

EPISODE 227

[INTRODUCTION]

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FT: Welcome back to So Money. I'm your host Farnoosh Torabi. Thanks for joining me. Doing something special this week. If you've been listening since Monday, you know it is millionaire's next door week. Dedicating the week to people across the country, in some cases across the globe, who are millionaires and you wouldn't really know it. They're frugal, they save their money wisely, they don't buy material things necessarily, they have sacred financial philosophies and we're gonna learn all about it this week. So inspired to introduce today's couple, we have a couple on So Money today. Jeremy Jacobson and Winnie Tseng. They run the personal finance blog Gocurrrcracker.com. They are two normal people from lower income families, chasing the American dream, until they realized, you know what? The chase wasn't making them so happy.

They sold their house, they sold their car, and started saving 70%, or more than 70% of their combined income. And in a short 10 years, while still in their 30's, they became financially independent and said "buh-bye" to the working world to then start a family and travel the world. Three years now into a hopefully 60 plus year journey, they're living their own nomadic dream with their newborn son, Julian. The two have now multiple millions of dollars, they keep that money pretty much invested in index funds, they tell me. And they're living off about \$4,000 a month and they are soon about to embark on their world wide journey. First stop, Mexico!

Some takeaways from our conversation with Jeremy and Winnie: how they saved 70% of their income to retire in their 30's and pursue their love of travel and starting a family. How going over seas helped them save dramatically on medical costs, especially when it came time to having the baby. And how they pay \$0, zero dollars in taxes! I took some notes during that part, let me tell you. And they do this legally, all of this information they capture on their blog, Gocurrrcracker.com. Interesting story about Gocurrrcracker.com and why it's called that.

Lots to learn from this couple, our millionaires next door. Here we go, without further ado, Jeremy Jacobson and Winnie Tseng.

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[INTERVIEW]

FT: Jeremy and Winnie from Gocurycracker.com, welcome to So Money. Our millionaire's next door. How you doing?

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WT: Hi!

JJ: Hey! Doing well.

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FT: Hey guys. So as listeners know, I had been doing a big search for millionaires next door, and Jeremy and Winnie kindly emailed me and said, "Guess what? We retired in our 30's," and this is now just three years into retirement for you guys. We're gonna talk about all of the good steps that you took to get to this point, but first, congratulations! You've crossed the millionaire's finish line. Where do you go from here?

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JJ: Oh that is good question. So we largely focused on retiring early because we wanted to do two things and one of them was travel. So we're on this 60 year long journey to explore the world. And the other sort of main goal was to start a family and we, or Winnie, just gave birth to our little baby boy just three months ago.

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FT: Oh wow! Congratulations! How are you feeling? Sleep deprived?

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JJ: Tired! [Laughs] So from here, when he is - we're in Taipei, Taiwan right now - and when he is six months old, so this October, we're going to get on a plane and start travelling again.

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FT: Fantastic! Well how does it feel being new parents and millionaires at the same time? Kind of a nice financial security to enter into parenthood.

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WT: Yeah.

JJ: You know, actually I have no idea how people do this while balancing a job as well.

WT: It's so hard! I don't think I could handle baby and work at the same time.

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FT: It's a lot yeah, I will say. Personally speaking, it can be very draining. So that's nice, you guys have the opportunity now to not have to go into work at nine o'clock. There's no such thing as paternity or maternity leave for you - you guys are on extended leave! [Laughs]

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WT: But sometimes I wish I could be at work! [Laughs]

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FT: Yeah. Of course there are days like that when you want structure. [All laugh] So where's your first trip taking you in a few months?

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JJ: So we're gonna go to Mexico. I'm actually speaking at a conference, an early retirement conference in Ecuador with Mr. Money Mustache, and Paula Pant who you recently interviewed, in October. And so we're gonna go to Mexico and set up a base there. A bunch of our family and friends are gonna come down and visit while I hop down to Ecuador. And then after that...

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WT: We don't know!

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JJ: Winter in Mexico, and then probably to Europe.

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WT: Cause we change our plan all the time. We just keep asking, "Where do you wanna go?" And then there are so many places in the world we wanna go. So we never make up our mind.

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FT: What does your family think of this? This must be something that people who, you know your friends and your family, they listen to you and they're like - their eyes pop out of their heads, right? Because they're just like, "Why can't - how is it that they're doing this and we're not?" How has the reaction been from your immediate family and friends?

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WT: At first they asked, "Did you win the jackpot?"

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FT: Did you win the jackpot! [Laughs]

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WT: "Like where did the money come from?" We even met an old lady in Mexico and she asks us like, "So when will your parents stop sending you money?"

