EPISODE 582

[INTRODUCTION]

[0:00:34.6]

FT: Welcome to So Money everyone. Who loves money? Smart women, that's who. Today's guest is the author of the awesome books, *Smart Women Love Money*. Alice Finn, you know, we've talked often on this show about the gender wage gap and also the investing gap you know, women tend to invest less than men and yes we have less money to invest with but our guest today would argue that it's not how much you make that's important, but it's how you save and invest that money that is critical.

Alice Finn, author of *Smart Women Love Money: Five Simple Life Changing Rules of Investing* is with us today and in the book, she offers tools that women and men need to achieve long term success no matter how the markets are fluctuating. Alice is the CEO of Powerhouse Assets, it's a firm that she founded to help women become more engaged when it comes to their finances. She has a very interesting background, having worked at NASA, having started multiple businesses.

Here is Alice Finn.

[INTERVIEW]

[0:01:35.9]

FT: Alice Finn, welcome to So Money, author of *Smart Women Love Money*. Isn't that true?

[0:01:42.2]

AF: Yes, especially the way it's described in the book that I wrote. I really want women to get their money working for them so that they can support everything else in their life that they also love.

[0:01:52.4]

FT: Right. No better person to write this book. I did a little bit of an introduction for our listeners. Tell us a little bit about yourself and what brought you to this journey of being an author?

[0:02:02.9]

AF: Well, I originally was a lawyer and I realized that I envied my clients and so I became an entrepreneur in the financial planning field. This is my second company and this company I'm focused on trying to get more women to pay attention to their own investing. One of the ways I realized I could do that best was to write a book and one of the things I'm most excited about is people are using this book as a present to give to other people, other women in their life.

So many women are telling me that mothers are giving it to their daughters and aunts are giving it to their nieces and, you know, friends are giving it to friends and I'm just really excited about that.

[0:02:42.2]

FT: We were talking earlier before we went live that the book really is, it's great to the touch, it's beautiful and as I was saying, it's something that I want to proudly display on my coffee table. There's a lot of money books out there that you read and you sort of, you know, they collect dust in your bookshelf years down the road but this is really well done.

It's counter to the topic. Because the topic can be kind of dry and boring, right? That's one of the reasons why you think women sometimes don't invest a lot of time learning about money and investing is because a number of reasons, but one of them is that it can be boring and I've been there, I could attest to that.

[0:03:19.9]

AF: Right. Yes, what I usually hear is “investing is boring or it’s too complicated or I’m too busy for it”. You know, all of those I understand when people say that. Let’s start with the last one “I’m too busy for it”. I mean, women are so busy, we’re juggling so much that I totally get why they’d say, “You know, if somebody else land on that, I’m just going to let them, I’m going to delegate because it’s something that I can get off my plate.”

That’s all fine and good but you should at least understand how your money is being invested at a high level so that you make sure that the asset allocation is proper for you that you’re not taking too much risk, that you understand how it’s being invested, you’re not paying too much in fees et cetera. The book is written so that you can get that background and then if you want to delegate to someone else to actually do the management, that’s fine. But at least to the high level, you really need to understand the five rules that I talked about in the book.

[0:04:15.9]

FT: Let’s just briefly talk about those five rules. The first is invest in stocks for the long run, second is allocate your assets, third is implement using index funds. Then you go and talk about rebalancing and how that’s important to do it regularly and then finally, best piece of advice I think because something that I was sort of late to the game realizing as well is keep the fees low.

There are a lot of hidden fees and fees we don’t even realize when it comes to the investments that we choose. We know sort of the overarching fee of maybe paying an adviser, portfolio fee but this is, we’re talking also about fees associated with the different investment vehicles.

[0:04:56.4]

AF: I saw in the book that if you paid 2% more in fees than you need to, by the time you want to retire, you could end up with half the net worth and it’s just really scary because it’s sort of I call negative compounding. Your money is going in the wrong direction if you’re paying 2% a year in fees. If you really pay attention to that and it’s one thing that you can pay attention to, you can prevent that from happening and in a sense, not lose half your wealth to fees that are really unnecessary.

