**File Name: Episode 157**

**File Length: 50:46**

**Daniel:**Regardless of where you're at, it's just to live below your means, save a good amount of money and if you do that long enough, good stuff will come, you know that will grow and that will be a large amount over enough years.

**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:**Okay, what's up, everybody? Welcome back to another episode of the Millionaires Unveiled podcast, this is 157. Jace, what's going on? How are you?

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

**Clark:** Doing well. We just had a couple interviews tonight and one thing that we shared with us was the parable of the Mexican fishermen and the banker. And you'd heard that before right, before tonight?

**Jace:**Yeah, no, it's a great parable, great story. You know, the crux for our listeners is the investment banker is on a trip down to the Mexican coast and runs into this fisherman and he gets into banter with this fisherman about, you know, growing his business and basically, the crux is that the Mexican fishermen is having a great life. He's, you know, getting just enough for his needs and he has all the time in the world to spend with his children, take a siesta in the afternoon, and stroll the village in the evening and play guitar and hang out with his amigos and he's, you know, tells the banker hey, I have a full and busy life. And the banker said, oh, I'm, you know, I have an Ivy League MBA, and I can help you, I can help you get a bigger boat and help you get more fish and then you can get this processing and factory and all this kind of stuff and Mexican fishermen, you know, was like, how long is this going to take? And banker, you know, I'll show you how to run this enterprise and he said, well, it's probably 15, 20 years and the banker's like, you know, when you get to the end, you can sell your company for a lot of money and make you a lot of, you know, make you super rich and the investment banker is, you know, trying to pitch him on this. And the Mexican fishermen says, for what and then what will I do? And the investment banker tells him that, you know, hey, well, then you can retire, you can go to a small village on the coasts, and, you know, fish and play with your kids and take a siesta and stroll the village in the evenings and hang out with your amigos. And the Mexican fishermen says, well, that's what I'm doing now.

**Clark:**I'm already doing that. So, we interviewed a gentleman tonight. He was a window washer, right, has a window washing company and he brought this up, he said his income is about $50,000, right and so and shared this story with us. And so, it was an interesting conversation with him and one that we have with a lot of our millionaires, right is time versus money, right? We've realized that most of our millionaires have come to value time and flexibility and freedom, right? And so, the question here, and from this parable, the parable of Mexican fishermen and the investment banker is that, right? Like I'm already doing what I want to do so why do I need to go build a successful company or work a bunch more hours or anything? It's kind of similar to this FIRE movement, right, that's happened over the last couple years.

**Jace:**Yeah, totally it's kind of trying to find that balance, that end game of happiness and fulfilling life. I know, we talked about, you know, the book Die with Zero and, you know, all these messages are getting brought out in some of the communities like FIRE community, and everything else, is trying to find that optimal, you know, optimizing your money and your time and what that looks like. And this parable obviously gets into that detail and causes for an interesting conversation for people to have and thought to figure out, even one of the interviews we had tonight, that came up, and he's trying to figure out, what is my really my end goal? What am I really trying to accomplish? Where am I really trying to get to, to say that, yeah, I'm looking at a successful and fulfilling life.

**Clark:** And that's a hard question, admittedly, right, for I think all of us, right. I mean, the other interview we did this evening was with a nurse anesthetist, right, who made, how much was he making, 20-, 250, working a couple days a week, right? And so, he says, do I want to give that up to go do something else, right, because it's such good income and we've had that conversation, most notably with Doc G, right on that episode, his second episode, where he was making close to a million dollars and quit his job. And the question is, well, jeez, why didn't you work one or two more years, right? So, I think it's an internal battle and a question that all of us, to some extent are trying to figure out for ourselves. right, in that time and work life balance is a hard thing to find a solution for. So, anyway, you know, an interesting thought there. We had a great conversation last week with Leslie. He was a multifamily investor, an immigrant from Cameroon and really talked a lot about developing oneself and continually educating yourself. He had a net worth of about 500-grand, 200 of which was in real estate. So, a really interesting interview and he first, when he first came to the States, his first job was at McDonald's, right making $5.25 an hour. So, I learned a lot from him and pretty inspiring story to come over with nothing, having never worked a job and now to be on a great path to success, both in life and financially. So, an interesting interview with him. Fun an episode coming up today with Daniel, he has a net worth of about 2.7 million, works as an engineer, he dropped from 2.7, pre-COVID to about 2 million during COVID and now he's back to 2.7. I guess we're still during COVID but the market's come back, right. So, he's 2.7 now again, and of the 2.7, he's got about a million of that in retirement accounts. So, an interesting interview here, coming up with Daniel.

