

0 (1s):

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1 (34s):

<inaudible>

2 (39s):

So glad you're with us on today's podcast or the Clark Howard show. And I know it's weird. But tax season is about to start again when last tax season didn't end till October 15th because of the pandemic. And it's possible as we move into 21 that this year is tax deadline. We'll migrate. Some is, well, I dealt with all the way till October, who knows, but there are a lot of people who have specific reasons that they like to file their taxes really early. And if you are, one of those are usually the reason you file early is because you have a pretty Simple tax situation and you're do a refund.

2 (1m 31s):

So usually those To and combination, because you want your money, right? Well, I want to talk about some money that people can, may qualify for that a huge number of people don't even know about. And it's something known is the E I T C the earned income tax credit, the earned income tax credit is something that's specifically designed for people who have kids or make a lower income. And you could be one of the eligible people who were, who can get the earned income tax credit.

2 (2m 15s):

The typical tax credit is more than \$3,000 that you get. And this is a with someone who is a refundable credit, even if you did not owe any tax based on what your income was, you still may be eligible for the credit, the idea of the credit. And the reason that it exists is there are points in income that people are at where staying at home and not working could be as appealing as working. So the earned income tax credit, what originally was a looked at as a negative income tax was what it was originally talked about all the way in the 1960s.

2 (3m 3s):

That what emerged from that is the earned income tax credit. The earned income tax credit is very easy to file for. You just have to know about it and file for it. The credit is available for people with incomes up to almost \$60,000 a year, depending on family size, specifically, and incentive for people with kids to work the credit amount. I talked about the typical one being more than \$3,000.

2 (3m 44s):

It can be as large as roughly \$6,000. And you just got to know, you just have to ask. Now, one thing I saw on a New York times story is because of all the fraudulent tax filing that we've had the last for tax years, if you file a really early return and your claiming and earned income tax credit, the IRS is going to hold your return in terms of giving you a refund for several weeks, to try to verify that it is your legitimate return. And that is a legitimate request because what the crooks will do is they'll file a listing kids that don't exist filing as if they're you and having a refund directed to a direct deposit that they control falsely under a fake identity as if they're, you know, and that's where the delay comes.

2 (4m 45s):

One other thing about tax prep is that you may well be eligible most taxpayers, probably 80 or so percent of taxpayers or eligible to prepare and file their taxes for free. And this is through the IRS free file program. I don't know what date FREE file will post yet, but in a typical year, if you go to irs.gov, you'll see a FREE file button, be able to click on it. There's been some pushback from tax prep firms about the IRS, making it so easy to find your way to FREE file. If I end up having to give you a different procedure to know how to do that, I will make sure I give that to you.

2 (5m 28s):

As we get into tax filing season, it's time for your questions you posted for me at Clark dot com slash Ask and Joel, what you got.

3 (5m 39s):

All right, Clark Richard in Florida says we purchased a solar system last year. It worked great for the first three months, but for the last eight months, it's produced less and less power every month. It's now producing about a third of what it's rated for the company that we purchased it from a grease. If there's a problem, But keeps delaying resolving the issue offering

4 (5m 58s):

Excuse after excuse. They have an F rating with the better business Bureau. And I see complaints on Facebook as well. How should I proceed in order to try and get this resolved?

2 (6m 8s):

You are going to hate my answer. You are going to hate what I have to say. I'm the solar residential solar installation industry is an meltdown right now. The companies are going and solve it. And the large numbers they have found it very difficult to be profitable, doing residential solar installations. A lot of it has to do with the delays involved with a local permitting in order to be able to install software that has boosted their costs and ultimately boosted the price that you pay to have solar put in at your home. The company may have management problems, or it may more likely have financial problems that has made them an unreliable provider of after the sale service.

