

**EPISODE 962**

[ASK FARNOOSH]

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**FT:** Welcome to So Money everybody, November 8<sup>th</sup>, 2019. Coming off a crazy week, ladies and gentlemen, because it was just a lot of travel, coming off a red eye, getting my kids to go to the dentist. Anyone – That should be all I should do in one week is try to get my kids to go to the dentist, because that takes a lot of might. Then we had Radio City Music Hall Christmas Spectacular on the 7<sup>th</sup>, and here we are on the 8<sup>th</sup>.

So I just want to tell you where I was this week. Really excited to come off of this trip. I got invited. My friend, Ali Brown, who's been on this podcast, she is an entrepreneur, business coach. She helps women who are in sort of the seven, eight-figure earnings. She helps them to kind of up level their business, get really clear on their vision, on their plan. She hosted us all to this beautiful place, this beautiful hotel the Camby in Phoenix, Arizona. That's where she is headquartered, and I got invited to come. It was – I haven't done a conference since I don't even know when. Like really a conference where you buy the ticket and you go and you go there to just simply learn and be exposed to all the knowledge and all the amazing people.

Certainly, I go to events. But often, it's because I'm moderating or speaking. This I was simply a participant, and it was it was a reminder of why it's important sometimes to just get out there and learn again and connect with new people. So thank you to Ali for hosting all of us. It was also a really special week of episodes. So I was so excited to get Eve Rodsky on the podcast this Monday. If you missed that episode and if you are in a partnership and you want help with how to divvy up the tasks in your relationship, the household duties, you've got to listen to episode 960 with Eve Rodsky.

She's the New York Times best-selling author of the book *Fair Play*. It is in the Reese Witherspoon book of the month club. She's giving talks all over the nation. She was on Good Morning America. I happen to see her at an event speaking and thought, "Oh, my gosh! Please. I hope she can make time for So Money," and she absolutely did. She really brought her A game

and gave us so much strategy and context for how to really go about organizing and creating more order and more happiness in your home, if you're feeling like, as a woman, you're just shouldering way too much of the "work." On top of that, you might be working and got other things going on. It's a lot, and it's breaking up relationships.

I will tell you laundry is probably why most people are getting divorce in this country. I make a joke, but it is a huge – In our relationship, it was a huge source of contention until we finally outsourced it. But Eve has gamified how couples can go about creating more happiness and order in their household duties and how to kind of take out the whole gender role expectation.

Then on Wednesday's episode, we had Alicia Menendez, who has a new book out called *The Likeability Trap*. For those of you who aren't familiar with Alicia, she's a big deal in the media world. She is multi-platform, award-winning journalist. She contributes to MSNBC, and she's been on every network I can think of like PBS and The View and all these different shows. She's phenomenal, and she's a mom of two. She talks very candidly about how despite the fact that she presents herself as very confident and very assertive. Really, she's a phenomenal woman. She has insecurities about being liked, and if you can relate to that, you definitely want to check out that episode. How do you kind of get out of that "likeability trap?"

We're going to head over to iTunes now to the review section and select our reviewer of the week, and this person gets a free 15-minute money session with me. This is the number one way to support the show. If you like the show or if you have thoughts about the show too, I'm not saying you got to leave a five-star review. But if you've got some thoughts, please do. Actually, this week, I'm picking a three-star review, just to keep it leveled. Everyone's been really generous in the last month, leaving five-star reviews. This person left a three-star review, and I really think three-star reviews are important to consider it.

A one-star review, you're not going to win that person over. But maybe I still have a chance with Kayyoshi. Kayyoshi left a review on October 28<sup>th</sup> and very simply said, "It's okay. It's okay. I wish there was less intro, and I feel like it takes forever for Farnoosh to dig in." Okay. I feel really bad about this, and I think she or he is right. I do think sometimes it takes me a while to get to the guest or maybe even get to my question.

So, Kayyoshi, let's get in touch. I really appreciate this review. I'm going to definitely keep it in mind as I continue to do this show. I know this is one of my weaknesses, and I would still like to support you in your financial goal. So get in touch, [farnoosh@farnoosh.tv](mailto:farnoosh@farnoosh.tv). Email me. Let me know you left a review. We'll get this on the calendar, in my commitment to getting to the point.

