



*010: Why Rejecting a “Normal” Life is Worth It with
DailyWorth's Amanda Steinberg
(Transcript)*

PT: Amanda, welcome to the show.

Amanda: Thank you so much for having me. I can't wait to be here with you today.

PT: Yeah it's going to be great. I'm looking forward to catching up. Are things going well over at The Daily Worth?

Amanda: Things there are rapidly expanding into multiple different platforms now that were 8 years old.

PT: Amazing. What's the one thing that you do personally that has been the biggest contributor to your financial success so far?

Amanda: The biggest thing that I do differently is I ignore most social norms. I guess looking at me, you might not be able to tell that, but I live in a small house. I drive a very inexpensive car. I don't buy a lot of new clothes. A lot of people I find spend a lot of money because they think they're supposed to in order to present themselves a certain way, and I'm much more interested in cash flow and feeling affluent and being able to save and invest. In order to do that I made sure to widen the gap between my income and my expenses by choosing to reject what I thought my life was supposed to look like.

PT: Yeah, I love that. You live in a metro area in New York, right?

Amanda: In Philadelphia.

PT: That's right, Philly. That must be hard to do that there because you see so many high-lifestyle people around you in business and socially, right?

Amanda: You know what? I've just decided not to care. And I've got to tell you, it's made my magnetism stronger because it's real and I'm taking care of myself. Other moms at birthday parties know where I stand. I'm not just going to buy presents for all the other kids when they are already getting 20 gifts. That's ridiculous. And they're going, "Oh, wow, we should think about changing the way we do things." It's not hard at

all. The more I live into it, the more others say they want to do that too.

PT: I love that, the intentionality. It's attractive to others. That's pretty cool. How does that concept play out for you? Do you have a car? Or do you share a room with other people?

Amanda: I drive a Nissan and I live in a rental house that only costs \$1,900 a month. I used to live in a 5,000 square foot house where our mortgage payments were twice that on top of all of the home repairs. I used to feel pressure like I had to buy new dresses and new suits for every important event. Especially, because I'm on T.V. a lot now and people think you shouldn't be seen in the same thing twice. I used to internalize all of that and I just decided, you know, when I look around the world at the problems people are dealing with, if I'm wearing the same dress a few times in a row, it really doesn't matter.

PT: And I love that it's not just about just spending less for the sake of spending less, or trying to be different. You're trying to be intentional and different because you have other goals that you'd rather see succeed in, right?

Amanda: I have other goals and I also know what it's like to make six figures and not actually have any money in the bank. I'm a single mom of two young kids and there are all sorts of surprise expenses that pop up all the time. Those are the ones that, even if you budget and set goals and follow all the rules as you're supposed to, they still get you every time. They wipe out your savings. So, I just had to widen between my income and my expenses.

PT: Let's go back. I always like to take folks back to the time. Was there ever a time in your life that you decided to become a 'master of your own money' and improve your financial life?

Amanda: Yes, in 2008 when I was pregnant with my second child. I got a \$60,000 tax bill because of my software business. That's what I did before DailyWorth. I was a computer programmer. My software business grew so fast in one year, I didn't change the way I was paying my quarterly taxes. That was when I thought to myself, "Wow, I've been working so hard my whole life—Since I was 13 I've been hustling so hard to make my own money and become wealthy (whatever that means) and that wiped out everything for me. How do you be so high income and have negative net worth? That was the big head scratcher that had me change.

PT: A \$60,000 tax bill? Is that what you said?

Amanda: A \$60,000 tax bill, yeah.

PT: What did you do?

Amanda: I moved out of our house into a smaller house. I changed my life. It took me 4 years to pay off. It wasn't about not buying lattes. I really had to break apart my life and build it again from scratch, from the ground up. I moved from a house that had marble granite countertops into a, peeling linoleum, two-bedroom apartment. It was kind of embarrassing to me at the time, but I got over it. But you know what? I was free and I could pay my bills again.

PT: What was the software company?

Amanda: It was called, Soap Box. It was my own programming company. We were consultants to other companies.

PT: Gotcha. So you're making a lot of money with it and spending a lot of that money. What were you spending it on other than an expensive house?

Amanda: I've never been much of a clothing person. It was really everything related to childcare especially since being an entrepreneur, work can be so intense, I always had to have a lot of childcare help. It was always the balance of, "How do I not let work drive my life when I'm a mom? But also, how do I hire all the right help so I can be a mom?" Balancing between the two, that's really where a lot of my expenses went along with a lack of understanding of money management and the instability of cash-flow when you're running a services business.

