



## *016: Learn to Question Everything About Your Money and Lifestyle with Millennial Money Expert Stefanie O'Connell (Transcript)*

**PT:** Stefanie, welcome to the show

**Stephanie:** Thank you so much for having me.

**PT:** What's the one thing that you do that maybe others don't that you feel has been the biggest contributor to your financial success so far?

**Stephanie:** I question everything and that applies to both my expenses and my earnings. On my expense side if somebody tells me I can't live in New York City because it's too expensive I tell them I'll just get three roommates and Air-BNB my apartment. I can make it work because that's a priority for me. That's always been my approach to everything and I do it with my earning side too. I used to be a professional actress and used to think I was just a starving artist until one day I said, "Wait, maybe I don't have to be." Then I challenged my way into building a very successful business. I'm sure we'll dig into that a little bit more in a bit, but I would say that nugget is pretty valuable.

**PT:** Yeah. So you're not taking no for an answer, right?

**Stephanie:** No. If it's not a priority, you can make it one.

**PT:** So it was out of necessity that bred that?

**Stephanie:** Yes, absolutely. I graduated college with a drama degree in 2008 which was not a great combination of circumstances. I was living in New York City and thought, how do I hack my necessities? How do I live? How do I survive? And, because I had those limitations they inspired a lot of creativity in the way I approached just making ends meet. Because I had that creativity around making my ends meet, I just started to get interested in finance more generally. I started bringing my creative self as an actor, my creative self as an individual to what is traditionally thought of as very "numbers and cents analytical game" and I actually found that this formula of left and right brain actually works together really well to make things happen that you want.

**PT:** Interesting. Were your parents that way? Were they 'no' for answer type as well? Or questioning everything like you say?

**Stephanie:** Yeah, there are a lot of occasions where mom totally embarrassed me growing up.

At camp, I was not in a tent with my best friends and she would yell at people all day until I was in a tent with my best friends. But actually, for awhile I was really embarrassed by that so it took me a while to learn to assert myself because I felt like I was always apologizing for my mom being so assertive.

**PT:** Right.

**Stephanie:** Now that I'm 30, I've really begun to tap into what my mom was going after and thought, "Man, she's got it going on! Girl power all the way!"

**PT:** Yeah, and there's a way to do it right without being an A-hole, basically. It's just being assertive, sure of what you want and asking for it, right?

**Stephanie:** Asking for what you want seems like such a simple thing yet so many of us are passing on those opportunities to prioritize what we want and need and to ask for it.

**PT:** Yeah. With me go growing up in the south it was a polite thing, not to necessarily ask for more than you were given or expect more out of the situation. You were expected just to default into what was kind of given to you. But a different approach can be taken.

**Stephanie:** Even something as simple as challenging the cable bill. Again, instead of taking what's given—it applies across literally every circumstance.

**PT:** But doesn't that get a bit taxing, to always be questioning? Do you do this on a routine basis with expenses or income, like checking yourself every quarter or every month? When does it come into play because you can't always be on always and always be questioning, right?

**Stephanie:** I'm always keeping a record of what my expenses are and what my income is. And that's just a daily habit, a daily practice. What really has changed over time is what my priorities and values are. At the beginning, it really was survival and just making ends meet. That really forced me to be incredibly aggressive and incredibly proactive about challenging everything. Now, it's really about having more time and about having more freedom. So yeah, I'll probably splurge and take a cab instead of hacking across three different buses and public transit to get to the airport. It's really about assessing what your priorities are and how they evolve over time and also how that interacts with what your actual means are. When you're tracking your expenses and your priorities at the same time, you really do find the best ways to approach every situation.

**PT:** It sounds like you're not only questioning others and what they're bringing to the table but you're questioning yourself and your own internal motivations every time.

**Stephanie:** Oh my God, totally! There's so much more stuff that I will gladly pay for now because it doesn't make sense to stress myself out. I live in New York City in an apartment. I don't have a washer dryer so I go to the Laundromat. One day I was at the Laundromat and I was there for about two hours. I had to pay for the machine which costs about \$12. If I just dropped off my laundry, they would do it for me and fold it for me for \$20. Are two hours of my time not worth \$8? Of course it doesn't make sense for me to do my own laundry. In that situation, it's just about having those kinds of honest conversations with myself as much as I do anybody else.

**PT:** Yeah. I love it. Obviously, coming out of college and starting the acting career was a time where you needed to really buckle down and scrap for everything you had. But, was there a moment where you just turned that on its head and said, “Okay, I want to become a master of my money?” Not just get by, but really master your whole financial life?

