**File Name: Episode 131**

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**Debt Free:** I always tell people don't ever invest in anything you don't understand, and I broke that rule for sure. Because I was thinking that some of these websites, like, one of the main ones that I was using at the time, but it's no longer in existence. So, our realty shares someone took it over. But, I was under the impression that they were sifting through hundreds and hundreds of deals and they only hand-picked the best ones, and they were putting those on the website.

**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:**All righty, hello, welcome back to another episode of the Millionaires Unveiled Podcast. This is episode number 131, 131. Jace what's going on man, how are you doing?

**Jace:** I'm doing great. Not a whole lot. How you doing?

**Clark:** Good, staying safe, I'm staying safe man.

**Jace:** Texas is one of those states that's going to reopen. Right?

**Clark:**Yeah, we're starting to reopen a few things. I think little by little, we'll kind of get there. Some counties have extended the stay in place, shelter in place, stay home, whatever you want to call it. For the most part, we're starting to kind of move in the direction of reopening.

**Jace:** Yeah, pretty interesting. So, we've been riding, my wife and I have been riding, for those who don't know, we live in New York. So, we're kind of in the center of it. But we've been riding bikes a little bit just to try to get out of the house. You know, we ride around with our masks on or whatever. And, anyway, so we rode and oftentimes there's glass--

**Clark:**Now, tell everybody what kind of bike you're riding.

**Jace:** I'm riding a little, let me look behind me. Let's see. It's a Raleigh record, it's real nice, I picked it up at a garage sale in Brooklyn for about, I don't know, 125 bucks or something.

**Clark:**Nice chair.

**Jace:**It has a nice chair. So--

**Clark:**So, do you put a cover on it?

**Jace:** Well, it's a road bike, but it's old school. My wife's is old school too, but we we're sitting in the other room today and all of a sudden hear this like pop and one of my front tires went out, just randomly. I don't know why, I don't know if someone like a professional biker, so I am asking you, what happened?

**Clark:** I checked, I don't know, I wasn't there man, but it could have just been a--

**Jace:** It's just sitting there in our little office, just--

**Clark:**Yeah, it could have just been changing pressure or something, who knows man. I get too many flats all the time. I got a flattening out not too long ago and I keep mine. I replace my tires on my road bike probably about every 5000 miles, maybe a little 4000 over miles, I get these continental tires, they're pretty good. But I still get a few flats here and there, pinch flat run over something. And in fact, funny story I just bought six new tubes, two of them from the bike shop, local bike shop, that's all they had. And then I ordered some others online. And the ones I ordered online actually got delivered to the wrong house. So, I thought they didn't come, I was getting all flustered and then my neighbor who's got the same three digits, but a different street brought him back over to me last night, I was like finally and get these things, I need them.

**Jace:** Interesting. If you're changing them every 5000 miles, man that for me is probably like a lifetime.

**Clark:**That's just the tires, the tubes. I mean, I'm changing a flat tube here and there, you know, it's just good to have extra on hand. And you never know, if you're going to see somebody on the side of the road that needs one, you flip it to them, you know, do a good deed.

**Jace:**Right.

**Clark:** All right, interesting stuff. Let's jump into this. So, one of the goals here, I think Jace and I both been sharing, one of the goals of the podcast is to kind of circle back with some of the millionaires and talk to them about how they've allocated and update their net worth. And so, today's the first episode where we're going to do that, we're going to go back and visit with two millionaires that we've interviewed prior and just see, you know, hey, what's the update, and one of them is very specific to this Corona situation that's going on, you know, what are you doing now? How is your allocation changed? What are you doing with the market, and then another one is just an update on his financial situation? So, I think these become really interesting, right? Five to 10 years later, when people start really changing and decades later, then we can kind of track it their net worth as it grows, right. And it'll be interesting for some of these people that we've interviewed that have a 700-thousand-dollar net worth now for example, and 4 million in several years or 20 years, 30 years, right. So, it'll be interesting kind of to go back and see. So, that's what we're doing today. So, there's going to be two different segments. Both of them are actually with Jeff. So, hang with us we'll get exactly what it is.

But just a quick recap last show, we had Tiffany, she had a remarkable story of losing her job and being unemployed for a couple years being on unemployment, and now bouncing back and being a multi-millionaire. She's almost a net worth of two 2 million just shy about 1.7, has a couple rentals her primary residence, she's really a Millionaire Next Door type of person. So, really interesting interview with her. I know that the sound quality was a little bad last week, so we apologize for that. Obviously, we're trying to do our best we can to make it as high of quality as we can. So, the two guests you guys we have on today, one is Jeff. He was Episode 109. We called that net worth that he had; he had a net worth of 4.1. And we call that 150 K and Apple stock in a Yellowstone cabin. So, we'll start here with his segment and then following his, we'll listen to a debt free doctor, and he's Episode 4.8. And he was at about 2.5 million when we initially released that in September of 2018. So, it's been about a year and a half just over a year and a half. So, without any further ado, let's jump in right into those interviews with the Jeff's.

