



015: How to Organize Your Money with America's Millennial Money Expert Robert Farrington (Transcript)

PT: Robert, welcome to the show.

Robert: Hey, PT. I am excited to be here today.

PT: Man, we've known each other for several years now online. I know a little bit about your story but I'm anxious to find out more. What's the one thing that you do that maybe others don't that you feel it's been the biggest contributor to your financial success so far?

Robert: I think one of the biggest things is that I consider myself to be a very organized guy. I literally organize everything. Some of my back-story is I always wanted to do my own taxes when I was a teenager. I helped my dad put my taxes together and when I got my first checking account I also got Quicken for the computer. So I was a 15-year-old kid with one deposit every 3 months from some allowance or my birthday money. You can go back in my Quicken— I don't use it as much anymore because I switched to some online software, but it goes back a good 20 years at this point time.

PT: Staying organized... what does that look like for people? I mean, it's your organization system right now, right?

Robert: I think you've got to do what works for you. For me, I'm all about online so I use Personal Capital. And we have all of our accounts there, like our checking account, savings account, credit cards (for both my wife and I) and we share one Personal Capital login. We can both pop in any time and see exactly what our money situation looks like. For me, I think that's huge because it's math, right? It is income minus expenses equals what's left over. When I was a single guy it was a little easier. I had my own money, my paycheck. I knew what I spent at the gas station and I knew what I spent on groceries, but with the two of us together it's really helpful, not only to communicate but at any time you can literally just pop in and see what's going on.

PT: So it brings awareness to your situation, right?

Robert: Exactly.

PT: Does it also spur you to be forward looking with it, like, with set goals or take action on what you're looking?

Robert: In a way, I think it does. Honestly, I'm not a great budgeter. We don't decide how much we're going to spend on food, or on travel, or this much on vacation. I'm an achiever. I like to earn it as long as the income minus the expense. I will say though, that I include savings as an expense. That includes putting money into an IRA, and it included putting our 401k in there. So that's already part of the expenses. As long as that's taken care of, I feel good with our savings.

I don't really get super specific on what's after.

PT: I love that. I kind of do a similar thing. Pay yourself first and then spend the rest freely.

Robert: Exactly. The only hard part is that both my wife and I try not to look at each other spending too much this time of year. It's holiday time so I don't want to know where she's shopping for gifts. And I hope she's not doing the same thing, trying to get some clues about what's coming.

PT: With this idea of being organized, is there a desire to keep it simple or be more elaborate? Does it push you toward simplicity or more elaborate schemes?

Robert: I think it has to be simple, as much as you can. But at the same time—and my wife and I have discussed this, at the same time our lives have just gotten more complicated. It used to be just my checking account, savings account and IRA. Now we both have IRAs and we have a business SEP IRA and then there is a business account and now there's 401k for her and a 401k for me. So, as your lives get more complex it's been super important to have a simple system like an online tool that you can put all these things in. It updates everything in the background for you. You don't have to keep track of 50 passwords. Your life can get super complex so I think this tool makes it simple. I think it's really important. That's just natural progression, I think.

PT: Yeah, I like the vision of you being organized early on and as you add on layers of complexity you're simply adding to an already organized system. For someone around your age, who has kids and a wife and has the same sort of things going on, who is totally disorganized, what would you say to them (as a starting point) in order to get to where you're at?

Robert: I'm a nerd and I love tax time. Now is the time you're going to get statements from all your banks and all your financial institutes and you're going to sit down and do your taxes. Spend an extra 30 minutes and plug all that bank information into a tool you like. There are a ton of free tools out there. Mint and Personal Capital are both great. There are pay tools as well if you want a little bit more features. There is Quicken. There is, You Need a Budget. Try one of these out. Spend that extra 20 minutes and try to make it a routine; every once a week or once every two weeks, check in and see how all your accounts are panning out. I think that's key.

PT: Yeah, I like that. How old are you now, Robert?

Robert: Thirty-one.

PT: Thirty-one. Okay, take us back when you were 15 and you decided to become a master of your own money and improve your financial life.

Robert: I guess I wasn't always an entrepreneur. I mean, if you go back before when I was a kid in middle-school I would have my mom take me to Costco and I would buy the king sized box of Snicker's with 24 Snicker bars in it. I'd buy them for \$10 and sell them for 50 cents apiece and I'd make \$10 bucks over the week. Then I'd do it again. So, I've always been hustling since I was a young kid. I got my first job at 16 and started getting a legit paycheck. I've always just been focused on saving and keeping organized, but at the same time, I had been using the money to buy things I wanted too. After you've done some saving and stuff, have some fun too. It's not all saving and living frugal. That's not my style. I know some people are all about that, and that's cool, but I do like to spend and enjoy stuff as well.

