

EPISODE 1740

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FT: So Money episode 1740, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It's October 25th, 2024, happy to be with you. We're going to do something a little bit different today where instead of taking your money questions, I have some advice that I want to give, and it's timely. We are in the home stretch of 2024, officially in Q4. A lot of us are eyeing the holidays. If you've been out shopping or online, you've already seen the shopping deals, the holiday specials, the Christmas lists, all of it.

Before we get overwhelmed and swept away with all of that spending, I want to offer us money moves that we want to be making before the end of the year. We've got just a couple of months remaining. Many of us, again, have our eyes set on those holiday shopping lists. But I want to offer a way that we can balance both the spending and the saving before the year is over. Look, you can start January with a head start. A lot of us start this thinking and financial planning in January. Then you know what happens with that. By February, you've given up. Hoping that right now until December, you can build some momentum. You can test drive some strategies, see what works, and then stick with them in the New Year.

Before we get to my advice, what happened this week? If you've been listening to the show, you know that we had the one and only Seth Godin on the show on Monday. Seth joined So Money about 10 years ago. The show is about to turn 10. He was one of our first guests. He helped me launch the podcast. Many people who listened to that very first interview with Seth in, what was it now, 2015 said that it was a life-changing experience. He is profoundly wise. He's the author of many books, a marketing pioneer.

His newest book, which was the topic of our conversation this time, is called *This Is Strategy: Make Better Plans*. I learned from Seth how to create more meaningful and effective strategies in all areas of life, especially in our careers and in our financial lives. If you haven't listened to that episode, highly recommend you go back. That was episode 1738 from Monday, Seth Godin on strategy fear and finding your path.

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Then on Wednesday, I sat down for a brief moment. I couldn't steal her for too long from her life because she's got a lot going on. Hannah Cole, who is normally on the show to talk about tax advice and tax prep, this time, unfortunately, on the show to talk about the aftermath of Hurricane Helene. Hannah and her family live in Asheville, North Carolina, which was devastated by that Category 4 hurricane that struck earlier this month.

Hannah came on to talk a little bit about the financial resilience that, fortunately, she had during this time period, although her entire art studio was pretty much destroyed, 20 years of her life's work as an artist. She's also an artist, in addition to being a tax expert. But what can we do to be financially resilient in the face of climate change, as we are only halfway through hurricane season in 2024, by the way?

Asheville was the last place people thought would get this much wreckage. Ironically, Hannah moved to Asheville because she had been affected by Hurricane Sandy. Living in the New York area at the time, she decided after Hurricane Sandy that they were going to move somewhere that was "safer" and less likely to be affected by a natural disaster, and here she is. A really important conversation that gives us insight into what it's like to be affected by a natural disaster caused by climate change and the steps that she took and is continuing to take to be somewhat resilient, although so much of this is not really within our control but that conversation.

Stemming from that conversation, I decided I want to support Hannah. I want to support her efforts to help rebuild her community, and so I have purchased one seat to Hannah's. I'm offering one lucky winner free access to Hannah's very popular Money Bootcamp course package. This course, a game changer for freelancers, sole proprietors, solopreneurs. It teaches you how to set up your bookkeeping and manage your finances.

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All the proceeds from this giveaway will go to, A, the recovery efforts in Asheville. If you want to learn how to apply for this, just go to my Instagram. Look for the giveaway post in my feed. Follow the directions. I'm going to be picking a – I'll be announcing the winner on Monday. The giveaway is open until Sunday at midnight Eastern. I'll tell you what. No one's rushing to apply for this giveaway. So if you really want to get this, you have a really good chance. There aren't that many people applying at the moment.

I blame the algorithm. The algorithm hasn't been sharing this very much. If you are interested in some financial advice and support and specifically tax advice as a small business owner, an entrepreneur, go to the give – I'll link to that Instagram post in our show notes, so you can go to it right away.

Earlier this week, I joined Montclair State University for their New Jersey Small Business Conference. It was amazing. There were hundreds of small business owners from the state there. I had the honor of joining a panel on how to scale your small business, which is funny that I was on this panel because I am not really somebody that has employees and scale in the sense of eight figures. I'm not a brick-and-mortar or a product-oriented business, right? I came more from the perspective of if you are a creator, a thought leader, and like me, somebody who doesn't want the HR issues of having many employees, how do you actually grow and “scale” without all that ecosystem? That was a lot of fun, so thank you to Montclair State University for inviting me.

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I'll give you the advice that I shared on the panel, at least some of it, which is that I like to think about scaling. This is actually something I learned from this podcast when I had on Leslie Zane, who is a marketing expert and a brand consultant. She actually ran the first female-founded brand consultancy in the country, Harvard Business School graduate. Leslie's take on scaling is something that I feel like I've been practicing without really knowing what it is that I'm doing. She says that when you're thinking about scaling, think about mind share more than market share.

