**Fervent Finance - FIRE, Podcasting & Personal Finance - Transcript**

**Tim Mullooly:** Welcome back to Living With Money, this is Tim Mullooly. On today's episode I'm joined by Kevin from FerventFinance.com. Kevin, thanks for coming on the podcast.

**Kevin:** Thanks for having me, Tim.

**Tim Mullooly:** So before we dive into FerventFinance.com, your blogs, and your podcasts, let's start off real quick with a background about you personally. What got you first interested in finance and kind of how did you work through life up until this point to get to where you are today.

**Kevin:** Yeah, sure. So I've been interested in personal finance and just money in general since I was pretty young. I don't know what sparked the interest, but I remember getting Monopoly for Christmas one year when I was like eight, and I was addicted to the game from that point forward. Always trying to, had to beat my sister in Monopoly.

**Tim Mullooly:** Of course.

**Kevin:** But then in fourth and fifth grade we actually did a stock market game in school where we picked individual stocks and we kind of tracked them throughout the year, not how I would now want to teach kids about investing.

**Tim Mullooly:** Right.

**Kevin:** But going for broke. The person who won had that high flyer stock that they picked randomly.

**Tim Mullooly:** Right.

**Kevin:** But it kind of sparked that interest that there was this world out there where if you took some of your money and you invested in these companies, they would give you more money. So that just was like amazing to me, so that really sparked an interest in investing from that point forward and it was something I followed throughout high school and then definitely in college. I was going into college I was a finance major and I started college in 2006, and I had an accounting professor come up to me after I took Accounting 101, and I'm sure they did this for all the people who did well in Accounting 101, the accounting professor would meet with them and try to convince them to be an accounting major.

**Tim Mullooly:** Right.

**Kevin:** And it worked, so he converted me to an accounting major in like the '06, '07 timeframe, and he basically was saying, "Hey, this ride, this good ride that we're having in the financial markets and the economy is not going to last forever." And he's quite wise with that.

**Tim Mullooly:** Right.

**Kevin:** Because in the next year or two we had The Great Recession. So he said, "If you're an accounting major, a lot of those finance jobs will still be there for you, but you'll have hopefully the CPA to fall back on if times get thought, and it's a good career, and you can do all these different things with it. So yeah, he kind of convinced me to go that accounting route and I've been a CPA ever since I graduated college and obtained that license.

**Tim Mullooly:** That was good advice I guess from the accounting professor because he's right. There's accounting jobs regardless of what the market's doing. They're always very stable and seems to be in demand.

**Kevin:** Yeah, and I got pretty lucky and some of my fellow classmates, most of them, when we graduated in '09 had their job offers and none of them got pulled, but I know some of the finance majors weren't so lucky. So I definitely lucked out there.

**Tim Mullooly:** Yeah, it was a while ago, but do you remember any stocks that you bought during that assignment back in school?

**Kevin:** Oh no, I have no idea what I invested in in the fourth and fifth grade.

**Tim Mullooly:** Right.

**Kevin:** But I did start actually, I opened a brokerage account when I was 19, so that was in college, and I started trading stocks at that point, that's when I actually started getting my feet wet at that point. So it was definitely an interesting time. I had a roommate at the time, we would throughout the day when we weren't in class, we'd be back in our apartment just talking about stocks and the market, and it was towards the end there of college, it was getting pretty crazy.

So I do remember that pretty vividly, just the volatility, and I started learning my lessons that that probably wasn't the way I wanted to invest for my future, picking stocks.

**Tim Mullooly:** Yeah, it was just floating through my head I'd be funny to see how those stocks fourth and fifth graders picked all those years ago. If you still held them today, how would they be doing? It'd be a fun experiment.

**Kevin:** I'm sure someone had Disney and they would be doing pretty good right now.

**Tim Mullooly:** Yeah, exactly. So you talked about getting your CPA, but you've also recently passed the CFP exam as well.

**Kevin:** Yeah, so when I graduated college, my first job was in smaller accounting firm and we had a wealth management division. So each new hire did a couple weeks helping out in the wealth management division and I really liked it, and I had let the people there know that I was interested in it and I always had been interested in investing, had done some investing on my own and things like that. They had just hired, they had just grown their practice and just hired two new hires, so they were like, "Hey, down the road let's just stay in touch and maybe you guys, you can help me out more down the road." And kind of just parted ways, and I never went that route, but it's something that's always been interesting to me.

So yeah, so I finally I was in a good place personally with work and just my personal life, that I had some time to devote to taking the CFP exam, and I figured now is going to be as good a time as anytime to do it.

