

EPISODE 371

[SPONSOR MESSAGE]

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[INTRODUCTION]

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FT: It's Millionaire Next Door week on So Money. Welcome everyone, welcome! I'm your host Farnoosh Torabi. This is gonna be an exciting week, and it is all thanks to your feedback. Many of you wrote in saying how much you enjoyed the first Millionaire Next Door series that we did all the way back in August. It was a very popular week, to say the least, and so I decided to do a Part II.

Because as it turns out, good news, there are so many successful people out there, who started from humble beginnings, who started making average salaries, who ended up becoming part of

the 1%. I know the 1% often gets a bad rap, but there's truly something to be proud of when you reach millionaire status, right? It's not something that's easy. It takes discipline, it takes effort, it takes consciousness.

And so this week is gonna be dedicated to talking to everyday men and women who have reached this status and how they did it and maybe we could learn a thing or two along the way. And kicking us off this week is MaryEllen Miller who is a real estate investor from San Antonio, Texas, also Des Moines, Iowa.

From an early age MaryEllen found that she was fascinated by money. How people make it, how they spend it. She followed the route that most people take, which is to get an education followed by a corporate job. Sound familiar? But by midlife she realized money was not the goal, it was how money could and should be used to create a "wealthy life."

MaryEllen tells me that she's experienced living in every socio-economic class, from poverty, qualifying for government cheese, to now becoming a member of the 1%. And believe it or not, she didn't even realize when she hit the \$1 million net worth mark. Her mission is now to help people create a wealthy life full of both money and meaning.

Here we go, here is MaryEllen Miller.

[INTERVIEW]

[0:03:21]

FT: Mary Ellen Miller, welcome to So Money, kicking off Millionaire Next Door Week with a female. Couldn't have it any other way.

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MM: Well, thank you so much for inviting me to be on your podcast. I'm really excited to be able to share my story.

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FT: Your story started years and years ago, you almost say that you were kind of an accidental millionaire. Not to say that you weren't conscious about money but you were never after a figure. You were never after reaching a million dollars or \$2 million that you don't even remember the time that you crossed that threshold.

So take me back to the beginning of your journey to now being financial independent. You have a great following online, you're, for many people, a financial role model. Tell us how it all started. What was the manifestation? Why did you want to be so focused on living a financial liberating life?

[0:04:16]

MM: Well honestly, it really started with fear. I grew up — my parents had grown up in the depression and there is a lot of fear around money with them and it was always scrimping and saving and just being super frugal with money and fearful about money and bills and any little thing that came up just generated a lot of fear.

I just kept thinking, "There's got to be a better way to live your life. We've worked so hard and we don't have really any money to show for it," and I just kept thinking, "There's got to be a better way," and I was just really always fascinated by other people and how they lived and how they made money decisions and how they ended up in different places.

And actually, my parents really did encourage me to get a good education and that was a big key and that to them, that was the ticket out of poverty to get a good education, get a good job, all of those things and then be diligent about saving your money. Money wasn't for spending. Money was just for saving and scrimping and that rainy day was going to come and there would be a disaster that you would need that money for.

So it was always about restriction and so I accumulated money just out of fear mainly. So at some point, I decided that there's more to life than that because I worked as a CPA and I worked in the retirement planning industry for quite a while and I really hit a front

row seat to how other people treated money, how they made money and whether they had money or not, how their decisions went and I also saw people scrimping and saving especially in the retirement area.

Where they had this plan for the future but then something would happen. They would either get very sick when they retired or they would die before they even used that money and that's like, "Wait a minute, this is the wrong path." There has to be a point where you're enjoying your money today.

[0:06:29]

FT: You've transitioned now where initially maybe it was about accumulating money and now it's about the purpose of wealth is to promote well-being. What does that mean actually, when you think about well-being and how our wealth can get us to that goal? Can you explore that for us?