**Stephanie:** About 6 or 7 years into my acting career I had been doing pretty well and got my first big contract in New York City. I was so excited because I was thinking, I’m finally making it. I got the contract and it was \$524 a week. That was the offer before paying out my agent, before paying my union dues, before paying my taxes and living in New York City. I said, “Wait a minute. Something about this just isn’t adding up. It doesn’t matter how savvy I get with cutting my expenses. If I do not start to make more money, I will never be able to get some real traction to be able to put aside meaningful savings and get ahead in a meaningful way.” What I realized was the financial reality of what I was doing wasn’t really sustainable for me to have the lifestyle that I really wanted. At that point, I decided money mastery isn’t just cutting your expenses to the bare bones; it’s about creating a lifestyle you really love. And, loving what you do isn’t necessarily the same as having a lifestyle you love. I learned through those 7 years working in theaters and doing what I loved and it wasn’t really affording me that lifestyle I wanted.

**PT:** So you had to tack onto it, right? What did you tack on top of it?

**Stephanie:** At first I did a lot of things just to make ends meet even better. Maybe that’s not a good phrase— First, I just did stuff to make more money. I was a babysitter. I worked at a restaurant. I was a personal assistant and I hated all of it. I really love talking about all these ways that I live in New York City “on the cheap” and I thought, why not share this with the people I know via the Internet? So I started blogging and immediately discovered this incredible community of other people talking openly and honestly about money all over the world. Specifically with people around the United States and in the FINCON community, writing about personal finance in a much broader sense than I had ever thought about money before. I had really thought about it from the perspective of just “getting by” as opposed to using it as a tool to build this broader lifestyle on my own terms and on my own values. That really shifted my entire perspective, not only in the sense of how I was approaching my own money but also in seeing the opportunity that was there online because there were people who had businesses who had created entire businesses around their blogs who were published authors and working fulltime freelance writing. I thought, “Goodness! Here is a huge opportunity. Who knew? Let me explore it and get involved.” At the time I really didn’t know what was going to become of it but I really enjoyed sharing things I had learned and I really enjoyed connecting with other people in the community. And that really just snow-balled after a year or so into my own business which was not something I necessarily intended, but I’m so grateful for.

**PT:** Right, right. Let’s break that down. Was there a certain level of income you were sort of going for an achieved or was there maybe debt your life that you were trying to knock out? Was there one specific goal you’re growing this thing that you were going for, and how do you achieve that?

**Stephanie:** My first job out of college wasn’t very high paying. It was \$450 a week but it was international and so I got it a deal per diem. Because of that, I was able to save everything I

made in my salary during that job which was about 7 months so I had banked around \$12,000 before the recession hit and the job ended prematurely. My big goal was to not deplete those resources. So, from the time I graduated college to my 7<sup>th</sup> year of being a professional actor, we were constantly getting down to the wire and seeing that money disappear. And, what was going to happen I got past zero was, we'd get into the red. So, the big goal was not to see myself going backward but to start moving forwards. And beyond that, not necessarily financially, but lifestyle-wise, be able to not have to worry about subletting my apartment to afford my rent. That's where I was. I was at the point where, if I couldn't afford my rent that month, I'd go crash with a friend so that expense was covered. That's a huge "value of living" sort of lifestyle to consider and it's really tiring. At this point, I had already been doing that for 6 or 7 years and I wanted a little bit more stability in my life. I really just wanted to live like I thought an adult should be able to live. I would say the lifestyle factors on a very basic simple level were probably the biggest things that motivated me towards wanting to get my finances in order.

**PT:** Do you have your own place now?

**Stephanie:** Well, I live with my boyfriend, so kind of. (*Laughs*) At least I'm not tip-toeing around roommates now.

**PT:** Obviously, you've made a lot of strides with your finances and I want to come back to some of that, but is there an area of personal finances that you know you just not good at yet?

**Stephanie:** Yeah, in terms of writing full-time and blogging full-time what I'm finding now is, I'm going through a steep learning curve with finances as a business owner because I love to constantly reinvent in my business. I like to reinvest things that I'm passionate about and care about. I want things to grow but it's very difficult to balance that with what I actually need to manage my life and pay my rent, buy groceries— I can't just go spend \$10,000 on coaches if I can't pay my rent. Managing those kinds of balances are the real challenge for me right now.