That's the other thing, as you mentioned, the third rule is to use index funds because if you use low cost investment vehicles, they actually do usually better than paying for active managers that you have to pay a lot of money, they have to spend their time doing research and in the end, all the studies that I've seen, all of the experience that I've had is that that doesn't lead to better results. It usually leads to worst results because you're paying all the fees. So if you keep it this low, it's a simpler way to invest and it's usually going to save you a ton of money. The combination of the two is really important.

[0:06:05.8]

FT: Industry question for you: so I've been reading a lot of recent headlines and we've been talking on the show in recent months about the importance of index funds and how they can save you all this money and really the performance is sometimes on par or better than actively managed funds and then you look at headlines that talk about Vanguard and how they're — do you know they're managing about almost a trillion dollars' worth of investor dollars are going towards a Vanguard funds right now?

[0:06:31.6]

AF: Exactly.

[0:06:32.4]

FT: Which is so much money and so that begs the question, what is happening to the industry, what's investment managers that actively manage your portfolio, are those jobs just going away? Is that even a path worth pursuing? Is there any logic to that anymore?

[0:06:47.2]

AF: Well, actually, one of the questions I get is people say to me, "If everybody's indexing, that can't work because we've got to keep the market efficient," right? Let's just start with the idea that if you figure out what percent is actually in index funds right now, it's less than 30%. I've seen about 22%.

So we're not at risk anytime soon of the whole market being indexed. I think they'll be unfortunately in my mind, plenty of roles for active managers to keep the market efficient. Many more than we need and I think that's just because of human nature. People want to feel like they can beat the market.

[0:07:22.2]

FT: Right.

[0:07:23.4]

AF: I've just seeing that over and over again and even I, it's entertaining, it's to try and pick stocks and see if you can do better than the market. I just think human nature means that it will be a long time before active managers won't have jobs and before there will be too much of the market that's indexed.

[0:07:41.9]

FT: It's very entertaining, I'm a fan of Billions on Showtime and of course those guys are Hedgies, Hedge fund managers, a different category of active managers but clearly if you have a money, you're an institution, you can't give a piece of that pie to an active manager and cross your fingers I suppose.

[0:08:02.9]

AF: Although, the institutions what I've seen are actually pulling some of their money out of active management. Yeah, I remember reading about Harvard and…

[0:08:12.4]

FT: Pensions.

[0:08:14.5]

AF: Yeah. I think you're right when you ask the question to start is the trend is for people to start realizing more and more that indexing is the way to go. But we have so far to go that I'm not worried at any time soon that there won't be roles for active managers or that there will be too much of the market indexed. In fact, one thing I was reading was that we would need like more than 80% of the market to be in index funds for the market to be at risk of not being efficient. So that 20% can still keep the market really efficient and the rest of us can be happy that there's active managers keeping the market efficient so we can keep our fees low and use index funds.

[0:08:54.1]

FT: Makes sense. Let's get a little philosophical, turning the tables now to learn a little bit about how your brain works and your money background and I understand that you're an advocate for women and as we know, women make less than men. But the bigger problem you see is that we're not even investing or saving the money that we make and so one of your philosophy is that it's not how much you make, but it's what you can save and most importantly invest.

So talk a little bit about that and why you think that is more important. Because we do talk about on this show how it is important to earn as much as you can especially women with the wage gap. So talk a little bit about that philosophy and how you came to it?

[0:09:38.1]

AF: Okay, so the way I came to it with my father was a diehard investor and when I was growing up, he had a mantra, "It's not how much you make, it's how much you save." So of course I remembered that in my first job. My first job I actually worked for NASA for the space agency and I remember I was making not very much money. But I remember by the end of my first year, I'd save $5,000 and my parents were really proud of me because I'd save money.

What I came to realize after a few years was that, that's not where it stops. You have to take the money that you're saving and put it to work for you. Get it compounding, get it growing and that's what in the end will create wealth and the richness to be able to plan your own life so that you don't have to work for money, eventually.

What I look at is the wage gap while it's bad. It will lead to, for women, tens of thousands of dollars less than men, I guess it depends on what field you're in but at least tens of thousands of dollars less over the course of the lifetime. But if you don't, if you can't invest your money or don't invest your money. That will lead to over a million dollars of lost opportunity cost. So it's just exponentially worse if you don't invest.

