Douglas Boneparth, CFP® - Bone Fide Wealth - Transcript

Tim: Welcome back to Living with Money, this Tim Mullooly. On today's episode, I'm joined by Douglas Boneparth. Douglas is a C.F.P. and also the President and founder of Bone Fide Wealth in New York City. Douglas, thanks for coming on the podcast.

Douglas: Oh, it's a pleasure to be here.

Tim: For the listeners out there, can you just real quick give us a brief background about yourself and growing up and school and finance and your life leading up to where you are today?

Douglas: Sure. Absolutely. So I grew up in the retirement center that is Boca Raton, Florida. Where literally the average age of my hometown is 76 or something like that, the joke. I grew up in Boca Raton, have been involved in personal finance since a young age. In 1991, when I was I guess six or seven years old, my dad started a career as a financial planner and that was back with like IBS, American Express. So from a very young age and I didn't even know back that I would end up doing this now. I've been surrounded by financial planning and wealth management and low and behold, all these years later, here I am running a wealth management firm. Who would have thunk it?

I stayed in Florida for undergrad. I went to the University of Florida. It was pretty much the popular thing to do, the Florida lottery system, if you did fairly well, if not really well in high school and got a decent SAT score, you were pretty much getting a 75% to a 100% free ride to a state school. Obviously, I'll tell you Florida's the best one in the state. Any parent with enough savvy with money would be like, yeah, so my kid's going to a Florida state school, which was not a problem. I got to go to UF during the Tim Tebow years.

Tim: I was going to ask, how were the football games?

Douglas: They were bonkers. I honestly didn't even care about pro football like my friends did growing up until I went to ... Or football in general, until I went to college when there was basically 100,000 people screaming all for the same thing and obviously a lot of beer. You realize that this is really cool and then you start winning games and you had really special moments there during the time I went. You then become extremely loyal to your university. I met my wife there. My brother went there. So it's like you start to just bleed orange and blue a little bit.

And then from there ... So I was working with my father throughout all of college. The origin story of Doug as a financial advisor is that I had a really early start. I formally introduced myself after my freshman year of college and took series exams and passed my seven, the next summer it was insurance and the 66 and I was fully licensed going into my junior year of college. My dad just kind of had his way with plugging me into all aspects of running a small practice. I learned as much as I possibly could, hands on in a way that only a father can teach a son. And I'm sure you can appreciate this.

Tim: Absolutely.

Douglas: Yeah, so that's been my competitive advantage. I amassed a whole bunch of skill early on, ultimately to graduate from college and realize that working with my dad was particularly hard. Heather went up to New York to go to law school, I had always loved New York City and wanted to go to business school at some point in time. All signs were pointing to you got to get out of here. You got to get out of South Florida. There's nothing great about living at home and it was tough. It was tough. Because you're essentially telling your father that you don't want to be the succession plan. You don't want to stick around. He figured that out on his own and we kind of agreed that the best thing for me to do would be to spread my wings and I guess as maybe he thought of it, fall flat on my face if that was the worst thing that was going to happen.

And that brings us to like October, 2008. So I literally moved, and I wrote about this, I moved to New York City, October 08, just in time for apocalypse. I worked with several franchisees, but I guess the underpinning thing here is that what my father had taught me allowed me to operate and administrate a financial advisory practice, soup to nuts.

So I was able to earn my keep very well and earned a decent base salary and I was able to bargain with the folks that hired me along my way in my journeys to build a bigger business over a longer period of time while getting paid fairly well to survive. It's worth noting that's why I survived and why it's so difficult for so many young advisors coming into the profession to get started. I'm very grateful for that early opportunity. It kept me afloat by giving me a skill set and that's very rare for anyone who wants to come out of school and be a financial planner. I think it's the biggest challenge of all.

You know as far as getting to Bone Fide Wealth, my firm and knowing that I want to work with millennials, which I'm sure we're going to spend a lot of time talking about, that really didn't happen until 2013-ish. Halfway through business school, I was doing my M.B.A at N.Y.U. at night and networking with kids that were doing the same thing. Like working 40, 50, 60 hour work weeks and then opting to come spend a boat ton of money to go get an M.B.A. at night. And everyone was just hustling and realizing that this was a great opportunity and that's when the light bulb kind of went off. That and the word millennial was getting really sticky in the news. I'm like, well, I hate this, I don't want to be labeled anything and then it's like, wait a minute. I love this. Wait, here's the marketing plan, awesome, let's do it. And it was pretty much all in at that moment, I was going to go after your older, high achieving millennials.

