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**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:**Alrighty, welcome back to another episode of the Millionaires Unveiled Podcast, this is episode number 140. Jace, what's going on man? How are you?

**Jace:** Not a lot, doing great, just got done a little workout, you know, just reading the news, checking up on things, looking at what we got ready for the week coming up here and kind of we're hitting full stride into the summer. What about you all?

**Clark:**Yeah, what did you do for your workout, peloton?

**Jace:**No, no I did some CrossFit tonight.

**Clark:**Okay nice. I just went on a run.

**Jace:** It's amazing how much better you start feeling when you consistently do it, you know?

**Clark:** Two, three times a week, you don't feel it as much but four, six times, it starts making a big difference, more energy at work, more engaged.

**[Crosstalk]**

**Jace:**We got to get you on Strava still, though, still pushing, pushing to get Clark on Strava.

**Clark:**Let's see what this thing's called, Run tracker.

**Jace:** No, we got to get you uploading that on the Strava, it's like this social network of workouts, cycling, running, it'll put all that on there for you, track it, everything.

**Clark:** Yeah, the social networks, none of which I have.

**Jace:**Clark's not a true millennial, no social network.

**Clark:** So, it was pretty interesting, last week we had Matt and a lot of people wrote in about his spreadsheet, we're still working on getting that from him, we've been emailing back and forth with him, so trying to get a clean version of that, that we can distribute to those of you who have written in and we're also working on our own. Jace and I both have a spreadsheet that, I mean, I haven't seen yours yet, you haven't seen mine, but I assume somewhat similar that we use to track our net worth. And so, that's something we're piecing together, we're going to use both of ours and others that we've seen and so if there's something you're looking for, or you know, if there's one you've come across that you like, or something like that, that's one tool that we're working actively to put together as a spreadsheet that can track net worth. Because a lot of these tools meant you need to budget some of these other ones, they're good for some things, right, mostly budgeting, but a lot of the times it's hard to track your net worth or they're not necessarily built for that.

**Jace:** Yeah and it's a common thing we ask our millionaires, right, is what tools and things that they use to help them and you and have got a spreadsheet and I think the spreadsheet serves its purpose and we've built it, you know, somewhat customized for ourselves, but I have a lot of complaints about my own, even though I can't really change it much, because I think there's things out there related to technology and being able to, you know, access things via our phones and being able to look at graphs and look at things, you know, trend over trend differently than what we can produce in a spreadsheet, and being able to kind of have those at our fingertips versus digging into a spreadsheet. So, other than getting this all together, you know, I think our millionaires in general, have a wide array of apps and things that they use, you know, that have helped them over time, whether it be for budgeting, or whether it be for, you know, tracking their net worth, or whether it be to, you know, certain investments that they might be interested in or trading apps and we've gone through several of those and I think, you know, we'll be putting together, basically, kind of a best use manual, if you will, you know, for, you know, wealth strategies, and in terms of building your net worth and tracking where your money goes because I really do think it is important to do so, it's one way that we are able to keep score, you know, amongst ourselves and kind of track progress year over year, I always find it interesting when we have some of these millionaires that come on. Like the one today where he's, you know, he says, hey, I've been tracking this since I was, you know, in my early 30s and he's in his late 40s now, and he's got his net worth it, you know, I think what he say $57,000 when he was 32 years old, and now he's, you know, worth over $2 million, you know, less than 17 years later, it's pretty remarkable.

**Clark:** Yeah, and one thing I think we've hit on this show before, and probably if you're a longtime listener, you've noticed is a lot of our millionaires don't budget. In fact, the majority of them do not, that doesn't mean they're not aware of their spending, or they know where their money's going, but they're not actively using a budget each month. But I think it would be fair to say, Jace and you correct me if I'm wrong, if you feel otherwise, I would think, I don't know, 80% of them or 85% of them are very aware of their net worth, right?

**Jace:**Totally.

**Clark:**Probably, I don't know what 20 or 25% really, really actively track it, in the sense of some sort of spreadsheet or some sort of tool, right, where they're actively looking at it and updating their net worth.

**Jace:**Yeah, you know, I find it interesting you and I spend, spend our world, most of our worlds so far at least in in financial statements of companies and our own and everything else, and using that data to one, analyze, but two, make decisions, you know, and typically, you know, companies got, you know, a balance sheet and income statement, or P&L, and then their statement of cash flows, and how many people don't look at that level of detail, you know, in their own household, and our millionaires are definitely ones that do, and that pay a lot of attention. It's not necessarily that they're completely 100% focused on that net worth only, but it's definitely a measuring stick to kind of see what progress they're making and maybe where they want to make changes or make different, you know, where their risk tolerance might be, one to another, you know, which goes into kind of the comment that I think we just got, You know, a review on Apple iTunes. I mean, he alludes to that exactly,

**Clark:** Yeah, so I'm going to give him a shout out that was, Follow Your Curiosity, looks like he's from Australia, his review on iTunes says, "I've listened to every episode and can say for certain that Jace and Clark have given the world something of immense value. After a while you can pick up on the patterns and habits of the millionaires and review yourself, start initiating their habits in your world and alter the trajectory of your entire life. You can even see clearly the differences between the strategies of the deca-millionaires and your typical millionaire next door. And finally, it seems to come full circle and remind those of us seeking to become wealthy and free that once you achieve your first million or more, you'll understand that family, friends, health and a purposeful life are more important than how wealthy you are". So, thanks again to Follow Your Curiosity. If you listen to the show and you enjoy the show, if you learn something from it, if you get something out of it, we appreciate any reviews we get on iTunes, Stitcher, whatever platform you listen on, it helps us grow the show, reach new interviewees and keep this thing going. So, again, we're working on that net worth tracking spreadsheet, hang tight with us, we'll get to that and also working on this new website that should be up here in the next probably couple months here, right, Jace? So, pretty cool stuff, but taking some time.

