EPISODE 965

[ASK FARNOOSH]

[00:00:31]

FT: Welcome to So Money, everybody. It is Ask Farnoosh, Friday, November 15th, 2019. Big announcement and this is all thanks to your participation. Ladies and gentlemen, we have crossed the 1,000 reviews threshold, a huge milestone for So Money. I am beyond, beyond, beyond grateful. I don't know. These sort of things, they really light up my life. You pour your heart and soul and work and time, sweat and tears into a show like your podcast, which is now coming up on five years. Can you believe it? Almost a thousand episodes.

I like to know that people – I want to know what you think about this show. I want to know what's working for you or what's not working for you. You all have been so wonderful and receptive, weighing in in the iTunes section with your reviews in the last few months. I've been encouraging you leave reviews once a week, picking someone from the reviews section to receive a free 15-minute money session.

Sometimes, people who leave three-star reviews. Sometimes, people who leave five-star reviews. I just want to say that I am so grateful and so thankful for your feedback. It's what keeps this show going. I can't do this in a vacuum. I have to know what you're thinking. You guys are great, reaching me on Instagram and email and the iTunes section. So please keep it coming.

I'm so happy we are now at 1,020 reviews as of this recording. We actually hit this last week. But I had already recorded Ask Farnoosh, so I wasn't able to announce it and celebrate it. But I'm celebrating it now. Thank you so much. Without further ado, let's pick two people from the recent reviews section to win a free 15-minute money session with me. There have been so many reviews in the last couple of weeks. I want to be a little bit more generous.

So, first, we're going to say thank you to Nicole Lakovoni, November 11th, left a review, says, "The show is fresh, empowering money advice." She says, "This is your grandfather's financial advice.” No, it is not. It’s not even your father's advice or your mother's advice. Times, they are changing, and I like to think that we’re keeping it really fresh on the show, very current, talking about all the nuances. As life evolves, so does our finances. She says that she is a money therapist and licensed couples therapist who lives and breeds money talk. Thanks so much, Nicole. It’s an honor to know that someone like you who is so experienced, so thoughtful about money is in the audience and appreciates the show.

So I want to extend my gratitude, let you know I'd love to connect. So give me a call. You can email me. I’m at farnoosh@farnoosh.tv. Let me know you left a review. I’ll reply. We’ll get the calendar figured out as far as when we can connect. You can also send me a quick direct message on Instagram. I check that a lot. If it’s easier, just send me a direct message and we’ll get it going. So thank you to Nicole.

Then I also want to say thank you to Drew. A week before that, Drew says, “She is the real deal. Money matters, because it gives you options, and Farnoosh brings an honest judgment-free 30-minute coaching session with her wonderful guests.” She goes on and on. So, Drew, thank you.

Actually, no. TJ in South Carolina. So the person’s ID on the review is Drew 31327219. I assume that’s a pseudonym but left his name or maybe her name, TJ in South Carolina. TJ says, “This podcast as part of my weekly routine.” That's awesome. Thank you so much. By the way, same thing as Nicole, please email me at farnoosh@farnoosh.tv. Let me know you left a review. I’ll be happy to get back in touch and schedule a free 15-minute call with you.

But what I was about to say is that this podcast has been such a gift. It’s been a wonderful gift for me to be able to connect with so many people and meet new audiences and make new friends through the show. It’s been five years, coming on five years. I’m looking to grow. It’s time to grow the show. This is not to say that anything is going to change with the podcast, but I want to grow the platform. I want to bring more content to you.

Some of you won't be into this, but that's okay. But I want to start a YouTube channel in 2020. Start doing some visual content. This is going back to my roots of video and digital online TV. It’s something that I've always loved doing over the past few years. It's been a bit challenging to do on my own with all that's happening on the home front, kids, and the whole shebang. So for me, it's a lot more demanding of my time and resources, and I got to wash my face and all the things.

