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Money Matters for LNCs

Kathleen Thomas

Pat: Hi, this is Pat Iyer with Legal Nurse Podcast. Today we're going to be talking about money, why it's so important that you pay attention to your books, and some tips on how you can manage your money and your cash flow.

I have with me today Kathleen Thomas, whom I met at a C-Suite network advisors' event. C-Suite is a group that I'm involved in that includes people who help each other within this organization, such as CEOs, CMOs, CFOs, CIOs, anything you can put a "C" in front of.

Kathleen was there as a person who had just shared her knowledge with others by writing a book, which she was generous in giving out to the people who attended the conference. I got a copy of her book, and I remember walking up to her and saying that it would be great to have her on the podcast because our listeners are focused on how they can manage their money better.

Kathleen has been working as a certified financial advisor and a chartered investment manager analysis for over 25 years from her office in southern New Hampshire. She's the author of *The Hardworking Woman's Guide to Money*, and it's an excellent book. She also hosts the "Money Matters" podcast, so be sure to tune in for KT's Money Master Podcast, "Money Matters Podcast." Let me be sure I've got that title correct, "KT's Money Matters Podcast," and she speaks on all topics related to money.

We were discussing just before we started the recording that she competes in long distance triathlons. There's a picture on the wall behind her that was associated with one of the events in which she took part. She's been involved in four ironman distance races—it makes me tired just to think about what's involved in that—including swimming, biking, and running. Her favorite quote is from Stephen Covey's book, *Begin with The End in Mind*. Kathleen Thomas, welcome to the show.



Kathleen: Thanks very much for having me today.

Pat: Let's talk about some of the things that we should be focused on around setting some financial goals for our businesses. I'm recording this in the middle of January. It will probably be broadcast later in the spring, but at this time of year we're very focused on looking at the year ahead. What are some of the things, from a financial standpoint, that we should be thinking about when it comes to doing some planning related to money?

Kathleen: So, I always think that there are two things that are simultaneously happening in January. First, there's like a real accounting of what actually happened last year, as you get ready to go to your accountant, and you're trying to figure out how much money you actually made after you paid your expenses, how much money you actually net.

And what I find is that self-employed people love to talk about how much they gross, but a lot of times it's more important to focus on the backing into, figuring out what you actually net, meaning after your expenses how much income did you actually make and what that equates to if you were working full time in your business. And so, part of it is figuring out what worked last year and then what didn't work last year, what you thought could've worked better last year, and then what you're going to change this year based on what you've learned from last year.

One of the things I always say is that the reason why Covey's quote is my favorite is, with the idea of "Begin with The End" in mind, that if we don't know where we're trying to go, we might get there. We might still get there, but along the way there are a lot of little lefts and rights, and it's really easy to get distracted from the kind of big, grand idea that you had about how big your business was going to be or how many clients you were going to work with or what your revenue was going to be.

I always find that if I have a good plan of where I'm actually trying to get to, then I can map out what that road looks like, and then all year long I just execute on that road.



January is about taking inventory, what worked, what didn't, and, based on that, what you're thinking about changing for next year.

Pat: There's so many aspects of what you just said that it started wheels running in my mind. In a couple of days, we're going to be meeting with our accountant, and I'm a person who tends to get distracted and to forget about the numbers piece and think that it's just running in the background. Legal nurse consultants love to analyze medical records. Some of us don't love to analyze our numbers, and you're pointing out how important it is to stay on top of it, to look at it from the perspective of what worked last year, what were the aspects of your business that were very profitable, where are your expenses high?

You know, I love to go to conferences and to learn. Every time I do that, there's a plane fare, there's a hotel, there's food, there's transportation, there's the price of the conference. Looking at that big picture, what am I going to get back as the result of being a part of that conference?

Kathleen: The other part that I think business owners don't think about is the time that they're spending at the conference that they otherwise could've made money on working in their business, so it's not just the tangible cost of being at a conference where you're learning. So, I always say I have to learn something I can implement, or I have to get CE credits or, ideally, I have to be getting both.

I have to be able to go someplace where I can fly fairly reasonably, stay reasonably, and maybe try to tag on something else. In my particular business, I have clients all over the country, and so one of the things that I try to do is—let's say I'm doing a conference in New York like we were last month. I had a client in Long Island. I went and I had dinner with them on the night in-between. Instead of going out with a bunch of people and hanging out, which would've been terrific, I gave that up to go tag something else that made the trip make more sense to me financially.