**PT:** Are you still acting a little bit?

**Stephanie:** The last show I did was in March. I actually went to Egypt to do, *Scooby Doo Live*, the musical. But I haven't been actively pursuing acting for about 2 years. This was just something that came up that someone asked me to do. Now the ways I think about it is, I take the thing I love about acting which is storytelling— speaking, talking and connecting with people— I take that and I pair it with my excitement about educating people about their finances, their careers and empowering them through personal finance. I put them together to create this kind of hybrid-career that not only do I love but actually pays me pretty well too.

**PT:** I love it. Tell us about any tools or resources you used during those lean years where you just kind of lived lean, getting by, making the most of your dollar. Did you use any tools or resources for budgeting or just managing your money?

**Stephanie:** I was super, old-fashioned. I was a spreadsheet gal. I had probably 5 different spreadsheets. I had one where I would just track my basic income and expenses. Then I had one where (if I was on the road for work) since I got this per diem everyday that's not taxable, how much of that can I not spend? I would challenge myself with those spreadsheets. It was all

just homemade stuff, literally adding up one column and subtracting it from another but it was really motivating for me to see it distilled down to numbers. Even though I'm a creative person, there's something about tangibly seeing something that's very exciting because you can start to measure your progress and it feels very motivating.

**PT:** I've done a few of these interviews now and most people have come up with their own spreadsheet just like this.

**Stephanie:** Really?

**PT:** Yeah, they all have a similar answer. Even I did the same thing. I had this little simple spreadsheet that I created for myself. At some point, you have to just own it and make something that works for you.

**Stephanie:** Well, exactly. If pen and paper works, who cares? I do wonder now if we all had apps back then, we would have had a different journey. Who knows? But, I actually use sum more advanced resources today.

**PT:** Okay. Back then were you able to do any investing at all? I know you were saving but were you investing?

**Stephanie:** I was investing a little bit into a Roth IRA. I think I opened my account when I was 24 so by this point I was 3 years into it. Again, I wasn't investing a ton because it was still a struggle to maintain the savings I did have. I started reading personal finance books around the age of 24 and I read things from people like Suzy Orman telling me I've got to invest, invest, invest... You know, all these gurus who tell you to invest?

**PT:** Yeah.

**Stephanie:** So I decided I was just going to do whatever it takes to invest. I never had an employer sponsored 401k plan. I never had an H.R. department to hold my hand or anything but I was able to glean enough information from basic personal finance 101 books to know what a Roth IRA was and what an index fund was and that I just had to do whatever I could to get some money in there.

**PT:** Were you just chunking it or were you automating it? How were you doing it?

**Stephanie:** No, I just chunked it. You know how you can contribute until April of the next year?

**PT:** Yeah.

**Stephanie:** I would always try to just get as much in right before that deadline as I possibly could.

**PT:** Were you doing it right there with your tax return at the same time?

**Stephanie:** Yes, exactly.

**PT:** So you were seeing the tax benefit of making some of those moves. Maybe not with the Roth, but weren't you doing a traditional IRA as well?

**Stephanie:** I didn't do traditional IRA because I didn't have enough to contribute to in bulk. I could barely do the Roth max at the time. But, the first time I maxed it out, I had like a big party

with myself.

**PT:** Yeah. I get it. You were a starving actress at the time. You weren't necessarily trying to defer many taxes because you weren't paying many taxes, right?

**Stephanie:** My tax rate was almost nothing.

**PT:** That makes sense that the Roth was a better move. Do you still have that Roth IRA?

**Stephanie:** I do still have that. And it's amazing. It's the most "free money" I've ever had. Technically, I haven't sold anything but—

**PT:** Let's dig into the transition from actress to starting the thing on the side, then to that becoming the full-time thing. Obviously, there is the business side of it but then there's the personal finance side of it saying you've got to prepare a little bit in order to make that jump. Talk us through how you made that leap.

**Stephanie:** In terms of how I managed the money when starting the business?

**PT:** Yeah. I mean, you can't just stop your acting gigs without the income stream coming in so did you build up your business income to a certain low before you were able to jump? How did you do that?