[0:06:45]

MM: Yeah, well I've read a lot about the idea of money and happiness, "Can money buy you happiness?" And all of these ideas but I really came to this conclusion that that's the wrong question. It isn't just happiness. There's more to a full life than just happiness. Happiness to me is just positive emotions or lack of negative things going on in your life.

But what research has actually shown is that you can have a happy life but it can also feel very empty because there's more to what people need to feel fulfilled and it's really about you need to have good relationships. You need to have something that provides meaning in your life. You need to have something that really engages you and keeps your brain going.

People are also really built for achievement and so setting goals and reaching goals and all of those things really encompass as what I see as well-being and really thriving. It's just a thing that a lot of people miss and people think it's just getting a bunch of money

and then retiring. Well then, if you really are a person that likes achievement, then retiring really is unfulfilling.

So you see a lot of people that don't really thrive in retirement. That it really isn't the right goal for them and I don't know if that's making a lot of sense but there's more to it than just accumulating money. It's about how you use that money to build the life you want.

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FT: It sounds like, this was a transitional period in your life and now, your website is all about helping people navigate at the crossroads of money and meaning. For you, what was the personal genesis to this? I mean you said that initially, you were fuelled by fear, what was the turning point for you?

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MM: Well actually, I read a couple books that really changed my mindset about things. One of them was *Your Money or Your Life*, which is kind of an oldie.

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FT: Yes, oldie but goodie.

[0:08:58]

MM: But goodie, and it really talked about what are you truly trading for your money and are you really living your life? And then I read the book *Vagabonding*, I don't know if you're familiar with that one?

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FT: I haven't heard that one.

[0:09:13]

MM: It's by Rolf Potts and he talks about people put in their mind that they want this million dollars but what they really want is an interesting and fulfilling life and it doesn't take a million dollars and that he talks about the choices that he made in his life and how he could do that with a lot less money and I put those two ideas together and then I looked at where I was financially and my kids were getting to the point where they're going to be on their own.

I realized that I wouldn't need to be putting out money to support them and that I had saved a substantial amount to retirement and maybe I could just take a gap year. That was the idea. I was going to take a gap year and just explore other ideas and see if this was a better direction for me and then I forgot to go back to work.

[0:10:13]

FT: You forgot? Or maybe because you were just so not interested in going back. Yeah, you write in your journal and your website that people thought you were crazy to leave, to take the sabbatical — how are you going to get health insurance? But you said once you left the corporate life, there was no going back. How did you start to build your own business essentially from there?

[0:10:39]

MM: Well, it wasn't an automatic thing. I originally took the time off just to travel and to give myself some head space to try and figure it out and I kind of fumbled around with a bunch of different business things and working some part time jobs and just doing some volunteer work, just a lot of different things, experimenting with those things.

And honestly then, it was more about I started working with my now husband, he wasn't my husband at the time with his business and then became an owner with that business and he had the ideas for the business but I had the ability to make it financially really

strong. So it was kind of a good partnership in that way and now, I am exploring other ways.

We've done some real estate investing and different things like that and now I'm really wanting to focus on writing and helping other people transition to this way of thinking if that's what they really feel that they need to do because I've seen a lot of people in midlife in particular wanting something else, wanting something more, wanting a different way of managing their life.

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FT: You say that you've experienced living in every socioeconomic class. You were poor, you qualify for government cheese, now you're a millionaire next door. You're part of the 1%, can you share with us three, four, five steps that you took throughout those years that you started doing this in your 20's and in your 30's and then in your 40's that eventually got you to accumulate the massive amount of net worth. What were the secrets to your millionaire status?

[0:12:26]

MM: Well, I think the secrets was just diligence. That was the main thing, it's just being consistent, having some goals. I didn't have specifically a million dollars as a goal, but I had goals of retiring, I had goals of being financially independent in my retirement years. Working in the retirement field for while, it was like the statistics were horrible about people who can't maintain the same lifestyle after retirement. They just don't save enough.

So I was probably to the other extreme of saving everything and so I think it was just being diligent about paying myself first and automating that process because every time you have to make a decision, there's always some other decision that you can make. So if you can just automate that decision and just put that on autopilot.