PT: Was debt ever an issue with you early on?

Robert: I graduated from college with \$42,000 in student loans and that's really been the only debt I had. Actually, I had a car loan as well. I was that kid that graduated college with \$42,000 in loans who said, "I'm done with college. I deserve a new car." So I went out and bought myself a brand new Acura TL. I was like, "Yeah, a cool car, right?" But I also took out a car loan to get that. So yeah, with school I had some debt. But between getting a job—luckily I had a job lined up too, that's why I was feeling pretty good after college. Anyway, all the way through college I

worked full-time. Even after college I continued to sell stuff on eBay. I'd go to garage sales and estate sales on the weekends and find cool things that I could resell. That helped me pay off that debt in 3 years. I got the car loan paid off in about 2 years and my student loans paid off in a little over 3 years after graduation.

PT: Unreal! That's awesome, man. But why go at the student loan so aggressively?

Robert: Honestly, we really wanted to get debt-free with everything. I mean, we still had our mortgage so I wouldn't say we were totally debt-free. We do have a house and a home loan but the interest rates are really low on that one. We just wanted to get that debt off our plate. When I got those loans I didn't know what it was going to cost me. I didn't really think about it. But, every single month I think I was making a \$700 car payment and another \$500 student loan payment. I just felt like, "This is for what?" If I could just do more, I mean, it was \$1,200! I could earn a little bit more going to extra garage sales and really try a little bit harder to earn a little bit more and get that done quicker. That's what my wife and I committed to, just getting rid of this stuff. It just didn't feel good on our backs.

PT: When did you get married?

Robert: We got married 6 years ago. *(Laughs)* Man, you're putting me on the spot now.

PT: I'm just trying to picture if that was before, or after you debt payoff?

Robert: Oh, that was before our debt payoff.

PT: Okay, so did she have some debt that she brought into the family?

Robert: Oh, no. She was debt-free.

PT: That's awesome.

Robert: Yeah, we were a couple who both lived at home (with our mom's) to save until we bought a house together.

PT: Really?

Robert: Yeah. She lived with her mom until we got married and I lived with my mom until we got married. We stayed home after school for about a year then moved in together and bought a house together right after we got married.

PT: That's cool. And you were working on the side along with your main gig. Were you at Target at the time?

Robert: I was and I've been there 15 years.

PT: Working at Target, doing the side hustles, throwing extra money at the debt aggressively. I'm always curious about people who pay off so much debt so quickly like that. Were you also investing at the same time?

Robert: I was not doing anything other than my 401k match. I got a match for 5 percent of my pay, dollar-for-dollar and that was pretty much the only investing for the future we were doing at that point in time. In hindsight I would honestly probably try to do more now. Honestly, if I was looking back at it today I might have slowed down the debt payment and invested a little bit more because you can't get back those years when you're 23, 24, 25 to put that money into a 401k. It seems like a lot, at the time. But today at 31, man, if I was at 10 percent or a little bit more, I would have had more today in my 401k. I'm sure I would have gotten that debt paid off as well.

PT: Yeah, that's a balance to be had. But, it's got to feel great to have been done with that debt too.

Robert: Absolutely!

PT: Even with the jobs early on in high school, the entrepreneurial endeavors, no one turned you on to a Roth IRA or a taxable investing account during those years?

Robert: My grandparents opened a UGMA account for me when I was like 6 or 7 so when I turned 18 there was \$3,000 there for me. So I had little. I didn't have a whole lot but it was all

taxable accounts at that time. I had my 401k when I was eligible for it and that was really it. I wish I had started my IRA a little bit earlier.

PT: UGMA, what's that stand for?

Robert: Uniform Gift to Minors Act. If you were going to give money to a kid and you weren't going to do it in a 529 plan or an education savings plan, then that's it's a way to do it. Your parent is the trustee and it's in your name though. It just makes it all legal I guess.

PT: Gotcha. So you got through college, got the debt knocked out, got married. The debt pay-off—man that's a huge accomplishment. In those early years, those forming years, were there any other kind of financial goals you had for yourself?

Robert: Like I said, I think we wanted to buy a house.

PT: Oh yeah, that's right. How'd you do that?

