

EPISODE 724

[INTRODUCTION]

[0:00:36.2]

FT: Imagine having \$200,000 in law school debt only to realize years later that you don't actually want to be a lawyer. Our guest today is Natalie Bacon and she had this realization not so long ago, so she switched careers and took a 50% pay cut to become a financial planner, and now fast forward to today, she's calling her own shots as an online entrepreneur and blogger.

How did she manage all of these transitions and her finances? Welcome to So Money, everyone. I'm your host Farnoosh Torabi. We've got Natalie on the show telling us all about how she managed to go from being as she describes it financially ignorant, to today a financial expert and an entrepreneur.

She also shares the economics of side hustles, when to know that you are ready to leave your day job and turn that side hustle into a full-time pursuit like she did, plus how to really value your worth at your company. This is pretty incredible. This blew my mind actually. It's a simple analogy that Natalie gives us. It's a strategy that involves thinking about the iPhone. How's that for a tease?

Here is Natalie Bacon.

[INTERVIEW]

[0:01:53.3]

FT: Natalie Bacon, welcome to So Money, newly self-employed entrepreneur.

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NB: Thank you so much for having me.

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FT: How does it feel? I understand that just recently you quit your job as a financial planner to take on your blog and your entrepreneurship full speed ahead.

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NB: Yes, it is day two actually, so it is great. Working from home is awesome, I'll tell you that much.

[0:02:18.8]

FT: What made you realize that now was the best time to do this? Because I know for a lot of people that have side hustles the big question usually is at what point am I ready? Is it right to leave the full-time job and pursue this full-on?

[0:02:34.3]

NB: Yeah, for me it was a combination of my mind and being ready and being and fully committed, so the mindset was half of it and then the other half of it was just practically speaking, am I financially ready and can I really make this work? so I think in the last six months the universe just aligned to match up getting me ready in terms of a lot of the personal development work I was doing on myself and that growth and just feeling really, really ready.

I had gone to trafficking conversion summit and was around all these entrepreneurs and really made the decision there to do it. At the same time within the last six months, I have grown the income up from my blog and online business, and now I was at the point where I really felt I was ready, like I really felt ready.

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FT: You felt ready emotionally, mindfully, financially. I have to ask specific, so how's your bank account? I mean, where does stand? You felt like, "Okay, I can do this. I can do this."

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NB: Yeah, right you have to be ready. Last month was my biggest income month. I have money saved absolutely. I have a good emergency fund ready, but I'm hoping to not have to use that and to leave that intact for emergency, so I always recommend and think that three to six months of an emergency fund is great, if you're going to go out on your own. More than that is probably better if you don't have your income figured out yet, especially. But for me, my income has only grown every single month, so in the last six months it's grown a lot.

I think that the working full-time and I was commuting to the office and the amount of time that I was able to commit to my business was not enough, I guess. I really only see it going up from here in terms of entrepreneurship. I had also felt I had learned so much about the money management side of things. I really got three good years at a registered investment advisory firm with really high net worth clients, and I really felt so competent in that area that I really felt it was time for me now to just go all-in with my business and good on the other side of the table and the entrepreneurship and learning how to really do that well.

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FT: I want to talk more about your journey as a financial expert, because you, I read on your site you described yourself at one point as financially ignorant, you graduated from law school with lots of debt and had to learn the hard way about mastering your money. Fast forward, you became a financial planner, fast forward you're an entrepreneur.

I'm really fascinated with how people are able to monetize blogs in these days, because 10 years, ago 15 years ago you had a blog, you were one of a few. Now it's like there's an over-saturation of online content blogs, so I think that's really impressive that you were able to come out ahead and become profitable so quickly and even leave your day job. Tell us a little bit about the tricks of the trade today, these days to mastering your side hustle as a blogger and then ultimately taking that to a full-time gig.

[0:06:05.4]

NB: Yeah, so for monetizing a blog, I think the biggest mistake that I made early on and what I see people doing now that's a mistake is to think of your blog as the monetization tool, instead of the marketing tool. I studied marketing a lot the last six months and what I really learned was that I am here to serve my audience.

I can serve them through coaching and products and whatever I want and whatever they want, but the way that I do that is through my blog, or is through a YouTube channel, or is through all these Facebook, whatever it is, it's through these different tools, Pinterest; those are just the tools.