Thanks for listening to the show. If you enjoy it, if you get something out of it, leave us a review on iTunes, always appreciate getting those. We've got a nice review this week from our Rhys, how do you say that Jace? R-H-Y-S-D-J-C, that says, "this podcast is like an up-to-date weekly version of the Millionaire Next Door book series. I like how every show is different, but similar and that the show guests all have a common goal of financial independence, definitely a show that will help you to think bigger, in terms of assets and diversification." So, thanks to that review and thanks to all those who tune in. if you're interested in being on the show, or would like to connect, we always just like to connect with our listeners, whether it's about the show or about whether some upcoming multifamily investment opportunities, feel free to reach out to us, our email is millionairesunveiled@gmail.com. So, thanks again, for listening and without any further delay, let's welcome Daniel to the show.

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

**Daniel:** Yeah, sure. I'm an engineer by schooling and did engineering for a long time and then have moved into program management now, in the semiconductor industry, so lots of exciting, kind of cutting-edge stuff there. And it's an industry that's very volatile, you know, with companies growing and doing layoffs and things like that, but also an industry that that's very rewarding. And a lot of companies tend to have, you know, things like stock options and restricted stock that can make for, you know, a very lucrative career financially, you know, very rewarding just from the kind of work that that I get to do.

**Jace:** Totally, and what kind of engineer?

**Daniel:**Electrical engineer.

**Jace:** Oh, awesome. So, now today, what is your net worth? Where does your net worth stand?

**Daniel:**So, right about 2.7 million, that includes house, and we'll go into a little bit later, but includes some vehicles and a boat and a RV, as part of that. But if you total it all up, it's about 2.7. But I do have to point out that we're in the middle of July here and going through most of my, a big chunk of my net worth is in S&P 500 mutual funds, so I have seen quite a swing in that during the days when it was, you know, going down in March and April. You know, I kind of made myself not look that much but that was probably down closer to 2 million at the lowest point, I kind of went back and back calculated it but tried not to look back then. So, I didn't make any dumb decisions.

**Jace:**That's crazy. It's funny you bring up not looking, I think Clark, correct me if I'm wrong, we've had several millionaires that say they look consistently when it's going up but rarely when it's going down.

**Daniel:** And that is exactly what I did.

**Clark:**I don't blame you man. I do the same thing.

**Daniel:** These days when you see it, you know, I look at the market and you know, I see it going up by one and a half percent or something and then I'll open up Mint and see what that translates to. But when it was going down, I just made myself, you know, not look because fortunately, I've not made any dumb decisions like this in the recent market to ever get out of any of this. But I have a couple of different times over the past three or four years with some of these crashes, like the end of, I think 2018 when it went down, I have stopped some weekly investment and non-retirement investment that I had because I thought it was going to keep going down and then I had to make myself, you know I stayed out of it for a few weeks or something and then I made myself start back up that automatic investment. But fortunately, in recent years, I haven't pulled anything out. I did back in 2012, pull my retirement out, not out of the retirement account but out of the, you know, the growth type fund, the S&P 500\ growth type funds that it was in and got out, because I had friends that were that are very conservative and back then who had a big run up after the downturn and I thought that it was going to go down. And basically, I was out like a year and a half and in 2014, there was a dip. And fortunately, I was able to put stuff back in there and not miss out too much, in like a year and a half period. But it could have been very bad, and I could have missed, you know, all of this run out from you know, 2012 till today. So, be making yourself, not, making yourself stay in, you know, it can be a very difficult thing but definitely a lesson that I learned.

**Jace:**Yeah, totally. So, let's break this down, how is the 2.7 broken up amongst your retirement, non-retirement, you brought up the vehicles and your house, how's that all broken up?