How can I physically scale in people's minds before scaling in the market and having, let's say, my products on all the shelves?

Leslie says there are three things that a brand needs to do to be healthy. One, it has to be physically salient in people's minds. This means that when people think about you and your brand, whether that's your personal brand or your actual product brand or service brand, you're taking up a lot of real estate in their mind, and it's all positive, positive associations, more positive than negative ones.

Then, finally, you want to be distinct. Don't have to be totally unique because it turns out that uniqueness doesn't even drive business, but distinctiveness does. That's taking something that perhaps is already out there. It's a category that already exists, but you got to put your own twist on it. In summary, you want to be large in people's minds, positive in people's minds, and distinctive. I always say there's riches in the niches. Get specific.

A couple quick announcements and then I want to pick our reviewer of the week. Then I want to share my best advice for all of us as we are rounding out the year, and we want to finish financially strong. A couple announcements. One is that my investing workshop, my most popular workshop of the year. I've done it twice now, and every time we sell out. I'm going to be doing it one more time and for the last time in 2024 on election night.

I know that sounds ridiculous as I'm saying that out loud. Trust me. I didn't realize this when I booked it and then I shared it with everybody and people started signing up. A few people were like, "Really, Farnoosh?" Then I realized what I had done, and I can't go back. It is what it is. I will assume that no one is going to not vote. I assume that everyone who wants to attend will prioritize their voting that day, okay? I'm not trying to do this to interfere with voting or suggest that this is more important than voting. If you can't make it because it's Election Day, I understand.

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I will say this. If you can't make it live for whatever reason, everyone who does register gets the recording, which as it turns out, about a third of people who register never intend to join live.

They want just the recording. They learn better on their own time, and they value the advice. While being live ensures that you can ask a question and get it answered, I'm also offering you to send me your questions ahead of time. I'll try to answer them during the workshop, even if you're not there.

All this to say if you're interested in learning about investing, and I like to keep it really simple, I show you how I invest. I lean on technology. I don't overthink it. I stay consistent. I teach you how to do it. If you're interested in investing for retirement, for college savings, or any sort of medium to long-term goal, and you haven't started, or you have started and want to just learn how I'm doing it and compare your notes, this is the workshop for you.

Because it's my last workshop on this topic this year, I'm extending it by 30 minutes, giving us a little bit more time to answer your questions. I'm hosting it at night, which is not normal. I normally host it during the day, but I wanted to do it towards the end of the day, 4pm Pacific, 7pm Eastern, live. Again, recorded as well, in case you missed the live. You can go to somoneworkshop.com to register and secure your seat. That's [somoneworkshop](https://somoneworkshop.com), one word, [.com](https://somoneworkshop.com) to register your seat. I hope to see you there.

Second item is that if you are listening to this podcast and you are interested in writing a book and publishing that book in the near future, my Book to Brand Workshop is back, baby, after – I've done this – I think this is my seventh time, so lucky number seven. I announced this yesterday to everybody that I'm hosting my next Book to Brand Workshop on March 7th, 2025, so we've got some time.

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I know with travel, you want to get your bookings done now. It's going to be in New York City. It's a live event. It's an opportunity to learn how to create a highly valuable sellable book proposal and meet literary agents, publishers, editors, and recently published authors to learn how to do it yourself and also get those relationships going because one thing I've learned publishing four books, every time it's very different. But one thing is true every single time, and that is that the success of your book.

Even before you have a book, the success of your proposal, the success of sale of that book, the success of writing that book, to get it out in the market relies on your relationships, your network. I didn't have a network when I was first starting out. Getting that first book published took longer than probably it would have, for sure, had I known more people who could help direct me and refer me and give me feedback. That's why I created a Book to Brand because I wanted to make the process of publishing a book traditionally.

Also, we have some people coming in talking about the hybrid process, making it more accessible, giving you access to the people that are in this very traditional world of book publishing, hard to reach, hard to connect with. I keep it really small and intimate because I want to make sure that everybody gets FaceTime. Everybody gets a chance to have a one-off conversation if they want with our speakers.

We've just announced our speakers. We have an incredible lineup. You can go and check it all out at booktobrand.co, booktobrand.co. We're running an early bird special right now, so the tickets are the cheapest they'll be. We're going to be raising prices soon, so check it out, booktobrand.co. If you have any questions, just email me, farnoosh@somoneypodcast.com.

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All right, let's head to the Apple review section to pick our reviewer of the week. I love this review that came in this week. I got to read this out loud. Here we go. The review is called Must listen for financial minded Millennial parents, left by 1987tws1987. "I was turned onto Farnoosh's show from another prominent finance figure last year, and it has been such a gem. It's a great intersection of financial advice, self-development, and discussion of social justice issues. I also love that she is a parent since that brings such an authentic angle to her advice, and I found that it is a rarity in the feminist finance space. The episodes are digestible and thought-provoking, and I like that she doesn't push a specific dogmatic finance mindset like FIRE."