I shifted my focus instead of focusing on how can I make a money from my blog to how can I serve and provide value to the people who I'm serving and what do they want, positioning myself to where my blog is just the marketing of that service or of that value.

[0:07:06.7]

FT: Right, sort of like how people do it in the podcast space and the social media space that you're not monetizing social media, but your hopefully using that to leverage that audience to come and find you someplace else, where they're tapping into something more valuable and they'll invest in something that you've created for them.

[0:07:25.5]

NB: Yeah, absolutely. It all works its way through the e-mail marketing and that sales funnel and podcasting on the same way.

[0:07:35.7]

FT: I mean, I am totally leaving all this money on the table, because I have no interest. I am and I know it, because I'm just not interested in all of the market engineering that takes place. I know how hard people like you work. It's hard and it's strategic.

[0:07:55.4]

NB: Yeah, I love it.

[0:07:56.9]

FT: You love it, see? I wish had a piece of you, because I don't love it. I have to hire people who love it. I'd have to hire people who love it and at that point, I'd have to really consider the ROI. I'm not totally throwing it out of the realm of possibility, but I feel people say you're leaving money on the table Farnoosh, you're not monetizing your blog, we go to your website what can we buy? You have to find your own way, right? You have to do what feels right to you. I'm still learning. I'm having people like you on the show and I'm taking notes. I'm learning. I am learning.

[0:08:37.9]

NB: Yeah, I am. I think that's a really great point, it's people always ask me how long is it going to take me to make money? That's saying I want to start a business, how soon can it be profitable? it's really dependent on the person and the avenue that you take to monetize, so the way that you monetize your business is totally different than the way that I am trying to monetize mine. Like you said, I'm doing it through primarily through products on my site, but that doesn't mean that down the road I might not switch and do something else, or do more speaking or something like that.

[0:09:10.4]

FT: Yeah, it's super inspiring, because you're an example of just so many different ways to monetize your expertise and reach an audience. For me I prefer to do it through podcasting and public speaking and books, and that could be in your future and what you do could be in my future and it's great to just learn from one another and it just shows that that there's so much abundance and your feel as far as how you can tackle it.

[0:09:36.5]

NB: I love that. Absolutely, there's opportunity everywhere.

[0:09:40.1]

FT: Take us back to when you arrived in your life with \$200,000 worth of debt from law school. This is before you had decided to switch careers to become a certified financial planner. How did you – do you still have that debt?

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NB: I've paid off like a 120 –

[0:09:59.6]

FT: You paid it off.

[0:10:00.6]

NB: No, not all, but like a 120 of it. I've just put a few thousand every month on it now. My goal is to have it paid off in the next year. Once you get the money management side of things down and shift and quit your full-time job, you understand what it takes to pay it off and now I'm just focusing on increasing income and any big payments I get. I just pile that on the rest.

[0:10:27.3]

FT: All right, and so did you enjoy being a lawyer?

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NB: No.

[0:10:33.5]

FT: That's all you're going to say about that.

[0:10:35.1]

NB: No, I think that the practice of law is – it's a noble profession, it's very prestigious. I always wanted to be a lawyer. I believed in fairness and justice and I have a soft spot in my heart for that, but the actual practice of law, I'm very ambitious so that naturally led to working at law firms. The way that you work at law firms is all day and night. It's not just all day and night seven days a week. It's very stressful and expends a lot of your energy.

I just wasn't a good fit. What I found was I really wasn't in flow at all. I didn't love it. I started learning about money at the same time, because of my debt, and that's when I started my blog. I slowly started to monetize it and found that I really loved personal finance, because it was so applicable to my life, none of my peers or young professionals really knew anything about managing their own money. They were all making big mistakes.

I just found it so interesting that we were never really taught that much. It's not really emphasized. That's what really led me to transition away from law. It wasn't so much that I – it was a combination of knowing that I wanted to get out of that, but also I knew where I wanted to go towards. I think it's a lot easier to leave something if you know where you want to go.

[0:12:01.3]

FT: Tell us, what makes you so passionate about personal finance?

