**File Name: Episode 109**

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**Jeff:**But in 99, my wife was diagnosed with leukemia and I take that back, that was 2000, she was diagnosed with leukemia. She passed away in 2001, didn't have much in life insurance, had a little bit. It was just enough to pay off some bills, but really not all that significant and really, that was more of a watershed moment for me in 2001 when she passed away, when I started realizing, you know, tomorrow is never promised. You can't take people or things in your life for granted. That's when I started really thinking, okay, there's got to be something more out there. I can still plan for the future but I'm still going to live in today but I'm also going to plan very hard for the future. So, that way, whenever we do have the opportunity to retire, that we're going to be able to and truly be able to enjoy life because again, tomorrow is never promised.

**Narrator:**You were listening to the Millionaires Unveiled Podcast where you'll hear the stories and interviews of everyday millionaires, we'll unveil their decision, their strategies and their current portfolio allocation. Now to your hosts, Clark Sheffield and Jace Mattinson.

**Clark:**Welcome back to another episode of the Millionaires Unveiled Podcast where we tell the stories and strategies of everyday millionaires and unveil their current portfolio allocations. This is episode number 109. This is Clark, alongside Jace. Jace, how you doing man?

**Jace:** I'm doing great man. How you doing?

**Clark:**Good, good, good. We're talking a little bit before the show here about Charles Schwab and TD Ameritrade, right and their potential merger.

**Jace:**Yeah, I think that's going to be pretty crazy. I think you know you get these other discounts, it's almost like a race to the bottom, right, to trade for zero dollars. You got Robinhood and BlackRock and all these companies, that kind of entered the market and I think is partly what's driven some of this merger, to be honest, so that, you know, Schwab who's got $3.5 trillion in assets and TD's got 1.5, you know, $5 trillion in assets combined will be able to compete with some of these other discount brokerages, kind of come up in the startup world.

**Clark:**And even before that started, now you're starting to see Fidelity just dropped it to zero free trading and they have their 0% fee in mutual funds. I think they have four or five of them. That's kind of the way things are heading, and the institutional companies are Goldman and not you have talks of Google right, opening checking.

**Jace:** Yeah, they're going to save your finance game for sure. And, you know, why wouldn't they, right? I mean, they've got the platform, they've got all the data, they've got all these users on Gmail and, you know, Apple and iPhones and what. Apple already has, kind of gotten into with the credit card, why wouldn't they? You know, everything's online, people are doing away with the, you know, brick and mortar type services, so, you know, it's a great opportunity for them to get in the game. And, you know, at the same time, you know, as a consumer myself, you know, I think you probably feel the same way, it's great in a lot of ways, because technology will allow us to have better options and more competitive options.

**Clark:** Right? Yeah, I think everybody would be happy all around, right? You can kind of pick and choose and standardize what you want too, you know, I like it with Fidelity because I can have everything in one place. They just opened an HSA too, so I think, you know, everybody's starting to dabble in wide groups of things instead of focusing on a niche which is how it previously was, so--.

**Jace:**We'll see how it plays out.

**Clark:** Yeah, interesting stuff. So, just real, quick, last week, we had David, he had a net worth about 350,000. He's a new one, he's a fairly new on his investment journey, but has some good experience in real estate. And just as a review, we kind of briefly like to highlight those that aren't yet to millionaire status, but are on their way and our goal on the show is to kind of track them through their investing story and journey and return and kind of see how he's growing and how he's been able to grow his net worth while either keeping or changing his asset allocation. So, just occasionally, we'll throw in an interview with somebody that is below a million dollars. On today's show, we have a great interview with Jeff. He has a current net worth about $4 million. He's worked in the financial and banking industry for most of his life and he's also recently retired.

So, we talked a little bit about retirement with him, and also his asset allocation, which he has about 1 million in retirement accounts, 2 million in after tax investment accounts, he also owns his primary residence in a rental cabin. He also does some single stock trading, so an interesting interview today with Jeff. Before we jump into that, though, I just want to thank our sponsor of City and Capital for supporting the show, they help this thing keep going so creating passive income is one of the quickest ways to create and established wealth. At Obsidian Capital, their core philosophy is to enable qualified investors to create long term wealth passively, through strategic real estate investments. Their team of experienced real estate professionals identify stabilized and value add multifamily real estate assets that will provide strong financial returns, a healthy risk profile, tax incentives and additional benefits that come from investing in real estate. They pride themselves on a high level of integrity and have experience in acquiring and managing over $300 million in multifamily assets.