So, Matt, we had last week that was an interesting interview working on a spreadsheet again, to get it to those who've asked us, net worth of just over 1.3 He lives in a townhouse that's worth 75,000 and is only 30 years old. He's a financial planner. So, a really great interview with him. If you missed that, that's Episode 139. Today's show, as Jace alluded really interesting interview with John, he has a current net worth of 2.2, he has about 750 grand in real estate and about a million dollars in cash and investments, which include all his retirement accounts and 529. John is 49 years old; he works as an airline pilot. And as Jace mentioned, he had a net worth of about 57,000 or just 57,000 in 2003 when he was 32 years old, so In about 17 years, he grew his net worth by about 2.1 million, so pretty remarkable.

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

**John:**Sure. Thanks for having me on. 49 years old, I live in the Dallas Fort Worth area, married to an awesome wife, we've been married for 20 years, know each other for about 25 years, we have two teenagers. My total net worth right now currently is 2.2 million, which includes the house, without the equity and the house, 2 million, total liquid, about 1.2 million and that's spread across my 401k, both our Roth IRAs, 529 for the kids and real estate, we have about $1.5 million worth of real estate, 840,000 of that is equity and we own nine single family rentals. We started buying notes about five years ago. Let's see, I hit my first million three years ago when I was 46 years old and I started keeping track of all this was about 32 years old. In 2003, I had a net worth 57,000, that's when we had our first daughter. At that point, I basically wanted to retire and have $1 million, I thought I could live, we could live comfortably at $1 million in 2003 or 2000, somewhere around there, which would be 2.4 million and my retirement age is six years old. So, basically, I calculate, I just need to save 750 bucks, I got on one of those free online calculators and if I save 750 bucks a month with what I had, calculate 3% inflation, give or take and I guesstimated around, I think 8 or 9% on my money, I would have that magic number, $2.4 million. So, basically once we had kids, I just put on autopilot, my wife became a stay at home mom and just kind of put the money in age-based 401 retirement mutual fund and just never really thought too much about it. I wasn't making that much money till probably I hit my 40s. I'm an airline pilot right now for a major airline. In my 20s, I was, you know, building my hours, struggling to just these random jobs, just kind of require hours so I could get on with airlines. So, in my 20s, I averaged about $18,000 a year. So, I wasn't making that much money, but I was still always wanting to pay myself first, save about at least 15% of what I made and just put it away and didn't think much of it. My 30s, I was probably making average, through my 30s, 50,000 a year and then my 40s averaged around 90 to 100,000 a year. I didn't make my first hundred thousand dollars a year until I was 46 years old. So, I wasn't making a ton of money but I read that book Millionaire Next Door a while back and what was interesting about that, was just average jobs, average salaries, and it showed how these people can become millionaires.

So, we've always lived a very frugal life. My wife fortunately was on board with this life, so I was just saving up money so she could be a stay at home mom, she's a registered nurse but she was eight months pregnant with our first child, she said, she told me she wanted to be a stay at home mom and quit her job. And so, I thought, oh my gosh, there's no way we'll be able to afford this. But I said, hey, if we can save 750 bucks a month, pay ourselves first, live a little frugal lifestyle, no problem at all. So, that's kind of where we're at. She ended up going back to work about five or six years ago as a school nurse. So, our income has increased quite a bit with hers. That's kind of where I'm at now but the money to somehow snowball to $2.2 million in our net worth. And like I said, we really didn't think much of it, just kind of put it on autopilot and started dabbling with rental properties five years ago, just because I always wanted to and I used to listen to and read Dave Ramsey, and he was really big about not having any kind of debt, other than maybe a mortgage and even that, get it paid down. So, that was sort of my mentality for many, many years. So, my first rental property, we bought five years ago, actually with a vacation rental in Branson, Missouri, we stayed up there at a cabin very similar to it, and we paid cash for it, because I thought that's what you're supposed to do, don't ever take out more debt, so we did it. We pulled out about $62,000 out of our Roth IRAs, you know, you can take up the principal, without taking any tax hits on it, pulled out about 25 or 30,000 and savings and then I got a home equity line of credit on my house for like 38,000. So, we came up with 130,000 and got our first rental and that was kind of how we got started in real estate and just been slowly buying more ever since, most with leverage through banks, but we did end up buying another one with cash, a cheaper one, but that's kind of where I'm at right now.

**Jace:** Awesome, let's get into some of the details here because it's quite remarkable. You start out, you're making 18,000, you get up you don't hit six figures until about three years ago. How did you start putting some of that money away when you were in your 20s?