Then really thinking about having your money in different buckets. So I had a retirement bucket. I had collage savings for my kids. I had different things for different goals and money accumulates overtime if you let it and that's just really all I did, just being diligent about it.

[0:13:50]

FT: How much did you save? There's a lot of rules of thumb out there where that say 10% is good, 15% is great, some millionaires next door I've interviewed saved 30, 40% of their income for a period of time to aggressively save, what was your rule of thumb for saving?

[0:14:08]

MM: My first goal actually was to get to the point where I was maxing out my 401(k) and so I was putting in whatever the maximum was that was allowed and then when I really got more serious and started actually thinking about quitting my job, I was saving pretty much all of my bonus money and I had actually been fortunate enough to have some stock options at the time too and so I was saving everything from that. And so bonuses were great because I never dependent on those two live ons, so I just saved all of those. So probably it was closer to, towards the end, it was closer to 20 or 30% yeah.

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FT: And you don't even remember the moment you crossed the million dollar threshold but you remember around that time and the feeling it gave you, when did you actually feel financially solid and free?

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MM: That's a good question. Well, I think the real moment which is a little bit of tough moment because in our business, we had a point where we had a very, very large

receivable where it was questionable whether you were going to collect on it and when we actually didn't collect on that, then it was like, "Okay, now we can breathe again."

But the hard part in calculating when I was a millionaire, I kind of cobbled together a lot of things so I had a lot of little different things going. We had a little bit of farm land and things like that are hard to put a number value on. Yeah, you can sell that farm land but I was thinking of that more in terms of cash flow so I really didn't think about what is that really worth? Because to me, it was worth the cash flow.

And so, I was just shifting from a different way of thinking rather than thinking about how much have I accumulated, it's like, "How much income are these assets generating for me, for me to live on and for me to continue to save?" And that type of thing. I knew we were doing pretty well in that category but I just hadn't really sat down and put numbers to it because I was afraid to actually.

[0:16:23]

FT: Why were you afraid?

[0:16:28]

MM: Because I think I was really kind of afraid because I thought, "Well maybe I would just go crazy and just spend a bunch of it," you know? And so it was like, "Yeah, I really don't want to know how much I have."

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FT: Wow.

[0:16:42]

MM: At all.

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FT: I'm the complete opposite, I want to know how much I have at all times.

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MM: Well, I was that way for a very long time. I had spreadsheets, I had calculators, I had — yeah, all of those things. But I kind of...

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FT: Do you ever had a moment where you were not to be trusted with money that you felt you were going to slip into some sort of spending coma?

[0:17:06]

MM: Yeah, when I mean really, when I first got out of college, I was a lot more free with spending and used credit cards and car loans and all of those things that I don't do now. I got into some debt and I just realized that it's so easy to do that and you can just get back into that habit of spending everything just really quickly I think and so yeah, it was a little bit of not trusting myself completely.

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[INTERVIEW CONTINUED]

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FT: Tell us a little bit about your background at childhood. You talked a little bit about how you grew up with a fear, a sense of scarcity. Share with us a pivotal money memory growing up as a child. Was there one very vivid memory experience that you had that to this day as an adult, it kind of shakes you to the core or it's something that you just reflect upon with a lot of either fondness or just the opposite?

[0:18:40]

MM: Yeah, I always had a sense that we didn't have any money and that other people did but I was thinking about this. In kindergarten, there was an experience that it sounds silly but we used to pack of thermos with milk in it and one day, I actually dropped the thermos and broke it. They were glass at that point in time and you could buy milk but we never bought milk because I grew up in a dairy farm and buying milk was silly and it cost two cents. There was no way my parents were going to spend two cents on milk.

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FT: Milk was two cents?

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MM: It was two cents at the lunchroom so my teacher actually had two cents that she spent on me to buy me milk and it was like, "Wow, she has two cents and she spent it on me," and ever since then, it's been like, "How do other people have money and why don't we have money? We work super hard, how do other people get money?" It was one of was those things that I remember.

