

EPISODE 482

[ASK FARNOOSH]

[0:00:33.0]

FT: You're listening to So Money everyone. Happy Friday, it's Farnoosh Torabi coming at you with another Ask Farnoosh episode, which by the way, this have become one of the more popular episodes of all episodes. I love that you guys love hearing from me and that maybe I should just do Ask Farnoosh's all the time.

I think I would get really bored at that. But I just want to say that it's always nice to connect with you guys this way, to hear your questions coming in through the pipeline. We have a lot to get through and really appreciate that you guys trust me to give you some direction. I'm not always right but I try my best.

Joining us as always is the lovely Sophia. Welcome Sophia.

[0:01:13.7]

SY: Hi.

[0:01:14.3]

FT: Hello. Sophia and I are very busy this days, mostly because I don't know if you can believe it Sophia, but in just a week we will be launching a workshop that was just a seed of an idea back in May. But once I decide to do things, ladies and gentlemen, they happen. It's more work than I thought but work that I like, the work shop is a very small little workshop that I put together. Sophia's been very, very helpful in orchestrating it as well and are hope is that we're going the get this six individuals who have generously signed up and ambitiously signed up.

These are all very accomplished entrepreneurs in their own rights, chefs to financial experts to branding experts to HR experts, they all want to write books and I've done a few. So I am

hoping to shed on them some wisdom, some guidance and along the way introduce them to other experts in the publishing field that can help them learn how to launch a successful book and not only have a successful book, but to leverage that intellectual property to then take their businesses to newer heights.

More money, more audience, more opportunities and as someone who has been through it several times and who has also seen the changes in the industry and the continuing changes, I thought it would be a cool way for me to practice some talents of mine that I don't normally get to practice. About 90% of my work is personal finance related, this 10%, this workshop I suppose is more about kind of what I've learned through growing up in my industry.

This is something that has completely been inspired by the podcast, by the way. I would not be able to be doing this unless I had, had the inspiration from the 500 plus almost episodes that we've done since January 2014, the entrepreneurs who have come on the show who started from zero, and then have made seven figures, sometimes eight figures, simply by just tapping into some of their wisdom and you all have wisdom. Everyone listening on this show has something special to teach and you just have to practice and figure out what that is and test it.

This workshop came out of a coaching program that I tested out for six months, last year coaching some individuals one on one on this topic and then thinking, "Okay, how do I scale this?" Well let's do a workshop. Let's do an intensive two day event in New York, I'll film it and then the next level could be a course, an online course, which I'm hoping will be born out of this workshop. So stay tuned for more and next week is the big event and lots of moving parts. But Sophia, have you enjoyed the process? I feel like working with me, it's not just like fielding money question. You wear a lot of hats.

[0:04:18.6]

SY: I do. I do, but I enjoy it. No, I do enjoy it.

[0:04:23.4]

FT: I mean really, you're running around finding locations, scouting places, coordinating, communicating with different people. I hope that this is all good experience for you and maybe through all this you'll figure out the one thing that will stick. So anyhow, all this to say, love the podcast, love you guys and without further ado, let's just skip ahead and go to the questions because that's why you're really listening to this podcast anyway, right? You want to know what's on people's money minds because you might have similar situations. I think we have a question here from Sarah who is a PSU Alum.

[0:04:57.3]

SY: Yes she is and she really appreciated your McClanahan shout out recently on the podcast.

[0:05:03.0]

FT: Yes, McClanahan sucked a lot of my money in college. It was this general store, I lived above it. I literally lived above it and I wouldn't want to study or whatever, I would procrastinate and it was open till midnight or sometimes, I think it was actually 24 hours. Yeah, you could always find me there buying something that I did not need.

[0:05:25.0]

SY: That's not very So Money.

[0:05:25.5]

FT: No it's not. I was not always So Money Sophia. I was very un-money, not so money.

[0:05:34.0]

SY: Well jumping to Sarah's question, she wants to know what you think about keeping receipts because 99% of her spending is done via a creditor, debit card rather than cash and she's using Mint currently as a record for all of her spending. But she wants to know if there is any value in keeping the receipts, obviously unless she might return something.

[0:05:53.8]

FT: Right, well love that she uses Mint. We have a lot in common Sarah, PSUer, you use Mint, I use Mint, I blog for Mint. Well, here's the thing, I don't like to keep receipts either. Although I do like to keep them for — well it depends on what the receipt is for, right? If it's for a purchase, a clothing purchase or something that you might want to return or even something where there might be a price adjustment in your future where you bought something full price, two weeks later there's a friends and family sale or there's a 10% off discount.

Some stores will honor that receipt and give you the discount even though you bought it a week ago or two weeks ago. So that's actually come to my rescue in some cases. In other cases, if you are a freelancer or a business owner, receipt[s] are important to keep. Paper trail does come in handy when you're filing your taxes but more because if you get audited, in some cases the IRS does not accept just a transaction on your credit card statement as proof of the business expense. They want the hard copy receipts.