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**Jeff:**Sure. I'm 52 years old. I live in the beautiful Pacific Northwest. I just recently retired last week, in fact, out of the financial industry, thank you very much, net worth of roughly $4 million and learning how to be an early retiree.

**Clark:**That's awesome. Congrats on retirement. So, let's get into the net worth a little bit, you're saying 4 million just over, how is that broken up?

**Jeff:** Oh, it's broken up mainly by a number of different assets. I'm a big believer in not only having retirement assets and let me pull up my spreadsheet here really quickly. So, I've got roughly about 1 to 1.05 million in retirement assets and so that's your typical 401k Roth and regular IRAs. But most of, luckily, or unluckily, depending on how you look at it, most of my net worth is in what I call a bridge account. And the bridge account is essentially a set of accounts that I have that is all after tax and that's roughly made up of about 2.1 million. I have a home that I purchased or that we built back in the late 90s, that's completely paid off, home value is roughly 460,000. And back in 2012, I purchased a little rental cabin in West Yellowstone, and one of the most beautiful places and one of our favorite places in the US, is a little cabin that we stayed in, and during the housing downturn, it just happened to come available via short sale so we picked that up for 170,000, it's now valued somewhere between 280 and 300,000, still have a mortgage on that because it is being rented out as a vacation rental. And then I also have a side hustle, a business that we started back in 2006 and started monetizing in 2012. I'm a 25% partner in that particular business and right now my valuation on my percentage is roughly about 350,000 but that's valued at, we're putting a value on that at five x. So, if you wanted to do a more traditional valuation at three x, that would come down a little bit. So, total, that comes up to roughly 4.1 million.

**Clark:**That's awesome. So, let's talk a little bit about that bridge account that you mentioned and your 401k IRA, what are those typically invested in?

**Jeff:**Well, with the, you know, I'm taking a little bit of a different approach since I've got such a long term horizon on, between when I plan on how long the bridge accounts going to last when I actually need the retirement. I'm just, I've got that right now at 60/40. And I really don't have any expectation that I'm going to change the retirement portion of it. It means I'm not going to be touching that until the required minimum distribution age which could be by that time 72 years old, I'm hoping that bridge account will last me a good 20 years or so but since I just retired, I will shortly roll that over into my other brokerage and get it invested in and another 60/40 probably using ETS and no individual stocks. But the bridge account is kind of where all the magic happens, for the most part, strangely enough, it's just a little bit backwards because I've got my bridge account broken up into three different tiers. I have a zero to two years and then I have a three to eight-year tier, and then I have a nine plus tier and then for each of those different tiers, I have a different allocation. So, zero to two, just all cash or money market and then from the three to eight years, I have it in roughly 40, 60, 45, 55 between cash, bonds and fixed income essentially, and then dividend paying stocks, and then in the nine plus, I have more of a 70/30 mix as well. So, you could say it's a little bit backwards when you consider that you would think that my retirement accounts would be more aggressively invested but I'm actually trading the nine plus since I still have that time, and since it's more actively managed by myself, I have that being a little bit more aggressive.

And I also happen to have some issues, some equities in that account that have such huge capital gains. That is the real difficulty with this bridge account, is that I can't just readily sell these positions if I need cash without then locking in the cap gains, which I'd really like to do, I would lower, like not to do should I say. So, that's essentially how I have my bridge account tiered to last for the 20 years. And the hope is, of course that I can make the bridge account and that 2.1 million last indefinitely such that I never have to really even touch the retirement accounts, save the required minimum distributions at 70 or 72.

**Clark:**I want to talk a little bit about those required minimum distributions since you brought them up there. But before we do, I want to rewind, when did you kind of start investing and I see your investing philosophy evolved over time or have you, kind of always had this approach?

**Jeff:**Yeah, I started back in 1989, I was 23 years old, there was this, I was always a computer nerd, I've been a computer nerd since age 13, 14 programming back on Commodore VIC 20, Commodore 64, Timex and Claire's and that was back just in my teens. And there was this relatively young company by the name of Apple, and I had just started my first real professional job at 19 years old and gotten into the computer department at age 20. And finally started getting a little bit of money put away. Now, anybody that knows me knows, and will say that I've been saving for retirement since about age 13 when I had to paper routes, and you know, yada, yada, yada, but whenever I got my first real job, and I was working in the computer industry at age 19, and 20, I started researching a little bit about the market and there was a little company by the name of Apple. And so, myself and a friend, we took a $3,000 each, we walked into a Charles Schwab office in San Diego and said, I still remember what I said, I said I have no idea what I'm doing here but I'd like to purchase shares of Apple Computer. And they walked me through the purchase of it and I was the proud owner of Apple and I asked myself what that was really going to start was, it really launched my desire to know more about the markets. And so, that's when I started reading one up on Wall Street and Beating the Street by Peter Lynch and learning everything I possibly could about the markets.