[0:12:05.8]

NB: The pain the point of it. Right now, I'm really passionate about money in general, because I just think it's interesting and I really enjoy learning and I love – I'm just a very curious person. To have that amount of debt and not really feel I intentionally got myself into it, to feel like, "Oh, my

God. How did this happen?" That's how I felt I was really curious about how that could happen. Then seeing that it wasn't just me and it was so many other people, I just dove right in.

If there's something I'm supposed to know and I don't know it, like send me all the books and podcasts, I'll find a way to learn it. It's really I just took responsibility for it. It's funny, because I say that that's my biggest money mistake, but it's also, it's given me the most freedom in my life, because now I've become so interested in the way the economy works and the way that we value money, and the way that we manage money and how that's so different from earning money. I think that they're just totally different areas. I've really taken that pain point that I had and turned it into a business really.

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FT: Then you transition from law to becoming a certified financial planner, which came with a 50% annual salary pay cut. How did you manage your money with that reality, plus the fact that you still had the lingering debt?

[0:13:30.9]

NB: Yeah, so I really focused on just budgeting good, old-fashioned budgeting what I had. I've never had a credit card, and I still don't have one. It's really easy for me to never overspend. It's just a constraint that I love having in my life, because I'm naturally spendy. I don't use credit cards and I just budgeted my income basically, and then really went all-in. I'm trying to monetize my blogs that I could make up that income difference and then continue to pay down my student loans.

[0:14:02.4]

FT: I love that you are naturally spendy.

[0:14:04.9]

NB: That's what I call it.

[0:14:06.7]

FT: That's a lot of us. Present company included. Tell me about your younger years growing up. How was money introduced to you? How would you describe your awareness around money as a kid?

[0:14:21.2]

NB: As a kid, I really didn't have much of an awareness of money at all. It was a very middle-class family. We weren't super wealthy, but we weren't poor. I had whatever I wanted. I didn't really think about money. I was always a really hard worker, so I was excited to get my first job and work just to work, because I liked working and I liked the idea of making my own money. One interesting reason that I don't have a credit card is because of just one off-the-cuff remark my grandfather made to me, which was, he said that using a credit card was like taking out a mortgage on your clothes. I just decided in that moment that I just wouldn't use credit cards.

[0:15:05.8]

FT: Yeah, if you carry a balance.

[0:15:08.1]

NB: Right, that's what he meant. He wasn't saying never get a credit card. When I told him that later on in life, he laughed and was –

[0:15:17.2]

FT: Can I just stop you for a second though? I love your grandfather, but as – I'm asking you as a certified financial planner in you. If you don't have a credit card, how do you establish credit

and therefore how do you go on to get credit for the big purchases, like a home, or a car, or your business? Can you walk me through that logic?

[0:15:38.1]

NB: Yeah, I'm just not really obsessed with credit. I think credit is important, but I think there's a balance. I'm never going to be this, "Oh, I need to get all these points and master credit." I think credit has its place, but I think most people in general aren't very good at using it to the best of their abilities, or the way that they should.

Of course, if you pay off your credit card every month, that's great. I just don't want it for me. I never advocate other people don't use a credit card at all. I just don't need it for me. My student loan debt is how I have credit, so that's what I've credit for. I really don't need it. I'm not into real estate. That's just like a personal money preference, and I love that we're having this discussion, because I don't think there's a one right way, especially for when you get into the details of money. I really don't.

[0:16:36.6]

FT: Yeah, I still at the end of the day think that a credit card that you're managing responsibly can't hurt, because you never know when your credit gets pulled. It's not just when you want to buy a home. It could be even when you're trying to rent an apartment, right? And you have student loans, so that that works to your advantage. You are establishing credit. You have credit. I think if you don't have that and you need credit, then the easiest thing to do is just open up a credit card, use it responsibly, so when you're applying for a lease or running a – even getting a cable subscription plan, they check your credit.

[0:17:12.4]

NB: Yeah, absolutely. They do. Absolutely. I'm a renter. I have all those bills. I do have student loan debt, so I do have good credit and I check it, but you're absolutely right. If someone has no debt, no credit and the easiest way, and for them to do is just get a credit card and pay it off every month. I just think there's so much out there where people aren't paying it off every

month, or they don't – they think they have to carry a balance in order to build their credit, or something like that.