By the way, this is something I only learned like a month ago. So I hope no one who works for the IRS is listening to the show because if I get audited, I might have to forfeit a lot of my meals that I've been expensing all these years as business expenses. I didn't know that unless you're traveling. If you're traveling for business then all expenses that are recorded on a business credit card or debit card are fine, that's your paper trail, that's your record. But if you are in your local town, city and you go to a business lunch like Sophia, you and I go on business lunches sometimes, I charge it. I'm supposed to actually keep that receipt.

Not because I need it to file my taxes, necessarily, but because my bookkeeper told me that if I get audited, the IRS wants the physical receipt for that. So I've been doing that but she said, a work around is to take a photograph of the receipt and that's good enough too. They want the actual receipt, whether it's the paper or a picture of it. They just want the line item on your bill that says you went to Shangri-La restaurant with your colleagues. I guess it's like an extra step and there's a lot of people who fake those expenses to the point where the IRS has created another hurdle for us.

That's something maybe you weren't even thinking about, you don't even own a business, it doesn't apply to you but if anyone else is listening and they own a business or they freelance and they have some expenses that they do deduct, as a result of having side income, just keep that in mind. You can keep photographs of all your receipts as well and then just transfer those to a folder every month or every week or however regularly you want, just to have as backup. But yeah, who wants like a wallet full of nasty receipts? Sophia, do you have a lot of receipts in your wallet?

[0:09:00.4]

SY: So actually what I do is I take my receipts out of my wallet at the end of each day and I put them in a box that I keep in my desk at home and then every couple of weeks, I clean out the box. I'll go through the receipts quickly and just look and be like, "Oh this J. Crew sweater that I just bought just went on sale, maybe I'll see if I can go price adjust it." Or I already got it on a really great sale and I don't need it anymore and I'll toss it out. But I do keep them and then I go through them every couple of weeks and just kind of rotate them out and get rid of them.

[0:09:31.2]

FT: Great. Well that's very diligent of you. I mean some stores don't even need a receipt from you to return the item. As long as you paid with a credit card that they can usually look that up and you show them ID and they'll find your transaction. I know J. Crew can do that, Nordstrom can do that. Not all stores will do that, but it's a nice convenience. Good question Sarah. I think that some people have an emotional attachments to receipts too.

Like my husband, I feel like he has an irrational relationship with receipts and because he will have a stack of receipts next to his bedside, on his bedside table and I'll go through them sometimes because I'm cleaning and I'm like, "What?" They're all you know, ATM receipts or Le Pain Quotidien receipts. These aren't really important receipts. I think because in his mind, he needs to shred them. Because even if I think the last four digits of his credit card is on them, he gets nervous which is probably good and I think it's a little over doing it, right?

[0:10:34.7]

SY: Yeah, a little bit.

[0:10:35.7]

FT: Can you tell him that? Because I can't tell on that. He will think that I'm just financially mommy'ing him.

[0:10:40.3]

SY: Next time I see him, I'll find a way to bring that up.

[0:10:42.3]

FT: Yeah, be like, "I heard you have a weird relationship with receipts." Anyway, a little glimpse into my life. Okay, let's talk about Jennifer's got a question about paychecks and tell me the question.

[0:10:57.5]

SY: All right. So she loves the podcast and says that it's actually me look at her paychecks way differently.

[0:11:03.4]

FT: Oh that's what she said, okay.

[0:11:04.8]

SY: Yeah, and she's taken up a lot of healthy money habits as a result of listening to the show.

[0:11:08.0]

FT: Oh thanks Jennifer.

[0:11:11.1]

SY: She's currently working at a large organization and she's been in her role for almost six months but she's starting to have second thoughts and she wants to know when it might be okay to start looking for another position within that company?

[0:11:25.5]

FT: Well I think that a six month marker is actually a good time to have a meeting with your supervisor and just go over your last six months and what you've done, what you've enjoyed, what you wish you could do more of. So rather than jumping the gun and going, "This position isn't right for me, I need to move elsewhere within the company or leave the company," I think six months is a healthy appropriate time to schedule a meeting with your manager, your direct report to just talk about how things are going.

And you may be able to redirect your responsibilities just through that conversation and your supervisor may want to 100% make you happy because the last thing they want is to have you leave and then retrain someone new and go through that whole recruiting process again. It's in their best interest to hear you out at the very least. So do that and then write back to us and let us know how it went and what you're still thinking. But I think, for you specifically, I think having a six month catch up meeting is a really great idea.