Bone Fide Wealth was born and things didn't work out with the previous partner, in terms of growing very different ways. He wanted to grow through acquisition, I had a found an organic growth strategy that I wanted to deploy over a very long period of time. I had my long game that ultimately necessitated the need to go out and brand things differently and create my own firm and luckily having at that point, almost a decade of experience and clients and a decent sized book, it was affordable, it was practical, I was ready to do it. There was really no more economies of scale from even having a partner. Although having a partner that you see eye to eye with would have been fantastic. And here we are. So September 1, 2016 to today, I guess we're going to celebrate two years of Bone Fide Wealth.

Tim: That's awesome. Congrats on two years.

Douglas: Thanks.

Tim: Just that kind of sticky word, millennial and traditionally planners and advisors don't really go out and target these young people who don't necessarily have as much wealth at this point in their life as compared to obviously older clients who might be nearing retirement. That's more the traditional path for marketing towards getting new clients for planners. Kind of just realizing that this label was emerging and you could market to that, that's really why you honed in on millennials?

Douglas: So one of the things that plagued me ... Maybe plagued is too strong of a word, but one of the things that certainly concerned me for many, many years in trying to figure out like hey, how am I legitimately going to build a pipeline for growth when everybody is telling you to follow the money. And that's a big lesson my dad taught me, just follow the money. In almost anything you're doing in finance, it's a good rule of thumb. But he meant it in the context of okay, who has the assets and that's very stereotypical. You want to go to them because obviously, they're going to make you money.

There's a fundamental flaw there I believe. You're asking young people who aren't really going to relate, when you ask a 25 or a 35 year old to relate to a 65 or 75 year old?

Yeah, no disrespect to them. Truth be told, and hopefully I'm not stroking my own ego here, but I grew up in Boca, so I actually learned a decent skill set. I was everybody's grandson. I think I'm a World War II veteran. I grew up in the equivalent of 1941 New York. It literally is like that. Even though I had a skill set for it and I did fairly well networking my way through baby boomers and older baby boomers, and even some of the greatest generation, there was an element ... Talk about what your passionate about and where your hearts in. I can relate a lot easier to my peers. I resonate with the financial challenges they're facing a lot more, having taken on a ton of student loan debt for business school and my wife for law school. You have all these components that you needed to tell the story and relate and provide solutions very specific to this demographic. I'm not saying young people can't talk to a retiree and empathize and emotionally relate. I'm going to tell you, you're likely going to struggle doing that. How could you?

Tim: You haven't experienced it yourself.

Douglas: Yeah, they're having grandkids, you don't even have kids. You know? So that creates a challenge right there. So from a marketing perspective, I never really understood why ... Another thing I've written about is this failed recruitment model. I digress, the issue here is that young people going out there to solicit business of predominately older people, relative to them, didn't make sense. And the challenge with going young as you alluded to is that they might not be productive with that. And that's a huge challenge when you're trying to put bread on the table and you need to make money and you're looking at, well just give me three, four, five, six plus years and I'll make it happen.

That's hard. And what makes it extraordinarily difficult is there's not a lot of places you can go to do that. You have to engineer and MacGyver your way into the profession. Any stone you step on could just plunk into the water.

Tim: Yeah, definitely. Me being a millennial, that I read and hear a lot about how uninformed and uneducated on finance my generation is. With you working extensively with that generation, there's probably a lot of misconceptions that millennials have about financial planning. Is there one in particular that you hear more often than others?

Douglas: Yeah, there's a number out there. I think the first one that pops into my mind is it's expensive. I can't afford this. And that's not true. A little bit of Googling will find you ... There are so many qualified young, certified, financial planners with compensation levels designed to fit just about anyone. It might not be me. I'm a boutique in the financial district of Manhattan looking for freshly minted law firm partners and entrepreneurs whose businesses are taking off and things like that. But you can be making a modest wage and feel the need to get your financial life together and there are professionals out there that can fit into your budget and help you a great, great deal. That's just the facts.