So I'm ready for the challenge. I'm ready again for the challenge, and it's going to be interesting. I've never really attempted to do this on my own. I always do video or on-camera work with other partners. I've done it with CNBC, and I've done it with various networks. Gosh! All the way back years ago, I was an on-camera reporter for New York 1 News, and I went to graduate school for broadcast journalism at Columbia. So it's all in my wheelhouse. It's all in my background. But I feel like this is a little scary, because I have to now keep myself accountable to doing this consistently, just like I have the podcast. But I feel like if I've done it before with podcasting, I can do it with video.

I'm grateful to some of the people out there like Tasha Cochran, who have been supporting me. She has a great YouTube channel called One Big Happy Life. Check it out. I'm just inspired by so many of the fantastic financial YouTubers. I hope to be a part of the community soon. So stay tuned for that. I just wanted to share that little tidbit with you.

We have a lot of questions that came through Instagram. For those of you who aren't following me on Instagram, I'm at @farnooshtorabi. I'm not super busy on Instagram. You're not going to get a feed post from me every hour, every day even. Sometimes, I just post once a week, once every two weeks. But I am pretty active in the stories when I'm just chronicling my day-to-day. Recently this week, I showed you the behind-the-scenes of me going to B&H, which is the huge video store in Manhattan, getting all my gear for my show, my future show. That was kind of overwhelming, but it's nice to be able to share things on the go and get feedback from you. So if you're into that, if you want to see what's going on in my crazy life, subscribe or join me on Instagram. Sorry not sorry.

But this question from Instagram, Buzzy BreBee, I think this is Brianna, who has a question about taking a gap from your career and how to kind of make a comeback. So here's her question. She says, "I agree with you in many respects that women should not leave the workforce." So I've said this. I think it's important for women to make money. But I don't disagree that you can never leave the workforce. I just say like, "Have a plan." Support yourself. Have a plan to come back. She says, "I did leave the workforce, because I wasn't fulfilled. I didn't see eye to eye with my boss. I had plenty in savings, and I took the opportunity to go and travel. I've had a side hustle during this time, which helps a bit but it doesn't pay all the bills. It's now been almost a year and a half, and I'm seeking to reenter the workforce at 30 years old. First question, what is your advice, best advice on how to reenter the workforce, and two, should I include my side hustle on my resume?"

She says, "This is a side hustle that has turned into a company. I built offer unique dessert catering." However, she says, "I've received some feedback that some companies view it as a negative, because they find that it is a distraction from full-time work." Okay. So I've actually written about this, and I wrote about this for Oprah Magazine a couple of years ago. I think that if anyone listening, you're unhappy in your job, it's wearing you down, it's weighing on your mental and physical health sometimes, it's worth considering taking a pause.

I think it's important to really reflect and pause and be mindful of what's going on in your body and your mind. If work is messing you up, by all means and if you have the resources, like in this case, she had savings, I think it's a really good excuse to take a step back.

It's not really a step back. It's a step away from your current routine to reassess, reinvigorate, re-strategize. I think you did the right thing. I just want to give you credit for making this move. It can be really hard, and you're really going to second-guess yourself. They said never leave a job until you've got another job. But sometimes, you just have to leave, and that's okay. Most important, you want to leave when you feel like you can also support yourself. You're not going to be homeless. You're not going to be putting yourself out, because you're no longer making money.

But you also did this in your 20s, when we have a lot of – Yeah. We had a lot of energy, we're employable, we are resourceful, we don't have a lot on our plate in terms of dependents and things like that. So if there is a great time to ever leave the workforce to reassess, it's in your 20s I would say. But it never will feel like a perfect time. But firstly, just kudos to you for doing this.

So the first question is what is your best advice on how to reenter the workforce? This is what I said in my article, and I'll repeat it. Very important to get clear on your story. So this is – When you're pitching yourself to the company, you need to be really clear about what your goals are. You want to make it seem as though this departure from your professional life for the last year wasn't this messy, unstrategized thing that it was very thoughtful, you had a plan, you executed on some goals, and now you have more clarity about where you want to go forward. Tell us that story. Figure out that story. Write it down.