In general, when is it okay to start looking for another position within a company? I think that really just has to do with the pace of your work. How much have you accomplished so far? How quickly do other people get promoted? If you're seeing people get promoted after a year, after 18 months, I think six months might not be too early to at least start looking at other opportunities. Maybe not applying for them yet but start exploring. Get to know other people who work in different divisions, ask them how they like their jobs, what do they do? Get too become familiar with how your company works as a whole and where you could see yourself fitting in next.

How's that for advice?

[0:13:05.1]

SY: I think that's great and I agree with speaking with her supervisor because, like you said, they just want to keep you happy. I mean, they're not there to make your life miserable, they're there to help you. Also, when you're able to speak to your supervisor, it shows that you're taking the initiative, you want to do more.

Maybe they're just not putting as much on your plate right now because they think that you're busy. Because at the same time, while your supervisor does oversee the things that you're doing, they're not sitting next to you seeing your every single move throughout the day. They might think that the work that the work that you have is keeping you busy all day long when maybe you actually do have room to start doing some other projects on the side. So it's worth talking to your supervisor.

[0:13:50.6]

FT: Right. I will say, when I was at New York 1 and I was a producer and it was a very fast paced job and I was doing a multiple things at once and I had my eye on the prize, which was getting on camera. I was behind the scenes, I really want to be in front of the camera. Me and a million other people. So I shared that with almost every producer there.

I did have a six month meeting with my supervisor and I did tell her what I ultimately would like to do and how I would like to build on my skills while I was there to then basically graduate into a role on camera and my supervisor, here's the thing, she was really great in many ways. But I almost feel like she wanted me to pay my dues, you know? Which I get, but I also think that if you're doing great work and you're doing it fast, then you should be able to move up fast.

I think in her mind, she was like, "Well, it's only been six months or it's only been a year," and then it was only two years and she kept saying like, "Well, in due time." I was like, "Well, I'm not really sure how much more time I can take." You know, so that's the other question that you need to answer for yourself is like how eager are you? But also make sure that you're being

realistic too, that the company has its own needs, right? It can't just like let you jump from one job to the next, just because you're eager. You really need to make sure that you're building on your skills, that you're prepared to take on these other roles and that you have earned their trust. That's like maybe some parting advice based on my own experience.

Ultimately I left that company but I, in those two years, with the advice of my manager, kept on working hard, kept on trying new things, building on my existing skills. She ultimately wouldn't promote me to on camera full time, even though I was doing it part time and producing and still executing and I left. You know, that's sometimes what ends up happening but it was not a waste of time being there and I almost thank her for pushing me and I am glad she didn't give me the promotion because that means I would have just stayed there.

[SPONSOR BREAK]

[0:16:04.5]

FT: Need a website? Why not do it yourself with Wix.com? No matter what business you're in, Wix.com has something for you. Used by more than 84 million people worldwide, Wix.com makes it easy to get your website live today. You need to get the word out about your business, it all starts with a stunning website.

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When you're running your own business, you're bound to be busy, too busy. Too busy worrying about your budget, too busy scheduling appointments, too busy to build a website for your business and because you're too busy, it has to be easy and that's where Wix.com comes in. With Wix.com, it's easy and free. Go to Wix.com to create your own website today. The result is stunning!

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[0:17:06.5]

SY: Switching gears, our next question is from Yael, I hope I pronounced that properly.

[0:17:10.6]

FT: I went to school with a Yael.

[0:17:14.0]

SY: He just got your book, *You're So Money*, from the Houston Public Library and he loves it. He's in his 20's and he put \$11,000 in a Fidelity Growth Strategies Fund with a bonus from his job, thinking that the money would grow but so far it hasn't and it's been over 10 years and he now has around like \$7,000 and he wants to move money into an index fund but doesn't know where to start.

[0:17:39.6]

FT: Okay. So I think that there are a lot of ways you can go about opening up an index fund. You can go to your local bank, your local brokerage, there's online trading platforms, Betterment, WealthFront, Ellevest. It's really just about figuring out what institution or platform you're comfortable with, checking out their prices. They all probably have a lot of very similar offerings and sometimes it's not just investing in one single index fund, maybe they'll give you a basket of index funds and so we check out those resources.

I'm sorry you lost money on this investment. I'm not really sure what happened? The last few years have been a pretty good market for the broader markets. I don't know what's in that particular strategies fund. Hopefully you weren't paying a lot in fees and that wasn't what was eating up a lot of that \$11,000, but just be very, very cautious about that going forward.

[0:18:36.8]

SY: So our next question is from Malcolm and he ultimately would like to create a foundation that provides scholarships to high school seniors so that it can cover the expenses for books and living and moving and ultimately he wants to be able to give a small donation between \$500 to a thousand dollars each year. He wants to know if he can do this by setting up a fund with Vanguard or Fidelity?

