**EPISODE 974**

[ASK FARNOOSH]

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**FT:** You’re listening to So Money, everybody. I guess, I should say welcome back to myself. Welcome back from San Francisco. I'm now back on eastern time zone. I was in San Francisco last week with my family. It was really hard on the kids in terms of just their body clocks adjusting. We came back to New York on Black Friday, which is actually a really smart time to travel if you're looking to beat the rush, avoid the crowds and save money.

Our tickets coming back on a Friday after Thanksgiving, versus Saturday or Sunday, fraction of the cost. That's one personal travel hack for anybody out there. You could probably use that again this December, if you're doing any holiday travel. Try to come and go on an off day and see how much you can potentially save.

Anywho, we got back and I thought we'll have the whole weekend to re-acclimate to eastern time zone and it has been quite the week. Not a lot of sleep, or just weird sleep times. My daughter's been napping at 4:00 in the afternoon. You just got to go through the process, I guess. Here we are. It's December. It's no sooner than eating your turkey and it is December, hoping to go out of 2019 with a bang. If you follow me on Instagram, you know that I launched with my friend, Jaclyn Mellone, a podcast course. Yes, I did this. I know, there are a lot of podcast courses out there.

We really felt that there was an absence of programming, of course is out there that really drilled down on the monetization piece, the monetization aspect to running a podcast. There are many podcast courses out there that focus on the technicals and the how-to and how to launch.

We certainly go through the essentials in our program, but we want to make sure that when you do pursue your passion of starting a podcast that it pays and. We’re calling our program Pays to Podcast, Pays to Podcast. It pays to podcast for a lot of reasons financially, but as I've experienced and I think a lot of podcasters would say, it is a great way to connect with people, network, build your brand, “get out there” a little bit more, or a lot more and just accelerate your mission, your goals, all the things.

It pays to podcast. Right now we've opened to the cart. We close the cart on Monday. It is a program that comes on following the many years of Jac and I working one-on-one or in small groups with people who were launching podcasts or had podcasts and wanted to grow their shows and make the money. We decided that while we loved working with people one-on-one, it was keeping us from being able to really make a mass impact.

A lot of people were coming to us wanting to work with us, either we didn't have the time, the bandwidth to add more people onto our schedules, or frankly, they couldn't afford the program because when you work one-on-one with someone, it is going to be more expensive than a course. We decided let's coursify this and make it really exciting and different.

Again, our difference is that we really go deep on monetization. Paystopodcast.com. The cart closes on Monday and the price for the program is at the lowest that it will ever be. This is our first launch and we want to keep providing this throughout 2020.

We know that as we continue this program, well, demand will grow. We're going to put more towards getting the word out about it. We will raise the price a little bit. Now is the best time to get in. Frankly, if you want to launch a podcast in 2020, I launched mine in January of the year, because that's when people are really looking to adopt shows.

They're looking to new year, new me, want to pump my brain with all the success stories and motivation and podcasts are a go-to destination for people who want to improve their lives. If you want to help these people in any facet, January/February is usually a great time to get in front of them. Paystopodcast.com.

If you already have a podcast and you want to learn more about monetization, you haven't gotten sponsors yet, you haven't leveraged your show to make revenue, we can help you. We've actually designed a separate program just for those people, because we were hearing a lot from people who had shows, who were like, “This sounds great. I already know what mic to buy. I already know what my show is about, so I don't need the first half of this program.” It's great. Fine. We have the second half of this program reserved for you and it's actually a little bit cheaper. If you want to get that version of the program, go to bit.ly/paystopodcastpro. Bit.ly/paystopodcastpro. We've got something special for you there.

Okay, let's go to iTunes because you know it's that time of the week where I'm going to pick a new reviewer to receive a free 15-minute money session with me. I'm happy to say that I think of all the people that I have announced on this show, the reviewers, those who I have offered 15-minute money sessions to and we've been doing this for several weeks, perhaps 10 weeks already, I've spoken to each person, or have plans to speak to each person. You all follow up, which is great. I know you're listening. This is working. Let's keep it going.

I want to say thank you to Laurel220 on November 25th. Was that on Thanksgiving? Let me check my calendar. November 25th was Thanksgiving week, Monday, feeling thankful. She says, "Love listening to the So Money Podcast with my morning coffee. The podcast is not only informative, but offers practical real-life advice for everyone. I have learned a lot listening and feel more on top of my financial life because of it."

All right, Laurel. So happy that we have found each other and that you're appreciating the show and it's working out for you. I'd love to connect. Get in touch with me if you'd like for a free 15-minute money session as my thank you to you for sharing your thoughts in the iTunes review section. You can e-mail me, farnoosh@farnoosh.tv, or go to Instagram and direct message me there. Let me know you're the Laurel220 who left the message, the review on November 25th and I will be in touch.

