

**EPISODE 710**

[ASK FARNOOSH]

[0:00:33.7]

**FT:** Welcome back to So Money everyone, happy Friday, March 30<sup>th</sup> the last day of March. Are we going to actually see some spring? At least on the east coast, we've been hurting real bad, you know? With a blizzard on the first day of spring and I decided then that I was just going to get out of town so as you are hearing this, I'm on a flight to Florida. I just decided last minute to book some tickets, just for me and Evan and Todd, my brother, to go down to Fort Lauderdale and spend the weekend with some friends and some sun and some pool and some beach because I needed it.

The reason we are just going with half the family is because, parents, as you know, with children under the age of four, or any multiples of kids, sometimes it's just easier to divide and conquer and we did a family trip in January and that was a lot of fun, although there was a lot of work, a lot of gear, a lot of just nonstop, you know, catering to children and look, I think that has its benefits sometimes and it can be fun but it's going to be just me and Evan this time.

I think it will be a nice bonding experience for the two of us and then Tim and Colette together in Brooklyn, you know, we'll miss each other of course but I think that in the end, it might be a more fun trip for Evan and I and then you know, in the future, Tim can – he is my guest, he can go and take Evan anywhere he wants and I'll stay home with the lovely Colette.

Just thought that was a timely thing to share. So I'm on a plane right now, even though I'm not really. I'm filming this from my home but – or filming, recording this from the house but it's airing on the 30<sup>th</sup> and I will hopefully be seeing sunnier pastures in a couple of hours.

Very excited to introduce our guest today, well, not really our guest, our cohost, right? Friday's are all about spotlighting the listeners and we have a listener today, Michele Boci, all the way from Los Angeles although a native New Yorker. This is so cool, she is pursuing a career in television and specifically comedy and entertainment writing, she also stand up and in her spare

time, she listens to this podcast, how cool am I? That I have someone so cool like Michele tuning in to So Money.

[INTERVIEW]

[0:02:53.9]

**FT:** Michele, welcome to the show.

[0:02:55.4]

**MB:** Thanks so much Farnoosh, great to be here.

[0:02:59.9]

**FT:** I'm really impressed, I think secretly, I've always fantasized about standup comedy and being a standup comedian or just being a comedian on television and you're working on it. Tell me how you have the courage to get up on stage every night or however often you do and what's kind of your stick?

[0:03:18.4]

**FT:** Well, it's definitely not a glamorous lifestyle so it's hard to do day after day. I myself am more of a story teller so I'll usually launch into a several minute story, it doesn't have traditional punch lines but it's usually based on my life which is more funny, often than not, so it's easy to get material from real life.

[0:03:42.0]

**FT:** Yeah, what do you tend to make jokes about?

[0:03:45.8]

**MB:** Just kind of like every day occurrences, especially living in Los Angeles, a lot of the lifestyle here, a lot of like, people living in suburbia about their little dogs and dog strollers and they're like picture perfect life and the small minute things that could go wrong and just throw you off.

[0:04:09.9]

**FT:** How have you been managing your money with this climb to success? I sense you're in the beginnings of a lot of it and you probably have good months, bad months, I don't know if you have a consistent paycheck. Kind of take me I not your financial life a little bit and share how it's all working or not.

[0:04:26.8]

**MB:** It's definitely a process with a learning curve to it. I moved here from New York back in October so I've only been here five months or so and New York really was harder for me to live with financially because the rent is just like astronomical and you're really paying for like living next to every business that you want, it's hard to say no living in New York.

I kind of, by my move to Los Angeles, I've leveled out a little bit financially, I'm able to save more out here. I'm able to add more to like savings accounts and investments and that helps a lot.

[0:05:05.5]

**FT:** What is it like for a female in the entertainment industry today? You kind of arrived in Hollywood or Los Angeles at a very interesting time. I think a good time, a lot of momentum for women right now. Good momentum.

[0:05:19.0]

**MB:** Yes, it's very exciting. I've been going to a lot of comedy standup mics where it might be an all female mic where guys are not even allowed inside just like to create a safe space just for one night. It's definitely empowering to see women band together and say, "This is our time for

our voice to be heard” and you see the marginalized voices, giving more power to them every day. I think the future looks brighter and brighter.

[0:05:49.8]

**FT:** Good for you, really proud of you. What’s something that I could help you with, this is Ask Farnoosh after all and before we tackle our other listener’s questions, I thought I would give you an opportunity to you know, let me know what’s on your money mind.