[0:17:38.8]

FT: Yeah, how did that [inaudible 0:17:39.7]? The number of times I have heard that.

[0:17:43.4]

NB: Same here.

[0:17:45.0]

FT: It makes you wonder if there is some, I don't know.

[0:17:51.0]

NB: Yeah, like marketing of that. I'm like, "How did you hear that? That's wrong."

[0:17:54.2]

FT: I think the misunderstanding is in that having credit helps you establish credit and grow your credit, but it doesn't mean that you have to carry the balance. It's like having credit is different than having debt.

[0:18:08.1]

NB: Right, absolutely, absolutely.

[0:18:10.8]

FT: All right. Sorry, I interrupted you. You're taking you back to your childhood. Your grandfather told you a credit card is like a mortgage on your clothing. Then from there, how did you grow into having a money mindset?

[0:18:27.3]

NB: Just from my own learning, really. I started reading personal finance books, and I started listening to podcasts. I just started learning on my own. That's really what led me to leave my career as an attorney and get a job as a financial planner and then get my CFP. It was all just based on that self-discovery and being very interested in personal growth and personal development, and money is such a part of that, because it's like a part of our daily lives. You can't get away from it, so you really truly believe it's everyone's responsibility to learn about managing money and making money.

[0:19:10.4]

FT: Your blog at nataliebacon.com is really a lot about I'm having a growth mindset, about managing your money well, but also managing your life and your time and your priorities. What would you say is your unique perspective on all things money and all that comes with money?

[0:19:30.2]

NB: I think I have very different philosophies when it comes to making money and managing money. It was only probably within the last year that I was really able to appreciate the differences and separate them, and how I think for managing money I am – my philosophy is get out of debt, save an emergency fund, invest in a well-balanced diversified portfolio, the traditional managing money philosophy.

For making money, the way that you make money for me at least is directly relates to the value that you provide to the world. I used to think about making money as a side effect of your work. I just really didn't understand how to make money. Once I fully understood how to manage money, at least from my work experience as a certified financial planner, then I could shift over to the making money side of it.

I think that separating those two has just been so useful and helpful for me in my life and how I'm able to help other people, because they're so different. For the longest time, I just lumped it all together as money, and separating it out is so much more useful, I think.

[0:20:50.2]

FT: I agree with you, because I think that a big part of the conversation that has been missing for a while, glad that we're having a lot of it now, but we're catching up because we haven't really talked about how to make more, how to make enough, how to make money on your terms. I think to your point, we think of what is it that we want to do, and then that paycheck is just a byproduct of it. It's not really in our control. Your mindset I think is a lot more current and you can save until the cows come home, then you still might be broke.

[0:21:23.0]

NB: It's so true. I think once I really understood that, I was able to still love money management and personal finance and saving and investing, but just know that that's what that is and making money is separate and different and it's still worth going in that direction and balancing both.

[0:21:42.7]

FT: You said that getting to the law school debt was not a financial failure. I agree. It really inspired you to open your eyes. What would you say is a failure?

[0:21:52.9]

NB: Financial?

[0:21:55.1]

FT: Yes

[0:21:56.0]

NB: Yeah, I it's hard not to say that the student loan debt wasn't a failure. I really want to say that it's both, because of course if I would go back in time, I would not take out \$206,000 to go to law school and I would not recommend that anyone do that, so that is a financial failure on the one hand, but you just explained and how I view it is I was really able to turn it into something that's happened for me and turned it into a business and my career ultimately.

Other than that, since I don't really use debt or credit cards, I don't really have another big financial failure. I would say that when I get a little bit too spendy, it's usually for clothes. I would say that that airs on the side of dumb things that I indulge in.

[0:22:47.8]

FT: Yeah, well I mean, just today I bought an \$11 juice from the grocery store, from an organic. It's called Rocket Launch has all these. You know what? I'm not even juicing. I ate a lot of crap today, and I feel like I bought this because I wanted to counterbalance all the [inaudible 0:23:08.2] I ate. \$11 though –

[0:23:12.0]

NB: It's a lot for juice.

[0:23:13.6]

FT: It's a lot.

[0:23:14.1]

NB: For one juice.

[0:23:16.1]

FT: Tell me, this is a question brought to us by our sponsor Chase Slate, what is something, a big item that you are currently saving up for?