Okay, mail back time. For those of you who are new to the show, the best way to send me your questions for Ask Farnoosh, two ways; you can go to Instagram and direct message me there, or go to somoneypodcast.com and click on the button that says Ask Farnoosh and leave me a question there.

Our first question is from Jen on Instagram. She says, "Hey, Farnoosh. Apologize if this was on a previous episode, but what are some options in investing if you are just over the Roth IRA threshold?" She says, "Of course, I know I can max out the Roth 401k. I was under the limit of the Roth IRA and then with a salary bump, now I'm over and I had to stop putting money towards it last year. I'm also putting money in a traditional 401k, currently getting the company match. I'm thinking more into a brokerage account, but wasn't sure if there was something else that I'm missing. I have no kids."

Okey-dokey. Jen, nice to meet you. I might have answered this on a previous episode, but I've done so many episodes I cannot honestly keep track. Doesn't sound like I've answered this a lot, so I'm happy to refresh if that is the case. Roth IRAs are great. As we know, we talk about them a lot on the show, the retirement savings vehicles. You can open one up at any bank, any brokerage for the most part. You can contribute $6,000 in 2019. That's the contribution limit. This retirement account offers tax-free growth and tax-free withdrawals in retirement.

How it works is you get paid, then you deposit the money in the Roth IRA. You're paying into the Roth IRA after taxes, but then when you withdraw it in retirement, you get it out tax-free. You've already paid the tax on it today. There is a restriction on who can contribute based on salary. To your point Jen, you have exceeded the salary.

I believe in 2019 if you're single like our friend Jen here, you can no longer contribute to a Roth IRA once you're making a $137,000 or more. You start to actually phase out of being able to contribute to the Roth IRA once you start making a $122,000. Between $122,000 to about a $136,999 the contribution is reduced. Then once you hit 137K, no longer eligible. What else can you do?

You could do a traditional IRA, you could do your Roth 401k at work, which acts like a Roth IRA, but doesn't have these income limits. You could as you've pointed out, brokerage account, where you're basically investing in a basket of investments that you select. You can withdraw this money at any time. This is not designed to be specifically a retirement portfolio, it's just a plain, old investment portfolio.

I have another idea too. This is becoming an increasingly popular supplement to retirement savings. It doesn't immediately present itself as a retirement vehicle, retirement savings vehicle, but hear me out; health savings accounts. HSAs. Some of us have access to these, because we've opted for high deductible health insurance plans. If you get a high deductible health insurance plan, you're oftentimes eligible for health savings account, which is basically an account where you can put money in it pre-tax, pre-tax contributions to help pay for out-of-pocket medical expenses, things like doctor co-pays, prescription drugs, contact lenses, things that maybe your medical insurance does not cover, or your high deductible plan won't cover.

If you don't use the money that year, it's okay. You can keep the money in the account. Not a if you don't use it you lose it situation. You can keep the money in the HSA. You can keep it all the way up to retirement if you want.

Okay, next question is from Michelle who has a question about something I referenced on a podcast awhile back. She said that it had something to do with a bunch of pros, why companies should support women on maternity leave. She says this conversation reference research article showing the benefits for employees who create a supportive work environment for women who take maternity leave. Any chance you know I'm talking about?

She says, "I recently found out that I'm expecting and I work for a startup with zero maternity plan. I'm assuming I'm going to have to negotiate something and having some facts to back me up would be great." Well firstly, congratulations Michelle. Very excited for you. I'm really happy that you're willing to start the conversation with your employer. I think it's important.

My husband worked at a startup when we were having our first child and that he was under the assumption that there was going to be no paternity leave, given that the company was young. Maternity leave is one thing, but paternity leave he was like, that's pretty progressive and I would suspect that our company just isn't there yet. You know what? He went in to HR, asked and they said, "Yeah, we do have paternity leave. We have four weeks paid." Merry Christmas.

I guess, don't assume is my first tip. Go in with the assumption that they must have something, because it's almost 2020. You should at least be prepared. Have something planned for your employees that you want to retain in the event that they need to take some time off, because it is going to be more expensive for them to replace you. Here's the research, mothers who receive paid leave are 93% more likely to keep working. They're more likely to be working nine to 12 months after giving birth than those who didn't take a leave, because yeah, you'll be absolutely burnt out.

I don't know how you could have a child and then next week go back to work, or not go back to work and suffer the blow of not getting paid while by the way, having to take care of a new human who's not inexpensive. Here's a quote from Google HR boss, Laszlo Bock in this article that I'm reading here. “When we eventually did the math, it turned out that our maternity program,” which I think they said is 16 weeks, “that the program cost us nothing. The cost of having a mom out of the office for an extra couple of months was more than offset by the value of retaining her expertise and avoiding the cost of finding and training a new hire.”

