

EPISODE 610

[INTRODUCTION]

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FT: You're listening to So Money everyone, welcome to the show, August 9th 2017. I am your host Farnoosh Torabi. On our show today, we have a 32-year-old certified financial planner who deeply knows the financial struggles of his generation. Douglas Bonaparth and his wife Heather grappled with \$300,000 in combined student loan debt.

They somehow managed to overcome it and now they want to support their fellow peers, their generation and teach them how to take better control of their money. They co-authored a new book, it's called *The Millennial Money Fix* and it dives into the challenges they faced and also offers a step by step guide on how to take control of your finances.

Douglas talks about his financial practice, why he's catering to millennials – a generation that doesn't really have a lot of money to invest. He shares the key strategies that helped him and his wife conquer their six figure debt, also, his best advice for young adults on the path to financial independence. Here is, Douglas Boneparth.

[INTERVIEW]

[0:01:44.7]

FT: Douglas Boneparth. Welcome to So Money. You're going to help all the millennials on the line this morning and this afternoon whenever you're tuning in, middle of the night, welcome to So Money.

[0:01:54.8]

DB: Thank you for having me, it's great to be here.

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FT: You have a book called *The Millennial Money Fix*. Is it really fixable? I mean, listen. Student loans, catastrophe right? I got people writing into me with six figure loans, they can't find jobs, some of them, they're living in their parent's basement and that's not even to be funny, I mean, this is real, this is the real situation for some young people right now and some people in their 30's even.

What's the good news? Tell us?

[0:02:23.5]

DB: Well, it is very real like you said. And the good news is it can be fixed. My wife and I are living proof of that and hopefully you'll read *The Millennial Money Fix* and see exactly the kind of student loan debt that we're dealing with. Well into the six figures and hopefully leading by example here, we can show you that indeed, there is a fix. You can work your way out of that, you can navigate your life and achieve the great things in life.

Despite having a large amount of student loan debt. That's the good part.

[0:02:57.8]

FT: Right. I know there's not really a one size fits all prescription for all of us who are dealing with our various financial situations. Tell us how you and your wife Heather are managing the six figures in the student loans or maybe you are – or have managed them. But tell us how you kind of got through that and how we can learn from your example?

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DB: Sure, I think the first step is, emotional reconciliation. We setup psychological road blocks for achievement by dwelling on the fact that "My goodness, I have such a large amount of student loan debt." You become debilitated. You stop becoming proactive and you stop fighting

the good fight. If you first can put yourself in a position to overcome that block, to wrap your head around that debt and realize, it's just a number and it's something that can be tackled.

Look, you might have to make sacrifices, you might have to do things that are uncomfortable today in order to have a more comfortable future tomorrow. But that's the first step that I see. One great way to start tackling your student loan debt is to get organized.

It's very easy to be the ostrich and stick your head in the dirt and want to tune everything out but that's certainly not the way to go.

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FT: Who is more emotionally entangled? You or your wife? Because someone has to be the bigger emotional coach right? Who lifted the other person up?

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DB: Well, Heather was the more emotional one and the book goes into why that is and it's basically predicated on making a very big financially misinformed decision. For her, it became this entire emotional thing, got hooked up into what was going in the recession. You know, this is the choice she made to start a career in the legal field only to watch that kind of implode on her.

The book goes through how maybe if she was financially informed, maybe if she was financially educated, she would have made a better decision or a different decision when it came to financing her degree.

That's one of the key things that we want to get across is how to make the decisions around money. And for many it's before they even make that decision to spend a lot of money on higher education.

How do we actually think about a return on investment? It's not as simple as a formula.

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FT: It's so important. If we could just go back in time and frankly, anyone who comes to me now with interest in majoring in or getting into a law degree or business degree, I'm like "Look. You better love this. It is your passion with a capital P?" Even then, I'm like, "Please, choose a school that is a value proposition, you know, you're going to go and you'll obviously have to spend money to go there unless you got a full scholarship.

It has to offer a return on investment. Please, for the love of God!" I've turned people away from law school and I'm proud of it.

[0:06:01.7]

DB: Yeah.

[0:06:02.3]

FT: Because, the truth is – yeah, you've seen it, especially in tough times, when you're coming out of school and the market is crap, like it was for me in 2002. A lot of my friends hid away in law school thinking, "Well what can go wrong, I'm going to come out with a law degree and in the meantime, the economy will fix itself and I'll get a job."