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FT: Right, right! Cause there's no possible way that you can retire in your 30's. Let's talk about where this money comes from, because it is not the millionaire jackpot, your parents aren't sending you handouts. You, the two of you, committed to this goal, you saved aggressively, so take us to the beginning. How long ago did you begin mapping this out? And what was the first step that you took that was really pivotal in helping you achieve this millionaire threshold? And by the way, what is your net worth? I'm gonna ask that just cause I'm really nosy!

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JJ: Well we've never shared it publicly.

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WT: But we can share our budget.

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JJ: It's multimillions.

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FT: Multimillions - multimillions! Okay, so that's good enough for me. Multimillions is good enough for me. Take us back to the beginning. How much were you making in the beginning? And how much were you saving? And how were you making it possible?

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JJ: Let's see.. So it started, let's see, we retired roughly three years ago and it started almost exactly 10 years before that. And at that time we kind of had this epiphany that the path we were on wasn't going to be like a long term path to happiness. And so changes started and they kind of went quick; it was, sell the house, sell the car, start biking as kind of the main form of transportation, move into a small apartment in the neighborhood where we could walk everywhere to grocery stores, parks, libraries. And by focusing kind of on "spend as little as possible, on rent, on transportation, and then food". Where people spend the majority of their total funds, we were able to start saving over 70% - 70% of our after tax income. And then...

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FT: And how much were you making? And what were you doing? What was your job?

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JJ: I worked at Microsoft at the time, and at that point in time I was probably making 100K a year.

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FT: So you were saving 70 - well after taxes probably you were making like 70, and so you were saving 70% of that which is close to 50,000 a year! And that's just you.

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JJ: Yep.

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FT: Winnie, how about you? What were you doing, and how much were you saving?

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WT: So I work in Taiwan as a sales in the high tech job, and I made - how much was a making?

JJ: Probably like 35...

WT: 35K a year, yeah. But I could save most of it, cause I was living with Jeremy.

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JJ: [Both laugh] Yeah so...

WT: So he got an expat job in Taiwan.

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FT: And was that helpful in terms of the lifestyle there or perhaps just how far the dollar went? Were you getting paid in dollars, or Taipei dollars? How was that arrangement also helpful?

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JJ: Yeah. So at that point...

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FT: Maybe we should all just move to Taiwan! [Laughs] And then we'll faster become millionaires, I dunno!

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WT: Those three years we saved a lot.

JJ: We saved a lot those few years. The cost of living here is probably about a third of what it is in the U.S. But salaries are also roughly a third lower, but I was still getting paid my U.S salary, and I also had my rent paid by work at that time. So that was a huge sort of accelerator, we were saving way more than 70% at that point because I was also travelling for work at the time. I'd go to China, I'd go to Korea, and while I'm on a business trip I didn't pay anything. And so I remember one month, total expenses were roughly like \$500, what I actually paid out of pocket.

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FT: Wow! So your lifestyle was a conscious decision. "We're gonna get rid of the house, we're gonna get rid of the cars." Not everybody can do this, or can they and they just are not making the effort or it's just too hard of a lifestyle transition? I mean why was it easy for you two? What was the thinking?

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WT: Because we have a goal, like one day Jeremy just came home and said, "Winnie, do you want to go travel around the world forever?" And then we started to plan on this. So there is a specific goal that we want to achieve. So I think it's easier when you have something...

JJ: We have some sort of vague "let's retire 40 years from now" sort of goal. We had a "how do we get there as soon as possible?" idea behind this.

WT: We had a time frame, yeah.

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FT: And were you - okay this is very similar to the Mr. Money Mustache and Mrs. Money Mustache take on spending and money. Were you finding a community that supported your

ideals, your financial ideals? Were you learning or extracting tips and ideas from other sources along the way?

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WT: Mostly from the Internet.

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JJ: Yeah, yeah. So a lot of, I think there's a lot of similarities between us and sort of the Mr. Money Mustache story. But at that time there weren't a lot of personal finance blogs, so some of it came from books. We read "Your Money or Your Life" and it kind of defined...

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FT: That's a great book.

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JJ: It's a beautiful book. It's the idea of life energy. Like how many hours in my life am I putting into buying this item or this experience? So you can prioritize and decide if it's really worth it. And we kind of internalize that and sort of tracking our money.

There was also a community, like an online forum for people focused on early retirement. Although, early-retirement.org. A Lot of people there, early retirement meant 55 and so we could take pieces of what they recommended as far as investment advice and so on. But then we had to piece other parts of it together ourselves.

