



# Financial planning for creative people

**An interview with financial planner Ally-Jane Grossan**

**People don't think of financial planning as creative. You have a literary background, and a background in music writing and editing and event planning.**

My background has nothing to do with finance. I started my career as an editorial assistant at a publisher called Continuum. I worked on the 33 1/3 series there for about five years. I was series editor for about three of those five years. I worked on music textbooks and music monographs doing high-level sound studies, musicology, and ethnomusicology books. I did a little bit of literature as well, and I've always written about food on the side. That's another passion of mine. And, most recently I've been Senior Editor at Bandcamp doing editing, but also a lot of writing about bands from all over the world. So, my background has nothing to do with finance. I was an English and Government major in college and that's where my education stopped—until last year when I decided to go back to school to become a Certified Financial Planner.

**What made you make that decision?**

The interest started when I took on a second role at Bandcamp doing PR and communications. I got a nice salary bump, I was making money, and for the first time I wasn't living paycheck to paycheck. I ended up spending a bunch of money on a vacation and dumb shit for my house and clothes I didn't need; after that, I thought, "Okay, now is the time to get it together."

I just started looking around. I started to read. I checked out a bunch of books from the library, listened to a bunch of podcasts, and no one was speaking to me. I felt like it was either dumbed down, or it was like too pink and directed at women, or it was just too high level. As I started talking to friends, no one seemed to have any idea about what to do for finances, and those who did just said, "Oh, my parents deal with it. I'm invested and I just have my parent's advisor do it."

I thought, "I'm a journalist. I'm a storyteller. Why don't I learn about this stuff and try to translate it into a language that creative people can speak?" So I started the podcast *Moneysplained*, and through that I met my now business partner, Shane Mason, and we decided to team up and create a firm called Brooklyn FI to help creative people with their finances.

**People have anxiety about finances, and talking to someone about their specific finances.**

Yeah, I think it can be embarrassing and anxiety inducing. It's embarrassing to get to a point where you're competent and say, "Okay, I'm ready to look at my finances. I'm ready to deal with my credit card debt, or I'd like to think about investing, retirement, or whatever. I've been ignoring it for my whole life. Now it's time." You've psyched yourself up, and you've built this feeling of you're ready to do it, and then you go to read something and you see a word like "diversification," and you're like, "Ah, I have no idea what that means."

I think creative people are much more likely to get scared by that; it's just so overwhelming, and it's easier to retreat. I was that person a year ago. It's just really intimidating. If you come across one word that scares you, a word you don't know the definition of, and then you go to look it up, and then five other words pop up that you don't know, you're just going to shove it to the side and wait till next tax season to freak out about it all over again.

**How do you make it approachable for people that you work with?**

You let them guide the conversation. What can be intimidating about asking for financial help is that most advisors will come to you and say, "Oh, well, I see that you need to do this, this, this and this," whereas what we do in our practice is talk about goals. We start with where you want to be. Sometimes we don't even talk about the technical terms. Like someone doesn't need to be an expert in every retirement account they're in. Obviously they're aware of it and they have the paperwork for it, but we take an approach where we say, "Okay, you're making money off your paintings now. It looks like their value is increasing. You're in your 40s now, you have a couple kids. Will you want to retire in 10 years? And how

can we help you do that?" So we talk with our clients about their quality of life, like where they want to be, rather than the complicated financial terms that can be overly stressful.

**Did you specifically want to work with creative people because you, yourself, are one?**

Our niche at Brooklyn FI is definitely creative people, yes, because I am one. My business partner is a trained CPA and CFP, but nearly all of his clients and friends are musicians, writers, or photographers. So naturally it's our friend groups that are creative. There are a couple other advisors out there who are fake "creatives," and they're like, "Oh, yeah, we're in Williamsburg, we work with creatives," and I hate that word, because people who aren't creative like to overuse that word "creative."

So the focus on creative people just grew out of our natural interests, and wanting to work with those kinds of people, and also knowing that those people were underserved. We started thinking that we're both around 30, and that's a point at which people depart from struggling and either start to have a family and have to get it together to provide for their children, or their art is starting to be successful and they're starting to make money from it. We're hoping to catch people right at that moment, so we can make a plan for the rest of their lives, so they have some kind of direction and financial foundation that allows them to do their art, and they don't have to think about how much they're contributing to their retirements.