And another thing that I think if there's a stigma or a misconception that millennials have about financial planning or working with advisors is the age old, they're just going to sell me some ... They kind of recall more of the broker mentality than what a financial planner does and what financial planning is. That's on us to educate and demonstrate that look, the value isn't so much on investments anymore, we're going to do some heavy lifting over there, we might have a process that works really well for our clients and you. But when it comes to what you're paying us for and where the value is, it's on the financial planning side. Let's show you how to get out of student loan debt that you've put yourself into. How to really maximize that leverage and even kind of reaching into career and life planning. You and are hearing a lot more about the life planning side of things. I definitely think we're going that way.

Tim: What would you say to someone who would rather just work, not face to face with a real person and more a side to the new technology robo advisors and virtual stuff like that?

Douglas: I think getting financial education and getting financially empowered, you know whatever you got to do to do it. I think there's almost ... I'm at the point at least where shy of getting very depressed over how bad we are at being financially literate in this country or around the world. It's so bad I have to say look, if being a DIY'er is going to get you making smart decisions around money and that's your cup of tea, go do that. And you'll save some money along the way and hopefully you won't shoot your foot off. You know, if you need help and want to collaborate or just need a little bit of help, Vanguard's for you. I do have investments, it's super cheap and I do get to talk to somebody whenever I need to call after a wait time right? Throw some shade at them. That could be for you too.

And then there's full on comprehensive and there's what I offer, 24 hour top turn around on virtually any question you could possibly ask and white glove service and detailed financial planning and ultimately that real deal relationship with one individual that you want to have over the long term. Yeah, this is the entire spectrum of what's out there. So I think that a lot of these things go hand in hand, like I'll use a robo or I'll use a platform on the investment side for a certain purpose, like hey, we're going to handle this size account or this level of complexity through this. But ultimately, I generally get to like the recommendation part of financial planning. You lead with financial planning, you be very transparent, you be very objective with where they can get these products and 9 out 10 times, they're going to let you do it. Because they're already there, they trust you, they like the plan, they know the two go together and you as the advisor have a lot of control over how that play out as well.

So I'm all for it. I'm all for disruption in technology. I don't think you and I really need to worry about this, I think it's the people who aren't willing to change from the old school brokerage days that should be absolutely terrified.

Tim: Yeah, I totally agree. I mean technology is second nature to guys like me and you, so I'm totally with it. In terms of that lack of education that you were taking about, the older financial planners that you were referring to who might not be ready to use the technology, why do you think it's important for them to not really neglect the younger generation.

Douglas: Short answer is yes, long answer is more complicated than that. I think it comes out to the individual advisor and their practice and what their goal is. Like if you're 65 and you got seven more years in you, and you're done. Who am I to tell you what you need to do with your practice, but if you're not going to do anything about securing your businesses future, even if it's just finding someone to sell your practice to and figure it out from there, that's your prerogative. Accept the fact that you might receive a lower valuation for having less young clients. You might get a lower valuation for not building out your infrastructure and your technology so that it will last another 10, 20 years.

So I guess that's it. If you are ... If you don't care and you're out and you'll sell it for whatever, fine. The other end of that is you want to get top dollar for your practice, you'd absolutely be devastated to see that what you've built for 25, 30 years is essentially going to go to zero or be sold for something closer to zero than fair market value. Yeah, you're going to have a vested interest, you're 100% going to be vested in insuring you do a number of things. Making sure your practice is just set up from a technology point of views, systems, administrative operations point of view that it's going to withstand the next 10, 20 years. And if you're just taking about business development, where the revenue is coming from, then I guess this squarely answers the question is yeah, you should really care.

Tim: Yeah, it could be not only an educate these people and teach them financial planning, but also from a self-serving standpoint of making sure that your business is set up to easily hand off to whether it's someone buying the company or a younger advisor, just passing it down.

Douglas: Yeah. This is any business. Where you going to get your next client and if you think ... You just said it there, if you think you're just going to keep beating the drum of your peers, it's not going to work out for you in the long run.

Tim: Again, like I said, I read a lot about millennials and how we "kill things" like buying homes. Yeah, instead of the avocado toast and what not. Apart from what we jokingly kill, what do you think are a few things that millennials might create in the finance industry. Different types of investments, or changes in the way advisors do business. Depending on what the client wants?