So yeah, I buckled down this past fall and in March I took the exam, and luckily I passed and so yeah, now I'm a licensed CFP which is something I never really considered a route to go down until the past few years is kind of when I thought about it a little more, and I've become more involved in the financial planning community and meeting a lot of CFPs and financial planners, and realized how great of a career it could be, and it's just maybe it could be an encore career for me down the road.

**Tim Mullooly:** Right, yeah. So for you personally, what was the hardest part about studying for the exam, because I'm going through it right now and I know it's not exactly a walk in the park, It's a difficult curriculum process. What was the hardest thing that you found to be for studying?

**Kevin:** Yeah, so I had taken the CPA exam, but it's been eight or nine years ago now, but so I kind of had an idea of what it would take and the time commitment, things like that. So I made sure at the beginning to explain to my wife that, make sure she was on board, and I'm kind of, kind of be down in my office after work studying and on the weekends and things like that. So I made sure to cover that base, but yeah, I did a lot of reading about what it would take to pass, and I set a timeline for studying. So I think just using that experience from the CPA exam back when I was in my early 20s helped me a lot to get ready to plan a course of action to pass the CFP exam, and I think just the toughest part is just the time commitment. I mean, it takes a lot of time.

**Tim Mullooly**: Right.

**Kevin:** Back when I was 22 studying for the CPA exam I was single, I had a roommate who was also studying for the CPA exam. So we would just come home from work and study in our own rooms studying, so it was a conducive environment to doing that. I had less responsibilities at work when you're 22.

**Tim Mullooly:** Right.

**Kevin:** At this point the time part is just the hardest. It's just prioritizing and setting that timeline and sticking to it. Now things will come up and I try not to get too upset when things would come up and it'd kind of derail my plans for a little bit, but you always have the weekends to kind of catch up and reset there. But yeah, it's definitely just taking the time to actually sit down and study, and making it a priority.

**Tim Mullooly:** Yeah, definitely. That's kind of what I'm finding now too. It's just setting aside the time and actually putting in the work. Comparing kind of the CFP and the CPA, were they pretty similar in terms of studying for the test, and time commitment, and involvement for each of the tests, or was one harder than the other or more difficult? Which do you think was more difficult, the CFP or the CPA?

**Kevin:** Yeah, they're definitely both hard exams and they're kind of beasts in their own rights. The CPA exam is in four separate parts, so you actually go test four separate times, which each exam is like about three hours, you have four different three hour exams, whereas the CFP exam is just one day in two three hour blocks. It's kind of more, I think the CFP was just more daunting from that perspective, is you have to distill all the knowledge down and get tested on it in one day, which is pretty daunting. But the CPA exam you can kind of spread out a little more, and then I did the CPA exam right after I finished college, so you're kind of more fresh on the technical topics than when I was doing the CFP exam, I had to kind of start from scratch even though I had read about many of the topics before, and obviously tax planning was somewhat familiar to me.

**Tim Mullooly:** Right.

**Kevin:** But I felt like I was starting a little more from scratch for the CFP exam but I just made sure to plan for that and give it the time that it required.

**Tim Mullooly:** Yeah, well congratulations on passing the CFP, great accomplishment.

**Kevin:** Thanks, and good luck for when you take it.

**Tim Mullooly:** Thank you. We're both actively engaged in finance Twitter or FinTwit as people call it, so I just wanted to talk a little bit about FinTwit and the community. If you had to pick one thing about FinTwit in general, what would you say is your favorite thing about the community as a whole, and if you had to pick one if anything at all, what would you say would be your least favorite part about FinTwit?

**Kevin:** I'm going to give you two things I like about it, so I'm going to deviate a little bit, but finance is still kind of tough to talk about just in your normal life. It's one of those things that people kind of close off and don't really discuss with their family and friends, and it's something that I like to talk about.

So in real life I only know a couple people that I'm very open with finances about and we can discuss different things like power saving, how we're investing our money, how we think about debt, things like that. So it was a nice place that I could go and discuss those things with other like-minded people that were very educated on the topic. I mean, there's people on there that are reading 50 page AQR white papers for fun on factor investing, and they all distill it down into something that I can understand, which is awesome.

People are just so helpful. I mean, if you have a question, there's tons of people that are just willing to take 10, 15 minutes and give you a really thought out answer or send you some articles to read about it and just give you kind of a path of where to go to learn more about somethings. So just the people have been great.

The least favorite part is I think people can, we can kind of be in our little echo chamber at times, for the most part we're well compensated, well educated individuals that can kind of I think get lost in how other people are living, especially when it comes to personal finance and we kind of get into these wonky topics on there where sometimes it's hard for us to talk about the other things like income inequality and things of that sorts, where I think we could just do a better job at it and we can kind of pigeonhole ourselves into just this one little area of talking about investing topics and personal finance that only applies to maybe 10% of the population.