[0:23:27.1]

NB: A big-ticket item. I would say that travel is something that I'm always saving for. Obviously, any big lump sums, it all goes my student loan debt and that is on my top of the list to get off – get out of debt in the next year. Beyond that, I really value travel and I have my emergency fund and retirement accounts and that thing, but I think travel is something that I'm just really ready to experience, and now that I'm working from home. I think that I will be spending more on travel in the future for sure, and those experiences instead of things like clothes.

[0:24:07.8]

FT: Of course. You know, the studies show that when you spend on experiences, that does actually increase happiness.

[0:24:15.1]

NB: Yeah.

[0:24:16.6]

FT: Where are you headed? Where do you want to go?

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NB: Gosh, I really want to go to Brussels. My grandma is from Brussels. I haven't been there yet.

[0:24:23.4]

FT: You'll get there.

[0:24:24.6]

NB: Yeah, I will. I'm not worried about it.

[0:24:27.3]

FT: What is your number one money habit, for someone who is a self-proclaimed spender?

[0:24:32.3]

NB: I do something which is really weird. Well, I do budget every week and that's not that weird. I make sure that I'm always updating my budget. I do it manually, because it gets me in there and the weeds and I make sure that I am not overspending. I also, I think which is more interesting, I make sure that I check all my accounts every morning. I really try and connect with my money and I try – I used to have such resistance. Have you ever been there, where you go like, “Oh, I don't want to check my bank account.”

Yeah, so I'm like, “Ooh, what is that? Why do I feel that way?” I don't like that. I really want to be, I say in-flow with my money, like I want to love my money and I want to love holding it, and I want to create more of it. One habit that I'm in, I just make sure that I pull up my accounts every morning, I check how the money is and I really practice just feeling good about having a lot of money. It's weird, but if you're a spender, this really helps. I know it helps me, because it's thinking about holding on to money, instead of thinking about what money can buy you.

[0:25:34.5]

FT: All right, let's do some So Money fill-in-the-blanks, shall we Natalie?

[0:25:39.3]

NB: Yes.

[0:25:39.9]

FT: All right, so if I won the lottery tomorrow, the first thing I would do is?

[0:25:46.1]

NB: Hire a lawyer.

[0:25:48.1]

FT: Speaking as someone who was a lawyer.

[0:25:51.1]

NB: I would. I would hire a lawyer, I'd set up a trust and then of course I would allocate it. I'd probably do a percentage, allocate to family, donating it and then starting some foundation for young female entrepreneurs like me.

[0:26:05.0]

FT: What's the best financial advice you gave yourself when it comes to managing your money? We're drilling a little bit, but I have to ask because you're a financial planner, certified financial planner, which means that you don't have to hire anyone to help you manage your money. You've done hopefully a lot of great things with your money. What's the best move, money move you've ever made?

[0:26:25.5]

NB: It really is the money mindset and feeling comfortable making decisions for myself and not thinking that because of what I'm doing isn't what everyone else is doing, that makes it any less legitimate. We often want to follow the latest trends and what everyone else has, and that's so tempting to do, especially with your money, because you really don't want to make a mistake with it.

The biggest gift that I've given myself is to trust my expertise and really do what's best for me, which is like I don't have a credit card. That's just what works for me, and I know that that's not how I'm suggesting everyone else lives their life, but I think that there's enormous power when you've done enough learning about money, that you can make educated decisions for yourself and know that even if they're different from what other people are doing, that you're still doing what's best for you.

[0:27:18.5]

FT: All right, let's go back to our fill in the blanks. This one I love, the one thing I spend on that makes my life easier or better is _____.

[0:27:27.9]

NB: Healthy food. I'm with you on the juice. I am no meat or dairy, and I really value fresh healthy food that's a little bit more expensive than non-healthy food.

[0:27:43.0]

FT: Yes, organic. Are you vegan?

[0:27:46.1]

NB: I'm not really vegan, because vegan is a big commitment. I mean, I'll still eat things that contain – I'll still eat honey, or I'll still eat some seafood if I have to, but any meat like any meat; chicken, steak, all that stuff I don't eat. Any cheese, milk, yogurt I don't need any of that. It'll be a year next month.

[0:28:10.2]

FT: What made you decide to switch into this healthy lifestyle?