**Stephanie:** There was a time where I was probably doing 6 jobs (in some capacity) at one time. I was acting and babysitting, personally assisting and doing some administrative tasks. I realized I could be a virtual assistant after discovering blogging. My first income-producing endeavor online was freelance writing. I started writing for other bloggers, writing for start-ups. I was charging a very, very low rate because I didn't know what I should charge. I started amassing as many freelance clients as I could and every month I would think, "Okay, if I get one more freelance article this week that's one hour I don't have to work at the restaurant." I really tangibly had those trade-offs in my mind every month and that's how I thought about it. Slowly, as I started to get more clients and negotiate higher rates with each of those clients, I would drop off a piece of the "survival jobbing." That's what we call it in show business. Eventually, I got to the point where my freelance writing income was greater than any of my survival jobbing. At that point, I decided to stop survival jobbing altogether. It was actually a little bit scary because I could have been more aggressive with my financial goals and continue to survival job as well as freelance just for the sake of building up greater savings, but I'm actually so glad I went full-out and took the full leap because it enabled my freelance business to just take off in a way that would not have been possible if I wasn't devoting the time I needed, to it. The fact is I don't have any dependents. I don't own a home. I have nothing at stake so I think there's something really liberating about that that allowed me to take a greater risk than if I had a family to consider or a mortgage or anything like that.

**PT:** That makes sense. In terms of debt, were you carrying any debt at all?

**Stephanie:** I am not carrying any debt. I have credit cards that I use but I've always paid them off before I've got any interest on them.

**PT:** Always? You've always done that?

**Stephanie:** Yeah. It's really a wonderful thing. For me, I just never thought about debt as a

viable option and so I always did more extreme things first. Most notably, as I have mentioned a few times, would be renting out my apartment because it's my single biggest expense. If I can eliminate that expense for a month, two months or for however long that I'm in a bad situation, I am just freeing up so many financial resources to just make ends meet. That was always my recourse rather than waiting to make a payment on a debt.

**PT:** Right. You took a loan out from the apartment by way of tenants. *(Laughs)*

**Stephanie:** Yeah. I grew up in the area of New York City so I know a lot of people who are very generous with their couch.

**PT:** That's awesome. That's so savvy to have done that. I would have just defaulted into the easy thing—the easy thing, that being to just go grab the credit card saying you'll just do it for this month.

**Stephanie:** It just never crossed my mind. I guess I didn't think that was an option. And, because I never thought of it that way it was like it didn't exist so I had to come up with some other way.

**PT:** That's cool.

**Stephanie:** And maybe I didn't know you could do that with a credit card.

**PT:** Well, ignorance is bliss in this case. I think we filled in all the gaps for everyone but let's talk about now. What kind of financial goals do you have going forward for yourself?

**Stephanie:** Going forward I'm really focused on growth in terms of my business, my income and my revenue. I'm extremely aggressive, as I mentioned before, as in reinvesting in myself and really trying to scale my efforts and my income as quickly as possible. Things like saving up for a down payment, buying a car or anything like that are not necessarily on my priority list. I know that's not very typical. I'm 30 years old but I really have no interest in buying a home. I might be interested in taking a vacation to Europe next spring and I'm certainly interested in growing my business, but not necessarily something really concrete. What I do want is to create a sustainable income stream that enables me to do whatever I want 5 years from now. That's why I'm very aggressive with how I reinvest today.

**PT:** So the business—is it still primarily freelance writing? What all do you have going on?

**Stephanie:** Actually, about a year ago I was decided I don't like writing. I had built myself this freelance writing business and I thought, "Oh, I'm just so burned out." Within 2 years I think I had written something like 50 articles about what goes into a credit score and I said, "This isn't for me." That's not what gets me excited. It was exciting at one point. The principles are exciting and what good credit can afford you to do, is exciting. But, at the end of the day, I don't want to write that same piece over and over again. So, I thought about what it was that I really loved doing and it was talking to people. It was going and doing television segments, going out and speaking so I really refocused my business around those elements as much as I could. Since starting to build up a roster of speaking clients and brand partnerships, that's really enabled me to go out and host events and talk to people in ways that I can't just go up and do on my own without incurring huge expenses. Doing things like creating videos has been a huge push for me

this year. Taking that acting skill-set and bringing it to the world of personal finance. Really, I've created this hybrid career of my passions to do something that I think is both financially sustainable and sustainable as something I really love to do.

**PT:** I love it. For folks out there who are maybe entrepreneurs (or wanting to be an entrepreneur) are always wondering about things like health insurance or saving for retirement when you're self-employed. How are you handling those two things?

**Stephanie:** I still max out my Roth IRA. But, honestly, I haven't been aggressive about opening up additional retirement accounts. I do have some taxable investments for money I might want to access sooner, but I'm not as aggressive as I could be right now because I'm so invested in my current self, namely because I see returns on the money I invest in my business, 2, 3 or 4 times immediately, as opposed to maybe getting 7 percent. That's not a sustainable strategy for me. I do need to be more aggressive about my long-term savings and retirement. What I would say about health care is that I'm probably facing the same situation like every other entrepreneur right now where it's just that costs are untenable so I'm joining the Health Care Ministry for 2017 and I'm going to get (hopefully) great coverage at very low-cost program.