**Tim Mullooly:** Yeah, I definitely agree with that. It kind of can get caught up in a bubble sense sometimes and it's got to remember to be accepting of other people's opinions and not necessarily well this is how we do it here, so.

**Kevin:** Exactly.

**Tim Mullooly:** This has to be the right way. It's like, "Well no, let's consider all the options." Right?

**Kevin:** Exactly, yeah.

**Tim Mullooly:** Going back to that first point about what you liked, it's a uniquely open and it has a unique comfortableness to it. It's people that we've never met in person before, but for some reason we're all comfortable sharing sometimes very personal stories and finance stories that we might not be comfortable sharing with our actual relatives and friends.

**Kevin:** Exactly, yeah. I've actually, a lot of people that I talk with on Twitter, I've actually now met in real life which is pretty cool, because at first you don't think that's really an option, but then as time progresses and you get more close with the people that you talk with on Twitter, and you might go to the same conferences, you might be in the same city at the same time, so it's always nice to catch up with those people that you've probably talked to online a bunch but never actually met them face-to-face.

**Tim Mullooly:** Right, yeah. Definitely that's a really cool aspect of the community. So segueing nicely into that, your podcast with fellow FinTwit member Justin Castelli is called Reversion To The Mean. I listen to pretty much every episode, but for those out there who haven't heard the podcast yet, do you want to tell them a little bit about Reversion To The Mean and what they can expect to hear on that podcast?

**Kevin:** Sure, I'll give a little background. So Justin owns an RIA down in Fishers, Indiana, and he had been telling me that he wanted to start a podcast for his related to his All About Your Benjamins blog, and he would interview different financial advisors and people in the FinTech and financial communities, in more of a interview setting. So I was pretty supportive of him doing that, and so he started that and then he really enjoyed it. We started talking, and he's like, "Hey, why don't we do something a little more casual and laid back."

And so we kind of bounced around some ideas and we thought we could just talk about current events, share blog articles and financial articles that discuss investing, and markets, and personal finance, but at the same time we're both very interested in sports and fitness, so we slide that in as well to talk about it. It seems like the Fintech community is pretty involved in, whether they're involved in running or weight training, but just staying physically fit. So it seems like they kind of, they go together pretty well.

So we just have a laid back discussion about the articles, and a lot of times Justin and I don't share the same opinion, so we're not afraid to share our opposing views. We're polite about it, but we don't see eye to eye on everything. So I think people like to hear that as well. We don't just agree on everything and move on, we'll share our opposing views too, which I think is a little different when you are listening to other podcasts.

**Tim Mullooly:** Yeah, I think that that's, I agree. It's kind of refreshing to hear two different takes on the same topic as opposed to just one unison group opinion about it.

The other thing that I really like about the podcast is that it's very easy to understand, like you were saying, it's kind of laid back. There are some podcasts out there and blog posts that are very heady and intellectual, sometimes fly over my head, and I like that you and Justin are able to narrow it down to words and messages that everybody can understand, whether you're a finance professional or not.

**Kevin:** Yeah, and that's exactly who our audience is too. If you want to listen to the wonky stuff, there's the AQR Podcast, Corey Hoffstein is out there, Patrick O'Shaughnessy, those podcasts are for that. We want our family and friend, and that's who we share our podcast with for the most part is our family and friends who might not be as sophisticated on financial topics, but we want to have an honest and open discussion, but at the same time distill these topics down to something that everyone can understand, but not like try to dumb it down too much, but have very nice conversations about investing topics, or personal finance and things like that, but be something that everyone can listen to.

**Tim Mullooly:** Yeah, absolutely. So for the listeners out there, I'll link in the show notes to Reversion To The Mean. You can check out all their episodes as well. I've noticed on Twitter I've seen you as a supporter of the FIRE movement. Can you explain to our adience what exactly the FIRE movement is, and kind of the general ideas behind the concept?

**Kevin:** FIRE stands for financial independence, retire early, and it's got a lot of press lately. I think mostly spurred on by the almost 10 year bull mark that we've had in US equities. It's just been a different thought that people have had where you have the traditional working career where people will graduate college at 22, and you kind of just go work a career for 40 plus years, and then most people plan on retiring at 65, 67, 70 because it lines up nicely when social security becomes available, you can tap your IRAs and 401ks, and people are at a point where they're financially independent and don't need to work for a paycheck anymore.