Now, of course, that was really pre-internet, at least to the normal person. But knowledge really started building from that point. And then before long, I was looking for other computer companies such as America Online, which had just started taking off and went IPO back in the early 90s as well. So, my philosophy really grew more from buying computer companies that I knew about, investing what I, the old adage of investing in what you know was absolutely true. Because of that, though, to a certain degree, I developed more of a trader philosophy or a trading mentality, over time and as I matured, I learned that I really needed to be an investor, but I still had a trading mentality. So, my axiom has always been, "I'm a trader by nature, but an investor by necessity" and that's always what's guided me through difficult periods such as the last decade between 2000 and 2010, the.com crash of at 99, 2000.

If I had been like so many others, and I used to run a stock for it, a trading stock for it and I saw all the stories, I was always preaching, whenever you make a certain amount of money, you put some of it away, or you put it into another fund or you put it into a house account or you put it into your bridge account, you take it out of the issues or the trading position that you've got so that way, you're always playing with house money to use a gambling term and so many people couldn't do that. And during the.com crash, I saw it on my own stock thread that I ran, there was so many people that lost absolutely everything, including marriages and their house and because, for me, I kept a small trading account and whenever it exceeded a certain amount, I would take out what the amount was, in excess of and I then rolled it into a savings account or I put it into my house account because we wanted to buy a house or build a house. And so, my trading always stayed the same, yet, as the money was going up, I was siphoning it off and saving and so that's where the investor by necessity came from. And luckily when the.com.com crash happened, not that I didn't get hurt, but I had pulled out so many or pulled out monies from so many other great positions, you know, that I wasn't hurt terribly bad.

**Clark:**Oh, good for you. Okay, obviously smart. So, I want to talk about some of these early purchases. I know we talked a little bit about it before recording here but you said one of the first ones you bought was Apple, do you still have that?

**Jeff:** I don't have it as part of the original position. I wish I had. But yes, I in fact, Apple is still my largest position. And I sold, at one point it eclipsed, it was up to about $230 a share, it dropped all the way back down to I believe it was 170. And I finally, during that period, lightened up on Apple and of course, when you're carrying such big capital gains, and because my cost basis on that, as I recall, was somewhere around 12 or $13. Even because I purchased it shortly after the.com crash because I still believed in Apple and was making a comeback. But the capital gains is something that you have to manage and a lot of people don't think about that whenever you're carrying those large capital gains that one sale like that can trigger quite a tax hit. So, I think still own Apple, I own probably 50% of what I did. Because as I started nearing retirement, I started realizing, okay, I got to start unwinding some of these positions, and get smarter with my diversification.

**Clark:**So, out of curiosity, how much do you hold the dollar value in single stocks?

**Jeff:** Oh, no, I don't have that readily available for you, hang on one second.

**Clark:**Just from before, I know you have, I want to hear the story of Roku, right, that's over 100-grand. So, is it more or less than 500?

**Jeff:** Well, let's take a quick look here. Let me just get, it's going to be right around, I'm going to say it's about 700k.

**Clark:**Okay, so, that's significant.

**Jeff:**Yeah, that's probably not right. I'm looking at my positions now and that might be a little bit high, actually, look, well, you know what it's 600 and from what I'm looking at right now, it's closer to about 750k.

**Clark:**Okay, and what are your top three holdings?

**Jeff:** Top three holdings, we've got, you want the dollar values as well?

**Clark:** Sure, why not?

**Jeff:** Apple right now is, for the one particular account that's in represents roughly almost 11% of that account and that's 154,000-market value. And here's the fun part of that particular holding, of the 154,000-market value, the gain on that, the gain lost is a 146,000. Yeah, it's quite difficult to sell it. The other one that I just unwound at the very beginning of this year was Google, because I ended up, I had 200 shares of Google and the market value of that is 124,000 right now, but it was double of that, I sold half of that position, because it made up roughly 17% of that particular account. Now again, I have, when I'm talking these particular positions, I have three different tiers, as I mentioned of account, I have zero to two, which is all cash and money market and then I have two through eight, which is incomes, stocks, and fixed income.