Pat: When we met, you were handing out books. Tell us about your book. What caused you to write that book? What was behind your thought?

Kathleen: There were two things about the *Hardworking Woman's Guide to Money*, and the first one is—I don't know about you, but I have never



met a woman who's not working hard. We have lots and lots of responsibilities in life, not just a job, but also the job of raising a family, many of us are trying to get an education, we're trying to take care of both parents and children. And then, of course, there are the really ambitious of us who decide to go start a business and work to be self-employed in the middle of this whole thing.

And so, when I wrote this book, I thought about all the woman I know who don't have any time to spend focusing on this, and what I wanted to do was create some tenets that said, "Think about how you want to make decisions financially upfront. Then you can use that as a roadmap when a decision comes along."

Because often, when a decision comes along, it's quick, like people decide to go on vacation and spend thousands of dollars pretty quickly without a lot of thought into it. People buy homes and automobiles in a day. They go in and make an offer. They drove by an open house. They weren't really thinking about buying it and the next thing you know they're talking about moving. People tend to be very spontaneous with very big decisions. And so, part of what I talk about in the book is first of all knowing where you stand financially, like what makes sense for you and what doesn't, and understanding why certain decisions matter.

So, for me, I talk about the one, two, three most important things. If I think about like the one, two, three most important things for me, I think I need to be able to sustain my lifestyle, I want to have a comfortable and happy retirement with my husband, and I financially want to be able to take care of the people in my life, my daughter and my nieces and my nephews, people who need me, and I want to be able generate enough extra income that I'm able to do those.

Those are like my three things and along the way there are a lot of other little things that are important to me, but those three things are the three most important things. When something comes along that I'm not really thinking about a big trip or a second house or whatever it is, it has to fit into an understanding that those three things must be met first for me to feel like I'm doing what I need to do. And it just makes it easier to wave off things that aren't.



I talk about the car in the book because the car is one of those expensive decisions that we make every three or four years across America. A lot of times we all finance. We pay a lot of money in interest. We pay a lot of money in payments for something we know is losing value, and so I talk in the book about the idea about knowing who you are and learning how to protect yourself.

So as an example, you're going to go looking at cars and you're ready to buy a new car and you want to come out with the best deal, but they're going to pressure you to sign the deal they want you to make today. What I talk about is: Don't go looking at your cars with your trade-in.

That's all you have to do. You don't have your car with you, and you can't complete the transaction. You've bought yourself 24 hours. When they say, "Well, what could we do to get you to do it today?" You say, "I actually can't do it today because my car is not here. Why don't you tell me what you'll charge me for the car I'm trying to buy and what kind of interest rate, and then tomorrow I can come back with the trade-in and we can look at the trade-in and then talk about that."

So, all you're really doing is slowing the process down a little bit. People can get in there, and society kind of makes you feel silly if you can't make a quick decision like somehow, you're just not bright enough, but you need to know it's not about that. What they're really trying to do is get you to make a hasty decision, one that you may or may not have really wanted, and there's a lot of buyers' regret around major purchases. I use little tips in the book to just slow you down a little bit so that your brain has time to catch up with your emotions, and you can make the decision that actually works for you.

Pat: There's a guy named Robert Cialdini who talks about the factors of persuasion, and one of them is urgency, which you're talking about. If you're involved in watching webinars or seeing emails, it's used all the time.

Kathleen: That's right.

Pat: ... "You buy right now; you'll get a deal. This discount is going away." I use it myself. I think it's a fabulous factor when you're talking about buying something like a car or a house or some



expensive appliance. There's a lot more at stake than when you buy an educational program that's going to improve your business. I think about my next-door neighbor who for years scrimped money, and then when her husband died, she had a little pot of money. She was in the middle of school, and she had no income, but she felt like she had deprived herself of being able to spend money for so long that when his money came in, she went wild. She bought...

Kathleen: Yes, she just went crazy with it.

Pat: She bought a dishwasher that's silent and it cost a couple of thousand dollars. There was nothing wrong with her other dishwasher, but she didn't like the noise.

Kathleen: Right.

Pat: You know she spent money until finally she ended up...

Kathleen: It was gone.

Pat: ...at the brink of having to declare bankruptcy and it makes...

Kathleen: Right. It sadly happens way more often than people think, and so what I really try to coach people to do is the idea of staying away from the edges, right. So, there's the, "I get anything I want whenever I want it no matter what because I need it and emotionally, I'm raw, and I have to have it."

