EPISODE 812

[ASK FARNOOSH]

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FT: Welcome to So Money everybody, it is Friday November 23rd. I hope everybody had a fabulous Thanksgiving. It is the unofficial kickoff to the holidays and today is Black Friday. Some of you might be out there spending a couple of bucks, there are a lot of deals to be had today but are they really deals?

You know? People sometimes ask me what's my opinion on Black Friday and truth is, I think there are some steals, you will not be finding me online anywhere for a door buster but I do like to learn what the door busters are. I'm just kind of a nerd like that. I want to know how the retailers are competing, what's the hot product or products this holiday season.

Yeah, sometimes if it's a favorite store and they're having a 40% off sale, I might buy a few things if I was really having an eye on a jacket. I have had some pretty incredible Black Friday buys I will say. I bought this amazing coat one time that I saw it was way too expensive retail and then it was like, you know, bargain based price on Black Friday.

In my size so you better believe I scoop that one up. In general, I'm not really a Black Friday enthusiast but I know a lot of us do have many gifts to purchase this holiday season. We've got some episodes lined up for you to help with that. Today's ask Farnoosh Friday. I'm going solo this particular episode, recording this over the holiday week. It's been a little challenging scheduling wise, pairing up with a cohost although I do still encourage you guys to dial in and let me know if you want to cohost.

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I got a couple of you, a few of you who have emailed or pinged me and I will be getting back to you with some dates. You might be able to tell from my voice, I am a little under the weather, I am nursing some tea as I record this episode and so apologies if my voice is not its normal self, it's the season but wanted to definitely dedicate this episode to all the questions that have been coming in. Particularly through Instagram.

I'm very proud of my Instagram ladies and gentlemen. When I started the year, it was around, you know, a few thousand followers, I wasn't really giving any Instagram love because frankly, I wanted a place where I could just post privately. I was behind the scenes on Instagram for many years. I didn't have a public profile and then suddenly, people decided that was the place to be so I went public and slowly but surely, have been climbing the ranks and I'm not verified yet if you know how to get verified on Instagram and you got an in, let me know.

It's kind of like the most impossible thing to accomplish at this point. It's probably easier to solve world peace than get a blue check mark next to your name on Instagram. As you know, if you've been following me there or if you've been reaching me, I engage. I'm a highly engaged person on Instagram. I tend to answer questions through direct message on the go, I'm sharing lots and lots of the behind the scenes of my life at work and posting things. Not every day.

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I feel like I don't have anything interesting every single day to post that's feed worthy but that's up for debate. All this to say, Instagram 10,000 ladies and gentlemen, I know, I'm not exactly a Kim Kardashian on Instagram but I'm very proud of the community that we have built there. Thank you for following me there, if you're not, what's keeping you?

Let's get on that bandwagon, join me on Instagram and it's a lot of fun, a lot of our questions today came from Instagram. Questions here ranging from sharing a credit card with your partner, what to do with your side hustle money, how to invest in your 20's and lots of questions. First, Ruby on Instagram wants to know about my opinions regarding getting a second credit card with her husband.

She says that she and he want to get a card to manage their expenses jointly and so have I ever heard of a joint account on credit cards and the answer is yes. I have one with Tim. I think this is a great way for couples to co-mingle their finances and not a fan of combining everything. I think everybody should have some autonomy. His, hers and mine. His and his and mine or hers and hers and mine. Just have your own stash but I think having a joint credit card has multi benefits.

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One is that it streamlines the bill, right? If you're both purchasing things throughout the month on separate cards and you want to reconcile that, it can be a little – it's a little challenging, there are extra layers, right? More steps. But if it's one card and you're putting your joint expenses on there, it creates transparency, it allows for easy bill payment and also, if you share a credit card, your credit scores will both be impacted by the activity on that card.

This is great if one person in the relationship doesn't have the best credit score by essentially opening up a joint credit card and assuming that everything goes well with this card, all the bills get paid on time, you keep a low balance, et cetera. That each person's credit score will be impacted positively because of that and that's going to particularly be helpful for the person who has the lower score. This can have the adverse effect too if you get a joint credit card and it goes amuck then expect your credit score both of your credit scores to take a hit.