**John:**Yeah, it was crazy. The first couple years out of college, I was a flight instructing and playing corporate and just random jobs, not making much money at all and I got a job applying for a cargo airline, I think I made 13,000 my first year, in my first year, in the regional airline, I made 15,000 so I wasn't making much money at all, but I always wanted to make sure that I saved money. So, I was living off cereal and spaghetti and whatever I could to save money. So, even when I proposed to my wife, and we dated for about four years before I proposed, I wanted to had cash, I had $5,000 somehow saved up so I knew I was going to propose to her eventually, and we bought our first house, I somehow scrapped money just to be able to have that. So, I was always just really against having debt and just wanted to have a, just get ahead of thing. So, when we were in our 20s, for example, and even 30s, gosh, probably until I was 40, we get those coupon books, I don't know if they even sell them anymore for like probably 20 or 30 bucks, I think they're like 20 bucks, buy one get one free, restaurants, activities, entertainment around, you know, the area. So, every time we went out to eat, it was like, we didn't go out very often, but it was like, where do you want to go? We'd go to the coupon book and look for buy one, get one free. But that was just kind of our mentality. If I pay myself first, whatever we have left over, this is how we'll have to live our lives. Our vacations, we did it really cheap, so we were able to just get by off not much at all. And anytime I had a raise, I would just do that lifestyle creep, I wouldn't let that kind of interfere with our lives, I just started chucking that away. So, I started again, Roth IRAs, probably in my late 20s, early 30s. I wouldn't tell my wife but I would just, if I had an extra 500 bucks at the end of the month, bam, I'd throw it in there, back and forth. And some years I was actually able to max it out. Some years I was able to budget in zero in there, just the cost of living and everything going on in life, but I was always able to somehow save money and we're always somehow able to get by. And in that book, The Millionaire Next Door, one of the common denominators of these, is just average people that became millionaires was, if their wife was on board. Fortunately, my wife was frugal, and she was on board with all this so whenever I did get raises, we would spend a little more money on some things, but I probably suck 80% of that, whatever that raised was in our Roth IRAs or somewhere, but we are somehow able to manage that. I always drove cars that were worth probably less than 1000 bucks. I mean, I drove beaters until just last year, when I was 48, I finally bought myself a used $24,000 car. So, I was driving, carpooling and kids in my old minivan. I mean, the liner seems to be hanging down, we must have had like 30 or 40 like little safety pins holding that thing up, it smelled bad, had dents in it, it was just faded. My kids are just mortified that I had to drive all these kids around from school to dance studios and this and that, we just kind of got used to it and I finally bought my car like it was like a three years old Nissan Pathfinder for 24,000. It had all the bells and whistles like leather seats and automated this and automated that. And my daughter, we drove home, and she says, oh my gosh, dad, this is your new car and we're driving around, she says, are we like millionaires? Like this is crazy, I'm like, maybe. She's like--. Yeah, so and I thought, you know, I only have, one is a freshman, my son's a freshman, daughter's a sophomore so I only him for a few more years. I'm like, I might as well splurge a little bit, live it up, we're doing family vacations and they just dread getting in, this little tiny Dodge Caravan or whatever. Anyway, yeah, we're able to somehow manage and everybody was kind of on board with it. My kids would always make fun of me they still do, like my phone is my hand-me-down from my kids, I am okay with stuff. All my shirts and clothes I get from, I run marathons, I do the Boston Marathon every year and did get into triathlons and do an Ironman. So, most of them wardrobe is like just free shirts they give you, you know, like finisher shirt or whatever for their thing. So, we just really don't spend that much money, we're kind of frugal. My wife, she buys her clothes on clearance like, for example summer stuff, she'll go by now and get on clearance for like two or three bucks or whatever. And then when it's summertime, she'll buy her winter stuff and a lot of times, she'll just like sleep on it, she'll see something she really wants and then she'll tell me about it and she waits 24 hours or something and see she really needs it then she'll go by the next day. But that's kind of how we've been able to get by with not much, but I feel like I haven't really missed out on life. I was able to be around our kids and watch them grow up, like I said my wife's a stay at home mom so she was there until the kids are about 10 years old and I've been with the airlines since 97. So, I've been on call, reserve basically, you're on call about four days a week, you don't make as much money, but you get a lot of time off. So, sometimes I only work one day a week, sometimes two, sometimes I go three weeks, without even getting a trip. So, the whole time I'm on call, part of the day, I'm hanging out with the kids, I'm at every activity, every event, I'm carpooling and just getting a lot of good quality time with a kid. But we decided that that was more important in life is to have a lot of time off and just focus on our family and focus on that. And I knew if all our investments were kind of on autopilot in the stock market, and now in real estate, everything will kind of work out at the end, so you know, maybe once a year, I check my portfolio, see what's going on, sometimes twice a year and just kind of track, make sure, you know, maybe I need to rebalance some stocks, here, there but that's kind of how it's been going.

**Jace:** That's pretty cool, John, because I think most of the people that we have on are regularly tracking and kind of updating things and maybe even maintain a budget of sorts or some spreadsheet to track their net worth. So, pretty interesting to hear that you only track it a couple times a year to check it out.

**John:** Right, I get on there probably, you know, once a week and I might look, to kind of see what's going on, especially if a stock had a big day or something else like that, I'm just kind of curious. But I don't really, I don't really focus on it too much, I know everything's kind of in a good place, and it's good. It's going to be just snowballing. So, that's kind of my mentality.

**Jace:**Yeah. So, I want to back up a little bit here on your allocation and then talk about these rentals and kind of keep moving on. So, your allocation in the market are the money rather you have in the equities, is that index funds or mutual funds, bonds, how are you allocated in your money in the market?

**John:** For right now, I'm about 73% of all our 401k and Roth money in stocks. So, in my 401k, I've got 800,000 in there, and only 210,000 is in three mutual funds and six index funds, but only 210 of that 800 thousand is in that, the rest are just in stocks. Our Roth IRAs, they are 100% in stocks and then we when--.

**Jace:** And when you say stocks, you mean individual stocks?

**John:**Yeah, individual stocks. So, a total of 14 individual stocks is what we own between our two Roth IRAs and my 401k. I moved a lot of money in my 401k into like a brokerage account where I can just buy individual stocks. I started doing that maybe five years ago or something, just kind of dabbled a little here and there and I ended up just by luck, doing pretty well on some of the stocks I was picking. So, I just have been kind of keeping track and I've been beating the S&P and the stock market. So, I've just been kind of moving money into that so I'm not paying all those names and C's and mutual funds and stuff like that. And I've been doing pretty well, watch the CNBC and listen to the analysts on what they're talking about and I kind of get a vibe for certain software, I feel you like happening, whether, a lot of like technology stocks like that, like, get into Facebook and Amazon. Amazon's biggest position, I think I've got about 270,000 in Amazon, it's been going up and I used to, if a stock doubled, that's what Jim Cramer would say, if your stock doubles, you got to, he call you a pig, if you didn't sell it. You need to like take off like 50%. So, I used to do that with Apple, sell 50%, buy something else. But now, I just own some hot stock because it's been going up like crazy like Amazon, Facebook and Netflix, I just let it ride. I kind of get some of its house money until it starts crashing down, maybe 20%. Maybe I'll take some money off but I'm like, man, I end up selling all apple and I get taken money off and it just kept doubling. So, that's kind of how I've been doing that.