How you can start by figuring out your story is writing down all the things that you have learned over the last year, self-development, professional development, experiences that were really life-changing or eye-opening. Start to think about how you've grown over the last year. When you share this with future employers, you kind of tell it in a way where it wasn’t accidental. This is what you intended to do.

I took time off from my career so that I could invest in myself. I could get more clarity around where I wanted to go for the next 10 years. I did this by traveling. I did this by experimenting with entrepreneurship. I think it’s all about how you position this and frame this and sell this. The way you tell this story may be a little bit different from one employer to the next, as you go from one job interview to the next, depending on what they're looking for, what skills they’re looking for, what strengths they’re looking for. Those are the skills and strengths that you want to bring up and amplify and bring front center when you are telling this story.

But I think it's very important to take a little bit of time to get clear on the why for this departure and make that why really come across as something that was intentional, that it was not regretted, that it wasn't messy, that you really were in the driver seat, even though, of course, some of the time you felt vulnerable. You felt uncertain. We’re human but I think – I think it’s important. You can feel the interview out if you want to get a little honest.

In the beginning, I wasn’t so sure how all the chips were going to fall, but I had these three goals in mind. I'm so happy to say that in that year, in this year, I've been able to check off those boxes, and I'm so excited when I realized what I realized going in. But what is now even more certain on the other side of things is that I really want to pursue this path, and working here is really aligned with everything that I envision as far as all the things I want to achieve and the contributions that I want to give and blah, blah, blah, blah, blah.

So I'm going to write the script for you, but I hope this makes sense, and this is advice for anybody who leaves the workforce willingly or unwillingly. Whether you got laid off or left voluntarily, the next job you go on for an interview, have your story ready so that at – You just seem like you're more in control of things, that you're a certain person, that you're a strategic person, that you're a thoughtful person. Yeah, you don't have all the answers, but you're confident and you're resourceful. Those are skills that any employer would love to have on the job. They want to hire you, knowing that you are able, capable, confident, resourceful.

The fact that you even took this leap shows that you're so brave. You can even say, “I was a little scared to do this,” because everyone tells you the opposite. Everyone says never leave your job until you have one. But I was so determined to create this experience for myself. I wasn't going to get these experiences on the job where I currently was at. I had to go out there and create them on my own. That shows a lot of character. I think you want to turn this into a positive, as much as sometimes it can feel maybe like a negative. So that's number one, how to present your best self in these interviews. It's all there. You just have to create the narrative.

Should I include my side hustle on my resume? I don't know. This is where I think it's going to be a case-by-case. I don't know what industry you are going in. I mean, sometimes yes. Sometimes, companies could see this absolutely as a distraction. Perhaps it's more of a talking point in the interview. It's not on your resume. Things that you might want to instead put on your resume, any volunteer positions you've had in the last year, even if it was just a couple of afternoons, once a month, something like that. Nothing like super formal. It doesn't have to.

But showing how you have applied yourself, any online courses you may have taken, anything where you are exhibiting that you took on skills or experiences that would be applicable to this job and not necessarily considered a distraction. That you really used your time wisely.

I do think that starting a business is pretty awesome. That is something to have in your back pocket in your conversations with these employers, at the risk of them seeing it just on the resume and thinking, “Oh! Is she just going to come here and work for us for a little bit but be completely preoccupied by this side hustle?” That could happen. So rather than putting it on the resume, have it in your back pocket as a talking point. That's my sense. But, again, not knowing your industry and how companies in your industry perceive these side hustles. But I think most importantly, have your narrative, have your story, be very prepared to talk about how you've grown over the last year, and why you're ready to come back into the workforce. What are the things that you have amassed over the last year from a skills standpoint, from an awareness standpoint that is going to propel you now into the next level in your career?