In contrast, you have the Fragile Fanny, if you will, who never spends a dime on anything, who squeezes the last nickel out of their wallet, who never buys anything unless it's on sale. because that actually for most of us is really, really hard.

I really believe in planning for the future but live today and find where it is in the middle that you can afford to be.

Some people don't have a lot of income, and there are people who have tremendous income. And over the years in my practice what I've figured out is, you can spend any amount of income. I think that people who have not ever made a lot of money think, "No way, if I were making that kind of money, I would never have a problem." However, I always think back to 2008 when the financial crisis



happened. There were a number of big cases that came out about people spending these ridiculous amounts of money for things and then they had to change.

There was this \$6,000 shower curtain, this is what I remember, with the guy that was the CEO of Tyco, so he was buying things and sending them to his New Hampshire address to avoid the sales tax and then shipping them to his New York apartment. One of the things on the list was this \$6,000 shower curtain.

So, what I'll say to you is, there is someone who will come up with something to help you part yourself from your money at any level. You could spend it all, no matter what the amount is, because there are \$6,000 shower curtains, and there are private jets. There are ways people who make a lot of money are easily parted from their wealth in the same way there are ways that you know people who are making less income can save.

There was this great book in the 90s called *The Millionaire Next Door*, and it was all about the habit of what makes people successful financially, and part of it is that they save a little bit of everything that they earn. They don't lie to themselves about what things cost. They save for things that they buy rather than financing things that they buy.

There's a little bit of willingness to have a delayed gratification, not as much kind of instant charm, and they're always saving for retirement. A portion of everything that they make, they put away for the future, not all of it, but a portion of it, and they do that consistently their whole lives.



Smart Money Management

Before I continue with the show, let's talk about one point: You know that controlling expenses and keeping good track of your income is vital for your business. In my online training presented by an accountant, you will discover what you should be doing from this skilled accountant. Learn simple and straightforward ways to manage and understand your money so that you can use that information to grow and better manage your business. You won't want to miss this.

In this one-hour online training you will:



1. Identify and choose a simple and uncomplicated way to track your money and set budgets
 2. Get tips and tricks on understanding your numbers
 3. Refine your financial goals and use powerful techniques to achieve them
- Order this training at the show notes of podcast.legalnursebusiness.com and use the code `Listened` in the coupon box to get a discount off the price.

Pat: Do you find in your practice truth to the concept that people are not routinely saving for retirement, that the majority of people don't have money enough to be able to retire? Is that true?

Kathleen: You know the majority of people I think are underestimating how long an expensive retirement will be, and then on the other side we have the minority of supersavers. That's what I'll call them like the supersavers, those who are just hammering it. They are saving a lot of money. They are truly afraid that there won't be enough, but there's a whole portion of the population that really doesn't. They don't think they're going to live long, maybe somebody in their family died young, maybe that you know they don't have longevity in their family, maybe they're a smoker.

They say, "Well, listen, I'm not going to live that long anyway. I only really need to think about money for 10 years." Or they may say, "I'm going to work a lot longer. I'm not going to retire. I'm never going to retire. I love working." Then, all of a sudden, something in their health changes or something in their life changes.

Back to the 2008 financial meltdown, lots of people lost their jobs in their 50s and early 60s who weren't actually planning on retiring yet, and suddenly they actually got forced into early retirement. And so, part of being a little bit more ready than you think you need to be is knowing that the last five years coming into your retirement can be tricky because your health can change.

Your employer could decide that they no longer need you. I always think about my clients who used to do things like typesetting, worked in the printing industry and did typesetting or art design, or people who did graphic design. A lot of those industries have gone away because of technology, and how do they get themselves at age 55 or age 60 to a



new career? It's very difficult, and people just assume they're going to be able to ride this thing to the end, and it just doesn't always go that way.

You know there are those maybe too prepared and those doing the right job, and then there are those who can't figure out how not to withdraw money from their 401K, how not to borrow out of their IRA, never figured out how to pay themselves first, and can't seem to make that transition.

Pat: I know that you've observed in working with healthcare workers that having boundaries about money seems to be challenging to our profession. Can you give us some insight as to why that is?

Kathleen: Yeah, you know I find this in all the caregiver industries, so when you are taking care of other people all the time and other people's needs, it takes a lot, both mentally but very much emotionally, and so I always say, "My nurses are my warriors." They mean to do the right thing, but they're easily distracted by other people and what they need. They feel like they are supposed to give everything of themselves to others, and, as a result, they don't always do a really good job protecting themselves.