**Jace:** Gotcha. So, do you ever think about just rolling everything into like an S&P 500 index fund or you just kind of enjoy playing with the single stocks or just let it roll and whatever?

**John:** Yeah, I think for now, I probably will put in some kind of an S&P 500 fund as I get closer to retirement age. They move the retirement age from 60 to 65 now, so I've got an extra and I love my job, I mean, I'd fly for free, that's how much I like it. So, I'll probably go until 65 but I've always planned financially to retired at 60, you know, who knows, I might have a medical problem or I might get burned out but as I get closer to retirement, maybe around 60 or something, I might put a larger percent in some kind of an index fund like that. But right now, I kind of enjoy it. If I get burned, you know for six months or a year or something else like that, then I'll probably rebound but for right now, I'm just going to let it ride and 73% stocks, maybe bring in more.

**Clark:**Yeah, so these rentals, let's dive into it. I know you mentioned to Jace how you kind of got started and bought this first one, but maybe give us a high-level overview. You said you have nine rentals, is that right?

**John:**Right, so 2015, we bought two, paid cash for both of them. First of one was a 130,000, the second one was I got it, was like a foreclosure, a vacation rental, I paid 60,000. About a year and a half later, somebody offered me 100,000 for it, so I wasn't even looking at for sales, so I decided to sell it and dabble into single family rentals in the Dallas Fort Worth area. So, I did a 1031 exchange on it, so I basically made like 40,000 off it for holding it for only a year and a half, didn't really do anything to it. And that was the first time I used the leverage on a rental, so I got a little less than 1% on the rent. So, I think I paid about 225,000, getting 1950 in rent, so then it kind of got the idea, saw how using that leverage really could work to your advantage. So, I took a home equity loan off our house about three years ago, took out 100,000, use some of it to upgrade our house, fixed up a few things. But I bought three rentals, just putting 20% down, two of them were at $125,000 range and one was 100,000. And I just saw how well that, how that leverage is working on those rentals, and I was making about probably 200 bucks a door on each house, a 15-year loan. So, that's kind of how I got going about 2017 and then from then, I've been buying about one or two a year. I bought actually three in the last seven or eight months. So, my first house, I paid cash for, decided to do a cash out refi so I paid 130 for it, it appraised at 200, the bank gave me about 146,000 to help and even that money, lowball and got a house, fixed it up, put some tenants in it, went to the bank, literally like three months later, and they gave me, let's see 70% cash back, use that cash, made a lowball offer on another house, got cash and then same thing about three weeks ago, I made another offer, a cash offer and took the money out of that house. So, that's how I've acquired some of my houses, so I own two outright and then the other seven, we've got loans on. So, after all my expenses, I don't have any, I have a property manager just on the one vacation rental in Branson, Missouri. But all my other ones, I just manage it myself. So, after all my expenses on all my rentals, our net income is about 3000 bucks, like 3400 bucks. If nothing breaks, that doesn't count cap acts or saving money--.

**Clark:** And that's per month?

**John:**Yeah, per month so you know, you're going to have, like last week, I had a gas leak in one of my houses, it cost like, which was like 4000 bucks. It was a big deal, but no big deal, I'm bringing in about 3400 bucks a month so I didn't make any money that month, I might go six months without having a major issue, so I've got positive cash flow on that. And most of my rentals, I've got, my tenants are either like handyman, construction men or people who just really appreciate having a house, maybe 100 bucks, 150 bucks, under the going rate so they don't bother me for anything, little things break, they seem to kind of take care of everything. So, the property management side of the rentals so far has been really easy for me, knock on wood.

**Clark:**So, you manage everything yourself?

**John:** Yeah, so I manage everything myself. And I just call, if something breaks, I call somebody else to go over there. My wife was getting a little irritated when I started buying more than, gosh, after I bought my second or third rental, she was, kind of freaked out that we're buying houses, now we're leveraging, getting these big mortgages and we go to the bank and sign and she was really against me buying rental properties. And then I'd go over and fix the house, a little plumbing, take me like, like six hours or it could take the plumber, probably 30 minutes, I'm running back and forth to Home Depot and spending time away from the family, and she kind of slipped out about that. So, I promised her from that point on, I won't go and fix anything, I'll hire somebody to go do it. It's no big deal. So, she's been a little more on board with the rental properties in that regard, but I figured I saved about 1000 bucks a month on property management fees. So, no big deal if I got to pay a guy 2 or 300 bucks’ cash to go fix a plumbing problem or whatever, its money well spent to keep my wife happy.

**Clark:**Yeah. So, let's talk about how you find them and where they are, are they all general area and do you connect with a broker, do you just look online?

