]

JK: The one thing that's — with the different universities I teach at, I do have the younger students but I also do have adult learners as well. I do have students that will be even older than I am in the class. Everybody's going to have a different life journey through their process of where they are currently. So I think being able to try to relate to everybody on a similar level can be challenging but I think a lot of students, the way that the course is set up, they want to kind of get to the last week where we talk about wealth building first but the problem is that we need to start with the budget first. We need to start with the basics and they really want to be like, "Well I want to just make money," and that's not always possible if you haven't built the foundation first.

[0:13:13.9]

FT: Right, it's like, "I want to drive the race car but you haven't learned how to ride a bicycle yet."

[0:13:18.1]

JK: Correct.

[0:13:19.5]

FT: Right. Okay Joe, I'm curious to pick your brain more about your financial philosophies, maybe some failures, what's your money mantra?

[0:13:28.1]

JK: you got to budget every single month, as simple as it sounds.

[0:13:31.2]

FT: Do I have to?

[0:13:32.1]

JK: Let me be a little more specific. You need to budget the way that makes sense to you. Personally I like to — when I do my budget every month, I can do it on the half of a piece of paper or just like on an envelope. I can literally get my whole budget down and I know exactly where my dollars are going and that's my comfort level. But other people may need to use an app or they may need to use a spreadsheet or they may need to use whatever it is that they need to do but they just need to do it. It doesn't matter how you get it down, you just need to get it down.

[0:14:05.4]

FT: Fair, okay, I suppose. How did you get so comfortable with money? I feel like you're probably not that kind of person who ever really hesitated to calculate and to budget and to be conscious about money, what was your childhood like and what was your introduction to money as a kid growing up? What's one memory?

[0:14:28.5]

JK: I always just remember that money actually meant work. Growing up, my parents had multiple jobs, me and my brother had a paper route after school every day that we did. Money equated to work. That was the only way that money would actually appear. That was one thing that growing up that I just knew that to be able to make money that it equated to working hard.

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[0:14:57.2]

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[INTERVIEW CONTINUED]

[0:15:28.8]

FT: What was your first job?

[0:15:31.5]

JK: I would say it's kind of hard because there's a lot of little part time jobs but I would say, delivering newspapers after school every single day and then also I did, in the summer time, I did work at a library full time as well. That was interesting.

[0:15:46.9]

FT: Did you always want to teach and specifically about accounting and finance?

[0:15:52.1]

JK: I don't know if it was about teaching, it was just, accounting, it always made perfect sense to me which is kind of weird to say, it just clicked. And I really like to be in a setting where I'm helping people. That could be again being in the office and helping the process along of making the business run or it could be helping the people along the way that just need that little nudge with their money or with something.

[0:16:19.9]

FT: Okay, failure, you listen to this show, this is an inevitable question. What's your biggest financial failure and how did you work through it?

[0:16:27.7]

JK: I would say that that was the biggest failure.

[0:16:31.8]

FT: Really? I feel you have to get — I mean the debt was in some ways a vehicle to get you to where you need it to be and then you paid it off, so what's the problem?

[0:16:44.2]

JK: I mean I almost had two college experience that were totally different because it was just kind of odd because when I went for my undergraduate degree, it was like a fully paid thing. I did not borrow any money through that process or really very little in a four year degree but it was all grad loans that I borrowed on and I just wasn't really prepared for that because it was just something where I was \$50,000 in the hole and really the only time that I knew what that number was is when I graduated and that was not the best way to go about financing or paying for that degree.

[0:17:23.0]

FT: Well you obviously have students in your class who have student loans, what's your biggest piece of advice to them? I find — I'll tell you this, my personal experience visiting colleges, I am dumbfounded by the number of students who come up to me not because they're telling me they have student loans, I get that.

They don't know what their payments are going to be. I say, "Okay, what's your balance and what's your estimated monthly payment?" And they're like, "Uh what? We don't know." You can actually discover that now and start to anticipate that and maybe work towards having some reserves for that. That's something that they didn't know they could even do, but what's your experience?

