

EPISODE 932

[ASK FARNOOSH]

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FT: The final Friday in August. What's on your money mind, everybody? Welcome to the show. I'm your host, Farnoosh Torabi. Ask Farnoosh Friday. Hope you're all having a great start to your long weekend. My mother's in town. Yes. Persian mom is in the house. She's been cooking up a storm. We're just going to hang out in Brooklyn for the rest of the weekend, maybe go to a barbecue on Monday, but pretty much keep it local, #staycation. Good luck to all the families out there prepping for back-to-school, or already have started back to school. I think that's crazy in some states and some parts of the country, people have already – kids have already gone back to school, and there's a bit of fall in the air, right? I feel that pumpkin spice latte is going to come a little sooner than later this year.

Let's go to our iTunes page to encourage reviews. I have been giving people who have left reviews recently a free-15 minute money session with me, one-on-one, you and I chatting about whatever you want; money, career, fill in the blank. We've been doing this for a few weeks. I did this at the very beginning of the So Money podcast launching in 2015 as a way to encourage reviews, because reviews really go very far. People always ask like, "How can I support your show?"

I mean, if you enjoy the show, obviously subscribe, that would help. Also leave a review. That not only helps me, but it also signals to iTunes that your show is being listened to, that it's of interest. As a result, will sometimes give you a little bit of more love in the iTunes Store, and discovery is a big part of what allows podcasts to be successful, is people browsing, looking for topical shows. If your show is front and center, you have a much better chance. Really appreciate everybody who has left a review since day one.

As promised, let's go and see who's left a recent review and I am going to pick someone at random. I'm going to pick Facebook Lily, who left a review on August 25th. Facebook Lilly says that this podcast eases financial anxiety. She says, "I've been listening for several months now

and this is my first and only financial podcast. I've searched for one to help erase some financial anxiety that I was experiencing during the first year after my spouse retired from 22 years of active duty with the navy. Now that our income has increased and we're having to make more decisions with our money, it's hard not to feel paralyzed with fear about making the wrong ones. I know a great fear to have," she says. "This is an excellent podcast for sound advice. Thanks, Farnoosh."

Well, thank you Facebook Lily. Let's hop on a call and talk about some of this decision-making that you're feeling a bit paralyzed by. I think that it's normal and I would love to help you navigate this. Get in touch. You can either e-mail me, farnoosh@farnoosh.tv. Let me know that you are the Facebook Lily who left the review. You can also ping me on Instagram, sending me a direct message there and letting me know the best way to get in touch with you and we will make it happen. Thank you very much.

I'm going to continue doing this for the remainder of the year. If you are interested in connecting with me, this is one way to do it. Leave a review. I'll notice it. I'll shout it out. We'll talk. It's a very straightforward process and I hope to speak to as many of you as I can.

Okay, this is a Ask Farnoosh Friday, we've got questions about how to put your child on a budget, how to negotiate your pay after years of being out of the workforce and how to trust all the "successful entrepreneurs" out there and the stories they share? How can you tell if they're being honest, or if they're glossing over some important facts? I love all these questions.

We're going to start with Valerie, who is questioning, seems some of the stories she's been reading online about online entrepreneurs and their success. Here she goes. She goes, "I'm a devoted fan of your podcast, Farnoosh. I'm interested in starting my own online business with a website and potentially a podcast. I have gone into a rabbit hole of listening to self-proclaimed business gurus on podcasts about how to achieve your goals. Many of them are selling expensive master courses on how to succeed. Are there any business gurus you look to as a mentor while you built your business? There's so much information out there. It's hard for me to tell who is really credible and who's just selling the promise of a lifestyle to desperate moms like myself. Thanks for everything you do and good luck with your Dancing with the Stars dreams."

Oh, well. Thank you. A girl can dream. If anybody knows any Dancing with the Stars producers, let me know. This is a pie in the sky dream of mine. I would like to someday do the tango on live television. Call me crazy. I think it would be a great way to get in shape as well. I hear it catapults your career, I digress.

Okay, so Valerie, I hear you, okay? I don't think that you're wrong to be suspect of all these "gurus" out there that are selling their skills and savvy, but really what they're doing is putting you into a funnel to ultimately sell you some \$6,000 course. Some of these gurus are totally legit. Before I go into some of the ones that like, or how to test them out, I will say that some red flags for anyone listening, this is just my own perspective as someone who has gone through this exercise of trying to identify the who's who of online entrepreneurship and the legit ones, people who claim to be lifestyle entrepreneurs, there are people out there who actually – that's their title.