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FT: What was the culture like at Microsoft? When you left, and you were like, "Guys, I'm taking an early retirement." Were your co-workers happy for you? Confused? Kind of pessimistic? What was that like, leaving your job at Microsoft? Cause I can imagine, I mean people working

at Microsoft, they're thinking, "I'm gonna work here for the rest of my life." It's one of those types of big corporations that takes care of their employees in terms of salary and benefits. So what was the reaction for you Jeremy?

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WT: A Microsoft worker has like big houses, two cars, and a truck. So when we live in a really small apartment, one bedroom apartment in China Town, one of his co-workers gave us a ride home and he saw where we lived and he looked at Jeremy like, "Are you serious?" [Both laugh] So they think we're a little interesting.

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JJ: Yeah. In the days that I would ride to work on my bicycle in the rain, I got some hazing from that. But once I actually sent out my email saying, "Hey, I'm out of here." I had probably like three weeks of unlimited free coffee and beer. [Chuckles] Just like all these requests from people like, "Hey can we talk? What's going on? How did you do this?" And that's actually kind of where the blog came out of because there was kind of this repetition in the questions of "Why? How?"

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FT: So we learned the "why" - it was cause you wanted to retire early to start travelling, spend 60 years exploring the world, which is just, gosh, just sounds amazing! And I'm gonna go home tonight and talk to my husband about this as well. We talked about how much you were earning, how much you were saving - pretty much all of it because you had your rent covered and you got rid of the house, you got rid of the car.

So I wanna address something else that helped along the way, which was tax minimization - you mentioned this to me before we got on the call, that you have over 90,000 in taxable income, you pay zero tax legally and respectfully. You publish your tax returns on your blog to explain how you did it. I also wanna talk about how you're saving on medical costs. But before we get to that, let's talk about Go Curry Cracker for a moment cause I think that's a great - I love

that you're publishing this journey and so other people can go online and check it out and get inspired.

How did you come up with the name "Go Curry Cracker"? That's kind of unique!

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WT: So for our honeymoon, Jeremy dragged me to this 100 mile hike around Mount Rainier. It was nice and sunny and beautiful the first five days, and then it started raining, because it's Seattle. And then I feel like tired and exhausted and sad, but there is no way home cause you have to finish it. So Jeremy just kept showing me this bag of curry cracker we made and then he tried to encourage me by saying, "Go, go, go, go curry cracker."

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FT: [Laughs] Are those like the wasabi crackers that I'm addicted to? They're made of rice?

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WT: It's similar.

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FT: And they're flavored.

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WT: I made it at home. Yeah so I made those dehydrated food to bring on the hike.

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FT: How did the two of you meet? Just curious.

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JJ: We were, let's see..

WT: Should I tell them the truth?

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JJ: Yeah okay.

FT: Yes, Winnie! Always the truth on this show.

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WT: He ordered me on frugalwife.com.

JJ: [Laughs]

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FT: From where?

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WT: Frugalwife.com

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FT: Frugalwife.com - I'm gonna write that down.

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WT: [Laughs] No we met at a conference in China!

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FT: Oh! [Laughs]

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JJ: Yeah one of my co-workers was working with her company on a project, and then while I was speaking at a conference in Beijing that Winnie was attending and we were sort of introduced through our mutual co-workers.

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FT: Gotcha!

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WT: And then he followed me back home. He followed me back to Taiwan.

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FT: [Laughs] So, one more question about your relationship because I think it's very - what's the word? I guess, not difficult, but it's sometimes a challenge to find a partner that is, kind of shares your financial philosophies and especially when they're of an extreme nature - I mean I can call your financial take on life a little extreme, right? I mean just pairing down your budget, selling a lot of the larger assets, retiring in your 30's - this is not the norm, although we would hope that it would become a norm in our culture. Cause I think a lot of people would love the idea of just having most of their life to explore and not have to go to a 9 to 5 and be accountable to a boss.

But how did you both know you were each other's financial twins?

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WT: I think part of the reason is be both, we kind of grew up in a similar situation - poorly.

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JJ: Both of our families were lower-middle class.

WT: We grew up without money.

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JJ: And a lot of people won't talk about, or don't talk about money. It's like a - it's not socially acceptable to talk about money.

FT: Polite.

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JJ: Yes. But I'm fascinated by investing and so on and so I talk about it with everybody and being open about it - like we just started sharing stories and we clicked.

WT: And we share our stingy stories and we laugh about it. [Both laugh]

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FT: Where do you keep the money?

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JJ: So pretty much all of the money is in Vanguard index funds. It's pretty much, 90% of it roughly is invested in stocks and 10% in bonds, and it's all in Vanguard.