**Jace:**Jeff, do you want to just give everybody a little synopsis of you and kind of what you're up to now. I know that last episode, you kind of revealed that you're going to be retiring and now you have gone into retirement and we know the craziest thing happen for somebody who just retired.

**Jeff:**Yeah, absolutely. First, thanks, guys for having me on. I really appreciate it. I love sharing my story with others and sharing good objective information for others that may be walking that same path, but I live here in the Pacific Northwest with my wife, I have a daughter who's about to graduate from college, and I had been planning for early retirement for some time being that I was turning 52 back at the time, and for a number of reasons I had put off that retirement. And I've been thinking about it for really the past five years or so, preparing for it, most of my friends would tell you, I've been preparing for 20 years or so. But I finally decided to pull a trigger after some large projects at work. And finally deciding I was prepared.

And I retired back on September 12 of last year and didn't know it at the time, but I was retiring in what I would consider to be, you know, the mother of all Mont Carlo simulators, iterations where any of your guests that know how to use Monte Carlo simulators, which is taking all your variables of your current situation to forecast the likelihood that your  funds will last for the rest of your lifetime through thousands of different iterations. And it's tough to get a Monte Carlo simulator to ever give you 100%, it's going to usually, if you've planned really well, it's usually going to give you a 98 or 99%, based on the fact that just about anything could happen at any given time, nothing that you would forecast but something that could happen, you know, the old world war three, or a global pandemic, something like that. So, I still, I pulled the trigger on September 12, like everybody else, I have been navigating these waters for well since I retired. But yeah, over the last six weeks, it's been a rather interesting ride.

**Clark:** Yeah, totally. And we're going to get into some of that. But first, you remember what your net worth was the day you retired?

**Jeff:**Yeah, the day I retired my net worth was, I track it a number of different ways. But my net worth back then was about 4.4 5 million and that's, I use a simple net worth calculation that includes just large real estate. So, I've got my house which is fully paid for. And then I have my little vacation rental cabin as well. And so, those are the only two assets that I include in my net worth and it was about 4.4 5 million. And then the actual investable assets, 3.1 5 million was my investable assets.

**Clark:**Okay, do you remember roughly what your net worth peaked out maybe in February?

**Jeff:**Yeah, and I was looking back you know, I give you a wrong number there, my peak was about 4.35. And whenever I retired, I was at about 3.2, about 4.1. So, my net worth at retirement was about 4.1, it peaked out at about 4.35.

**Clark:** Okay, and now where do you sit?

**Jeff:**My net worth right now is 4.32

**Jace:**Okay. So, you've moved around a little bit with the market but nothing too crazy. But what were you thinking as the markets have taken a dive and I'm sure you were pretty heavily invested, losing several hundred thousand dollars a week kind of thing, you know, over the course of a week or two back in March?

**Jeff:**Right, yeah, sure. And you know, I should say too, I'm tracking the net worth and things, like anybody else, in order to mentally get through things, you know, sometimes I will do things like not check my balances and such to keep my hands off money, to resist that emotional urge, to make trades and such, you know, as, as I've said in the past, I think we even touched on it last time, we tried to dive in. By nature, I'm a trader, but by necessity, I'm a long-term investor. And I always seek to take advantage of what the market is offering at any given time. We're coming out of the steepest decline, I believe ever on record, we went from being a fair percentage up on the markets to down at 36 to 38%, depending on which index you're looking at. So yeah, it's been it's been quite the ride.

And so, at any given time, my net worth could have been higher or lower, but I have my funds. I think this is really important to point out and you may recall this from the last time we spoke, I have two different buckets, if you will of money, I have my pre-tax money, which is money that I'm hoping not to use until I take my rmds. Of course, rmds at 70-72, and then I have what I've always called my bridge account. My bridge accounts are a set of investment accounts that will take me from the day I retire back in September, up through retirement. So, being that I'm 53 now those bridge accounts I'm hoping will last me 17 years. So, I'm living out of my bridge accounts right now. And that's made up of a set of three different accounts, a cash account, a short-term account, which I consider to be two to eight years, and then a long-term account, which is nine plus. So, it's those three different accounts, make up my bridge account, and then I have my long-term money. So, your question about how I got through that period or some of the things that I was thinking. It helped a little bit; I would be down further if not for a stroke of luck.

Now, I do believe that you have to put yourself in a situation to take advantage. Well take advantage of situations and sometimes make your own luck as well. But it turns out now if you recall, at the end, the high on the s&p was about 3395, back on February 19, or so. Coming out of retirement, the thing that I had to do is, I had a qualified guy to my 401k plans from my previous employer, and it was the largest count I have with my 401k. And so, obviously, that's pre-tax money. I have a couple of Roth IRAs. And well, I have one Roth IRA, one regular IRA for my wife, and then I have this 401 K. Two weeks before the high of the s&p, I was trying to find a time where I could roll that over. And I hate being out of the market because that's the best place for yield. I'm not a huge believer in bonds other than you need it for yield and for safety, for fixed income. But two weeks before the market hit a tie, I decided it was time to roll that 401k over.