Now, what the FIRE group has done is they've said, "Hey, wait a minute. Why does it have to be 65, 67 or 70 where we're working towards that goal? Why can't we move that up a little bit?" And now there's different groups under the FIRE umbrella that have different ideas of what FIRE is to them, but just generally overall it's increasing your savings rate from the traditional advice of saving 10 to 20 percent of your gross income for retirement, to pushing that up to 30, 40, 50 plus percent, to try to build a nest egg so that you become financially independent quicker than 65, 67, 70 to give you optionality. And it doesn't mean, because retire early is in the name, so I think it throws some people off.

It doesn't mean you're going to retire at 40 and stop working forever, I know there's probably a very small percentage of the group that actually wants to do that, but what most of the people that I've interacted with want to do is change careers. Maybe they're an engineer and they're making good money, but it's really ... They don't like being in a cubicle for nine hours a day, they have a passion that's something else but it's going to pay a lot less. So for them to transition from a high paying engineering career to something they're more passionate about that might pay a third of the salary, they're going to need to kind of front load their retirement savings because they're not going to be able to save as much for retirement maybe in that passion career to live the lifestyle that they want to live. There's different ways they go about it. A lot of people are into frugality so you try to cut your expenses to enable you to save more. There's other people who try to earn more income, whether that's by starting a business or just changing jobs, or trying to get a higher income through your day job.

So yeah, it's been in the news a lot lately, but I'm kind of curious from your Tim, what has your view been on the FIRE community? I know a lot of people have mixed feelings.

**Tim Mullooly:** I think it gets put under the microscope a little bit by the media, and I think that it gets the main message gets distorted into this black and white, like you're going to, like you said, not many people retire "early" at 40 and never work again.

**Kevin:** Yeah.

**Tim Mullooly:** So I think it gets a bad rep sometimes because people polarize it and they think these people are going to spend or save 100% of their money in their 20s and 30s and not spend and live on cans of beans and not spend any money for 10, 20 years, and then just retire at 40 and never work again, and people are like, "Well, that's not realistic." It's like well, that's not what it is. So I'm in support of it. I mean, I don't think, especially with our generation, the millennials, the traditional retirement is going to go by the wayside. So I think in some way, shape, or form, a lot of people in their 20s and 30s now are going to do some form of this FIRE movement. That's kind of my opinion on it.

**Kevin:** Yeah, I think you're exactly right, and say there's the FIRE community, say maybe 10% of the FIRE community is into extreme frugality, that's what it seems like the media picks up on, is all the people who are really cutting their expenses really low and making alternative life choices, I'll call them, where they'll do, they'll go live in a camping trailer for a few years to save a ton of money in a state park or something like that, and they'll pick up on that, where that's just maybe 10% or less of the FIRE community, where 90% of the people are living more traditional lives. They're definitely, maybe they're a one car family, or they have a smaller home compared to their peers, or things like that, and they're, don't go out to eat as much and they'll cook in more, have friends over and cook at home. Just like they'll make smaller choices like that, and they kind of they're not doing the extreme thing, but that's kind of what's shown in the media.

**Tim Mullooly:** Yeah, I feel like it's partially the media's fault for doing that, but at the same time that's the media's job, is to get people to read their articles and watch their videos, and people doing extreme things like that is much more interesting to the everyday person than someone who's just scaling down to one car as opposed to two or making kind of less radical changes to their lifestyle. So I get it to a degree that the media is going to glamorize and pump up these 1% of people that go extremely radical to one side. So I get it to that sense.

**Kevin:** And I kind of, it's kind of a shame that people will, the media will portray this in a negative manner, because if you have people who are saving 30%, 40% of their income and they're putting this money away to the side, that's setting themselves up very well for the future whether they want to have kids and help provide for their college, or one spouse has to step away from work for it could be health reasons or just family reasons, things like that. It's just going to set yourself so well up for the future, even if you don't want to retire early. So it's kind of sad to see it portrayed negatively because as long as people aren't going too extreme and really cutting their expenses so low that they're not having a fulfilling life or a happy life, then who cares if they're saving a ton of money, they're just going to be set up so much better.

**Tim Mullooly:** Yeah, it's like why is saving money a negative thing?

**Kevin:** Yeah.

**Tim Mullooly:** Yeah. So I was going to ask what do you think the biggest misconception about FIRE would be, and if that media portrayal is one of the bigger misconceptions?

Is there any other misconceptions about the movement in general that you kind of wanted to set the record straight on?

**Kevin:** Yeah, I think it's just the extreme frugality part. There's definitely a portion of people who are really cutting their expenses low and doing these kind of alternative lifestyles that 90 plus percent of the population would say, "I would never do that, that's just way too extreme." And that's fine, and those people are ... That's fine for them to go do that. If they're happy going that route, go right ahead, I'm happy for them that they've figured that out.