Now, those in the traditional healthcare setting are sometimes protected, right, so if you're in a hospital, you have maybe a big pension, or you've got a 403B, and they're saving a lot of money for you. So, they're helping you with the fact that you may be not as good about this as you should be, but when you cross over into that self-employed component, there is no one there doing anything for you. You have to do for yourself,

So, it becomes even more important, but I talk a lot in the book about how women are more apt to lend money to a family member or a friend that they actually can't afford not to get back. They just can't afford it. They do it because they love this person, and then they say, "Well, this person is in worse shape than me, and I should help them," and part of it is sometimes you're not in that position. So, if you don't take care of yourself, and you go to help somebody else, then the question becomes who's going to take care of you when the time comes.



Now, some people believe you know, “Circle of love. Somebody will help me if I help somebody else. It’s all good.” Not everybody is like this, and I think this of healthcare professionals, especially of the nurse genre, because you’re caregivers. It’s kind of in your bones. You don’t become a nurse unless you have that kind of caregiver DNA. And so, one of the things I encourage my caregivers to do is to care about themselves, too, and so that’s where understanding what you actually need, it helps you figure out what you actually can’t afford to give away. I then talk a little bit about like what happens when you lend money to relatives, and then they never pay you back.

I always say that I think about it if I’m lending some money to somebody, I wonder will he ever be able to pay me back. I say something like this, “First, I don’t lend money that I can’t afford not to lose,” but what I say to them is, “I want you to know that I’m kind of uncomfortable with the idea of being the Thomas Bank and Trust. I’m going to lend you this money and if you never pay me back, I’m not going to stalk you for it because I actually don’t want that between us, but you should know that if you’ve never paid me back then you can never ask me again to lend you more money.”

And here’s what I’ve found, there are two kinds of relatives. Those who pay me back and those that never get to ask again, and either way I’m better off for it.

Pat: I’m thinking about a \$10,000 loan that my son gave a friend of his to start a raw food restaurant in a small town in rural New Jersey.

Kathleen: Yeah.

Pat: All of a bad combination of factors and he got back, I think, \$1,000 of it. It affected his friendship. They stopped being friends, but my son learned from that experience and never has made that kind of business decision again. Once having been burned by this and when us (his parents) would try to tell him, “Please don’t do this,” his friend said, “Oh, this is the last amount of money I need, and once I have this money, then I could open up the restaurant.” It was a good experience for my son to learn that lesson.



Kathleen: Well, and if he learns it over his lifetime that money will turn out to be cheap, but the thing that I think is really difficult is that what somebody is asking you to borrow the money for, to pay their light bill, to pay their medical bill, to pay their mortgage, to start a business. If somebody is looking to start a business, what they're really looking for is investors, people that actually want to put the money in the business and leave it in the business, not their friends.

And so, you know, I think it's a fair line to say, "This is the kind of thing you see a bank for" or "You should save more money if you're not ready. You should know that the single biggest failure of business is a restaurant." They all have a great idea, but half of them fail in the first year, so you know they are so undercapitalized because they come in, and they don't have enough money to start and they fail right away.

You see it all the time because you know a little restaurant opens, six months later it's gone. Three months later, another little restaurant is in there, and that's gone too. Restaurants are a tough business to make money at, and so if your friend, who's asking to borrow the money, doesn't have any experience you should say, "No" and protect yourself.

Now on the flip side, you know if somebody you love is losing their house because they've been sick or you know they've lost their job or whatever it is, and you feel compelled to help them, then you need to know that they may not be able to pay you back right away. You have to decide before you lend that money that you are okay with waiting because if they had the money, they wouldn't have asked you to borrow it. So, they're not going to magically come up with the money to pay you back. But healthcaregivers are an easy mark.

Pat: That was the point that I wanted to circle back to, which was that it's a challenge for us working with attorneys as caregivers because we have what you described in different terms, that little hook in ourselves that says, "Oh, you need help. Let me help you."

Kathleen: That's right, "Let me help you."

Pat: In our rush to help sometimes we don't get the retainer. We don't get the invoice created right away and then we end up waiting months to



be paid and getting angry and frustrated because we're trying to collect money for the effort that we put into helping the attorney.

Kathleen: Right.

Pat: So, can you give us any insight on how to think about that process differently?

Kathleen: So, the first thing I would say to you is that the attorney is always going to make sure the attorney gets paid. You should know that they're a very different animal. They know how to bill. They don't talk anyone without a retainer. They collect money on a regular basis, and they charge for absolutely everything. So, if you understand who they are, you should think about them more like a bank. So, if you think about the lawyer rather than that nice lawyer you like whom you do a lot of work with. If you think about them, they are printing money. They are receiving money all of the time and you need to figure out how it is that you get paid.

