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**Michael I**f I could impart anything to your listeners, it's, don't fear. Don't fear the market. Yes, for the next 10 to 15 years, we could have a very difficult time, we could have a position where we have negative returns, or very low returns, don't stress and worry about the future. One part of my story is that I had anxiety and stress about my work, my line of work, the many hours that I worked, and also just thinking about the future, as soon as I started to realize, hey, I have these goals and I want to save towards them. I started to get in a position where I didn't have a growth mindset. I got to a place where I hit a wall and I wasn't saying, hey, I can climb this wall or there's a way around this. And a big part of my ethos now is, to ensure that I'm taking care of myself, I'm putting my family first, I'm getting enough rest, I'm getting enough exercise, and that I'm always in a position where I could say, I can be smarter, I can learn this, I can achieve this and I'm willing to do that and willing to admit And others.

**Narrator:**You're listening to the Millionaires Unveiled Podcast where you'll hear the stories and interviews of everyday millionaires. We'll unveil their decisions, 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, this is episode number 129. Jace, what's going on? How are you?

**Jace:** Doing great man, how are you doing?

**Clark:**Doing good, hanging in there. It's been really nice weather wise out here. So, we've been a while we've been able to get outside a little bit. In Austin, you don't have to worry about that so much, but it stinks to be locked in all day and not be able to get out.

**Jace:**Totally, you've even grown a mustache as part of this whole Coronavirus.

**Clark:**I know I was growing a little beard and then I came out, I shaved everything off except the mustache as a joke and I came out my wife screamed. So, we'll see, I'm going shave it off here in the next couple of days. I don't love it, but It's fun. What else have you been doing in your routine? It's kind of been weird, right? I've noticed it in mine that your routine kind of gets out of whack and if you don't make a conscious effort to change it or update it, or really be on top of it, things kind of get a little out of control a little bit.

**Jace:**I kind of took this opportunity, granted, we're, you know, I spend most of my time in essential businesses. So, for the most part, you know, I've been having some sort of a normal routine or normalized routine, but there's definitely been some things that have changed and especially with kids and my wife and you know, where our kids go nanny and daycare, whatever and all that. So, a couple things I've done, I decided to do a 30-day experiment while corona's, I guess when it started up until now, I'll probably continue here for another week and just see what the results are. One thing, I've just been taking cold showers. I've always, you know, had tons of friends that have experimented with the shock in the body and doing all these different things. And first, it was super annoying, especially because I just built this new place. And I put in this like dream type shower that I have, it's got a couple different shower heads and stuff. And so, I've just loved my nice warm shower and decided I was going to cut it on, and I was going to take cold showers. It's kind of fun. I mean, it's definitely like last night I got done with I went and did a bike a ride my family and then my wife wanted to work out and I was going to lift. So, I lifted, my son was just having a cow, so I took him with me and then he kept crying, like, I'm just going take on a run. And last night, it was really hot in Austin. So, I get back from the run, I'm taking this cold shower, and it's like, I'm like, man, do I really want to continue this? Because even though it's hot, cold shower, it's just cold for a long time in the shower. So, that's one thing and then I've done a bunch of other things. I think I might write a post on LinkedIn about it, just try to keep things different and fresh. I don't know.

**Clark:**So one of the best books, one book that comes to mind is Atomic Habits, right, in the sense of like building a system or building a routine right, In Matter in Principle by Ray Dalio would kind of talk about like building a system or building habits for success, right and not falling outside of your system. Are there any other books that come to mind?

**Jace:** Those are the two best that I've definitely read of recent. You know, I can't think of any others that I really, really like. There’re a couple other books on habits and stuff, but in terms of like things that I resonated the best with, those two, and I think you and I've had several conversations about those two books. Those are definitely, probably the top of my list.