I'm going to put this article at So Money Podcast under this episode in the show notes, so you can go and reference it directly. It's really interesting. It's got a lot of links to the study, the Google quote. 91% of businesses said paid leave did not dent productivity either. Not surprising, but great to have the data, right? Because companies are so bottom-line focused unfortunately, that this is important to have. I'm glad we have this now.

I hope this is helpful to you, but don't assume they have nothing. Assume that they have something, because it's again, the time to have something. It's times now. If you don't have something for your employees to take care of them, or if you're at least not willing to have a conversation and negotiate, well I would question your future at this company, because if they're not prioritizing this, what else are they not prioritizing?

I get it, maybe you're in stealth mode, it's only the first year, you're completely a startup, but what's the plan? A lot of startups and my husband's worked for a number of startups, in the first year, yeah, they're in stealth mode, but they have a plan. The employees want to know, “Okay, if I stay here, if I invest, take this job over another job, if I come here, what is the future? Am I going to have a 401k next year? Am I going to have benefits? Is there going to be a family leave policy that's paid? Because if not, I'm going to have to probably look elsewhere. I can't be with a company long-term that's not prioritizing these types of we call them benefits, but I call them necessities.” They're not nice-to-haves anymore.

Okay, we need this stuff. Child care is expensive. Good luck to you and please let me know how they respond. I'd love to stay in this with you as you carry out this conversation with your employer. I'm wishing you all the best and supporting you all the way.

All right, this is a question from our friend Mindful Kids Coaching on Instagram. She says, “I'm a 36-year-old elementary school counselor and a parent and kids social and emotional learning coach on the side.” Wow, you sound very busy doing a lot of great important work. “Living in San Francisco. I am getting married in February, which means I will no longer be able to fund my Roth IRA due to our combined income.” Okay, so we're going back to a little bit of what we discussed in the first question.

Our listener says, “I opened the account when I was 29, my first retirement savings account and currently have $26,000 in it. I put in $200 a month. Some years, I've been able to put in the whole maxed amount. In other years, I haven't been able to do much. I don't think I will be able to max it out by December. Is it true that I can max out my Roth IRA up until April 2020 without getting penalized?” Yes, that is true. The deadline to make contributions to a Roth IRA is the tax filing deadline date of the following year. If you're making it for 2019, if you want this contribution to go towards 2019, you have up until April 15, 2020. That's the tax filing deadline in 2020.

She says, “I also have a 403B that I've been contributing $500 a month to and currently have over $10,000 in the account. I have $23,000 in change in student loans. Should I increase my 403B contributions, or pay more in my student loans?” She says, “I currently pay $355 a month, but that's going to go up to $919 a month in about a year and a half on my payback plan.” This is again the student loans.

Can you do a little bit of both? Can you do a little bit more than minimum on your student loans and do something with your 403B? Is there a match? Can you at least contribute up to the match? I like the hybrid strategy. I don’t like to do either/or if I can avoid it. Something like a hybrid strategy, so you're filling two buckets at once. At 36-yars-old I'd like to see you have more in retirement.

I'm doing a little bit of quick math here. You've got $26,000 in your Roth IRA, you've got about 10,000 in change in the 403B. That's about $37,000. You're 36-years-old. Is there more money out there for you towards retirement? I think at this point, I would look at accelerating ways to accelerate the retirement savings plan. People sometimes hate rules of thumbs. I love them, because I always wanted to compare and see how I'm doing. Even though maybe it's not really a realistic benchmark, it's interesting to me.

There are many schools of thought out there that align on this, that say you should have about two to three times your salary saved by age 40. Think about on average what you've been making over the last I'd say 10 years, 10, 12 years. Take the average of that, multiply it by two, one and a half, two at this age and do you have that in a retirement account at 36-years-old?

If you're falling short, step two might be to go to a retirement calculator. There's a lot of them out there that I like. Nerdwallet.com has amazing calculators. You can plug away and find out what you might want to be aiming for as far as savings for retirement and see what you have to do now to reverse engineer that. What should you be putting away?

Helen writes in. Says, “I am a huge fan. Been following So Money for a while and I'm addicted.” Wow, that's a strong word. I appreciate it. Question, “What are your thoughts about investment clubs? I want to start one with some of my girlfriends. We are in our late 30s, professionals, all different stages financially, all investing differently, but I'm curious your thoughts about this. Any experience, or advice on how to get started? This year, I decided to take some new risks and some new steps with my money and thought this might be fun to do with my girlfriends.”

I like this a lot. I like this primarily, because I think it's so great to congregate with like-minded people, especially when it comes to money. Sometimes we may feel we're in friendships with people who have far different financial lives than we do and that's fine. If we have specific interests, like investing and we may not feel comfortable talking to certain people about that, well, there are others out there and can you find them and create your own clubs? I think that's a really wonderful way to accelerate and to expand your financial horizon to learn from others to communicate around money regularly. I like that a lot.