[0:06:23.6]

DB: Yeah, for Heather, it was the other way around. You know, we came out of undergrad in 2007 and everything was great. I mean, that was right before you know, the brink of the sky falling and that was the decision that a lot of my friends and her friends and people I know made to go continue their college education. Or continue their educational process in hopes of getting those jobs.

Interesting parallel – my decision to go to business school years after this happened to Heather and we paralleled those two" what it's like to make the decision not being informed and what it's like to make a six figure student debt decision, being fully informed.

Hopefully, the readers will see how it's done right and how it's done debatably wrong.

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FT: Well let's focus on more solutions and then I went and learned about you and Heather a little bit more intimately in your financial philosophies. You're a CFP and she's a lawyer. Going back to those of us who – and you yourself – who have or had six figures in debt, whether that's credit cards, student loans, a combination. It's not just enough sometimes to get in the right mindset and make a list and stay organized. That's obviously a necessity you have to have as part of your strategy.

Talk to me about coming to grips in terms with making real lifestyle changes, lifestyle shifts, right? If it means going back home and living with your parents, selling your properties, selling your car. Do you talk about that? Because I feel like that's really getting real right? We're talking a lot of money that you owe. That you may owe for the next 40 years if you don't adjust accordingly.

Like really make these hard choices. How do you come to terms with that? What are the things that people should be considering doing? Moving to another part of the country, considering a different career, taking on six jobs, what do they do?

[0:08:21.8]

DB: All of those are in play. I think they're going to be subjective to everyone and a great way to find out what's right for you. Remember how I said that sometimes you have to go into the zones of being uncomfortable, well that might apply, that might not. Depends on your particular situation. But we come to setting up a goal system for people.

One time, someone came up to me and they're like "Oh you're a financial adviser, if you ask me what my goals are or to identify my goal, I'm going to run the other way." I've been asked that time and time again and I took that to heart. I realized that it might be cliché at this point, for an adviser to say "Hey, tell me about your goals?"

We put a system in place here to help people actually navigate, not just through identifying what they are, but also being able to quantify them by time and value and then prioritize them by which are most important to you. By extending the questions into those realms, we really have a system here that can help people get organized about what it is that they truly want.

You set this up and then you have clarity into how you're then going to make decisions around saving and spending. The second piece is mastering cashflow and for some reason, we tend to not want to put in the work here. You know, this is where we have to see what resources we have available to us.

You do these two exercises and you put yourself in a position to make these decisions a lot more easily than if you were just shooting from the hip. You know, you get it out of your head and you put the context down.

Let's give you an example, let's say, your goal is to just get out of your parent's house or anything it's subjective so you can pick what it is. You master your cash and you want to do that in the next two years and you find out it's going to take a thousand dollars a month or \$500 a month. Whatever the number is. Now you've set that up, that's the most important thing, above all else right?

Now you've setup a way to actually see what it takes. Now, pivot over to cashflow. Take a look at what you're capable of doing based on what you make and what you spend and see if that's something that's – let's say it was \$500 a month that you need for the next two years in order to move yourself into that position or achieve that goal.

It looks like you can only save \$250 a month. Now you have to make the decision. Is there an ability to pull back on expenses and increase 250 to 500 or do you need to be honest with yourself and adjust that goal.

Maybe now you need to push it out to four years in order to make that possible.

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FT: Or you get a side gig.

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DB: Yeah, that was the next thing out of my mouth.

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FT: You sell some things.

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DB: Yeah, you want that to happen so much for yourself that you're willing to sell things, work two jobs, three jobs. Again, these are things that you want for yourself, these are your great things in life. You know, I'll shake my pomp oms for you but I need you to get pumped and excited about that. I have you know, little room in my heart for people who won't do this work and complain.

You can't have it both ways.

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FT: I like it, no babies allowed okay?

[0:11:40.7]

DB: None.

[0:11:42.5]

FT: Douglas, this book that you wrote with your wife, it's a wonderful book and everyone should pick it up. Shameless plug. It is also a great vehicle for people to learn more about you and your business. So you are a certified financial planner.

How are you adjusting and marketing to millennials? It's something that the big banks are trying to still figure out, the more established firms and financial institutions who have been catering to boomers all this time and now they're like waking up to this idea to millennials who by the way are skeptical right?

Of traditional financial planning and the stock market, it's all very scary to them and untrustworthy. How are you getting in front of this audience and convincing them that you're worth investing in?

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DB: Right, I have a couple of things going for me that I think the rest of the investment or wealth management community doesn't have. The first thing I have is relatability. I'm a millennial myself, all of these things that we're trying to solve and fix, I have skin in the game. Heather has skin in the game. It's practice what you preach.