**Clark:** Yeah, so that's Atomic Habits, I still need to read it but I know you just finished it and really liked it. Anyway, we appreciate everybody tuning in, especially at this time when people aren't commuting and traveling around so thanks for listening. And if you enjoy the show, we appreciate you leaving a review on iTunes or whatever platform you listen to, it helps us grow the show and reach new millionaire interviewees. One recent review that I just want to read says, "outstanding resource for all, what a great idea for a podcast. I'm glad I missed the first two or three years because it means I have huge archive to enjoy the guys are good interviewers, and the millionaires are all credible and well spoken". So, thanks for leaving that interview and of course, we're thankful to our millionaires and all of our guests, who come on the show because it's really about them and their stories and everything that they want to share. And they're the really, the glory of the show, because it's because of them that we're able to do this. So, thanks for everybody that has come on. If you're interested in coming on as either a millionaire or one who is close to reaching a millionaire, as we'd like to kind of highlight those stories like we will in today's episode, feel free to send us a email, our email is millionairesunveiled@gmail.com. So as mentioned, we have an interview today with someone who has a net worth of about 700,000. It's with Michael, he works as a data scientist. We discuss his early start, his investment allocation and the steps he's taken to become a millionaire or really nearly become rather a millionaire at a very young age. We also discussed his career progression and the calculated risks that he's taken. So, Michael is really on top of it and will be a millionaire obviously shortly here in the next couple or a few years. So, really good interview with him to kind of see what he's doing now. Last week, we had a great interview with Jason, high net worth individual, he had a net worth of about $12 million. He was invested primarily in real estate with a focus on single family assets. He talked about his first deals, finding the right land to building value ratio, just kind of a unique insight that I personally haven't thought of and really heard before, so props to him there. And also, when and how-to self-manage any of your rentals. So, really good interview with Jason, he's 12 million. Today we've got somebody worth 700, so kind of the opposite ends of the spectrum. But hopefully we can connect with different people. And obviously, they both have unique insights and strategies to share. So, thanks again to everybody, for listening to the podcast and without any further delay, please help me welcome Michael to the show.

**Jace:** Michael, do you want to just give us a little bit about your background and kind of what you're up to now?

**Michael:**A pleasure to be on the show. Yeah, I'm on the west coast. I live in a large metropolitan area. I'm a cybersecurity expert, and I was mostly raised in this area and working towards our, our goals. I'm not as I'm not quite a millionaire yet. I'm not one of the millionaires that's being unveiled today but hopefully your listeners can learn from my story.

**Jace:**Yeah, totally. I mean, you're definitely well on your way and we'll get into that allocation and stuff too and you know, we've had a lot of listeners write in, they like to hear some of these stories of people kind of on the journey versus those that have actually kind of eclipsed that. But you're pretty close. And what's your net worth today?

**Michael:**Sure, yeah, so without our personal items, and cars, we're almost $700,000. And most of that is in index funds. So yeah, we could get into my allocation if you'd like.

**Jace:** Yeah, yeah. Let's dive right into that. Is that in retirement accounts, post tax, what's kind of the makeup there, the allocation?

**Michael:**Yeah, starting off and we opened IRAs, and I'm married and so we got married a year out of undergrad. And so, we both opened up Roth IRAs and we started that during a period when the market was quite low. So, that was about 10 years ago and so a lot of our money is in Roth. But over time, more recently, we've been maxing out 401ks so we have some pre-tax money there, and we also have a taxable brokerage. So, in terms of the split, I would say, 50% of our money, in terms of our investment accounts is in a Roth, which is kind of nice, in terms of, our tax bracket was lower back then too so hopefully, that's good. And then in terms of pre-tax and taxable, I think 30% of it's in pre-tax, and then the rest of it is in taxable.

**Jace:**And amongst those accounts, are you mainly in VTSAX or what kind of are, split amongst multiple index funds, what's kind of the breakup there between each of the accounts in terms of index funds?

**Michael:**Yeah, that has evolved over time ad that does kind of get into the question of who I've been influenced by more recently. I am a Bogle head and I'm very influenced by JL Collins and I've read The Simple Path to Wealth and some other blogs that are related to that network. And so, more recently, I'm in mostly equities, so about 85% equities of the equity portion, and 90% in VTSAX and the rest in the international total index. I could see myself over the next couple years moving more into the international, but we can talk about that and then the rest is in bonds, and then there's some cash too, but mostly, it's almost a 90/10 split between equities and bonds.

**Jace:** And you said that it wasn't always like that. So, how did it start and then kind of how, you kind of evolve that over the last decade?

**Michael:**Yeah, sure. When I, I was fortunate enough, at least within my undergrad, as well as having a relative, it was my grandfather, who said, hey, I'm a Vanguard client, and you're going to graduate and you're just not going to feel like you're making much money, you're going to have your student loans, but you need to open a Roth IRA. You need to max that out every year and at that time, I think it was like 4500 hundred a year or something like that, and if 5000 and so he said, you got to max that out. So, we've been doing that since the beginning, that's how it started. The fund that I actually was investing in during that time was a target date fund, which is obviously, very common these days, and 401ks or whatever else. And thankfully, it was a pretty low expense ratio, kept me mostly in the same, actually allocation that I have now, 90/10 in terms of equities and bonds. So, that's how it started. And unfortunately, at that time, we can get into more of my history, but I was working at a startup when I first graduated, and so we didn't actually have a 401k and so I didn't have that or a match. So, we did that on my wife's side, but not mine.

**Jace:** Interesting. So, you've got this allocation that's a little bit evolved over time and you haven't gone into real estate or personal residence or anything like that in terms of allocation yet either?

