**EPISODE 473**

[ASK FARNOOSH]

[0:00:33.5]

**FT:** Welcome back to So Money everyone, I'm your host Farnoosh Torabi and I am coming at you from Brooklyn, not San Diego and you might be wondering why I say that and it's because all my pals, all my peers in the financial space are convening right now as I speak in San Diego for the annual FinCon event. It's the Financial Blogger's Conference. I think it's the sixth year now, maybe seventh and I've tried to go every single year. I went the last two years and I'm missing out this year just because of timing and it's hard to go cross country. It's the beginning of the school year for my son, so I wanted to be there for that. So just got to make trade off and I just want to wish everybody who is at Fin Con maybe listening to this show a very successful event.

For me I know it's been a real game changer going to FinCon. Every year I learn something new, I make new friends, I become inspired. It was that FinCon when I decided to start a podcast and it was at FinCon when I decided to dabble in some online coursing and although I haven't launched the online course, it's definitely something that I'm intently working on. So I'm very grateful to the organizers and the people who go to FinCon. A little fun fact, this year, fin con has nominated So Money as one of the best new financial podcasts, which is such an honor and one year they also nominated *When She Makes More,* my book as the best new personal finance book of the year and I did actually win.

Hoping for another home run although because I'm not there, I feel like I won't deserve it because I got to be there to accept the award but wishing all my other candidates in that category the best of luck, it's such an honor and Sophia, welcome to the show, I know you've been quietly listening to me as I've been dabbling here.

[0:02:39.5]

**SY:** I have, yeah.

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[0:02:40.7]

**FT:** You and I were both at FinCon last year and that was your first experience. What did you think?

[0:02:44.1]

**SY:** It was. It was really cool. First of all, I have to be honest, I hadn't heard of FinCon before working with you but it was great and it was really awesome to be able to meet a lot of the people that you've had on the show before and actually I had seen all of their faces and names but to actually interact with them was really great.

[0:03:06.2]

**FT:** Likewise, I agree. Yeah, this can be a very solitary job, very audio driven because — well maybe one day we'll go into videos here but for now, I like the audio medium, it's very intimate. But yeah, it's nice to be able to put a face to all the guest' names and even while I was there last year, got the chance to interview some people for the podcast, I had some live podcast experience. Anyways, enough about that. Best of luck to another successful FinCon, PT, Phil Taylor is the organizer and commandeer of FinCon and he's got a fantastic blog and he's also been on this show before. Go to ptmoney.com to learn about him.

If you want to learn more about FinCon, go to finconexpo.com. They've got some great speakers and every year it just seems like it gets bigger and bigger and more integrative. At first it was just bloggers, now it's big media, it's big sponsors, big brands and I think little by little they're going to be inviting consumers and the people who are fans of blogs to come. So it's going to be like a real con. I imagine people dressing up in like costumes and going and taking pictures with fans. It will be interesting to see how this evolves. But I'll try to make it next year, I've already got the dates on my calendar for 2017, believe it or not. Hopefully it's on the east coast somewhere so I can make it more easily but I'll definitely make a bigger effort next year.

All right, moving on to this week's questions, Sophia, you've done the hard work of sifting through all of our inquiries and I see we have a question form a Regina. By the way people, let us know where you're from when you're writing in. I think that will be fun, just because we want to know where you're from. Sometimes we know people are from overseas, they'll mention like, "I live in Russia or abroad," and that's also cool to find out but let us know where you're from.

[0:05:06.9]

**SY:** All right, Regina is 26 and she is making $50,000 a year and debt free. She contributes 10% to her company's 403(b) plan and automates $500 a month into her savings and she has about $30,000 in a 0.75% online savings account. She would like to invest $10,000 using a robo adviser since she has no immediate plans on making any big purchases in the next five or so years and wants to know if you think that's a smart move.

[0:05:44.9]

**FT:** Well you know I love robo advisers, I think for especially the scenario she illustrates. She's already doing the work 403(b), which is the employer sponsored plan, she's also saving in a rainy day and so now I think yes, you are in a good position if you've got some extra money that you want to put to work and you don't need this money in the short term, you're looking to invest this over the long run, five years, 10 years, 30 years then yes, you want something that's a little more aggressive than just a traditional bank account and maybe you've taken as much as you can from your work plan and you want to try something different.

