



017: Making Money Fun with Bob Lotich of Seedtime.com (Transcript)

PT: Bob, welcome to the show.

Bob: Thank you so much for having me, Phil.

PT: I'm anxious to hear the back-story of Bob Lotich. I've known you for several years now but I'm not sure I know all your financial history so I'm anxious to dig into that today. What is one thing you do that you think is the biggest contributor to your financial success so far?

Bob: I think one of the things that really changed the game for me was making this thing (which is a chore to most people) something that's fun and finding a way to get excited about paying the bills, budgeting or whatever, and the progress we see. Once my wife and I dove in and got excited about the progress and the prospect of a brighter financial future, it shifted and became fun. Suddenly, paying the bills is exciting because I get to see that if we have a little bit left over at the end of the month I can use it to invest in retirement or whatever. Once we started budgeting even going out to dinner or budgeting for things we actually wanted to do instead of having to do, budgeting became fun because now we have these categories of money just sitting there waiting to be spent. It just kind of changed the game for us. For me, as silly as it sounds, making it fun just gave us so much more motivation to continue down that path and not throw in the towel.

PT: I love that. There's almost like a "sports analogy" to it, right? If you don't understand the game or haven't practiced it, it's not going to be fun for you. You're going to lose a lot. But, if you find the fun in it, maybe you'll stick around long enough to play it and enjoy it.

Bob: That's right.

PT: Are both you and Linda naturally bent to finding this financial thing fun or was one of you more inclined that way?

Bob: Well, I think you know the answer. There's always only one, right? I was the one who kind of got into the money stuff. I was a complete mess financially but I was the one who really got into it and shifted my lifestyle and she was the one who was the spender. She just loved to spend money and still does. I don't have a problem spending money but she's a bit more gifted in that area. She was the one who I feel had to "bend" a little bit more than I did in terms of getting on a financial plan and sticking with it.

PT: Yeah. How did you make it fun for her? Obviously, you cheer-leaded her a bit with strategies and tactics so what were you doing to make it fun for her?

Bob: It was actually something that I heard Dave Ramsey say that I learned from. He said, "I want the nerd in the family to go and make the budget, then I want you to give it to the free spirit/spender and tell them to change something on it just so they have some ownership in it." And that's exactly what it was for her. I just had to find ways to make my budget, our budget. The more I did that, the more she got excited about it. We'd make a category just for her to buy things like hair care products and stuff like that. To me, it felt just a little bit silly. But, if that is going to get her excited about it, get her onboard and eliminate marital stress, I'm game. We'll do it.

PT: Awesome, I like that idea. It gives her ownership. She would never have been the person to create the budget but she suddenly owns part of it. I like that. Take us back to the moment when you realized you needed to become a master of your money and improve your financial life.

Bob: I have a very distinct moment. At age 20 I took a year off of college. I had been to school for two years and decided I was going to take a year off and move down to Florida to find myself, more or less. It was kind of like a sabbatical for me. It was a spiritual thing and whatever else, but to make a long story short, I was down there living in an apartment all by myself. I didn't have much money. I had a very low-paying job but it was sort of my first little taste of freedom as a young adult. As my money was dwindling down lower and lower and lower I found myself in this position where my car broke down. I was on the side of the road right by this minor-league ballpark. I don't remember what team it was which is unfortunate but the game was about to start in about an hour. So, my car was broken down and I'm out in front of this ballpark so I thought this would be good because cars were driving by so somebody will stop and help me. I get out and sort of start pushing my car slowly hoping someone will come help me, but no one stops to help. I'm struggling to push it. There was a cop directing traffic and I remember asking him if he could help me get my car out of there so the traffic could go and he said, "No, I'm too busy, man." I was just really, really humbling. I'm 20 years old and terrified because I don't know how much this was going to cost to

fix. At that point I was out of money. I had pretty much no money in my checking account. I had one credit card and it was probably around \$200 from being maxed out and my car breaks down. It just happened to be the day I was paying my rent. I was actually driving to the bank to deposit my paycheck so I could pay the rent since it was due that day. It was just a perfect storm of all this chaos and then that happens. I remember finally getting my car to the side of the road, putting my head in my hands and just crying, “I need wisdom. I don’t know what it is I don’t know.” That simple prayer led to some really cool answers for me.