**Michael:**Yeah, that is part of our journey. A few years after being married, we did buy a house at a very good time. And so, some of our equity that is in our taxable brokerage account was from the sale of that home. So, we essentially flipped the home. We bought it, we put 20% down. This is actually an interesting story. I mean, so we graduated, just to give your listeners to financial picture, so we both graduated undergrad in two good fields. We both got jobs right away. And that was tough to do during a recession. Again, my role was a little bit of a startup, so my wife was making a little more than me, but mine grew pretty quickly. And so, but we both graduated from private schools, had decent scholarships, but we had, I had of 150k student loans. And thankfully, my wife's parents were extremely generous. They paid a lot of her school, but she did have a few loans that she had to work out, but it was less than 10% of what I had. And so, we thought, you know, we really need to pay off our student loans before we buy a house, over the next three to four years, we rented an apartment and at that time, it's in the large metropolitan area here. And we were renting a one bedroom for $600 a month and it was walking distance to a couple places where we could get happy hour. But to be honest, thankfully, we just got the bug to pay off our student loans. And those habits really have propelled us forward into the future. And I remember not really having to budget or cut corners that much, but we both drive to old Japanese cars that are reliable. Our vacations are mostly car camping or climbing or backpacking with friends and dates were hey, let's go to happy hour at that local spot and walk and spend, you know, 40 bucks and that gets you like a pizza and a few drinks and you can look at each other or whatever. And it was great. I just looked back really fondly on those times really, active lifestyle, but we were able to put like 70% of our money towards these student loans, if not more and so, I would back and look at what the market's done since, you know 2009 and go well, come on, my student loan interest rate was like 7 or 8%. And some of that's kind of nasty, right. But at the same time, I wish I'd put a little bit more away in the investment.

**Clark:**It's pretty amazing listening to you speak, Michael. Because if you just take a step back, right, you can share your age if you want to. But just talking to before I know you're pretty young guy, and I assume your wife is around the same age, right?

**Michael:**Yeah, we're both around age 30.

**Clark:** Yeah. So, if you're age 30, let's call it in, you have a net worth of around 700 now, right, and you guys paid off 150, you could, if you didn't have the 150, you'd be a millionaire, with the growth in the market. I'm not saying that to rub it in, I’m just saying at 750, you have a tremendously high net worth, and that's after having paid off $150,000 in student loans. It's really amazing, and not being a doctor, right or a lawyer.

**Michael:**Right. Right. Well, yeah, and I can be explicit about what our incomes were when we graduated. But yeah, don't get me thinking about how the S&P 500 is up more than 400% since 2009, stop it. But yeah, so when we graduated, tough time to graduate, it was the recession, my wife was going to a field that's more science related, that is still hot and stable during that time, in our area. And so, she got a job and she was making about 60k a year, and that's including all for compensation before tax, and I was making about 46k a year. And so, you know, with about 100, we could call it 100k, you know, two, we got married a year after undergrad. So, a couple young 20s kids, right, getting married and in love and, you know, it's fine You don't need it and that's, listen, one of the big takeaways for your listeners, especially for your younger audience, you don't need much to be happy. What made us happy was our friends, being around our family, going on trips, which really like, yeah, we went to Europe every year, we would backpack or whatever, but we were able to keep costs really low. I wasn't into the travel rewards points or anything like that yet, but honestly, with miles and other things, we were able to go to Maui or Europe and car camping and all the things we wanted to do and live on probably 35 to 45k a year, I tried to go back and look at the actual numbers of what we spent. But I'm pretty confident that we were able to put 60 to 70% of our money towards our student loans, and then that's after populating about a $5,000 emergency fund.

**Clark:**So, how long in total did it, if you're making about 100, you're spending 35 to 40, how long did it take you to pay off the 150?

**Michael:** Just, shy of 4 and a half years, maybe just about, yeah, it was a milestone and like I said, do you need to pay those off right away. You know, you're going to have a lot of high income professionals listening on your show, who are going to come out with debt, whether they're physicians, whether they've been to grad school for computer science or whatever it is, MBAs and I look at it as, my philosophy and our philosophy, we didn't want any debt, that felt like an anchor around our neck and so we just crushed it.

**Clark:** Wow, well, good for you guys. Seriously, what an impressive story. And so, you guys were on board together with this from the get-go, your wife was on board, you were on board? Did she drive you? Did you drive her?