A diversified retirement plan is always a great approach, you're not just in the stocks and mutual funds that you pick but also in your strategy, having the 403(b), having maybe a brokerage account through a platform like a robo adviser, I think would be really, really smart. Of course there's a number of them out there, this is a very much a growing sector. Obviously there's wealthfront.com, a sponsor of this podcast. I'm not bias to them but I will say, if you go to wealthfront.com/somoney, you can get $15,000 managed for free starting today.

That's a special offer they're giving our listeners. Though, I would encourage you to shop around and compare the different investment strategies between Wealthfront. There's also

Betterment, there's also Ellevest, there's also Worth FM and so on and so on. I think Charles Schwab also has an online sort of digital robo advisory. The answer is yes, I think that if you're looking to invest aggressively over the long run, you're young, you want to put your money to the max, get some compound interest going and avoid the high fees that you would pay say a financial adviser to invest this money for you, go directly to the source, go online digitally because these companies don't have as much overhead as a brick and mortar brokerage, so they can forward that savings on to their customers in the form of lower fees.

The fees are substantially less whereas you may have between 1% and one and a half percent working with a financial adviser to invest his money for you. They charge anywhere from… it's a fraction of that, it's 0.25%, 0.5%. So do the apples to apples comparison, let us know how it goes, it sounds like you're doing really well with your money, when I was 26, not so great. I was $30,000 in debt, things change quickly for me though because I wrote the book and had a lot of side gigs but it was dicey there for a moment.

I was making less than $50,000 to hear that you're 26 making that 50 a year, you're debt free, that's huge, I'm sure you have a big leg up compared to some of your peers so keep up the good work and let us know if you have anymore questions about robo advisers. I think it could be a really smart move for you. Again, if you're looking to invest this money over the long haul. That's a good question, I was just saying to someone today earlier Sophia, I think our audience is so smart.

[0:09:08.4]

**SY:** They are, I would agree with that.

[0:09:12.4]

**FT:** I'm not saying they've got it all figured out, no one has it all figured out. But I love the caliber of questions that come through this inbox. They're all thoughtful, it sounds like everyone's trying to make the best moves, the best efforts, they're being conscious and I just think that's So Money, I just love it, it makes me really love my job. It would be much different if I was getting an influx of questions that was like, “I have $100,000 in debt, I’m a spendaholic, I don’t know what to do.” It’s harder to help those people.

[0:09:46.6]

**SY:** Yeah, no I definitely agree. Well speaking of great questions, I think the next one is really interesting and it comes from Kelly. She wants to know how do early retirees from full time jobs that provide health insurance benefits address the high cost of health insurance over so many years. She says that this is never really addressed in any of the financial podcast that she’s been listening to.

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**FT:** Right. It’s a great question and we all — the advice, it needs to be there, right? Because we support early retirement but I also the implications of that can be costly with regards to healthcare because typically if you retire at 65, you qualify for some government assistance, you’ll qualify for Medicare. What I find that a lot of retirees do, early retires is they plan it out, you don’t just quit and go, “Oh wait, I need health insurance.” You talked to your partner if you’re still married, if they’re still going to continue to work, can you go on their work plan? That’s one potential option. Another option is Obama care and getting insurance through the market place.

That seems to be the best case scenario if you don’t have another option like a partner or a domestic partner who can let you piggy back on their health insurance. But it’s a really good question, it is an underserved question and I think some resources were there, may be more answers to this question aarp.org, Medicare.gov although I know that’s — we just talked about how that’s something that’s reserved for people who are older, but it’s always good to know what’s to come ahead.

The other thing is you could if you’re healthy and you’re just, it’s like a three year window between now, maybe qualifying for Medicare because you’ve retired early is to budget on your own, creating a savings account literally for your healthcare costs, knowing that you’re not going to have the benefit of insurance during those years, it’s definitely a cost to consider and plan for and the earlier you start thinking about it, the better.

I'll continue researching this because I do think we talk so much, Sophia, about early retirement, it would behoove us to, as a side bar to that, talk about the implications for health insurance and how to afford it. Oh here's the other solution. Part time work. So some employers, even though you work for them 20 hours a week or 15 hours a week, they will provide you with some health insurance. Companies like Starbucks and I think Container Store in Costco do have exceptional health benefits for their employees and just benefits in general, including their part time employees.

I have a friend who actually, when she was in New York freelancing, had no health insurance, she worked at the Container Store for like 15 hours a week and qualified for health insurance that way. She loved working there. She made all her friends there, it wasn't really — she didn't consider it work. So there's a lot of things you can try to do, maybe joining in a union also was another way people are getting health insurance like a freelancer's union.