I want to know what do you sell. If you cannot be straightforward about that, then I'm going to question your process and I'm going to question your success. There are a lot of entrepreneurs out there, online entrepreneurs that boast seven figures of sales, eight figures of sales. That means nothing, because what is also happening is they are spending almost as much as they are earning in order to get to a seven-figure sales break.

Do you know how much you have to spend to get the visibility for people to go through your funnel to buy your course? It's hundreds of thousands of dollars a month potentially, on just Facebook Ads. I hear this anecdotally from people in my community, who are spending five figures, six figures on online ads, just to basically get the attention of the masses to go through their portal, which is going to be first, maybe a free webinar and then a download of some sort and then they're going to e-mail you many, like five times in a row to get you to ultimately sign up for their masterclass, or their master course, which is thousands of dollars.

There is an ROI to that for some people, but the margins are really what I care about. Okay, so you made 11 million dollars selling your X, Y, Z course, what did you spend to get there? Was it 10.8 million? Because that's really just a \$200,000 profit margin and you could do a lot of different things at that point to get to \$200,000. All this to say, do be suspect, look out for these

people who more or less just advertise their lifestyle and not really the meat and bones of what it is that they do, what are they selling, how are they selling it.

There are a lot of stories about living in my car and then I made millions. People who pass a lot of the details, I wouldn't give them a lot of time of day. A good podcast for you, I think would be Mixergy. This is a great podcast where the host I know and I've had friends who got on the show. He likes to ask you, how much do you make? How did you get there? Specific numbers.

The gurus out there that are actually transparent and telling you how they got to be where they are, what are their expenses, etc., I think are worthwhile. Ramit Sethi has a course called Zero to Launch. I've actually purchased it. Once upon a time, I thought about starting an online program. It didn't happen for me, but I really appreciated the advice and the course and I have a lot of friends who've gone through his program. Ramit's the real deal. I would follow him. I like Mixergy.

I think that you want to get outside the internet. For me, what's been really helpful is connecting with people one-on-one, in-person, coffee dates, lunch dates, Skype calls, to ask them about their process. People are much more transparent and not so polished, right? When you're just talking over a cup of coffee about how did you get to be where you are and what are the realities of what I have to spend and how long I have to wait. I'm tired of hearing about how many people are seven-figure online entrepreneurs. Let me see your numbers. Actually, how did you get there? Because yeah, if you spend a lot, you can make a lot, but then the margin is not very big in some cases.

You have the right instincts. I think you got to do what works for you. One of the best tips I ever got from an online entrepreneur, we went to lunch and a friend of mine. She said, "Don't start an online business." She's like, "If I could do it again." I mean, she had some success with her program, but had since transitioned to more in-person programs, masterminds and retreats and workshops, because she said that the online course model has experienced a lot of fatigue and it is a lot of an investment, in terms of trying to get that exposure, to basically cast as big of a net as you can to hopefully capture 1% of those people that are coming to experience your free webinar, or whatever.

I really appreciated that and I haven't since started my own online program. I do all sorts of workshops and one-on-one and group coaching, all this to say, keep at it, stay curious, stay a little skeptic, get in touch on Instagram, send me some links to where you're spending some time and who you've been following and I'll give you my 2 cents.

All right, next is Kira, or Kira. She says, "What do you think is the best way to manage car gas and insurance expenses with a teenager who just started driving? She has a little job making about \$100 a month. I wanted to start learning about financial responsibilities, as well as help her with the car expenses. Would a credit card be a good idea?"

I don't think a credit card as a teenager is necessarily the best move. I think instead, maybe try a debit card. She won't build credit with a debit card, but it will teach budgeting. If you load the card with say \$50 a month on it, which is going to be her money, it will inherently teach her about limitations to money and making choices with where she's going to drive and how far and maximizing that \$50 every month to get the most mileage, so to speak, out of those \$50.

I think that if she does go over that set allowance that you want to help to provide for her car expenses, then she has to pay that out of pocket. One thing I thought of was maybe giving her a full tank of gas a month that you pay for out of your own pocket. Then if she goes over that, then she has to pay it out of her own bank account. Or maybe she splits the cost of that full tank of gas every month.