I'm going to get to the point now. We're going to get to Ask Farnoosh and the mailbag, and I'm going to bring on my co-host for the day, Crystal Lewis, who was a listener. She reached out. Said she'd love to co-host, because she's very passionate about personal finance. She is a Texas certified public accountant with 20 years of accounting experience. Currently, the corporate controller at International Risk Management Institute. She is a mom of four. She likes to play volleyball, likes gardening. She also jogs but doesn't always like it.

Crystal, welcome to the show.

[00:06:27]

**CL:** Hi. Thank you for having me.

[00:06:29]

**FT:** I love your honesty. You like to jog but not always.

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**CL:** Well, I like to list things I do, and yeah. I don't always like it. Some days, I do.

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**FT:** Yeah. I eat my vegetables. I don't always like them either.

[00:06:39]

**CL:** Right.

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**FT:** Well, thank you so much for reaching out, and I guess my first question for you is just how did you fall in love with personal finance. I know that you're really interested in helping people with financial planning and making more money and spending less.

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**CL:** Right. Well, it started – I mean, I like money. I'm not going to lie.

[00:07:01]

**FT:** Yeah. Say it.

[00:07:03]

**CL:** I'm not going to be shy about it. I like it. But what happened was my oldest kid got his first job. I mean, he was about 16, and he came in with his W-2, and he said, "Do I need this?" I was like, "Uh. Yeah, bud. You need it." He said, "Well, what do I do with it?" I got to thinking and I said, "You know what? These kids are not learning these skills in school, and we're still not talking about it around the dinner table." Even if you do talk to your own kids about money, they tend not to listen to you, because they're at that stage that they kind of think their parents are dumb.

So that's when I started an online course that teaches the kids about money. Just big picture, broad level, get conversations started. They can take it on their phone, and it was basically just to fill that hole that I thought if my kids didn't know about it, there's a lot of other ones out there that don't know about it.

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**FT:** Yes. The website is lifepreponline.com, giving parents peace of mind by teaching kids financial responsibility. You even have a book. Tell us about it.

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**CL:** I do. I have – It's an online book. You can get it for free on the website. If you just give us your email, we'll send you the book, and it's the top 10 things that your kids need to know so that they don't come back home.

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**FT:** I'm going to download it right now. I'm signing up. Crystal, are you ready to help people with their finances?

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**CL:** Let's give it a shot.

[00:08:24]

**FT:** It's end of the year. I think a lot of people are thinking about tax prep and how to make the most of 2019 from a tax perspective, because things like the deductions and things like that, there's a cut-off usually by the end of the year to be able to qualify for that when you go to do your taxes in January to March. So the first question we've got here is from Morgan. She says, "I'm having a big income year with a commission windfall. Any ideas for what to do year-end to save on taxes?"

Well, I hope she kept good log of expenses and receipts, because I think – I'm getting the sense that she's in a sales role, because she's talking about commission. If there were any expenses related to preparing for making these sales, I think those are potential deductions. Just very simply very off the top of my head. But I think there's so many other deductions that I don't know about Morgan's medical expenses. I don't know about her charitable giving. I don't know about maybe some other kinds of job-related expenses. A lot of those are worth tracking, whether you

work with a CPA or an online tax preparer. You would just what have these at the ready and these numbers at the ready, because they may be very well able to reduce your taxable income. We do you think, Crystal?

[00:09:46]

**CL:** Well, you could always – You've got time before the end of the year. You could max out the 401(k) and the IRA, if she hasn't maxed those yet. HAS, FSA, the 529. So you could dump all your money in December. Max as much of that as you can out. If you usually give – Say, you give \$1,000 to your charity of your choice for the year.

Maybe this year, you do \$2,000, and you can up that. Another idea is you can prepay your January mortgage payment so that you get the extra interest that you could write off for this year. If you deduct your sales tax out of your taxes maybe December – If you're up, you're ready for a new car, you need new appliances, if there's some big purchase that you want to make soon, you might as well do it before the end of the year and get that sales tax.

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**FT:** If you've got student loans, the interest is deductible. If you've got a mortgage, the interest is deductible. I'm going to put a link up on our show notes, which is linking out to [nerdwallet.com](http://nerdwallet.com), one of my favorite personal finance resources. They've got a post just on the most common tax deductions and credits for individuals, the 20 most popular for 2019. So if you still want to dig into this more, please check out the So Money Podcast website, and the link will be there. All right. Good luck to you, Morgan.