**John:** Yeah, so initially, I had a broker, but I found it best, I bought most of them probably off the MLS, I just go on Zillow. And I would use the listing agent and I would say, I don't have a broker, I'll go with you. And they would give me, usually a little more information than they probably should because they're representing the seller, and I could kind of feel them out how desperate the seller was. So, I found I can get a lot of intel by just going through the listing agent. So, that's how I come up with some really lowball, borderline, holding offers, because I kind of knew how desperate the seller was. And what I found, that worked out pretty good. A couple properties I got through word of mouth, a friend of a friend said hey, this guy's selling a house and it needs a lot of work. And I would come in and say, hey, I could get cash because my cash out, I would take usually about three weeks from my bank. My credit union is pretty good about it. So, I tell these people, hey, I'll make a cash offer, I can close in three weeks. And that kind of sealed the deal on a couple of those but I'd say mostly through the MLS and I've only rehabbed two houses completely, you know, one house I spent about 50,000 on the rehab, and then the other one I spent about 26,000 and that's worked out pretty good. And I just hired all out.

**Clark:** And they're all pretty close to you, same general area?

**John:**Yes, they're all, most are within 20 minutes, a couple about 30 minutes away from me. I like to kind of keep them close so if something happens, I can just pop in and check it out.

**Clark:** Yeah, yeah. Well, good for you and is the plan to kind of keep growing that real estate portfolio or--?

**John:**Well, I promised my wife when I got rental house number six, that would be the last and then I kept finding good ones. So, in one point, I think we hit like rental house number seven or eight, she's like, this is ridiculous. How many are you going to get, like 10? I said, well, secretly, 10 was always kind of my goal because each house makes about 1000 bucks a month, after all my expenses, 1000 to 1200. So, I thought, if I get 10 houses 10 grand a month, and they'll all be paid off, I've got them all, the ones that have a loan, they're on a 15 years loans, so when I'm retired, probably about two years before I retired, they'll all be paid off. So, I thought 10 grand a month extra would be nice. It would help me sleep better, in case the stock market, you know, crashes for, I don't know how long, 2, 3, 5 years or something like that. We can live off 10 grand a month, so, even if we couldn't pull any money on the market. So, my plan was, a few years before I retired, just maybe pull like, three years’ worth of living expenses out of my retirement account, and just put it in cash, that kind of a bucket and then just live off of rental properties and some of that cash, and then just kind of let it ride, how the market goes. But that's kind of the plan. So, 10 houses, you know, I think I'll stop and that's easy enough to manage 10 houses but if I get more than that, it might get, be too much of a handful. You know, the worst is like it seems like I'm always on vacation, like my phone blows up, air conditioners are going out or major things. I'm like, oh no, but I think 10 would be easy enough.

**Clark:**So, how do you handle that, you just made connections with people that can go fix it even when you're out and you just give them a call and they go handle it?

**John:**Exactly. So, usually, almost all the communication is through text. So, for example, I was on a date with my wife couple months ago and the AC went out so we sit down at happy hour and she hates talking about rentals, she hates talking about finances, she can't stand it. So, I get a text from my tenant that the AC went out and it was a pretty hot day so I just text my guy and said hey, can you send a guy out tomorrow to check it out? And it was all through text, no problem at all. So, she went to the bathroom and came actually and go, what was that about? Oh my god, nothing much, just 31:56 [inaudible]. But yeah, no problem, it was $3500, I need to buy a new 32:01 [inaudible], 3500 bucks but when I bought that house I knew is an old system, it was getting old any minute so it was no big deal, I had the money, you know set aside and prepared for that. But yeah literally, it's just little text messages here and there and I've got, I got a plumber, I've got a handyman, I got a HVAC guy, I got whatever that can deal with that and I don't have to deal with it at all.

**Jace:**Good for you. So, price range, what are they and is it, how many bedrooms, how many bathrooms?

**John:**Most are, gosh, probably about half price about half or four bedroom, two baths and the other half are like maybe a three bedroom, two baths. So, the price range, the one I just picked up a few weeks ago, my cheapest house is worth about 100,000, I paid 75 cash for it but the average house I'd probably say is worth around 180,000. Most expensive house I have is 260,000 but as far as rent, you're looking at probably 1200 to 1600 a month on most of them. My most expensive one is 1950 and we're at, some more of that range. But each one after all my property taxes, all my expenses., like I said, I'm looking at about 1000 to 1200 a month. And I find that these are cheaper homes, their neighborhoods that aren't great, class C neighborhoods, maybe C pluses, not the greatest School District but I like these houses because these tenants seem to be lifers. They don't seem to be the college educated, they're going to save money and end up buying their own home. These people act like they want to live in a house forever, they even want to buy my houses. So, I kind of target that range so in the North Texas area, you're talking about 120 to 100, you know, 60 to $70,000 range, there's a huge demand for those. And you can usually get about 1% in rent from your purchase price and that's going to cover everything, and they can be 100 200 bucks a month.

**Clark:**So, I just want to shift gears here a little bit, John, let's talk about career a little bit, how much is flight school and where did you do that? Did you come out with any debt?

**John:** So yeah, so I got my private instrument commercial license in college. My dad fortunately or my parents paid for all my flight training, so they probably spent,  I graduated college in 93, probably 15,000 or so is what they paid, these days, it's about 80,000 to go zero to be ready for the airlines. You need to build up your hours for a couple years to get your hours but 80 to 85,000 and you can get all your ratings, but back then, it was probably like 15,000 but fortunately, my parents covered all my college. So, I had zero debt, I guess I should have said that earlier. Having zero debt coming out of college was huge. And my wife fortunately her dad paid for all her nursing school, her college, so she had zero debt. So, when I was making, you know, $15,000 my first year at the airline, I think my second year I made about 18,000, it was no big deal because we didn't have any debt. And she was making about 28,000 at the nurse, no debt, so I felt like man we have all kinds of money but that's kind of the expense to become a pilot these days, about 80 to 85,000.