Robert: Basically, after college my wife and I moved back with our parents. It wasn't very long. I think it was a 9-month stint of time there. Then we just saved. We both just saved. We were engaged and knew we were going to move in together, of course, after we were married so we just made a goal to save until we got a down payment. We found a house and we closed in August of—I don't remember what year it was. Shoot, I should probably know. Anyway, we got married in February and we closed about 5 months before we got married.

PT: Cool. Now, do you mind sharing how much put down?

Robert: I want to say it was a good \$80,000 which was about 20 percent down on our house. We both came to the table with that. She worked as well and we just saved it.

PT: Why didn't you just put less money down?

Robert: You know, we bought the house in 2009 and it was right at the worst part of the housing market crash.

PT: Lenders weren't going to let you have it, yeah.

Robert: Nobody was going to lend it to us but we also weren't really comfortable putting it down because we thought we were buying at a pretty good time. We didn't get it at the very lowest. The market went down a little bit after we bought it, but we held that house for about 3 years so when the time we finally came and we sold it and went to the current house we're in, we did pretty well.

PT: Very good. So you got your first home and you're debt-free. By then you guys must have just been throwing money at the investment accounts?

Robert: That's when we started thinking about how to max your IRA every single year and do you max your 401k every year. Not just to your company match, but actually maxing it out. How do you max out what you can do with your business? How do you max out your health savings account, since you can use that like an IRA? There are a lot of great tools out there that you can leverage once you start learning about it. It took a lot of time to learn about these things. You don't know about these things when you first start out.

PT: Yeah, yeah. So you had access to an H.S.A.?

Robert: I've had it for 5 years and I didn't know I should have been doing it until about 2 years ago.

PT: Oh, okay. It's like the triple-down fund. It's a good fund.

Robert: It's great.

PT: Right. Okay, so is there an area of your personal finances that you're just not good at yet?

Robert: Everyone's a little different with everything. For me, even though we have a lot going on, I still like to keep things simple. It's not that I'm not good. It's just that I don't necessarily pay attention or care. I like to put all my charges on one credit card. Some people like to do the reward hacking or maximizing your benefits but, you know, you can end up spending a lot of time trying to get a little bit of reward. At this point, for me, I just have to keep it simple. I don't

have the time. I mean, I could have the time. It's just that I don't want to spend the time maximising things. I'm not as frugal as I probably could be but it's always a trade-off for me to decide what to spend my time. If it's a big savings I'll gladly spend my time on it—shopping around for like a cell-phone plan or negotiating a car or looking to get a new car we've been looking at getting a new car for 5 months now. We're literally email dealers every day like haggling the price but neither of us are happy with the price yet so we haven't bought that car. So, if it's on a big savings I'll put the time in to try and save but on those day-to-day things, I just can't see myself spending the time on it.

PT: Let's go back to the tools you used. Did you use any guides, tools or resources to get out of debt and also save up for the house? Were you using Quicken still, at the time?

Robert: I was using Quicken at the time, yeah. I was using Quicken because it was a great program. There are some pros and cons to it today. It's just hard to compete with some of the online tools they have today. But, yeah, we were using Quicken, keeping it organized. It was huge. We had a money market account too where we would put all our house saving money into a money market, high-yield savings account. It was a separate savings account with a goal. The cool thing about my job is that my direct deposit allows you to put multiple accounts on it, so I'd put a little bit in my savings, a little bit in the money market and the rest in the checking account. That way it was automated every single paycheck and I could just knock it out.

PT: Automated and separate.

Robert: Yeah, it's great.

PT: What's the one credit card to use now?

Robert: I use the Fidelity, 2 percent cash back. That goes right into my brokerage account every single time you want to use it.

PT: How long in the journey did it take for you to open up the taxable brokerage account?

Robert: Like I said, I was one of the first ones I ever heard about to have that GMA account when I was younger. But honestly, I didn't add much to it over time.

PT: Do you have your Roth's there with them?

Robert: Yes. I have my Roth with Fidelity. We do most of our investing with Fidelity. I really love the team and I love the accounts and what they offer over there.

PT: Can you take the 2 percent cash back and throw it over to your Roth?

Robert: Yeah, you can.

PT: That's cool.

Robert: You can you put it into any account you want.

PT: It just acts like a normal contribution?

Robert: Exactly.

PT: That's neat. Do they still offer that card?

Robert: They offer it right now. If you didn't get it at the 2 percent they went down to 1.5 percent and then this last year they went back up to 2 percent again.

PT: Very good. There's so much good stuff you're giving me. On the mortgage, who did you borrow from and how did you find a good rate for that?