[0:10:56.1]

FT: What's even worse not to get too morbid here but not starting as early as possible? You started with your first job saving $5,000, had you invested that at that stage in your life, so much money by the time 20 years later or 30 years later. So it's really important to get this message in for young women.

For the older generations, people who are say in their 50's or I hear a lot of times people are approaching retirement with nothing. Is there any way for them to catch up a little bit?

[0:11:29.2]

AF: Well, certainly if you have nothing, you have to save some to be able to invest it. Usually what I hear from people is that they feel like they're about to retire so they shouldn't invest because they're going to use that money for retirement. But hopefully, most people that are retiring today will have decades to live. So the money that they need in the next two or three years, yes, you should not have exposed that to the market because you don't want to have to take it out if the market happens to be down when you need it.

But, the money that you're going to need over 10 years or 20 years, that should be invested in the market and you should take as much risk as you can sleep with at night. That has to do with your personality, your risk tolerance et cetera. You really do need to get that money working for you because you're going to need it for a long time, hopefully.

[0:12:14.6]

FT: What do you make of this saying that women are less risky than men and as a result don't earn as much when they invest and some of them, they're so risk averse, they don't even invest to begin with? Do you see — has that been true in your experience working with clients?

[0:12:32.8]

AF: I think if women don't understand how investing works, yes, they end up wanting to just keep their money safe. But once I sit down with them and talk with them and show them how the investing works and that's one of the reasons I wrote the book is I want people to start understanding that, if they don't already Then they realize that getting their money to work for them is actually in some ways less risky because if you put your money in a bank account these days, it's earning nothing. By definition, you're losing money against inflation. The risk of that and you're not being able to retire, that's huge.

It depends on how you define risk and I think if you read a book like *Smart Women Love Money*, you'll get the perspective that you need to understand that investing of course it involves some risk but it's a calculated risk. It's not like going to a casino, the odds are with you when you're investing. In fact, just as an example, if what I explain to people is if your grandmother or great grandmother had taken $10 in 1926, right before the great depression and invested it in US large company stocks, today, that $10 would be worth $60,000.

Had your grandmother, great grandmother invested in small company US stocks, that $10 today would be worth over $20,000. So, just think about that, it's the trend is up and of course there's going to be ups and downs, there will be volatility but if you have enough time, the odds are with you and that's why it's important to get your money working for you.

[0:14:15.2]

FT: Yes. You talked about your dad and his philosophy of "it's not how much you earn, it's how much you save", it sounds like it's not a coincidence how you pursued your career and where you ended up professionally. So talk a little bit about your upbringing and how maybe it prepared you for your career today in terms of your savviness and your interest in money and teaching others about money?

[0:14:43.2]

AF: Well, my father, as I said, was a diehard investor. But at the start, he had an importing business. He imported precious and semi-precious stones form Asia. He was an entrepreneur as well so I think my entrepreneurial bent comes from that too, which is personality type I think.

When he was running that company, he also was saving in investing and over time, the investing is what he was spending the most time on and living on and so I watched my parents have a very nice retirement and at one point we were living in Puerto Rico, they made wonderful new friends, it was a great life and he was able to do that because his investments were working for him. So I learned both entrepreneurship and the idea of getting your money working for you by watching my father.

[0:15:38.8]

FT: All right, let's talk about failure. Everyone's got to disclose something on this show and tell us something about maybe the biggest financial failure that you experienced and how it taught you a lesson you wouldn't have learned otherwise?

[0:15:55.3]

AF: Well, for me, a financial failure is just the time that it took me to learn that investing in individual stocks is a combination of a waste of time because it takes a lot of time and you can be distracted by it and not focus on other things, and it doesn't end up leading to better results. I admit that I like the entertainment of investing in stocks and I have done that probably too much in my life even though I know it's not the right way to go.

The bulk of my portfolio is in index funds, but I have what I call an entertainment account that I do pick individual stocks and I know that some of my clients do too because even though they listen to me and we use index funds, they also like to pick stocks.

My failure is that it's hard for me to get over my human nature, which is the entertainment aspect of picking stocks I think is fun and so what I do is, rather than making that the bulk of my portfolio, I just have like it's almost like a relief valve, I have this entertainment account and I invest in individual stocks and usually, I look at that and I realized I'm making much more money in the index funds.