So, I had to make that essentially roll all my 401k money out of the market into cash. And I rolled it over into my investment account. So, as a matter of just sheer luck, or maybe 10% strategy in that, I was getting uncomfortable with the froth in the market. I happen to roll that money into cash two weeks before everything hit the fan, and it rolled into my Charles Schwab account on the day the SNP hit the high on February 19. So, like everyone else, luckily, in the years before, two years before and then up until the beginning of this year as well, I started a systematic rolling out of some of my more heavily weighted growth stocks, things that have been carrying relatively large capital gains and out of necessity, I needed to roll those out of the Googles, the Apples. Not that I didn't like these issues or these positions, but they were making up a large portion of my diversification. So, I had some more exposure. So, I rolled out of that and into things I just hate, like bonds, and I didn't carry any CDs, but I did roll into some bonds. And in my two through eight account in the bridge, I rolled to a 4060 diversification, 40% equity is 60% bonds and cash. And then in my nine plus accounts, I rolled into a basically with a 6535 or 6040 plan, because this is money I didn't really need for nine to 10 years and both of those accounts I have not traded a single share on because my experience has always taught me in the middle of a crisis like this, you don't  sell. However, there was still no way, even with that portfolio, that I wasn't down at one point on my bridge account, I think I was down 440 k per so, even with that blended wait. So--

**Jace:** Yeah, because--

**Jeff:** Okay, sorry, go on.

**Jace:** No, I was just thinking, because if you reached, I mean, we had you on the show. So, just for our listeners, you're Episode 109, which we call net worth of 4.1 150 K and Apple stock into Yellowstone cabin. So, if you were at about 4.1, we released that in November 19, we obviously did the interview beforehand, but you peaked at 4.35, now you're at 4.32. How have you not taken a hit in the market? I mean, obviously, this 1 million that you rolled, but I guess it's down what 15% or something now from the high at least that's what I think.

**Jeff:**So, yeah, the s&p is down 15.3% from the high, coming off of a high of 3394 back on February 19. So, my savings account, of course, you know, I'm living out of that. So, it's not an issue. My income account is down 6.2% from the high, my legacy account or my nine plus account is what I call it, they call it a legacy account, that again, that's the longer-term money in my bridge, it's down 8.9%. And so, my total bridge account is down 7.4%. So, you might say, gee, that doesn't really add up. Because as I sit right now and down a total of 4.4%. So, you're like, geez, how have you done that?

**Jace:**Right.

**Jeff:**Two things. One, the best thing about this downturn and I'm sure the rest of your listeners who manage their money or actively manage their money will certainly understand this, that when you go into something like this, you need to grin and bear it and reduce risk and make sure that you have good allocations and good diversification in your different portfolios, for the time that you need your money to last. Short term money, midterm money, long term money, and so the best part about this downturn is that I've been able to track my different accounts to find out where it's been performing as a correlation to the market and I have in my head, okay, this is what I hope to achieve with this particular blend of 4040 fixed income, 60 in equity for my two through eight money. This is what I hope to achieve from my 6040 and my nine plus money here's what I hope to achieve in my retirement account.

One of the best things about this downturn was my ability to then go in and take a look and see how I am correlating to the market to my expectations. And what I found is that I was actually correlating at a higher risk than I wanted to. So, I was hoping to maybe be at a third of the market in my two through eight money. And I was hoping to be no more than 50% correlated to the market with my nine plus. So, if the market was down 20% in the longer-term money, I'd hoped to be down 10% and a third of 20% for my two through eight. So, I was able to through this downturn to be able to figure out Geez, why am I correlating at a higher number and I was able to be able to track it back to a fixed income, a Vanguard bond fund that I had, which turned out that it was a corporate bond fund. And so, it fell, what I was hoping it would only fall, say maybe 3% in a downturn like this, at one point it was down 10 or 11%.

So, I was able to zone in, right on focusing, right on that particular position to find out okay, so whenever we come out of this, I'm going to need to look at rebalancing my portfolio, get out of this bond fund and roll it into more of an aggregate bond fund. But the real reason that I've been able to weather this so well is because I had that money in my 401k that had been rolled over. And if you recall, I'm a trader by nature and investor by necessity. While I wasn't anxious to trade this 401k money, I've always been an individual who's been able to balance the technical aspects of market trading versus the emotional aspects. And so, with this money sitting here, and so I have this large amount that rolled over into Charles Schwab, getting ready to, professionally set into a diversification plan for money that I wasn't going to need until 72 beyond. I said, well, I have a great opportunity here with the markets down 35, 38% I can start rolling into some very long-term positions that I feel I'm getting at a bargain.