PT: When you faced down that \$60,000 bill, why didn't you just say, "Okay, we're just going to make this business more successful?" What was the stop-down point? Was it because you were pregnant with your second child and you knew you weren't going to be able to work as much? What put you in that position to stop and reverse a little bit?

Amanda: It's because I had been there before and realized that just because you earn more does not mean you have more. Everything has to be really intentionally managed otherwise more earnings simply become a justification to invest more in growth. That doesn't mean that you're building net worth in your personal life and that is a critical distinction. And not even in terms of my personal income, but how my building assets and net worth's for the long-term. I realized that there was this massive gap in my understanding and my mindset.

PT: When you decided to make that change, do you remember making a concrete goal of, "Hey, I'm going to try to pay this tax bill in such and such amount of time?" Or did the IRS dictate that for you? How did that work?

Amanda: No, it was more that I wanted to go to the bare-bottom of spending in my personal life. Because, what I realized was, I was living out a narrative of the life that I thought I was supposed to live and it wasn't even really what I wanted. I just thought I was supposed to have a certain kind of house because it's just what was in my head. I thought that a house was just an investment but in this case, my house was driving me

further into debt. Then it was 2009, so instead of trying to be measured about specific goals I just wanted to go down—I think I was spending about \$12,000 a month to live and I got it down to about \$4,000 a month to live for a couple of years which was a pretty significant decrease in spending. It's hard, especially when you run a venture-backed start-up. My company's— DailyWorth and DailyWorth FM have venture capitalists so I can't just give myself a raise because we have to preserve cash when we're building something at such scale. So I had to totally change my life.

PT: Okay, back to the IRS thing. How did you handle the actual \$60,000? Did they put you on a payment plan? Did you pay it off with a credit card then decide to pay that off? What happened there?

Amanda: Well, if you really want to get into it, I'm divorced and it happened through a home equity line of credit. In respect to my ex-husband, I will leave it at that.

PT: Okay, that makes sense. During the early time of slashing the \$12,000 down to \$4,000, what were some of the other choices you made? You mentioned kind of downsizing your lifestyle in general, with the house downsizing. Were there any other major decisions to get that down to \$4,000?

Amanda: Yes. I was able to negotiate with the board of directors that my car and other business related expenses became business expenses, which is really big in terms of your monthly bills. I started cutting and dying my own hair which I still do (I would be all gray by now). It's something I think about— whether or not I should just let it go all gray because it's such a pain in the butt to maintain. I had \$400 a month haircuts and colorings that I decided was gone. I used to pay a lot of attention to social pressure. I always used to wear heels even though I'm 5' 8" and really hate them. I decided I'm just going to wear flat shoes and if deals suffer as a result, we'll see. But, it's the fact that I don't participate in a lot of the social spending activities that go on, changing from wearing high heels every day as a professional woman to wearing flats had no impact on my business. I'm wearing boots today that I've had for 3 years. I spent a couple hundred dollars on them but they've lasted me 3 years and I don't have to buy new ones. I pretty well gutted most of the ways in which I was operating because they weren't true to me. I was trying to please other people.

PT: At the same time this was happening, you mentioned the directors. I'm assuming that was with DailyWorth or with the old company?

Amanda: With the other one.

PT: Okay, I didn't realize you took funding from that right from the start.

Amanda: Two years after I started DailyWorth in 2009 and funded it with the proceeds from my engineering company for two years and then I took capital in 2011.

PT: So those were the folks you needed to convince to put some of your personal expenses through the company?

Amanda: Yeah.

PT: Okay, cool. During those years of buckling down trying to change your lifestyle were there any tools or resources you used to either bring more awareness to your financial situation or to try to track them or manage them any better?

Amanda: For me, it was really about getting my spending under control. I'm a really bad budgeter. I've tried to budget so many times and it never sticks, it never influences my decision making. Instead, what I do is have two checking accounts; one that I call, sustained which is only for my bills and one which is called, spend which is only for my spending. I transfer money from sustain to spend and then anything over that, I put on a credit card as punishment for myself. I have to track it top-down because the details become too nuanced during the flurry of my life, but that's made the absolute biggest difference because I was always spending money that was allocated towards bills and then bouncing checks, and that just does not happen and you know.

PT: Yeah, I like that idea of separating. It's sort of how we do it. We make sure we're paying ourselves first—making sure those bills are being automated then what's left over is kind of free to spend, right? We don't necessarily put it into a separate account like that. I like that idea. That way it really frees up that account.

Amanda: I get texted every day as to what my bank balance is and I know how long it is until I get my next paycheck.

PT: So, will you use a debit card up until the point zero and then go with a credit card after that?