Just keep that in mind that when you have a joint card or even if you have a card that is primarily in one person's name and then the other person gets like, their own card as an authorized user, that's the other way to kind of streamline this. That both of your credit reports will be impacted by the activity on that particular card.

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I'm a fan if everyone's responsible and this is meant to be used as a way to create transparency in your financial life, streamline your expenses, better manage your bill payment, et cetera. Go for it. All right. Naomi on Instagram has a good problem. She and her husband are both side hustlers which is great and as a result, they're bringing in upwards of two to $500 per month and that is their fun money because she says that they've already taken care of you know, bills, and they save and all the good things.

Bad news is she doesn't really have a plan for this money and that's where she really wants my help. She says, "you know, we just end up spending it and so how can we get disciplined?" Look, I'm a big fan of enjoying your money and if this is side hustle money, that is icing on the cake, you should have fun with it.

That said, if it's bothering you or if you feel like, how many more restaurants can we go to or like we've kind of exhausted our entertainment for the months of January through March and we kind of do something a little bit more substantial like look back on that side hustle income.

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Some of it is really impactful that had a subsitive purpose. I would say, sit down with your husband and come up with a plan, right? Attach a mission to it. What is the goal, because it can feel meaningless, you know? I always say, your money is meaningless without goals. Give it a go and if it's – it can be anything you want.

It could be as lofty as we want to save up to get a down payment for a home. That's definitely, you know a viable route. But it could be something like, you know, "we really want to take a trip, we've never gone to blank, we've never been to south America or Asia or gosh, you know, my husband and I have never been to Hawaii, we love to go there one day when our kids are out of college."

That could be something you could definitely do in the next year as these side hustle, as these side hustle money continues to roll in and that can make you maybe feel a little bit more purpose driven with this side hustle and maybe even more motivated to make more money because now you have like a savings goal for something specific.

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I would recommend an experience above all because we know that money doesn't buy happiness, well yeah it does but you know, the studies show that when you spend money on experiences that you can cherish and experience with other people and reflect on them and there's photographs and all that good stuff. That that actually does increase happiness.

Maybe start there. Think about something fun that you'd like to do together, a trip an experience and go for it. Okay. I like that question. Maggie, this is for like NPR to you? I feel like it's so quiet without another person chatting with me. It's been a while since I've solo hosted. I'm not going to say I love it but it is what I needed right now in my life.

I am a little under the weather and I'm kind of low energy but I love these questions and I feel like I am connected to you. I feel like you're all here looking at me which is a little awkward but I just thought I would point out the elephant in the room that it does feel a little like I don't know, you know, quiet Sunday night NPR.

I hope I'm not putting you to sleep, these questions are really strong. Okay, speaking of Aida, apologize, on Instagram. She says that she earns around $90,000 and she's in her late 20's. "Should I hire a financial planner who works with millennials or should I just manage my money on my own? I want to build wealth," she says.

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Well, I like that you want to build wealth and I think I will start answering this by saying that there is some times, this perception, right? That because I'm not wealthy yet that I don't necessarily need or I wouldn't attract a financial planner that financial planner is only going to work with people that have assets and investments.

They've kind of gotten the wheels turning already. Which is not true and I think she knows this? You point out that there are planners who work with millennials specifically, we're the future, well, more you than me. I'm kind of an elder millennial and I'm learning. A Gen X, a Gen Y or – but there is a lot of value in working with young people because they're the future, they're going to be the big earners eventually and you know, working with someone in their early stages, you create relationships, you adopt loyalty and you can work with them from the beginning.

Really create that roadmap as early as possible which is great. People who are in this field that specialize with millennials, there are many of them, some of them have been on this podcast. You can look them up but I would go to XY Planning Network and google XY Planning Network, they specialize in just like they say, X, Y generation planning and what I love about their planners is that most of them work remotely.

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Whether you're in Chicago or Austin or Minneapolis and you want a planner, you're not going to be restricted to just people in your town to help you because you can work virtually with planners now, did you know this? God, I love the internet. Aida, it's definitely worth having some interviews with financial planners at this point, you make some good money, you have ambitious goals and you know, a planner is not necessarily someone who is just going to give you investment advice or wealth building advice.