Robert: Honestly, we shopped around. I think we were pretty well amateurs at the time of shopping for a mortgage but I went online and looked at like some of those comparison mortgage things and then ended up getting spammed by 50 or more mortgage lenders. My guess is, I put my phone number in. That lets them call you nonstop trying to hook you up with a mortgage. Finally, we found a local mortgage broker that our realtor recommended that hooked us up and found us a great rate.

PT: Cool.

Robert: It was really awesome. We actually refinanced after a year because interest rates

dropped for no cost so we ended up saving some money. So it really worked out well.

PT: Let's talk about the future. What financial goals do you guys have for yourselves now?

Robert: We have a couple financial goals. The big one right now is, we're saving for retirement and trying to max out all of our retirement accounts. At the same time, I think we're going to start outgrowing our house here pretty soon so we're going to look at trying to save for a new house. We're really going back and forth about whether we want to rent out our current house or do we try to sell it and go to the next one. I think we're kind of leaning towards renting it out and going to the next one so it means saving for a down payment again from scratch. That's what we're considering at this point in time. I find moving to be very stressful so— we'll go from there. But, if we find the right house, it's all good.

PT: Are there any early retirement or financial independence plans at all on your radar?

Robert: For me, it's always a goal. I always want to be financially independent enough. It's not about quitting and can my assets to pay for me for the rest of my life. It's, can my assets and my current skills allow me to do the jobs and have the life I really want to provide so that I'm just not tied down and I continue to have options? I think that's what we're kind of going for in terms of what we look for in our life. It's not totally about the assets. It's about combining that with what we want to do because I can't see myself at 33 saying, "I'm going to stop working and travel." It's not my style. I still would want to work even if it was a hobby job or a passion job—something that would just be enjoyable to do and earn some income. And honestly, my hobby kind of is earning. Like I said, since I was a kid I've liked hustling and making money even if wasn't a lot.

PT: Yeah. You've got the website, College Investor, on the side. How do you manage someone who might want to take on a side hustle like that? How do you manage the full-time job with the time involved in running a business on the side like that?

Robert: Well, you definitely have to find a balance and you have to have a really good sense of personal organization and time management. There's no real way around that if you're going to side hustle. You don't have to start your own business. The cool thing with today is that there are a lot of independent contractor activities that you can do to earn extra money. For example, driving for Uber or Lift, these are great things. One of my good friends who works a nine-to-five job, gets into her car in the parking lot and turns on her Uber then starts taking calls. She does this right after work for just two hours a day. When she's done her last call she's home by 7:00 or 7:30. And she makes a couple hundred dollars a week to supplement her income. Her goal is to pay off student loan debt and start saving for her house. That's the cool thing, there are a lot of ways to do it. You just have to decide how you're going to trade your time and get that done.

PT: Has having this side hustle (which is now a full-on legitimate business) helped your financial situation?

Robert: Totally. Honestly, starting this website earned me nothing for a couple years. It really was just a passion project. I never saw it as any kind of income potential. After about a year and a half I wanted it to be, but it wasn't there yet. I knew other people were doing this so I had to figure out how to start earning some money because it would continue my passion about the project. Then it just continued to grow from there.

PT: What savings buckets do you guys have? If savings is your expense right now, what savings expenses do you have for yourself?

Robert: We have our own 401ks. Actually, I have a work 401k and we have a solo 401k for the business. Both my wife and I work for the business so we can max our solo 401k and we can

also do the profit sharing contribution from the business into it which allows us to maximize that out. I have a health savings account. We have our IRAs. The other thing with the 401k is it allows us to stay under that income limit to be able to contribute to a Roth IRA still. By lowering that taxable income if you contribute to your author IRAs, you then can go from there. We do contribute a little bit to our kids' 529 plans. We mostly encourage our family to do that. We try to limit gift-giving to one toy per kid and then if they want to, if they were going to buy 7 toys, they would just give us what they would have spent on the other six to put into their 529. Everyone likes to give gifts because they like to see the kids light up with joy but after the birthday party your kid may have 100 toys but only plays with 20 of them. And you throw away the other 80. We wanted to see if we could actually do something a little more productive. Anything after that, we save in our brokerage account.

PT: You're in California. What do you for 529s?

Robert: The California Scholar Share is the California 529 plan.

PT: Is it the prepaid one or the savings?

Robert: It's a 529 savings account. California is one of the minority states that don't offer a tax break for contributions.

PT: Oh, it doesn't?

Robert: No, it doesn't. But you have a very good, well managed plan with good options stuffed inside of it.

PT: Really? So California has good funds now. Okay, that's cool.

Robert: Yes, it's a good plan. It's just that the state won't let you get that tax break like some states do.