I think that does teach you the responsibilities of having your own car and also, if there's a trip that she wants to make, that's going to necessarily mean getting a second tank of gas, then she has to really figure that out for herself. Is it worth it? Because it's going to come out of her own pocket? I think those are the sorts of decision-making and steps that well, you don't have a lot of money at your disposal as a team, can start that critical thinking, can really help you as you're maturing. Then as she gets older and maybe graduates to a credit card, that will be very helpful. My kids aren't there yet, but I think this is probably what I would do if I were a parent to a team.

Sarah says, "Hey, Farnoosh. I'm a new listener to your podcast and I'm loving learning so many new things from you and the guests you bring on the show." Well, thank you Sarah. It's a pleasure to have you in the audience. She says, "One of the big things I hear over and over

again on the show are tips about saving for retirement.” That's right. Retirement is actually, I would say the number one topic on this podcast, which is excellent. I think people that are – I think it's great that people are thinking about their futures, including you.

She says, “I'm 25. I have a 403B with the company I'm working at and I'm contributing 3% of my annual income to that 403B at the moment. My company will match that contribution once I'm here for two years. However, I know it's important to always be thinking about the future. In a couple of months, I will have paid off one of my student loans, but we'll have a separate monthly loan payment to still make. Do you think it's best to put that monthly payment I'm making on the loan that is almost done towards the other loan payment, or put it towards my retirement? Would love to hear your thoughts on this.”

All right, Sarah. This is an excellent, excellent question. I think many of us listening would be interested to know what I think about this. Here's what I think, I think that unless this other loan that you have, this other loan that is going to continue to be due, once this initial loan is paid off, unless the interest rate is 10%, 12% or more, I would say put the extra payment towards retirement. I think that you have such an advantage being 25-years-old at a company that has a 403B to get a head start on retirement savings.

This is going to pay off more for you, I think in the long run, than paying down this student loan faster, especially the interest rate is not terrible. Not to forget with the 403B, just like a 401K, those contributions up to a limit are tax-deductible, so you're going to be saving some tax money as well with this contribution. Then eventually, you'll be able to take advantage of a company match. Some might say, “Well, you should always pay down your debt first.”

I don't know. I think that if the debt interest rate here isn't too high and you can make that monthly payment comfortably every month, I would put this extra money towards investing in the market. You're going to be getting it at a time where I don't know where the market is going next month, or next year, but in the long run getting in now versus getting in five years from now, I think you'll be better off, because you're getting in what will be historically better prices, lower prices than five years from now. If history has shown anything, it's that over the long run, the market rises. I might be a little contrarian here, but if I were you and this other loan wasn't scaring me, I would put money into the 403B.

All right, Gian Luca. Gian Luca welcome to So Money. I've got your question here from Instagram. By the way, if you're not following me on Instagram, my handle is @FarnooshTorabi and I am very often on there answering your money questions, if not right in the moment, later and then I reserve them for the show as well. He says, "If you don't mind me asking, how did you transition over to having your voice heard to help others? TV, podcasts, etc."

Well, I have talked a lot about this on other podcasts, so I would direct you to Good Life Project, Gian Luca. Jonathan Fields is the host of the podcast. The Good Life Project. I remember he asked me a lot of questions about how I got started and then ultimately, transitioned to financial thought leadership and then giving advice. I'll summarize to not bore everybody else who's maybe heard my story, but I think the catalyst for me to go from journalist to now running my own ship and giving advice on a multitude of platforms was starting with a book.

Not everyone has to start with a book. Some people could start with a podcast, some could start with a blog, some might start with a TED Talk, but you got to start somewhere where you're showcasing your points of view, your advice, your perspectives. I would say that doing it not just once, but really being consistent with it. The success doesn't come overnight. I wasn't successful the first day I published my book and I wouldn't say I'm even successful now in some measures.

I'm going to keep at this, because I really, really enjoy it and I love it. Every year is a celebration of different kinds of successes, so to speak, but my work is not done. It's not complete and I really, really love what I do. What I want to share with you is that discover something that you're really passionate about, so that you know you can keep at it for many, many years to come. You won't be bored of it.