2 (6m 60s):

What I recommend in a case like yours is this is why you're going to hate me is you're losing so much money, not getting the FREE kilowatts from the sun. That I would look online for reviews of other companies. And even though you're under warranty with who you got, it installed, buy their warranty at this moment is useless. I would pay for a service call from another solar installation company to come diagnose what the problem is. It may be a simple connection issue from panel to panel or from a panel to a, what are those relays called? I forgot what they're called, but you may find the one simple and not expensive service call can get those kilowatts back to shining on your house and giving you FREE power.

2 (7m 54s):

And I don't have any pressure point. I can give you two apply to a company that you've done. The checking you found, they have the app for the better business Bureau. And you found the gripes on Facebook. You're beating your head against a wall and you're losing money right now. Every single month,

4 (8m 12s):

Elena and Florida says, I work as a sales agent for a new home builder. And I've been invited via email to participate in the reserve to share program, to be conducted as part of an initial public offering. Should I participate? I've never purchased stocks before, so I'm not educated about these things.

2 (8m 31s):

So your employer, because you being part of how they're able to do an IPO, an initial public offering because of how well they've done as a privately held builder is giving the employees as a reward, a chance to the shares before they post publicly. And this is a privilege and a risk because you already get your paycheck from this company. Now you'd have investment dollars with them. Normally, after an initial public offering, companies tend to rise above the IPO share price, but not always. So you could put money in pre IPO and you could see yourself go under water right away, but more often than not, that will be a privileged for you to make more money from it by having a pre IPO purchase.

2 (9m 25s):

So if there is money that if you believe in your employer, you believe in their business, ethics, how they run the builder building operation. Then I think it's worth you putting some money at risk in the pre IPO, and don't bet your whole financial future on it. But I think it's worth doing Joel

3 (9m 47s):

Clark Matt in California says, Clark you love both the Costco visa and the Citi double cash card. And I knew To however, the Costco card makes you wait almost a year, depending on when you Spend to get your rewards. The double cache is monthly. If you pay your balance prior to the statement closing, you can get your full 2% back immediately. So Clark, do you believe it's worth waiting that long for 1% more on a restaurant purchase every year, for example, it's a nice to get a sizable, a reward monthly versus that lump

sum at the end of the year. Yeah.

2 (10m 17s):

Yeah. It just shows how cheap I am. So figure interest rates are like nothing right now. So having money now versus on an average it's six months for every dollar of reward you'd have on a Costco visa card to come to you. You know, the difference is splitting a year and a half, and I'm willing to wait the six months for getting a much bigger reward. You know, restaurants travel 3% gasoline, 4% versus the 2% on the Citi double cash. So the way I do it is I use a different card principle. I use a, there was a temporary offer from Navy federal not available anymore, where I get 2% cash back So for most places to shop.

2 (11m 3s):

I do the Navy federal and get my 2% when I eat out or when I start traveling again, I use the Costco visa card, get my 3%. And in the rare occasion I buy gasoline. I use the Costco visa and get the 4%. Actually that's not true. I have the Sam's club MasterCard that pays 5% on gasoline. I use it for gasoline because I got to get that one more percent. So I hear you that you like getting the rewards monthly, but I'd rather wait a little longer and get a bigger reward, but that's just the way I'm wired. And when you have things you want to learn about, about your wallet, check out Clark dot com.

2 (11m 47s):

We have our wonderful guides. You'll see on the very top on various things that you have to make about your spending and ways to reduce that. And then Clark deals.com. Speaking of spending deals for you around the clock on things you purchase,

0 (12m 4s):

Why you decided to upgrade your outdoor deck. So you ordered the essentials, a power washer, or a set of patio chairs and a shiny new grill. And you used your bank of America cash rewards credit card, choosing to earn 3% cash back on online shopping, or up to 5.2, 5% as a preferred rewards member, which you put towards the cost of your most essential deck edition. A bird feeder apply for yours@bankofamerica.com slash More rewarding copyright 2020 bank of America corporation. You decided to upgrade your outdoor deck. So you ordered the essentials, a power washer or a set of patio chairs and a shiny new grill.