[0:17:01.6]

FT: Really? Yeah.

[0:17:04.0]

AF: Absolutely.

[0:17:04.8]

FT: But it's fun. What are your stock picks? We're not recommending stocks just as a disclosure, disclaimer for anyone listening, but I am curious what are some of the picks that you got?

[0:17:14.2]

AF: Okay, one is Apple and actually, there's a good story related to that. When my kids were in their early teens, I gave them each a little bit of money to invest and my son, I think he was like 13 at the time, he picked Apple and I said to him, "Okay, here's the deal. You can spend half of the money that you make on your investing and half will continue investing."

He and I explained to both my children that I believed in index funds and I really thought that that's what they should invest in. But like myself, I wanted them to be able to make their own mistakes so they can learn from it. So he picked Apple. At first, Apple was, it had just gone down so I think it wasn't like 350 or something. That was before it had split and he invested and like six months later, it had doubled. I remember saying to him, "Okay, you can go buy something with that and with the half of the increase. He said, "Oh no, I want to keep investing."

So both of us, of course what happened was after he said that, Apple went down again and he learned the lesson of the riding things up and riding things down. As a result, both of us have some Apple stocks still and it's the sort of nice joke between us that it was one of the things that he has learned his lesson on because he rode it up and then rode it down.

[0:18:39.8]

FT: Right.

[0:18:40.6]

AF: And realized yeah.

[0:18:41.1]

FT: You can't get too greedy, you got to sell some of that.

[0:18:44.0]

AF: Exactly. That's one of the things I remember my father saying is there's bulls, bears, and pigs.

[0:18:48.2]

FT: Yup. Pigs get slaughtered.

[0:18:49.7]

AF: Right.

[0:18:50.8]

FT: Jim Kramer used to — still says that, I think. Jim was one of my mentors and my boss in another job. That is a good story and I like how you called it an entertainment fund and when I wrote my first book, *You're So Money*, I had a chapter on investing and this is kind of pre-index fund craze, you know, index fund promotion and people, young people especially were really into the stock market. This was before the crash too.

We said, "You know what? Fine, if you want to invest and be kind of picking stocks here and there, you have to approach it like it's a sport, it's your favorite sport, you have to check your team and the score every single day and this is money that you have to be okay losing. It's only money that you have after you've saved, after you've invested more properly, after you've paid off debt, this is sort of like your slush fund for investing and proceed with caution or not and learn along the way."

[0:19:53.2]

AF: Right, exactly. Because it really — what I find is that, while it can be entertaining and it also can take a lot of time and not necessarily time well spent, just a lot of time watching it and reacting to it, etcetera. So it can be a really distracting too and not in a good way. So depends on how you are feeling about your stock picks I suppose at the moment.

[0:20:14.1]

FT: When you were a corporate lawyer you had an "aha moment" sort of a So Money moment I think right? Tell us what the realization was, what happened?

[0:20:24.3]

AF: Okay, so my first job out of law school I worked for NASA for the space agency in the general counsel's office and I loved that job. It was doing some of their international agreements. I have to negotiate when the Japanese rented the space shuttle, etcetera. Then I moved back to Boston where I am from because one of the things I tell people was decide where you want to live first and then decide what career you want to have because ultimately where you want to live is such an important life decision.

So I had grown up in the Boston area and wanted to move back. So I went and worked for a corporate law firm and I realized that after a few years that I was at the printer in the middle of the night and the partner was standing next to me and I thought, “Wait a minute, this isn’t going to work for me.” Because first of all, most importantly I am not passionate about corporate law. I’m just not. I am more of an entrepreneur and I was envying my clients.

And secondly, I wanted to have children and I thought to myself if the way the business model works is you’re being paid by the hour and I am here in the middle of the night, how am I ever going to spend time with my children? And then finally, I just decided that that wasn’t really the career for me, as I said, because I wanted to be an entrepreneur. So I switched careers and one of the ways I thought about what to switch into was I thought about what’s my background? What am I good at, and what kind of lifestyle I want and my background was of course I had corporate law experience but I also had some international finance experience and gone to Fletcher School at Taft and got a great background in that.