Douglas: Yeah. All of those things and more. I think we're going to be consistently tweaking old methodologies into new age, new wave methodologies. I think transparency, well obviously, that's always existed, I think we're just ongoing to continue to become more transparent. I think millennials understand that the way you approach these subjects in our value offering is by not selling at all. I think, dare I say, obviously we're selling ourselves every day through our images and our brand and what we stand for. But as far as actually selling coffee foreclosure stuff, I think it's dead, and quite frankly in that context. And I think the anti-sell, the other way around. Almost, maybe some would call it scarcity. Like yeah, no rush. I'll call you back in a week. Yes or no. Either answer's fine, just let me know one of them. You know? There's no pressure. There's absolutely no pressure. You gain, I believe, so much credibility in some very simple tactics like that.

So transparency, not selling. We're going to continue to innovate and create on the technology front. We're going to concede more utilization of online tools. We already have a breed of young advisors who are virtual and we can access them anywhere at any time. It doesn't matter ... You don't need to go downtown, of your town to knock on the door of your financial professional to see that they're in. These things are just going to continue to evolve and continue to create more capacity and more value that we can offer.

So I'm excited to see all of that. So I think millennials are going to kill ... I think millennials are going to absolutely kill commission mostly, commission only style of brokerage based ... Can't see, bad radio here, can't see my quotes, but "what a financial advisor is." I'm not trying to get us into ... We could spend all day talking about nomenclature and titles and fiduciary ruling and compensation ... Let's put that off to the side. We disrupt stuff. I guess I finish this part by saying I actually love the whole millennials kill thing, because it's so absurd. It's simply a change in demand. Oh, again, the market shifted.

Tim: There needs to be a reason why it shifted, so we take the blame I guess.

Douglas: Oh, of course. We're the scapegoat for a lot of stuff and that's fine. I think the younger generation that's coming into power is always the scapegoat for the older generation leaving power. I think that's very natural. But from a market standpoint, from a business, economic standpoint, take the millennials killed Applebee's. Are you kidding? Sorry I guess I'll never get an endorsement deal with Applebee's after this. It's okay, but sorry we don't want to eat your 2000 calorie glazed chicken bits. We don't want to eat that, we don't want to. It's just like, we're on to you. It's not what we're about. I'm sorry, not sorry. It's just like, we're not going to eat this. You have an option, you can change your menu and get with the program or you can slowly die or quickly die and go out of business.

Tim: In terms of investments, I saw you were Tweeting the other day about socially conscious investing and how millennials, a growing number of millennials prefer that. What do you think about that trend?

Douglas: In the long term, ESG and SRI, so socially responsible investing. I think it will be just invested. This piggy backs right off the millennials kill thing. If you treat the environment poorly, if you have poor governance, if you're socially irresponsible, you can look to the data, but we generally know as millennials, these are turn offs as far as where we put our dollars. Again, as generational shifts take hold, and we ultimately start to be the largest consumers out there, our preferences will prevail. And I think our preferences are aligned with a ESG and SRI style of investing.

And I've actually been looking at this kind of building my intellectual capital here to do a decent blog post and maybe this is a good opportunity to tease it. But I've been looking at ... So the guys at MSCI, they are actually in my building, like a few floors I think above or below me and I made a contact there and I'll get more into this. But I wanted to look because they do a ton of research on SRI, ESG, a lot of are hiring them for their socially responsible data indexes.

So, I've been looking at that data and ultimately, here's the big teaser, I'm trying to see if ... Are you just a jerk for not using this style of investing. The biggest stigma being like I'm going to sacrifice performance to do this and I have some interesting findings that from a US investment over a 10 plus year period of time, I've found some interesting findings and maybe I'll be audacious and say, if you're not doing this, then you're just an a-hole. I welcome anyone to poke a thousand holes in that.

Tim: Yeah, definitely. So you touched on it before you said, you go with a planning first mentality. Why do you think that's the approach to take because sometimes you know clients come in and they always want to constantly ask about the investments and the performance and stuff like that. So, why do you feel that planning first is the way to go?

Douglas: How can be invest towards anything. I mean how can we get anywhere, just even in traveling or jumping in the car without knowing where we're going first? And financial planning's that roadmap right? How cliché at this point to say blueprint, roadmap and all of that. To us it is. Many people have never even heard of financial planning and they're like, yes, I want a detailed guide to navigate my financial life, that sounds amazing Yeah, wow, how much does that cost?

Oh wow, I can afford this. This is great change their life, that's what we're hoping for. So I don't mean to sound less than enthusiastic about saying financial planning first.