[0:06:06.0]

**MB:** That’s a good question. I’m fairly young, 27 so I’m still putting the pieces together as I go along in life. I guess, just when do you think is the right age to start thinking about owning more of your property, like your car, like when do you think is the right age to take on bigger risk and start saving for a house and more bigger purchases?

[0:06:36.8]

**FT:** I suppose it’s really never a bad time to start saving for those long term goals if that is something that you aspire to achieve. If you want to become a homeowner, you want to purchase a car instead of maybe leasing, you want to get married, start a family, all that stuff, invest more. I think you know, my question to you is, have you made any efforts towards like investing for the long run? There’s retirement but there’s also a lot of other goals that you don’t even know about yet that may occur to you in the next 10 years that you want to achieve, and I think that money that you can stock away, investing it would be worthwhile.

Now, this isn’t money that you’re going to use in the next couple of years, you wouldn’t want to risk it but if there is something that you want to achieve like you’re 27 now and maybe by 40, you want to like have a home and settle down more and have more ownership in your assets. I think that the sooner you start just tucking away money, the better.

You don’t need to be super clear on the goal yet. It helps certainly but I think life changes and we’re allowed to change our goals and our attitudes towards things. If you just know that you

want to have more stability and more of a security in your life in the future then that just takes saving as much as you can and investing as much as you can today.

I don't know if you have access to something like a retirement plan at work, I don't know, do you work full time or are you just freelancing, how does it work?

[0:08:12.8]

**MB:** Technically I'm employed through a couple of part time jobs, so I don't have traditional retirement plans, I don't have 401(k) but I've managed to setup things for myself on the side so I have a Roth IRA that I contribute to. I have a couple small investments that I contribute to but nothing really planned out for me so it's more like, putting puzzle pieces together.

[0:08:35.6]

**FT:** If you are not super certain yet on the things that you want to own, maybe you've heard that homeownership could be a way to go but you're not really super passionate about it right now or not really focused on it. Listen, it's never a bad thing to just save and the rule of thumb is 10% for a rainy day and another 10% for retirement, automatically. But if you can do more than that, especially because you're going down a path where you maybe gainfully employed every year, every day, for the rest of your life or at least for the majority of your life?

Or, like a lot of creatives, you have projects and they come and they go and then they come back and so they might have periods where you're not working. So it's even more important for people I think that are entrepreneurial, creative, working in industries that are not unnecessarily annual that it sometimes very much a project based kind of work, that you save as much as you can, have that financial runway.

It's only going to help you in the future when you're maybe torn between two opportunities, one pay more than the other but the one that pays less might be more interesting to you, might be more opportunistic in other ways. You really want to do it. You should be able to do it but if you have the savings to back you up, it's going to be much easier to do that. And to do those sorts of things takes a little bit more risk in your career. Does that make sense?

[0:10:07.8]

**MB:** It does. I'm adding to my rainy day emergency fund every month just because as you said, I want it to be padded enough that I feel secure to take risks and that I'm never hungry to have more money in the bank.

[0:10:24.0]

**FT:** Yes. Somebody was on the show recently, I can't remember now, maybe it will come to me but she was like, you know, it was Tricia Brook, who is a director and a choreographer and she's amazing. You should listen to that episode. She is an artist and she said, you know, she never quite understood what was the sexiness or appeal of being a starving artist. We throw around this expression and we're all like, you know, "They're making the ultimate sacrifice and we should really respect them."

She's like, "I don't understand that." I think there's a way to be able to be an artist and also be able to pay your bills and build a financial nest egg at the same time. It's not something that may be intuitive to artists or something that we're necessarily taught in school but it would behoove us to figure it out because then, ironically, it's what allows us to be more creative, right? Is when you have financial security, you can have clear mind and free reign to kind of experiment and take risks and be out of the box and all that important stuff.

[0:11:32.9]

**MB:** Exactly, it's the hierarchy of needs, you need to feel secure enough to do the rest of the things you want to in life.

[0:11:39.1]

**FT:** Yes, all right. I'm glad we got you set up, right? You're all good? No more financial needs? Okay. Joana has left us a voice mail and what we're going to do next is just hit play on that and then we'll come back to helping her out, how does that sound, Michele?

