

**EPISODE 424**

[SPONSOR MESSAGE]

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[INTRODUCTION]

[0:01:33.4]

**FT:** Welcome back to So Money everyone, June 1<sup>st</sup>. Alas, it is June. Summer is here. It is! I know we have another 20 days but it's June, okay? I'm putting on the tank tops and the shorts, I don't care, it's time, it has been a long awaited season. My guest today is a friend of So Money, she was on way back when, Episode 274, Kim Palmer. Take a listen to that episode if you haven't, she's amazing.

She is a personal finance expert, author, entrepreneur and she's here again to promote her new book called *Smart Mom, Rich Mom: How to build wealth while raising a family*. Kim is now the working jobs editor at AARP, she has her full time job but she's also very entrepreneurial which is why we love her and she's a mom of two.

This book is very apropos, she talks about how to manage being a parent, being a mom, a working mom, how to afford your family. You know, it costs \$250,000 to raise one child in today's world and that doesn't include college. In her new book, Kim discusses the ways moms are now currently navigating all these waters, maintain her career, parenting and bringing in the big income, many of them are the bread winners, some of them are single moms and how they're doing it and succeeding.

The book comes out next week on June 9<sup>th</sup>, in our conversation, we talk about, why is it all up to mom to give the good lessons about money and how do you involve your partner? How to save for college, how do you know how much to save every month if your child is going to college in say 15 or 18 years? And a mistake that some moms who opt out of the workforce to raise their kids make when it comes time to going back in the work force and finding that new job.

Here we go, here is Kim Palmer.

[INTERVIEW]

[0:03:20.2]

**FT:** Kim Palmer, welcome back to So Money, this time as a new author, this is your third book?

[0:03:26.6]

**KP:** That's right. Hi Farnoosh, thanks for having me.

[0:03:29.0]

**FT:** Yeah, *Smart Mom, Rich Mom*, I wanted to have you on since I knew you were coming out this book, such an important topic. *Smart Mom, Rich Mom: How to build wealth while raising a family* and we were just talking about how we have known each other for so long.

I remember talking to you at my desk phone at TheStreet.com many, many years ago, we both started out as personal finance writers and you've gone on to write three amazing books and what I like about your literary background is that you write about what you know. Your books are all about, "Okay, where am I in my stage of life what do I need help with or what am I noticing people need help with?"

And that's what you target. It's so smart. Now, you've graduated into parenthood and have a book called smart mom rich mom. What were the struggles that you were finding, what were the pain points that you were discovering either in your own life or other moms that you felt were so important that they merited a book?

[0:04:25.7]

**KP:** Yeah well for me, basically when I became a mom six years ago, it felt like everything changed including my finances. So all of a sudden, I was so much more concerned with making sure we had financial security. I felt this intense pressure just to make sure I was making the right choices. It started out just making sure that we had savings in case one of us lost or jobs, we can still afford our house and food and now as my daughter and now my son have gotten older, it's grown into new priorities and questions like how in the world do we save for college, while also saving for our retirement?

To me, it felt like becoming a mom created so many new financial issues and questions and challenges and a lot of what I was seeing, ebbing a personal finance writer, a lot of the articles I saw for moms were really limited to talking about couponing and how do you save a dollar here and there, which is important. I love couponing myself but it's such a small part of being a mom and managing the family finances. So I wanted to look at that big picture and help moms who are facing those issues like I was.

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**FT:** What about dads? Do you think that they also have the same night terrors? I'm sure they do right? Because a lot of them are the bread winners, what kind of differentiation did you find between moms and dads?

[0:05:48.7]

**KP:** Yeah, it's a really good question, The reason I wrote this for moms is because so much falls on our shoulders and a lot of families, a big chunk of families nowadays are headed by single moms or the moms like as you've written about, the moms are the bread winners and I just found that even in traditional families, the moms are often in the driver seat with money especially the day to day finances. Because of that, it really falls to us to make sure we're making the right choices and saving money for our family and building wealth.

Through my interviews with other moms, I just found that other moms felt like that too, it's on their shoulders and were also the ones often teaching our kids about money and modelling money, behavior for our sons and daughters, all of those factors combined made me feel like I wanted to write specifically for moms, and then of course there's the whole issue of how moms and working, we have some unique issues with feeling pressure to be at home and also working and making money. I wanted to get in to that too. So all of those factors that's why I wrote for moms.

[0:06:57.8]

**FT:** Perfect. I know, 40% of women are breadwinners and that includes a growing portion of single mothers. You mentioned the very important conversation that we need to be having about earning and it's, like you said, a lot more difficult for women because we are more likely to opt out of the work force after having kids. How do you reconcile all of that?