**Daniel:**So, a little over a million is in retire, what I call retirement, etc., so that includes 529s, and HSAs, I've got two different 401K's, one's at 42K, and other ones at 192K and those two have a lot of S&P 500, some large cap growth, mid cap growth, a little bit of intermediate value, etc. So, those are some work 401K's that I just too, in general, you'll see that are very, very heavy into just S&P 500 index. But on those I had, you know, made myself put some other variations in there, so that's 42, and then 200. And then I have an IRA that was a 401K conversion, that's about 530K, S&P 500 and Vanguard and then a that 80K in a value index fund in Vanguard

**Jace:** Is that all done in traditional pre-tax?

**Daniel:**That is all traditional, and I've got two Roth IRAs, one's about 23K, one's about 29K, and that's in Vanguard S&P 500. And actually, just a couple of days ago, I added, did a backdoor Roth for the first time. And I had been avoiding do, I'd been aware of it for a long time but as you can see, I've got that 610K IRA and if I were to do a backdoor Roth, I would have had to pay a bunch of taxes on that. So, what I realized that I could do is I don't have a traditional IRA in my wife's name and so I realized because of that, I could do create a non-deductible IRA, convert it to Roth, and not have to pay any taxes on anything else. I mean, that's taxable money. But that was a way to get some more into a Roth IRA.

**Clark:**Gotcha. Makes sense. Let me let me just ask you about your IRA, you have about 600,000 in your traditional right, how did you build that up so fast? Did you roll it from a 401, was some of it rolled from a 401K?

**Daniel:**Yeah, that was all 401K and so really, if you look at it, you know, if somebody's looking at this, in terms of, you know, we'll get later to, you know, income and, you know, I've been very fortunate that, you know, have really good income, and then some stock type stuff that's come in over the years. But if you look at it, that's about 844K, that's all just 401K money that, you know, over the years. So, that really kind of shows that I'm 44 and if all I ever had done was, you know, invested maxed out my 401Ks through the years, I'd be at about 850K with just that.

**Clark:** Yeah, pretty amazing. What was your company's match?

**Daniel:**My company's match was, various things at different companies, it was generally like 3%, if you put in 6%, they would match 3%, other cases, they would do, if you put in 4%, they would put in 4%. So, it was, kind of really about for pretty, you know, 3 to 4% match.

**Clark:**Yeah, so 100% up to 3 or 4. So, yeah, just big picture here, your buckets are retirement, I know you include your HSA in that, so it's about a million bucks there. A million a between the market and cash, right and non-retirement, you call it about 600 and your house, and then you have vehicles and toys and boats and everything else, about 130, let's call it, right. So, I mean, pretty diversified. Did your companies offer a Roth 401K option? Do you decide against that? I mean, I know it's fairly new here.

**Daniel:**Yeah, it is fairly new and they have recently and the issue there was just if I look at it, I am hoping that my tax bracket with my income is pretty high, you know, with the recent tax cuts, that's gotten lower, there's potential in retirement, that, you know, I don't need my income to be nearly as high and that hopefully it was, it would be lower, and I would be in a lower tax bracket to do the Roth 401K. Because I'll be in a higher tax bracket now, than hopefully, I will be at retirement.

**Clark:**Yeah, and I should add that you have just over 105 29s, and about 45, 50,000-ish in an HSA. So, great job there, right, building up the HSA. We got an email this week from a listener that said, "hey, a lot of the millionaires, you guys interview is heavily invested in real estate, can you try and find more people that aren't invested in real estate?" So, here you go, right? I mean, you have your primary residence that's paid off, we'll get to that. Have you ever had any other rentals or real estate investments? And I guess, if not, why not?