[0:11:59.2]

**MB:** That sounds great.

[0:11:59.8]

**FT:** All right, here we go, here's Joana talking about retirement.

[0:12:03.9]

**JOANA:** Hi Farnoosh, I'm 24 and I work at a large nonprofit that offers lots of retirement savings enhancement for employees including a 401(a), 403(b), a 457, and a state pension program. Problem with my job is I won't be able to stay longer than two years and I know I won't be able to contribute to the max of all benefits just mentioned. That said, what savings plan on the one single should I take advantage of? Thanks.

[0:12:32.1]

**FT:** All right, that is Joana, she's 24 and we actually learned that she lives in Minnesota for what it's worth because she mentioned she has a state pension program and I don't know much about Minnesota but I will say that state pension programs, they used to be kind of bullet proof, you know? These are pension programs and when you retire, it's guaranteed money but you know, a lot of states are running deficits. It would be worthwhile to just kind of look into your state pension program and really understand how that money is being invested.

How is your state doing financially? A lot of these pensions have insurance backup in case the state is running a deficit and cannot fulfill the payouts. That said, I would look at of these 401(a), 403(b), 457, state pension program and try to do an apples to apples comparison as best you can. The questions you want to have answered or you know, what are your investment options within these different plans? Do any of these plans offer any extra incentives other than just allowing you to grow your money more aggressively through the use of the stock market.

For example, are any of these programs, do they have a match program, do they have particular funds that are really attractive like index funds that are low fee, low cost? And then I would also ask around, your company and just kind of take a survey like what are most people doing, now, I'm not saying you know, follow the herd.

Because that could get you in trouble but it is kind of worthwhile as you do your research to see where most people are landing and why, why did you choose the 403(b) versus the 457 or the state pension program? And like she said, she's only going to be there for two years Michele so it's not like she's going to be married to any of these particular plans forever. So the other question you want to have answered is when you leave, are any of these plans the sort that won't allow you to roll them into a new plan?

[0:14:43.0]

**MB:** Right, I would agree. I think it's important to investigate each plan separately especially as it pertains to Joana's employer because each employer could be different especially with 401(a), that seems to have a lot more variations. Just know what the terms are for each one before you register for them.

[0:15:00.4]

**FT:** It's nice that she's got options, especially for working at a nonprofit, sometimes nonprofits don't have any retirement plans but it sounds like it's a larger one and so they probably have more resources, honestly, you can't go wrong. At this age, just start investing, do something, get in the market and you can fine tune it as you go on and move up in your career.

[0:15:25.1]

**MB:** Just to get into the habit of saving extra money is a smart habit to make.

[0:15:29.7]



**FT:** Yes, automatic and just get in. Early as possible. All right, Amy says, “What is the best place to park extra money for retirement?” Amy has already maxed out her 401(k) or 401(a) as it is that work, it’s actually an employer match program which is great, she’s putting extra money into a Roth IRA, other thoughts?

Well, I would say, if she isn’t maxing out the Roth IRA would do that, she says she’s just putting extra in the Roth IRA. If you have more money left over, just take full advantage of that Roth because it’s one of those investment vehicles that does have an income limitation. The more you earn, eventually you might be ineligible for the Roth so while you can take advantage of it to the fullest.

At this point, I would say, now might be the time to turn to something like a digital platform, an automated platform, invested platform where you can invest in the stock market. You’re not going to earn any sort of tax benefit like you may with your 401(k) or your Roth. But it is what most people turn to after they have exhausted all the other vehicles that offer more tax benefits, all those other retirement vehicles.

[0:16:52.9]

**MB:** I would just want to congratulate Amy because she’s already doing so much and it’s awesome that she maxed out the 401(a). I would agree with you that you should max out the Roth while she’s at it. The one thing that pops out for me is when she could look into a CD or a certificate of deposit account because then, it’s a pretty safe investment. It’s like a kind of extra padding savings account where the money will be there and she could park it for a year or more and that returns a little bit extra on her money.

[0:17:25.4]

**FT:** That’s a good idea and she did say she wants to do this for a retirement. She’s looking for long term vehicles. I would say, if you do the CD, I would look for something like a 10 year CD, you could even ladder it, you know, so you get like a one year, a five year, a 10 year, I don’t know, do they have 20 year CD’s? Probably.

Just kind of roll the once every – when the one year CD runs out then you put that money into the five year and you start a new one year and kind of go on up the ladder as they say.

[0:17:58.6]

**MB:** There's so many options out there so it's worth seeing what your risk tolerance is and where you're willing to play with money a little bit.