Thank you. I've only recently realized that being a parent is a bit of a differentiator in the personal finance space. That there are a lot of "feminist" finance leaders, and we love them. But they don't have caregiving responsibilities. They're not financially responsible for children or a

aging parent. They may one day, but I think it's unique, and I love talking about it. I don't claim to have figured that part all out, but I'm glad that I can be that resource for you and others who want to learn from someone who is going through some of the experiences in life that they're going through.

At the end of the day, that's who we want to follow. For me, getting advice outside of the financial world, let's say it's about career or entrepreneurship or health, I like to learn from people that I feel like in some ways have a lifestyle that mirrors mine. I have to take, for example, productivity advice with a grain of salt from somebody who might not have little children or isn't the breadwinner in their family. It's not like that advice isn't valid. Again, it has to apply to me. I know that I don't have all the same sort of hours or life architecture as somebody who is only caring for themselves.

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Anyway, all this to say, 1987tws1987, pseudonym, that's your review name, would love to give you a free 15-minute money session with me as my thank you for your review. You can email me, farnoosh@somoneypodcast.com. You can also direct to message me on Instagram. I look forward to hearing from you.

Next, I have my advice on how to finish the year on a strong financial foot. But, first, let's hear from our sponsors.

All right, let's talk about how to finish the year strong in our financial lives. What's my advice? I think it's so important to review this and nail this now. All because starting in January, you can say, "You know what? I'm already on my financial resolution. I'm already making progress." You start the year ahead of the game. But, first, let's talk about spending because I know that's the only thing many of us will be doing with our money over the holidays. Here's my advice on how to shop smarter and avoid entering the New Year with a bigger credit card balance, okay? My three best tips on shopping piece.

First is you want to set and manage your gift expectations with family members and loved ones. In our family, we'll often draw names for a secret gift exchange. Or we'll set price caps on gifts.

My husband and I don't even exchange holiday gifts. You remember loud budgeting. This was a trend that was made famous by TikTok and social media, the idea that you share out loud your savings goals, your budget intentions with people that you trust and your friends and your family. It's an effort. It is intended to keep you accountable to your financial goals.

It's also a way to give your loved ones a heads up about why you may not be going to all the parties or going on the ski trip or buying all the presents. I guarantee that you doing that will encourage and inspire others in your network, in your circle to follow suit. They'll be relieved to know that someone said it out loud first. You can find other ways to celebrate the holidays, right? You can get together and have a potluck. You can go out to dinner once, and you split the bill, and Merry Christmas, Happy Hanukkah. That's it, right? No gifts. There's no extras.

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The other thing I like to do, especially around this time of year, is to cash in on my credit card points. If you have any unused points that you've racked up during the year, use them to purchase gifts. Many credit card issuers have online shopping portals where you can redeem your points for purchase. Or you can use your points to buy gift cards which you can then use to shop at the stores where you want to buy gifts.

Now, second tip, sticking a little bit with the spending but how to spend to save. This is my tip, right? You want to spend – if you're going to spend on big-ticket items at the end of the year, be strategic about it and know that in some cases, you can spend in areas that will then reward you with a tax credit or tax benefits. First, the Child and Dependent Tax Credit. Do you know this, up to \$3,000 for one dependent and \$6,000 for two or more dependents? If you spend money between now and the end of the year on daycare or to care for a member of your family, a parent, this can potentially qualify you for the Child and Dependent Care Tax Credit.

This time of year, we might be working extra hours. We may need some help during the week or on the weekends, child care help, other kinds of support. This may then qualify you. Keep an eye if you haven't spent enough to earn this credit. One is if you've been meaning to make some home improvements, look for some green or energy-efficient appliances, installing new windows, getting energy-efficient heating systems. All that done before the end of the year could

qualify you for a 30% tax credit on those upgrades up to \$1,200. If you want to winterize your home, try to do it in a way that will qualify you for this 30% tax credit.

Then this was also a popular time of year to give back and make charitable contributions if you can. You're going to spend on charities to then also earn a charitable tax credit. The deadline for this is December 31st. A little tip on charitable donations. Everyone always asks me like, "What do I do when there are people at work that want me to donate to their fundraiser, or I'm shopping and a retailer wants me to round up to the nearest dollar?"

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I say, look, if you want to make a meaningful contribution to the causes that you care about, it's always best to go directly to that charity's website and contribute directly to their website, as opposed to going through a middle person like a retailer because the retailer is probably going to take a cut of that. By the time your charity gets that money, it's not actually the entire amount. If you're not into contributing to a colleague or a friend's cause, just say. This is a great time of year to say, "I've already made a plan for my charitable contributions this year, but keep me in the loop for next year. I would love to work this into my charity budget." People might go, "Oh, you have a charity budget." You're like, "Yes, I have a charity budget because I heard about it on So Money. We should budget for charity."

