

EPISODE 884

[ASK FARNOOSH]

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FT: Welcome back to So Money. It's Friday, May 10th coming at you from Los Angeles, where I'm visiting one of my last stops before the LA Stacks House closes. If you've yet to check it out, would love for you to visit. We close on May 19th, before we pack up and leave for another destination to be announced. We're still in the thick of figuring out our next steps. If you are passionate about us coming to your city in the next 12 to 18 months, let us know, because we want to make sure that we are mapping this out as best we can to meet your demands and your needs.

LA has been a lot of fun. It's been ongoing. This week especially at Stacks House, we had a quite a number of events. We had a party on the evening of the 7th with Her Campus and our presenting partner, Zell talking about life after graduation, how to master your money, your career steps. Then on the morning of the 8th at Stacks House, we invited Carrie Schwab-Pomerantz who is the founder, or rather the daughter of the founder of Charles Schwab. She is a certified financial planner, one of America's most trusted sources for financial advice.

We talked a lot about women and investing. She's deeply passionate about getting women prepared for their futures. We talked a lot about the investing gap, the confidence gap, what we can do about it, we took your questions. It was a really robust hour of talking money. We really appreciate Schwab for making that event possible.

Just a couple of the examples of the goings-on at Stacks House, people have been asking us for more programming and we have been making that a huge priority since we've got this incredible space and we want to make sure that we're adding to the layers of literacy that are in the rooms, you want to bring these important conversations to our audiences.

Having a great time in Los Angeles, be heading back to New York soon. This week, I'm heading over to Instagram for a lot of your money questions, but also e-mail. A couple good questions

coming in from the Ask Farnoosh button on the So Money Podcast website. I'm going to start with a question from Shannon who writes in and says, "I was passed up for a promotion, because I was on maternity leave when the new project was going to launch. It was something that was admitted to me was bad timing. They said that when the next opportunity for promotion comes up, I will be the first to be offered. Should I stick around for this or move on?"

I think that if you like this job Shannon and you like the responsibilities and you do believe that they're telling you the truth, then I don't see any reason for aborting the situation. If you have any hesitations around your upward mobility here, if you're feeling a bit resentful, if you feel the trust is broken, I think that it never hurts to look outside and see what your opportunities may be at other companies, if for no other reason to give you a sense of are your needs really being met at this company, or can they be met better someplace else?

If another company offers you a promotion, a job, that's leveraged, right? I'm not one to just wait around and hope for somebody else to make my life better. I think that it's important to do the good work, follow the rules, take their word, but also be your biggest advocate in this situation, which means that you're looking outside of this company as well, right? Seeing what else is out there that would make you happy. Are you being compensated accordingly? Is your value being met at this company, or could be met better someplace else?

It is harmless to just put the feelers out and maybe just do some digging and go on sites, talk to friends, go on LinkedIn, have coffee with friends who work at competing companies, and just understand the context of what's happening in the world and how you can maybe make the most of your career someplace else, or even at this company. It never hurts to just get more informed.

I would also go back to your employer, or whoever it was that communicated this to you and ask for a timeline. You're saying next opportunity from promotion, are we talking six months? Are we talking a year? Are we talking I don't know? I mean, it's really helpful to be able to better manage your expectations and also go back and say, "Is there anything else that you would like to see me perform? Any other goals that you want me to achieve to ensure and lock this in?" Because you want it to the best of your ability, make this not just a maybe, but a absolutely when this happens. Get it in writing; really important.

I guess that was a few steps for you. One is to see what else is going on outside of this company that you might be able to apply for, that you'd be interested in maybe working someplace else, ask for more of a timeline from your employer as far as when this next promotion could arrive, and then what are some tactical next steps for you, as opposed to just keeping status quo. Are there other steps that would help to lock this in; other kinds of performances, other kinds of goals, achievements that would benefit you and as far as showcasing your capabilities, your value, etc.