**PT:** Which program?

**Stephanie:** I'm joining Liberty Health Care.

**PT:** Oh, Liberty Health Care. We use one of those as well.

**Stephanie:** I saw your post today. I saw it on Facebook.

**PT:** Yeah, yeah. That's cool. Good advice. So, you're still doing the max on the Roth. Do you still do some type of chunk again at the end of the year or are you looking to do that on a regular basis automatically? How are you managing that because maxing (for everyone) means \$5,000 or whatever?

**Stephanie:** Yeah, it's \$5,500. I don't do it all in one chunk. With that said, I don't have a set contribution each month. I know that it's a great system for people, but for me, I have a commitment to myself to max it out but it's very unpredictable throughout the year what my income is going to be each month and what my major expenses are going to be each month so I take a look at every single month then make an assessment of what my short-term savings goals are, my retirement savings goals, my other long-term, non-retirement savings goals and then my business investments and personal expenses for the month. Every time I make that assessment I'll say, "Okay, I'll put \$1,000 into my Roth this month," or, "I'm not going to contribute to my Roth this month." But, I have to get to \$5,500 so even though it's kind of flexible it's also a commitment.

**PT:** I love the aspect of investing in your business to, congrats on the success and the growth.

**Stephanie:** Thank you.

**PT:** Let's touch a little bit more on daily money management, now. We're probably not into the spreadsheets as much anymore. Are you using any kind of tools or services? I know credit cards aren't part of the mix or are they and you're just paying them off each month?

**Stephanie:** I do use credit cards, but again, I just pay them off every month. I do actually love

credit card rewards and I love being able to see a record of all my spending. I hooked up all my accounts-- credit cards, checking account, savings account, retirement accounts to Personal Capital so I can track everything in there. Additionally, I do still keep my spreadsheet just because it requires me to manually check in with my money. That way I can cross-reference it with what I have on Personal Capital and my receipts. It's just more of a practice of mindfulness than it is about necessity and figuring out where my money is. It really forces me to consider all my priorities and my spending and making sure it's all in alignment.

**PT:** You're so busy with building your business how do you make time to do that? Do you have a scheduled time to do it? Is someone else holding you accountable to it? How do you make sure you get that done every month?

**Stephanie:** Well, I'm terrible at time management actually, but I do have an accountant so that helps. And, every month we get on the phone and talk through my expenses. I know that call is coming so I need to be organized on my end. That way, if he asks what the \$400 check I wrote was for, I can look it up on my spreadsheet. I think having that external accountability is really helpful for me. It's like having a family to be accountable to or a partner to be accountable to. I don't have that so it's good for me to have that through some other format.

**PT:** Business must be going well if you can afford an accountant like that. That's pretty good.

**Stephanie:** Oh, it's exciting. I spend a lot of money on my business. It's really scary because my cost of living is less than the cost of running my business on a month-to-month basis so that is a really weird place to be. It's also very exciting, so we'll see how it all turns out.

**PT:** Like you said, you're seeing the results of it already. Looking back over this past 10 years or so, post-college, the tough times, the scrappy times, the time of education and learning and moving toward money mastery, how do you feel about it all now?

**Stephanie:** I feel like the luckiest person and like I said before with the limitations and hardships, they just inspire so much creativity. Limitations and hardships are just catalysts for invention and for rethinking things. If everything had gone well, the best case scenario, I'd probably just still be acting but struggling in an unsustainable cycle of money management. What I feel I now have is not only a system where I feel confident in managing my finances every day but I also feel like I have room to take risks and enjoy life. I love that I have room to build something I think is not only going to support doing something I love but living the lifestyle I really love.

**PT:** I love that. It's an excellent answer. Where can people follow your journey and see more about what all you have going on?

**Stephanie:** You can follow along at [stephanieoconnell.com](http://stephanieoconnell.com). My social media is all at Stephanie O'Connell. I also wrote a book about my years of living in New York City as a starving artist and you know figuring out my introduction to personal finance called, *The Broke and Beautiful Life*.

**PT:** I love it. You also shared a piece of that story with the readers at P.T. Money. I'll make sure to link to that article as well as to the book in the show notes. Thanks for being with me today.

**Stephanie:** Thank you so much for having me.