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FT: And what has been the return for you since you started doing that? Has it been really - have you been able to keep up with the market?

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JJ: Yeah it's been average. Yeah. But basically, we do next to no management of it whatsoever. It's just passive investing, with really low fees, tax minimization. So we track the market fairly closely.

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FT: And how much do you keep on cash? What's your monthly cash allowance, I suppose, to keep you travelling comfortably? And now that you have a child, I imagine you've got maybe a healthier cushion every month for those unexpected costs.

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WT: Babies are not as expensive as people think.

JJ: Yeah I mean like, we're breastfeeding.

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FT: With this stage, right. All they're really having is breast milk, or formula, and a couple of rattles. [Laughs]

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JJ: Yeah. Mostly he just needs attention right now. But we roughly spend about \$4,000 a month.

WT: We publish our spending every month for Curry Cracker.

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JJ: Yep and that, for the last three years, 100% of our spending's basically been covered by dividends, interest income of some sort. So we keep roughly about three months of spending in cash, and then most of our dividends happen quarterly, and so then we get a fresh cash infusion every three months and that kind of tops it up again. When we started sort of the "baby adventure" we needed some assistance so we went through the IVF process and so on. When we started that I put another like 50K worth of cash into the bank account just to carry us through that year. And then the medical expenses for that ended up being way under that. So I put it back in the market after he was born.

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FT: Yeah so I teased learning more about your medical expenses, how you're paying for that as two people who are not working companies that are paying benefits. So how do you two, how do you manage medical costs and I read that also you saved a ton of money on IVF by doing something that not many people think of doing. So share with us a little bit about how you save on medical?

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JJ: The main thing is just we exercise and we eat well. Preventative, and just try not to get sick in general. But when - we've been to the dentist in like four different countries and pretty much everywhere outside the U.S prices are transparent. Like you can ask a doctor or a dentist ahead of time like, "Exactly how much will this cost if I just pay you cash right now?" And they'll tell you. There's not this six to nine months delayed billing of kind of through insurance company in the U.S. And so it's way cheaper and transparent. So like dentists in four different countries, it's always been less than \$20-\$30.

I went to a doctor in Mexico because I had some bronchitis and I needed antibiotics. It was like \$3 to see the doctor, and \$10 for the antibiotics. And then while we're in Taiwan, Winnie and Julian are covered by the National Health Insurance. Yeah there's a single parent system here and I'm self-insured. I just pay cash.

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WT: Here self-insured is really affordable.

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FT: So the trick is just to don't live in the United States.

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WT: [All laugh] Yeah.

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FT: Don't live in the United States. You can be a millionaire by 30.

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JJ: That's probably true.

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FT: Okay, well that's a wrap guys! No I'm just kidding, I'm just kidding!

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WT: The income there is way higher, so the best way is to make like...

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FT: U.S money and live some place else.

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WT: You work there, and then you retire travelling.

JJ: Yeah. But we were only on the expat gig in Taiwan for like a year and a half. The other nine years of our savings was in the U.S.

WT: So it's do-able in the U.S.

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FT: And then you went abroad for IVF. Is that, was that easy to do? Was that easy to research and find good doctors for that abroad?

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WT: I was born here, so it's easy for me.

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FT: So you got that in Taiwan?

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WT: Yeah. And it's like one third of the price - one fifth maybe.

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JJ: And our original plan was actually, we were gonna come here for IVF just because the price was way lower. Like we had quotes from - cause we were living in Seattle for the last five years or so - we had quotes from Seattle and it was way more expensive. And so we thought we'd come here and go travel in the middle, and then we'd have the birth in Europe. But then we had some kind of miscarriage scares early on and some emergency room trips and so we decided to just stay put for a while.

Yeah, but even a trip to the emergency room here was like \$30.

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FT: Are you kidding me? Can I just, I'll share a story about that. When I was delivering my son, I went to the hospital after midnight because that just happened to be when he wanted to come out. So we went to the hospital, it was like one in the morning and the doors to the hospital were shut. You had to go around to the emergency area. So I just turned the corner and went in through the emergency doors - emergency room doors - and went in the elevator and went up to the maternity ward. When I got the bill, which insurance covered, it was itemized. I saw that they had charged the insurance company \$1,200 - or maybe it was \$1,600 - as an emergency room entry.

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WT & JJ: Wow!

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FT: Uh-huh! So that smells like fraud to me because that is just, that was just logistics. You know, the hospital was not open at midnight through that particular door, so I had to turn the corner. And for that they're gonna charge insurance over a \$1,000. So yeah, good luck finding anything in this country that's medical related that is \$30 or less.