They're going to look at all the facets of your financial life. Your insurance, situation, your retirement portfolio, your rainy day account, you know, as you maybe become a mother or become a partner, that evolution of your life also changes will be necessary to your financial plan. Looking ahead

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FT: You know that's what a good planner does is asks you what your goals are and where you are headed and what your ambitions are and try to help you engineer that to the best of your ability with the financial situation that you have. So have the meetings, the first meeting is always free, right? This is the meeting where you're kind of you know, going on a first date and figuring out if it is a good match.

Make sure that whoever you end up working with is a fiduciary and all-certified financial planners are required to be fiduciaries which means that they must put your best interest first when recommending any kind of product and that if they are being incentivized for selling you whatever, retirement product that they must tell you that they are being incentivized. They must disclose that.

I am sure you have some friends, colleagues, you have planners, start there. Ask them who they're working with and call those folks up and good luck. All right, Maggie says that she's got a career question. She interviewed for a position several months ago and did not get it because of a lack of managerial experience okay? But she sees that the job is still posted months and months and months later.

So clearly they haven't filled it or maybe they forgot to take it down. She's still interested in the job though, still lacks the management experience. So she's wanting my blessing to know if she can go for it again.

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I mean it's a free country. You can do what you want Maggie. I would first want to confirm that the job is in fact still available just because it is online it doesn't mean that it is still available. Sometimes it's like real estate like you see the house is still listed but maybe they have six offers out and it is still out there because they're keeping their options open or maybe someone at HR is asleep at the wheel and forgot to take it off of the website.

But confirm that because you don't want to apply and then feel silly because the job is no longer available but I think that you still need to come back if you're going to reapply and you don't have managerial experience, I think it's important that you still create a case for yourself like, "Okay we didn't offer you the job six months ago what's changed other than just the date on the calendar?".

And yeah, maybe the company is a little bit more desperate now but it sounds like they're also in no rush because they have waited this long. So I think that just to increase your chances of getting another interview, another consideration is to have a good story about what you have been doing over these past few months that perhaps it's not that you've gotten the managerial experience but you have taken on more responsibilities.

You have initiated things that exemplify managerial qualities that you show potential and lead with that. You can say that it was really wonderful connecting with them six months ago. "Thank you for considering me unfortunately with the time, I wasn't the right fit given that you were seeking somebody with more managerial experience. I see the job is still available and open and if you are open to taking to me again or revisiting our conversation I'd be happy to".

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“And just so you know, I have done X, Y and Z over the last few months that I think I would love to talk to you about, share more about that with you as I think it really relates to the needs of this position” all right? So try that and it sounds like you really have your heart set on this job and I would love for you to get it but I think you still have to build up your case and time unfortunately, time going by is something.

But it is not evidence enough that you deserve even another interview. I mean they interviewed you already and they may already have decided that they’re going to pass but there’s no harm here in showing that you are persistent.

All right, last question here from Rue0824 on Instagram. Lots of questions here. This is kind of a rapid fire set of questions. A lot of them are looking I think for just bulleted answers. So I am going to do this quickly because there’s five questions here and it’s all around investing so here we go. Rue wants to know, what percentage of your salary should you invest, what percentage should you save?

Okay I am going to say 10% invest, 10% save but let’s just get a little more granular. So depending on your age and if you are starting in your 20’s to invest for retirement, I’d say 10% of your income is a great place to start that’s assuming you want to retire in your 60’s. You’ve got a long horizon you are not one of those over-achieving early retiring people that you are just going to do it the traditional way.

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And of course, if you do want to speed things up that percentage needs to also go up and as far as savings goes, start with as much as you can or as little as you can because I know that can feel very difficult when you are just starting out. You have debt, you have starting salary, you have expenses, saving can feel very impossible. So start with $5 a day then make it $10 a day then turn it up to $30 a day and then eventually it’s 10% of your income.

And eventually, I would love for everybody to get to a place where they have at least six months of their expenses saved up in a liquid online savings account, okay? This is in case of an emergency, right? Or you know like look, an emergency doesn't have to be you'd lost your job. It could be like you've got a medical bill that you weren't expecting and rather than charging it, you are going to dip into savings.