PT: Yeah, that's odd. With the high rates in California I thought that would have been a good incentive. At least a partial break or something—

Robert: You'd think!

PT: Everybody wants to live in California and go to California schools. They've got everyone where they want them.

Robert: There you go.

PT: Let's talk about where you have these things. You told me about the 529. What about the 401k solo, HSA, IRA Roth?

Robert: Actually, I did a lot of research before opening my solo 401k. I actually have it at E-Trade. It's different than Fidelity. I'm a Fidelity fan across the board but what I wanted was a 401k that had a lot of options because it's a lot of paperwork, a lot of things needs to go into place on it. I wanted to be able to have a Roth and a traditional just to give myself the option of how I wanted to contribute to that solo 401k. Sadly, Fidelity doesn't even offer a Roth solo 401k option. And, your other big player out there is Vanguard. But Vanguard doesn't allow certain things on your solo 401k either. They don't allow loans and they don't allow some other stuff. It wasn't necessarily about taking advantage of those. I didn't have a plan to, but I wanted to have a plan that had those options. You never know what can happen in 5 years. E-Trade has a really good solo 401k that you can just pre-build. That is the most robust one that has the most options of any plan. So, we went with E-Trade. Everything else is pretty much at Fidelity. All of our IRAs and things like that.

PT: From a limitation standpoint, is the Roth 401k a \$5,500 plus profit sharing?

Robert: No, it's \$18,000.

PT: Oh, it is \$18,000?

Robert: Yeah.

PT: That's right, it's a Roth 401k. Okay, I've got it.

Robert: Exactly. And you never know, so you want to have that option available, should you want to take advantage of it—maybe not this year, but in the future.

PT: The HSA, where have you got that?

Robert: Optum Bank. You don't get a choice with that because the employer. The employer has it.

PT: Do they charge a fee?

Robert: No, the employer takes care of everything on that end.

PT: Do they allow you to invest?

Robert: After \$2,000, yes. You have to keep \$2,000 in cash and then anything above \$2,000 in your HSA, you can invest it. And it's got standard funds like S&P 500, growth index funds, value index funds.

PT: Awesome. Do you do any kind of profit sharing or anything with Target?

Robert: No, but you can. You can do a deferred compensation plan. I just haven't found the value in that because I have a lot of other options. But, there are some other options in there. That's really what they have there.

PT: What about an employee stock purchase plan?

Robert: No, they don't have that. You can buy it on your 401k but they don't offer a discount.

PT: And so for these days you're still using Fidelity for all the checking and banking stuff?

Robert: Oh, all our banking is at USAA.

PT: Oh, it is at USAA?

Robert: We are USAA fans. I love the free checking. Can't beat it. Our insurance is at USAA as well.

PT: What about the business side?

Robert: For the business side I use US bank.

PT: Why?

Robert: Because it's one, of only a few places that has truly free business checking. No cost, no fees, online banking, bill pay. And it's free. A lot of other places are free to a certain level, like 25 transactions a month. Then you have to start paying a minor fee. Or you have to keep a certain balance. When I opened this account, I wasn't really making that much money so I needed something that was free.

PT: Yeah, I get it. That's where I was too. Luckily I had a Chase credit card and so they waived all the fees associated with those accounts so that's why I kept them. On the upper end of things, is there any advantage as your accounts grow with US bank on the business side? Or are there any advantages for using them? Do they have sweep accounts or high investment

accounts, high-interest accounts? Is there anything that you've been taking advantage of?

Robert: No. It's really just bare-bones checking. I mean, they have good online banking. You can do bill pay and stuff through there, but I keep just what I need to keep in there for the business.

PT: How do you decide how much to pay yourself out of that?

Robert: Well, that's the nice thing. Really, what we decide is how much the business needs to operate on and we usually keep a few months of expenses saved there. Beyond that we take a profit sharing contribution for ourselves.

PT: Okay. Talking about you and your wife, do you guys keep some separate accounts as well to do some individual spending or is it all in one pool?

Robert: No. Honestly, we keep all of it in one bucket. We keep the same credit cards. And that's the cool thing. She has a Fidelity 2 percent card as I do and we're linked to the same account so all of our spending gets that 2 percent bonus. Like I said, the big drawback is that we can see each other's spending habits. Luckily, I think we're still pretty good with each other. There has never really been any kind of arguments in that regard because I think we're both respectful of each other. You do you, and I'll do me and she's cool with that. She's cool with what I buy and I'm with what she buys. We don't have problems there. I think communication is key. You've got to be okay with that.