I put it out there because it means a lot of things to me. It means number one, we're getting away from old school, transactional brokerage type models right? We're putting the financial planning piece up front as the way ... Basically that will dictate all recommendations from a product side. It will give us a full view of what is going on in someone's life. It will basically empower and educate someone of what's going on and ultimately help them make smart decisions. Smart decisions around what to do with their money. Whether it be investments, buying insurance policies, saving additional cash, pay off their student loan debt or any other debt on an accelerated basis.

So that's where we start. I do it because I want everyone to know that if you're approaching this from a product side first, or an investment side first, you're just playing the wrong game. It's just not how it's done. And what are you aiming for? "I want large returns." That's the stupidest thing I've ever heard.

Tim: So does everyone else, but what do you need it for?

Douglas: What do you mean by that? How much risk are you willing ... Do you need to take that much risk? I'm looking at a document here that it says if you can achieve 6% over the long term, by the way, that might be achievable based on what we've seen historically, and you keep saving like this and inflation is this and Social Security is there or not there and all these other assumptions ... And you and I do this all day as retirement planing. You know then here's something that works within your tolerances, within your abilities. Let's get after that and people get excited about that. They see a pathway.

And now talk to them about, okay, here's this plan, now what do we do? Okay, well now we need to actually invest that money. The 401k needs to have this much risk so we can have this much reward. Well this is what that allocation looks like. I only have these 20 investments to choose from. Let me help you with that. Things get easier. It's easier to educate, so financial planning first, that's the way to go. I hope it's not a differentiation. I hope everyone's doing that, but it still might allow for a little bit of differentiation at this point.

Tim: I was picking out a couple blog posts that you wrote. One was titled, "Wealthy Millennials Versus Average Millennials." And I mentioned a couple questions here that I had. What's the biggest difference between wealthy millennials and average millennials, other than just the wealthy millennials have more money.

Does it have to do with different types of student loan debt that they have? Or what's the biggest difference besides just bank account balance between the two?

Douglas: So I think a lot of it really comes with cash. Before we even get into do they have investments. And I think I pointed to this ... This was like a MagnifyMoney survey so props to them. And they were really pointing to that rich millennials have a lot more cash than their average millennial counterparts.

Tim: Cash in terms of money in savings and stuff?

Douglas: Yeah, liquidity. So your emergency funds, if you're saving for a home. You don't need to get too complicated with other areas of personal finance, whether it be taxes or investments or things like that to really see kind of the beauty or comfort that comes with just having more cash on hand. It's so connected to the emotional part of personal finance. Just breathing easier knowing you won't take a step backwards if you had a medical emergency or you needed new air conditioning or something like that. I think it just puts you ... There's so many soft factors, like less of a worry translates into how much time savings, how much more productivity in your day. How many more opportunities that come your way. I have a very hard time quantifying that on a given person, but logically you know that's true.

So cash, that's one part about it. The second, clearly as you said is investments. There's perhaps a leg up there. There's the opportunity to start earlier in the capital markets and therefore compound longer and hopefully achieve success of those goals a lot quicker, or relatively quicker. And then you combine those two things together, it's like oh my God, I'm covered on the cash front. I have liquidity in dry powder and I have investments working for me. That's a big difference between I guess, take it with a grain of salt, wealthy or rich millennials and your average millennials.

Tim: Yeah, I mean it's not really like rocket science, kind of just a couple things there can separate you from being average to being "wealthy."

Douglas: And a lot of it also has to do with the debt stack right? That post really touched on where debt was coming from in your average millennial family versus the richest millennial family. The richer have more debt in their primary home or more likely to have a home. Less student loan debt, while average had more student loan debt. Average had higher car loan rates. Virtually everything was larger across the spectrum. It's funny, there was even one, second home. That's pretty humbling. I don't have a second home. So I guess I'm not the richest millennial family then. Okay, so I hope that answers the question about that. Good dig by the way.

Tim: That would be sometime last year. So I was doing a little bit of digging and I don't know, just the wealthy versus average kind of caught my eye. Figured it would be a good thing to touch on for potentially average millennials listening out there. What can they do to try and get to that upper tier so to speak.