Meredith has two questions, one about taxes, one about health insurance. So the first one is how I know if a deduction will actually save me money on my taxes? If you're working with a CPA again or a tax preparer, he or she will be able to tell you. Often, if you're using a software, there is online assistance. You can simply ask. You can also check the IRS website. It's a bit of a maze. Maybe I'm just simplifying this too much, but you think that there's more to this question, Crystal?

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**CL:** I think there must be – I mean, the first question back is do you itemize your taxes, right?

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**FT:** Yeah.

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**CL:** If you don't itemize your taxes, then no. It's not going to help you. Anytime I get – I get a lot of tax questions because I am a CPA, but I don't do taxes. I said it's like asking an eye doctor why your ankle hurts. So find a pro. That is my advice. Find someone that gets paid to know these things.

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**FT:** Right. I mean, the information is out there, and often it just depends on your situation, if you're self-employed, if you run a business, if you're not self-employed, if you've got a lot of medical expenses. I mean, in all of these scenarios, there are probably some different tax benefits for you. If you have kids, etc. etc. So it's really about understanding kind of your life and how your life operates from a business perspective, from a family perspective, from an investing perspective. If you've contributed to things like a 401(k) and IRA, keep track of all of these things, because there are incentives usually each step of the way. But, yeah. To your point, Crystal, really it's about if you're not sure working with a pro who can immediately tell you yes or no.

Meredith's second question is about health insurance. Again, along the same line, she's like, "How do I know if I'm properly insured? I know I need health insurance, but how much is enough?" Again, this is again I think a question that boils down to your life, your needs, your family's needs. Often, if you're getting health insurance through your employer, then you can call that provider and ask simply what's best for me. Should I get a high-deductible, a low-deductible plan? Look. If you're somebody who is healthy, has had a pretty clean bill of health for many

years and don't anticipate having like procedures, operations, work done, I think that a high-deductible plan is probably the best route to go. You'll have lower premiums. Then with that, you can also open up a health savings account.

But, again, not knowing your situation, this is not my recommendation. This is just my kind of like analysis. If this, if then. Sometimes, the websites are really robust. They'll be able to tell you answers, a series of 10 to 12 questions. They'll suggest a plan for you. I also want to bring up a really great resource for those of you who want to save money on health expenses. So the question here is how do I know if I'm getting "enough" coverage. But a lot of people just want to now how can I save on the coverage that I have. I actually have an article up on my website at farnooh.tv where I break down ways to save on medical expenses.

By the way, did you know you could negotiate with your doctor, with your dentist? You mentioned eye doctor, Crystal. You actually can have conversations with your physician about budgets and saving on medical expenses without compromising the quality of the care. I also want to give a shout out to one of my brand partners, VSP Vision Plans, where they have super affordable plans for people who are self-employed. I've been on this plan.

You can start with coverages for as little as \$13. Lifetime vision plan is not included sometimes in your overall health insurance plan or it's an add-on. It can be really expensive. If you're working for yourself, you might skip on it, because you're already perhaps spending a lot of money on all the different benefits that you have to now organize and arrange. So you're like, "Oh, well. Do I really need to go see and get my eyes checked every year?" Yes. Yes, you do.

My father was very insistent upon this. He has been seeing eye doctors since we were very little. I love the difference between an ophthalmologist and an optometrist very early on in life. Thanks to my dad. So VSP Vision Plans. Go to [vsp.com](http://vsp.com).

Crystal, how do you guys arrange health insurance in your family. Do you have it through your employer? What's the route that you take, given a pretty big family?

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**CL:** Right. Everyone is covered through employers. Really, we don't – Know on wood. We don't have a whole lot consider, and that's really you have to look at it from your personal perspective. Without knowing her medical history, her family, the needs they have, to me it makes me immediately go to the other side and think, regardless of your coverage, let's make sure that you have enough cash on hand to cover your deductions, to cover your out-of-pocket expenses. You mentioned FSA and HAS. SO let's make sure everything on that side of the house. I think we could advise you there how to make sure that's all taken care of. Then really, as far as the coverage part, it depends.