PT: Wow. Was there a distinct change you made after that point? Walk us through the next steps.

Bob: I think for most of us, we don’t see overnight changes with this stuff. It often requires some learning and a good amount of input before we can actually see some of those changes manifest. That’s what it was for me. The biggest thing was humbling myself because I’ve read stats that say 80 to 90 percent of Americans think they’re good at managing their money. And clearly, with the financial problems most of our country has, we’re not, as a group. I was one of those people who thought I was good at managing my money but I had no idea of what I didn’t know. I think just getting humbled to a point where I could admit there is a lot I could learn—even though I know how to balance my checkbook and generally pay my bills on time doesn’t mean I’m good at money. So for me that’s where it started, just humbling myself. Then I just began reading and learning like a sponge. Once you read one book it’s like, whoa, one mediocre personal finance book and your eyes are opened to some of the possibilities of what can be, if you do things right, particularly at such a young age. I was 20 years old at the time so that was it. Just diving in and learning any way I could.

PT: I love that. What was the first book you read?

Bob: It was, *Rich Dad, Poor Dad*.

PT: Okay. That is a mind-set shifter. That’s the stuff you never would have heard. You maybe would have touched on some of the budgeting stuff or retirement stuff early on but you never would have heard anything like Kiyosaki put out there. Not that that’s a full endorsement of that book but it’s a mind-set changer.

Bob: Yeah, definitely.

PT: So how did the year in Florida end?

Bob: It was a series of interesting miracles ensued after that. I didn’t have any family down there and I really didn’t have any friends down there either because I was

intentionally trying to be alone.

PT: Where exactly were you?

Bob: This was in Sarasota, Florida.

PT: Sarasota, okay. And you were working a little bit, in retail was it?

Bob: Yeah, I was working at ADT (the security company) answering calls. If somebody breaks into your house, I'm the one that calls to tell you someone broke into your house. That was a really low-paying gig so I didn't have much money.

PT: Why Sarasota?

Bob: I don't know. It was kind of a random, 20-year-old place to go. I just wanted to move down to Florida. It was warm there in the winter.

PT: Alright.

Bob: From that point, that moment I ended up getting my car towed over to a gas station that did some 'fixing car' stuff. He ended up fixing the car for less than the available credit was on my credit card so I just snuck under the radar with that. Then I made it back in time to pay my rent so I didn't have the late charge. The rest of that afternoon kind of worked out really nicely. Things folded up from there. About a month later I was coming back to St. Louis—because I intentionally just went down there for one school year/work phase. I only had a 9-month lease on an apartment. Anyway, I came back to St. Louis and continued learning. It was fun just seeing progress. Once you get that hint of financial progress and you see—I mean, at that point I still had debt, but just seeing some money in savings like having \$100 in my savings account and seeing it sit there for even a week and not spend it, that's where I was. That was thrilling to me. Then, watching that grow to \$200, \$400, it was kind of fun. The momentum was there. That was how I transitioned and started to see those first signs of life, I guess.

PT: Yeah. Were your parents good with money? Did they talk to you about money?

Bob: My parents were generally good with money but they had some major challenges financially. My dad was a tradesman who was injured on the job and was off for about 4 or 5 years. They were living off one income for awhile so they definitely— As a family, we went through some tight times. But generally, they were pretty good with money though I don't feel I was taught a lot of lessons. I don't remember having a lot of conversations with them about money. I think they handled it pretty well, but we didn't talk a whole lot about it.

PT: Beside Kiyosaki's book, what else were you studying during those early years?

Bob: Kiyosaki isn't really much of a personal finance book. Like you said, it was a mind-set shift and that was something I needed coming out of a very middle-class family. That was really eye-opening for me to see. In terms of personal finance stuff I was reading a lot about retirement so I remember reading some of David Bach's stuff. I remember reading, *A Millionaire Next Door*. I was actually reading a good bit about investing as well. I remember reading Peter Lynch's, *One Up On Wall Street* and some of those old books at that point. Those are some of the ones I remember. I'm sure there are plenty of others. I was reading a lot of blogs. The whole financial blog thing kind of started me—I was reading things like, *Smart Money*, and all that.

PT: Give us the timeframe. When was the year in Sarasota?