[0:18:06.7]

**FT:** Very good point, yeah. If you're wanting to take a little bit more risk because you're doing all the conservative things, then you might look into alternative investments. I'm not going to say invest in Bitcoin but you're now at the stage where you've sort of done all the right things and now maybe you want to take a little bit more risk with the money. I'll just caution and say that with any kind of alternative investment, it's very high risk, right?

You have to be really willing to kiss that money goodbye but maybe that's something that you're willing to do, maybe you'll take that money and invest it in a startup, maybe you'll take that money and invest it in a property that you want to rent out. There's lots of stuff you could do but again, like Michelle said, it's really, where your risk tolerance lies and also, what can your stomach handle?

[0:19:04.6]

**MB:** Right, there's a chance you can retire a little earlier or a little later depending how it goes.

[0:19:11.0]

**FT:** Well, let me tell you, I want to give all these women a virtual high five, Amy, Joana, for your amazing questions. I love that you're thinking about these things and that I feel lucky to have you in the So Money Nation. We're a good bunch. I feel good about us, I think we're all going to be okay.

[0:19:29.6]

**MB:** I think so too.

[0:19:31.8]

**FT:** Antonia, you want to read out her question for us Michele?

[0:19:34.1]

**MB:** Sure, Antonia says, “Any recommendations for financing a cross country move to New York for work? Also, how can I know what my higher salary or apartment will be when the cost of living will be higher? Any tips or advice there?”

[0:19:48.9]

**FT:** Well, I’m going to put you in the hot seat Michelle because you kind of did the reverse cross country, you went from New York to LA, were there any cost savings that you came across?

[0:20:00.6]

**MB:** I definitely planned for this move for a long time, my lease was ending on my apartment so I was able to move in with my parents for a couple of months and that saved me a few months of rent and just like you know, small expenses and that helped a lot with putting extra money in the bank. I don’t know what Antonia’s specific situation is but she’s able to cut the cost of bread or groceries for a little bit just to have extra money to play with, that would really help.

She could also look into writing off her moving expenses on her tax return if she is moving for work. There is a certain regulations where you can write off a good chunk of your moving expenses on your taxes, so long as you can prove that you're moving a certain amount of miles and you're working for a certain amount of weeks out of the year.

It's worth investigating. She could also do a spreadsheet for the cost of the actual move whether it's cheaper to move with her stuff. I don't know, she's flying, she's driving versus taking it with her versus shipping it. Shipping can be pretty expensive, so the more she's able to carry or sell before she moves, the better off she'll be.

[0:21:15.3]

**FT:** Yeah, if you're moving to New York, you're not going to probably living in a mansion. It's all about efficient living here if you can. I would recommend Antonia that you also, once you do that spreadsheet of costs, talk to your – did you mention this Michele? Like talk to your employer, your new employer.

[0:21:34.3]

**MB:** Yeah.

[0:21:34.6]

**FT:** Who is asking you to move across the country for them, that if they will help to subsidize at least some of the cost, maybe they'll pay for something. A lot of times, there's something in the budget, whether that's the actual freight cost of moving your stuff over. It's the adjustment period cost where maybe you have to sublet an apartment or temp housing for two months until you find your 12-month lease somewhere.

Is there something that they can refer you to at least? As far as maybe a corporate discount at a moving company. I mean, come on, "Can you help me out here?" I'm sure that they've been asked this question before and they might have something to offer you but sometimes it's up to us to ask the question.

[0:22:25.5]

**MB:** It depends on the company I'm sure but they should have had this issue occur before so really know how to offer you something, hopefully something that can assist you with the cost of

all of this. As far as asking for what your higher salary requirement should be in this new city, I would also do a little bit of research, go on Glass Door, find out what the average salary range is for your job title in New York.

Then assess what you think you're worth for all the value you bring to the company and then when it comes time to ask for that salary, I would just ask for the highest number in your range, say it with confidence because I'm sure you're worth it.

[0:23:07.9]

**FT:** Yeah, when in doubt, tack on another 20% because you want to leave room for negotiating but I'll also like the site comparably.com. So there's Pay Scale, Glass Door, Comparably, all really rich sites and what they help you do is, identify average salaries based not just on work experience and job title but locations.

Certainly, I would assume, if you're working in New York versus Detroit, the New York salary, all things equal because of the geography will cost living here, it's going to be higher and I would say that if you feel like the salary in New York is – or the average salary for this job seems to be comparable to what you're making now.