**Did you see that headline going around: "By the time you're 35 you should have savings of twice your salary"?**

The certified financial planning profession is a reaction against personal finance advice as headlines. You know, there's so many rules of thumb and platitudes like that. That one I'd never seen before, but I've generally seen, "You should save your whole salary by 30, then five times by 40," and yeah, if you think you're doing well and then you see something like that, and you're like, "Well, I only have \$5000 in the bank," you'll immediately think you're a failure, and you're not. We can take a look at your entire financial picture and explain to you how you're not a failure, at least set you on the right track.

We do have clients that are like, "I'm anxious, I don't know what's happening, I feel broke. I'm so sick of living paycheck to paycheck. I don't understand. I'm making more money than I ever have, yet I still feel broke." So yeah, I hate those rules of thumb. They're useless. They're just headlines.

**What are some of the most common things people do when they come to you that you can help them fix fairly easily?**

The easiest one is to reduce your tax bill and save for the future at the same time. We find that people who are self-employed or artists working freelance may have a lot of cash sitting around, and they're paying a lot of taxes, because they're paying self-employment taxes, and the easiest fix for that is to have them start saving into retirement, because they get tax breaks for that. So if someone comes to us and they haven't paid any taxes in the year and they've made \$100,000, they're going to have a huge tax bill, and one way to reduce that is to squirrel some of it away into a self-directed IRA or a solo 401k.

Another easy one is just tracking your expenses. It's painful. It's horrible. It's the worst thing in the world. You have to shame yourself every time you buy a coffee or go to the doctor or do anything, but I recommend every client start doing that, for 30 days at least, just to have a sense of where your money is going. Whether you want to reduce those things or not, you just get to know yourself better and you start to have a better relationship with money leaving, which can in turn create a better karmic loop for money coming in.

**Have you found some people just don't know about estimated taxes or things like that?**

All the time. I would say that's the majority of clients that come to us. And that's what I was saying earlier about this moment of financial clarity where someone who has a nine to five job as a bookkeeper and is a painting on the side, and all of a sudden they sell a painting for \$50,000, and it's never occurred to them to pay estimated taxes, and it's when they start making real money, air quotes, it's like this cold water shock, a very unpleasant surprise, that you owe, in New York City, probably 30% of your income to the government.

**People hate to think about this kind of thing.**

Yeah, this is a much larger issue, but I would love to make talking about money and saving money and being conscious about it cool again, and interesting, because it's boring. It's really boring, and it's awful, when you think of people who talk about money, they're bankers and stockbrokers who are obnoxious and are not really contributing anything positive to society.

But with creative people, like you said, it just kind of comes with the territory, like, "Oh, I'm an artist, I can't even deal with my finances," and typically, the arrangement has been, "Okay, until when you start making millions of dollars, then you get a business manager who probably will take advantage of you anyway," and I think that's why it's so important to just have a little bit of an idea, because when you do go for help you'll be protecting yourself. So, yeah, just start talking about it with people in your community. I think it's sort of the first step. You don't have to tell people what you make or what you're selling your work for, but yeah, kind of getting these conversations started. I think that's how most people find out about estimated taxes.

**Taking control of these things is ultimately punk—you're taking control of your life.**

Yeah, I feel bad about leaving my creative, intellectual job, that I love, and going into finance. I'm basically selling out. But yeah, it is punk. It's punk to empower people, and that's what I see this as. If you can help one person a day think about how they can make \$10,000 more next year, to make their art possible, that's cool.

Anything that we tell people to do is not some secret that we learned at school. Getting your finances in order is very, very basic. There are certain things you do, you know? The number one thing is to make sure that you have enough cash saved in the bank so that if something really bad happens tomorrow it won't ruin your life. That's the basic rule everywhere.

Most Americans couldn't pull together \$2000, which is terrifying. \$2000 is a sort of insignificant amount of money. You know, an example that can be used over and over again is you have to drive to work, your car breaks down, it's the transmission. You have \$6000 set aside and get it fixed, no problem, move on with your life. If you don't, you could be in big trouble, lose your job, etc.