Also, what I want to say is that for me and I think for a lot of people who are experts in their own fields and sharing their voices with their communities in the world, they are prolific content creators. They got to find their medium. I'm not yet on YouTube, but I'm looking at it and I'm curious and that might be my next thing. For now, I've got the podcast, books, television, some writing. That didn't all again happen in one year, right? I built that up.

Starting where you feel you can be your best self, you feel comfortable in that medium and then stick with it. This is a marathon. There's no such thing as overnight success. It may be on Instagram, you can buy followers and you appear successful, but that is a race to the bottom, okay. I would encourage you to go check out Good Life Project.

Also, I was on a podcast recently called YouTurns. There, it was a really again, a good, great conversation about career and pivoting and transitions. I talked a lot about my story, so I would encourage you to go there. I really appreciate your question and if you're looking to get into this space too of thought leadership and voicing your ideas to the world, I would just say don't wait. Just get started.

Okay, Ruby has a career salary question, she says. Ruby says, "I'm trying to make a career change. I'm in my early 50s with young kids. I know I'll have to take a pay cut. I've been having a terrible time getting my foot in the door for even an interview until now with the help of a friend. When managers give you a salary range, does that mean there's no wiggle room? The top of the salary would cut my pay by 25%. I've also had managers give me a salary and say that's as high as we'll go."

You were talking about two things here, right? There's the response from hiring managers of here's our salary range, right? That's a minimum and a maximum. I'm actually surprised that they would share that with you. That's not sometimes the thing that people are upfront about. In my experience, I had to go beg HR to tell me. I'm not sure there's wiggle room there, because right there, they're telling you here's the minimum and here's the maximum for this particular role. In many companies, medium to large-sized companies, they budget a range, a salary range for every single title and role.

In order to break through that maximum of that scale, or that pay range, you need to advance. You need to get a higher title, you need to get promoted. I don't know about wiggle room when they are very transparent about the range. I still think you should negotiate, if they're going to come at you somewhere in the middle of that range, or in the beginning of that range, make a case for why you deserve the maximum of that range.

If they're just giving you a salary and saying this is as high as we'll go, I think in that case there's still room to negotiate. What you really need to do is be explicit about the added value that you're bringing to the table. I'm not going to say it's a guarantee, but it is worth a shot. If you're bringing to the job a deep network, a bunch of ideas that you can activate within the first quarter, even though you might be coming from a different industry, if you've got connections that you can leverage, this is really the time to bring all of that up.

They may realize that they've underestimated your qualifications, because sometimes there might be bias. Well, if you're coming from finance and now you want to go into marketing, well, you're basically starting from the bottom. No, you're not. You're coming with years of experience working, working with teams, being a leader, creating relationships, understanding how processes work, understanding how to get stuff done, all of that is transferable and highly valuable; making sure that you don't undersell yourself, because there may be some false assumptions.

I just spoke to a friend actually who is interviewing right now and she went in for a job. The description sounded very much like she could do it. When she went there and realized – they realized actually as she was telling them all of the things that she has done in her career that this position is actually a little junior to what she can do and that she's capable of so much more, she walks out of that meeting with the understanding that they were going to come back to her with a new role and a new title and higher pay, because they realized, they've got someone a lot more valuable on their hands.

I guess all this to say, keep at it, definitely negotiate. A pay cut is very possible, given that you're transitioning. I think the key here is to continue advocating for yourself. I would say, even maybe hopping around in the first five years to other jobs to play some catch-up salary-wise. Sometimes, they say the best way to earn more is to leave and go someplace else. In this case, if you're going to be making 25% less than what you're used to in this transition period, well think of it as just maybe a stepping-stone. This is just the first job. You're here for 18 months. Then you'll move on and be able to get back to where you were, maybe even exceed that. Thanks for your question and good luck.

That's a wrap my friends. A little bit of a shorter Ask Farnoosh this Friday, but I want to make sure you all are getting back to some more fun. It's a vacation weekend. Really appreciate you spending some time with me here. If you have questions for me, it's really easy to get in touch. You can go on Instagram of course and direct message me there @FarnooshTorabi.

Also, at somonypodcast.com, I have a button called Ask Farnoosh. Just click on it and send me your question there. You can leave a voice-mail if you like too. Thanks for tuning in everyone. Happy Labor Day weekend and see you right back here on Monday. Hope your weekend is so money.

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