**Michael:**It's a good question. I think naturally, you know, even going back just a little bit, my dad was laid off when I was a kid and I was in a little bit of a formative age, I was age 12 and I just remember realizing that, oh, we've got bills, and but money's not coming in. And then I'm the oldest son in my family and so I was just kind of, that really hit me hard and I remember thinking about things that most kids don't think about, like I really need to like, turn the lights off when I leave the room and I really need to like make sure that, you know I'm not eating too much or whatever and it wasn't like that. We were from a nice area, my dad always had a good job but that really set him back to be in his, like late 40s, or whatever it was and get laid off. And he was laid off for a year and a half. And that really started me on a journey in my formative years going, wait a second, if we're going to survive, we need money coming in. And that started me a little bit on an entrepreneurial track, I started a landscaping company, which I actually had a company that was listed in terms of a local business and I would walk my lawnmower around until I was old enough to get a little beater truck and all these kinds of, you know, small business, you know, leaf blowing all that stuff. And I remember, being 16 years old and having like, $10,000 and my family was just, you know, how do you have that much money? And I ended up spending a lot of that on my education and some for our wedding and things like that, and don't get me started with how I wish I had 17:50 [inaudible], me wanting to live a life that is on my terms and knowing that uncertain things can happen and things happen with relationships and jobs and whatever else. And I knew that, hey, if I build the skills, if I build the connections, if I go out there, I can make this happen. And so, I wanted to find a partner, I wanted to find a wife who was in that same vein. So, thankfully, you know, through school and things like that, I met my wife and we, safely we were aligned on all the major things like, you know, religion and finance and whatever else, children and so, I think that's really important when you're finding a partner to be aligned on those things, to have the communication lines and yeah, thankfully, my wife is just a, she's genius at saving money and actually, we both are quality people, but spend 300 bucks on the nice outdoor research jacket that has an unlimited warranty, do it, it'll last you 10 years, don't buy the whatever else one that you're going to have to replace every two years and so we buy quality but we don't have to buy often.

**Clark:**Oh, yeah, good advice. So, let's just jump forward here, full picture so we know where you are right around age 30, net worth around 700, paid off 150 in debt. What's your guys', do you have a financial goal? Do you want to retire early or are you just kind of taking this year by year? Any goals for the future?

**Michael:** It's a little bit of both. And honestly, we'll get into this more, but plans are just, plans, and anything can happen. But yes, we do have goals. Currently, we are on track if we continue to save, right. So, fast forward in terms of our income and things like that, my income grew a little faster than my wife's, in terms, just by the nature of my field that I'm in. And so, now our annual income together, my wife now hardly works, she still is employed, but she just works very minimally. And so, we have a few children, so she stays home with them. And so, I'm now in a position where I'm making around 170 and she makes about 10k so we make about 180k per year which sounds like a lot of money but I'll be honest in the area I live in, that's, I'm not going to throw out the word middle class, that's not the right thing, because obviously, it's a lot higher than a lot of people across the nation. But in our area, I think you get low income subsidies, if you make less than $96,000 per year, I believe, so, we do make more than that. So, we're able to save about half of our income per year. So, with that velocity, our goals are to, by age 40 to 45, be in a position where we're financially independent. I may end up, you know, getting a director or VP role within a Fortune 500 company or whatever else and want to continue on that track, that's great. But I might want to try something else and move towards a different adventure.

**Clark:**Sure. So, let's talk career advice because I think that probably applies to people that can connect with you, right, versus maybe someone that is a doctor and making 500 and they feel like they can't quite connect to. So, you started you started at 45, now you're about 170 you say and it's been, I don't know what age you started, I would assume 22, 23, you're now 30--

**Michael:**So, about eight-and-a-half-year career so far.

**Clark:**Yeah, eight-and-a-half-year career and you've increased your income 135,000. So, what, maybe just as you think about that, what's some of the advice you could offer somebody on how you've been able to manage your career?

**Michael:**That's a good question. One thing that's been important to me is to have a growth mindset. When having a growth mindset is, compassion and mentoring and bringing others up, who are, many people invested in me when I was younger, so giving back in that sense is an important part of my ethos. And so, in terms of career advice, you can make-- So, here's the thing, here's the wonderful thing, you can do whatever you want, you can be a doctor, you can start your own plumbing business. I mean, you could just listen to the various episodes of your podcast and realize there's a lot of different ways people make money. But if you look, there's a thread that goes across a lot of these folks. And the number one thing in terms of career advice that I give is, who you know, really matters and continue to learn and develop your skills. They're saying now, at least in the field that I'm in, which is a very hot field right now, your skills are going, almost obsolete from a technical perspective every two years. And that doesn't sound like a long time. But it just means that there's constant learning. So, I began my career in a consulting firm, the nice thing about that is, a lot of different clients, I get to see a lot of different engagements, different industries, different practices, exposure to different frameworks during those times. During that time, my firm sponsored continued development, but then that just became a habit. And so, I have four or five different certifications that are very well known and recognized in the field that I'm in and that just allowed me to get in the door, in terms of the client work. But then I realized that I picking up all these different skills and so I think constant learning, the ability to know what you want and how to communicate that negotiation skills, business acumen, there are many different ways that we could go in terms of a career discussion but being clear with yourself about what you're good at and what you're not good at and working on those strengths right away. If you're in a technical role, but you should be in sales, figure that out early if you can. For my kids, I'm going to say, hey, I'd love to pay for college, if that still exists 20 years from now, obviously, or whatever, but it's going to have to be focused on STEM or something that's going to get you a job. I'm sorry, I'm not going to pay for your history degree, but I have many friends, who went up through high school, college wasn't for them. But they still had technical jobs, and now they work at Google, right? It's like, okay.