0 (12m 49s):

And you used your bank of America cash rewards credit card, choosing to earn 3% cash back on online shopping, or up to 5.2, 5% as a preferred rewards member, which you put towards the cost of your most essential deck edition, a bird feeder apply for yours@bankofamerica.com slash More rewarding copyright 2020 bank of America corporation.

2 (13m 15s):

You love the online banks. I think they are the best bang for your wallet. They are and credit unions. And I

find that traditional banks are becoming dinosaurs, particularly with how they think. But just because I love online banks doesn't mean they're all going to make it on the car. Cowards show. People will ask me questions about various of the online banks or fintechs, which are pretend banks But do banking kind of things. And one over the years that I had so many questions about his Simple bank and several of our staffers at Clark dot com had been Simple bank customers, and Simple he was shutting down.

2 (14m 1s):

It simply did not make money, but what's going on is we're in an 1849 gold rush kind of thing with the online banking. And the reason is is that the traditional bank or things like overdrafting and things like that, but there were so many players in that field that it's unclear who their survivor's are going to be. There will be a number that do make it, and there will also be specialty kind of situations. In the midst of Simple saying that they were giving it up. Walmart announced that they are setting up their own banking type operation with partners.

2 (14m 46s):

Walmart is a company that serves so many of the unbanked or underbanked in the United States. The reality is the traditional banking industry is contemptuous people who don't have a lot of money. And that leaves tens of millions of Americans without true real banking connections. And then it costs them with check cashers and convenience, a possibility, a theft, because they may be carrying large amounts of cash with them. And so Walmart has tried for years to get a true banking charter, but the lobbyists on the banking industry have used their influence and Washington and their dirty money.

2 (15m 31s):

They spread around to the politicians to prevent Walmart from serving their customer base. So the Walmarts added again with a new way of serving people. They're going to do as a joint venture. And we'll see if that really has impact, but if you have been really mistreated by banks through the years, and you felt like it's too hard to switch, it's not check out my online bank guide at Clark dot com and you'll see how much battery or your wallet will be treated, that you won't suffer wallet abuse when you get away from the traditional banks.

2 (16m 14s):

And in addition, if you are someone who likes the idea of seeing the building, your money is in and you like dealing with humans face to face, then absolutely look at credit unions available to you because they really truly are better than a bank. It's time for your questions. You posted for me at Clark dot com slash Ask and Cresta,

4 (16m 45s):

Adam and Arizona asks, I have a stash account with less than \$200 in it that I started to try out investing last year. Now I don't like stash because of their monthly charges and want to switch to something like Robin hood that's free. I also would like to automatically put in a small amount per month to start building savings.

What's the best way to transfer that money. Do I need to worry about taxes? And is this a good account for something like an emergency fund

2 (17m 13s):

So money that you invest is not really designed for emergencies let's deal with that first money that is for emergencies is best saved in a Simple savings account. In the previously mentioned online banks are credit unions, probably the online banks will pay you More and that money should not be at risk. The idea of stocks and investing is you can lose money in the short term, but that is very much favor. Are you making money? And the longterm stash was very innovative when they started, but the fees are really no longer make it competitive in the marketplace.

2 (17m 54s):

And this is true for its competitors as well. So I want you to know that there are alternatives. You mentioned Robin hood, Robin hood is going through a very awkward adolescence right now with a lot of consumer problems and criminals, figure it out, how to hack into the accounts and Robinhood is not dealt with that. Well, I'm an alternative that I like is fidelity investments, that it has no minimum to have an account with them is set up very heavily to do business online, but they also have a branches. If you want to go in and big cities, just a few offices, small towns may be not a But with fidelity.

2 (18m 36s):

They have a line of funds for a beginner investors, or for people with smaller amounts of money called the Fidelity zeros, which are funds they make available at no commission and no ongoing management fee. They first diversify your money beautifully because in an index fund, if you're not familiar with that term, what it means is you own little pieces of hundreds or thousands of companies, which to me is the basis of fundamental investing. Building wealth for the long term is being well-diversified. And so if I were looking to move away from stash Bay, we'll have a procedure where wherever you go to, whether it's Robinhood or fidelity or whatever, they'll help you move your account over the positions.