And so, before maybe I was going to be looking at a 6040 split or even a maybe a 7030 split, but I was really thinking of being a little bit more conservative with these retirement funds. I decided, well, the Marcus as they fall 15%, 20%, 25%, 30%. What a great opportunity to start rolling into some of these larger blue-chip positions who have good balance sheets, who I feel are going to be their dividends are secure, but in 18 months, 24 or 36 months from now are going to be a lot higher. So, I started routinely investing as we hit 20% down at every 5% increment. I was putting another say 10% of that cash to work, hence you know some large names, Microsoft and Abrir, the ones that pay good dividends.

So, even though I wasn't invested, I'm still only invested about 30%. In that particular account that 401k has gone from roughly 983k to, we talk about $100,000. So, it has offset the losses that I've seen in my bridge account.

**Jace:**So, let me just ask you this, because I know you do buy and hold a lot of single stocks. What are you buying now?

**Jeff:** I'm really focusing on beat enough stocks and blue chip names that have what I would venture to guess would be safe dividends, and so good balance sheets, relatively safe dividends, and some of the issues that I will mention here are ones that you might say, geez, right now though, it's not really a safe dividend. It may not be for the next six months to a year but longer term. I believe now that we're in no such flecked, we were back in where we had systemic failure back in 2008, 2009. So, right off the top of my head, one thing I wanted to be sure of whenever I was taking these positions is that I'm taking positions that I don't expect to trade in and out of, unless sheer market volatility gives me an opportunity. So, here are the issues that I've got currently. And I'm really focusing on making sure that I don't have many issues more than about 3% of the overall account, I'm always willing to carry one or two positions that might have four or 5% if I'm really sold on their long term prospects to their current short term price volatility. So, if I'm able to capture a little bit of alpha, things that are going to outperform based on how far they fall in, I'm willing to do that.

So, my top position is Microsoft, at roughly just under 5% of the entire portfolio. My second position is Abrir, my third position is Berkshire Hathaway B shares, JP Morgan, American electric power, Beer, Pepsi, Verizon, Cisco, Home Depot, Alliance data systems, Kraft, Heinz Wells, Fargo, Intel, Annaly capital, I just bought some Boeing as well. And back on Thursday of last week, I decided you know what, I'm going to jump into some of the beaten-up stocks such as TripAdvisor and Sunrise airlines as well. I rolled out of those whenever we got that big market pop of seven 800 points on Friday, it was a one-day hold, but I pulled out a few thousand dollars from both of those because the market gave me an opportunity. And I didn't necessarily see those as long term holds at this time. It was more buying based on I was comfortable with their price action versus what I thought the market was going to provide in the short term.

**Jace:** Yeah, that's what I was going to ask you just because some of the bigger names, right. You have Home Depot, I mean, the banks are down big, right. JP Morgan and Wells Fargo, but then you have others like Home Depot. I mean, they're still down, but I think it's probably like 20% right now. Right? But then you look at the travel industry, whether it's Boeing or Airbus or Marriott or the airlines or cruises, especially, right. I mean, the cruises are down up to 75%.

**Jeff:** Sure.

**Jace:** From their high. Are you gambling on any of those or staying away?

**Jeff:** At this point I'm staying away, because I don't understand those particular industries greater than what their stock prices are doing. The ones that I've played a little bit was more on the hospitality side. So, who knows if their dividend is safe? I would say it's probably not. But Wynn casino is one that I've watched from coming down out of 130 all the way down to less than 100. I missed the run back up to 131 40. And then it just absolutely cratered, falling down to about $40 a share here recently. So yeah, I dabbled in a little bit of wind as well and figuring all right, I'm okay holding this for the long term.

And so, for those traders in your audience, the number one thing that you need to do whenever you're looking at issues is you need to before you take the issue, you need to understand, is this a short-term purchase? Here is what I'm looking, here's what I expect to happen. And for myself, I always buy it with the assumption it's going to be either a long-term hold or a short-term hold. And if I'm buying something for a long-term hold, I know that I'm not going to fret about a couple of percentage points losses here or there. I may put a trailing stop like I did with some of the, like with Wynn casino, and with TripAdvisor and just in case the bottom falls out of the market, it's going to trigger that limit stop and I'll limit out, but on most of the stocks that I take from a swing trade or from a short term standpoint, it's with the expectation that I'm willing to hold these for six months to a year and allow them to gyrate a little bit into the market volatility.

So, Wynn casino, TripAdvisor, Southwest Airlines, I feel good about Southwest Airlines, it has got the best balance sheet in the airline industry. TripAdvisor is one that I follow on, I'm very comfortable with the relative strength that it's showing kind of down at this level I've been waiting for, I believe in support and resistance levels, you know, it's sitting at a good support level where I felt pretty good. The other thing I do is whenever I take the short term positions, I never take 100% position, I take a position of here's what I'd be willing to hold long term if I was all in on this position, but I'm going to break it up into three or four different purchases, until I buy 25 or 33% at a time, which gives me the opportunity to take another position if it falls again, or if it rallies.

