

FARNOOSH: Tom Corley, welcome to So Money. Great to have you.

TOM: Oh thanks for having me on, Farnoosh. It's a real honor.

FARNOOSH: So this is actually the first time we've spoken in person, although we have collaborated for over a year now. I started to learn about you when I was at Yahoo hosting Financially Fit, and you sent me a pitch for your book at that time called "Rich Habits". And I immediately wanted to feature you. I knew instantly that this was going to be popular with our audience. People who come to Yahoo always wanna learn how the other half lives, or the 1%. And they want the secrets, they want the tricks, even if they're not things they can do overnight. But you had I thought was something different, which was you studied hundreds of people, wealthy people and studied habits, not so much like where they're investing their money or whether they went to Harvard or not, but really like when they get up in the morning, what they eat, what their consumption habits are. And I thought, "That's something different. I've never heard that before."

FARNOOSH: And so we had you on the show. And I don't have to tell you, it was probably our most successful video to date.

TOM: Wow. Yeah, I remember your producer calling me, and saying "Oh my gosh, we've got like 1.5 million hits. Oh we got 1.8 million hits." And then it finished off at 2.2 million, which is viral.

FARNOOSH: It is. And Dave Ramsey read the piece word for word, on his radio show.

TOM: That was so cool. That's a funny story because I came home that night, I was coming home late from a client. And I walked in the door at 9:30 and my wife said "Some guy named Dave Ramsey's been trying to get a hold of you." And I said, "I don't have any clients named Dave Ramsey. I don't know who you're talking about."

TOM: She said "No, he's some radio guy." And I almost passed out. Two days later, I was on his show. But yeah, he literally read verbatim right from your interview with me, which I thought was pretty cool...

FARNOOSH: Well I'm glad I could do that. And you have a new book out, "Rich Kids".

TOM: Yeah, "Rich Kids" is really... It's more of a meatier book, more meat to it because it includes hundreds of strategies and tips and tools and things that I uncovered in my research, but it just wasn't right for "Rich Habits", the book I initially wrote. So I was really trying to target parents, grandparents, teachers and kids. Because if I can get to them, then... My big goal is to try and alter this poverty rate that we have, and try and break this generational cycle of poverty. So that was why I wrote "Rich Kids". It's for the kids really, the next generation.

FARNOOSH: They do, yeah. Okay so, I wanna learn more about you, Tom Corley. You've written a lot of great books, and you speak, and you advise clients... I'm really curious to know some of your personal financial philosophies, ideas, failures, wins. So this is what we are gonna dedicate the next 20 minute or so to, so are you ready?

TOM: I am ready.

FARNOOSH: Okay. So, first question... We're gonna get philosophical. What is a financial mantra or philosophy that you have that helps guide your financial decision-making?

TOM: Well, I've learned that buying expensive stuff doesn't make you happy, and what really makes you happy is doing something that you love. Doing important stuff, rather than buying expensive stuff, that makes you happy. So, people have this misunderstanding that they'll be happier if they have a bigger house or a nicer car. It doesn't do anything. You return right to your happiness baseline after a couple of weeks. So, you have to do activity, actions, things that make you happier, the activities you engage in.

FARNOOSH: So, happiness baseline, what... Is that the same for everybody?

TOM: Everyone has a different baseline. It's governed in part by your genetics. It's also governed... 10% of it is governed by your circumstances, your financial circumstances, but 40% of it is governed by your activities, the activities you engage in. So, you're never gonna get much happier, you'll only be 10% happier buying stuff. You'll revert back to your baseline, but what will continue to make you happy is doing certain things that... Where you're pursuing some goals, a life dream or your major purpose in life.

TORABI: So, if you've got an extra \$1000, don't necessarily go buy... I don't know, a suit that you think is gonna look awesome on you, but rather maybe, a mini vacation? Identify a moment, a financial moment, a money memory, that it really influenced how you think and act financially today?

TOM: Well, that's an easy one, I mentioned before that we were rich and then we were poor and... So, for most of my childhood all the way through, I guess age 23 'til I got out of college at 22, we were pretty much in poverty. But I do remember, I spent a year, from the 7th grade to the 8th grade, I mowed lawns and I shoveled a lot of driveways. I had a bank that I shoveled their sidewalks and I made money and I saved it. In fact, I was so worried that somebody would ask me in my family, because that's what happened... If anybody had money, somebody found out about it, and everybody took it from you. It's not a bad thing, it's just we were poor and everybody had needs.

So, I actually stuffed \$200 into all of my trophies. I was a pretty good tennis player and swimmer and baseball player... So I had all these trophies, I had about 30 of them and in almost 30 of my trophies, I had \$200 stashed away. And somehow, my Mom found out about it and she said "You know, we need money to pay the bills", and "How could you be doing that?" I felt terrible... She wasn't trying to make me feel guilty, but I was saving that money 'cause I wanted to throw myself a graduation party and we lived in a very... Even though we were poor, before we were poor, we were rich and we lived in a very expensive neighborhood and my dad did everything to keep us in that house.

But I was surrounded by wealth, and so, my friend John was having a big graduation party and I said, "I wanna have one too." So I saved up, and then when they found out about it, my family, they said... They basically said, "Look, we need the money, you can't have the graduation party, wish we could." So, I gave that money up and I have to tell you, Farnoosh, it had a very negative effect on me, because my mind set was, "Why save? Somebody's just gonna take the money from you anyway." And so, it took a lot of years before I broke out of that poverty habit, really, and the research that I did in 2004 through 2009, that helped me really better understand good money

habits. I had so many poverty habits when it came to money. And I'm CPA and a financial planner. I think the lesson I took from that was that most of our money problems you can probably go back to your childhood and find out that's where they took root.