You have a 32 year old, 12 years of experience, I've had the good fortune of actually being around this business from a very early age. My dad's a certified financial planner, I spent many years at the beginning of my career working with him. Ultimately just wanted to move to New York and really wanted to do this on my own. Somewhere around three or four years ago, just at the end of business school and watching these emotional conversations and being part of them with my wife, it wasn't just her, it was really just being spread across the generation for all these high achieving –

Going to be very successful, peers of mine. And you know, I was like, "This has to stop, there has to be some solutions out there." Wait a minute, there's a market here and also, I'm in New York City. There's numbers to my advantage here, there's no shortage of this high achieving, high velocity millennials that I am so privileged to be working with every day. And they have real needs for real help and real value of someone that they can relate to.

So being independent, having that experience, getting the credentials, CFP, all of these things and you can go read the bio. All of these things kind of accumulated into being the perfect

person to deliver this kind of message and hence the book too. We really wanted to share these stories with everybody so that they could become empowered and make better decisions and achieve their great things in life.

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FT: I love it, alright, let's get to some so money questions. I want to pick your brain and find out more about how you think? Tell me, what is your money mantra? Is there a philosophy?

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DB: There is, that was our tag line or is our tag line: "Invest in you." It really has two meanings. The first is, believing that the best investment that you can make is in yourself. That you have the ability to earn the highest return possible.

Then the second is that, I and our firm, we will invest in you first and not the other way around. We want to see people putting themselves in the best position to make smart financial decisions. So what we'll do is we'll equip you with the tools that you need to succeed. We understand that not everyone is in a position to engage in comprehensive financial planning.

So we have you r back. We have so much content that we can share with you to get you to that point. So those two reasons are why we chose "Invest in you." We believe that you know, again, you are the best investment that you can make.

Bank on yourself, put yourself in that position to succeed.

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FT: Do you work virtually with clients? Because I know some of the financial planners that I've interviewed and they understand that you know, that young people today, they're transient, they don't go –

My parents would love to walk into a board room with a beautiful mahogany desk and get served, you know, a beverage of their choice and feel like they're in the lap of luxury getting their finances tabulated. But not so much at 25 year old today or a 35 year old today for that matter.

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DB: Yeah, I mean, you have to understand that whether it's 25 or 35 or 36. I'm an older millennial right? I can't see it but I made quotes and older millennials. Naturally I'm working with a lot of the older half of the generation but the fact of the matter is, a lot of us are just way too busy to be schlepping down to my office to meet me face to face. Especially when there's skype, Facetime, phone calls and all these technologies.

All these add-ons that you've grown to love handling, Gen X and Y and millennials. Of course we're going to leverage technology but I think the bigger point is this: it's all about value. Whether you're catering to baby boomers and they're going to see some harsh realities at least advisers who are working with that crowd.

In terms of where the value is but millennials kind of get this, at least better than their older counterparts. You have to deliver value to your client and for millennials, that's going to be a lot less to do with investments and how to manage that.

We know it's commoditized, we see the robos and that can be part of a hybrid model. What you need to do is show where the value is and that's through the planning. That's through the conversations, whether it's starting families, buying that first house, getting rid of student loan that it is a very pivotal time in people's lives.

You can generate a lot of value as an adviser by focusing on those pieces and the planning pieces which are so desperately needed. As well as the educational parts.

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FT: Are millennials – are the goals similar to the previous generation in terms of buying a home and getting married? We hear about a lot of delay on these fronts and is that just a financial hurdle that they're trying to get over to essentially get the same things that their parents had?

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DB: Yeah. It's all the time. Millennials only want to live in city centers, they don't want home, picket fences, they don't want the traditional American dream. I think that's a bunch of crap. I think millennials do want these things, we've seen it from our grandparents, our parents. I know I did. I know I still wanted to buy a home in the suburbs and do the whole thing and we did.

I think millennials want the same and I think it's for a reason that they're being delayed on these things. That's not good economically speaking but yes, when you have 500 to \$2,500 a month, albatross around your neck, sucking financial resources out of your bank account, that would normally go towards these great things that you want to achieve in life?

Yeah, it's no surprise that things are getting pushed out. Also, I do have some bias here. Again in New York City in that a lot of people are focusing very hard on their careers in their 20's and 30's. Through that, they're also pushing things out. Take that attitude, the financial reasons and at least from here, it's no surprise.

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FT: Plus we're living longer, six season, you're 30. What's the rush?

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DB: What's the rush?

[0:18:53.3]

FT: What is the rush?

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DB: We can always do these things.