**Daniel:**So, no, I haven't. And that, to me is my next step. I've, in terms of doing diversification that way, I would say this, when I listen to all your podcasts, like a lot of things in life, those experiences early on tend to shape, you know, things that you do later. And I've heard, you know, lots of people that have some kind of experience, about real estate, you know, early on, and in some cases, you know, it sounds like for people it was, you know, the books they read, or somebody's relatively new etc. For me, when I was in college, I read a book on investing and I saw the quote that basically, you know, they took the historical return of the market, you know, and used a, you know, I forget what number you know, 8% or something and showed that if you invested $2,000, between age, you know, 22 and 27, you would have the same amount, and you stop, 22 to 27, then you stop that investment, and somebody else invested starting at age 28 and invested until they were 60 or something like that, that you would both have the same amount of money. And so, it just, it hit home, how important it was to invest early, and just, you know, dollar, the compounding interest, and then also talked about dollar cost averaging. And so, those were the things that really hit home for me to do but also if you look at it, up until, let's say 10 years ago, most of my net worth would have really been in my retirement accounts because I just really focused on maxing those out, and I didn't have extra money necessarily, to put into you know, a non-taxable account. And that's really what, you know, I had one, but it wasn't, I wasn't doing that regular investment that I really started about five years ago. And so, you know, I never had a big chunk of money that I decided, okay, I'm going to go buy a rental or that type of thing. And really, as I listened to all these podcasts about real estate these days, the thing that really goes through my mind is that it really is, you know, another business, it is another job and there's lots of knowledge that you need for that and I hear, you know, lots of people talking about the time that it takes and the mistakes they've made and everything. And I think for me, that is something that I see myself doing, potentially, when I retire, you know, maybe I'll retire early and then get into real estate because I am a pretty handy person. I used to do all my own car work and everything I tend to do lots of stuff myself and so, I could definitely see myself down the road you know, taking some of that non-retirement money, non-retirement account and you know, using that you know, to purchase real estate and you know, not use any kind of management company to manage it, do all that kind of stuff myself. So, but I also have looked at or thought about, you know, some other ways without owning properties directly, you know, to get involved in real estate. And the more I listen to podcasts about that, you know, that also worries me in a little bit, in terms of, you know, ways that that can go wrong, and things like that. So, definitely continue to, you know, try and get as much knowledge as I can about that. And I do think that that's, you know, as right now, I've got tons of risks that talked in the beginning of, you know, on that 2.7 now, and, you know, a couple of months ago, that was at 2 million, right, so that is a huge swing, and obviously, you know, once you get too close to retirement, you know, need to reduce risk. And so, you know, I could definitely see real estate as a way to, you know, diversify and reduce risk, or at least, you know, have some different types of more diversification to reduce the overall portfolio risk.

**Clark:** Right and it makes sense. And, yeah, I mean, no right way to do it, right. I think we've had people on that are all real estate and people on, they're zero real estate, basically. I mean, I think, what, two weeks ago, we had a guy that had a $75,000 townhouse that he lived in, and that was it and he was a millionaire. So, no one way to do it. Just curious, I want to ask you about this dip in the market. So, you said you lost about, not lost, right, I mean, paper loss, 600 to 700,000, let's call it, did you and we're recording this in July, as you mentioned, did you put money into the market at the end of March and April and May as it was dipping, or did you stay out of it?

**Daniel:** So, my 401K, my current 401K, I never touched, so that's been going in, you know, the whole time, every paycheck. This weekly in Vanguard, in my non-retirement account, I've had this weekly contribution since the end of 2015. And as I said, when it was going down, I turned that off for a few weeks but then I did put some, a lump sum of some extra cash and within a couple of days of the bottom, so not a ton, but I kind of made up for that stopping that the weekly contributions, and put in a little bit more, so I did invest some in there. But I'm also at a point right now, where I didn't have as much cash as I, you know, would like, in terms of that period, you just think about, you know, all of the risks in the world, and wanted to have more cash. So, I wanted to be careful that I didn't put too much in, I knew it was a great buying opportunity. But you know, I also didn't know, you know, what the next couple of years was going to look like, right and in the overall bigger picture of things.

**Clark:**Gotcha. Makes sense. So, jumping to your boats, or to your vehicles and cars here, right, you have your three cars, a boat and an RV, right. So, you total at about 125, 130,000. But you say four years ago, you were at 50,000 in this category, right?

**Daniel:**Yes. And so, the reason I point that out is just because we'll talk about my house and a little bit, one of the things that, you know, I mentioned that, you know, I think for a lot of people, you know, experiences, obviously, you know, sticking your head with these things. And, you know, over the past several years, when I started my strategy, with kind of dollar cost averaging into the market for non-retirement stuff, the thing that I kept looking at, the thing that always stuck in my head, was if you take the S&P 500, and you look at it, the peak in 2000 to going through, 2007, 8, you know, big drop, and then to the recovery, it was like 13 years, where if you had put that money in at the end of 2000, it was 13 years before, you know, it broke even, meaning it had broken even earlier, but it had broken even earlier, but then it went back down and came back up. So, if you just look at that and say, okay, you have a lump sum of money and you put that in, would you be happy if, you know 13, you had to wait 13 years to get that back. And that really, as I looked at my age, you know, 4 years ago, let's say, you know, I was 40 years old, I started looking at, you know, what was my current net worth and what was in these accounts, and then, you know, I'd go put in even something conservative with, you know, a 6% return, let's say over the next, you know, 15 years or so then that was going to be a lot of money. And I was in a job where I was getting stock awards and things like that and I was winding up with these lump sums of money that I could have invested in the market. But I made a decision, I am pretty cheap by nature. I, you know, as you can see, I have nice things, but I'm very conservative generally with, I always look for good deals, you know, the things I'm talking about are mostly, you know, things that I bought, used, you know, I generally buy my cars used, my wife's car, I bought new and kept for 10 years. My other cars, I always buy used, and I just kind of step up in value a little bit. And so, that was really just about when I went from one car to another, I basically went from a $20,000 used car to a $30,000 used car. So, it wasn't like I was, you know, buying this brand-new car, it was more of a progression and just something that I viewed as kind of a conservative way to you know, enjoy nicer things, things that generally, I agonize overspending that much money. But I also looked at it, in terms of like, okay, I was already putting a lot of money into the market and the last thing that I wanted to do was go stick, you know, this big lump sum in and have it gone down and be kicking myself that okay, I could have been enjoying some other things instead. So, to me, it's kind of a balanced approach of, you know, being able, saving a lot, but also kind of making myself not wind up, you know, 60 years old with, you know, all this money and regrets of things that I wish I would have done.