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**FT:** It really does depend. I know. I'm sorry we can't give you very specific answers, but we hope that we'll give you a running start in trying to figure this out on your own. Okay. Moving on to Jessica, she wrote in on Instagram, which by the way is an excellent way to get in touch. I'm often on the Gram, less on Facebook, less on Twitter. It's a really simple and direct way to get in touch. Direct message me there @farnooshtorabi. She says, "I've been loving your podcast. Question for you. My husband contributes the max to his 401(k). I run a very small business but don't currently contribute to our savings. But I'm ready, and I want to. I'd love ideas on how or what this should look like. Should I get my own retirement plan, a different savings plan, an investment account, how much, is there too little to be saving?"

Well, I run my own business, and I can tell you that what's worked for our family and for me personally is having a SEP IRA, which is like an IRA where you can contribute and then deduct your contributions from your taxable income. SEP IRA, you can contribute up to – I think it's like 55 or 56,000 dollars. This year, it's very high. If you really want to – You're asking about how much. You can really go far with a SEP IRA versus a traditional IRA, which is \$6,000 annually. So there's that option.

There's also the option, like you said, of opening up a brokerage account. But I would start with something that has the tax benefits of a 401(k) like a SEP IRA or a traditional IRA. Definitely get started on this. Take care of yourself. Your husband is contributing the max to his 401(k), which is great. But I think it's really important for spouses who maybe don't have access to a 401(k) to

also separately save for themselves. There's no one who arrives at retirement saying, "Oh! We really saved too much." Crystal, I mean –

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**CL:** Yeah. Exactly. Exactly. It depends too. She brings up a few different ideas. So definitely, if you want the tax benefits and you're looking at the long-term, then the SEP IRA is the way to go. I don't know. Does she have an emergency fund? Is this money that she thinks she might need? She runs her own small business. Do they have down periods where she might need access to money again due to fluctuations? Then there's online savings accounts where you could get a little bit better interest rate. She mentions getting into the market. So there's a lot of different avenues, and it just kind of depends on what are you saving for.

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**FT:** I want it also clarified, because I think a lot of people call retirement savings savings, but you're really investing and not so – So we're really – Like you mentioned, Crystal, these are very different things, and I would first want to make sure that because as an entrepreneur, you're so vulnerable to income fluctuations and maybe there's period where you're not making money.

So having a reserve that is in your business savings to help you with cash flow so that you can continue to pay out your expenses while you're keeping the lights on and then growing the business. Very important to have at least, I would say, three to six months of your business expenses shored up somewhere. I mean, a year would be ideal, but let's not get crazy. Let's start with something manageable, three months, four months.

Then simultaneous to that or when that's done, open up an investment account for the purposes of long-term savings, so retirement. These are separate things. I don't want this to be even like an either/or thing. You need to savings and you need investments for your business, for your personal savings, for your retirement. Yeah, Crystal, you're right. If she doesn't have the rainy day yet, I would say that is priority.

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**CL:** She also asks how much and is there too little. There is never too little. The point is just to start and make it a habit. I think as women especially, we are scared to start because we're scared we're going to do it wrong. Who cares? Do it wrong. Just start.

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**FT:** Yeah. Who cares?

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**CL:** Imperfect action is okay.

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**FT:** Yeah. Just to encourage everybody out there who may feel not an "investor," women actually do better as investors than men. So I was just putting that out there. The data is in. The science is said, has spoken that women are better investors. We often hear only that women are risk-averse. We're not investing enough. Both true but also the truth is that when we do invest, we outperform men. So let that be also a piece of encouragement for you and anyone else there who needed to hear that. Did you know that, Crystal?

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**CL:** I did. I did. I think, yeah, there's positive ways that we could say it and it's – I think the patience piece of it is what we do well, and we're willing to write it out, and we're willing to take the lumps with the good times.

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**FT:** The researchers have also said that as far as the why, why are women better at investing? It's because we're not so reactive to movements in the market, like you said. We're not in it for

the game and for the thrill, whereas I think investing is often characterized as this sport, this thrill, this boys clubby thing. As a result, on average, you see more men kind of moving the stocks around and being more reactive, whereas women we're just sort of – We coast. We stay the course but not because we're not educated. We just – We have our eye on the prize. We do the longer-term prize. Okay. Good luck to you, Jessica.

Lastly, we have a question from someone he wants to stay anonymous. No problem. He or she said, "Hey, Farnoosh! I've listened to your podcast for six months, and I cannot overstate how much it has helped me grow and shift the way I think about money. It makes me feel so good. If you can change your mind about some of the things that maybe were holding you back when it comes to managing your money or investing or saving or earning more, I think that is so awesome to hear. It's so rewarding and really truly it's foundational. So I'm happy to hear it, and I'm happy that you've been here for six months, and you've stuck with it."