**Jace:** No, I think that's a great point, right? Like, we're kind of at this really interesting time in our work history, I guess, if you will, especially in this country, right. Like things are becoming more remote, technology is enabling us to be able to work more efficiently and effectively, we've got artificial intelligence and all the changes that that might bring to the workplace that, you know, a dozen, or I don't know what the percentage is, but a significantly high percentage of the jobs that exist today did not even exist 10 years ago, right? So, it's hard to predict like, what kind of, you know what those jobs might be and you know, whether or not the tradition is going to be to go to college or not. I mean, you have a lot of these CEOs of these big companies saying hey, look like it's not a requirement for us anymore, quite frankly, we care more about their skill set than we do about whether or not they got the skill set in college, to be honest right now. So, it kind of creates an interesting thing and maybe I, you kind of bring up that you have kids and you say, hey, I'll pay for college, if you're going to do STEM. How are you kind of planning financially for college? Are you putting money away for them in a 529? Are you saying hey, I'm going to do something different, just in case they don't go to a traditional school?

**Michael:** Yeah, good question. We do have a few 529s and they have about $1,000 each in them, that's not included in my whole net worth. I just, I'm on the fence about it because I see the current, so-- Career advice, network, it really is everything. If you can get into a top 10 Business School, if you can go to a top 10 computer science school, you have a better probability of getting hired into the large companies, specifically the large tech companies, machine learning, artificial intelligence, robotics, whatever it is, you're, you're potentially able to do from an academic perspective, get into a top 10 school. If you can be an in-state resident, keep the costs of your education low, but live and be in that area, because you're going to build connections. And those connections are going to allow you to expand in your career, the people that I've known, and the relationships I've had are a big reason to where I am because I didn't go to a big name school. I don't necessarily start my career with a big name on my resume. But still knowing what the skills that I need to move into, talking to those people who are in those roles and just being able to focus on teamwork, leadership, organization, being consistent every day, those are the things that, especially in the first 5 to 10 years of your career, besides those technical skills that you should be focusing on.

**Jace:** I think that's great advice. And I think Clark would agree that, you know, they always say, I think Jim Rohn says, "your network is your net worth". But you know, I've found that to be significantly true. Everything, you know, Clark and I are having discussion the other day that literally every single step we've taken has been basically, you know, due to our network, more or less, and the people we've met and the opportunities have come along because of that. You know, it's a big issue you kind of bring up that you are, you know, are divided on what to do with the 529. I kind of recently made a decision to, I've got an old ESA account for our daughter that I, you know, have basically gifted her the money and let her put it in there kind of thing because the income limits and whatnot. But I've decided I'm turning that thing off, just in case my kids decide to go to college or whatever else, you know, I'm going to kind of do it in a different way and, you know, get them working in one of my businesses and have them essentially contribute to their own Roth. And that way, if they ever want to take it out of there, you know, they can take those contributions out for school and we'll figure something else out, if it's not enough kind of deal. So, we've had a little discussion on kind of where you go from here. I'm curious to know, when you kind of started this journey, did you kind of have an end goal in mind of retiring early, or hitting a certain benchmark net worth wise when you started?

**Michael:**Did not realize until about a few years ago, hey, wait a second, but the habits we've created of living below our means, investing in our careers and being able to increase our earnings, okay, in our 40s, more likely than not, even with meager returns, we can probably be financially independent. But in the first stages of my career, it's mostly just enjoying life, enjoying my relationship with my wife, enjoying my friends. And thankfully, those habits were just in place and, but I didn't realize until I think I started reading the Boglehead blog about a few years ago and really started to go, okay. And so, another piece of my story is, after the target date fund, when I was able to and had more access to 401k, with my wife's 401k, I just put it in S&P 500, that ended up being like a sweet deal for us because we had access to the institutional shares so super low costs, it's been great returns. But the last few years, even though I'd love to just be a pure VTSAX or S&P 500, we moved to a place where we wanted a little bit more diversification. And so, we're in a position where I think I'll move into more international funds over the next couple years, just to maybe about 20% of my equities would be in that.