Douglas: Yeah, and I think the spirit of that post was not to ... And I do cater to your high achieving, wealthy if not on their way to being "wealthy" millennials in my practice. But this post wasn't particularly ... It was to show the difference between the two and therefore we can target what you can do to put yourself in a better position. This kind of knowledge is power and it also by the way, sheds light on the richest part. It's not lost on me that those who are from more privileged situations or born into wealth. Wealth begets wealth, all of that. So try not to take too much stock in a survey like this. You can cut it up any way you want.

Tim: So I wanted to touch on the book that you co-wrote with your wife, it's titled "The Millennial Money Fix." For listeners out there who might not have picked up a copy yet, could you kind of outline the book and what the purpose behind writing it was?

Douglas: Yeah. Heather and I had a pretty interesting story ourselves, particularly surrounding student loan debt. I would say most of it really is from Heather going to law school through the recession and the absolute financial catastrophe that was for just about everybody. And this was a tale of taking out a ton of student loan debt and emerging from that into a depleted job environment. That got her shook. It took us a long, long, long time to emotionally reconcile that and financially reconcile that. So we have this cautionary tale ... And then there's me coming in with $120,000 in student loan debt from business school, which I elected to do after knowing that ... This was a mutual decision. Like what is wrong with these two people? And we kind of create a nice compare and contrast.

But, I digress. The first part of the book is really to help readers to understand how millennials have come into a radially more challenging financial landscape than the generations before them. And we did a lot of research and points to a lot of key contributing factors such as just being financially uneducated in general. Why are we so bad at that? Why the cost of college education has gone up so much so fast. That was one thing we wanted to bring there. Really get to the bottom of where student loans came from and how it was connected with the increase in tuition. The inflation of college education. And those were the things that we were really curious about and wanted to let people know, here's why this is happening. We didn't think that was something anyone really did in a comprehensive way and didn't have the ability to tell it from their own lives, their own story. We lived that. We were able to throw in ... Humor is always something we love to throw in there because we are talking about personal finances.

The second part of the book, here's where I'm going to have people throw the book into the garbage can. The second part of the book, I will not lie, it is a personal finance guide 101. We did the chronologically. So we're going to help you understand what you need to know at various stages of your financial life. Ultimately from selecting schools and colleges. So this is a moment to prevent a lot of mistakes from happening. That is super critically. If you're an older millennial or even a millennial who's like halfway through or almost done with college, you're going to be like, "Great, that was not helpful." So if you're a millennial parent that wants to teach your child, or you're Gen Z. This is what you need to read right now.

But then we pick it up from there into getting into the workforce. Handling investments. Understanding basic estate planning and even exploring this notion of what financial independence will be or what retirement will be for millennials. So we do a lot of soul searching and digging deep into how we feel about these things from a financial perspective and we hope it's entertaining enough and humorous enough to have people overcome the fact that you're learning personal finance and this has probably been done a thousand and one times before. A million and one times before. But it's our story. It's uniquely ours and we sold quite a bit of copies which is super cool considering we had very low expectations and it was really a great marketing piece for Bone Fide Wealth and the practice and all of that. But it exceeded expectations and we're truly humbled and honored that people would pick this up and read it and write us emails. It's really a cool thing.

Tim: Definitely. I feel like that's a good way to piece the book together. Like you're saying it's like a personal success story. You guys went into debt and came out of it on the other side. A lot of people, especially millennials might feel like they're kind of drowning in student loan debt and don't really know how to get out of it and boom you hit them with a here's how to do that. With like you were saying, potentially boring personal finance guide, part of it. But I think it's definitely' useful.

Douglas: I mean it really is a cautionary tale and there's some interesting compare and contrast. You see Heather who made an uninformed financial decision to go to law school and she lays out why she made ... We lay out why she made that decision at the time she did. Someone who is fairly risk adverse. Graduated undergrad with no debt. She brings you through the sequence of events that took place for someone who's super bright. Heather's far, far smarter than me. How someone like that could make a decision like she did. Now granted, she or nobody could predict that great recession was about to happen. Talk about bad timing. Yeah, absolutely. But a really savvy person would have factored something like that into their analysis and maybe would have done a little bit more critical thinking. Even if they just had the basics or the foundation of personal finance under their belt, who knows what the outcome would have been. And you can say that about America in general. Would there have been a great recession if people just knew leveraging your property to the hilt is a bad idea?