Being able to have the family that you want, taking the time off appropriately to nurture that especially in the early stages of your child's life but also be able to make the money that you need or at least have the financial security that you need to also address the bigger picture which is supporting your family financially.

[0:07:41.6]

**KP:** It's so hard, it's a struggle that a lot of us are living every day. I basically approached it by interviewing moms in three different situations either moms who scaled back all together from the work force but we're still making smart, long term choices by staying connected professionally, continuing to network, continuing to have big social media presences. So they kept on top of what was going on in their field and all of that could make it easier for them to get back into working when they were ready.

Then a middle category that I thought of as the entrepreneurial moms that said, "I don't want to be in the office from nine to six every day but I do still want to make significant — contribute significantly to the finances in our family." So a lot of moms set their own schedules by building businesses and being creative about launching something new that they could be in control of and set their own hours.

Then the last category of moms, and this is what I fall into myself. Moms that are working in a traditional job, nine to six type job but still find ways to negotiate flexibility, ask for what they want, find a way to refuse to feel too guilty about things they have to miss. It is a struggle for sure but finding ways to, when negotiating your salary for example, this is one thing I did, I also made sure to negotiate my schedule and I said, "I have to leave at five every day. I can't be late for picking up my kids."

Just asking for what you want and being assertive and not feeling badly about negotiating that was something that I heard from other moms in that situation, just to make it all work because it is very hard, it's a challenge.

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**FT:** It's not only challenge because you feel guilty asking for these things, it's also a challenge, I think, because the work place is still very traditional. What did you find I'm curious as far as the willingness? It takes two to tango here, you can do all the asking but if you're being faced with

the resistance at work, what do you do? Are you finding that the workplace is becoming more flexible and understanding?

[0:09:51.2]

**KP:** On one hand, it is for sure becoming more flexible, at least a lot of workplaces are. Often times now, bosses know that to keep their best performers, the women in their 30's who are having kids and raising kids at the same time, they have to make some allowances for flexibility. So that's the good part because so many women, the moms who come before us and now we're often working for moms who did this 10, 20 years ago so they have a greater understanding.

This is definitely positive but at the same time, it's still so often falls on individual mom's shoulders to negotiate this on a case by case basis. The time when you have the most power just like with salary is when you first get a job offer. So if you are switching jobs, that's when you can say, "This is what I need, I need to work at home one day a week, I need to be able to leave by five," whatever it is. That was my situation and I made sure to ask for that.

That's really when you have the most power and it's not — I don't want to gloss over the difficulty, it can be really hard when you're in a job, you feel like you don't have power and I mean, the best thing you can do is decide what you need for yourself and ask for it at those key times whether it's your once a year review period or when you're switching jobs to try to renegotiate that landscape and find a way so you feel like you are doing both things. Work and mothering, the way that you want to.

[0:11:18.9]

**FT:** Were there any things that you found women/moms should avoid doing with regards to opting out and then trying to reenter into the workforce, whether it's going back to their nine to six or starting a career of their own at home? Is there a sweet period of time that once you exceed like six months, a year, two years, your chances diminish, you're being able to get back into the workforce properly? What did you find?

[0:11:45.8]

**KP:** Yes. This was really eye opening to me. I teach a class filled with older moms in their 50's and 60's that are trying to reenter the workforce and they taught me so much. Moms who now have 20 something's, they're empty nesters, if they hadn't worked at all in those interim 15, 20 years, it was so hard for them to get back into things.

In my class, I was teaching them how to setup LinkedIn profiles and Twitter accounts and try to get familiar with the current landscape of work and it was just everything about it was difficult and if you haven't worked in 20 years, you have to suddenly relearn the culture. Things have changed from how people dress and talk to the fact that people use email instead of the phone now. It was just very overwhelming.

So the women that I learned from that did a really good job of this really stayed connected in some ways, one of them actually had put so much time into the PTA. Almost like a full time job into the PTA. So when she went back to apply for jobs, she actually got one pretty quickly because she said, "Hey, I have essentially been working 30 hours a week. It's been voluntary," but she could take that experience and show she was current. It's really about staying connected in some capacity so you feel like you can leverage that when you're doing your new job interviews and trying to get back into things.

[0:13:13.7]

**FT:** What do you think kids learn the most from their moms? I think you're totally right, 'cause I read a while back too, this study that moms, believe it or not, have more financial influence on their kids even if they're not the ones bringing home the big paycheck. What did you find moms really teach the most?