I know I kind of went through a whole laundry list, maybe what we'll do is on So Money, for this episode at the website, we'll list this resources again for you but the transcripts will always be there too. So that's probably the best way to follow up and catch everything we just talked about. I don't want to assume you came to this podcast with a pen and paper. Thank you for your question, it was a very good one.

[0:13:23.4]

**SY:** So we don't have much from the next listener in terms of her background but her question is pretty straightforward. It comes from Daria and she says she and her husband can make it on his paycheck alone and they want to put hers directly into savings and want to know if this is a good idea.

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**FT:** I like it for couples that want to save very aggressively with a goal in mind whether it's starting a family, buying a home, I think it can be a really fast paced way to save money and I would just want to make sure that Daria has still some financial autonomy, very much for every

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person in a relationship to feel financially independent while still feeling like you're both working towards similar financial goals, having that shared account if that works for you but making sure that also you feel very independent in some of the decisions that you want to make, whether it's going out and buying yourself a cup of coffee, splurging on yourself.

So Daria, I would just say, maybe take out five or 10% and just put it for yourself in your own savings account, just because you want to have that ability to access your money without strings attached, without having to asked permission. This is the feminist in me, so I would just do that in addition to them putting the rest towards your joint savings account. But do attach it to a goal, I think that will make it more exciting and more meaningful to you and I think it will be great.

Couples do this, I remember getting married and hearing about savings strategies and one of my friends did this. She said, "You know, two years before our marriage, we wanted to start off on the right foot financially, be able to pay for our wedding debt free and then some, have some money to start our life together." So for two years they lived together and lived solely on her husband to be's salary. He paid for the mortgage and everything like that while all her income went towards a savings bucket for them.

I think it's been really great, they live a nice life and they pay for most of everything in cash and it really gave them a head start. So maybe it's not a long term thing, you don't do this forever but I think as a short term strategy, it can be a great way for couples to get ahead because think about it, imagine saving your entire salary? You can save tens and tens of thousands of dollars in a year. The answer is yes, short question, short answer, yes.

[0:15:54.4]

**SY:** The next question is about your favorite topic, negotiating, and it come from Shayna. She asks, how do you negotiate your salary when a potential employer demands your wage requirements upfront before an offer. She want to ultimately avoid offering up her number but she finds that it's difficult when her candidacy is on the line based on its value and she says, how does one express their value as an employee, if the employer seems to be crunching her numbers before even meeting her?

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**FT:** Yeah, that is a great question, it happens a lot and to take the perspective of the employer, I think they do it because they just want to know whether they're wasting their time or not with you. They just want to make sure that before they go down this path of really investing their time and talking about the job and maybe even giving you the job that they are meeting expectations. And this is an opportunity for you I think, you can flip it, I really think if this is an opportunity. Not to quickly reveal your number, you want to be able to stretch that out as far as you can and don't feel threatened by their pushiness.

But rather, use this as an opportunity to get them to share with you more about the role that you potentially will fill. No job is apples to apples. So it's not really fare for them to ask you, before they've really gone down the road of explaining the job to you and how you would be fulfilling the role to say, "How much do you want to make?" Because that doesn't really give you any frame of reference to work with. This is an opportunity for you to come back to them and say, "Well I'm more than willing to share with you what I think would be a reasonable or fair salary range for me," and make sure it's a range, it's not like a one number.

Give him an opportunity like work with you within a range. Give him your best case scenario as your high, what you would love, love, love to make , maybe plus 10% and then on the lower end of that is like, what you definitely want to make in order for this job to really make sense for you and nothing less. And no matter what they give you, it's going to be a win. Say, "You know, I really want to learn more about the job and its description and how I would be, how you envision me executing this job because it's not quite like the job I have now. So for me to really give you a fair salary range, I would love to learn more about the job," and kind of extend the conversation as much as you can.

Get them to talk and reveal as much as possible and through this they'll learn, I think they'll sense that you're interested, that you're curious and hopefully through this they'll also start to love you more. The next step is to do your research. If they push back on this and I say, "Well, the job is this, what's your number," and it's not really this thoughtful conversation. You've got to say, hopefully you've done it already, you can come to the table with your research and your research should really entail, looking at given the job description, other jobs in this market with your experience and education and everything else, what the range should be, fairly, in the market place. There are websites out there that can help you get to that figure, the figures. There's payscale.com, salary.com.