PT: So saving up for the next house, did I miss that do you have a specific savings account now that you're putting money into for that?

Robert: Yeah, we just have our general savings account that we're working on. It has really been panning out. We'll see what happens around tax time. The next 4 months are probably the most challenging for any business owner. It's the end of one year and the beginning of a new year of paying taxes and all that good stuff. So, we'll see where we stand after that. Then we'll go hard charging at something.

PT: I know what you mean. I'm in the same boat.

Robert: You just have to wait and see how it all pans out.

PT: That's right. Let's talk about working with professionals. Do you have a C.P.A or do you do have a financial advisor you work with?

Robert: I don't have a financial adviser. We do have a C.P.A. and he's kind of the one that's encouraged us just to pursue a lot of these things and kind of educated us along the way as well. He's a family friend that we connected with after we were married. Really, he's been my wife's family friend for a long time and he just kind of started helping us after we got married. He's the one that opened up our eyes asking why we weren't maxing out our IRA and trying to max out our 401ks. And he was wondering why we had a health savings account that we were not taking advantage of. So really, he kind of educated us on the tools and guided us. He was not effectively a financial planner but he's definitely knowledgeable in financial tools and taxes and how all that is going to plan out in the future. In terms of investing, it's always been my passion. That's why I have The College Investor. I'm really passionate about investing and investment allocations, analysis and what that looks like. I've always been really comfortable in that front—in building my portfolio. I really pretty much keep it index funds, but I really do like toying with the allocation. What's where and that kind of stuff.

PT: Yeah, let's talk about that, the taxable investing account because, assuming that most of your tax-deferred or tax-advantaged accounts are index funds or more longer term, passive

funds, what's in the taxable account, the brokerage account? What kind of allocations do you have set?

Robert: Well, all of it. I think that's always been the hardest thing, how do you allocate across multiple accounts? That's been my biggest challenge and honestly there isn't really any good software to do it so I have a Google spreadsheet that I made because I think it's important that you actually take your 401k, your IRAs your wife's IRA, your taxable accounts, and you need to build an allocation that works. Let's say you're going to go 60 percent stocks and 40 percent bonds. That's great, but then you also want to break down what that looks like inside your different accounts. I really try to play the tax advantages of every account versus the non-tax advantage of the brokerage. If I have some municipal bond E.T.F.s, I'll keep that in the taxable account because there's no point investing in municipal bonds in an IRA because you lose that tax benefit of having the municipal bond. I built my allocation focusing on keeping the taxability factors of each E.T.F. or allocation in check.

PT: I should look at that. Across all our accounts we choose the 20/40 Vanguard target date fund and it's getting progressively more conservative. But, in our Roth IRA account, we would start using that before we would use our solo 401k money down the road. And, even though I'm going to be maturing at the same rate when we use those funds in our retirement, it's a different date.

Robert: Exactly.

PT: So that's something to think about.

Robert: Yeah. And that's really—that's always been the tough part. You have all these different accounts and then you also have your spouse's accounts so it's like, "Are you guys going to do two different allocations?" We choose to do it all together. All the money goes into one pot for our family so our allocations are across that. And, I like to pick a little bit more. I still stick with E.T.F.s but I do break it down. So, inside my stock portfolio I have a segment of growth and a segment of value in small caps and international. I also built a diversified bond portfolio of E.T.F.s too. So it's municipals, treasuries, corporate bonds. This is my passion but I still do believe in sticking to low-cost E.T.F.s. I think that's the way to go.

PT: Do you share your portfolio online so people can check it out?

Robert: I don't actually. I don't know why. I just never have shared my portfolio online. But yeah, that's something to think about.

PT: Yeah, yeah. Just the percentages from a voyeuristic perspective to see how The College Investor's doing it, you know?

Robert: Yeah. I know people would love that!

PT: I guess you've got to be careful with that stuff. You don't want it to be perceived as advice or like telling someone to do this or that exact allocation—

Robert: I have some mock portfolios on my site and I really like some things like the Boggle Heads and how they built low-cost index portfolios. They're pretty simple so I think that's the best way for most people to go. I don't think you should have to get so crazy.

PT: You mentioned the Boggle Head forums. Are there any other resources or education points you're tapping into on a regular basis?

Robert: Well, not necessarily education points but I also really like reading Reddit Personal Finance. I also read Reddit Student loans a lot. It really keeps you up-to-date with what other

people are feeling because the hard part of being in financial media and just interacting personally is wondering what other people are thinking. What are other people asking questions about? I think it is fun to read. I give myself maybe about 30 minutes to an hour a week beyond the reading part that I actually do go in there and respond to people and try to help out. And on Reddit, not even on my own site. But that's just because I like helping people—pointing people in the right direction.