**Clark:** Yeah, you want to live a little right? And that's conversation we have a lot with the millionaires is, when to turn it on, right? Because I think some people, you know, you say you're frugal, and some people grow up frugal, and then they get to this point where they have the money to spend, but now, you know that in their mind, they can't do it, they can't get there. And so, what made you do that, I guess, right? Because if you are pretty frugal, how did you get to the point where you could say, hey, I can go buy a boat for 10, 15,000 or I can go buy an RV for $30,000? I mean, for somebody that's really frugal, that's probably pretty hard to do, right?

**Daniel:** It definitely is and even like when I decided on a car to know that I didn't need to get that but I was, you know, upgrading that car, you know, $10,000, let's say to a different car, you know, I agonized, right, because, my original plan was to just go up 5000, right and I decided on this car, and they were a little bit more than I wanted to spend, and I just agonized on that. And really, the thing that did it is to look at those projections to, you know, what, you know, at a current rate, being very conservative, with things that, you know, the reality is that, you know, at 55 or 60, you know, I'm going to have a lot of a money sitting there more than likely. And, you know, in that overall scheme of things, this is a tiny amount, you know, I'm talking about a 10K upgrade in a car. It's a tiny amount in the overall scheme of things. And partially, you know, you guys talk about Dave Ramsey, I've listened to a lot of his podcasts over the years and it has helped hearing him give people permission, you know, people will call in with a net worth of a million or 1.5 million, and they're asking him about spending, you know, a certain amount of money on something and to hear him, you know, kind of say, yes, you know, you've earned this, you can go do it. I think that's also kind of helped in the back of my mind, give me permission, that like, okay, this year, you're, kind of crazy for debating this 10K. But what I will say, is that I've mentioned, you know, when I was in college, you know, reading that book on investing, that has made it difficult for me to spend money, because, you know, here's one thing I do when I mentioned that I'm cheap, I go and I look at, we go out to eat quite a bit as a family and it's a good family activity, because it's something we'd like to do, when I look at the amount of money that drinks cost with a meal and I look at, you know, okay, if it's three bucks for a drink, just the coke, right, three bucks for a drink times three, that's $10 times 50 weeks a year, that, you know, that's a lot of money then if you were to invest that and over the years, everything you think about how much that is, you know, 20,30 years later, and that's what goes through my head, you know, the growth of what all that money got .

**Clark:** I'm with you, right, then you throw a tip on top of that and tax, like 20 bucks for four cokes.

**Daniel:**Exactly right. So, what I had, one of my lessons for myself is that, when I look at it, yes, that would be a lot of money, but I also look at it with relative to, you know, at age 60, or something, what the rest of the money will be. And I think that if you can come up with how much you need to be saving, and you're saving above that, then you need to give yourself permission for those other things. Now, early on, you know, all that money does help add up, and to be saving the amount that, you know, a lot of money, you know, sometimes you need to make those decisions, because, you know, early on, you know, I didn't have, I was maxing out all of my 401K and everything. And the way it was able to do that was living below my means, you know, I was driving, you know, cars that were cheaper than, you know, the average person making my kind of salary, I was in a cheaper house at the time that you know, somebody typically would buy, making my salary. So, I think if you make the smart decisions early on, then, you know, later on, you'll be on the path that you don't need to worry about it.