So, most of these positions, the large positions are in what I consider my longer-term account the nine plus and so when I tell you Apple is 10% or 11% of this particular account, this account is valued at 1.45 million. And so, you can kind of back into that with 150 in apple. So, Google was a lot higher, I had 250,000 of that, 1.45 would have been Google if I didn't lighten up the load like I did at the beginning of this year, just because I realized that I've got to get it out of there. I've got to move it into some more income producing stocks and vehicles to prepare for my retirement in what was then September. Microsoft is another one I bought that back when I think was trading at 13 bucks a share. So, it was 70, about 72,000 and Microsoft was 59,000 of that in gain that I have Facebook, which I also lightened up on, I'm now sitting at 57,000 in Facebook with a 33,000, no, excuse me, with a 24,000 game. After that, it gets a little bit more traditional, so we have gear, a little bit of Ali Baba, which is one of my favorite international plays, JP Morgan, Exxon, Procter and Gamble. So, some income in there as well a couple of utilities as well. But what's really important is the top three positions Apple, and Microsoft make up roughly about 33% of that account, everything else the maximum holding his 3.9%. So, there's quite a few other positions that are just, of the equity in that 1, 2, 3% range. And then of course, I have a lot of UTS.

**Clark:**Yeah and I want to ask you, Jeff, because I think you're probably the person that we, you know, out of 125 millionaire interviews, that you're probably the one that's held the most in individual stocks, Jace, correct me if I'm wrong, but you know, 700, 750,000 and one of the ones we talked about before the show is Roku, right? You bought 1000 shares at 28 bucks, so $28,000 and, now it's 130 something so you've made you know, over $100,000 on it, but some people would look at that and say, gosh, how do you dump $28,000 into a single stock so maybe talk about your mindset there, is it because you've been doing it for a while, you've you've obviously had some wins but I'm sure you've had some losses. So, what's kind of your your thinking there?

**Jeff:**Okay, so remember when I was saying, I always kept a small trading account. Now in my definition, it was a small trading account. The trading account is, I keep that off on the side from my other accounts. And the reason I do that is because trading and investing especially the trading aspect is something that's always interested me. It's always what, it's what fueled my initial market knowledge and it's who I was in my DNA, is, in fact, if in another life, I probably would have ended up on on Wall Street except for the fact that just have very high values as well. And so, I wasn't willing to be in that high sales type of environment and handling people's money like that, but I always had a small trading account and that trading account grew.

So, after I started getting more financially independent, I decided I was going to set that trading account at $40,000 and still use the exact same discipline I've used in the past, which is, as I make good trades, that $40,000 will grow, after I liquidate the trade, I'll then roll that other money into my other accounts. But that trading account is really like my sandbox, that's what keeps me interested. When I get up in the morning and I do my workout and listen CNBC and then checking my stocks, I'm always looking for good investments and I'm listening to people that are much smarter than myself as well. So, the interesting thing was then going into the end of 2018, I was doing this typical loss harvesting, just to do whatever I could to reduce my taxable income for the year, roll out of certain positions and then roll into other positions that I thought were either going to be able to derive income from to help with my looming retirement.

But then also, I wanted to look through the, my past basket of stocks, I'm a big believer in trading what I know of stocks that I've been following for the last six months to a year, but all out of my trading account. So, I had my $40,000 trading account that I normally in that will take a 50 to 100% position, normally I take 25 to 50% holds on these trades or I take positions in trades. Roku is one of the stocks that I was kicking myself for because it had gone from the 20s and it zipped up all the way to about $70 a share. I loved what Roku was doing in the streaming. I've always looked for companies that are redefining, basically consumer trends or creating a consumer trend. So, they've got a vertical market, that's a steep incline. And then a consumer trend that also is on a steep incline and where those two crosses you kind of get this critical mass. Well, Roku went from $27 a share up to 70 and then craft all the way back down to the 20s but I had been watching it finally, and it finally stabilized right around Christmas Eve and so I had $40,000 sitting in my trading account because I had recently rebalanced my accounts for going into 2019. And I thought, you know what, I'm pretty comfortable with 1000 shares of Roku, thinking I think it's got upside in the next six months to 45 maybe $40, $45 a share. Well, lo and behold, up until just a couple of days ago, it was in six months or in eight months, it's gone from $28, to 170 to the point where I can't even sell it because I'm going to get this tremendous capital gains hit. Yesterday, of course, it's settled back down, because it had just gone up way too far, way too fast and it's now back at 133, 134 range, but still carrying a pretty large capital gain. But no, you're absolutely correct. It's, to tell you the truth, looking at my diversification and now the fact that I am retired, I would much rather get a big portion of that gain into something earning an income and so I'm waiting until I go long term capital gains, I will probably sell off at least half that position, maybe even more than half that position, let the rest ride because I believe Roku has a huge runway ahead of it for the consumer trend.