Bob: It would have been 2001, I believe.

PT: Okay. So you go back to the St. Louis area and you're doing your school there.

Bob: Yeah, I went back and finished up school. Got my business degree and then moved on to my short career in corporate America.

PT: And how long did that last?

Bob: I was in corporate America for about 10 years before I retired from that.

PT: Okay. Well, that's about as long as I put in. I wouldn't call it short, but... During that time though, as soon as you got that first job I'm assuming since you had this education now, you're investing in your 401k and doing all the right things financially, right out of the gate?

Bob: I'm trying to think... I believe I had my head on pretty straight as we were in all that. Our employer was good with some of the benefits. We had a 100 percent match of our 401k and I remember just doing the math and thinking this was a really good deal. I ended up investing more in my 401k than I wanted to, but just because I felt that I just couldn't pass up this free money that they were giving me.

PT: Yeah.

Bob: I think I had my head on pretty straight with a lot of those things at that point.

PT: Did you have any student loan debt coming out of college?

Bob: Yeah. I don't remember exactly, but about \$30,000 to \$40,000 I think. The rates were pretty low at that point. I think it was only about 2.5 percent or something so it

wasn't really painful in terms of the interest rate. But, yeah, I had a good amount of that to pay off. And my wife, when we got married, brought a good amount credit card debt into the marriage. And I had some credit card debt that we were still working on. We had car loans and whatever, so we just lumped all that stuff together and worked as hard as possible to get it all paid off. We went pretty crazy and really, really cut things.

PT: How much in total would you say it was, approximately?

Bob: If you roll in the car loans and the student loans and everything else, I want to say it's \$50,000 or \$60,000 with all that. It's not a huge amount but it's big enough.

PT: Did you guys sit down one day and say, "Okay, this is what we have. Let's knock it all out. And here's our approach to this..." is that about right?

Bob: Pretty much. Linda came in as a spender and I was already on track for making these lifestyle changes—

PT: Did you still have credit card debt?

Bob: Yeah. I just didn't have it taken care of yet.

PT: Was it still from back in the Florida times?

Bob: I really don't remember. You are really drawing on some old memories here.

PT: Well, I'm just trying to picture the Florida moment there—the impactful moment and just trying to frame the future at that point.

Bob: I'm pretty sure I still had credit card debt but I know I was doing a lot of credit card arbitrage in moving and transferring balances so it is possible that the credit card debt was actually my car loan. I actually transferred both of my car loans to credit cards because zero-percent was so prevalent with no transfer fees. I don't really remember, but I'm pretty sure I did have credit cards. I just don't know if it was from actual spending. Either way, we had a good chunk of debt. Like I said, it was a transition into all of this. I was not a flip-a-switch, everything's perfect, I'm nailing it. For me it just took a little while to gradually transition to it. But, by the time we were married I was bought and sold on this way of life and she was a big, big spender, spending 150 percent of what she earned, probably. We made some major lifestyle changes and she was such a champ. She came in spending about 150 percent and really cut that down to about 30 percent of what she was earning. So she just had to make some major changes and she did great with it.

PT: Cool. Did you guys follow the Dave Ramsey approach at that point? Was he around

then?

Bob: Yeah, he was around. We actually didn't do FPU or Total Money Makeover. I actually only read them after we were out of all of our debt so we didn't really read that beforehand but we basically followed the same thing. We just cut our expenses like crazy, cut our grocery budget down to about \$40 a week. We cut everything we could and just worked on paying it off as fast as we could. We did it in about 2 years or so.

PT: That's awesome. Did you do anything drastic like sell one of the cars or take on extra jobs or anything like that?

Bob: For me, starting the blog was what I would have called a side job although I wasn't super optimistic about its earning potential way back then. That was definitely part of the goal behind it, to make some extra cash. We didn't sell off any of the cars because we both needed them to get to work and they were pretty old to begin with so they were pretty low value. It wasn't like we could have got anything much cheaper. But we both worked 15 or 20 miles from home.

PT: Nice. What's one area of your personal finances that you're just not good at?