I mentioned in the book, banks should not have been in the practice of predatory lending. There should have been controls and regulations in place and there's people on Wall Street and at banks who clearly made some very bad decisions and that's a whole other thing. You can point your finger at them, and you can point your finger at yourself. I will gladly point my finger at everyone including myself and just say look. If you take financial education into your own hands, you can prevent a lot of this. So stop relying on others that clearly that did not work. Here's a book, here's some knowledge that you can use to radically change your life right now.

Tim: In terms of people who might be feel like overwhelmed with student loan debt and think that they kind of need to get a job and start paying off these debts regardless of what kind of job it is. Where do you fall on that spectrum of holding out for your dream job versus getting a job to pay the bills that you might not. Millennials are all about finding that passion and following your drive, but it might not pay what you need to get rid of your student debt.

Douglas: That's a stellar question. I love that question a lot because I think it touches on the reality of a lot of people. I'm a big Gary B fan and he gets into it sometimes where he's like it has to be practical. But if you shout too much like anyone can be an entrepreneur and get themselves and change their life, I'm all for the self-motivation, but you know people have kids and families and how do you effectuate making those radical changes in what you're doing and how you make your money to go produce something that you're going to love to do. Now we're bringing in fire movement. Now we're bringing in the entrepreneurship movement and now we're bringing in personal finance. Bringing all these things together and I think this is where a lot of ...

One, you need to have a knowledge base. You need to be financially educated so you know what parts need to be moved around. You're going to have to calculate ... So for example, if you want to leave the stability of a job that is, you don't love doing, you can't do forever, but it's taking care of your liabilities. First, you need to figure out what it is that you want to do. You're not going to leave that on a whim to do something you think you like. And if you don't know what you like, try and figure that out. And if the only way to figure that out is by liking into it and actually doing it, start to maximize your time. See what you can do outside the hours of your job. Eventually it's going to start to incrementally shift and perhaps it's over a long period of time. Or a longer period of time than you would like. It might not be next year, it might be a two year play, a three year play. Because you've got to gain experience or educate yourself or re-finagle your finances.

Which brings me to my next point. Are you willing to make a sacrifice and how much can you reasonably sacrifice. Such as you. It gets inherently more complex when other lives are there. Spouses and children. This is how people get into starting in a job that they hate forever. Because ... It's extremely unfortunate. It takes a lot of gumption to accept amounts of risk that make you very uncomfortable. So without the knowledge, without the foundation, I think you stand almost a slim to none chance of ever making that transition happen for yourself. But, it can be done and it can be done incrementally and it can be done quickly too. But that depends on your appetite for risk.

In this example, you have all of this debt and you just don't see a light at the end of the tunnel. And I feel that. Amortization on very large balances tends to do that to people. You throw all this money at it in those first several years you don't see the balance ... Yeah, it's not doing anything and it's very frustrating. But if you truly understood how it worked and how to plan in place and were comfortable with certain sacrifices, I'm firmly confident that there is a plan for everybody when it comes to abnormally large student loan balances. I didn't say there's going to be a plan that you're going to be happy and comfortable with, but I did say there was a plan.

You'll have to evaluate what's most important to you. Getting your head out of the ground. Like we talk about ostriches in the book. Eagles and ostriches. Eagles are too proud ... They want debt gone. They'll throw every last dollar they have at it. They don't care about discomfort at all. They care about being debt free. That doesn't sound very practical, but that's one to approach it. And then you have the ostriches who won't face the reality of what they have in front of them. It's the other end of the spectrum. And you don't want to be an eagle or an ostrich. Life's really not all that fun on either position. You want to be some other land mammal.

Tim: Kind of getting towards the end here, I just have a couple more questions for you. If you were talking to a millennial and you were in an elevator that wasn't lasting very long, maybe 30 seconds to a minute. You could give them a one or two liner to sum up what they ought to be thinking about with their finances. What would that be?

Douglas: I would say can you identity, quantify and prioritize your financial goals?

Tim: And if not?

Douglas: Yeah, because there's almost nothing else worth doing until you figure that out.

Tim: Kind of like when you're talking about planning first. You know you can't really get a started unless you know where you're at.

Douglas: Bingo. Planning helps solve that in a more detailed way. But only you can answer those questions as what it is that you want for yourself. When do you want it? And of the the things that you want, which are most important to you? So you have an idea as to which ones you're going to attack first. If you can do that, and then master cash flow and actually build discipline around money coming in and out of your life. You hear that all the time, they say that's 80% of personal finance. And it is. It's true. People stink at this and don't take the time or energy or patience to build that discipline and answer those very tough questions.