Amanda: Yeah.

PT: Do you typically carry that balance or do you try to knock that out in the next 30 days? How does that work?

Amanda: It depends. This is my big struggle right now. I live in urban Philadelphia and I send my kids to private school and oh, my God is that private school expensive. That's the biggest lifestyle decision I'm making, is to send them to private school. So yes, sometimes I do carry a credit card balance for 3 or 4 months. It's because of that. I do a lot of soul-searching on a day-to-day basis about whether or not I should keep this or move to the suburbs and send them to a good public school.

PT: Yeah, it's a personal decision. Oftentimes, when folks are changing their lifestyle and trying to manage their money better it's difficult to do in any type of investing. Now, I know you're a business owner and you're investing in your business every day, but

during those early years, were you doing the kind of investing as a sole entrepreneur?

Amanda: I have a book coming. Is it okay if I show the title of it right now

PT: Sure, absolutely!

Amanda: This is what I've written after 8 years of running DailyWorth. It's called, Worth It. As you've noticed, I don't love budgeting. I've created a lot of systems that work for me so it's an outsider's fresh perspective to personal finance for those who feel a lot of guilt and shame around how the current system works or doesn't work, for you. It's shaped for women because that's who our audience is, but you're more than welcome to read it no matter what your gender is. The way I talk about investing in this book is that everyone should have roots and wings. Roots are your assets, the things that grow, ideally, and appreciate in value over time. And wings are income savings and credit. It's what fuels your day-to-day life as well as growing your roots. I didn't have this distinction before I wrote this book. But, I did invest since I was 21, just because I've always been so ambitious, but I often didn't do it right. For example, I put \$2,000 on e*trade when I was 22-years-old, but I bought stocks because I knew people who worked at the companies or I liked the brands. I didn't really have an idea what was going on. Obviously, owning a business is an incredible way to build equity and I am extremely wealthy if you look at the valuation of my businesses, but they are illiquid and may remain a liquid indefinitely. So you can't really count that as part of your net worth. The third one is buying a house. I bought a gorgeous house over 10 years ago in Philadelphia and I thought it would be an appreciating asset. But, because it was a 100-year-old house and because of all of the repairs that it needed, it's gone way down in value relative to what we had paid for it. So yes, all of these to me are the facets of investing. I'm really committed to ETFs, passive index funds, and really tracking the growth of my overall net worth—not just focusing on what investments I'm going to make and how I think they're going to perform. It's really about the growth of my net worth and my liquidity, frankly.

PT: So do you have some automated investing going on or do you do that manually each month?

Amanda: I do—you do know that I own a financial services company now, right?

PT: Yeah, I do know this. *[Laughter]*. Perfect lead-in.

Amanda: I own the investing company and the reason is that I'm a big fan of Betterment and WealthFront and all of the other robo advisors out there. I have accounts with them, but there was still a few things that were really missing for me in the way they make on-boarding easy and the way they present information to you. Having DailyWorth with over a million subscribers I started a separate company called, Worth Financial Management which is at worthfm.com. It makes saving and investing really easy and it's fully in-line with my personal investing philosophy. We will also be

introducing socially screened ETFs into a portfolio sometime this year as an option which is the last part that I've really wanted to have been a part of it.

PT: For folks who may not know what an ETF is, give them a little flavor of that.

Amanda: Sure. An ETF stands for exchange traded fund. It's similar to a mutual fund in that you're not just buying one stock you're buying a whole big basket of stocks and potentially other types of instruments. What it does is gives you really broad diversification. And, depending on which one you're looking at, ETFs tend to be slightly more favorable in the tax department. They knock you with fewer fees, but they're very similar to mutual funds if you're familiar with what those are.

PT: Yeah, that's fascinating. I look forward to seeing that company do well and see a lot of folks get started investing through it. That's cool. I'm just curious—side note here, the companies that you invested in back in your 20's with the trade account do you still hold on to some of that stock? Were any of those really big winners?

Amanda: It tanked and lost nearly 30 percent of its value in the second week. I sold everything because I was just bad at investing. I had no idea what I was doing. I said, "I gotta get out of here!" Little did I know, I should have held onto them, but I had no idea. I've played with active investing on Motif a couple of times. I got really lucky once and the other times I bought oil when I thought I was at rock bottom because everyone was saying it was and it still tanked even further. Dollar cost average into passive indexes, and focus on your earning—that's really where I live.

PT: I want to keep in the past department here for a little while before we move forward. Someone may be curious as to how someone like you would start a business at such early a young age and be doing things like The Daily Worth and Worth FM and have the book... How do you get started? How did you get started with the software company? Maybe we should back up all the way to that.