PT: I love Reddit too. I like the personal finance one. Not so much as the financial independence one. That's the one that's my favorite.

Robert: My wife's is Mr. Money Mustache forum. She hangs out a lot over there. If you were to look at our personalities, I'm the kind who says, let's earn, earn, earn and spend whatever. And my wife's more of the “mustache point of view” saying, how can we eliminate our car and save on transportation costs? I think we have a really interesting balance if you were to compare the two of us.

PT: Yeah, you guys are dangerous financially. Dangerously successful. A good combination of personalities and attitudes. So your wife's a mustachian. I would never have thought that.

Robert: Yeah. I know. I guess maybe that's why I don't worry about when we share a credit card, right? *(Laughs)*

PT: Right. I think so much of mustachian's and stuff is less about the finances of it and more about how you should be living your life, like, what's the posture you should take toward things in your life such as income and expense— there's got to be a better way than just more, more, more.

Robert: Yeah, definitely. I think it's just how to be smarter about it, how to take advantage of things, and not advantage of things in a bad way but how to leverage things for your benefit.

PT: And it's not even about necessarily optimizing either. In some cases it may be making it harder for you or making it more manual. But, it's a more fulfilling path. Anyway, go check out those forums.

Robert: There you go.

PT: My prediction with you guys is, in 5 years you're going to be really making some serious headway here. You have the rental property and the new house. It sounds like you're preparing to pay for your next car with cash. Have I got that right?

Robert: Yeah. I mean, that's the thing. We've always done that with our cars. We actually usually take out the loan, but right now there's like so many zero-percent financing deals it's like free money. We would buy the car for cash but we can't turn down free money.

PT: Okay. So you might do that?

Robert: Yeah, I only do that if it makes sense for what they're offering for incentives.

PT: If it's not affecting the price, right?

Robert: Exactly.

PT: Right, so let's tackle that. You mentioned emailing these dealerships. What's going on there? How are you buying this car? Why don't you just go down there take a test drive and go to the finance office and start signing up?

Robert: Honestly, buying a car is the most tedious process in the world. If you wanted to do that today, PT, the process will still take you 4 to 6 hours. You go down to the car dealership. They

make you sit there while they go back and forth on price and stuff—so no, I will find the car I want. Right now we're eyeing S.U.V.s because we've got the growing family and we know what we want, but we like to play the dealerships off each other, you know? We're in San Diego so we're in a bigger city but the one thing we found is that there are at least 3 dealerships of each brand here. But, if we're okay to drive an hour and a half to LA there's 12 or 14 dealerships so you can start playing all these dealerships off each other. They're all fighting for the same business and you can actually get a pretty good price on the car. Not all the time, but a lot of times. And at some point time you're going to find it when they're desperate. That's why I don't mind emailing them once a week. When someone is ready to deal—I've learned that you figure out the price you want to pay for it and as long as it's within reason, just keep emailing them. I respond to them the same way. I'll say, "Hey, I noticed you still have that same car on your website. It's a 2016. The year's almost over. Are you sure you want to roll that car over into 2017? Wouldn't that look really bad? If you don't want to sell it to me at this price..." It's usually, no, no, no. But someday it'll be a, yes. Maybe not today but it'll be there.

PT: And you're just willing to just wait them out?

Robert: Yeah, because I don't need a car. I bought that brand new Acura I told you about, 10 years ago. I bought it on December 23rd on a rainy Saturday afternoon. I remember because I went to the dealership 4 times. I actually went to the dealership four times before we finally bought it. They laughed at me the third time, telling me they'd never sell it to me for the price I wanted to pay. They literally laughed at me. And it was raining on the 23rd when I said, "What, you still have this car here? You don't have a soul on your lot because it's raining. I will come in and buy it today." And they said, yes.

PT: You got the last laugh. I love it!

Robert: Yeah, I mean, as long as you're not desperate, you can fight it out.

PT: You hear a lot about the service, Fighting Chance—the car buying service. Have you heard of them?

Robert: No, I haven't heard that one but I know there's a few of them out there. And we've used them. We've looked at Costco as a car buying service. Sometimes they actually do give really good deals on the cars but I think you can get a little better. They're pretty good if you're not willing to put the effort in to fight it out.

PT: Yeah. We're a little bit like you guys in that we're sort of used car people. Yet, every once in a while you kind of appreciate being able to buy a new car, right? Because it's a new you're looking at—I'm assuming?