**Jace:**Or averaging a little bit.

**Jeff:** Right and so I don't want to take any long-term positions in wild and crazy stocks necessarily, especially in my long-term money. But I was given an opportunity to do to the market volatility to be able to roll into some of these like the Home Depot's. And I'll tell you, I've traded in and out of home depot twice, just because we got a 1500-point rally on the market and the Home Depot went the first time from 140 to almost 170 and I felt like I needed to purchase it again. And then it came back down a little bit, I traded back into it. And almost every one of these positions that I've told you except to our bright green, and that's Alliance data systems and Wells Fargo, even my JP Morgan because I bought into it over three different, as it came down, I bought three different times. I averaged in and now of course, it's not up a ton, you know, it's up 5%, which isn't bad, or three or four-week-old.

**Clark:** Sure. So, Jeff let's just shift gears here. And just lastly, I want to ask you about your retirement. Is there anything you wish you would have done differently or anything you'd advise to people that you didn't know when you were going to retire? Anything that stood out through this whole process? Are you glad overall that you did it when you did it?

**Jeff:**Well, in my particular field from where I was retiring from, which is being with a relatively large financial institution, I was a corporate executive on the IT side. Yes, I'm quite pleased that I retired, one because we had a number of audits that just showed up, in the financial industry, you get audited relatively often. And that's what led me out of the industry in the first place, was just because, you get tired of audits and constant regulation. And we took a very structured approach, but the stress builds up over time. And I've been an executive for 25 years. And so overall, no, I'm very pleased, especially on the IT side, because I was always really careful about how we rolled out technology and things like telecommuters, and such, especially in the financial industry, always want to make sure you're safe and sound from a technical standpoint, and that's, what they paid me to insure.

So, as you can imagine, through the social distancing periods that we're in now, a lot of these organizations, if they didn't move to telecommuting and working from home, they weren't going to survive, they're looking for ways to still be able to maintain our service economy in new ways. And suddenly, the timing, for me personally was perfect. The things that I'm really glad that I was willing to do and what I caution your listeners on is the toughest thing for me to do, was to look at some of my positions, realize that I was over weighted into technology growth and trim those back. At one point last time we chatted in my bridge account, I had two positions Apple and Google that made up a total of 18 or 20% of my total bridge portfolio and there's no way that I could look at that and say, that's a good waiting to have, every fiber of my being wanted to hold on to those positions, because one they were carrying huge capital gains, which meant that I was going to have to take huge capital gains and my last one turned out to be the best year income wise ever.

And so, I was going to get crushed on taxes, but I knew what was far worse would be to retire and have those large technology positions overweighting my account and then have something happen. So, the first thing I would tell your listeners is, you've got to look at your diversification and understand that you may be retiring into that 1% Monte Carlo iteration that hits, something that comes out of the blue that you just couldn't have planned for. And yeah, thank goodness, I rebalanced otherwise, my accounts would have been down far more than they are, I trimmed my Apple position by 50%, and I trimmed my Google position by 50%. I trimmed other positions and rolled into fixed income. And there's very little yield available in fixed income right now. And so, now the market is giving you an opportunity to slowly roll into the markets.

And so, the one piece of advice I have too for your listeners, for those especially sitting on cash, you know, two things rarely, during incredible times, you can't take incredible action, meaning that we're all emotional beings and it's very easy to whenever you see markets going down to panic out, you can't allow that to happen. Thankfully, I've been investing in these markets and trading these markets since 89. And so, I've seen a number of.com crash, the Twin Towers back in 2001, the financial crisis in 2009, as long as you are well balanced, you have a good diversified, or you're well diversified. One thing you can't do is allow emotion to force you out of the market and make trades that are going to hurt you long term, but for the regular investor, and those that follow the money closely, maybe just some of their own investing. It's how can you not be a little frightened by what the market does, you feel like you're not in control. And so, I've talked to a lot of people that say, oh, geez, how do I get into this market? What you do is and I am a huge fan of this, is that you take the amount of cash that you have, and you start a systematic approach to investing that market at say a certain percentage of the world drop in the market.

So, routinely, s&p was at 3394, if you have $100,000 in cash to put to work as the market drops, 5% you put a certain percentage of your available free cash to work. So, 10%, let's say 10% of your money, market drops 5% you put to work 10% of your money, market drops another 5% you put another 10%. If you do that along the way, then if the market drops 50%, you've captured by the time the market is down 50% from its highs, you've now rolled into the market in a very systematic way, you've deployed your hundred thousand dollars in cash in 10% increments, but the markets down 50%. So, you're now averaged in, it's just a very good and safe way to roll into the market. But yeah, that was a long way of saying no I'm pleased I retired when I did. I'm not an emotional being like anyone else and seeing my portfolios down 400,000 for my bridge account, knowing how much I want to take out of that on an annual basis notice.