Amanda: I was raised by a single mom (as I am today) where depending on someone else was never really an option. It wasn't even a goal but I was always really interested in how to make money. It just so happens my mom was a computer programmer since 1964 and she taught me basic code of the time when I was four years old. I know that's rare in a mother-daughter relationship, but mom encouraged me to have screen time. I know, it sounds ridiculous. But, as a result, I am kind of stereo-typically more like guys-- I played lots of video games, took things apart and put them back together again. And, even though my original ideal job was to go into politics (which still may happen) I learned database programming for real; V.B. Script and Access in about 1998, 1999, in college. Even though I thought I was going to go into politics, I started making so much money as a database programmer that I realized I could have ideas and create them and they would manifest and people would give me lots of money for them. It really came out of my hunger and desire to make money and the fact that I had these skills from a young age and I was just willing to fail over and over again and experiment and

see what happened.

PT: And the idea for the DailyWorth, where did that come from?

Amanda: I always knew that email was an incredibly powerful tool from a monetization position, and I've been a serial hack experimenting with different businesses since college. I also wanted to have a social impact. I'm not motivated toward something unless it has social impact related to it. I'm not motivated to have money, for money sake, that's just me. When I realized that most financial media is read and listened to by men (it's just the way our culture has evolved for lots of reasons) was that there was this huge audience of women I knew who really wanted to understand money. But, the current format and the current way in which it was delivered simply didn't resonate with them. The industry, which is still true today, interprets that as women's lack of interest. But I knew it wasn't lack of interest. I knew it was lack of interest in the way it was being presented. I knew that was a massive market opportunity and the possibility for impact to help more women become independent if they want to be. As an entrepreneur, you cannot deny a market-sized opportunity like that. That's enormous. I had to jump on it.

PT: Awesome. And to give people a flavor of what you get when you hang out with DailyWorth, what all is there?

Amanda: Daily Worth is a daily e-mail that is about business and money. We teach the basics and we go over traditional topics but we also go where a lot of other publications don't go. We are starting to explore all the modern family dynamics. Maybe your father was married to someone else first and there are step-kids, wills or estates. There is a lot of advice out there but a lot of it doesn't resonate with the complexity and texture of modern day life so we're pushing the envelope there. We're also pushing the envelope on voice, making sure that it engages and entertains you and is fun to read because if it's boring you're more than likely out of there. That is what Daily Worth is. Then we have another property called, moneytype.me. That's a psychological assessment you can take. There are 40 questions to help you understand what your money type is. It's kind of like Myers-Briggs, but different. You're one of 5 types. You learn what motivates you around money and you discover what your sabotage patterns are. It's really helpful. If you're reading all this financial stuff like set goals, create a budget and it doesn't resonate with you, when you take moneytype, you'll understand why.

PT: I love the love that. We'll have links to all that in the show notes. Is there anything about being an entrepreneur that makes it tough when it comes to personal finances for you?

Amanda: Yeah, for all sorts of reasons, there are times throughout the year when you don't get paid. As much as you try and put yourself on a consistent salary, you can't because you're the boss. So you can't lose everybody else and you can't deal with the fact that there are just cash-flow problems sometimes. That's enormous. Yeah, I had 3

months last year where I had no income which was horrible. Another challenge is, you don't have a 401k so you have to really figure out your SEP your IRA and make sure that you're investing for your retirement because it's not going to be as easy as if your employer sets it up for you. Then there's just the reality that when you have a full-time job, there's just so much that is guaranteed. You really have to screw up to lose that full-time job or your industry has to go through a pretty significant change. You can screw things up pretty easily when you're an entrepreneur so the risk is way higher and it adds a lot of stress to your life. So yes, this is a book unto itself.

PT: You mentioned the SEP IRA and so forth, which one do you use for your retirement?

Amanda: Right now I'm using a straight IRA. I have not got to the point yet with my private school bills that I need something with a higher max.

PT: Okay, so you're doing the traditional IRA, personally?

Amanda: Yes.

PT: And with things like health insurance, life insurance, what do you do there?

Amanda: I have my life insurance through Penn Mutual Life Insurance Company, a standard policy for about \$500,000 right now. I'm probably going to increase that soon. And I have my health insurance through our business.

PT: Very good. How big is the team?

Amanda: Right now it's 6. It'll be about 8 in the next couple of months.

PT: I'm just curious about how you provide health insurance for a team of 6 like that. What company do you use and how do you get that done?

Amanda: Through Paychecks, that's our payroll provider and United Health Care is the program through Paychecks that we have access to. It's pretty reasonable, relatively speaking.