So this person says they have a career question, specifically about career coaching. He or she is 29 years old. I just moved to a new state while my partner starts grad school. I finished my masters two years ago. I've had a steady relevant but low-paying job after graduating. Because I have a lot of student loan debt, six figures. I feel strongly about finding something with higher pay.

I've been searching in this new area for about two months. I haven't gone any traction, and I'm hoping that a career coach might help me avoid a very prolonged search. I'm all about investing in myself in this way but only have enough savings to cover about two more months of expenses. So I want to be sure I'm investing in someone who will help me see results. Any tips on what to look for in a career coach or where to start?

Crystal, have you ever worked with a career coach?

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**CL:** I have not worked with a career coach, but I have worked with many recruiters. The good thing about a recruiter is it's free to you. As the searcher, it's free to you and it's in their best interest to get you a good fit, get you the most money they – They're paid a commission of your

salary, so they want to get you as much money as they can. Their reputation is on the line. I think it's a good way to go. The job market is hot right now, and employers need good people. You are kind of the diamond right now, so you can definitely play that to your strengths right now.

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**FT:** Of course, there are benefits to working with a coach. But it sounds like there's a little bit more urgency to her situation. She only has two months of savings left. She kind of really wants to make this transition sooner than later. When you work with a coach, it may take a while to warm up and get things going. But I think I love the idea working with a recruiter, because this person also help you with your online profile, your LinkedIn profile.

I'll give you a really on personal example. My father, who if you want to learn about his career transition, check out the last episode. I interviewed him. He got laid off in his 60s, early 60s, and he was very senior in his career. At that point, most people would just say, "Well, it's been a good run. I guess I'm retiring early, because nobody wants to hire someone is "over the hill" and will probably only work for another five years." Blah, blah, blah.

He instead cleaned up his LinkedIn, worked with a recruiter, took on some online courses to kind of brush up his skills and sort of modernize his skill set. Because remember, he's been working in one industry and one role for decades. So now, he wants to transition to kind of a different industry. Not a 180 but it's going to require some shifting. He kind of figured out what his holes were on the LinkedIn profile, on the resume and was able to take some supplemental courses. All of them for free online. So he went to places like Stanford Online. I think LinkedIn has some courses.

I mean, I'm so proud of my father. He is linked – Because LinkedIn is really where everyone's looking, and your keywords on LinkedIn is I want to say like 40 to 50% of it. When recruiters or employers are looking for applicants, they are starting on LinkedIn a lot of the times, or they're going through their internal employees or word-of-mouth. But LinkedIn is a huge feed for job applicants, and a lot of it is people reaching out to people simply because of what their profile says.

So I want – Not to say that this is going to be the solution, but I think there's something to be said about contacting a recruiter which is free to you, getting maybe a couple of people to give you feedback, the recruiters. Even maybe just people, friends in the industry that you want to transition to and have them give you some really honest feedback about what your profile is saying and how that's lining up with the jobs that you want to get. You're right, Crystal. The market is really strong right now, so stick with it. I don't think you got to spend a lot of money here.

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**CL:** Agreed.

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**FT:** Crystal, what are your plans for the holidays as we approach – We're in November now. So I got to ask you about like Thanksgiving.

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**CL:** I can't believe it.

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**FT:** And all the other holidays you might celebrate.

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**CL:** Yeah. Thanksgiving we usually hunker down. It's usually a day of football and family and food. All the good F words.

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**FT:** Sounds fabulous. That's another F word. Sounds fabulous. Crystal, I really appreciate you volunteering to come on the show. I want to tell everybody to visit [lifepreponline.com](http://lifepreponline.com). This is great. We need more resources like this, because a lot of times as parents, we don't know where to start when it comes to talking about money with our kids. We know it's important.

They're not getting this education in school. We just want to know. We know. Okay. So just give – Boil it down for us in which you do in your online book. Just the quick things that you need to talk about. If nothing else, have these conversations with your kids. Really appreciate the work. This is all in addition to everything you're doing. So really thank you.

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**CL:** Thank you. I had a lot of fun.

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**FT:** And everybody listening, I hope your weekend is So Money.

[END]