Okay so that's the first question. The second question, he says, "If I am saving for a wedding" or maybe it's a female, "If I am saving for a wedding should I stash money in savings or stocks?"

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I would say savings unless you are getting married in the next 10 to 15 years which at this point why are you even care about that? You know I would say if it is on the horizon, short term within five years, put it in a liquid non-risky, you are not taking any risks with this money, just put it in a savings account and call it a day. You know general rule of thumb, anything that you need, any money that you need in the next five years.

Whether it's for a wedding or a down payment or college or whatever, don't put it in the stock market. Just don't. At age 27 this person says, this is the next question we're moving on, "What risk level should one have when it comes to investing?" you know there are rules of thumb for this as well but I'll give you a more layered answer. So I will say the rule of thumb is you take a hundred, you subtract your age and that is the percentage that you want to be in the stock market.

So you're 27, subtract that from a 100 that is 73. I am doing some quick math in my head, so 73% invest it in the stock market. I think you can actually amp that up to 80% maybe more but then here is where it gets a little more complicated or at least just more complex. So that is a very simple rule of thumb and it is nice to have that as a starting point but other things you want to ask yourself, "What's my capacity for risk?"

If the market has a bad day, how will that make me feel? But if the market has a bad month, how would that make me feel? That should also indicate how much risk you're willing to take but also how nervous do you get when you hear the news about the stock market, how risk tolerant are you really at the end of the day and also what else is going on in your life? If you're a single parent or married with kids and you have dependents.

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Are you going to blended family and you've got a lot of expenses going on? I don't think you should be a 100% in the stock market. I think maybe that 100 minus your age is a little too risky, you might want to dial it down just because of the layers of things that are going on in your life that you may ultimately want to be the most risk tolerant person. So it is a layered answer but I think that you get the point, right?

Generally in your 20's you can be anywhere from 75 to 90% invested in the stock market let's say and the rest in bonds a little bit of cash and then as you get older you dial it down and that also depends on your investment horizon. If you are 27 and you want to retire at 50 then you need to take on less risk. If you're not planning to retire ever then you could adjust accordingly.

All right and finally, "Any books for investing?" Rue wants to know. Yeah, lots. The Intelligent Investor is a popular go-to book. Thinking Grow Rich, obviously and I am going to plug Erin Laurie's book which hasn't come out yet but you know she's The Broke Millennial and she wrote The Broke Millennial book, Broke Millennial website, bestselling book and her third book of the series is coming out in the spring and it's all about investing.

And I love that she's writing it because I was looking at some of the books out there that are about investing and of course, all written by men which is fine but time for the ladies to step up because we know a thing or two about investing. Studies actually show we do better when it comes to stock market returns as it turns out. We have to give ourselves more credit because we got it going on

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And there is a lot we can learn from women and so Erin Laurie's book, The Broke Millennial Guide to Investing coming out in the spring. So you can actually probably preorder that on Amazon and I hope you will. Okay, so thank you Rue, thank you Maggie, thank you Aida, Naomi and Ruby. All these questions came on through Instagram ladies and gentleman. See? I am a woman who keeps her word.

I'll tell you go to Instagram, direct message me there, send me your question, all of these people have heard from me on Instagram already. I am good like that, well maybe all of them. Others know that they can tune in and hear my answers. So I encourage you to do that, it works, it's a good system and listen, don't go spending all your money this weekend okay? The holidays is a marathon and the sales are not going to be over after Black Friday.

There is Cyber Monday, there's Green Tuesday whatever the hell that is. As the holidays get closer you'll see the retailers get more desperate. They may not have your size on December 23rd and the thing that you need but don't rush it. I feel like the sales right now are all year. It used to be once a year there'd be friends and family and then it was Black Friday and then it was basically full price for the rest of the year.

Not so like you can pretty much get a deal all the time. So pace yourself if you are going out and hitting the malls. You know take a power bar, take some water. Good luck. Happy Black Friday, Happy Thanksgiving week. I hope your weekend is So Money.

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