I'm excited for you. I think this is great. I think it's honorable what you did. You did this very thoughtfully. You had savings. You did what you wanted to do. You’re living your best life. Can I just say that? You're doing awesome. By the way, what a great way to ring in 30 years old to have had these experiences. So if anyone is listening and wants more encouragement on that, I encourage you to do that. Just have a plan. All right. Good luck to you. I collect you.

Next question here is from Tara on Instagram. She says, “Would you recommend that I take money from my investment account and put it into savings? The return would not be as great, but perhaps peace of mind would be worth it.” She says, “I'm not a natural saver. But I save, so I can spend. I love to travel. I plan two large trips a year. There's always that voice in the back of my head that says to take some of my travel dollars and pay it on my mortgage or add to my emergency fund, but I do value these experiences of travel. I take my kids on these trips. It’s just wonderful. Any thoughts on reframing my thought process?” All right.

So, Tara, do you have about six months in savings? If the answer is yes, great. If you have more than six months in savings, then maybe take some of that excess and invest it. That's how I would think about this. If you have less than six months in savings, I wouldn't be investing this money. I wouldn’t be taking from savings to put in investing. You need a strong foundation of savings I think before you can really get aggressive with investing.

Ideally, you can do both at the same time. You’ve got six months in savings and now you can start investing. I appreciate that you want to reserve money for your travel experiences. I think if you’ve got a mortgage and probably in this climate it’s not a huge interest rate, I wouldn’t be prioritizing the mortgage. Financially, that’s not where you’re going to get the most return on your money. You’re better off investing that money in the stock market over the long run.

Historically, that's what we now, unless you're maybe in a really hot market, which I don’t even know where that is anymore in New York. We’re in a big buyer’s market right now. I'm in the process of trying to sell my apartment. We had an offer, ladies and gentlemen. So don't feel bad for me. But it's not the price that we we're hoping for. But we're willing to just cut our losses and move on. That's like we need to move on with our lives, people.

So I would not recommend taking money from savings to put it in the market, unless you have enough savings. What is enough? I heard you have some kids in the picture. I would say six months. If you really want to be conservative, nine months because we've been talking a lot about a downturn in our near future. If you work for yourself or your job is not stable, this is stuff that you would know better than me. Six and nine months is always a good ballpark.

But I just had a guest on my show. The episode hasn't aired yet, but I'll give you a little bit of a preview of what we talked about, which would only apply nicely to your situation is that rather than think about budgeting month-to-month, why don't we start thinking about an annual spending plan. Tasha Cochran runs a website. It's my second time mentioning lovely Tasha, but she is so resourceful. She's just got this fantastic YouTube channel called One Big Happy Life. She talks openly about this concept of annual spending plan, annual spending plan. You think big pictures. You think broad strokes. What are the things that I want to do this year? In your case, Tara, two big travel events. So plug those in and then work around that.

Okay. So if each of these trips is going to cost you X dollars that you know you need to save, and then if you also want to save for a rainy day, you also want to invest in the market, layering on to that given these kind of tent poles. These tent pole goals allows to feel like you're budgeting for the things that are important to you and that you have this sort of annual goals that you want to hit and you're not so in the weeds of the day to day. I really appreciated that frame of mind.

If you want to learn more about that approach, I would recommend her YouTube channel which is called One Big Happy Life. She's got other content online as well. If you want to read though some of her life, she also shares her income and her expenses every month. So you can really get a specific sense of how she incorporates this into her own financial planning. Very good question.

Next up is my friend Mitch. Mitch says, “I love your podcast. I just called the National Foundation for Credit Counseling, NFCC.” You guys know I always talk about them. “I reduced my card payments and my interest rates, thanks to your suggestion.” So it works, people. These are not just magical website. These places exist. You can go there and get help. Really happy for you, Mitch. He has a question, and he actually left a voicemail on Instagram. I’m going to play that.