[0:18:56.4]

FT: Douglas, you're really in the trenches with your clients. You can really relate to them, at least on a kind of financial hard level. You've gone through six figures of debt and you've managed that. Is there a financial kind of regret or a failure that you experienced?

What was it? How did you work your way through it?

[0:19:15.2]

DB: Sure. You know, this is what the book focuses a lot on. I fell victim to the millennial problem which is not being educated with my money with handling finances. I took out student loan debt as an undergrad and the reality is, I probably didn't need to. I did well I high school and I'm from Florida and if you know well enough –

The Florida lottery system has a scholarship called Bright Futures and it was great to a lot of my friends and myself, we got educated nicely in Florida. But somehow, some way, I took out debt for undergrad and I still am working on that today. I view that as a failure. It's something that did not need to happen and it did. That sets up this much larger problem that we see with \$1.3 trillion in student loan debt. So I too am the millennial problem.

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FT: That's a very honest revelation. I mean you don't hear a lot of financial planners go, "I'm part of the problem where I made a huge mistake." But it's part of your brand yeah.

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DB: I was part of the problem. Now that's obviously and actively seeking the solution here. So we turn these problems into solutions.

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FT: What about your So Money moment? Was there a time that you felt like you had really just hit the apex? I know you are only 33 and there's many more So Money moments hopefully in your future. But you know, a really proud moment that you had regarding your finances.

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DB: Regarding my personal finances?

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FT: Yes sir.

[0:20:48.4]

DB: Yeah, I think my own So Money moment was being able to move my family out to suburbs and buy a house. We did that in August of last year and you have to understand the conversation between my wife and I, between Heather and I. "Will we be ever able to buy a house?" and we had a daughter the year before that so things got real fun very fast. We had to solve some very – our lives' logistical problems. Where we are going to live?

Where is Hazel going to go to school? Day care? All of these things that just all of a sudden cascade upon you when becoming parents. Despite having taken out that debt – and we worked so hard and we continued to work hard and hopefully we overcame a lot of at least financial adversity. Granted I think we're a very soft generation compared to my grandparents and things like that and the stuff that they had to do.

But nonetheless, we came over these challenging financial obstacles and made one of the biggest goals in our life happen there. Then right after that, I launched my firm, Bone Fide

Wealth and that was a big moment for me as well. So those are some of the very kind of all in a short period of time, my So Money moments.

[0:22:04.3]

FT: I love it. What's a habit that you practice, a money habit? Do you have an app that you love or something that you practice weekly, habitually to help you with your finances?

[0:22:14.5]

DB: Absolutely, so I don't think there's – there are apps that can help you with this. Everyone like Mint or Quicken or whatever online tool but lately, I've been ranting against the use of them on the basis that shortcuts and personal finance are very dangerous. So the thing that I'm talking about is cash flow and understanding or reconciling your budget against what your actual cash flow was. I visit this every quarter and it's essential.

Again, I practice what I preach. I want to know where I'm going to be from a spending point of view and savings point of view at least three months out from where I am today. There is just no shortcutting this. You have to put in this work and if you do it and you do it frequently, practice makes perfect, it becomes effortless, you see your own cash flow like there's this little "Date Me Here" like Neo sees the Matrix that was a cool movie.

But that's how you need to see that and again, do the work. Put in that work. Be the beneficiary of that work and see how much better your financial life becomes just on that one alone.

[0:23:26.8]

FT: Because the revelation that you'll have looking at your cash flow are priceless. I mean I did this, I don't do it as habitually as you do or I should but you're inspiring me. I remember one time I looked at how much I was spending on just seamless.com which I am sure you're aware of in New York City in the launch of this. It's too convenient.

You type in what you're in the mood for to eat and it comes to your door 30 minutes later all paid through your credit card. It's like Uber for eating. I mean this was my second largest expense after my mortgage every month.

[0:24:06.8]

DB: It makes sense, New York City and food, New York City food you know? All of that goes hand in hand, yeah

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FT: I mean a girl's got to eat but does she really have to eat Seamless? And oh gosh, that put a stop to that addiction and it wasn't even an addiction. It was just as they say, it had crept into my life in a way that was – well you don't feel it, right? And you're happy when you get the food and it's one of those things that you don't realize until you look at the numbers so.

[0:24:34.2]

DB: Yeah, you have to be honest with yourself. Again, it's not sexy budgeting, cash flow, nothing fun about it. I am a very self-aware as a financial adviser, some of the things I'm saying are – you are not going to do cartwheels down the street and if you did, you have a special place in my heart. But you've got to take the steps here and realize that this is going to set up some very honest conversations to have with yourself and with your significant other.