Bob: I would say she's better at staying consistent on the budget which is kind of ironic but I like to just feel it out a little bit more and have like, a monthly checkup. But she's better at regularly going in there and categorizing transactions every other day or something like that. I just prefer to batch it. That gets me in trouble sometimes. That's why I'm saying I'm not great with that. Sorry, it's a lame answer, but—

PT: No, no. I get it. You like setting up the budget and checking on it but it's the daily interaction with it that's not exciting for you. It sounds like you use some type of tool or something to track it?

Bob: Yeah, we use YNAB.

PT: Okay, so you're doing the envelope system essentially? What does YNAB call it—zero-based budgeting?

Bob: Yeah.

PT: That's where you assign every dollar a home. Every amount of income that's going to come in, you give it a home, right?

Bob: Yes.

PT: Are there any other tools or services you guys have used along the way?

Bob: Yeah, we've actually jumped around with budgeting software a good bit and there is not a 'perfect' one. Everybody's system is a little bit different and when you're trying to adjust your lifestyle to its system, is a challenging thing. But yeah, we've used envelopes. We've used Mint, kind of, for budgeting. And honestly, we did an ING system where we just created a whole bunch of sub-accounts and used that as an envelope system for awhile. So, we've done a handful of things but I'm pretty happy with the new YNAB, the online version, where your account sync automatically and stuff like that.

PT: Very cool. Are there any other tools and services? You guys paid off a tremendous amount of debt and you mentioned doing some balance transfers. Did you use any kind of software or tools during those years to manage that process?

Bob: No, just a spreadsheet. We opened a billion credit cards with all that stuff and we used a spreadsheet to keep track just to make sure we got them all cancelled in time.

PT: Would you recommend that technique of using zero-percent credit cards to shift debt around if you're hard-core sold on the idea of getting rid of your debt? You know, like trying to get a lower interest rate, is that something you'd still recommend?

Bob: Yeah. But it's a, "to know thyself" type of move. You have to be really, really honest with yourself because I think you can get yourself into trouble. I was extremely meticulous about it so we didn't get ourselves into trouble but if you're someone who can look a few months down the line and decide not to pay attention or forget about it, or you don't have a good calendar you stay on top of it's a little bit of a dangerous game. There's a reason they're offering those incentives. So absolutely, you can save a good amount of money. We rolled pretty much everything into zero-percent credit cards and kept transferring them from one to the next. I'm not sure that it's that easy to find balance transfer offers for zero-percent without a fee as it used to be. It's something that I would still do but I'd just say, make sure you know that you're going to stick with it so you don't get in trouble.

PT: I don't think the environment is the same out there with the institutions that they have the same kind of deals but, "know thyself" is a good rule. During that initial phase before you went to full-time blogging, were there any other financial goals during those years you can speak to that you guys achieved?

Bob: Sure. Paying off that first car and having the title in my hand was such a thrilling moment. I was raised with the mind-set that you just always have a car payment. That's just what you do. You pay one off and you go and buy another one. That's the cycle. And I don't know, it just bothered me. That's not how I wanted to do things so once I did

that and had that title in my hand—I had a title in my hand and a car that still ran. Once I had that, I knew I was breaking all the rules. It was like I was driving this car for free. That was a thrilling, thrilling day. Then we paid off the next one and it gets more and more fun because you have more momentum towards all your other goals.

PT: I love that idea, you're breaking the rules. You're living outside of what society expects you to handle your money. Do you still have one or both of those cars?

Bob: Nope, they're long gone now.

PT: Okay.

Bob: No, wait a minute. We do have one. Yeah, we still have one. The first car we paid off is gone. The transmission blew on that one on a road trip which pretty much totaled it. And the replacement car we bought for that is now going on 11 years old and has been one of the best purchased I ever made. It's a Honda Fit. We still have that car and, I mean, I researched that car to death and it's been such a flawless car. It's just been really, really good. The total cost of ownership has been next to nothing. It's a really good car.

PT: What would you say to someone who says, "Man, I've got to have that new car." Obviously, at some point in your life you appreciated that new car feeling. What would you say to someone who struggles with that, in giving up that idea?