[00:22:00]

M: Honestly, I’m not really too sure what to invest in. I was thinking of even like saving it, letting it build up and like invest later. But I’d love to get some skin in the game maybe with some light dividends or index funds. But anything you would suggest I definitely would absolutely love to hear. Thanks for the So Money Podcast. I absolutely love it. So keep up the great work. Thanks again.

[00:22:26]

FT: That’s my friend, Mitch, on Instagram. You can leave me voicemails now on Instagram. How about that? So getting skin in the game. It turns out Mitch is an entrepreneur. He’s got an LLC. So, Mitch, there’s a lot of ways you can start investing. I like the idea of index funds. I like the idea of you starting an individual retirement account, an IRA. Right now, maybe a Roth IRA. Depending on where income is, you might qualify for a Roth IRA. There are income limitations as far as who can. The profile of people who can participate. You get cut off after a certain income level.

But looking to the Roth IRA, as we know, many benefits to Roth IRA. One is it's a retirement savings vehicle. You can invest in so many different kinds of assets. You can invest in index funds, ETFs, individual stocks, mutual funds. You can also withdraw your contributions penalty-free at any time for any reason. It was just a nice park. I'm not saying you should take advantage of this. But people like the Roth IRA, because, yes, it helps you save for retirement. But also in case of an emergency, you can take out your contributions penalty-free for any reason.

Of course, it's the type of investment vehicle where your money grows tax-free. So you can take out your money tax-free. In retirement, you pay into the fund. You pay into the Roth IRA. You make contributions with after-tax dollars. So you already paid taxes on that money, and then you can withdraw your contributions at retirement age, 59 and ½, without paying taxes.

So people like it for that reason. So that's one way to get started, and it sounds like you're doing a great job at building your financial life. I'm so glad the NFCC was helpful. Thanks for letting us know, because it's always nice to know that the resources I recommend actually work. So good luck to you.

Okay. Next question is from Brooke. This is a great question. She says, "I want to kind of adjust my mentality around spending my emergency fund when you need it and then building a backup, so you feel well covered." She says, "I'm at a place in my life where my debt is paid off. I'm maxing out my pretax savings. I'm investing. But the thought of a life change where we may need to tap into this emergency fund is stress-inducing, and I don't think I'm alone in that. Would love your perspective or hear from others and their experience."

So I have a personal story around this. I feel like I shared this sentiment years ago. I had saved up all this money in my late 20s and then I got laid off. Talk about life change. I was so scared to start tapping my emergency fund, because I think what was really making me frightful was imagining that day when that emergency fund would go to zero. You worked so hard to build it up. You want to keep it at the level where you have saved up to, and it's nice to see there. It's comforting. But it is irrational to think that you're going to go through life without giving yourself permission to use this money, without feeling like it okay to use this money.

It was my friend who is older and wiser who said to me, "Farnoosh, what is the point of saving money if you're never going to use it, if you never give yourself the opportunity when you need it to use it?" This is why you save. This is why you save. So that you can afford yourself options in a moment of crisis, life change, mind change, mood change. When you want change, it's nice to know you've got a cushion because now you have options. You're not restricted. So give yourself permission to use this money. Because otherwise, why do you have it? That's the mindset shift that I had to embrace as opposed to coming from this place of scarcity that if, "Oh, my gosh! If I spend this money, it's going to go to zero." Then it will never go back up.

It will always be in a place of flux. Just accept that savings will always be in flux. Sometimes, you use it and then you replenish it. You are the type of person who can save. You have proven that. You have built your savings. Now, you need the money. You're going to use it responsibly, and then you're going to rebuild. That's just how it works. Imagine you had no savings. That would be horrible. We'd be in a much different situation.

This is a good problem I suppose that you can have. "Oh! I have savings. Oh! I'm feeling a little nervous about using it." If you're going to use this money to improve your life, to offset more loss in your life, to make a change, it's going to make your family and you happier family and more fulfilled, then by gosh, you've earned it. Use the savings. You have earned it. Then commit to building it back up. I don't know if you're looking for permission from me, but I give you my blessing to do this, because I also feel like you're the kind of person, Brooke, who will replenish. You are a committed person.