No doubts that you are an incredible employee, or a huge asset to the company. I'm sure just doing what you're doing is going to be fantastic. I think really I'm asking this of you to ask your employer, because I want to make this a sure bet. The more you make your employer lay out the groundwork for you to get that promotion, the more you're holding them accountable, because you're going to go and do all that, no doubt. Then you're going to say, "Okay, I did it. Give me that promotion, please." If they don't, then that's a problem for them, because you're going to obviously have it in writing, you'll obviously have taken their word for it. It just makes them more accountable to their "promise." Good luck to you and please do keep us posted. I really appreciate this question.

All right, let's go to the gram. Got a couple questions there that I want to tackle. A lot of them, at least the first couple having to do with women who want to transition to financial planning as their next calling. I think that's really great. Simply, McKay, has this question for me. "I've gotten intensely passionate about financial literacy and education, especially for women and people my age. I've loved your podcast, platform and angle." Thank you. That's very nice of you to say.

The question she has is, "With this passion, do you think I need further education, formal or on the actual advisor side of the industry, or perhaps a CFP credential in order to be credible? I'd love to help people in this realm without necessarily being a wealth advisor. I'd love to hear your thoughts on how I can continue to sharpen my teeth in this area and bring value. I'm passionate learning more technical work every day in my profession, and a strong writer-speaker and advocate for women. Thanks for your time." She goes on to say, "I'm a true believer that empowered women empower women, and that empowered women can change the world."

Yes, ma'am. Wow, this is a great question. I'm really pleased to connect with you simply, McKay. I'm going to figure out what your real name is. McKay Manis. All right, so I'm sure you know my arrival, right? My story is that I started in this field as a journalist, sharpened my teeth reporting on this, talking to the experts, learning all the rules, basically self-taught. I didn't get the CFP, although I did at one point attempt to get the certified financial planner certification. I got the books. I enrolled in the course and then I just gave up, because I – well, I was pregnant and I had a book coming out and it was just way too much for me at the time. I thought I was just going to revisit it.

Then I was actually talking to more people who were certified financial planners and they said to me, "To be honest, unless you want to make money giving people advice one-on-one, you really don't need this certification." I mean, yeah, on the one hand, it can definitely be a way to establish your credibility, but they're like, "You've been doing this for 10 years and you've been very successful with it and people trust you and you know what you're talking about." If this is more of an ego thing, which it was and I've wanted it for my ego. I wanted to be able to tell people that had this and squash any doubts about my ability to really tackle this field as an expert.

I didn't feel having three books and all the TV shows and all the articles and 15, 10, 15 years of reporting experience was enough. I just felt I needed one more thing. I think hearing from the experts who were on the other side of it, who are the actual financial planners telling me actually, you don't need this. By the way, if you do go down this road, you're going to be subject to a lot more regulation and rules around how you communicate your advice. I love that I can just tell it like it is, with responsibility and within reason. I tell it like it is, which for a lot of financial planners that are constantly under review, it's a no, no.

You have to say things very by-the-book, and some things you just don't tackle, because it's not allowed, frankly. All that, I learned and I thought, "Okay, let me pause on this. I think that I was getting in over my head and I was getting ahead of myself and perhaps I don't actually need this." I ultimately decided that I wasn't going to pursue that path. Now for you, I think that again, if you aren't somebody and you said to me, you're not somebody who wants to dole out one-on-one advice to clients.

If you did want to do that, then I would say a CFP would be important to have, especially if you're talking about retirement planning and financial advice and investing and things like that. What it tends to mean more, like you're interested in pursuing is wealth coaching, right? Or at least, speaking, being a thought leader in this space, having your ideas out there inspiring people to take more control of their finances, women in particular. I think that you can definitely do that through your own learning, from talking more about yourself, your journey.

I think increasingly, we're seeing a lot of financial experts arrive in the space who come with a lot of personal experience, right? They got themselves out of debt. They and through that, learned a lot about the rules and the how-to's and then teach that. As we know, money is 20% math; managing your money well is 20% math, 80% mindset. I mean, I believe that. Maybe along the way too, it helps if the system would change. I do think that there's a lot of personal accountability at play and to the extent that you can provide that motivation for that personal accountability part, they could be really, really valuable.