Bob: Around this phase in my life—this is around 15 years ago or so, or maybe 12. I'm not sure. Either way, I had this guitar teacher that was really wealthy and I pretty much said, "Hey, can we talk? Teach me. Show me what the key is. How did you do really well financially?" He brought me and a buddy of mine over and we were talking to him and he basically gave us a 2-hour kind of seminar sharing with us the most important stuff that he thought we should know. He said there were two things you have to pay attention to and if we could take care of these two things we were going to be in good shape financially. Those two things were, going out to eat and car purchases. If you can learn to scale back on both of those two things, you'll be set. He went on to explain how most people waste so much of their money, such a high percentage of their income on their transportation and if you can make that one sacrifice just by driving an older car or not having the new car smell all the time or whatever, you'll set yourself up. Basically, you're just freeing up so much cash to put towards retirement and towards more important financial goals rather than a depreciating asset. And, hearing that from him and seeing the other side of it, the effects that came from it—because he was a teacher. He never had a really high salary. He was just really smart with his money. Seeing that from him spoke volumes.

PT: How did you have the insight or the desire to sit down with him and ask him to share that stuff with you?

Bob: I don't know. I've just always been a little bit hungry with that, wanting to learn and—

PT: Like you said, the humbling moment back in Sarasota may have led to that eventually.

Bob: Yeah, absolutely.

PT: What about now? Obviously, you've transitioned from corporate guy to someone who now owns his own website, an entrepreneur. We could probably park at that conversation alone, but I want to talk about the future with you, about what financial goals you have for the future. As someone on the other side of mastery, how do you look at the future financial and what goals do you have for yourself?

Bob: At this point, we're living off a portion of our business earnings. We're reinvesting a lot back into the business. We're really trying to grow the business. A big financial goal of ours that isn't super specific at this moment in terms of just trying to grow the business, beyond that, we're still trying to build retirement savings and we're still trying to—the first house we had (we live in Nashville now) in St. Louis we turned into a rental property. I would like to get a handful of more rental properties. I still have that itch from reading, Rich Dad, Poor Dad. And eventually, just get them all paid off. I'd love to be sitting on 5 to 10 rental properties with all of them paid off, generating a real nice big chunk of cash.

PT: Nice, nice. In terms of retirement a lot of people probably wonder what happened with your old 401k at your job and how are you saving for retirement now?

Bob: Well, 401k's— my wife had a 403B. We rolled all of that into a Roth a few years back. We did that whole crazy transition from that to an IRA to a Roth... I don't know how we did it. It was a few years ago but basically we got as much of that money under a Roth umbrella as we could. At this point we typically are contributing to our Roth when we can and sometimes we are contributing to, I think it might be a SEP. Sorry, I'm forgetting all these different—

PT: It's either the SEP IRA, the solo 401k or the simple IRA. Those are the three.

Bob: I think it's the solo 401k.

PT: Yeah.

Bob: So anyway, that's the other things we're doing when we can.

PT: Okay, very good. Looking back over the years since the moment there in Sarasota, tough times with financial wins along the way, tell me how you feel about it all now.

Bob: I just feel incredibly blessed. I am so thankful for the lessons I've gotten to learn because they are just truly invaluable. Going through certain things teaches you things you just can't read in a book. And, I really try to learn as much from other people's mistakes as possible but there are some lessons I think get so much deeper inside of you when you go through them. And I am just really thankful that I've gotten to go through so many. There's so much more to learn too. There is a ton to learn, especially when you're going through different phases of your life where you're dealing with different financial issues, challenges, strategies and whatever else. I just feel incredibly blessed that I was able to learn some of these lessons at a young age to get off on the right foot and to be learning these things in my 20's instead of my 50's. So many of my readers and probably many of your readers are emailing us and saying that. I feel for them. I wish they could have learned those lessons earlier because it would make things a bit easier. So, I just feel really blessed that I was able to do that, learn some of those things.

PT: Yeah, 20 is a young turnaround time. I'm glad you found that. I also thank you for sharing those lessons with us today. It's certainly helpful for listeners out there. Thanks for being on the show.

Bob: You're welcome. My pleasure.

PT: Where can folks find out about you and all the lessons that you've share on your site and online?

Bob: My site is called, Seed Time. You can find it at seedtime.com. That's where we have everything. We're basically just a personal finance site. We're sort of focused with a biblical perspective on things. Yeah, I've been doing that since 2007.

PT: Happy almost 10 years!

Bob: I can't wait.

PT: All right, Bob. Thanks for being on.

Bob: My pleasure. Take care, Phil.