[0:18:03.7]

JK: They don't know their numbers. Personally, like I said, in my own experience, I didn't know my number until I was finished and I think getting them aware of that number is going to be very important and I take time out of my class to actually do that. So I actually, can show them in Excel with a very basic formula, what that number is.

If I know what they borrowed, I know what their interest rate is and we can determine their payback schedule, we can determine what that monthly payment is in probably a minute, it's very simple to do.

[0:18:35.5]

FT: I know, it takes literally minutes. Okay, let's talk about success, your So Money moment and you're not allowed to say that it was when you paid off your student loans.

[0:18:44.0]

JK: Come on, that was the answer.

[0:18:45.1]

FT: No. We've tackled that up down, sideways. So something else that you're really proud of that exemplifies hard work, discipline and consciousness when it comes to money?

[0:19:01.1]

JK: I would say probably negotiating different bills. So I would say, we're at the beginning of the year now and the one thing that I always like to do is do an audit of what I have to pay out or what I actually have. I actually — when I make calls to vendors or calls to the people that I'm working with, it's something where if you don't ask them for something, you're not going to get it. Personally I just renegotiated my cable bills. Now I'm paying probably 20, \$30 less than I was

previously. I had to make a little tweak but it's something where those little things can really add up.

[0:19:41.2]

FT: I'm going to skip ahead a little bit, but what's your guilty pleasure?

[0:19:45.8]

JK: Right now, I would say that — I would have to say that I need to do every month, I have to get a massage because I just need to relax.

[0:20:01.0]

FT: Nice.

[0:20:02.1]

JK: It's just something that is.

[0:20:03.1]

FT: I need to do that too.

[0:20:05.9]

JK: It's well worth the investment.

[0:20:07.0]

FT: Right? I find like there's like, you can have a great massage and then you can have a terrible massage. I have to do some research.

[0:20:14.8]

JK: I've actually have a person that I go to now that I found locally that is excellent.

[0:20:20.8]

FT: Okay, so it is possible. I know people rave about their massagers, okay, sorry, I had to ask. What's your number one habit? Your money habit that you do besides budgeting that maybe there's an app that you use or a trick that you have that helps you with your finances?

[0:20:42.7]

JK: I don't use very many apps. I mean I share them with students but I don't use them personally. I would just say that I still keep track of everything on paper. I think having an actual written ledger with my checkbook and knowing exactly what's in there, what's going out, what's coming in and checking that with my online bank statement, that works perfect.

[0:21:09.8]

FT: So it sounds like managing your money is not complicated?

[0:21:14.8]

JK: No, I have to make it very simple, it's simple, it's better.

[0:21:19.3]

FT: Okay, let's do some So Money fill in the blanks. Do you like these? I ask these on the show all the time.

[0:21:25.9]

JK: Yes.

[0:21:27.7]

FT: Okay, Now you're on the hot seat. If I won the lottery tomorrow, the first thing I would do is _____.

[0:21:35.2]

JK: I would need to basically — because we just went through the big power ball fiasco right? But I didn't win that. I would have to say, I would need to make sure that the taxes, the legal aspect of that is all taken care of first and then once that's all setup, I would definitely make sure that I could take care of my parents, make sure that I could retire them because they've work so hard for so many years to be able to help them would be excellent. Yeah, that would probably be the most important thing.

[0:22:07.0]

FT: All right, one thing that I spend on that makes my life easier or better is _____.

[0:22:17.3]

JK: People will laugh when I say this but I will just say, technology because from a teaching perspective and this has really helped me be able to work more efficiently is to be able to have technology help me as opposed to hinder me. So I think having technology in place to be able to help me in the grading process, to be able to organize and track things is the best. People will laugh when I say technology because I still use a — I do not have a smart phone, I still have a dumb phone as I call it.

[0:22:47.9]

FT: I was going to ask, do you have an iPhone6 or do you have a Samsung Galaxy? What's your preference, what's your preferred smart phone and you have a flip phone?

[0:22:56.9]

JK: I have a flip phone yes.

[0:22:58.2]

FT: Lord.

[0:22:59.2]

JK: Yeah, I know right?

[0:23:00.7]

FT: What's your monthly cellphone bill, can I ask?