**Clark:** Gotcha. Yes. It's, we often ask that question, right if people are going to reconsider allocating their portfolio or if they are currently allocating it, and it's mixed, right, a lot of people say no, I've kind of chosen this and this is what I'm going to do, or a lot of people say, well, I'm going to keep it this way until I'm 70 or 65, right and then I'll think about rebalancing or redistributing. But as you think about your future here, and maybe your career path, and if you want to do something else in your career, do you think about inflation and future returns and tax situations, and these sort of things? Are these things that you're thinking about or are you just kind of thinking more on a year by year basis as you get closer to making a transition?

**Michael:** Well, yeah, I studied economics in my undergrad and so I do, I was influenced by some folks on the West Coast who have a specific mindset, in terms of their political and economic makeup, but I was able to study some of the history of that. And so, I understand interest rates and I understand inflation and deflation and those major economic milestones that we've had as a country. Yeah, I definitely think about that, I think about what are those scenarios that could potentially go really sideways and it's a measure for 10 times before I cut loose from anything that I've got going now. I think, if I was just to speak a little bit freely, we're in a position in our country where we are talking about a lot of immigration, we're talking a lot about various things that I'm not going to make any stance on those. But there is truth that birth rates are going down, university education are becoming less valuable, and they cost more. We do have a shortage, at least from my purview in the technical field that I'm in and we have a shortage of the type of people that we need. We've got baby boomers who are getting older, they're going to be selling their, you know, expensive homes or moving into assisted living or staying there or transitioning to their next phase of life and who, when they retire, who's going to step up and be the next leadership in a lot of these small, midsize and large companies? And so, is there a baton to pass off the business? That's one thing that I love about what you just said, I would love to have a legacy business or a family business that I could pass on to one of my children. That's a beautiful thing when you can keep wealth and preservation and keep that in the family. I think that that's been done in our country really well.

But let's be honest, we're in a position where we have had a lot of growth in the market, there are a lot of different interesting economic factors that people analyze in different ways and I'm trying to get ourselves to a position where we would be able to have a withdrawal rate that's below 3%, that's what we're comfortable with. But one thing at least, in terms of our goals, you know, equities are, you know, the, quote unquote riskier than bonds. Some people say hey, when I win, when I make it, when I've got my cool 3 million or my 5 million or whatever else, I'm going to transition a lot of it, half of it or whatever else, into stable income, because they want, that totally makes sense and I get that. But I'm looking to transition, if my health allows and everything else, to transition to something that does still make some money and does also still provide my family with medical benefits. So, if I'm able to mostly still live off that, and I have a backup with my portfolio, I'm okay riding the volatility of the equities because I still believe that those internationally and locally will have the highest returns in the long term.

**Clark:** Yeah, it's interesting to think about right and as you shared kind of that piece about immigration and politics and where we're going to go in the future, it just reminded me, I read an article the other week that they said about 20% of the homes in, I think it was 15 to 20%, I can't quite remember ,15 I think percent of the homes in the next 20 years are going to be sold at some point because of the death of baby boomers. And so, one of the questions is, A, is there going to be an oversupply of single family housing, and then B, in a lot of these places that the baby boomers are living, right, that are so rural, right, they're saying maybe some of these millennials and younger aren't going to want to purchase those homes. And so, what's going to happen? So,  just, interesting to think about, you know, as people did for the time that we're in now, right, there speculated about years ago where we're going to be but just things to consider in financial planning.

**[Crosstalk]**

**Michael:** One more quick thing, if you don't mind on that, so my wife and I, after we had paid off our student loans after about five years, you know, we got rid of that 150k, we clanged a little wineglass and that was just a wonderful moment, and we continued those habits, and we started to save up for a down payment on a home. We lived in an area or we live in an area where our savings rate was Incredible, right? Remember 70, 60% of our income, that was not as fast as houses in terms of their prices were growing. So, we thought, hey, you know, alright, now that we've crushed this debt, let's lift our head up a little bit, where do we want to live? Like, you know, kids and all that, like, are we going to do that and what's next? We started to look at the neighborhoods we wanted to live in, and we said, yeah, that's where we want to live. So, we said, okay, over the next year and a half, two years, let's save up 20% down on a house. Sounds reasonable. Well, we're priced out of that neighborhood. Six months later, we go, okay, well, we're 10% down so far, oh, look at the neighborhood, we can't live there, so, let's go a little bit outside. And next thing, you know, two years down the line, we've saved down our 20% on the house that we wanted too, which was in our budget, and we're out of the area that we wanted to be in and so yeah, so we ended up buying a home in a great suburb, not too far, it was 25, 30 minutes to work. Still very blessed, awesome. And it grew, it doubled. And so, the exact thing you said in terms of, a lot of house is couldn't be on the market, a softening, I'm not going to try to time the market. I don't think that's wise, if people want to buy a home or rent a home, it's a lifestyle choice, in my opinion. Actually, Big ERN has had done some analysis on, you know, equity returns versus real estate, single family home returns and for our lifestyle, it just worked for us to cash in on a house that we had, we were able to sell it, put the equity that we had gotten out of that in the sales, the proceeds, we're able to put a lot of that into VTSAX. That just works for us and could VTSAX crashed tomorrow and that been like a really poor decision, well, in the short term, but long term, that's just working for us.