Tim: So kind of on the flip side there, that situation you were giving me advice. In terms of getting advice, what's one piece of advice that you've gotten over the span of your career that's helped you get to where you are today?

Douglas: I would tell you it's patience. The thing I think I struggled ... I'll be 34 at the end of the month and I'm by and large I think I'm a young man, but I think one of the things I've struggled with growing up as an even younger man and even an as an adolescent was patience. I've been humbled. I don't know if there's any one person that's told me this. I think it's just a matter of taking your lumps and dealing with failure and rejection which is inevitable and necessary to do really well. Each time that happens, I think patience comes into my mind because if you're planning right and you're doing the right things, you'll get there. You'll get there. And I've done this long enough to realize that's true.

So you can't even resonate with that in the first four years of anything. Anything that's this long of a game. You know we say long game so much, but it's true. I mean if you're a young advisor, you're literally trying to figure out how to survive so you can play a myriad of long games and as soon as you realize you've got your toe hold, you got your ... You're rooted in it, then oh my God, it's the coolest thing on the planet. It really is.

Tim: So I feel like if you have patience in just in life in general, you'll be better off. Last question real quick. You've been rating some Halloween candy on Twitter. Got a bone to pick with you though. You only gave Kit-Kat the 3 out of 10 man.

Douglas: Aah. Yeah, it's so funny. By the way, just full and fair disclosure, I did that late last night knowing I was ... I got busy. I was doing it everyday successfully, putting a candy out there. I guess when people listen to this, they'll understand why I'm doing this. Halloween's my birthday. So I naturally am all things Halloween and the like. Second, I didn't even start in on the candy bar space. I'm actually not ... I don't have a sweet tooth, which is kind of ironic. I'm not into rich cakes and chocolate. Although as I get older and fatter, I realize I'm liking these things more and more. Just go to a toddler's birthday party and you'll find yourself eating a lot of cake. But the point here is, I'm more of a sugar guy. Like if you're going to give me candy, give me it straight. By the way, I'm a huge, huge sour candy fan. Like the more sour, the better.

Tim: Like Sour Patch Kids stuff like that?

Douglas: Yeah, Sour Patch Kids are great and all, that's not super sour stuff. I mean that's tangy to me and that's going to cut your tongue up after enough. Whatever they're coating Atomic Warheads with or Cry Babies. Cry Babies, probably hands down, my favorite. But anyways, the Kit-Kat thing. Yeah, I did that knowing I was going to piss a lot of you off. Truthfully, yeah, I don't think it's very good chocolate that is on that thing and a lot of times you're grabbing a Kit-Kat that's been around for way too long and the wafer in it is soggy and stale. It's just like every time I have a Kit-Kat, it's like why do people love this thing so much? Because you can bite down lengthwise and pull a brick off, or a slab off? That's kind of cool I guess. You're all crazy to think that's good chocolate and like a caliber chocolate bar. There's literally nothing in it except a wafer and chocolate and people are going bananas on that one.

Tim: Yeah, when you put it like that, I don't really have a good reason for why I like it. Probably top three or four candy for me though.

Douglas: Wow, I really offended you.

Tim: No, not at all.

Douglas: It's stalwart of the Halloween candy contingency. It really is.

Tim: Maybe it's more of a nostalgia thing for me. Like it had it every Halloween growing up.

Douglas: Yeah, that's why I knew it would bother people and I showed Heather last night and I'm like, I'm going to post this. She's like, "Oh my God. What are you going to do when you get to Butterfinger?" I was like, I'm not going to ruin it. And I did do Twix, which is a solid, solid candy bar.

Tim: Yeah, I'm a big Twix guy too.

Douglas: That's way up there for me.

Tim: I look forward to the continuing Halloween candy reviews and happy early birthday.

Douglas: I appreciate that. Thanks for this.

Tim: Yeah, so that's all the questions I had for you. Thanks for coming on the podcast. I really appreciate it.

Douglas: Anytime.

Tim: All right. So for all the listeners out there, I'm going to link in the show notes to everything that we talked about today. Be sure to check out all the blog posts and the books that we talked about.

Thanks for listening to this episode of Living With Money and we'll see you on the next one.