Okay, let's move on to my next tip. Let's talk about retirement. How has your investment strategy been going this year? I'll obviously be talking about that on November 5th in the evening during my investing workshop. But I just want to say that between now and the end of the year, you have an opportunity. But I just want to say that our retirement plans sometimes carry a year-end deadline. If you have a 401(k) at work or a 403(b), there is a contribution deadline for 2023, which is December 31st. The limit is \$22,500. If you're 50 or older, you can contribute \$30,000, an extra \$7,500. If you have an individual retirement account or an IRA, you can contribute up to \$6,500 in 2023.

Actually, you have until April to make that contribution, but let's get it done. If you can't make the maximum contribution, I always say at least aim to take advantage of any employer match that you have with that 401(k). If your employer is offering you a dollar for every dollar that you put

in, up to five percent of your salary, then do five percent of your salary. Now, you've got 10% effectively of your salary invested. But you've only contributed five, so that other five percent is effectively free money.

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All right, next tip, a good financial move before the year is over. We're going to shift to health-care. Fall right now. Open enrollment is happening for many Americans or is about to happen. It's important to review healthcare benefits before the year is over because this is the time to look at what have been your needs this year and what will be your needs going into the New Year when it comes to your health and the dependents in your family and their health needs.

If you're expecting a child in the New Year, it's really important to review your current health plan to make sure that it's up to snuff, and it's as robust as you want it to be to take care of a lot of the expected healthcare costs in the New Year. You may realize, "You know what? I have a high deductible plan that has been great because so far, so good. I'm healthy, knock on wood. But in the New Year, we are expecting a new family member, a new child. Or we're going to adopt, and so we want to make sure that we have all of our bases covered in a high deductible healthcare plan." While your premiums are low, you have a higher deductible.

Compared to a PPO plan, a high deductible healthcare plan, it's a type of health insurance plan that generally has higher deductibles and out-of-pocket maximums in comparison to a traditional health insurance plan, which we usually call a preferred provider organization, PPO. That often comes with a network of providers, a bigger network that offer certain rates for those enrolled in the plan. You usually pay higher monthly premium, but then you have a lower deductible and lower out-of-pocket maximum compared to the HDHP.

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This is a good time to review your health insurance plan. It could help you save money by ensuring you're not overpaying for coverage that you don't need or missing out on better coverage options down the road. While we're talking about healthcare plans, if you have any unspent Flex

Spending Account money, FSA funds, make sure to use those dollars before you lose them on December 31st. They're not going to carry over.

A review of what qualifies; doctor visits, prescriptions, eyeglasses, contact lenses, dental treatments, even over-the-counter medications. If you want to stock up for the winter, get the flu shot. But you might still need to stock up on some Advil or what have you. A 2023 report from the Employee Benefit Research Institute found that nearly half of all FSA holders forfeit their funds at an average loss of \$441 per person. Go out there. Go to your drugstore and start buying things because if you have money left in your FSA, you're going to lose it by the end of the year if you don't use it. Why would you want to do that?

Finally, rounding us out here, final thing I want you to consider before the end of the year is think about what you might do with that yearend raise/bonus. If you're lucky enough to get one this year, I know not everyone is in this camp. But speaking now to those of us who are fortunate to be employed, to have the month to be getting a paycheck, and might even get a bonus at the end of the year, with any lump sum of money that you get, my tip is to try to use it in an area of your life that's going to have a meaningful positive impact financially and emotionally, okay?

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Not everyone's going to tell you to try to balance those two things, but try to do something with it that's going to make you feel good, as well as it will have practical benefits. It may mean, for example, using part of the bonus to pay off that high-interest credit card debt that you did go spending during the holidays, and you want to start the New Year with a fresh clean slate. That's going to reduce your debt burden that has an actual practical financial benefit. It's going to help you feel less stressed out, right? It also has that emotional component, that emotional benefit.

You might decide with my bonus coming in this year, I'm going to invest in my home because I work from home, and I need to upgrade my office. Or I want to invest in my education, in up skill, and in learning new skills because I want to be in control of my career. I see everybody getting laid off. I want to be in control of my career. This is going to offer you both a financial and an emotional ROI. Think about how you can use that lump sum, that bonus in a way that is both personal and practical.

That's our show, everybody. Thank you so much for tuning and listening and hanging out with me this Friday. If you like what you're hearing, leave a review, subscribe, share it with a friend. I hope to see you at my November 5th investing workshop. Go to somoneworkshop.com to learn more and register your seat. If you'd like to join me for Book to Brand in the New Year, that's booktobrand.co. I'll see you back here on Monday, and I hope your day is So Money.

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