I think we're still on only the second inning, maybe third inning of streaming but then I'll roll that amount out of my trading account back into something that's going to generate more income. So, no, you're absolutely right, that's the funny thing is that I like to keep my trading account somewhere below south of $40,000 and because of Roku, it is now 100 and that account is bear with me just a second. Because I have another position in that account, that trading account is now sitting at $134,000. And technically, it's really sitting at 150,000 because I also have Beyond Meat. And Beyond Meat is one that I didn't get an IPO, I bought that at about 100 and, about a $150 a share but the great thing about Beyond Meat is my broker is allowing me to loan it out to those that wish to short it. And right now, the income that they are paying me annualized is at 51% to allow them to loan my shares up to those willing to short. So, if they were to continue paying me the 50%, that's like making 50% on that particular holding, if I were to hold it for the year. Typically, what happens though is the shorts will have a pretty quick burn of somewhere between one and two months and then the short interest that they're paying, they will drop. But they started to 30% and it's now up to 51% and I've been, that's been four to five weeks now.

**Clark:**So, I got to ask, you've been on this great journey, how did you decide to retire at 52?

**Jeff:** I'm actually late, I really wanted to do it at age 50 but things at work didn't happen, kind of exactly the way I had scripted it. And basically, what ended up happening was I was ready to retire at age 50. My boss knew it was coming so the CEO knew it was coming and in my mind's eye, even all the way back to, if you ask my mom, she'll tell you that I had planned to retire at 45. I don't remember saying that but yeah, I was young and foolish enough to probably think that I was going to be able to do that. And I've never been one that was truly a minimalist such that I was going to retire and kick everything else to sell all my possessions and live in a shoe box. But what ended up happening is about two years ago, I was getting really ready to retire, at the same time, as you could imagine, I have got executive pay, I've got executive benefits, I've got this great job and there was a little bit of a push and pull and a big project came up at work and they wanted me to run this project and this project was split into two parts. I agreed to run the first part, which was going to take somewhere between eight months and a year. But I said I wasn't going to run the second part and that one of the other executives could do that.

So, I was going to do the old volleyball set, you know where I set them up and then they get to spike at home for the second half of the project. But what ended up happening is the first part took about a year, which lasted, that was back until 2000 and at the end of 2017 and into very early parts of 2018, then the part came for me to set it up. And so, I did the volleyball set and I set it and was waiting for another executive to take over and everybody took one big step back and the ball just kind of landed there at the feet. And I just told the CEO, well, it's not my fault, you've got to find somebody else to run the project, because I'm going to be retiring here in six or eight months or so, I'll give you a nice long notice. Well, long story short, he gave me a call one night and said, "what can we do to get you to run the second part of this project?" In my mind, I already knew it was going to happen, it felt a lot better to do that and so I signed on to run the project, which then completed mid-year, this year, and I had given my notice back in March, and I got some incentives as well, they did a couple of nice things for me to help them set me to stay, nothing major, because I'm very much a company person, I could have gotten a lot more but I already knew it was the right thing to do.

And so, I agreed to stay on for another three or four months following the project, going live, just to ensure everything went well. So, really, I planned on retiring two years ago. But just because of circumstance, I ended up staying another, essentially two, two and a half years but it worked out well, because we were in such better financial position, house was paid off, no debt other than the cabin, which is its own little business and it cash flows nicely. So, I got another two and a half years of executive benefits and pay and then of course, the market hasn't done too badly over those last two and a half years either. So, I just really focused on slowly increasing my diversification to maximize income and kept putting money off on the side until the time finally came, still tried to get me to stay longer, but I had said no, the stress was getting to me just from the job overall. I've already felt I was two years behind schedule and so yeah, I tapped out

**Clark:**Yeah, how old were you when you decided that you wanted to retire at 50?

**Jeff:**You know, it wasn't so much that I had picked 50, necessarily. 50 just seemed like the right number and that's the number I wanted to shoot for. The way that I always look at it was it would be better to be more prepared, and less, and I never, I was always pretty honest and transparent with myself thinking, okay, I'm thinking a certain way at 40 but I know at 50 I'm going to think a different way. So, I would rather be prepared and be able to do it and then choose to stay rather than want to do it at 50 and then not be prepared so, I worked my butt off to manage my finances. And I really started at about age, I'm going to say 38 to 40. The biggest issue that I had, and it's strange because I experienced two events that were pretty financially impactful. Back right after I had moved to Utah from Southern In California in 1993, a year and a half later, the house burned down or actually the apartment that we're staying in burned down, we lost all our possessions and the insurance didn't cover it. So, all the money we were saving for a house was wiped out so we had to recover from that then fast forward to moving here to the Pacific Northwest in 1997, you know, that's when I got my first executive job and things really started going well, my wife got pregnant, we had our first child in 1998.