**Clark:** Gotcha. And then I know it took you some time to make Captain but what can somebody expect if they were to go into flight school now, what, I mean I know it ebbs and flows, kind of on the market, right? And if the airlines are hiring or not, that's a big concern. I think there's some people that get into the industry, but what would you say to plan on?

**John:**It's a huge, huge demand, and there's so many retirements, I think about 50% of all major airline pilots are going to retire in the next 10 years, might even be greater than that. So, what the typical route would be, started a regional airline first year pays, they give you bonus, signing bonuses, but it's about 60-grand in first year. They're making Captain about a year and a half. So, they're probably making maybe 70, 75,000 and then they will top out at about 100,000 at a regional airline. But most guys just go to regional for a few years and then go out the major airlines. Starting salary at a major airline right now, they've brought it way up to, I think it's like from 90, 95,000, grade time to captain is about five years, five or six years. So, I'm currently, I'm a first officer co-pilot right now, I made a little over 200,000 but Captain would, I'd probably make around 250 at 6 years, but most of captains, I'd say average about 300,000 and then if you're flying the wide body, the international heavy ones, they topped out around 400, 450, you can make more, you know, working the system and working more hours. But there's a huge demand. So, as far as the return on your investment on becoming an airline pilot, I go to a career a lot of these schools and most kids, they want to get rich, they want to make money tomorrow, it's kind of weird. They just want to get rich off like YouTube or whatever. And you tell them it's going to take you two years to get all your flight ratings to get on with an airline. They think, oh, that's too much. But compared to when I came up, it's amazing how much, what kind of demand there is and how much money that they're making. I mean, just signing bonuses at a regional airline, they'll give you $20,000 your first day, pretty much any regional airline, there's such a demand because there's so many retirements and they can't keep pilots because all the guys at the regional guys and gals are going to the majors. And then some many people are retiring at the majors, my airlines retiring like 8 to 900 pilots a year. It's insane. So, it's a great career to get into if anyone's interested.

**Jace:**Yeah, John, curious. I mean, should we all be traveling now? Are there going to be a shortage, are there's going to be fewer flights in the future?

**John:** No, they will find a way to pump out pilots. So, they're doing programs with these kids in college that are like 18, 19 years old and interviewing them at a major airline. And they're pretty much set for life. So, they're going to give them travel benefits, they can fly for free, they're giving people medical benefits right away. Like a friend of mine, he was a schoolteacher, he saw how little I worked, we do training for marathons and Iron Man's and triathlons, stuff like that and he saw how much time I had, like, man, do you ever work? So, I say, you ought to become an airline pilot. So, he quit around 39 years old to become a pilot, it took him about two and a half years, got all his ratings. And he got on at a regional airline. He's going to upgrade probably pretty soon, about a year and a half into it.

**Jace:** And what is he making right now? What's his first job after that? How much does he make?

**John:**His first year, he made 62,000. This year, he'll probably make 70,000, it'll keep going up. But he was as a schoolteacher, he's only making like 50, 55,000 plus he was coaching, you know, get some stipends with that, he was making little under 60,000 and they gave him the medical benefits and the free travel so him and his wife and three kids, they're traveling all around for free, their parents are traveling, standby, for almost for free. And then they got the medical benefits, which was like 400 bucks a month, where they're on Obamacare for their whole family paying like 1500 but the airlines are so desperate, they're trying to recruit people like that saying, look, you interview with us, once you get your private pilot's, your instrument rating and if you fly for our airline, we will give you these really good benefits health insurance and free airline passes. And once you get the 1500 hours, you walk right over and you only have to interview once, he only interviewed when he was probably 200 hours. And then after that he'll flow into the mainline, major airline will never have to interview again and be making the big bucks then, he'll probably make captain in three years because of the demand. It's a great field to get into.

**Jace:**Yeah. Do you have a pension by chance?

**John:** No. So, they used to have pensions after all the bankruptcies, all the airlines pretty much lost their pensions. So, they gave us a 401k and the company just gives us 16% of whatever we make. So, I put zero in my 401k and they just they throw in 16% which is pretty generous.

**Jace:**Yeah, absolutely, that's pretty lucrative, so 16% of your salary, they're putting in there as basically a bonus to you, almost. Yeah, exactly, a part of your package, however you want to call it.

**John:** Right, right for taking away the pension, that's kind of what they did. So, it's a pretty good deal. So, I put zero in, but I just let them give the 16%, I think they threw in like 30,000 last year. And then I just use the rest of the money on my own investing in the real estate or stuff like that on the side.

**Jace:** Dang, for Clark, all these Millennials are friends, we hang out who want to travel and travel hack like crazy, instead of turning credit cards, you should go be pilots, you know?

**John:** Yeah. I mean, when we were first traveling, we couldn't, well my wife quit, you know, we didn't have any money. So, we go to those timeshare presentations they have everywhere, they give you these free like, here's a free five nights in Honolulu. Most people can't afford the airfare or they're not going to deal with all that. Well, I could travel for free, so I got a trip there. I got a trip all-inclusive in the Bahamas, because we can fly for free. So, we just go to these places, that was our vacation. Vacations didn't cost me any money at all, like literally, like in some of these places, they put us in our condo, so we just like go to the grocery store, and then bring the food and we cook our own stuff. So, we weren't even really going out to restaurants on these vacations, but we're traveling around the world, basically get these free things. But yeah, I do the points on my credit card, I don't use it for the air miles, obviously, but I use it for the hotel. So, anytime we go places, you know, I get free hotels, which is kind of nice. But yeah, our vacations for years were like, it was basically for free, it's kind of cool.

**Jace:** Wow, that's pretty awesome. So, John, I know we touched on this a little bit, but where do you kind of go from here?