So I had that background. I’m a numbers person I’ve just always been a number’s person and it just took me a while to realize that therefore I should have a career that I was focused on numbers a significant portion of the time. And then finally, I wanted a lifestyle that was flexible so financial planning and investing sit all three, so I made that switch and it really for me has been a wonderful career. I highly recommend it to other women. It’s a job where first of all I love investing but I also love being able to help other people achieve their life goals and I really get to know my clients well, better than their doctors in some ways because when it comes to money…

[0:22:41.1]

FT: Oh I believe it.

[0:22:42.2]

AF: Yeah, I really get to know my clients well and I have a great relationship with them and it's really rewarding. I feel like my clients appreciate me and that to me is important in my job. I want to feel that I am doing something that's appreciated and so for the combination of reasons, this has been a wonderful career for me.

[0:23:02.3]

FT: That is brilliant because so often we lead our lives with the choices we make surrounding our career and career exclusively and so I want to be a journalist and most likely I'll have to be in New York and what if you hate New York? What if you hate subway commuting? What if you hate living in a small tiny apartment? You will be miserable. That's brilliant and it is not a coincidence that so many guest that I have on this show that have been profiled because of their ability to retire early, they are millionaire's next door, they have retired at 45, chances are they don't live at a coastal city.

They live somewhere that they first and foremost love and could imagine not being in. Like people — for some reason a lot of millionaire's next door live in Colorado. Where they live in New England or they're not in New York, they're not in San Francisco, not a surprise, but they are having a fantastic time and they are able to really call their own shots. I think the best kind of career is a career where you can be, as they say, location agnostic. You don't have to do it in a particular sort of place. There is not a big plant for that company in a certain town in New Jersey and that's where you have to live.

[0:24:21.2]

AF: Right and there's many, many more jobs like that because of technology so that's the good news but I completely agree. As I have told when I go to career panels and things like that, I'd say decide where you want to live first. That's really fundamental and then decide a career that you can do it from there.

[0:24:44.3]

FT: Right. Okay, let's talk about some of the habits that you practice, Alice. I want to learn so much from you while I have you on the phone because I think that it's rare that you get to speak with someone with so much of your experience and so much of your wisdom. So tell me a little bit about what you do to keep your finances thriving. What's a habit that you practice that you can recommend to others?

[0:25:12.1]

AF: Well I do for myself what I do for my clients and sometimes it's hard, by the way. I understand why my clients hire me because I am very disciplined about their portfolios and I make myself be disciplined about mine. So that is the most important thing that I do. So I have an asset allocation. Like, what percent do I want at a high level in stocks versus fixed income? So the stock portion is at risk.

The fixed income I treat much more conservatively in being like bonds and cash and then within stocks I figure out what percent in the US versus international, what percent in small versus large, and what percent in value stocks versus gross stocks worldwide. Then once I come up with that what I call target asset allocation, once a quarter I look at my portfolio and I rebalance it if need be, or if the market has moved a lot I will rebalance accordingly. Or if I am putting money in or taking money out in a significant way then that's a good time to rebalance too.

So I'm basically doing what I do for my clients and I'd treat it, again, in a very disciplined way. It's really important to not be emotional about it because one example is when we think about right before the election, people were nervous that if the Trump administration got in that the market would tank. And so people were wondering whether they should pull their money out of the market, what should they do? Nobody that I knew predicted that the market would go up after Trump got elected. So it's just so impossible to time the market and so as a result, the best thing to do is to be very disciplined, come up with a target asset allocation and rebalance back to that periodically.

[0:26:59.3]

FT: And you can do that automatically, right? You can auto rebalance.

[0:27:03.7]

AF: Yes, although I also want to take into account the tax consequences if I am rebalancing an account that's a taxable account not just a retirement account that is tax sheltered. So there is some art to it as well. That's not a 100% automated.

[0:27:17.8]

FT: And most of us if we do invest, we invest with our company's 401(k) and this is stuff that you can and should practice even with those types of accounts too, right? You don't have to necessarily wait until you have a brokerage account.

[0:27:31.2]

AF: Right and actually most, when you think about it, most 401(k) accounts will do the rebalancing for you. So it's much easier as you are putting money in it will be being rebalanced back to what you want it to be.

[0:27:43.9]

FT: All right. Okay Alice let's do some So Money fill-in-the-blanks. Pretend that you don't ever listen to the show and you don't know what's going to come at you.