**Clark:**So are you guys, you may have said this in the beginning, and maybe I missed it. Are you guys renting now or did you purchase a different home?

**Michael:** That's right. So, in terms of our lifestyle, we just, we're trying to get to a place where when we make decisions, it's really what's the ideal scenario, oftentimes we make decisions in this box that we live and we think, okay, well, what's the decision that works within this current framework we're thinking? My wife and I looked at each other and just went, what are really, really ideal? Well, living like a few minutes from work, but work's like in an expensive area. When we start looking and in terms of the math that works for our budget, and how the market is where I live, in a relatively high cost of living area, it's actually, you can rent a million dollar home for about $3200 a month, and our mortgage on our previous place was $2500 a month. So, and we had to put maintenance into that, you know, I'm outside mowing the lawn, right. Like, there's all these things to think about. So, yeah, there are more expensive houses to rent, but currently, we do rent and currently, it's actually smoothing the ride, in terms of our finances, and, you know, we're, you know, 30 something year old kids living in a million dollar home, so it's not too bad.

**Clark:**Yeah, so I want to jump back to financial planning here and then we'll wrap up. What tools or resources or books have you used or found helpful for your journey or what hasn't worked for you or what do you recommend for others?

**Michael:** I think that unfortunately, the education in our country across the board doesn't provide the basic tools that I think that need to be in the tool belt of every person. And that can vary across what you think, but for my kids, and for what I want, I want them to be able to understand what they're spending, what they make, all those types of things. So, I use a couple of different tools. I use a spreadsheet a lot for just tracking some things, it's probably not the most robust or the most efficient, but it works for me. Like I said before, I've read a few different resources that are online, mostly, the Bogleheads blog and the Simple Path to Wealth is a good place to start. But there's even more information out there, I use Personal Capital for tracking my net worth and it's been pretty good in terms of that and also understanding my expenses that, for my various funds that I have, and having just a good clear picture. But yeah, I would say, if I could impart anything to your listeners, it's don't fear, don't fear the market. Yes, for the next 10 to 15 years, we could have a very difficult time, we could have a position where we have negative returns or very low returns, don't stress and worry about the future. One part of my story is that I had anxiety and stress about my work, my line of work, the many hours that I worked, and also just thinking about the future as soon as I started to realize, hey, I have these goals and I want to save towards them. I started to get in a position where I didn't have a growth mindset. I got to a place where I hit a wall and I wasn't saying hey, I can climb this wall or there's a way around this. And a big part of my ethos now is, to ensure that I'm taking care of myself, I'm putting my family first, I'm getting enough rest, I'm getting enough exercise and that I'm always in a position where I could say, I can be smarter, I can learn this, I can achieve this and I'm willing to do that and, and willing to invest in others. I think generosity is a big part of our life too. And so, I, over the time when we were having the high savings rate and all that, we still were giving to our church, we're still giving to adoption for a family member who wanted to adopt your child. And so, you know, learning, caring, growing, investing in others, those relationships are what's most important, doesn't matter if you have a 500k or 50k or 50 million, you know, if you're able to look into your account, that's where you're finding your value, then I think you're getting something wrong and I just, I want your listeners to know that, this journey, don't be discouraged, if you're only saving 20% of your income or if you're starting with less than that.

**Clark:** Yeah, really, great advice. And I just want to follow up on something you hit on helping other people, right? Whether that's tithing in a church or helping somebody who you just mentioned, adoption or other situations, right? As, and we talked about this, a couple times on the show when one's net worth increases, I think people find it challenging, or at least they've told us they find it challenging to decide, A, who to help, right, and then B, how much to give. So, how have you and your wife found that balance? Are there certain causes maybe that you prefer or are closer to you? How do you kind of determine who to help and how much to give?