**John:** Yeah, I'm not sure where I go from here. I'm just going to kind of let it run. I really enjoy the real estate. I didn't think I'd enjoy it that much. I would love to expand up to, you know, maybe 15 rental homes, but I promise my wife I would calm down and 9, 10 would be the most I'd ever get. But financially, I'm just going to kind of let it just kind of ride here. I'm kind of a type D personality, I don't really get all worked up on things. I prioritize my time off, I read that book 4-Hour Work Week, I just like to have a lot of me time, a lot of time with the family. So, my typical day, I just love going for trail runs, today I went for a nice two-hour trail run and I do long three- or four-hour bike rides with my friends. I kind of prioritize that, I just kind of want to have that lifestyle throughout my life. I told her she can quit her job now that our rental income is about what her take home is at work. So, once we're empty nesters, I'd love to just travel more and more. We do own a couple timeshares, after all those timeshare meetings we went to, we bought some at really low maintenance fees. It's actually a really cheap way to vacation. So, from here on, I feel like I kind of live a semi-retired life right now, with my work schedule, but once we're empty nesters, when my kids are out of high school, we got like three or four years ago, I think I'd like to just maybe travel more and maybe spend more money, increase our spending, I'm still sort of like the Millionaire Next Door. They say the people who saved money up all those years, they're still clipping coupons or collecting cans or whatever, keep that up. I stopped clipping coupons probably five years ago, I was probably saving 60 to 80 bucks a month, not a great amount but is enough that made a difference. But I think from here I'd probably spend a little more money and kind of live in the now instead of, save, save, save, save. You get all those financial calculators on how much money you're going to have and I don't want to retire with $6 million and be living off only 80,000 a year and have it just snowball into millions and millions and millions. I'd like to spend a little more money now and it's kind of a hard mindset but I'm slowly relaxed and like when I bought that car last year, I've got a car loan by the way. I was really nervous about that but I took my daughter to a basketball game, we bought hundred dollar tickets, $100 each, but I'm training myself to like, it's okay relax, we're ahead of the schedule, we can live a little bit, spend a little bit, I just don't want to be that tightwad that's just saving my whole life and where I could have had a little more time or a little more money doing some fun things, instead of waiting till I'm older and retired, because I feel like I've got my health and my youth right now, I just want to kind of enjoy that. But financially, I think I'm kind of set up, I'll probably allocate maybe more of my money into something a little more conservative. I feel like I'm a little too reckless and aggressive now that it's been working for me. Like I said, my net worth's been doubling since 2003. It's been doubling every three years. The only setback was 2009, when everyone kind of got clobbered, but after 2009, it doubled every three years. So, I'm just kind of letting that ride and kind of leaving that on autopilot and just focus on a having as much time with my family and doing the hobbies that I enjoy.

**Jace:** And I think you bring up an interesting discussion. You know, we had a guest on a little while ago and he kind of made the comment that you know, it's really hard to make the switch from the habits and the things that got you to where you are, like you mentioned, you know, you clipped coupons and whatnot and maybe that one was easier for you to give up but you know trying to live and trying to flip that switch, what's kind of made you successful in doing some of that, sounds like you've been able to make that transition so far pretty well?

**John:** I think probably getting yelled but my son for being so cheap because I mean, because, he's, you know, we live you know, our socioeconomic class, the neighborhood, the people and the friends and the people we associate with seems like they have the latest greatest and they spend more money and I've always been kind of withholding and I try to explain to them, I am trying to save your college, I'm trying to save for this. But we have money, we have money, they ask me, well, how much do we have? And so, money's always been with most families like taboo, like you can't talk about it. So, I want my kids to know how much money we have and how we got there. But I think after being told like how cheap I am, by him over and over like we can afford it, we can do this, you know, I think I finally realized like, you know what, maybe I should live a little. And like, for example, my minivan, I was given the oil change last April and I made the car and I discovered a big oil leak underneath there and my wife came in the garage, I said oh, no. She's like, it's what? I said, I got an oil leak, and I got to get this fixed. She said, this is ridiculous, like, why don't you just get a new car? And I said, you know what, I think I should. So, she got online, and she's looking at cars and next thing, you know, she tells me, go to this place, go look at these cars. And I'm like, what?

But I think things like that, like, you know what, maybe I should get with the times and be able to, like, spend a little money and live it. Because I just don't want to be so uptight that I can't do all that stuff, especially when my kids are young and around the house and stuff like that. And like I said that the nest age just keeps building, I mean, I don't expect it to double every three years. I was kind of thinking every seven to 10 years it would double but, I think my mind says slowly shifting where it's like, hey, it's okay. And especially with rental properties, that haven't stopped break down, left and right. I've done some rehabs that cost me like way more money than I thought, some chuck another 5-grand here, 10-grand here. So, now I'm kind of moving more money around, I can stomach spending that much more money on certain things. And my wife sees some of these rental houses that I've rehabbed, she says, like, oh my gosh, their kitchens are nicer than ours, you know, granite countertops, their showers are nicer than ours, you know, so I'm thinking, well, maybe I should upgrade our house and spend a little money on our house. So, I finally just got some stainless-steel appliances in the kitchen, so we didn't have the old white stuff in there. And they worked perfectly fine, the oven microwave and fridge and dishwasher, but, I thought, you know, maybe we ought to, like spend a little money and feel good about ourselves, than being such tightwads about it, being frugal forever. So, I think I'm slowly adjusting.

**Clark:**That's a good answer. And Jace, it's a good question, because I think it's something that people struggle with. And even some of the millionaires that we've interviewed when we ask that, it's kind of hard to change that dynamic, right, to turn on that switch and change the attitude, if they've been so frugal for 20,30 years, right? And then all of a sudden, they become a millionaire, worth two or three and then they realize jeez, how am I going to spend it all, right?