I guess what I'm telling you is perhaps, it's really thinking about what unique proposition you can bring to this market, what is your voice, what is your unique way of storytelling, what is your perspective that is maybe fresh or different or new, that can layer on to this already really rich world of personal finance advice that we have. Maybe you'd want to think about becoming a licensed coach in this field.

There are people who become money coaches and that's a whole different path and you can Google it. I've written about it for O Magazine. There's definitely a lot of good work that's being done in that place. People go to see wealth coaches, not because they want to learn how to maybe plan for retirement, or invest, but rather they want to maybe get their minds in a healthy place to be able to manage their money with more precision and to have their money be more in alignment with their personal goals and values. I think that maybe the space where you're most interested in, so I would look into maybe becoming a money coach, or a wealth coach.

Really, it's about honing in on your personal story, sharing that, inspiring people through your own experiences, your own perspectives. I think that is much needed in the world more and more, especially for women. I encourage you to just keep at it. Really, the only reason I'd see you wanting to get the CFP is if you actually wanted to open up a practice and give people

specific financial advice. Good luck to you. Thanks for your question. Really honored to have you in the audience. I thought we had another question about someone wanting to become a CFP. I can't find it now. Oh, the maze of Instagram. If you did ask a question about that and I didn't answer it, I hope that answering simply McKay's question was helpful, because it was along the same lines.

I want to move now to a question from Self-Help is the Instagram handle. Natalie. Hi, Natalie. She says, "Farnoosh, I love your podcast." Thank you so much. That's me telling you thank you so much Natalie. She says, "I have a question. I received my tax return. While it is not a large amount of money, I'm not quite sure what I should do with it. Should I open up a Roth IRA? Should I use it to invest in index funds? Should I do a bit of both?"

Well, you can do both and you can do both by opening up a Roth IRA, and within that Roth IRA, allocating your money towards index funds, boom. Got that? Let's take a giant step back for a second, because it sounds like, if you're not 100% sure that investing is the path to take, maybe there are other things to do with this money. I hope that you're at least answering the question, what are my goals this year, okay? Or what do I need to play a bit of catch-up on from my financial planning – in my financial planning life?

If it's retirement, then a Roth IRA makes a lot of sense. If it's rainy day savings, maybe you're falling short on the emergency savings bucket, then maybe you put some of this refund into that. I would say that if your emergency account is nil, then I would use this to more fund the emergency account. If you're feeling good in that department, but then you're feeling retirement's a bit lagging, then I would put it into a Roth IRA for sure, especially if you can qualify for one still, because we know Roth IRAs, they do have income qualifications, right? Once you make over a certain amount of money, you no longer qualify.

People love the Roth IRA. I love the Roth IRA, because it's very flexible, you can take out your contributions at any point to if you need to say, pay for an emergency bill, or there's some unexpected bill. I don't love that strategy, but it's there for that if you need to. I'd love to just keep the Roth IRA for retirement purposes. Unlike a traditional IRA, you cannot take out your contributions without penalty before age 59 and a half. Roth IRA, you can.

Not to be confused with your earnings, just your contributions. If you put in a dollar today, you can take that dollar out tomorrow, or in five years penalty free, and also tax free. That's good. Then within the Roth IRA, you can choose hopefully some index funds, which are smart to invest in, because they are low-fee, tend to be low-fee, lower fee than average and historically, do very well over the long run when they track, say the US stock market. I like this question. Congrats on your little bit of a refund. I was not in that camp this year. No siree, which is very annoying, but there's always next year. Thanks for your question.

All right, Anna Banana 1365. Anna, science major, wine lover and wife to my high school sweetie. Nice to meet you. She has a question and it goes like this, "I'm writing, because my husband and I are currently concerned about my sister-in-law. My sister-in-law is a hairstylist and is struggling with making ends meet as an independent contractor and has recently run into some tax confusion, where she's paying a lot in taxes after filing. She's also considering getting married to her long-term partner to get the added tax deduction. We want to help her and we're concerned with some of her financial decision-making."