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FT: You were in kindergarten, yeah.

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MM: Yeah, it's like, "Wow, how do I get money?"

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FT: And how do I not only get enough money to be able to help someone out?

[0:20:12]

MM: Right, to be able to buy someone else a two cent milk.

[0:20:16]

FT: So you look at that as sort of an inspiring moment. A moment that taught you that there are possibilities.

[0:20:23]

MM: Right and that's one of the things that I wish I had understood probably earlier what the possibilities were. I had really low expectations for myself, getting out of college I'd get a job of course but I just want to make enough money so I didn't have to eat government cheese and I didn't have to freeze to death in the winter time and some of those really basic things that's what my goals were and I didn't even think about, for the longest time, having bigger goals.

[0:20:55]

FT: When did you start having bigger goals for yourself? Because I think that's important. I think that a lot of times we underestimate our potential whether it's a potential in our careers, in our relationships, in our personal development and also with

our financial lives. At what point did you realize you had far more potential when it came to earning and saving and building a life of financial fulfillment?

[0:21:19]

MM: I think that's just been a very slow process. I don't think there's one moment where I just said, "Wow, I can do a lot better than this. It's just been a series of moments. It's like, "Oh, I can reach this goal," and once you reach that goal it's like, "Wow, I could do something more." And so you just keep expanding on your goals but I think it just started when I first signed up for a 401(k) plan.

I was nervous about putting 2% into my 401(k) plan because I was a single mom and I didn't know if I could afford that. So once I started doing that 2% and really saw how that accumulating, that's like, "Oh my gosh, I could accumulate real money," and it just inspired me to start accumulating more as I saw it grow.

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FT: What do you plan to do as far as your retirement strategy? As far as what you're going to withdraw, how much you're going to need, have you thought about that? I'm sure you have.

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MM: Yeah, I have thought about that a lot and it's something that I'm really struggling with right now because it's just so hard. Withdrawal for me — I really hate the idea of withdrawing it to be honest because it's like...

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FT: The beginning of the end.

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MM: Yeah.

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FT: As far as that account goes, you know?

[0:22:49]

MM: Right and you never know what the future is going to be and so you start consuming this accumulated pile of money and unfortunately I think it's tapped into scarcity mindset for me because it's like, "Okay I have this unknown need for the future and I don't really know how to draw down from it." I don't know, we've really been working on accumulating more real estate that provides cash flow.

So we have enough now to live on without pulling out the retirement money so I'm just kind of debating about what I'm going to do about that and how I'm going to navigate all the taxes and all of those things. It's a complicated and I don't know, fearful, fear-inducing process I think.

[0:23:43]

FT: So it does sound that even though you've reached millionaire status, you're the millionaire next door, you're someone who many people follow for advice but you're still also trying to figure things out.

[0:23:53]

MM: Yeah, well I've kind of really changed my ideas about retirement in general and I think I'm already retired. I consider myself already retired in my definition and what I consider retired really is that I've retired from not doing anything I don't want to do. I've retired from not having to work with people I don't want to work with.

I've retired from a lot of things but I don't think I'll ever retire from working and so I think I just really changed my definition of retirement and so the whole goal of retirement has just changed I guess.

[0:24:35]

FT: Which makes the concept of withdrawing from a retirement account all that more interesting, complex, and uncertain.

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MM: Yeah because I have thought about maybe withdrawing some of that and purchasing more real estate to generate some more cash flow and those types of things. So kind of keeping it growing rather than consuming it.

[0:24:58]

FT: Sure. So you live in Texas and you've mentioned to me prior to the interview that you live a relatively modest life considering in Texas everything is big, "Go big or go home." So let's talk a little bit about your lifestyle because that is so much of what a millionaire next door is known for. It's having this kind of under the radar lifestyle.