[0:23:03.7]

JK: Yeah, it's actually \$30 a month.

[0:23:06.9]

FT: Oh okay. Now I know how you got out of that student loan debt.

[0:23:09.9]

JK: That's right, yeah, exactly right?

[0:23:11.7]

FT: The truth comes out.

[0:23:13.0]

JK: I'm not spending huge data plan costs.

[0:23:15.8]

FT: Yeah, my bill is like four times that every month.

[0:23:18.1]

JK: Yeah, most people it is.

[0:23:20.3]

FT: My goodness, do you miss — you don't know what you're missing though. I guess that's the beauty of it.

[0:23:25.0]

JK: Exactly.

[0:23:26.5]

FT: You're missing a lot.

[0:23:27.8]

JK: I guess I am.

[0:23:30.0]

FT: I can watch movies, I can ask a robot how to find me the best restaurant in town in like three seconds but it's the little things I guess.

[0:23:38.0]

JK: That's right.

[0:23:39.1]

FT: All right. When I was younger, the one thing I wish I had learned about money is _____.

[0:23:44.4]

JK: I would say investing. Like I said, working hard, money came from work and I think just being able to understand how the stock market worked and that compound interest that goes with investing compared to just putting money in savings because right now with interest rates being so low, savings isn't going to make us much of anything in a savings account but putting money into the stock market even though it's down at the start of the year this year, it's going to be a better wealth creator than putting money...

[0:24:12.6]

FT: "Yeah, you don't have to be wealthy to invest but you have to invest to be wealthy." I learned that in this podcast.

[0:24:18.3]

JK: There you go.

[0:24:18.5]

FT: Someone told me that. See? I learn things too on this show.

[0:24:21.5]

JK: That's great.

[0:24:24.7]

FT: When I donate, I like to give to _____ because _____.

[0:24:29.1]

JK: Well, ever since I got out of student loan debt, I've actually been able to bump this up and I've actually, in this process, actually taken my previous student loan and actually taking that and adopted a student. So basically, what I do is go to the college campus every month and actually take my student loan payment and give that as an anonymous scholarship.

[0:24:50.1]

FT: Wow, that's amazing!

[0:24:53.3]

JK: So yeah, it's exciting, it's actually really cool to see.

[0:24:56.3]

FT: So these students don't know that you're the secret behind their extra payments?

[0:25:01.3]

JK: They may when they hear this but actually this last month, actually one student that I did this for actually questioned me about it because they were so funny, she was like, "How did this happen? She's like did you do that?" I actually was like, "I actually did that."

[0:25:19.5]

FT: That's a great charity because I don't think that's tax deductible for you.

[0:25:23.3]

JK: It is not.

[0:25:23.9]

FT: That's real charity because you're not even — you're doing it so selflessly, you're not even getting the tax break.

[0:25:31.1]

JK: Right.

[0:25:31.3]

FT: That's pretty awesome. Wow. All right, I'm Joe Koss — you probably thought about this one right? I'm So Money because _____.

[0:25:40.6]

JK: I would have to say that as an educator I love to teach students the practical side of things so being able to do that in a setting where they can actually apply what I'm teaching every single day to their money is going to make me So Money.

[0:25:56.4]

FT: I love that and by the way, your students, I shouldn't say kids because they said they're all age ranges, but they are keeping you accountable too.

[0:26:05.0]

JK: Exactly.

[0:26:05.7]

FT: There's some pressure that comes along with being the professor who is teaching finance, you need to make sure you're out of debt.

[0:26:11.2]

JK: Exactly. And when you said "my kids", I always say "my kids" even though some of the students may be older than me, it is something that happens.

[0:26:19.7]

FT: All right, well Joe, thank you so much, not just for sharing your story on the podcast but being such a loyal listener and giving me feedback every step of the way, I really appreciate you and listeners like you. Thank you so much.

[0:26:32.2]

JK: Absolutely, thank you for having me and cannot wait to see what's going on with the new show that's coming out.

[0:26:36.3]

FT: The new CNBC show, yeah, it's really exciting. March 23rd. set your DVR's.

[0:26:42]

JK: Exciting!

[END]