**John:** Exactly. And I just flew with this guy, he had 7 or $8 million at the end of the four-day trip and I could tell he was just a tightwad. He was 48:11[inaudible] so he was making about 450,000 a year, good income, his wife made, I think around 200,000, they live in Houston, she worked in the oil industry. They just piled the money; they shared a car to save money. They live in old town home, they keep the temperature like 82 degrees unless they have company, they'll turn it down to 78 degrees. So, he's telling me all this stuff, and he really wanted to buy this shirt, a cool running texture and it was like 29 bucks, and he's like, oh, I just can't justify spending that. And he knew another store that had the same shirt so he goes with another store and it was like the same price, you know, 29, 27 bucks, and it just killed him and he had the same one that had holes in it, he's like, I could probably get another six months out of it. That's how I am with my clothes and some of my things, like I could probably get, like running shoes, you know, you should have a good pair of running shoes, I'd buy, you know, a $40 pairs of running shoes that are like discounted from like last year's model or something and I'll wear it for three years. And I'm running a lot of miles, like I'm, like, almost running, wearing the whole soul down before I replace my running shoes, but that's how he was. And I thought, I don't want to be like that guy. And I told him like, you got $7 million and you have zero debt, like, what are you worried about? He's just like, I don't know, you know, and he just, and he joked about it. He's just like, I can't, I've always been saving money and always worried about my job or get laid off or this or that. I'm like, you're a senior captain, and you're making good money. But yeah, some people get in that mindset and it's what got him there. But I definitely don't want to live like that.

 **Clark:** Yeah. So, let's just wrap up here. I know, we're taking enough of your time. So, I just want to ask you a couple rapid fire questions here, before we end. What's been the most expensive car you've ever purchased?

**John:**The one I just got last year, 24,000.

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

**John:** $117, we took some family out, that was about it, but generally we don't eat out much, usually the most before that, it's probably like 80 bucks or something.

**Clark:**Yeah and then I think you mentioned this at the beginning, 46, I believe, but is that how old you were when you became a millionaire?

**John:** Yes, 46 years old.

**Clark:**Okay. Have you ever used a financial advisor?

**John:**No.

**Clark:**Okay, household spending, how much do you spend a year?

**John:** Probably, I mean, our kids are in a lot of expensive activities, I'd say probably 90 to 100,000 a year right now.

**Clark:**Okay. And then range of household income, I think you covered. And then lastly, for you, and I think you've touched on this a little bit, what does it mean to be happy or fulfilled? And maybe along the line has money and career success, I guess brought you that?

**John:**Yeah, I think what money has brought is just that security just so you can sleep easy at night. And if you get ahead of yourself, get more money than you really think you need, it's just brings me a lot of just peace, knowing that if something happened. But what brings me happiness is time, spending times with my family, time doing the hobbies that I enjoy doing. I like to take daily naps, just have a really laid-back lifestyle. So, that kind of brings me happiness. And like I said, time with my family and vacation time.

**Clark:** Awesome. And then John, I want to just ask you in closing because I think you're in a unique situation here, in the career you chose, you said you only made, what about 18 $20,000 into your 20s?

**John:** Yeah.

**[Crosstalk]**

**Clark:** And then your 30s, it got up to 50?

**John:** Yeah, probably 50 to 55,000 was my average in my 30s and then 40s, 90 to 100,000.

**Clark:**So, just as you were making this money in your 20s and 30s, right, so you got up to about 20k in your 20s and 40 to 50 in your 30s and I'm asking this, I guess general advice for people that may be in the same situation where they feel like they're working hard and maybe can't save as much or get ahead either financially or in their career, how did you stay motivated and what kind of was your driving factor internally, to kind of keep going? And now I mean, it's amazing, you have a net worth of over 2 million. What's your advice to somebody maybe who is in a similar position as you and just trying to get ahead?

**John:**Yeah, my advice would be, just stick with it. And in a perfect world, yeah, I would hope my salary would go up. But if even if it didn't, like I said, I calculated what I needed to get to whatever I needed to. So, to get to a million dollars back then, I needed to save 750. So, my advice would be, if they could just save money, pay yourself first and save that money and just put it on autopilot and you definitely will get there. And another big advice I would say is tuck away as much money as you can in your Roth IRAs. At first, I had some taxable accounts through fidelity that I was buying mutual funds and stocks, but my biggest advice would be put as much money as you can in your individual Roth IRAs. But just never give up and just keep saving and eventually, that compound interest will really go up. Another advice I'd say is, whenever the stock market dips, I would always throw as much money as I could, it was a buying opportunity for me. So, I would actually get excited when the market would go down. I would save every little penny and put it in there. When we had the financial banking crisis in around 2008, 2009, I was buying all those banks stocks when they went down. So, that's another advice. I would say, hey, there's going to be times you can buy on the dip, every eight years, seven years, ten years, man, I would put as much as you can and get some discounted stocks.

**Clark:** Yeah, I mean, speaking of years, it's amazing, you hit a million at 46 in just what, two or three years later you got your second million, so it happened pretty quick.

**John:**Yeah. Oh, you know what, actually, it was 47 years old when I hit my first million, 46 was the first year I hit $100,000 a year. So, people say think like, oh, you're a rich airline pilot, you're making bank but like, I didn't make 100,000 until I was 46 years old. It's not like I've been crushing it my whole life. The last, you know, few years. I've been doing it. But yeah, I guess I was 46 years old, 2017 when I hit my first million,

**Jace:**Well, way to go, man, it's an inspirational story and we're appreciative that you came on to share it. Everyone, that's John, net worth over 2 million. Thank you. Thank you so much for coming on tonight and sharing your story.

**John:** All right, you bet. Thanks for having me.

**Clark:**Thanks, john.

**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.