So it's the emergency fund, saving for retirement, those sort of steps. We haven't reinvented the wheel in any way. I think being specialists in people who are self-employed because we are also self-employed is what sets us apart. The rules for working for yourself are just totally different, and most advice out there is focused on people who are employed by a large company with nice benefits.

I think buying a house is a thing that is a block for a lot of creative people, because they start looking and they start meeting with brokers, and brokers say, "Oh, you don't have a paycheck? This is going to be hard." We have tricks that we use, and specialists we work with to help creative people buy their first homes. That's one thing we focus on a lot.

We're not doing anything wildly complicated or secretive, it's just being able to reassure people that it's going to be okay, and that what you're doing right now is not wrong if you just add these other things in. You could reach your goals faster than you ever thought.

A financial plan is basically to make sure as things change in your life you're always okay, and your future is always intact. I think it's a reaction to the current political climate. At Bandcamp over the past two years, or year I guess, nearly every artist we've interviewed has said something to the effect of: "I have totally changed the way I think about creating because now I feel threatened." And I think that can be applied to nearly every aspect of our lives. I feel that as a woman, as someone starting a business, and as someone becoming an adult.

I think as I started to learn so much about the way that financial systems worked, I felt personally empowered. Investing and watching your money grow, that's empowering. And unfortunately, our society is run by money. If you can understand it on a pretty basic level, that's pretty powerful. I think people feel helpless when they don't understand it—and that lack of understanding kind of contributes to the sort of listlessness, powerless feeling you have with something like our current government in power. At least being able to control things like, I know I have enough money saved to quit my job that I hate, like that's huge, that's a way to completely turn around your life.

I think right now the biggest challenge facing this country financially is student loans. This morning I was on the train and just saw all these happy kids in their purple graduation robes, and I was honestly tearing up at first like "Aw it's so beautiful" and then I thought about how I've just been reading about how the average student loan debt is like forty thousand dollars a person per four-year degree program. Like that's not medical school that's like undergraduate. Student loans are overwhelming and just part of the puzzle for a financial planner. People think "Oh, I don't need a financial advisor because I'm in debt, I need a million dollars to have a financial advisor."

If you're not making that much money and you have sixty thousand dollars in student loan debt, we can help you. It's not the end of the world, it's not a death sentence.

Also, creative people tend to think in extremes and absolutes, we're not practical. Being a creative person means you have to think about things in a different way. Losing a job or losing out on a contract that you were really excited about or having a piece canceled you were really excited about or having an interview fall through—it can actually feel like the end of the world.

People apply that to their finances. Realizing that you haven't contributed to a retirement account and you don't have twice your salary saved at 35. You're a failure, you're gonna be poor, you're gonna die alone and broke. That's not true. There are lots of things you can do.

Whatever business you're in, especially music, you have to have a head for business, and a lot of people don't. I think that recognizing that and asking for help is really important. You don't necessarily have to pay someone, but asking a friend who's seen you be successful can really help. Take them out for coffee and ask "How did you do it?" And take notes.

I think a lot of people are, creative people especially, too reserved or too proud or too embarrassed to ask for help. Having a little guidance can make a huge difference between having a tour that's gonna put your band in ten thousand dollars of debt, or having a tour where you organized it so that you don't have to lug the merch everywhere and you don't have to pay people to do it and you can come out on top.

**As far as creative people go, I imagine it's useful having someone with the same frame of reference, too.**

Exactly, and you know, having been a writer, an editor, I've written up publishing contracts before, I'm well versed in that. So if someone comes to us with specific questions about an advance for a novel they got or are in a few different bands making money, I can help them with that. If someone says, "I've got Bandcamp income, how do I account for that?" Well, I can tell you all about that!

A lot of financial professionals don't even know what to do with creative people, and they don't know how to budget for variable income. A lot of people work on projects. We have a few sound engineers who will be making \$30,000 for three months in a row and then live on nothing for the rest of the year. And how do you make a budget for someone who makes \$90,000 in the winter and then has no money the rest of the year?

You can't plug that into a spreadsheet. Well, you can, but it just takes a little artistry.