And the book is going to touch on that a lot. You have to be honest. Again, you can't have it both ways. You know I say to my clients all the time, I am not the financial adviser that is going to tell you how to spend your money. If a bagel and latte every morning is what gets you out of bed so you can go crush it at your job and get that upward mobility you are looking for – don't stop bagel and latte time.

But if you are going out to fancy restaurants every night, I sincerely doubt that's what's making you crush it. That's probably excessive. You need to look at that and say, "Wow, I should probably reign that in." You know maybe once a week, on special occasions, if it fits in your

budget. But again, compare what you are spending against those goals and that's a cool exercise that I mentioned. It's all right there in front of you.

Be honest with yourself, take the necessary steps to either change your behavior or change your goals.

[0:25:55.3]

FT: Well on that note, I'm going to share one expense, a recent expense that maybe others would think I'm crazy to spend my money on this. But you know what it has helped me be more productive and kill it and crush it at work. A nanny at night. Basically you call them night nurses, a wet nurse. I mean there's a lot of different – a baby nurse. My daughter, you know you're a new dad. I am on baby number two.

[0:26:25.3]

DB: Congrats.

[0:26:26.3]

FT: Thank you, she is fantastic but for a while, she had trouble falling asleep at night to the point where it was even after rock her. She wanted you to go across the house back and forth on your feet.

[0:26:41.3]

DB: They want you to work for it.

[0:26:42.2]

FT: They want you to work for it.

[0:26:43.4]

DB: Yeah, they know. Babies somehow know when you are not working for them.

[0:26:48.2]

FT: Yeah.

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DB: It's either that or they just know like how to drain your energy. They feel your energy being drained and that's what soothes them.

[0:26:57.1]

FT: And look, I am not the first parent that has ever had to go through sleepless nights and I went through sleepless nights with my first son. But for some reason now, it just was making me miserable person during the day, a miserable person at night. I was not nice to be around and I just decided to invest really, because it is an investment. In more capable energetic experienced person to come in at night to feed my daughter and put her back to sleep.

And get her on some sort of schedule and I feel like we are all on vacation. We're not really but being able to sleep. Listen, sleep is not overrated okay? Get the sleep people.

[0:27:39.7]

DB: It's critical. Critical to success.

[0:27:41.8]

FT: I'm going to pass the torch to you, the baton, tell me, what's an expense that you splurged on that has made your life easier or better or all of the above?

[0:27:50.5]

DB: So you and I are running in parallel tracks. It seems. Although you have doubled down on the whole child experience it seems. But lately I have become kind of obsessed with time and just the whole function of time. You know it's one of the most important things that we have in our lives behind our health, family, time and then money. So it's the third most important thing here and these opportunities to increase your productivity or get sleep so you can be productive.

Not to copycat you but the biggest splurge lately has been on care for our child and for us that was a nanny to take care of Hazel four hours a day for two days to pick her up from "school" – her daycare.

[0:28:42.3]

FT: Harvard, yeah you know.

[0:28:43.3]

DB: Yeah, right and then get her to bed. Those two nights for my wife and I to finish a book, I mean here we are, we're working professionals both of us. We have to commute to and from the city, we're writing a book on top of all of this. I mean we just bit off more than we could chew

I have no problems saying that. There are limits to your hustle and when Hazel wasn't just like you described, there were months where we had to get her back into her sleep routine. We became miserable people. So I second that you know?

That to me is a no brainer – which is finding ways to maximize your time not so you can binge watch Netflix shows, but so you can get to the thing that you hopefully love that's making either you money or helping you get towards your financial goal. That is an excellent play.

I'd rather answer that than some materialistic thing and I like my things that I bought to remind me of what a good job I did.

[0:29:47.4]

FT: Good.

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DB: Some of those too.

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FT: Good answer. We're on the same page with that. I like that. I knew I would like you.
Douglas.

[0:29:54.6]

DB: Thanks.

[0:29:55.2]

FT: Thanks for coming on the show, everyone, check out Bonafidewealth.com and congratulations on the book and we will wish you guys ongoing success.

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DB: Well thank you so much for having me on here and look forward to speaking with you again in the future.

[0:30:12.3]

FT: Likewise.

[0:30:14.0]

DB: Quote Chuck Rhodes, worth it.

[0:30:16.1]

FT: Love that show. Alright, Douglass, I got to run on another call now but nice talking to you.

[0:30:21.3]

DB: Go do it.

[0:30:21.8]

FT: Thank you, have a good week. Bye-bye.

[0:30:24.0]

DB: You too.

[END]