**Jace:** Daniel, you bring up a really interesting point about making some of those efforts early, if you were to rewind a little bit and go back in time, maybe to the 20, 25-year-old Daniel, and the 30, 35-year-old Daniel, how much of your net worth today is due to the efforts that were in your 20s versus maybe the efforts that were in your 30s versus your 40s now?

**Clark:**Sorry, let me just piggyback that because I'm curious from your answer in Jace's question, going back, you know, you're, you're saying, hey, I want to spend a little bit more to have fun and buy these things, so when you think about what Jace just asked, and being 25 and 30, and now you're at 2.7 million, right, do you wish you would have spent more, maybe started that lifestyle, I don't know what to call it, lifestyle creep or whatever, right? Do you wish you would have done more at that same age?

**Daniel:** No, I don't and here's why, you know, I pointed out that, you know, four years ago, I had three vehicles, a camper, and a boat, and they were all totaled to about 50K. And so, my boat I bought, it's a 2004 boat, I bought it in 2007, you know, when I was, I guess 31 and I had a boat before that, actually, my first boat, I bought a year out of college, and I spent 5500 for it. And I had used money that I had gotten as a signing bonus out of college basically. And so, I never, very early on, I did buy, you know, spend money on things like that but I was just still conservative when I was doing that. And, you know, the vehicles I have today, don't give me any more joy or happiness than ones that I have in the past. You know, they're nicer and that's great but they still accomplish the same thing. You know, they still, the RV still lets me go camping with my family, the boat, you know, my first boat, let me take my family out on the boat. And so, you know, really, I don't regret doing that. The only thing that I maybe would have done differently is early on, maybe spent the money on nicer vacations. We always have been good about doing vacations but in the past couple of years, that's where we've stayed at some nicer places. And we went to Hawaii a couple of years ago and that is was my second time there. We went there on our honeymoon but went there as a family and that was wonderful and stayed at a really nice place. And that was something that, you know, the photos pop up on the you know, on the Alexa display in the kitchen and, you know, we reminisce about that and are looking forward to going back. So, I think it's not the stuff that I wish, you know, if I went back that I'd spent more money on stuff. I do think, you know, budgeting and, you know, making sure that you've got some memorable things, vacation type things earlier on, that's definitely something that I would do, you know, going back.

**Jace:**Yeah, and in regard to the efforts of your 20s and 30s, how much would you say your net worth is attributed to what you did in your 20s versus your 30s versus maybe what you've done in the last three or four years?

**Daniel:**So, that's a good question. So, I would say that if you look at from a retirement account, where I said that, you know, okay, you total up 401Ks, that's you know, 850K, realistically, a lot of that probably was from you know, maxing that out earlier or early on, right because the contribution amount max hasn't changed that much. So, kind of by definition, a lot of that was from the fact that, you know, it's been, some of that money has been in there 20 years, 15 years, 10 years, etc. With my non-retirement stuff, the account that's, you know, up to, you know, 750K, between some Vanguard and some stocks, a lot of that money is really because of income that, you know, as I got older and had success in my career, the income has come up between, you know, salary and stock and bonuses and things like that. So, that's where I would say, but see, the thing is, I think the investing young is important, because you don't know that, you know, I've been really fortunate to have, you know, some, you know, large amounts of money come in, and you just don't know that that's going to be the case. And so, I think it is important to, you know, just, regardless of where you're at, it's just to live below your means, save a good amount of money. And if you do that long enough, good stuff will come, you know, that will grow and that will be a large amount over enough years. So, I do think it's really important. But realistically, a good chunk of the non-retirement money is not because I started that early, that's really more because of income, more recently,

**Jace:** When did you start investing in your 401K and in your IRAs?

**Daniel:**So, I started as an intern at my first company, the summer after my sophomore year in college. And before that, my first job was mowing lawns, I first started mowing lawns for money, the summer after second grade, I started mowing my neighbor's lawn for 15 bucks a pop, and I couldn't even start the lawnmower by myself, my mom had it, my dad was at work, and my mom had to go out and, and she would hold it, and I would pull it and get it started and everything. And so, that's really where my saving and the value of money came into play. Because I knew you know how much work it was to make that money and so I was always pretty frugal about spending it. Because it wasn't just my parents give me money to spend, it was money that I was earning. And so, because of that I had saved up quite a bit of money going into college. And then in college, I started working as a, you know, as an engineer and made good money through that period. So, my first, you know, when I started interning, I started a 401K, so when I was 20, I guess. And I also opened up a Roth IRA some time during that time, so probably about 20. So, I started that, you know, pretty early on.