But in 99, my wife was diagnosed with leukemia and I take that back, that was 2000, she was diagnosed with leukemia, she passed away in 2001. I didn't have much in life insurance, had a little bit. It was just enough to pay off some bills but really not all that significant. And really, that was more of a watershed moment for me in 2001 when she passed away, when I started realizing, you know, tomorrow is never promised and you can be a great planner but you've got to keep things in perspective, you can't take people or things in your life for granted. And I need to use this, this experience to my benefit and for my daughter's benefit and to anybody that I decided to spend my my life with going forward. I have to use this as an educational moment. And so, that's when I started really thinking, okay, there's got to be something more out there. I can still plan for the future, but I'm still going to live in today but I'm also going to plan very hard for the future so that way, whenever we do have the opportunity to retire, that we're going to be able to and truly be able to enjoy life because again, tomorrow's never promised. So, I want to say it was about 38,40, I'm going to say 38 when that really kicked in, which was about five years after my wife passed away. It took me, the widower process took me at least two to three years to really come full circle before I really started getting my feet under me and I decided I needed to do something a little bit different, I needed to have some new longer term goals.

**Clark:**Yeah, totally, appreciate you sharing that. I want to ask you about the cabin, do you manage that on Airbnb or VRBO or how do you kind of go about managing something that's not next to where you live?

**Jeff:**We use a management company. It's, you know, strangely enough, whenever we were introduced to Yellowstone, I was there whenever I was younger, but I wasn't truly there until very late 2000s, 2008, 2009 or so. And I just absolutely fell in love with the area. We happen to stay in this little cabin, it was on VRBO, we found it and we stayed there for five nights, absolutely fell in love with the place and then was talking to the owners about, you know, the cabin. She said, yeah, we might sell it eventually and I said, hey, let me know if you ever decide to. Well, as it turns out, that was 2008, 2009, the financial crisis hit and about 2011 or so, it went up for sale and they didn't contact me. It was just, I was getting ready to go back out and I wanted to go to Yellowstone, my new wife and I and my child, were going to go out to Yellowstone. So, naturally, I started looking at this cabin, like we'd love the location of it and we want to stay here and I couldn't find it.

So, I did more searching, and I eventually found it, but it wasn't up for rent. Well come to find out it was for sale for nearly 300k. And I said, well, there's no way I'm going to pay that and it's not for rent, so we stayed somewhere else. Well, not long after that about four or five, six months, it was down to 230,000. I made some contacts in the area found out that the people had had some health issues, and they were trying to really get rid of it as quickly as possible and they were selling it as a turnkey with all the furniture for 230. That didn't pan out, they then sold all the furniture themselves and listed it for 210. That didn't pan out, they ended up leaving the area and gave it to the bank. The bank then lowered the price to 199 to drop it and this was back in 2012. I just put in an offer for 165, 170, thinking that they were simply going to come back with 190, 195 but they countered at 175. I'd already done all the workups just to see if it would pay out and everything and then it completely wiped it out of my Excel spreadsheet, set it all back up from beginning just to see if it all penciled out again and sure enough it penciled out and we threw caution to the wind and purchased it for 175. And right now, the net income on it on an annual basis is about 16,000 or so.

**Clark:**Wow, that's awesome. And you're renting that for how much night?

**Jeff:**Right now, it's going for 299 a night. Now it's West Yellowstone, so the shoulder season is October and May, or should I say October through May. It rents out pretty well in October and May, but the high season is really June through September. And so, obviously, if you're going to go in the winter, it's a lot less it's down to 159, 169 a night as I recall, but then you get to the May and October and it's in that 229 to 249 a night, I don't recall the exact amount, but, and then the high season is 299. But it's, the great part is it's managed completely by, right, its hands off, all I do is get a check and replace pots, pans, dishes, sheets, things like that. But now that we're retired, we're actually going to be able to stay there, we can never get to stay there because it's always rented out.

**Clark:** So, Jeff, you got a net worth, you know, north of 4 million bucks, where, and you have just retired, where do you kind of go from here?

**Jeff:**That's a great question. I'm trying not to script early retirement, and I've done a lot of research, I've read a number of different blogs, and sites about early retirement. Of course, everybody has the same concerns, health insurance, and it's a concern of mine as well. Yeah, I'm going to end up with a high deductible plan. You know, the great part is right now is I have so much vacation saved up from work and all that, I'm on the clock and being paid until early January. So, yeah, so it's really nice. I get almost a full four months of vacation. And so, I really get to experience retirement while being on the clock. And so, that's a pretty sweet setup, but really, for the most part and my wife, I had a discussion with my wife about it, we're not doing anything really major for the next year or so. Yeah, sure, we'll take a couple of little getaways here, there, maybe we'll go up to Seattle, see the Seahawks play or we'll go out to the cabin.