 I tend to look at and say, all right, I just had a lost in quotes, six years, seven years of retirement and potential retirement withdrawals. But the thing you have to realize, too, is that you don't lose anything until you turn that paper loss into an actual loss. And that's the worst thing you could possibly do. So, you've got to look at your diversification. And you have to make sure that you're well diversified for the period of time that you're going to need that money, split your money up into different buckets, into different time frames, and then don't allow yourself to ever panic and be systematic and pragmatic in your approach. There's very little I would have done differently.

**Clark:**Well, good to know. That's why I wanted to bring you on. So again, everybody. There's Jeff from Episode 109. Just wanted to bring him back on especially because he trades here in the markets and thought it would be a good time. So, we'll launch this episode shortly so everybody can kind of hear how it relates to everything that's going on with COVID. So, anyway, Jeff, thanks again for making time. I know it's early for you on the west coast. So, we really appreciate it. Thanks for coming on again.

**Jeff:**Thanks, guys for having me on, I really appreciate it and looking forward to doing it again if you ever need an update.

**Clark:** Alright, thanks, Jeff.

**Jace**: Okay, so that was our interview with Jeff. Again, for our listeners he was the original episode with him was Episode 109. He had net worth of 4.1 150 K and Apple stock in the Yellowstone cabin is what we call that episode. So, it was really fun to catch up with him. We completed that interview this week and it really interesting to hear what he's doing in this Corona situation. Obviously, he's a little bit more of an active trader than most people, but still nonetheless very interesting to talk to somebody like that in this type of situation. So, that was a great interview. And now coming up, we listen to Jeff, again, debt free doctor. His original episode was episode number 48. And he had a net worth of 2.4 million the initial time we interviewed him in September of 2018. So, please help me welcome the other Jeff, debt free doctor.

**Debt Free:** Hey, guys, thanks for having me on again. I really appreciate it.

**Clark:**Yeah, totally. So, Jeff, let's just kind of get into it. I think you know what you were on episode 48. And, at the time you had a net worth of 2.4. And now you're up to 2.8. So, what's changed in the last, I guess, year and a few months?

**Debt Free:**Well, we have our benefits of allocation has definitely changed. So, we can get into that a little bit later into the, but just, you know, just appreciation, growth with our index funds, changing allocation. But one of the things that kind of got us down, I guess, didn't grow as much as because we purchased a home. So, we're not completely debt free, we're definitely consumer debt free, but we have a mortgage now. So, that has kind of changed a little bit since we last spoke.

**Clark:**Oh, that's awesome. So, let's get into the allocation a little bit. Where is your allocation sitting now?

**Debt Free:** So, I think when we previously spoke, we were roughly about 90 to 95% in the stock market, and the majority of that was in Vanguard index funds. So, we have, and I'm pulling up my personal capital account right now. So, hold on. So, I can tell you pretty much everything, but we've got, so you want me to give like a percentage or--

**Clark:**Yeah, that will work.

**Debt Free:**So right now, we have some retirement accounts and some non-retirement accounts and those are all with Vanguard, I would probably say about 75% of the money that we have is with that. We've got about $150,000 for our kids, 529 plans. And that's what the state, but those are actually, they allow us to invest in Vanguard index funds. So, that's with that, I have about $70,000 in an HSA account, which is index funds, but actually we're not able to, we dropped our health insurance two years ago. Just kind of got out of control. So, we went with Medicare. You're familiar with that?

**Clark:**Yeah, I've heard I mean, not that one in particular, but definitely, you know, all the different health sharing plans and kind of the alternative options out there.

**Debt Free:**Yeah. So actually, I wrote an article about it on my blog, and it was, actually, it has been very well received. I know a lot of people have switched because we were paying, like, we got up. I mean, it got up to like, 1600 a month, which we were paying like 500 a month.

**Clark:**Wow.

**Debt Free:**And so, I started, Yeah, and I started shopping around, found this and we paid 260 huge savings, but in certain--

**Clark:**Yeah, this is crazy, because you don't have a huge family. Right? Just a couple kids. You know.

**Debt Free:**Yeah, I've got two kids, we're not going to be having any more kids. So yeah, family of four we're all healthy, knock on wood. But the kind of the downside which hopefully they'll eventually change which I think it's in the legislature now is you're not able to do an HSA account with that. So, now the remainder of the money that's not in index funds is we have started shifting over to passive real estate investments. So, that's probably one of the main changes that we've had now.

**Clark:**And why did you kind of make that shift and going from investing in securities and in the markets to passive real estate investments?