**Michael:**For us, we believe that nonprofits in general have a lot of overhead and I don't want to say that and one of your listeners works for one and that offend them. That's not what I'm trying to do. But I do think that there's a lot of bloat in them and you don't necessarily know where your dollars are going. So, just like Buffett says, hey, "if you're going to invest in something, understand that business, understand what you're investing in". We want to see our dollars and we want to see that in our life, we want to see that in our community. So, if we put dollars towards that, we want to be able to see the benefits and value, not in a way where, you know, we want to get all the credit or anything. But, you know, I think helping families, we do have family that is in low income areas, we do and we're willing to, and we have been able to bless them in ways that encourages specific behavior, without seeming like controlling weird aunts and uncles or whatever else and giving them a book or giving them something that, hey, you, the way you propel yourself forward is learning and growth and building skills and tool sets. And so, we do give quite a bit of our money away and that could help us get to FI sooner, I think maybe we give 15 to 20% of our money away. A lot of that goes to our church or to missionaries or other things, that's just our own personal values and also the things that we want to support. But yeah, being able to be generous with the people in front of you and not enable behaviors, not enable people to be slack. But my kids know that if they work hard if they if they have a mindset that says, hey, I'm going to get my hands dirty and even if I fall down as I'm running towards this, if they're pursuing their goals, they know that I'll always have their back.

**Clark:** So, just a couple quick questions here to wrap up. I'm going to skip some of these generic rapid-fire questions that we normally do. But there are a couple that I want to ask you. Have you ever used a financial advisor?

**Michael:**I have not.

**Clark:**Okay. And then how much do you spend a year annually household spending?

**Michael:**That's around between 65 and 75k, so we're able to save about half of our income.

**Clark:** Okay. And then what's worth money to you, is there something, I think you noted earlier, buying something nice, right and not buying it again, is that what you'd say?

**Michael:**Right, it totally depends on the item. I would love to have a new Audi, or I like cars, but I have an old Subaru and it works well, it's reliable. So, I think Try to keep those main things like housing costs, cars, health, you know, clothing, food, I try to keep those at a minimum. But at the same time, we all have to wear clothes and eat food. And so, it's important to put good things into your body. I think it's okay and good to wear nice clothes. But there are ways, there are sales, there are nice secondhand shops, in terms of where I live, there's a lot of people who went, hey, I don't want this nice item anymore and they put it out on offer up or whatever else. There are ways to have a nice lifestyle and have nice things without getting into the consumer mindset and the consumer culture. We have a nice iPad, we have a couple things but honestly, we got like older generation iPhones. We're not pursuing the latest tech and yeah, okay, once we have 2, 3, 4 or 5 million or whatever we get to, okay, we can live a little, we can buy new iPhones for our family, we can go to Italy on a nice trip or whatever. But right now, it's just more about what value is this item giving me? I want a nice toothbrush; I want a nice pillow to sleep on. We have a nice mattress. I don't need to have expensive carpet. I don't have to have the best lawn mower. I don't need to have the latest tech. So, it just depends.

**Jace:**Do you have one car, or do you share or do you two cars between you all?

**Michael:** We do have two cars.

**Jace:** So, is there something down the road that you really want to splurge on, that's kind of out there?

**Michael:**Talk to my wife, she's the spender man.

**Clark:**You better don't let her hear that.

**Michael:**She going to get her nails done, she's going to get her massages, she's going to have nice stuff from Nordstrom and all that. But yeah.

**Clark:**And what are you going to buy?

**Michael:**Well, I'll probably have some outdoorsy type things. Yeah, some things I can talk about on the show, some things I can't but yeah, you know, climbing stuff and camping and yeah. I like tech. I mean, I'm in that field so I like I like that if I can afford it.

**Jace:** Totally. So, Michael, to wrap up, what kind of advice would you give to somebody who's just starting out their financial journey?

**Michael:**I would say, be consistent. Start with something. Realize that whether you make 25k, or whether you make 250k, it's possible to live below your means. The lower our incomes, obviously it is harder. It's easy to listen to a 30-year-old with making 180k, go, yeah, okay, well, that was easy. Well, honestly, it wasn't even 10 years ago that I was making less than the median income, I was making, you know, 40 something k and I learned the skills, I invested in others. And a lot of people mentored me and gave me the skills to be able to give back to others, and ultimately, put one foot in front of the other, you're going to be in a position where you're out of debt, you have, you're in a position to focus on the things that you want, and whatever that is, your relationships, whoever's in your life who you've love, those people who are in front of you, don't stop putting them first, don't stop taking care of your health and don't stop exercising and doing the things you need to do. It's important to never have regrets either. Some of us come from some dark backgrounds, some of us have situations where we grew up in families that we are ashamed of, or we don't want to talk about or we don't want to be that type of parent or we don't want to be, you know, a union, whatever it is, although they have pensions, we want to do something else. And don't be afraid to take a risk, to follow your dreams, especially early. Follow your passions, start the business, do that early before things get harder, because probably today is the day when your health is going to be best and you can make those moves.

**Jace:**Awesome. That's great advice. It's Michael with a net worth of $700,000, well on his way to millionaire. Thanks for coming on the show today.

**Michael:** It's my pleasure, thank you.

**Clark:**Thanks, Michael.

**Narrator:**Thanks for listening to the Millionaires 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.