**Tim Mullooly:** Right.

**Kevin:** But I think one thing that the FIRE community does extremely well that doesn't get too much press is how much they talk about increasing income. So one thing that I think the personal finance community doesn't do a good job at is teaching people how to increase their income. Whether that's through starting a business on the side, or going to your boss and proving your value and doing research about the market and what's market rates for someone with my experience and for the job that I do, and maybe you're getting paid under market. It's like how do you have those conversations with management and your boss? How do you go out and interview for a new job and use, because a lot of times you can go get a new job and you'll get paid 15 to 20% more just to change jobs, and it's not your current job just trying to pay you less, but you kind of get comfortable in your job, and whether management uses that to their advantage or not, but they don't necessarily have to keep you up with market rates because they know it's tough to go update your resume and go interview with five to 10 different companies, it's a tough process.

So you kind of get rewarded for that when you go look at other companies because they need to add staff, they're probably growing or someone left so they need to fill that position, so to get the right person they're going to have to pay market rates or maybe a little bit above. So it's just having that knowledge of that that's possible, and if you're unhappy in your job why not go interview and try to see what else is out there. You're going to kill two birds with one stone, maybe you're going to work for a better boss or in a better company, and you could get paid more at the same time. So I think it's just great that the FIRE community concentrates on that as well and not just the expense side.

**Tim Mullooly:** I wanted to touch on a couple of your blog posts over at FerventFinance.com. Recently, a couple weeks ago you wrote about how you realized how uncommon it was to know about your parents' earnings growing up. I wanted to talk about how parents and children can kind of communicate better about their finances and at what point do you think parents should start having those talks with their kids about money and what they're bringing in, stuff like that.

**Kevin:** Yeah, first things I want to put out there that I don't have kids, so this is just things that I kind of being myself. But yeah, so growing up it wasn't that my parents were this personal finance gurus, that's not it at all, it was just that money was an open conversation. I kind of always knew how much money my parents made, and I was always an inquisitive kid that was probably extremely annoying asking question, so I always understood that there was a mortgage that my parents had to pay for, so that's why they had to go to work, and it's just, I don't know if it was me asking all the questions, but I think it was a combination of that and then just being open about it. It's like no, we have to pay for these things and that's why mom and dad go to work. So I think I just had a very good understanding of that early on. I don't know if you can get kids interested in finances just by beating it into them. When they're four, or five, or six, I just don't know if you can externally get them interested in it. It's kind of I think it has to be more of an osmosis process where if you see your parents doing something.

Now, it could be good things or bad things. If money is always tight, and it could ... And kids are very, they can sense things, they can realize things, and if things don't make sense, so like if money is tight but then a ton of money is being spent elsewhere, they'll sense that and they'll understand, so that I think when we become adults, you kind of have those little things in you that you're like, "Oh, I'll never spend money on that." Because you saw your parents maybe waste money on that or something like that.

**Tim Mullooly:** Right.

**Kevin:** So those things stick with you going forward, but it's the good and the bad that stick with you, so I think it could works both ways that through osmosis they'll see the good things that, kids will see the good things that their parents did in terms of finances, and they'll also see the bad things and hopefully learn from that going forward. So I think it kind of works both ways, but I'm not sure specifically how to get kids interested in that. I think if it's just an open and honest conversation at home they'll kind of just pick up on it along the way.

**Tim Mullooly:** Right, yeah, that's a good point. It's tough to, with finance and with any other topic I feel like if a kid, a young kid is not interested in something, it's hard to convince them to be interested in something, especially something that could potentially be as boring or not exciting as money, so I'd agree.

**Kevin**: Unless you're me, then it's really exciting when you're eight years old.

**Tim Mullooly:** Yeah. Unless you have a kid that is just naturally interested in stuff like that.

So another post that you wrote kind of hit home for me being a homeowner and having gone through the process. You wrote about going through the home buying process yourself and kind of knowing when to walk away from a home. Do you want to tell the listeners about that experience and what the key points that you took away from that process was for you?

**Kevin:** Yes, so my wife and I have been kind of just looking at the housing market in our area for a couple years now, but we didn't really get serious into buying our primary residence until the late last summer, early fall. Recently we actually put an offer in on a house, and it was accepted. So we were going through the process and the inspection let us know that there was some water damage to the front of the house, put us on pause because it turned up that they kind of knew they had an issue, but they never told us about it because there was some repair work, shoddy repair work done as well, so you could ... Our inspector let us know that someone knew about this and here's what's going on.

So we were just, we were kind of upset that they weren't transparent about it number one, and number two just with the specific problem. You could estimate how much it would cost to fix, but there could be additional implications beyond that that you just don't know, and so you start pulling away at some of the damaged exterior of the house.