2 (19m 27s):

You have stay in place at the new company you go to. So you're not triggering any taxes for capital gains moving over your existing funds. Joel,

3 (19m 41s):

All right. Clark grant in Ohio says my home energy costs are too high Clark, but I know that if I call a company out for estimates, like getting new windows or a new furnace or better installation, that they will just try to sell me their product. Is there a such a thing as an independent energy consultant that I can pay for recommendations on what will give me the most bang for my buck that isn't trying just to sell me a product I'm basically looking for something akin to a fiduciary home energy consultant. Yeah. So

2 (20m 8s):

So, I love your question because it is true that if you a contact, a particular company that does some kind of installation of windows or whatever they do installation, you mentioned a bare are always going to tell you that the solution to all your dollar issues is to pay them a zillion dollars. But the reality is there are certain things that get you the most bang for your energy buck. And I would say, number one is to insulate, insulate your attic. Primarily you may also benefit in an older home from doing insulation in the walls, depending on the structure of your home.

2 (20m 49s):

There may even be insulation you want to put under your floors. And that has significant payback that is meaningful. The payback period is really quick with insulation. Don't replace windows as a way to save money. The reason you replace windows is maybe if your home is drafting, it is for comfort, but you'll never make back the cost to putting a new windows. What you do for your windows and your doors is He caulk and your weather strip do a little elbow, grease yourself, get that done costs. Almost nothing has big impact. What were your water heater down to one 20 is a number you should run it at.

2 (21m 30s):

Most people run their water heater at one 30, one 40, whatever. Take it down to one 20. It's plenty hot enough water. And it will save you substantial money. Going to your question though, the core of your question is in many States around the country, not all but many, maybe most the local utility company is required to do as part of what they do. Energy audits for FREE are really cheap where they come in and they look at your home. They see where your air leakages. They may do something known as a blower door test, which finds all the places that conditioned air is escaping from your home, either heating or cooling.

2 (22m 13s):

And they're able to give you a clear guidance on how you would be able to make your home more efficient in an efficient dollar Spend and save yourself money each month, going forward. And some other States, they have a third party company that the utility company may pay for their services to come in and do an energy audit in your home. Just check, put in at any search engine you use for an energy audit, put it in your state name or put in your utility company names. And you'll see if that is something available. By the way, the cheapest thing to do to lower the cost of energy in your home is change out all of your lighting and your home to led led bulbs.

2 (22m 60s):

Now we're available in bulk for as little as 80 cents each, they pay for themselves and such a short period of time. You can't believe the light is beautiful now from LEDs. And it will last far, far longer than traditional bulbs. Last suggestion I had made put in a nest or an equivalent, a thermostat that you can control by your phone and uses artificial intelligence to automatically adjust the temperature in your house. Krista.

4 (23m 30s):

Yes. Cook. You were just talking about banks and credit unions earlier. And Natalie in Utah says I took my 17 year old son, too, the credit union to add him as a user on my credit card, wanting to help him build his credit. The credit union employee advised me that if I were to add my son, his, his files at the three bureaus would be flagged for the rest of his life. And he would have to physically show his social security card every time he applied for any type of credit in the future. I was advised that it wasn't a good idea. I've heard you talk about adding children as an authorized user, two, a credit card to build their credit, but I've never heard this issue addressed. This leads me to ask, is this true?

2 (24m 11s):

Okay. I have never heard of anything like this, and maybe there is a place that UFO's have landed repeatedly in New Mexico or something, but I don't know that that's true either. I have never heard of anything like this. You see How since you were a Utah and I was referred to UFO's landing in New Mexico. Right? Anyway, I, I don't think that that is a valid concern and I've never heard of this flagging issue. Maybe there is something like that, but for me right now, that is an invalid UFO sighting. Thank you so much for being part of our Podcast community.

2 (24m 52s):

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