**As you yourself are learning about financial planning, do you see things that you yourself have done wrong?**

Yeah. I mean, I hate the word wrong, but yes, there were things that I look back upon and think, "Why did I do that?" The most obvious one to me is just a Roth IRA, which basically anyone can contribute to up to a certain income limit, and when you're young and making no money, it's just a great way to put cash away. What a lot of people don't realize is that when you put money into a Roth IRA, you can actually take it back out that same year. So if you start saving for it, and you realize that you're out of money this November, you can take that money right back out, and there's no penalty. So that's something that I discovered in my late 20s and just couldn't believe.

And it was so many things like that. You know, my reaction was to feel stupid, and I think a lot of people have a similar reaction. Our goal is to make the reaction just like, "It doesn't matter. You are here now." There's a saying like, "The best time to start saving is yesterday, the second best time is today." Another dumb platitude, but my long term career goal now is to make people stop feeling dumb about their money.

**I imagine you get people coming to you who need a plan to figure out how to quit their job and focus on their creative work. What do you tell them?**

It's all about what you want to be spending your time doing. You know, I would first ask them a series of questions: How much you have saved, and what's your salary and where do you expect your salary to be in five years, but also are you happy with your current living situation? Do you want to change it in six months? If you could be doing anything else right now, what would it be? You know, what does retirement look like to you, not just how old are you and how much money do you have in the bank?

So, if you think of it based on goals, the numbers come later, so if you, by the end of next year, want to be doing art full time or making podcasts full time, we can come up with a plan that says, "This is how much money we're going to need to make doing that, or this is how hard you should work and this is how much overtime you should take now, just so you can have a savings pot built up to sustain you."

People come to us, and they have six different LLCs that they've started because they manage bands, they're a partner in a restaurant, they invested in their friend's silk screening company, and you're like, "What's your profession?" And they're like, "I don't know? I'm a creative entrepreneur." So I'm the same way, I'm a podcaster, I write about food and I'm a music writer and now I'm a financial planner. Like, I have a million schedule Cs attached to my tax return.

Sometimes people think, "Oh my god, I did my taxes wrong, the government is going to come after me!" And they might. But what they're going to do first is send you a letter, and then a bunch of letters. I've started to understand the way the IRS works, and I'm less afraid of them now—it's just a large bureaucracy of accountants. I'm also studying to be an enrolled agent for the IRS. But you know, it's just about having everything organized, that's all they want. They want to make sure you're organized and they want to make sure they're getting all the information. So if you screw something up, or you haven't paid your taxes in five years, you're going to owe a little bit more money, but it's not the end of the world. You just eventually have to file them.

A lot of people come to us, tail between their legs, and say, "I forgot to pay my taxes last year. Do I owe the IRS \$200,000?" "No, you owe a small penalty on the money that you should have paid them. It's going to cost you a couple hundred dollars for us to do it for you, but it's not the end of the world." Shifting the financial conversation from panic to serenity is my goal.

#### Five Financial Things I Wish I'd Done at Age 21:

I wish I had taken the time to understand the concept of compound interest. Albert Einstein is said to have called it the eighth wonder of the world.

I wish I had read *The Simple Path to Wealth* by JL Collins. For the average person, investing in stocks and mutual funds is extremely intimidating and Collins breaks down a lifelong strategy that's easy to follow. He explains how contributing part of your savings into a portfolio of mutual funds can lead to financial freedom sooner than you think.

I wish I had taken the time to understand the different types of long term savings accounts out there and

I wish I had started putting \$100 a month into a Roth IRA as soon as I had income (admittedly this would have been difficult on my starting salary as an editorial assistant). If I had started at age 21, I'd now have almost \$15,000, assuming returns of 8%.

I wish I could have talked about money more with friends, family, and significant others. I wish I had shared my fear of debt and my embarrassingly low salary—I would have had the courage to leave unhappy employment much earlier. Knowledge is power and because talking about money is so taboo a lot of people feel unnecessarily powerless and alone in their financial fears.

I wish I had the knowledge to make the big banks work for me and I wish I had ditched the bank account I opened with my parents as a teenager sooner. I wish I had done my research and found a different bank with a cash bonus just for signing up, no nasty overdraft fees, and the promise of a high yield savings account (say 1.6%) instead of the 0.01% most of us earn.

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