So it's just something we didn't want to get involved in for our first purchase, but I think we learned, I wouldn't take it back because we learned a ton. So yeah, I'll just share a few things that we learned as, don't get too emotional about the house. Things can go wrong even though your offer was accepted.

The inspection could turn up something, something could happen down the road and there's that 30 to 40 day period after your offer is accepted where all the financing takes places, the inspection, all that type of stuff where things can go wrong and for whatever reason you might have to walk away or the house will just not, not be available for you to buy anymore. So don't get too emotional until it's, you actually get the keys I think is a good idea because it'll probably save you a few bucks too, because you don't want to turn a blind eye to water damage and then next thing you know it's 20, $30,000 of work that you didn't budget for, and that could be pretty devastating going forward.

Just because of that, I'm not doing any wood siding, so we're not looking at any houses with wood siding anymore, and transparency just makes people comfortable. So there's a few things that were said along the process by the sellers' agent and the sellers that didn't just, it didn't jive with us. So then, wait a minute, that's. Some information was shared and then later like, "Well that's not exactly true." And this problem arose. So it just made us uncomfortable that they weren't being transparent with us.

So going forward we're only going to work with people that are going to be 100% transparent and as soon as we realized that they're hiding something or not being transparent, we're just going to walk away.

**Tim Mullooly:** Right.

**Kevin:** And then the final thing is we rent right now, we have financing lined up, so we're good buyers, so we're going to negotiate from a position of power. We're not going to let the seller kind of dictate the process. We don't have any, we don't have a home that we have to sell as well. So I think we're just going to continue to negotiate from that position of power and let that kind of drive the process, and kind of not, not get pushed around by the seller. So I think that's just something to keep in mind as well.

**Tim Mullooly:** Yeah, that's definitely a positive for you. Not having a deadline, like, "Oh, we need to have this house by a certain date." And then you kind of rush into a decision and end up with a house with water damage or something like that.

**Kevin:** Exactly.

**Tim Mullooly:** The point that you said in the beginning about not getting emotionally connected to a house, I wish that I heard that a couple years ago. Not that we ... I bought a house with my younger brother Casey, not that we ended up buying the house that I got emotionally attached to, but it probably would've turned out to be a mistake.

There was an, turned out to be an oil tank in the ground and it would've cost like 30 or $40,000 to dig out and uncontaminate all the ground, but I kind of had blinders on because I loved the house so much. So it's hard sometimes if you fall in love with a house after you tour it and you view it, but definitely agree with you. Emotionally disconnecting yourself from a house is and being objective about it is the right way to go.

**Kevin:** Yeah, and I'm sure you're happier with your decision that you made subsequent to that for the house you bought, right?

**Tim Mullooly:** Yeah, absolutely, because I mean, it would've been so expensive to fix that, and it would've kind of ruined the house in a sense.

**Kevin:** Yeah, I totally understand.

**Tim Mullooly:** There's another post that I wanted to talk about, being a guy in his mid 20s, 26, that your post called Nobody Cares, it again, kind of struck a nerve for me in a positive way. With social media you're constantly seeing people not really humble bragging about their accomplishments, people like to pump up what they do, and post, and gloat, and boast about it, but do you want to talk about the main point of that article Nobody Cares for the listeners?

**Kevin:** Yeah, so I think growing up and going through high school and college, there's a direct correlation with how you perform and then the reward that you get. Through school if you get good grades maybe your parents will take you out to ice cream or give you a few bucks or something, and then you graduate high school and there's a big party that's thrown for your graduation party, and then you graduate college and it's the same thing, and people are, your aunts maybe and your family is always congratulating you on these things, and I think you're just rewarded through these interactions with your friends and family emotionally like, "Oh, great job, you're doing awesome." Or they'll throw a party, or they'll send you a check because you got good grades or something like that. But then when you kind of graduate college and go into the working world, that kind of stops. I mean, besides getting, you'll get maybe a merit increase, or a bonus at work, and they'll say, "Good job." And then we'll talk next year.

There's not that constant reward that you kind of see for doing well throughout your career, and then as you kind of progress through your career, your friends and family, they know I'm an accountant, they know probably that Tim is a financial planner, but besides that, they just don't care, they have other things going on that they're not really worried about your career or how it's progressing. So as you get older and maybe you get promoted they'll be like, "Oh, that's great." And then no one talks about it ever again. I think it's just something where people have to come to terms with. If you were in one of those families, or you had ... You're in an arrangement like that where there is praise or reward constantly, there might be a time where it stops and I think you have to start kind of basing what your purpose is around different things.