[0:13:32.8]

**KP:** Our kids are just watching us and copying us in all different ways, including money. It was actually my daughter that taught me this that really brought this home to me and kind of like an embarrassing way but I realized that because I let my — basically if we were going out for a

family trip, I would essentially leave my wallet at home, leave my purse at home, let my husband take care of everything like pay for the restaurant meal and pay for the activities. I realized, my daughter had no idea that I was just as capable in that capacity as my husband. I had to notice little things like that that I was modelling and...

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**FT:** Did she say anything to you?

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**KP:** Yes she did. And it actually came up when we were having dinner one night and I was planning the week with my husband saying, "Hey, can you pick up the kids this night? Because I have to work late?" And he was saying, "Oh I can't, I have meetings too," and it was like a stressful scheduling, negotiations and my daughter was like, "Hey, I want mommy to get me, daddy needs to work, he is the one that needs to earn money, you need to come get me, that's your job."

I was like, "Whoa, where did that come from?" She has seen us both work since she was a baby and it was like a wakeup call to me that that's how she was perceiving things and I took some serious steps after that dinner. I started making sure she watched me as I paid for things, I sat her down when I was paying bills and I showed her what I was doing and she's only six so it's kind of like what I thought she could understand. Yeah, they're watching us, they see how we interact if we have partners, they're observing those interactions. So I just tried to be more mindful of what I was doing in front of her.

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**FT:** I'd like to introduce you to one of our newest sponsors, Igloo, modern cloud based internet software that's designed for the way your individual business works. What Igloo does really well is connect three things, people, information, and processes. Everyone in your company has access to all the information they need, using tools they already know, all in one place. Dropbox, Cloud Storage, Google apps, Sales Force, Calendars and more. It all integrates together in

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[INTERVIEW CONTINUED]

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**FT:** What about your partner? As being a smart mom, do how do you involve your partner in your finances. I think also as working moms too, especially if you are the breadwinner, it's been proven that these sorts of women believe that it is, whether they believe it consciously or unconsciously, subconsciously, they take on a much great portion of the financial responsibility and the relationship. They are making decisions, long term and short term. On the one hand, that's great, I think more women with more physical empowerment is great but you're in a relationship. How do you make sure that you're not the only one taking out all that responsibility?

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**KP:** Yeah, for sure. This is such a huge issue and again, when I started writing the book, I was making a big mistake because my husband works in finances and he just like loves managing money and so I let him do that. I basically — he has the Excel spreadsheet or he had, we changed everything. but he had the excel spreadsheet with our accounts and all of our organizing all of our finances and what we had to pay when.

I am embarrassed to admit, I did not even have the password to the account, I did not know where the spreadsheet was and as I was researching the book and interviewing other smart

moms, I realized, this is like a massive mistake. We need to know where the money is, at some point, we're going to have to probably managing it on our own. Just the simple fact that women outlive men, I couldn't let my husband do all this on his own without having any control.

So we had a little chat and I was like, "Okay, we need to make this, we both need to be managing the money here." Right away, I actually took it upon myself to start a college savings account for our two kids and that was actually — you have to, that's basically in one adult's name. So I put it in my name and I do all that on my own but obviously his name is listed there too but I'm the one that's choosing the investments and managing it on a monthly basis.

Now I have the Excel spreadsheet on my computer, I have the password and we talk like once a month and we go over all this together, we figure out what we need to change. But yeah, it's a serious issue. If only one person is in charge of managing all of that, it makes it really hard if that other partner is suddenly traveling or sick or unable to manage it for some reason. I personally now think it's so important for both people to be in charge of that and you can't delegate that.

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**FT:** No, you can't. But it's so important that you spoke up and I think what you experienced, I would be willing to bet that that's the majority of couples where there's one person, because whether it's their job in the real world to manage money or they just like doing it, they're more responsible, they're more organized, it gravitates towards one person. That's normal but it's a slippery slope because then that person just becomes the only person that's informed and that of course has ramifications.

Your previous book Kim is called *The Economy of You*. You're a big fan and you modelled this yourself of being entrepreneurial within your career, finding ways to monetize your skills which is so hot right now and has been for some times. For moms who want to reemerge and make money and go back into the work place, you think that that is the simpler step? The better step? Because that way, you have only yourself to answer to?

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**KP:** Yes. I mean I think it's a really awesome perfect stepping stone for when you're ready to make some money, you don't want to be working nine to six or crazy 60 hour weeks but you want to start earning some money and start flexing those muscles, your professional skills. The great thing is that it's so easy now because of this amazing infrastructure that is online.

So websites like Freelancer, or Fivv, or Etsy of course, the one I use. There's just a lot of options depending on what your services, what your skills are and even if you don't want to use those sites, it's easy enough just to setup a website and put it out there that now you're doing some kind of coaching like social media coaching or whatever it is that your background is in.