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JJ: We went to the emergency room entrance also for delivery at like 11 PM at night.

WT: They say, "Can you sit here for an hour, so you can save one day of cost". [Laughs]

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JJ: Yeah they check you...

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FT: Oh so they actually tell you how to save money. That's nice!

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JJ: Yeah they're like, "We'll check you in at 12:01 and it'll be \$200 less. [Both laugh]

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FT: Wow! Oh my goodness. So now, taxes. You say that you have over \$90,000 in taxable income and I assume that's from dividends and other income that you're pooling from your investments?

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JJ: Yep.

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FT: And so you pay zero tax on that - how do you do it? Can you teach me?

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JJ: Sure! So that's basically all investment income and it's in three parts; if you have qualified dividends and long term capital gains, and you're in the 15% tax bracket in the United States, all that dividend and long term capital gains income is taxed at 0%. But the 15% threshold in the U.S is like \$90,000 for a married couple. So we don't come anywhere near \$90,000 in dividends though, so what we do is we kind of look at, every year, have some of our index funds increased in value? And if so, let's sell some of them, generate a long term gain, and then use the

proceeds to reallocate our portfolio the way it needs to be. And now we pay 0% on our gain, and we've just increased our basis so that now in the future our gains will be smaller.

Then the third piece, if you just look at sort of how much tax free income you can earn in the U.S form standard deductions and qualified dividends, it's roughly 20K for a married couple. And so we also generate 20K of income by moving money out of sort of our 401(k) IRA funds, into a Roth IRA. It generates a taxable event, but it's wiped out by the standard deduction and so it's 0% there. And then now those funds can continue to grow tax free forever because they're in a Roth.

And so when you look at our 1040, it's on the blog, you'll see last year's income was roughly like \$95,000 and the bill at the end for income tax was \$0.

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FT: Wow! Do you have anyone helping you with this? Did someone teach you this strategy? Or you're just a smarty pants and you researched it and figured it out?

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WT: After you retire you have a lot of time! [All laugh]

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FT: Guys, I'm serious! I'm gonna go home tonight and my husband doesn't know I'm gonna do this, but we're gonna have a good talk about - we make good money, he and I, and I think that we should start to really think about maybe - I mean living in New York is such a hustle. Every penny you make gets put back into the economy here, some way or another. So we just always joke, but we're also very, you know, we're kind of serious about it. Like, "Imagine we lived somewhere in like rural Pennsylvania where he grew up - we could live like kings based on how much we make." We don't have to go across the ocean, we could probably find a nice place in America that is a lot less - anywhere is a less expensive than New York! So you've really inspired me and lots of our listeners.

I haven't even gotten to my So Money questions, but I think that this has been even more education than if I'd asked you, "What your win, your failure?" But I would like to ask you, before we wrap, a couple of the So Money questions. And the first is: if you could capture your entire philosophy in one or two sentences, you know, your financial philosophy as millionaires next door, what is it?

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JJ: Probably, let's see; twice as much money won't make us twice as happy.

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FT: "Twice as much money, won't make you twice as much happy."

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JJ: Yeah the quest for more, whether it'd be more stuff or more assets, more investments...

WT: We have enough.

JJ: We have everything, we have enough. We have everything we need and want and we kind of use that for deciding things like - Winnie had a book offer, but she didn't really like the editors' kind of direction. I was like, "Well don't write that book. Just do it when it," again, would have made good money but we only do things that are gonna be kind of rewarding in their own right, and then the money is secondary.

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FT: And then what is your number one habit? You probably have a lot that you are concurrently doing, constantly doing to make sure that you're millionaire next door status is protected. But what would you say is your number one money habit that you like to share with others?

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WT: I think it's a really simple one; we just write out all your spending and analyze it. Like see where you spend your money and like try to cost them.

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FT: Yeah because I'm sure, if we just do this one thing - yeah go and just track your dollars - you will absolutely, I guarantee you'll find something that you either didn't know you were spending your money on, or you feel as though it's not necessary. And you'd rather have the money saved than putting it towards whatever it's going towards. And it's good to do this every few months at least because as life goes on, we incur new expenses that we don't even maybe realize. Prices for things that we were paying for last year, might go up. Like insurance rates, always a good time to check those things at the least, and see if you can negotiate them lower.

So Jeremy and Winnie, thank you so much! My millionaires next door, travelling the world for the next 60 years, new parents, give that Julian a big hug for me and all of our listeners on So Money. We're really proud and thrilled for you guys and wish you continued success. Thanks so much for joining us! You've been great.

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WT: Thank you.

JJ: Thank you.

[END]