Sophia, what's the company Jason Nazar was on the show? He's the CEO of comparably.com. That's a newer site, they're all about income transparency. So check out those sites to educate yourself on really what will be fair for you to make and have that in your back pocket and how to be in range. So $75 to $90k, $80 to $100k. Preface with "because this job isn't exactly the same as my last job, I would love to learn more about the responsibilities and together I'm hoping we can come up with a fair salary for this job".

Don't make it about what you are making now, make it about what you think this job, what the value of this job is to them and peg it to the market. Be like, "I've done the research," so it's less about you, your current salary, more about what you deserve and what you're worth, given the market, given the job title and job description. That's what I would say. I'm getting worked up because I find that sometimes we've gotten questions form people in the past Sophia where they're like, "I feel like I got bully in the meeting where they were really insistent on figuring out how much I was making," and first of all, I don't even think that's legal.

I feel like if they push you on that and then you don't want to reveal it, they can't, I feel like it's discriminatory and I don't know if that's even — I'm not an HR expert but I feel like that is not kosher. But it still happens a lot. You need to just go in there and dance with that and not feel threatened and not feel afraid, be confident. Show your confidence, show your ability to converse and negotiate and if they can't see that and appreciate that then I'm not sure this is a company for you. And I have said that frankly to people who are like, "I feel like I got bullied." I'm like, "You know what? Take that as a sign that this is not the right environment for you."

If you're already not feeling welcomed and respected during the interview process then how do you think they're going to treat you when you're an employee there? Unfortunately this happens and you just have to take it as far as you can but also maintain your dignity. If you need to walk away, you need to walk away and that's how I'll end that. Not all negotiations are winnable, because you have to maintain your dignity.

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**SY:** That's good advice.

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**FT:** Not financial advice, just life advice.

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**SY:** Life advice, yeah.

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**FT:** Okay, all right, we have one more — I think we have time for one more question.

[0:21:51.1]

**SY:** Yes, so the last question is from Lacey. and she wants to know how much do you recommend putting down for a car payment because she says you mentioned in a recent show that you went to go buy a car in cash and realized by getting alone, the purchase was less expensive. So she says, "Do you recommend going through the car dealership lender or your personal bank?"

[0:22:13.6]

**FT:** Right. Well, just to clarify, yes, at the time when I bought my car in 2012, I was shocked because I thought I was going to wave cash in front of this guy and he was going to give me a discount. But, no go. They definitely, we negotiated and I got a deal that I liked but it didn't help my case any further because I was going to pay with cash, they wanted me to get alone and finance it and they would have then lowered the price. But remember, after paying for the loan with interest, it ends up being more money. It would have been maybe less painful to part with the cash over time but I believe, and I'm not an experienced car buyer because I live in New York and I've only really had a car recently.

Although I've done the research and according to sites like Edmond's and other, it's similar to buying a home, we talk about the more you put down, the better deal you can probably get and it's not even about getting the better deal, it's about just getting the deal. They want to make sure that you have skin in the game. So 10 to 20% is about the ballpark for your down payment. 20% is ideal, I think minimum is 10% and so keep that in mind when you are car shopping if you want to finance it, have the cash.

And sometimes they want the cash right then and there, when we went to the car dealership, we were kind of surprised they wanted a bank check, they wanted a certified check. So that was a pain, because it was like, I think it was Memorial Day or something and I couldn't find a bank that was open and anyway. So plan that out. Your timing is important because sometimes you'll be at the mercy of your bank hours to get them the certified check but just know that 10 to 20% is usually the range and that's what I would say about that. Good luck, let us know how it goes with your new wheels. Thanks Sophia.

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**SY:** Thank you.

[0:24:16.1]

**FT:** I really enjoyed these questions, thanks to everybody and a special shout out to a young lady, I just learned that — so I'm working with his attorney right now, Jason, he's fantastic. He's helping me with my condo combination and my tax stuff, it's complicated. But that's why I hired a lawyer and he was, we've been working together virtually basically for like the past month and he recently wrote to me say that his fiancé is a fan of the show. Neither of them really were like communicating to each other about the fact that they both kind of knew me.

He was emailing me this morning, he was like, "I know that my fiancée loves listening to podcasts," her  name is Liat. Finally she was like, "Oh my god I love this woman Farnoosh, So

Money," and meanwhile he's like, "Yeah, I know her, we've been meal buddies for the past six weeks." The world is small and so grateful and I love stories like this and it just reminds me why we do what we do. Thank you to everybody who tuned in, hope your weekend is SO Money and again, congrats to everybody at FinCon this weekend, hope it's successful as always and I'll hope to see you next year. Thanks everyone!

[END]

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