**Jace**: That's awesome. Now, one thing that I want to go back to that we haven't hit on very often on the podcast is, you have a pretty sizable HSA, at least compared to our other millionaires. Is that something that you invest every year and put to work or is it just all sitting in cash for when you need it?

Daniel: No. So, that's definitely all also in S&P 500 investments, so I have not, since I've had an HSA, which, you know, I don't remember exactly how many years that is. So, if you look at that, I've got about 45K in there and let's say 30K, so maybe it was four or five years that I've had that and basically, I've maxed out the contributions, and I have not used it for any medical expenses. And so, early on, I think, after, you know, the first year of having it is when I realized you could invest that and I started me, you know, turning that into, sticking it into S&P 500 investment in there. And the thing is that to me, the HSA is the, I think I'm here on your show, there's lots of people that know about it, but I think in general, that's one of the lesser known that you really have the three advantages of that, you know, its non-tax going in, and it grows tax free, and it comes out tax free. And that's, you know, there's no other account like that. So, that's with the cost of health care, you know, these days and in the future, I think that's a really good thing to have. And I think also, you know, if I wanted to retire early, etc., then that's also a good source to help with, you know, medical insurance and expenses, you know, before you know, government stuff with Medicare etc., would kick in.

**Jace:**So, I want to ask too, about your house, you decided to pay that off. Why did you make that decision to pay off the house? You know, Clark and I were thinking about it when we saw the data you sent over. I don't know that we've had had another millionaire with such a high value on a paid for residence. So, how did that come about? Why did you decide to pay it off? Why not go borrow on it, you know, 3%, for example, and do something else?

**Daniel:**Yeah, well, I bought my house in 2011 for 444, right now, it's at about 605, let's call it 600. And in 2015, so I bought it for 444, I put a 300K mortgage on it. And in 2015, I have 400K in cash that came from stock options and RSUs that had vested and cashed out. And I needed to make a decision on what to do with that. A big part of me wanted to invest that, you know, all of it, and I had a three and a half percent mortgage. But I went back to that, you know, as earlier I talked about looking at the S&P 500 at 2013 years, till it, you know, went up and back down and back up and 13 years, you know, it was breakeven 13 years later. And I just looked at it, and I said, Okay, if I go stick this 400K in the market, I'm going to be kicking myself, and just in terms of, you know, overall risk, it's also part of a risk strategy, right? The reason why I feel comfortable putting, you know, having no bonds, having no real estate, you know, rentals, etc. and putting all of the you know, having all the big chunk of money in, you know, mostly S&P 500 with these big swings, is because I have a paid off house, and, you know, if things went bad, and, you know, I lost my job or something like that, I don't have any house payment, you know, I've got money that if I needed to pull it out, you know, even during a downturn, I could, you know, try and keep a sensible, you know, cash reserve, but it just lets me sleep better at night. Because the market is so unpredictable, I mean, just look at the swings that we just had and really that, at the bottom, it came very close to what the market was, you know, a few years earlier and everything. So, to me, it's peace of mind, and just part of a good diversification. I mean, I think if you look at my portfolio between, you know, retirement money, non-retirement money, and then a paid off house, that helps make for a balanced portfolio without any bonds. And so, I've got the advantage of, you know, having the returns of the traditional way of, you know, of equities with the, you know, kind of peace of mind of having a paid off house.

**Clark:** Now, it's a good answer. I appreciate you mentioning it. So, just want to close with some rapid-fire questions here and then get into some last words of advice and any mistakes that you want to share. So, what's been the most expensive car you've ever purchased?

**Daniel:**To pull my newer travel trailer that I mentioned, I had to upgrade my truck to a F250, and I bought a used one and spend about 40,000 for that.

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

**Daniel:**So, I've been fortunate in work in the past, I have gotten lots of nice meals and that's kind of convinced me that while they're nice, you know, I don't give them that much additional satisfaction out of a really high-end meal. So, for our anniversary or something, we'll go out and spend, you know, maybe $100 for the two of us, but that's really about it.

**Clark:** Yeah, does your wife work at all or stay at home?

**Daniel:**She is a stay-at-home mom, since we had kids, she was a teacher before that.

**Clark:**Gotcha. Okay, what items or experiences are worth spending more money on to you and what's not worth spending money on?