Maybe I think people graduate college kind of starry-eyed being like, "Oh, I'm going to take this career on. It's going to be rewarding and purpose filled." And all these things, and you kind of get there and you kind of have to reevaluate because maybe that's not the case, and you're not going to be able to feed off of other people and how they kind of look at you. You have to kind of maybe look more internal to where you're getting your purpose and things like that because the career probably might not be it.

**Tim Mullooly:** Right, yeah. So kind of as you get older you shift from needing that external validation to more internal validation and kind of doing it for yourself.

**Kevin:** Exactly.

**Tim Mullooly:** Yeah, I totally agree with that because, and it's not, I don't think it's not like rude or that people are mean in the sense that they don't care, it's just that we can't celebrate every little thing that every person does.

**Kevin:** Yeah.

**Tim Mullooly:** Because then we'd be constantly celebrating, which would be fun but nothing would get done.

**Kevin:** Exactly.

**Tim Mullooly:** Yeah. Last post that I wanted to talk about that you wrote talked about three ways to become wealthy. Do you want to just outline those three ways for the listeners, talk about some of the benefits of delayed gratification, which is kind of mixed in with those ways of becoming wealthy?

**Kevin:** Yeah. So I outlined three different ways, the first one is be given it. So obviously we have no choice in the matter, right? If our parents are giving it to us or family is not giving it to us, or someone else isn't giving money or wealth to us, then you have no say in that matter. So I just wanted to point that out, that you can't choose to have that be the way to become wealthy, right?

**Tim Mullooly:** Right.

**Kevin:** And then the next two options are either entrepreneurship or delaying gratification, and some people succinctly pointed out that a lot of entrepreneurship is delaying gratification because it might be three, four, five plus years before you're seeing any traction in your work. For the rest of us who don't have any entrepreneurial ambitions or that's just not a route we're going to go down, the main may to become wealthy, and I'm talking about wealth in terms of acquiring assets and money, is by delaying gratification. It's extremely hard to do, that's the problem, and that's why so many people don't become wealthy or don't reach those savings goals to be able to retire at the time that they want, and why money is just such a problem for a lot of American, and it's just so hard to do.

We've seen articles that are shared all the time about it's because of Instagram, it's because of Facebook. Everyone is sharing the new car they bought, so people, it just becomes this kind of circle of just trying to keep up with your neighbors, and your friends, and your family. Just constantly comparing ourselves with others, but when you delay gratification and you kind of say, "Hey, I really want this but I have these other goals that are more important right now, so I'm going to put some money to the side and I'm going to put it in an account where it can really work for me, and then down the road it'll be a bigger pot of money that I'll be able to do more with." And maybe those goals might be more important, like saving for retirement, or saving for my kid's college.

Those might be more important than whatever I wanted to buy right now and right here.

So it's just kind of, it's tough, but I think people just need to take a step back and evaluate their goals kind of overall and not get caught up in the moment too much of other people buying a lot of things around you, because if you're asset, if you're physical asset heavy, there's a good chance that they're probably money poor and that's not a situation that I think people want to be in because it cost more to maintain all those things and then at the end of the day what do you have to show for? A depreciated car, and I'm just using that for an example but.

**Tim Mullooly:** Right, right.

**Kevin:** So I think delaying gratification is the best way to kind of become wealthy over time if you're going to go the route of working in a traditional career, but at the same time I know entrepreneurship is hard too and a lot of people have to delay gratification with that as well, so it's kind of a double edged sword there.

**Tim Mullooly:** Yeah, and I feel like delaying gratification kind of ties back to what we were just talking about in terms of people not caring in terms of if you're not delaying gratification and you're buying those things, you're doing it to kind of show off and compare yourself to the people across the street. You might be looking still for that external validation, but if you delay gratification and work towards your own personal goals and not really care what other people think about what you're doing, it'll probably benefit you more in the long run.

**Kevin:** Exactly, and I don't ... I want to say that comparison, then they say comparison is the thief of joy, I've heard that said a lot. I think some comparison is good, it pushes you to be better perhaps and strive to work harder and things like that, and then your outcomes from your work is going to be more because you're putting more into it. So I think a little bit of comparison is good, but when you're constantly just comparing yourself to others, I think it really wears on you personally and might lead for you to kind of reach a little bit when it comes to your finances which isn't good for the long term.

**Tim Mullooly:** Yeah, yeah, totally agree. We've talked about a handful of different personal finance topics, and on Twitter we're constantly emerged in all these different articles with so many different topics about finance. There seems to be an abundance of information kind of flying around all the time on the internet. For someone who is completely new to personal finance and is trying to get a handle on their finances but seems overwhelmed by the amount of information out there that they need to learn, where would you say should be the first place that they start to kind of build up their personal finances?