[0:27:53.1]

AF: Okay.

[0:27:54.2]

FT: If I won the lottery tomorrow, say $100 million, the first thing I would do is _____.

[0:28:00.7]

AF: Actually I would do what I'm doing now. I probably would sit down and figure out how to use those resources in the way to enhance everything I'm already doing. So I love giving to my Alma Matters because I feel like I benefited from them so the Fletcher School of Law and Diplomacy is Tufts. They are doing wonderful things to create global leaders. So I would give more money to them. I would do what I am doing now.

I would spend time on the things that I believe in. I would be promoting my book, I would be talking to many women about why it's important for them to get their money working for them. I'd spend time with my love one and friends, I would of course spend time still with my clients because I appreciate working with them and I would also take time to do what I loved doing for relaxing.

I love to go to Cape Cod, I've always gone there since I was very little and so it's a place that I would love to go and just walk on the beach and relax and then I love to travel internationally because it gives me a perspective on life that it's hard to get sometimes when you're in your own bubble.

[0:29:12.4]

FT: You know, I've heard the expression and let me know if you agree with this, "that the more you make or the more money that you have in your life, more money makes you more of who you are" in the sense that it gives you a platform to sort of do and be the person that you really are but in bigger way. So if you are a generous person and then you hopefully inherit a lot of money, you become a more generous person. If you're stingy and greedy, more money is not going to make you more generous.

[0:29:45.0]

AF: Right, actually that makes perfect sense. Because one of the things I'm thinking of, my other Alma Matter is Harvard and they have this Lessenger Library that has the history of women in America and I've been thinking that when I did donate, I donate there and that it would be nice to be able to give more there because it's just more important to keep that history in mind and as we add to it. So, yes absolutely, that makes sense. I hadn't heard that before but it makes perfect sense to me.

[0:30:14.6]

FT: Yeah, all right, the one thing I spend on that makes my life easier, or better, or both is _____.

[0:30:20.8]

AF: I like to spend locally. I didn't appreciate how important that was until in our neighborhood where there's a supermarket about a mile and a half from me and I remember one winter there was so much snow that the roof collapsed and as a result these supermarkets roof caved in and they were closed for over six months and I didn't appreciate and my neighbors as well how much that supermarket being close to us how important that was to our daily life.

So I learned from that that it's really important to support the local stores in your community so that they're part of your community and even if it might be cheaper to buy something elsewhere it's just really important to support the local community.

[0:31:11.8]

FT: That's a good reminder. Yeah, I mean, when times get tough like that snow storm or a state of emergency and you can't leave your house, Amazon is not coming to your house. Prime is not working out for you that day, so it's important to really support the local merchants so that they can be there and keep your doors open when you really, really need them.

[0:31:32.1]

AF: Right and they add a richness to your community too, so yeah.

[0:31:35.9]

FT: For sure. My biggest guilty pleasure that I spend a lot of money on is _____.

[0:31:41.4]

AF: So in the scheme of things, it's probably not a lot of money but I think of sometimes guilty pleasures don't have to cost relatively that much. I love having Jasmine tea in the afternoon.

[0:31:54.6]

FT: And you feel guilty about it, no?

[0:31:56.7]

AF: I don't — I won't say I feel guilty about it but I do like to go and when I am travelling abroad I might, I'll say one thing about my children, my son is on the US National Speed Climbing Team. So we were in China recently for him to compete and I remember looking around there for the wonderful Jasmine tea that I could find and I was willing to spend a lot of money on these rare Jasmin tea pearls and it's probably a little ridiculous but that's just a little guilty pleasure that I have that I don't worry about how much I am spending on because in the scheme of things it's not that much.

[0:32:33.0]

FT: Try to make the switch from coffee to tea. Does Jasmine tea have caffeine?

[0:32:37.7]

AF: Only a little bit and that's what I love about it. It gives me just that absolute boost in the afternoon when I'm feeling like I need something. As an example, when I was working on the book if I needed a little bit of a boost, I would make some Jasmine tea and then I could work on the book and it helped me think, I think.

[0:32:55.9]

FT: Yeah, that is not for me. I just had a second baby so I need the all the caffeine I get.

[0:33:00.0]

AF: All the caffeine, exactly.