There's not much cost there with doing that. We'll do a few things but we're not going to take any big trips or anything because I really want to see the financials work, I really want to see, you know, the expense sheet, the income statement work, and really just let life come to me. I'm trying not to really script it and have a big plan, like even this last week, it still feels like I'm on vacation. It's absolutely correct from what I've read, and it's like, it doesn't really sink in, you're in that honeymoon period for that first two or three months, realizing, heck, I don't have to go back to work. So, I'm really more than anything is, I'm just I'm letting life and retirement life find me and I'm working my side business. The side business will keep me busy as much or as little as I want. I'm going to start taking what's called a guaranteed payment of, really about the same amount that health insurance is going to cost me which is over and above what we're making off the business. So, we pay out our income on a quarterly basis and then I'm also going to be taking roughly about a $1250 stipend or a guarantee payment out of the business per month. And then my hope is that I'll be able to return that to the business at some point, as long as businesses going well. So, it's really just more of a safety net while I allow retirement to find me and I see the income statement work. But a longer term, I don't really have any, I don't have any illusions that I'm not going to feel differently in a year or two years or five years. I may need part time work to keep me interested over and above side business, but I have so many different interests and hobbies. I don't think that's going to be the case. And I know there's some vendors that are interested in, even having me work for them and there's some other financial institutions I could do consulting for, but really, it's going to be slow and go for the next year.

I'm just going to take it easy de-stress from a life of basically executive work. I noticed it was taking its toll on me and there's always been a lot of stress in the work that I've done. But as my body aged, the way, stress was manifesting itself on my body changed dramatically after about age 45, 46, 47. And that played into the ultimate retirement plan as well. I could have kept working, if I'd worked another five years, I would have had paid a fully paid health insurance. But I was dreaming about work every night, I was thinking about work off and I was up at 2:30 in the morning and something which is really rare for me was, there was two or three occasions where I woke up window night with panic attacks. And so, I started realizing I need to listen to what my body's telling me and I need to get my accounts in order to see if we can do it now and maybe less is more in this case.

**Clark:**Obviously, you've been financially successful and throughout your career and congrats again on the success and congrats on the early retirement. So, I just want to finish before getting into some mistakes and advice, some rapid-fire questions here, so what's the most expensive pair of jeans or pants you've ever purchased?

**Jeff:**Oh, you know, I just threw away most of my work wardrobe and bought three pairs of not fully skinny jeans because of that isn’t me. But category up from skinny jeans, and I paid I think it was $59 for one pair of them and I about had to go on back and I would say for jeans $59. Now, I love great suits and I love good shirts and things like ties, and shoes. That's where my professional wardrobe is where I would spend my money. So, I would go out and buy a suit for okay, I won't throw crazy money at suits, but you know, I'll spend $750 on a suit. But if I have to spend more than $39 on jeans, it just makes me want to throw up.

**Clark:**Okay, what about shoes

**Jeff:**Probably no more than about $220 for work shoes. I am now a convert of more expensive tennis shoes though, in fact I've just, before I got on the line with you two fine gentlemen I was researching some of the Nike shoes, the fly knit Nike tennis shoes that I really liked, that were like 130 bucks a pair but they just fit and are so light and really nice. Like I bought three pairs of $60 Nikes, trying to get that same thing and now all I've got are three $60 pairs of shoes that I can't stand. I'm trying to find the ones that are no longer made. So about, so 220.

**Clarke:**Okay, most expensive car you've ever purchased?

**Jeff:** $50,000 and that was my forerunner limited, actually was 49,000.

**Clark:** Okay, most expensive meal out that you've personally paid for?

**Jeff:**Oh, I love a great steak and for two of us about say, $280, $290 but that included a bottle of wine.

**Clark:** Okay, how old were you when you hit your first million?

**Jeff:**Oh, that is a great question. I was 40, 44, 46 I take that back.

**Clark:**Okay, 46.

**Jeff:** I believe that's correct. If I'm doing my, actually 45.

**Clark:** 45, okay, split the difference. Nice. How much do you spend a year, household spending and how much do, I guess, in retirement anticipate spending here?