**Daniel:**So, definitely, it's vacations, travel, experiences, those are the things that are worth spending money on and the things that are not, I would say expensive clothes. You can see that you know, I do you spend money on cars and things like that, you know, in a conservative way relative to wealth. So, I don't have an issue with that but that's where you know, I'll shop at Ross and things like that because I just hate spending money on clothes that I can get for cheaper.

**Clark:**Sure. How old were you when you became a millionaire?

**Daniel:** 36

**Clark:**Okay, do you have a predicted retirement age or net worth that you want to get to?

**Daniel:**So, I don't have any goals or net worth, on an exact number, except I would like to be in a, I guess, in a way, it would potentially be assets, investable assets of maybe 3 million, so that if I did a very, very conservative 3%, you know, I could have like a 90K cash flow. So, that might be one way that I would look at net worth. And I definitely would like to retire early, you know, maybe 55. And, you know, potentially would be in a position to, what I would also like, is to be in a position to be able to do that earlier, in case I wanted to do something, you know, a different job or, or that type of thing, just to, you know, have the flexibility there.

**Clark:** Yeah, makes sense. What's been as much as you're comfortable sharing here, what's been the range of income, household income through your working life?

**Daniel:**So, coming out of college, it was 55K, which was, which was very good salary at the time in 2000 or 99. And more recent years it's about 250, with salary and bonus and stock, a lot of times about there, sometimes a little bit higher than that, with some of these more recent things that drove some of my purchases.

**Clark:**Wow, good for you. Good for you. Have you ever used a financial advisor?

**Daniel:** I never have, you know, I early on, coming out of college, I had people at work who would set up appointments and things like that. But just knowing, you know, the knowledge I had about compounding interest and low fees and everything. I just always decided to do that myself.

**Clark:** And then spending household spending year, do you know what you spend annually?

**Daniel:** It's probably, generally between 80 and 100K, I don't track it. I don't track it extremely closely, though.

**Clark:**Yeah, and you have no debt at all right? I mean, maybe a credit card?

**Daniel:** No debt.

**Clark:**No debt at all, wow, good for you. So, just lastly, Daniel, what mistakes have you made or what would you, you know, if you're giving advice to somebody, if you could go back and do this again, as your 25- or 30-year-old self, is there something you wish you would have done differently or maybe a couple that with, is there something that you're really glad you did?

**Daniel:**Yeah, so definitely, I'll highlight one mistake, so in early on, you know, when I was in college, and I had read that book, the company that I was interning for had stock that went on an incredible run and went up about 10 x and it's actually one of the, it's actually a very big company. And I had stock in there, there was a stock purchase program and I saw this going up in value, a crazy amount and I had no experience about a bubble. I didn't know about those things at the time and I decided that I was going to be very conservative, that you could do margin at the time and at rates that would seem crazy today. But, you know, I had a mortgage on my house at the time, that was eight and a quarter and you know, margin. I don't remember exactly what it was, it was probably higher than that. But I was seeing these returns on this company stock network that were incredible. And so, I decided that I was going to be very conservative, and I wasn't going to be doing this for quick money but that, you know, even if I did it for you know, multiple years, I would be making way more than the margin, the problem and that continued to go up and that went up a lot in value, and then it started coming down. And eventually I had to get out and I didn't lose everything but I definitely, you know, it was a pretty dumb thing to do. But you know, I learn from that and learned about bubbles and you know that stocks aren't always going to go up and everything. So, that was a valuable lesson. I think that in terms of, the one thing that I didn't do was for non-retirement, I think that the dollar cost averaging into the market and just having something that is going, investing, you know, weekly or monthly, like your 401K that's non retirement money, I think would be valuable even if you made it $50 a month to just get in that habit and then it increase that, that I think, it would be a definitely a good thing to do. But the biggest lesson is just, you know, invest at the very least, you know max out a 401K and live below your means. Live so that you don't need to worry about a budget too much. You know, just if you live in a house, a big chunk of it, is live in a house that's below your means because that's a big source of what your spending is going to be between the house payment and insurance and taxes and everything. So, if you can keep your house lower early on, to allow you to save a lot, that'll go a long way.

**Clark:** Okay, awesome. Well, thanks so much, Daniel, I really appreciate it, net worth of 2.7 million, a paid for house, $600,000, absolutely no debt, so really cool. Thanks for coming on, really appreciate it. Thanks again for taking the time.

**Daniel:**No problem. I appreciate it, guys.

**Jace:** Thanks, Daniel.

**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.