"We made an appointment with a CFP, so she can get some guidance from a professional. We were wondering what questions we should be asking at our appointment with her. I don't know enough about owning a small business, so I was hoping you had some advice." Well first of all, how lucky is your sister-in-law to have you and her brother in her life? Before I was finishing this question, I was thinking money intervention much? It sounds you've had one with her. I will say it can be really overwhelming to own your own business and to have to deal with the tax implications and your own bookkeeping and all of that. It does sound she needs a little bit of help in her life.

She's running a business. It's really hard to be keeping tabs on all these other things that are going on that are important, like your taxes, your bookkeeping, etc. I think that as you meet with this financial advisor, before you meet with this advisor, do start a list of questions. Hopefully, this advisor will just have all the answers without you having to ask for the answers. Just come prepared.

I think it's important that she first of all, just really gets herself set up with various accounts, banking accounts, where she's got checking, savings. Then I would also funnel out a bit of a tax

fund. You really need to be cognizant of taxes. One of the ways to prepare for your taxes, because it's not going to be taken out by the government in each of your paychecks. It's really on you to account for them, that you set aside from every portion of your income; maybe it's every month, or every week, or whatever how she wants to do it, to take out a percentage and just put it into an account that she doesn't touch, that's there for her when she pays her taxes.

I would also suggest that she start to pay her taxes quarterly. That's just something that as a contractor, as a self-employed person, you're advised to do, so that you don't end up with this massive tax bill at the end of the year, that you can adjust as you go throughout the year too, because sometimes you make more, sometimes you make less. Every quarter, you have this opportunity to adjust how much you're paying into Uncle Sam's coffers.

More than a financial planner, I think she needs someone who is very astute when it comes to small business taxes. When you meet with this planner, I would ask who you recommend for her to work with, to help make sure that she is paying her taxes accordingly, correctly, on time, all the things. Maybe even to someone to go back and look at the taxes that she has paid and see if there's any need for amendments, because if she's overpaid, or whatever, or I think that there's still time to reconcile that. First things first, talking to this planner about firstly, how to maybe set up her income streams so that she is saving for herself, saving for the business and saving for taxes, and of course, paying her expenses too.

Then what recommendations does this person have for her taxes? Is there a person, or people that she, or he likes to work with? A lot of financial planners work with tax preparers. It's great that if they have someone that they recommend, they can work together throughout the year, communicate is really helpful. Along the way, I think having a bookkeeper would be good too. There are softwares out there. I use QuickBooks, but I also have someone who is a freelance bookkeeper to just reconcile my books every month. This person communicates with my tax team. This way, it really saves me a lot of time and frankly, I don't have all the answers. I don't really know all the things, so I bring in the experts who do. I pay them and they get the work done.

It's really worth the investment to bring in these sorts of people, especially when you're a solopreneur and you're busy. I'm sure as a hairdresser, she's on her feet all day, she's working

long hours, it's the last thing you want to be dealing with when you get home. I would also ask about the financial implications of getting married and how this is going to help, or hurt her taxes. I don't know. I don't think that getting married for the tax benefits is a reason to get married. It would be probably a good question if they're out there, as she's thinking of getting married to this person. How does this impact her taxes?

The financial planner may or may not know, because financial planning, you have some tax knowledge me expertise in taxes, but it's not your domain. Again, that might be something for the tax planner to answer. Again, really just want to say that I'm impressed that you have really gone above and beyond most family members to do this for your sister-in-law. I think that's really kind of you and generous of you. Hopefully, she's appreciative of this. I just would say, tell her to take a breath, take a minute, help is out there, she really needs to open herself up to that, and know that in good time and with good help, she will see a less stressful day. I know this is probably stressing her out. Take her out after the financial planning meeting, get her a nice dinner and calm her down and just tell her that everything will be okay. She really needs to invest in some of these experts to keep her playing by the rules, playing by the books and taking the stress off the table.