Always, I mean, Lea Goldman, guest on the show who is running television at Lifetime right now, a television division, formerly with Marie Claire, formerly with Forbes, real bad ass, awesome woman. She's like, always just ask for 20% more. Get to the number that you think you're worth at, like the number that you'd be happy with getting, don't ask for that, they're going to want to negotiate and you'll end up somewhere lower.

Always add another 20 to maybe 30%. Seems crazy but I think that as women, sometimes we go in with low ball offers and you just got to start high because it's going to be a back and forth and you might land where you wanted but it's going to mean starting a little bit higher to get there.

[0:24:40.3]

**MB:** Right, because you want to leave that little bit of wiggle room and if you think about you know, a man who has the same job as you, he probably goes in with all this confidence, thinking, "I'm worth this," kind of the masculine attitude we're used to in the work place, they assume they're worth more. Women need to do that more often.

[0:24:59.5]

**FT:** All right, last but not least, a question here from Jordan about credit scores. Jordan is 32 years old, has a credit score of 605 and the reason is that Jordan missed many student loan payments. Jordan's eliminated all debt and will be recently receiving an inheritance and wondering if there are any ways to use his inheritance to improve Jordan's credit score?

[0:25:24.4]

**MB:** And choosing the right investment options.

[0:25:28.2]

**FT:** Investment options is separate from the credit score and they're not related. Your credit score does not depend on how you invest. Your credit score really just depends on how well you pay your bills on time, how much debt you're carrying relative to how much credit you have and a few other factors. But mostly, your bill payment history. Jordan, I'm not sure if this inheritance is really going to go far to help you with your credit score although indirectly, if you save it or invest it well and you create kind of a financial nest egg for yourself, some more financial security to ensure that you never fall again behind on your debts and your bill payments then it that way, it can help to fortify your score.

But at this point, it's just going to mean paying your bills on time, keeping that debt to credit ratio very low. Making sure if you can, paying your balances in full every month and over time, you should see the score improve. As far as where to put that money, I always say, you know Michele, have you ever received an inheritance?

[0:26:43.5]

**MB:** No, not yet.

[0:26:46.7]

**FT:** Not yet but I think yeah, I mean, it's true, a lot of us will probably – well, maybe be on the receiving end of them but I don't think that it's necessary to decide right away what to do with it. In this case, Jordan hasn't even gotten the inheritance yet.

[0:27:01.0]

**MB:** I think the bank is a good way to start.

[0:27:02.9]

**FT:** Yeah. For a little bit, you know, at least for like a six-month period, kind of sit on it. I'm not saying you're going to just wake up one day and know what to do with it but I don't think there's any rush.

[0:27:12.8]

**MB:** Right, what I would suggest is maybe automating bill payments so that you don't fall behind again and having extra money in your checking account, making that possible, can make life a little bit easier, you know. You shouldn't count the chickens before they hatch. Maybe wait until you actually have the inheritance before you decide what to do with it.

[0:27:33.4]

**FT:** I hope that helps you answer your question Jordan and I mean, I think that your score will improve over time and another way to increase your credit score sooner than later, this is kind of a hack, is to call up your credit card company and ask them to increase your limit. Sometimes they'll just do it, there's no harm necessarily and that's not because you want to spend more or

have a higher balance is because you want to raise your credit limit, all the while, keeping your debt balances the same. It will reduce your debt to credit ratio.

That is a huge chunk in terms of your credit score calculation. But just automate those bills, never be late and that's going to go a very long way and I think in about a year's time, you should see a much improved credit score. All right, what are your plans for the weekend Michele?

[0:28:22.0]

**MB:** This weekend, I usually work over the weekend so working a little bit, writing a little bit, no big plans but it's good weather in LA, I know it's not great on the east coast so maybe going outside, going hiking somewhere.

[0:28:37.3]

**FT:** Do you think you'll ever come back to the city to New York, that is?

[0:28:40.7]

**MB:** I think I'll end up traveling there if my career goes the way I want it to, I'll probably end up on each coast for a little bit of the year but as far as the winter, I'm pretty much game to avoid New York for every winter from now on.

[0:28:55.1]

**FT:** I don't blame you. Florida is calling my name as we speak. All right, thank you so much Michele, it was really a pleasure getting to know you, thank you for listening to the show. I cannot wait to see you in the spotlight very soon. I know it's going to happen so just keep on trekking.

[0:29:15.5]



**MB:** Thank you so much Farnoosh, this was excellent.

[0:29:17.9]

**FT:** Everybody else, I hope your weekend is So Money.

[END]