It's just so great how easy it is to begin and start experimenting with what maybe can gain traction in a market place, if you have some social media accounts, marketing that way, the cost can be so low to launch something and then you can start playing around with what you like doing and what you want to be doing in the future for your future career and finding something that does work for you and also the schedule that you want to have with your kids.

So yeah, the whole independent economy I think, it just continued to grow since I wrote that book and it's just so easy, even if you have a full time job, it can be fun creatively, satisfying way to just experiment with something new that you're thinking about even if say you're thinking, "Hey, one day I do want to launch my own business." You can dip your toes in now and just play around with it.

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**FT:** Let's just use you as an example right? You work full time for ARP, you also write books, you teach at American University. What else?

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**KP:** I have my Etsy shop.

[0:21:51.0]

**FT:** You have an Etsy shop, right. How do you manage your time? You mentioned that the book, it's not just about managing money well but it also is about how to manage your time efficiently. What are some tricks that you have up your sleeve about how a busy mom can manage time and get all of this things in. Books, and classes, and a nine to five, and kids.

[0:22:12.5]

**KP:** yeah, well one thing, definitely my partner, my husband, it definitely helps a lot. So we make sure to stagger our schedules, we don't want our kids to be at school for like nine hours a day. So I start my day really early, I leave for work pretty early like by 7:30 or eight. I can get things started then leave early to pick up our kids.

So he gets the kids ready, gets them to school and he starts his day later and then gets home around dinner time just as we're — we tend to eat a late family dinner. He's just like walking in the door. So staggering our schedules is a huge strategy that works for us. Then also, for all of my side gigs or all this I'm doing on the side, I just kind of squeeze that in to lunch breaks or in the evening if I have an extra hour.

Because my book is about to come out, I've been spending an hour or two every night working on my promotion plans and mailing review copies out to people. So I kind of squeeze that in while we're watching reality TV or whatever in the evenings. So I mean I'm never going to have like one free day where I can work on my book for eight hours. Instead I just kind of like grab an hour to here. If on the weekend my husband is taking the kids to the playground then I might just squeeze in an hour of work.

I just kind of grab ours here and there instead of waiting for big chunks because those big chunks don't come. That works for me, it helps me manage everything and then I just try to be super organized. So I have a paper planner pad, every week I run out my tasks for the week and that just helps me so when I do have a free hour, I know exactly what I need to do.

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**FT:** Yeah, I got to love those lists. I'm obsessed with lists, I write them everywhere. Print, phone, and I guess the problem I think is I have all these different lists. I need to just pick a medium.

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**KP:** I am also a list fan. I think paper, to me, paper works best. I don't like storing my organizational stuff in my phone, I like it written out, I like to cross things off.

[0:24:13.6]

**FT:** It's not as satisfying when you delete it on the phone, as opposed to just scratching it off.

[0:24:18.6]

**KP:** Yeah, it feels so good.

[0:24:22.3]

**FT:** Totally. What would you say is the best way to teach your kids about being fiscally responsible? I mean there's not a lot that they can really get, they can understand I think, how to value money and they can learn to delay gratification but to think that you're going to teach your kid compound interest at seven years old is a wonderful effort, but I don't think really is going to hit home. How do you teach your kids about money, what are some of the lessons you share with them?

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**KP:** I basically just try to talk about it all the time whenever it comes up automatically and it actually, when I started paying attention, I realized that it does come up all the time. If we are deciding what to do for the day and we're like, "Oh, should we go to this museum or should we go to the pool?" We're like, "Well this will cost this much and will be more frugal if we share this meal or cook at home." So my husband and I try to talk about that in front of the kids all the time

and they become more aware of it and then we also, we noticed our six year old started making frugal suggestions. When we were deciding the other day...

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**FT:** Like what?

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**KP:** We were like, "Should we order pizza or make dinner?" She was like, "Well, we would save money if we made dinner," and we were like, "Yeah, okay, let's make it." So she's become more aware of it and our three year old destroyed our sofa with crayons one day. I was like, "Oh my gosh, we have to clean this," and she was like, "Yeah, we can't buy a new one, it would be too expensive, we're going to clean this." We just noticed she's more aware of it.

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**FT:** Do you give them, well your eldest is six, maybe she's not earning an allowance yet? Or if and when she does, what's your approach to all of that?

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**KP:** Yeah, so we did start small allowance when she was five. We actually give her a quarter every week and she saves it, she doesn't have to do any chores for her, we kind of expect her to do certain things around the house like keep her bedroom clean, just independent of having an allowance.