**Debt Free:**That's a good question. Actually, I kind of got bored. I probably say a few years ago, probably when we got to the point where we were debt free route. As I started blogging more and more, I kind of started seeing what a lot of other people were doing. And a lot of people were going towards or moving towards these types of investments. And once I think another major part of why we shifted to that is because being debt free, we'd lost a lot of our debt. And we're just getting hammered in taxes.

So, that kind of also kind of spurred me to look at other things as well. So, we started looking at some different options, I did not want to be a landlord, but I did like the fact that you could invest passively in different deals. So, you know, we started looking into that, and I started looking at some crowdfunding sites, talk to some people about it, started doing some small deals, initially, just some debt deals. We were basically just, especially you're loaning money and in return, they pay you back a fixed return per month. I did that for about a year, that worked out pretty well then I started getting into some bigger deals like an equity deal. Equity deals, which are worth two or a little bit more money. And the good thing with that you get like a monthly return plus, whenever they sell the property, you get to split some of the profit. So, I started doing a little bit about it as well.

**Clark:** Interesting. So, you shared with us a little bit before the show that you had a deal, actually with a crowdfunding platform kind of go south, you want to just kind of get into the story of that, and maybe some of the risks and things associated with that, that you've learned from, you know, that process and that experience?

**Debt Free:** Yes, definitely. I always tell people don't ever invest in anything you don't understand. And I broke that rule for sure. Because I was thinking that some of these websites, you know, like, you know, one of the main ones that I was using at the time, but it's no longer in existence, realty shares, someone took it over. But, you know, I was on an impression that they were, you know, sifting through, hundreds and hundreds of deals and they only hand-picked the best ones. And they were putting those on the website. So, I was putting my trust in them. So, I decided to kind of step it up a little bit and invested in an equity deal which was an apartment complex in Tulsa, Oklahoma, $50,000 minimum for an accredited investor and credit investors only. It offered a 7% monthly preferred return. So, you would, you know, they were kind of guaranteeing you were going to get, you know, 7% per year for every $50,000 you put in and then about a 19% overall return once it's sold in about five years.

So, basically, you were going to double your investment about five years. And after about a year and a half. You know, nothing was going on with it. And usually you start getting paid after a few months, come to find out, I didn't do my part to bet the sponsor. I didn't do my part to really read about it. And it was in a crime infested neighborhood. People were moving out, couldn't get people to move. Then they tried to sell it, somebody was kind of interested, but the offer was so low they pulled out. And finally, they just basically just fell through. And unfortunately, all the investors, including myself lost our investment.

**Clark:** Wow. Yeah. Crazy story and the crazy piece you shared with us just before recording, is that they raised what was it, 2.8 million?

**Debt Free:**Yeah, I think it was about 2.5 million

**Clark:**2.5 million. So, a huge raise. Right? It's crazy, just to think that everybody lost. And how did Reality Shares, just how did they handle it? I'm just curious. Would they constantly send you emails or what were the updates like?

**Debt Free:**Kind of at first they were but then they just kind of stopped and I guess that's when they were starting to go under and then when this new group came in, they were just basically cleaning it, no telling how many different deals. I don't know how many different deals that happened, hopefully not a lot happened like that, but I'm sure that there were others. So, they just try to come in and do what they could clean up the mess and then just send a few updates, and then that was it.

**Clark:**Yeah. So, it seems like, I mean, it seems like for a lot of people, if that would have happened to them, they'd be a lot less or more reluctant to invest in real estate. Right. Is that the case for you?

**Debt Free:**Yeah, I mean, I definitely was. I learned a lot from that. And fortunately, I was able to start really learning and reading about it because there were just so many people doing it. And really the key to doing those types of passive investing deals that most of the ones that I invest in our multifamily apartment syndications, where basically people are pooling their money to go in and invest in apartments, but basically purchasing a share of an LLC. And the key that I've found is vetting the sponsor, getting to really knowing them, talking to them on the phone, if you need to go meet them, go to physically look at the property.

So, you really know what you're getting. Because when you're making that type of investment, I think that's really important.  But if you can find one that you trust, and luckily, I've found a few that I've actually been doing several deals with now for about two years, that's the key. And these have been really great. So, everything happens for a reason, maybe that was the reason that happened, that I really needed to learn about it and study it to make good educated decisions. And now, what I'm doing is I've actually shifted the content on my website, more towards talking about a lot of experiences and a lot of the different do's and don'ts that people should look for if they are thinking about investing in passive real estate.

**Clark:**Yeah, I like that. And I agree with you on all fronts. I think it's extremely important specially to check out track record and history of what they've done, what they've been involved with. So, how many syndications now are you currently invested in?

**Debt Free:** I am currently in three, and I'm looking at a fourth one right now. I'm also in the process of looking at a commercial building here where I live in my hometown as well. It's actually a triple net lease. So, I'm thinking about doing that as well.