[0:28:14.6]

NB: I think it's fun and interesting to play around with my health, because it's not a pain point for me, so I think when I learn new things I want to try them. A lot of the stuff last year that I learned was, it was health-related so it's not really animal related as much, but I just value being healthy and trying out what I'm learning and putting those constraints on my life of no meat and dairy is a lot easier than saying meat sometimes, because then there's no chatter in my head. It makes it a lot easier just to go cold turkey. That's what I've done and I feel better. The no dairy thing, honestly I feel so much better.

[0:28:57.7]

FT: I have to say, I did the whole 30 diet for a month with my husband in the fall. With whole 30, it's all about eating raw natural foods, no processed foods, you can't even have a slice of turkey breast. It has to be no sugar and everything and no dairy. I have to say the most surprising thing for me was the impact of a dairy-free month. There was no bloating. I don't drink that much dairy, like even a little bit in my coffee every morning, that little amount still I felt would just stick to my body. I don't know what it's – you know what it is about dairy that just doesn't mix well.

[0:29:48.3]

NB: Yeah, I don't know the science behind it. I've heard it so many times, but you forget. It's something with the hormones in it, and it's just really harder for your body. I feel it. I notice it, like you said the bloating. My skin, I can tell so much. It's just I feel cleaner and I never get that uncomfortably full. I'm still eating a lot and whenever I want, but I don't feel uncomfortable ever, which is great.

[0:30:15.4]

FT: All right, how about this, one thing I wish I had learned about money growing up is _____.

[0:30:20.8]

NB: Value creates money, not time.

[0:30:23.8]

FT: Value creates, money not time. Can you explain?

[0:30:27.3]

NB: Yeah. Especially since I'm going into this entrepreneurship, value creates money. The value that you provide to the world is what creates money, is how you're paid. Even if you're in a full-time job, the value that you provide to your clients, or your boss, or whomever, the company, that is what you're paid for, not your time.

It might seem like you're in an office for eight hours and you are, but no one's actually paying you for your hours. They're paying you for a contribution you're making. I think that when you think about earning money based on time, it's never a winning game. I wish that I had learned that earlier, because for so long I was focused on time spent instead of what am I producing, how much value am I providing. That is really when you start to earn a lot more money.

[0:31:18.5]

FT: It's a good point, because I think when we are oftentimes valuing ourselves at work, comparing ourselves to other colleagues, we're like, "Well, I work longer hours. I put in more time." I mean, that is annoying, but it's not what you leave with when you go in and asking for the raise. That just sounds like you're whining, "Well, you're not good at your job. Why is it taking you twice as long to pull the same results?"

[0:31:45.3]

NB: I like to think of when you go into the Apple store and you buy an iPhone, you don't really care how long and hard they worked on creating it. You want what the iPhone does and what value is in it. What you produce is so much more valuable to anyone than how long it took you to do it to produce it, how many hours, how hard you worked.

[0:32:06.0]

FT: That is such a good analogy, because you're right, as a consumer, I don't care. I don't care that this organic blueprint juice took four hours to make, or whatever it did, or that they used a machine that costs \$13,000. That's why my investment was \$11, but that's a really good point.

Okay, when I donate I like to give to _____ because _____.

[0:32:31.1]

NB: I like to give to my church, because I'm Catholic. That's that would be right now. I think I'll get more into donating into bigger causes once I'm out of my student loan debt. Right now it's a set amount, and it feels so good to give. I love giving and I look forward to doing a percentage of my income down the road. All good things to look forward to.

[0:32:51.1]

FT: Right on. All right, and last but not least, I'm Natalie Bacon, I'm So Money because _____.

[0:32:57.2]

NB: I'm finally in a flow with balancing, earning money and saving money.

[0:33:02.5]

FT: Finally in flow. I like it. Congratulations Natalie. Power to you. Such an inspiration. Love that you were able to turn what others would maybe consider a burden, \$200,000 worth of student loan debt, which by the way you're still working on it, you're still chipping away at it, but it really turned into an eye-opening experience for you that then led to career transitions and now the best career, which is being your own boss. Congratulations.

[0:33:31.1]

NB: Thank you so much, Farnoosh. Thank you so much for having me.

[END]