We just thought, "She's aware of money enough that if we give her a small amount each week and she's grasping the concept of saving it," she'll even say, if the Pizza's coming and we need like tip money, she'll be like, "Oh you can have a dollar, here you go." She's just like aware of the power of money and the concept. So that's why I like giving her just the small amount so she can start thinking about that and then our plan is to just slowly grow that as she gets older.

[0:26:51.5]

**FT:** How are you going about saving for college? I know you said you have the 529. But how much do you save?

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**KP:** We decided, this was actually from a column in the New York times by Ron Lee where he did like an analysis of how much you need by the time they're 18 and ready to go to school. So I just based my saving plan on his column. I try to put away and I actually set it up to do automatic deductions so we don't even have to think about it.

So I do right now and I actually just changed it. I try to save \$500, what was it? Ron Lee suggested \$500 dollars per kid per month, it's a lot of money, maybe definitely have to cut back in other areas but if you save that amount and if you assume certain things about the growth then you should be able to have enough for college tuition. It might not be as all of it as especially considering how fast the cost of college is growing, but it should really help out.

[0:27:46.1]

**FT:** That's for public school? Private school? Is there a scale for that too?

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**KP:** His calculation was for private school tuition estimating it by what it will cost. So yeah, that was his sort of calculation and then I just copied it.

[0:28:03.1]

**FT:** Got it, okay. Yeah, we're saving about \$500 right now a month for Evan but we're okay if he goes to Penn State.

[0:28:15.1]

**KP:** Oh totally. The good thing is, with the 529...

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**FT:** Not that that's cheap. Out of state, it's like pretty expensive now.

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**KP:** For sure. If you have more left over then maybe if they go to graduate school, you can go to that. It's not like the money is going to be wasted.

[0:28:31.2]

**FT:** Exactly. Who knows what's going to happen with college by the time our kids are ready. There is so much that's influx right now, whether schools being forced to shut down because they're not graduating employable people. But I don't know, this whole student loan situation is frightening.

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**KP:** It's scary. I feel like because in so many...

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**FT:** That's your next book.

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**KP:** That's the next one, right. College is like — at least now it seems like pretty essential to helping our kids get a strong start. So I feel like we almost have like a responsibility to help them, make sure they're not dragged down by so much debt when they're starting out.

[0:29:16.3]

**FT:** Parents, but also institutions have a responsibility. You know? We need to all come together because it can't just all be on the parents and the students. It has to be something at the institutional level, the government level, I don't know? We need to be able to dismiss some of these loans a little bit easier, other than bankruptcy

[0:29:33.4]

**KP:** I agree.

[0:29:35.9]

**FT:** I just interviewed actually Jay Fleishman who is a student loan attorney, check out that episode on So Money folks. If you want to learn how to find ways to break free from your loans, did you even know that was possible? There are some ways. So there's hope out there. Kim, so the New York Times reviewed your book and was very excited about it, they actually even called you "occasionally very witty".

[0:30:01.3]

**KP:** I love that line.

[0:30:02.4]

**FT:** If I were you, I would run with that. I would just be like, "Hi, I'm Kim Palmer. The New York Times says I'm occasionally very witty and I have books."

[0:30:09.2]

**KP:** Oh yeah, I think I bring that up to my husband like once a day.

[0:30:12.3]

**FT:** Seriously, you should start making T shirts, like put it on the front of your home page, that needs to be front and center. But \$250,000 to raise one tiny person. That's crazy.

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**KP:** It's crazy, it's very overwhelming.

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**FT:** That's the average and that's not including college.

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**KP:** It's unbelievable. I mean it's like if you really thought about it, you would never have children because it's so catastrophic to your finances.

[0:30:38.6]

**FT:** I'm thinking about that right now, do I have baby number two? \$250K, plus interest. Sometimes I see parents in New York City and they're with three, four, five children and I'm thinking, "Are they just visiting for the day from New Jersey? If they're not, if they're living in Manhattan, who are they? I need to network with these people because they make bank."

Kim Palmer, you've been so much fun, congratulations on your new book, *Smart Mom, Rich Mom*. It sounds a lot like a *Rich Dad, Poor Dad*. Was that intentional?

[0:31:12.7]

**KP:** Yeah, it is intentional. We kind of took that and twisted it and made it for moms.

[0:31:19.9]

**FT:** I love it. Hopefully you'll sell just as many books, I believe he'd sold like hundreds of thousands, millions of copies. Wishing you continued success and come back again.

[0:31:31.8]

**KP:** Thank you so much for having me Farnoosh, it's always fun to talk to you.

[END]