[0:33:01.5]

FT: But I find that caffeine doesn't do it for me anymore. I guess maybe you have to switch coffees or go to a different kind of caffeinated beverage but the drip coffee is just like water at this point for me. It just goes to my snapshot into my life.

[0:33:16.4]

AF: I think it depends. Well for me it's changed overtime. I remember when I was in college there was a company called The Coffee Connection in the Boston area and I used to go there and have this really thick cup of coffee and about 10:00 at night and I'd go study and I would go right to sleep. If I did that now I would be up all night. So I think it just depends, I think overtime maybe right now you need all that caffeine because you're so sleep deprived but overtime it might change.

[0:33:42.8]

FT: Wow, yeah I am thinking like there's this thing they sell at Starbucks, it's called the Red Eye. So it's like I don't want to get it wrong, but I think it's like two shots of espresso plus a latte plus everything but the kitchen sink caffeinated.

[0:34:04.8]

AF: Oh my goodness.

[0:34:06.1]

FT: People get that.

[0:34:07.0]

AF: I'd be up for three days if I had that. I know my children like they'll drink all these caffeinated things to keep them up and I look and I think, "Wow." I guess I used to do the same thing so it's no different right?

[0:34:19.9]

FT: Yep, all right one thing I wish I had known about money growing up, this I want to hear because it sounds like you had a pretty educated upbringing about money so there was one thing that your parents left out, what is it _____.

[0:34:32.7]

AF: Okay, so I think as I have said it before, my father never explicitly said it's not what you make, it's what you said and then invest. So that last phrase I learned through osmosis but I never consciously learned it until I was in my 30's and I realized, "Wait a minute, can't just put the money in an account. You have to get it working for you," and so somehow, I learned that lesson much more clearly when I was in my 30's and I wished I had learned it earlier because I would have gotten my money working much sooner and of course the compounding would have gotten working earlier and it would've all been in better.

So actually for my clients and my children, my clients would have children I encourage them to tell their children even in their first job, even in their summer jobs, take a little bit of that money and put it in Roth IRA because when you're in a very low tax bracket, you could put that money in with basically no taxes and then it will grow tax-free for the rest of your life until you take it out. It's just the compounding that works on that and the tax benefits of that are just the fantastic. People should, I know it's probably harder when you're in a low tax bracket to save money but to the extent you can save anything and put it in a Roth IRA, it will really benefit you later. The compounding is like magic, it really is.

[0:36:02.2]

FT: All right, last but not least, I'm Alice Finn, I'm So Money because?

[0:36:06.9]

AF: Well because I wrote a book called *Smart Women Love Money: The Five Simple Life Changing Rules of Investing* and I'm so excited because people are telling me that they're giving it as gift to the other women in their life.

So mothers to daughters, aunts to nieces et cetera. The fact that I'm helping spread the word about how important it is for women to get their money working for them, that's why I'm So Money.

[0:36:33.1]

FT: And just to give people — there's so many accolades for this book, I'm just looking at the back of it, from Whitney Johnson and who is just a trail blazer in the world of investing and she wrote a book called *Disrupt Yourself* and Minutia Taqur who has been on this podcast, she's a very well known financial adviser but the book is being really — I should say the topic of the book investing, women in investing had been called "feminism's final frontier." You agree with that?

[0:37:01.0]

AF: I totally agree with that. It's one of the arguments I make in the book is that this is a frontier that women have not focused on enough, we're not engaged enough in our own investing and the beauty of this as a final frontier is that there is no glass ceilings. The stock market does not care whether you are a man or a woman, put your money in, it's gender neutral, you'll get the same rewards no matter your gender.

[0:37:27.5]

FT: I like that. Yes. Alice Finn, thank you so much and congratulations, really appreciate that you took the time to write this book, I know you're very busy doing many other things so giving back like this is such a generous thing and we really appreciate it.

[0:37:43.1]

AF: So happy to have been on your podcast and I think what you're doing is wonderful too because we're all trying to spread the word that women should pay attention to their money and get it working for them, to support everything that they want to do in their life.

[0:37:58.0]

FT: When women make more, the world becomes a better place. Alice Finn, thank you.

[0:38:00.4]

AF: Absolutely, thank you.

[END]