Robert: Honestly, we're open to anything. It's really just getting the best price. The thing is right now the car market is so weird. The certified, pre-owned that are 2 years old are maybe \$2,000 less than what you can get a brand new car for with zero-percent financing. It's funny, because Mr. Money Mustache actually recently wrote about this. The dealer or the car companies nationwide will give you more incentives for financing than they will if you pay cash. You can actually get a cheaper price to finance it at zero-percent than you can if you go and pay in cash. It's crazy. I don't understand.

PT: Oh, man! I'm just glad I'm not in the car business.

Robert: Yeah, I know. And I always wondered too because it's sales. I work in retail at my full-time job and it just baffles my mind sometimes as to the competence/customer service front of these people. They're commission-based and there to sell so it just blows my mind how little

incentive these guys have. If I was on the reverse side, I'd be hustling deals left and right and trying to get people on the lot, trying to get people buying cars—just, really working it! I don't know. It just blows my mind. I always try to look at both sides of the story, you know?

PT: Yeah. That's good stuff. Okay, let's talk about the future a little bit more because you guys are going to be sitting on a very healthy net worth balance and a good healthy position the next 5 years so let's talk about that. How are you going to pass it on to your kids, or what are you going to do with that wealth as you age?

Robert: I haven't really thought too much about what we want to do with it. We have all the legal stuff set up. We've got our wills, we've got our trusts. We've got that all knocked out. We've got all of our beneficiaries set up so we know that it goes to my wife then it goes to the trust. We have insurance on each other so I feel good in terms of taking care of our family going into the future. I think the big thing is I'm a believer in taking care of my wife and myself first. I think we're going to pay for our kids' education and then we're going to see. I really want to instill a good working mindset in my children. I think helping them with their education and setting them out on the right foot is huge but beyond that, I don't really know what we'll do.

PT: So it's to be continued?

Robert: Yes, to be continued.

PT: How about the business? Is that something you think will ever become a full-time endeavor for you?

Robert: Possibly. It has the potential. The income is definitely there. I think the real question is, what do I want to do? It's not one of those things where I'm trying to escape a job I don't like. I really love my full-time job. It's a cool place to be. I have a great job. I've built a hobby and turned it into a good business as well. That's fun too so I don't know. It makes it hard because there are so many people that are ready to escape and ready to do it. They know exactly what they want. For me, it's just so enjoyable on all fronts so that's what I think is important.

PT: Yeah, yeah. Man, this is fantastic! You're doing so well. You truly are, a master of your money. Looking back over the past 15 years and considering all the ups and downs, the gains, the losses and where you've come from, how do you feel about it all now?

Robert: I kind of shared this a little bit earlier (in this podcast), I feel blessed. I think a lot of hard work got us here. At the same time, I really do wish I would've maybe saved a little more. But my wife and I talk about it too and we wish we would have spent a little more. Before we had our kids we starting putting a lot into our 401ks and our IRAs and we thought, "What if we really just took \$2,000 out and went on another vacation? Would it really kill us so much today?" Of course, the answer is no, but we would have had a cool vacation memory. Now, with kids and stuff (as you probably know) it's a hell of a lot harder to travel and go places especially if you want to go to adult places like Europe. With a toddler, it's going to be tough. Saving is great and getting out of debt is great but you've got to take care of yourself a little bit more too. It's sometimes hard to realize that. I mean, hindsight's great but I wish we would have done a little bit more of that.

PT: Well, I've got news for you. You're still young, so—

Robert: Oh, totally. I get that. There is just something different with kids versus when it's just you and your wife, right?

PT: Well, take that \$2,000 and get a really good babysitter to bring with you.

Robert: Or take the mother on vacation to help us out maybe?

PT: There you go! That \$2,000 is worth, who knows, right? Cool, man. It's been a pleasure having you on. Where can folks find out more about you and all you have going on?

Robert: Come on over and check out, thecollegeinvestor.com. We talk a lot about young adult personal finance and getting out of debt, and building wealth for the future. There will be some cool changes coming in around in 2017. I think everyone is going to be pretty excited about it. So, if you haven't been to the in awhile, check it out.

PT: Cool. Do you have a book or course for anything?

Robert: No, nothing right now. But, we are really pumping up our YouTube. We're doing a lot of videos. If that's not something you're used to from [thecollegeinvestor](http://thecollegeinvestor.com), stay tuned. You're going to see a lot more of that.

PT: Thanks for being on the show, Robert.

Robert: Thank you.