**Kevin:** Yeah, I think Twitter is a great place to start. If you get involved in the FinTwit community, there's people that have so many different interests, and you might become friends with a lot of those people, but you're going to probably pick one kind of trajectory that works for you, whether that's all the kind of wonky factor investing, like really get into the details and the weeds of what makes returns actually happen, and or you could kind of go a different route, and you'll see the people on financial Twitter who kind of are in those communities, and a lot of them either share articles a lot, or they'll share books that they've read that have been kind of helpful to them or inspirational to them, or maybe they'll have a blog themselves, so they'll write about the topics that interest them, and if you're interested in those, that'll be a good connection.

Then from that point, if they're sharing articles and books, go to the library and check out some of those books, and a lot of times in the references, in the back of those books are going to be other books that are going to be interesting to you. I think just start, check out five books on the subject and maybe one of them will be interesting to you, and take the other four back and read that one and you'll learn a lot, and then you'll probably have more books or more authors to go read from there. So I think that's a good starting point.

**Tim Mullooly:** Yeah, yeah, I agree. There's so much good conversation happening on Twitter, and people are constantly throwing out good resources to read and to soak up.

So any listeners out there looking to get involved in personal finance, head over, make yourself a Twitter account and go check out FinTwit. Kind of a broader life question, for you personally, what do you think has been the most important financial lesson that you've learned throughout your career to this point?

**Kevin:** So grow the gap I think has been the most important financial lesson that I've learned. What that means is there's hopefully a gap between your expenses and your income, and maybe when you graduate college it's not existent or very small as you're paying down student loans, but as you pay off those loans and you advance in your career, maybe change jobs and get another bump in salary that way, hopefully you're growing that gap and the expenses aren't tracking along with that income. So that's been the best advice that I've received. So when I graduated college I think my expenses kind of increased for the first few years with my income, but I got to a point when I was in probably my mid 20s where I realized all right, wait a minute, if I actually want to make a dent in saving for retirement or saving for a house, this gap has to be bigger.

So maybe if I hold my expenses where they are right now and cut back on some things that I don't really even need or want or they don't make me happy anyway, so I'm just wasting my money. If I cut just some of those things and then I continue to try to work hard in my career and maybe change jobs when it makes sense and increase my income that way, that's a good way to keep and continue to grow that gap over time, and then that money that is in that gap I'll take it and put it towards savings goals, whether that's retirement or buying a house or things like that, and the more you grow the gap, the easier it is to save for those goals.

**Tim Mullooly:** Yeah, if someone takes one lesson away from this episode I feel like that's the most useful and easiest to understand for people. Building off of that doesn't need to be finance related, but the last question that I like to ask all the guests would be just in general, what's the best piece of advice that you have ever received?

**Kevin:** Yeah, so I'm going to kind of be a little boring and make it a career advice, because obviously I've received tons of other good advice that's not personal finance or career related, but this is the one that just came to the top of mind is make your boss or manager's job easier. So when I was probably around 25, I'd started working for this new manager, and he was really hard on me so thought he didn't like me, but come to find out is he was really just pushing me to learn things to make his job easier. I mean, that's what he told me. So he said, "Hey, if you want to do really well I this career and working for this company, make your boss's job easier." They're going to like you more, you're going to take work off their plate so they have more time, and they're going to recognize that and they'll be able to move their career forward because they're not going to be caught in the minutia of details of things that you can kind of be taking care of, and as time progresses they're going to stick up for you if during, if you work for a big company you'll have your year end evaluations, and you get your merit raises and things like that.

They'll be there to kind of stick up for you and say, "Hey well, they're doing this great job. They're not only doing their job but they're doing 10 to 20% of my job and I don't even have to ask them to do it, they just volunteer to try to take work off my plate, and they're just working so hard that they know how to do this and they're doing a great job at it and it's freeing me up to go get more clients, or go develop other people and things like that." So I've kept that in mind for the past five plus years and it's really helped me is when you do your job well but at the same time look to help out the people above you because those are the people that are making the decisions.

**Tim Mullooly:** Right, yeah, and kind of getting back to what we were talking about earlier, that will just help you, that's a good way to increase your income.

**Kevin:** Exactly.

**Tim Mullooly:** And bring in more money. So that's great advice. Kevin, that's all the questions I have for you today. Thanks for coming on the podcast, really appreciate it.

**Kevin:** It's been a lot of fun. Thanks for having me.

**Tim Mullooly:** For the listeners out there, like I said before, I'll link in the show notes to everything that we talked about today, all the different posts on FerventFinance.com, Kevin and Justin Castelli's podcast Reversion To The Mean.

Be sure to check out all of that and thanks for listening to this episode of Living With Money, and we will catch you on the next one.