Guys have had investment clubs for a long time. It's right up there with all the other boys’ clubs. I do think that women can and should start these more often. You have to figure out what the club’s definition is, the rules and come up with a mission statement. I mean, is your mission to pull your money together and invest in certain things together as a group? Is it more educational, where you’re coming to learn about different investments and there's maybe themes associated every month when you're getting together?

One month you want to learn about crypto, another month you're really interested in tech stocks, next month it's index funds. You can do it like that, where it's a little bit more educational and you're all reading certain literature or listening to podcast or what have you and getting together to more have a discussion and yeah, maybe take some steps.

It's really the individual's choice. You just all need to be on the same page and in alignment with that. I know a lot of people like to get together on Facebook if you're not all in the same city. If this was like a book club meets investing, I think that's a lot of fun and you know what? Invite me. I'd love to drop by. Sounds like it could be a blast. I'll bring the wine. Thanks for your question, Helen.

Next step is Sarah who says, "Hey Farnoosh, I'm loving your So Money Podcast." Thanks so much. She says, "We need more women talking about money." Yes, we do. I agree with that. Her question is, "My family of five lives in the San Francisco Bay Area where the cost of living is higher every day. We're both teachers with second jobs and we love where we live, but we are barely getting by. Do we get out somewhere less expensive, or try to make do on this crazy low income, which isn't low in other cities." Wow, I think you know what you got to do. Five kids in San Francisco, the Bay Area. That's no joke. I don't know how you're still there honestly. I'd say, run.

My thoughts on this are rooted in hearing so many people come on this podcast talking about how their lives were dramatically changed for the better, because maybe they need to get out of debt, or just save more, or they wanted to build wealth faster, they moved out of high-cost areas. You never hear someone retiring early who's like, "Yeah, I live in Manhattan and I retired early. Or I live in San Francisco and I was able to get out of all my debt by at the age of 40." No. It's people who move to second-tier cities, or more inland from these very expensive metropolitan areas.

It's no joke in San Francisco. I think I read a statistic that there's an average of 200 or 250 people net leaving the city every single day. It is getting too crowded, too expensive. The same is here in New York, I believe. The rate of people leaving is for a reason. The city's gotten way out of hand very expensive and as you may know, because you listen to this show and I've been blabbing about it, but we're also in the process of leaving Brooklyn.

I'm a little sad about it. I was a lot sad in the beginning, but I've reconciled. I'm getting really excited about the suburbs. I'm not sure if my housing costs will go down that much, but we will definitely get more bang for our buck. We're just ready. I think with five children, it's really about them, right? Getting them settled somewhere where they can grow up, have a childhood, get as excellent education. They're going to be happy if you're happy. If you're not happy because you're stressed about the finances, about the cost of living where you are, that's going to have a trickle-down impact.

I think the thought of moving at first is really tough. It's really hard to grasp and hard to imagine and it's a little bit of a heartbreak, because you're living where you're living for a reason. It's probably because you want it to be there. Part of you really, really wants to be where you are. I find that it's been a fleeting emotion, that at first, I was really sad. The more I got used to the idea and the more I started to talk to other families who had made the move and how happy they were and the new joys that they found in their new towns and their new locations, I started to get more optimistic. I started to get more excited.

Really what I did was I started to immerse myself in that future, starting to think of myself in that new place. Much of this is mindset. It's conditioning yourself to believe that there is a better life out there for you. That it might be scary, but you've done scarier things. I mean, you're a mom of five. I imagine not much can scare you. You're probably pretty strong. You're built like steel. You can do this and I think that if this is really hurting your finances to the point where you're writing to me, I think you know what you got to do. By the way, it's a great time to buy a house, at least here on the East Coast.

Things are not moving. Homes are not moving. It's definitely a buyer’s market. I'm rooting for you, Sarah and your entire family. I wish you guys a lot of luck. I hope it's easy for you. I hope it's not a lot of stress. I empathize. I appreciate your question and I hope all the best for you.

That's a wrap my friends. Thanks so much for hanging out with me this Friday. Hope you have fun plans this weekend. My friend, Kafi is in town, Kafi Drexel. She and I go back to our days as reporters at New York 1. She's visiting New York this weekend. I'm excited to hang out with her. She was actually on my podcast, I believe co-hosted an Ask Farnoosh a couple of summers ago. If you really want to get a blast from the past, check out Kafi Drexel on So Money. Kafi, if you're listening, I'm excited to hang out with you good friend.

Everybody, if you want to get the transcript for this episode or share this episode, go to somoneypodcast.com. You can the link and you can also send me a question there for our Friday episodes.

Thanks again for tuning in everybody. Hope your weekend is so money.

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