Last but not least, a question from – Okay, I'm going to do my best to pronounce your name, and you actually kind of spelled it out for me. [inaudible 00:27:47]. Your Instagram is Kool-Aid, which is super cool. He says, "Hey, Farnoosh! I was an individual who recently got married. I'm continuing to think more and more about my future with my wife. As I've researched on what to save for retirement, it is predominantly information on how much you need as an individual. Is there any recommendation that you have on how much you should save as a married couple if I intend on retiring at that 60 to 65 range?"

Very good question. I know a lot of the calculators online are singular-focused. It's like, "Okay. What do you have? What do you need? What are your goals?" But truly, as a couple, you should be planning as a family. Here is my thought on this though. I will just say that couples don't often retire at the same time. One person might be in the workforce a little bit longer versus the other person. I'm not saying this is going to happen.

But sometimes, couples get divorced. Sometimes, people pass away unexpectedly. So it is important to, of course, think about the collective. Think about the family unit, you and your partner, how much you may need together but also being mindful of the potential that one of you might be living alone in retirement at some point and what is that going to look like and how much will then you need a single person to keep the house afloat.

I think in this case, it might be helpful to bring in a financial planner really to just coach you on this, to bring together both of your financial realities, both of your savings and figure out what your joint goals are for retirement. Have you thought about this? Where do you want to live? What will be your expenses? How much travel? How much healthcare? That's a big question mark, healthcare. It’s not easy to figure that out.

But when will you each be starting to collect Social Security perhaps at different stages. So putting all of those factors together will allow you to be a little bit more strategic about how to save as a couple. It may mean that one of you needs to save more or save less or save just as much. But I think sometimes having someone in the middle to kind of look at everything and give you both a plan, individual plans but the idea is that you're working together in concert could be really helpful.

A great resource for you to find a planner who might be able to work with you just on this aspect at xyplanningnetwork.com. This is a place where you can find a fee-only financial planner. You can work with advisors that might specialize in retirement planning. I want to also offer you and anyone listening this really cool website called Zeta. Askzeta.com is the website. Zeta is the name of the company. It’s couples’ personal finance. Just to your point, Kool-Aid ,I’m going to call you by your Instagram name, there aren't a lot of resources where couples can learn together and can plan together online. This is where financial planners can really be helpful. But what about online tools? Something will be more accessible.

Zeta is trying to fill that void. I'm an investor in Zeta, just full disclosure. I believe in it a lot. I believe in the founder. Aditi Shekar is the CEO and Founder of zeta. She's been on my show. She has a podcast as well. So I would just recommend them. Go browse the website. They have a bunch of articles, tools, resources. There might actually be some specific help to navigate retirement as a married couple.

But I will say this. We know that women life expectancies are averaging longer than men right now. So important to keep in mind too as you are looking at “how much” we need in retirement.

It might be more than you think, given that perhaps your wife may be living independently at some point in her older age. Many women, this is the reality. We are financially independent. The older we get, the more likely we're going to be financially independent. We will not be in a relationship. We will not have someone helping support the family unit. It's all on us. So thinking about that is really important. Along the same lines, maybe if you don't have a life insurance plan, that could be something to think about in addition to what you're saving for retirement.

So just throwing a lot of things out at you but I really appreciate this question. Thank you so much for listening to the show and trusting me with your questions. Everybody, if you want to send in questions, it's super easy. Go to Instagram. Direct message me there. Follow me. Then direct message me. You can also go on the website at somoneypodcast.com. Click on Ask Farnoosh and leave me your questions there.

Keep the reviews coming. If you so wish to leave a review, I would love it. I'm going to continue giving these free 15-minute money sessions away, that's a hard thing to say quickly, because it's been fun and I really appreciate it. So thank you for tuning in. I hope you enjoyed the episode, and I hope you weekend is So Money.

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