You know someone that's your neighbor and you had no idea that they're far richer than you, because maybe they don't drive the fanciest car or whatever, so tell us a little bit about the life from the outside?

[0:25:31]

MM: It looks very ordinary and nothing flashy at all. I don't have a giant belt buckle to show off or very much bling. I grew up in a small town in Northeast Iowa and showing wealth was really seen as a negative thing. So that has really stuck with me and I know a lot of other people they like to have things that are showy but I have a few things. If people pay attention, they can see that.

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FT: Like what? Tell us, share.

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MM: I have a Rolex.

[0:26:10]

FT: You have a Rolex, okay, good. I think you should enjoy your money and if you can afford the Rolex — clearly you can — then get the Rolex. Someone else may not want the Rolex, someone else might want a nice car or go on a trip around the world. Everyone has got their “Rolex” that they would like to have, some sort of luxury and what else? So you got the Rolex.

[0:26:36]

MM: Let’s see what else, well we have two houses, well three houses that we live in but I mean nobody else here sees the other houses that we have so we have more than one residence so that is probably an extravagance by most standards.

[0:26:58]

FT: Okay, let’s do some So Money fill-in-the-blanks. This is the part of the show where I start off a sentence and you finish it, first thing that comes to mind, got it? All right, if I won, well you’re already a millionaire but let’s say that after this podcast ends, there’s a knock on the door and it’s Publisher’s Clearing House because apparently, there’s still around. I still see those commercials, and they give you a check for \$100 million, what’s the first thing that you’re going to do?

[0:27:28]

MM: That's really hard because I don't play the lottery — anyway. I think what I would do is I would build a resort, a family resort or a family and friends resort. Just kind of a peaceful place where we could all gather and just have good times.

[0:27:51]

FT: I like that. A lot of people would say I would tell nobody, I would go on a trip around the world, I would give away half of it. I really like that answer. The one thing that I spend on that makes my life easier or better is _____.

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MM: Good food. Good quality food. I think health is another one of those things that I underrated it having the energy and all of those things but good quality food really makes a difference.

[0:28:24]

FT: Your biggest splurge, you've have the Rolex, you've got the houses, but what's something that you splurge on regularly as something to treat yourself and you know it's a lot of money but you won't have it any other way?

[0:28:37]

MM: Travel. Travel is a no-brainer.

[0:28:40]

FT: Where do you travel? Where is the last place you went?

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MM: The last place we went, I think we went to Mexico but we have travelled a lot of different places. When I took my gap year, I took a trip to Egypt for a couple of months and then I went to Eastern Europe for a couple of months and travelled through there but I've been to Fiji, I've been a lot in the Caribbean, Mexico, Europe, a lot of European places.

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FT: What's somewhere that you haven't been that you'd like to go?

[0:29:14]

MM: Australia. It's on the list, it keeps getting pushed off.

[0:29:18]

FT: It's so far. I know, I would love to go to Australia. They just make a time machine or something I could just be in Australia by lunch time that would be great.

[0:29:27]

MM: Those long flights are a killer.

[0:29:30]

FT: How about this, the one thing I wish I had learned about money growing up is _____.

[0:29:34]

MM: I wish I had learned what was possible with money. I wish I had had a broader base of knowing how people make money and what is possible.

[0:29:49]

FT: MaryEllen, thanks so much for being with us. You are exemplary and thank you for also offering our listeners a cheap cheat or five steps to the wealthy life. We have link over at somonypodcast.com where they can get that and download it. Any parting advice for our listeners as they hope to follow in your footsteps?

[0:30:08]

MM: I think the biggest take away I have now for dealing with money is really getting better alignment with your money and really making money do what you want it to. Use it to help achieve your goals and build really wealthy life rather than just accumulating money. I think that's really the key now that I'm trying to focus on.

[0:30:32]

FT: Well, thanks so much again. Thanks for kicking us off in such a great note this week. I know listeners are going to really love this episode and all the ones that follow MaryEllen, thank you.

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MM: Thank you Farnoosh.

[END]