**Clark:**Awesome. So, it seems like just in summary here from when we first interviewed you about a year ago to now you've increased your net worth about four or 500,000, and you're shifting a little bit more towards real estate, it doesn't mean you're going out of the market or pulling out but you used to be pretty much all in the market. And now you're starting to add real estate a little bit to your portfolio. Is that accurate?

**Debt Free:**That's accurate. Yes.

**Clark:**And then any other big major changes? Are you in more bonds, less bonds? I know it's only been a year so probably nothing dramatic, but any other changes within your investment portfolio market wise?

**Debt Free:** It was, no everything that's still in the market is still majority is index funds, no single stocks I have just maybe 1% and some bond funds, one of the Vanguard total market index or something like that. But other than that, everything is pretty much estate as is.

**Clark:** Awesome. And remind us, Jeff, where people can get a hold of you and what your blog is all about and where they can find that.

**Debt Free:** It's, debtfreedr.com, you can email me at, Jeff@debtfreedr.com. It's geared towards doctors and other high-income professionals, you know, started off to sharing my journey of becoming debt free. A lot of the mistakes that I made along the way to kind of help people not make the same financial mistakes I've made, and originally just started off, doing that, teaching that and then some basic investing information. And as I mentioned earlier, it's shifting more towards, you know, building different streams of passive income. And a couple of reasons why number one, doctor burnout is becoming and really not just doctors, just people just are burning out a lot of these high stress jobs. And I had a friend of mine a local dentist actually commit suicide a couple of months ago. And, if I could help people to phase out or really cut back or quit altogether, but a job that they're not happy with, by teaching them different ways to get additional income streams. I mean, that's definitely one of the big goals that I wanted to set, for the information that I put out there. And also, my kids have started becoming interested in it, so that really made me excited to teach them that information and let them you know, if they like it, hey, go for it. But at least they have options, you know.

**Jace:**Yeah. So, speaking of which helped remind me, how old are you?

**Debt Free:** I am 45.

**Jace:** And do you have a retirement goal? Or is there a time your kind of going to hang it up, anything in mind or just keep going?

**Debt Free:** I would like the ability in 10 to 12 years if I wanted to really cut back on practicing, or bring someone in just totally in phase out, but I would never, I'm never going to retire, I'm going to always be doing something I'm looking at maybe at that point, have an option to get a little bit deeper into real estate investing, you know, new stuff with other people. So, that's kind of what I'm shooting for now.

**Jace:** Nice. And then I know you mentioned you bought a house right in the last year or so. How much was that and how much are you leveraged on that and remind me did you sell a house to buy it?

**Debt Free:**We're actually still living in our house right now that's paid for so we're in the process of remodeling. We owe about five Hundred on it now. And after we remodel, we'll just sell our house. And we'll just, put all of that money into it. And my goal is to have it paid off in about four or five years, but I'm not in a, you know, I used to just be in a big hurry, you know, to do kind of that stuff. But now that I kind of understand, there's different options out there. And so, I'm not in quite as big as a hurry as I used to be when I had a ton of consumer debt, like student loans and that sort of thing.

**Jace:**Sure. And just for our listeners, maybe they haven't listened to your original interview, how much in student loans and debt did you have?

**Debt Free:**We were close to about $300,000. But that was close to 20 years ago. So, I know now, you know, when people are getting out, it's considerably higher, probably $600,000 or more, more is the norm so it's just getting worse and worse, unfortunately out there.

**Clark:**Yeah. It's scary. I have a couple cousins that are in med school and they've chosen, and several uncle's and chase does as well and his family and a lot of at least my friends and her cousins and family have chosen that military route to just kind of try and avoid that. But then of course, you have to give years of service afterwards, right, but an option that a few people have chosen. So, Jeff, where do you kind of go from here? Have the goals changed at all if they have? Do you have a net worth goal, passive income goal, real estate owned goal, anything like that?

**Debt Free:**Well, I would like to get to the point where my passive income is exceeding our monthly expenses. So, I think once I do that, whenever that is, I would be able to make the decision. Do I want to keep practicing? Or do I just want to, you know, move on to something else, you know, who knows that 10 to 12 years what I'll be interested in doing? I will still have an option.

**Clark:** Yeah. And what are those? What are your monthly expenses right now?

**Debt Free:** Right now, it's anywhere from 12 to $14,000 roughly, but with, you know, that's definitely going to change once we move into the house which will be about another six to eight months. So, we'll look it at that time and kind of readjust. And with the kids going to college in the not too distant future again we won't know the exact amount depending on what they get scholarships and that sort of thing. So, we try to live well below our means as much as possible. So, we do have that, you know, leeway.

**Clark:** Awesome. Well, hey, Jeff, thanks for coming on the show. We appreciate it, your net worth of 2.8 million. Thanks again for coming up and giving us a little recap about where you're at.

**Debt Free:**My pleasure anytime guys. Thanks again for having me on the show.

**Jace:** Thanks Jeff.

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