I have a question here from Becca. Her question is how to increase the advocacy you have for yourself. Recently, I gave a talk on my friend Jesse Johnson's online community forum. We talked a lot about being your biggest advocate. This person, Becca, followed up with a great question and she wants to know how to be a bigger advocate for yourself? Plain and simple, she says, "Your talk really made me realize how much I am not advocating for myself." This is really with regards to your career, because I think that unfortunately, as much as you think you're doing a great job at work, unless you're being the person that is advocating for yourself sometimes goes unnoticed.

One of the things that I learned early on in my career was that you have to be your biggest advocate. I think for especially younger generations that are new to the workforce, it's really disturbing sometimes and unsettling when they arrive at a job and they do what they think is a really great job and they're adding value, and it gets unnoticed, it goes unnoticed. The reality is it's not intentional. Your boss isn't trying to deliberately ignore you. What's happening is that

work gets busy. As soon as you finish one task, you're on to the next. There is an expectation that you're going to deliver.

Unless, it's above and beyond, sometimes it doesn't really get appreciated or acknowledged. Even when it is above and beyond, it doesn't always get appreciated and acknowledged. To the extent that you can be an advocate for yourself in the workplace is really important. How you do it without seeming like you have a big ego, or that you're self-centered, or not one for the team, is that you make it about the team. You have to acknowledge that your success could not have happened without the great work of others within the company, within the team.

After you accomplish something phenomenal, great. You want to be your biggest advocate. You celebrate it by acknowledging the great works and efforts of your team that allowed you to all to arrive at this finish line. If you just closed a great deal at work, maybe you feel a lot of it – the credit was due to you, but it's also about making sure that you're giving credit where it's due and saying, “Hey.” Sending an e-mail out to your boss and seeing all the team members and just saying, “I just want to take a moment and say after three months of a lot of work and long hours, I just want to give my team a huge congratulations.” Call people out, because what's that showing is that you're being a great leader, okay? It's also obviously showing that you are part of this success and that you spearheaded it, but that you are really a great leader.

A leader does not necessarily just talk about him or herself and how great she is, right? It's all about empowering everybody else around you and being visible as that person. I think, it inherently puts you in a position where people see you as someone who is effective and is capable and is good at their work. That would be one way of doing it. Then journaling all your success is really important. Not so that you can constantly be putting it in front of your boss's face, but when it is time to ask for a raise, ask for a promotion, when you're up for a possible raise or promotion, to have all of this journaled, so that you can reference it readily, because a lot of times we forget about the value that we bring to the table, right? Or we just don't really see it as a value-add, or just doing our job.

Really being aware of that and looking from the outside in and saying, “Okay, today was a good day. What are three things that I did that I felt really proud about?” Writing them down and just keeping a log of that, so that you're really prepared when it comes time to talk about yourself. I

mean, really when you're up for promotion, that's when you want to be ready and be ready with all the value that you've been contributing to the company, and to not have to sit there and be like, "What have I done over the past year? I know I did a lot, but I can't really think of the top five things." You'll have it at your disposal.

Just a couple of ways that I have personally practiced this and I think can go a very long way. Practicing self-advocacy at work, but effectively really showing that you're a leader and that you're somebody who is bringing important value to the company, and bringing it up when it matters I think is important too. Knowing your timing is important. When you've just accomplished something great with the help of your team, talk about it, shout it out. When you're up for promotion, that's the opportunity you have to bring up all the great work that you've done over the past six months, year, five years, whatever.

I really appreciate this question. I really, really love that conversation that we had in Jesse's group. Much so that I asked her for the audio, because it really brought up so much that I hadn't really talked about before, like things that have motivated me, things that have impacted me in so many ways. I might air that on So Money. I think that would be fun. Just put it all out there. What the heck?

Hey, everybody. Thanks for tuning in. I hope you have a great weekend. I really appreciate these questions that will come in through Instagram and the e-mail and just keep them coming. If you want to co-host with me, would love to make it happen. It doesn't always happen every week, because I'm traveling or what-have-you. I'm really hoping to get back on a steady pace of having listeners co-host. If you're interested, please write to me either on Instagram, or through e-mail. Would love to do that with you.

All right, thanks for tuning in everyone. I hope your weekend is money.

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