[0:19:02.9]

FT: I am not sure about this question. Does anyone else out there know? I don't know exactly how he wants this structured either. I think that's my problem. I think you can definitely open up funds with Vanguard or Fidelity but you know it sounds like he's doing two different things here. He wants to create a foundation to provide scholarships for high school seniors. So essentially maybe collecting donations, he himself contributing, and then additionally he wants to provide a small donation to each person to help them with books and moving expenses.

So it's like two different — I don't know, maybe it's the same thing and I'm misreading it? But I think you should be able to. I would say call up Vanguard, call up Fidelity, call up some of these other banks and ask them, "What's the procedure?" Do they have something targeted for nonprofit organizations that want to raise money and have it grow over a period of time? Because it's true, you're going to be raising all this money, not everyone's going to be going to college right away.

So in the meantime, that money can grow and I think that I would assume you could do something like this, I am not 100% sure. Sounds like a great idea, love that you're thinking along these lines Malcolm. Make some phone calls and go to the sources, see what they say and report back because I would actually like to know the answer to this myself. Right?

[0:20:20.3]

SY: Yeah. Oh I think it's fascinating.

[0:20:22.9]

FT: All right. So then last but not least, we have Sara and she wants to know our thoughts on living at home with her mom.

[0:20:28.5]

SY: Yeah, so she's 28 and she contributes 8% to her 401(k) and she is also fully funding her Roth IRA this year and she's paid down over 70% of her student loans while she has been living at home. But she wants to live on her own but she lives in New York City, so she won't be able to fully contribute to her Roth and pay rent if she moves out. So she wonders if she should just keep living like this and wait to move out?

[0:20:55.4]

FT: We had a question similar to this last week, right? Or I suggested it. I was like, "Go live at home." I'm a big fan of living at home temporarily if it means you can expedite your financial situation, you can expedite achieving your goals. I think it would be prudent Sarah, I think it would be a great idea. I'm sure mom would love it to have you home for a little bit. If you can commit to this goal of continue to pay off your student loans and then save for retirement, I think you'll be really happy with the outcome.

I think it will be, I won't lie, in the meanwhile. Because New York City is a lot of fun, I won't deny that. But maybe you can find a new appreciation for living outside of the city for that timeframe. Think of it as an adventure, you know? Think of it as like, an exploration, investing in your future really is what you're doing and, like I was saying last week, I think it could be a really great way for young people to and really anybody, because we're just talking a year, you know? We're not talking decades, it's just a year. A year can go by really quickly and I think you'll really like how your bank account will look at the end of that 12 months.

So as long as you get along with your mom for the most part, I mean, I don't expect you to get along with her perfectly, who does? Who gets along with their parents perfectly? But I think that it's important that you and she talk about just expectations, you know? That if you want to go out night and not have to call her every two minutes or whatever, I think you need to set her, manage her expectations and have a very open dialogue about that and be respectful. You're in

her home, so that's important. Don't disrespect, but just maybe it's been a while since you've lived at home, so she may still think of you as like 18 year old Sarah.

So it's important to have that conversation I think as kind of laying the groundwork for any adult child moving back in with mom and dad. An if it makes sense, maybe contribute to the household expenses. If that's something that your mom could really appreciate and you can do it, I would do that.

[0:23:02.3]

SY: I think that's great advice and, you know, I think it's getting political for a second, it was funny how...

[0:23:08.1]

FT: It's a lecture, you can do that.

[0:23:10.6]

SY: There was that leaked audio of Hillary Clinton talking about millennials and how many of them are living at home and because they're saddled with student loan debt and of course they republicans are...

[0:23:22.0]

FT: It was leaked?

[0:23:24.3]

SY: It was leaked because it hadn't been, I think it was more of a private conversation that she had been having. But basically the republicans tried to make it out to be that she was talking badly about millennials, but I don't see anything wrong with living at home.

[0:23:38.9]

FT: Her daughter is a millennial.

[0:23:40.6]

SY: Yeah. If you're trying to pay off your student loans and set yourself up to have a healthy financial standing, I mean I think I know so many of my friends who once we graduated from college who lived at home for many years and some of us still do and you know, I don't think there's anything wrong with that.

[0:23:58.2]

FT: Yeah, you heard it. Sophia's 25 so take her word for it. I'm in a different decade, she's more in the trenches with you Sarah and I think if she says it's okay, then I think it's more than okay. All right everyone, thanks for tuning in, we had two Sarah's writing in, we had Malcolm, Yael and Jennifer. Thanks guys and gals for trusting us with your questions. I'm sorry that Yael, I didn't have a lot of answers for you and Malcolm, same. I didn't have a lot of answers for the men. That wasn't intentional, I promise.

Like I said, report back to us and let us know what you discover because as much as I look at this show as a place for listeners to learn, I also look at it as a place for all of us to educate each other. So I try to help you, you help me and we move the needle. Thanks so much for tuning in and I hope your weekend is So Money.

[END]