So, the first thing is, if they can charge a retainer, then what I would say to you is you should charge an upfront fee whether you think it's going to be half of what you think you'll bill over the time or it's going to be 25% so that you can start billing after that. But I would say some money upfront, because they are getting some money upfront. You know, nobody is working for free except maybe you.

And then, the other thing is I would say is monthly billing, which is I know is a hassle. I know people hate it because it's a lot of paperwork and a lot of billing, but there are a lot of great software programs out there today that can help you generate these things much quicker. So, whether you're generating the bills yourself or you're hiring somebody who comes in and generates the bills for you, what I would say is if you're not capable of billing on time, you'd be better off to pay somebody who will do your billing. Because that money could be months and months of you chasing it, and during that time you're working, you're frustrated about it and you're having problems paying your own bills because somebody else is holding onto the money that you've already earned.



And so, this is about what I say about putting yourself in the order of things you care about. So, it's like you can care about the patient, you can care about your relationship with the attorney, but you also have to be able to care about yourself and your family, and if you're not doing that, that's not going to work for you.

Pat: I know that you've brought up a lot of questions in peoples' minds in sharing some of these concepts and clearly this is an area where you have great expertise. What kinds of resources can you offer people who are interested in finding out more about what you do, what you can assist them with?

Kathleen: So, the first is that I have a book out there, retail available on Amazon, *The Hardworking Woman's Guide to Money*. I wrote this book with the idea of all of us working a little too hard and needing some guidelines to kind of help us think about things. The book is broken down in two ways. It looks at ways to think about how you're going to make decisions about your money. And then also, each chapter contains what I call some quick tips, down and dirty.

- If you're trying to finance a mortgage, what do you need to know?
- If you're trying to settle an estate, what do you need to know?
- If you're trying to plan for college, what should you be thinking about?

I cover to talk to your children about what to save for college and what you're capable of doing to help you think about how you're making decisions.

And then, I also have a podcast. We talked about it a little earlier, "KT's Money Matters," which is available on iTunes, Spotify, and anywhere else that you might want to download podcasts, or you could go straight to the site, which is ktsmoneymatters.com. We also offer a personal financial planning practice. "NewDay Solutions" is my core company. I've been working with clients for 27 years, and I have another advisor who's been with me for 12 years, Tammy Simons, and she and I do individual financial planning work with



people really all over the country. So, really it just depends upon what people need.

Usually what I'd say to you is, I would look at the book, and I would sign up for the free podcast. I think about my podcast as being kind of like drive-time financial advice, like 25 minutes maybe to learn something about money. Like it, don't like it, just start learning a little bit about money and have it fit. And then, ultimately if you wanted to talk about your own finances, we certainly could do a consultation.

There are also lots of great online tools today that exist to make your life easier, so things like Nerd wallet and different kinds of sites that help you really look at where your money is going and what you're really spending on things. It's a great way to start taking your inventory if you're more of a do-it-yourselfer. There are lots of those kinds of tools.

And, you know the idea is ask for help if you need it and if you think you can do this by yourself, make sure that you spend a little bit more time every week. It doesn't have to be complicated. You don't have to read the Wall street Journal for mutual funds, but a little bit of financial advice every week.

Pat: So, we should stop burying our head in the sand, it sounds like.

Kathleen: Yes. Yeah, definitely.

Pat: And Kathleen's website again is ktsmoneymatters.com. Kathleen, thank you so much. I know that we could go on for a lot longer discussing this topic, and I think you've given us some great resources and some things for us to think about in looking at our money mindset, and how we value our work as legal nurse consultants helping attorneys.

Kathleen: Thank you, I appreciate the opportunity to be here.

Pat: So, this has been Pat Iyer and Kathleen Thomas talking about money and how it affects legal nurse consultants. Please be sure to tune in for our podcast again next week. We release a new interview every Monday and we welcome your ideas, and your thoughts and your suggestions for topics. You can reach me at



patiyer@legalnursebusiness.com with whatever is on your mind. I'm happy to answer questions and appreciate you being part of the show.

Thank you so much for listening.

Be sure to invest in our online training called *Smart Money Management*. Just a few small tips can make a big difference in your bottom line. Go to the show notes or this podcast on podcast.legalnursebusiness.com to get immediate access to the training.

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