**Jeff:** Everything that I've got right now, loaded, my total spending, annual expense is roughly about 80k. And that also, though, has health insurance loaded at roughly, 1700 a month or 20400 a year. So, there's nearly, 25% of that cost is health insurance. And I just recently loaded absolutely everything based on an expense study that I did, tracking our expenses over the last six, eight months. Now I've done it over the last years but now that we're older and getting ready to retire, I wipe everything out and did an extensive study. And so, everything right now is, that also includes taxation, though, so without taxes, it's roughly, we'll just leave it at 80k.

**Clark:** Okay, any tools or websites or books that stand out that have been beneficial or helpful to you along the way?

**Jeff:**You know, for the most part, I read a lot of parts or say, I read parts of a lot of books, nothing that I can really recall. The ones that really started my interest in the markets were the Peter Lynch books, and they're pretty standard if you talk to anybody that's gotten into investing or trading, and that's the One Upon Wall Street and Beating The Street by Peter Lynch. But for the most part, it was those two that started me and I, not any other books that I've or I was a voracious reader of magazines like Kiplinger's and Money Magazine and such. But while I was trading, I started reading a lot of the books about that and realized they were all essentially saying the same thing, lots of charts, lots of graphs, but they were all the same and I wasn't really taking anything tangible away from them. So, I know, I would say after Peter Lynch, One Upon Wall Street, Beating The Street, not much.

**Clark:**Okay. What's been your, as much you're comfortable sharing here, your range of income through your work in life?

**Jeff:** I guess it depends on how you look at it. Does that include--

**Clark:**Yeah, your trade

**Jeff:** -- at the cabin? And if you include the cabin, and my side business, I would, I think this year, we're going to be in that 325 to 350 range, but that does not include investment gains.

**Clark:**Yep, and last question here. What are maybe the two or one a couple things that stood out to you that that helped you become a millionaire? Were there any driving factors? Was it your work ethic? Was it, passion, was it finding good opportunities? Was it anything that stood out to you?

**Jeff:**Yeah, all of those things actually. I'm pretty well known for having these little mantras and these little laws and these little rules and you know, I've got quite a few of them. But as far as what led to being a millionaire, I won't say that I ever really focused on becoming a millionaire. I focused on good strategy. In fact, even when I got my first job, I remember when I got one paper route, and I just said, well, I could do one at night, I could do one in the morning as well. So, I got a second one, then I started working at Kentucky Fried Chicken at age 16 and when I left Kentucky Fried Chicken at age 19, I had 12 or $14,000 in the bank, and I liked having money. And so, whenever I got my first real job, I'm making 13,811 was what I was making 13,811 per year, in the financial institutions starting out as a teller, I started paying myself, I wanted to make sure that I always had money. In fact, I've always said that my greatest fear has been, having to live paycheck to paycheck. And so, over the years, I got more mature in my processes, but keeping debt low, staying away from credit card debt, staying away from frivolous purchases, paying yourself first, not being afraid of a good risk. There are all sorts of risks you can take with your money.

And so, you don't want to, we'll call it risk with due diligence. And so, whether it's buying a cabin or buying stocks, you'd be surprised how many people I talked to, that aren't willing to get into the markets because they feel it's too intimidating. It's too scary. And so, I do a little bit of wealth coaching on the side with people, not from a financial planner perspective, necessarily, but more wealth coaching, helping people to take control of their financial future and start dreaming a little bit. But then also realize that they have a role to play in making those dreams come true. And so, as I tell everybody, it's not for me to tell you what you can and cannot purchase, I'm going to help you to understand the impact of that purchase. So, really, all those things that you mentioned, are things that I've used myself as well, but it's really, it's not that difficult. The main thing is to say, keep get low, you spend well below your income. And if you can do that, I think you're well on your way but then you've got to take advantage of free money in the form of 401k's, your IRAs, tax free growth, the Roth IRAs as well and just have good discipline with your money and get money off on the slide away from your normal accounts so that way, it has the opportunity to grow through compound, which is, that's one of the things I learned 30 years ago, was about the compounding of money over time. And it absolutely works.

**Clark:** Yeah. Great advice and I totally agree hundred percent. So, that's again, that's for our listeners, that's Jeff with a net worth of store 4 million, about 4.1 million. Thanks so much, Jeff for coming on the show, sharing your story. I really appreciate it.

**Jeff:**Thank you very much for having me. It was great being with you guys.

**Clark:**Thanks, Jeff.

**Narrator:**Thanks for listening to the Millionaire's Unveiled Podcast with Clark Sheffield and Jace Mattinson. For more stories, investment opportunities and information, check out our website at millionairesunveiled.com. See you next time, when you'll hear from another everyday millionaire.