PT: Very cool. I'm just curious, as another business owner, do you pay a portion of their premium or is there a monthly fee, or all of it?

Amanda: Yeah, we pay all of it for our employees and half for their spouses and children.

PT: Are there any areas of personal finance, maybe budgeting or such that you feel you haven't really mastered or is something that is not part of your D.N.A?

Amanda: Liquidity just continues. I've mastered investing as far as I ever wanted to. I'm

a pretty solid entrepreneur. I know how to build sales teams and run profit and loss statements. For me, it's dealing with all of the emotional and lifestyle issues that are still expensive and I know I could have a lot more money if I just prioritize money. So for me, it's always just making sure I have enough in savings and that I'm not going into credit card debt. That's the number one thing I haven't mastered yet, but I'm getting there.

PT: Yes, absolutely. I had a quick question on that. Do you still code?

Amanda: You know, it's so funny you say that because I'm doing all my book promotion and I get really impatient because I want to do lots of things. I am still hacking my site, AmandaSteinberg.net. I did some C.S.S. overrides. I did some server reconfigurations. It's dangerous. I make sure that I back everything up because I break things and then I call people to ask for help. Not really. But I still stay up late at night and cause problems and then other people have to come in make sure I'm fine.

PT: But I'm sure you participate in the programming of Worth FM and the main website, DailyWorth?

Amanda: It's gone way past that. I haven't been paid money to code anything in 10 years. But, I will say, I watch over their shoulder. I understand everything they're doing. I know what the algorithms are. I know how to write algorithms. I know how database infrastructure should be mapped. I know all that stuff. I know authentication security through it, but I'm not going to implement it because I manage it just fine.

PT: Let's talk about the future. What financial goals have you set for yourself and your family going forward?

Amanda: I would love to be making half a million dollars a year for myself. At some point, I am going to look at purchasing a home again. It's not going to be an extravagant home, though. I really like the idea of cash-flow liquidity especially because I want to be a philanthropist and I want to be able to invest in ideas that I care about. I think that's the most exciting part of being wealthy is that you can take your vision for the world and help manifest it. So I know that a bigger house to me is more to clean, and I don't need anything else to clean. And it's more to heat. I'm going to stay in Philadelphia. I'm super happy here. I'll raise my kids here. Maybe buy an investment property at some point. The most pivotal thing I'm looking to doing is what I've heard for the last 10 years essentially. It's that women aren't interested in money, women aren't engaged. I believe this has a lot to do with the way platforms and services are packaged today so I would really love to prove that wrong by getting hundreds of thousands of women to save and invest on Worth F.M. so we can finally show that bridge that so many are skeptical even exists.

PT: Well, I'm rooting for you. Do you have any 529 plans? Do you do any of that for the kids? Do you plan on trying to pay for their school?

Amanda: I haven't gotten there yet just because I'm barely maxing out my retirement right now. But, my cash-flow is such that their private school bills look similar to what their college bills are going to be. I think in the next year I will make the leap out of IRA into SEP and I will see how I should be diversifying between a SEP and a 529. I'm not so sure 529s are going to be for me. I don't know yet. I haven't had the luxury of getting that one yet.

PT: Fair enough. Is there anything we should have talked about that we didn't?

Amanda: No, and are there any last minute burning questions for me?

PT: Well, I could talk business with you all day, probably, but I'm trying to keep it a personal finance show. I always ask my guests to look back to that moment they decided to turn things around and think about the journey they've had since that point. Looking back on all that, how do you feel about it all now?

Amanda: You know, that's the one thing I haven't talked about that moves me to tears which are, even though I was raised by a strong single mom, I really wanted to be normal. I really wanted to fit into society. I did a lot of things—I got married really young, had kids really young—precious little things they are. I hit a breaking point when we got divorced and I realized that life just isn't for me. I'm not normal. I'm an ambitious, independent woman and I'm just going to be alone. The day that my ex-husband and I separated, I ran into an old friend of mine from childhood named, Jordan and we've been together for the last 6 years. And what's amazing is that we live separately. We keep our finances separate, but he totally lets me, be me and I totally let him, be him. There are all sorts of ways to have incredible relationships and finances and life. You don't have to follow all the rules, especially if the rules aren't working for you. So that's why I'm actually living the life of my dreams. I just really didn't think it was possible.

PT: I love it. Well, it's been great having you on the show. Thanks for sharing your stories and all the insights and all the details. Where can working folks find out more about you when all you have going on?

Amanda: Amandasteinberg.net is the most central repository. See you there.