FARNOOSH: Wow, so you had to give all that money to your parents. What... I mean you had a big fight about it? How long did it take for you to really, like... I don't know, just get over that? I mean, clearly it took you a while but at that moment, take us there, what was that back and forth like.

TOM: I didn't fight with them. I actually was struggling with the guilt that I had \$200 hidden in trophies and that I just didn't turn it over to the family. So I had this guilt, first of all, before they even asked me for the money but when they did ask me for the money, the only emotion I can recall is anger and disappointment because now I knew I wasn't going to have my graduation party and here, I was in the eighth grade telling everybody about it. I had this big party and then I had to tell everybody that I wasn't going to throw the party 'cause I didn't have the money.

TOM: And so it was embarrassment, that was an emotion. Anger was the main emotion and I carried that anger with me. Really... My father died in June of 2013 and it was at that point that I reconciled my relationship with him and forced myself to get over... That wasn't the only \$200, there were other incidents, but that was the one that I remember. So I had a lot of this anger and my father did the best he could. We had eight in our family, so it wasn't easy for him. I just didn't put myself in his shoes, I should have so. But I got over it really last year.

FARNOOSH: How did you get over it?

TOM: When I was at the wake, Congressman Murphy, Jack Murphy, was best friends with my dad. He's no longer congressman but my dad was a big political guy and he ran a lot of different campaigns for Jack Murphy's seven terms, Mayor Beame for a term and even RFK he ran his New York campaign. He had a lot of political friends. Well, Jack Murphy was at the wake and I had a heart to heart with him, and he really told me, "Look, your dad was a victim of random bad luck." He wasn't the victim of self-perpetuated luck or his own, what I call detrimental luck. This was just... It happens," he said, "Some people get bad luck in the form of health disorders. Your dad just happened that his warehouse burned down." So it forced me to really rethink, because up until that time up until that time, Farnoosh, I blamed my father for the financial circumstances even at the age of 52, I was still blaming him. I'm 53 now, so that Jack Murphy really made me think about the other side of the coin and made me really ponder my belief system with respect to my dad and that's really how I got over it. I reconciled that...

TOM: You know, hey, I do all this research and I talk about random good luck and random bad luck and detrimental good luck and opportunity good luck. Detrimental bad luck and opportunity good luck and here I completely missed that with my dad. He was just a victim of random bad luck and once I reconciled that I said it wasn't my dad's fault. So I got over it and I felt better about it afterwards.

FARNOOSH: It's amazing how we harbor these emotions, stemming from childhood, we... It's sometimes subconscious. For you, it seems it was very conscious, but yet there are other things that happen to us that we don't necessarily attribute to how we feel today about certain things but there's such a psychology... A psychological layer to how we manage our money and how we think about

money, so your story really, I think will resonate for a lot of listeners.

TOM: Yeah, it is really... What we go through as a child, I believe, the habits that our parents teach us, the experiences that we have as a child that really form our adult lives and that money is just a piece of the puzzle, but it is a big piece.

FARNOOSH: It is, it is. Well, not to keep on a down note, but I do wanna talk a little bit about failure. What is a failure that you experienced with your money that really impacted you... And maybe not necessarily... It didn't deplete your savings account but it was an important lesson that you took from that.

TOM: Yeah. That would be going back to 2004. Prior to that, I was a partner in a pretty good sized, very successful CPA firm. We had a lot of big clients like Revlon, Merck. We did a lot of corporate tax work. Very successful, and we were doing very well, but one of my clients I had done, it's called an earnings and profits study for, and they actually wanted to hire me, 'cause they were selling a big part of their business. They were gonna have a \$100 million, and they wanted to deploy that somehow. So, they asked me to come on board as a CFO of the company and I did.

TOM: And what happened was, they ended up doing a dividend distribution, and most of that money went away, back to the owners. And so, we had just a couple of startups that I ended up... I took over one of the startups, and it took four years but we failed. We went through about \$3 million and the CEO of the company just shut it down. He said, "I'm not investing any more money," and that was devastating to me, because the roots to that tree were very deep for me. It was me and the CEO of the company, of the startup company, we were traveling all over the place and we were having success, but we ran out of money and the investor said, "We're just not gonna invest any more money." And boy, it was devastating.

TOM: It took me years to get over that. But I'll tell you what I learned from it. I really learned two things from that experience, and it's, always have a majority control of any business that you're in. If somebody else is pulling the strings, then you're at their whim. No matter what great job you do, they might have another agenda that's not in line with yours. So, always have control over whatever business that you're starting or going into. And the other thing is, pick your partners very carefully. The partners that I had, one of them was outstanding, but the rest weren't. And they didn't do what they were supposed to do and that's why we had to keep going back to the till for more money.

FARNOOSH: Yeah, I mean, they say don't ever get into business with family or friends for that reason.

TOM: Yeah, it's an emotional thing when these are people that you know and whenever emotion is involved, you are absolutely right, you make the wrong decision, usually.

FARNOOSH: Right, it ends up being an irrational relationship. Well, thank you for sharing that. I think, it's nice to hear you're on the other side now and doing very well.

TOM: I took the lesson and I ended up purchasing this CPA firm that I'm running, because I would be in control of it and I would control my destiny. And I felt that was good enough where my business background could help make me successful. And I'm glad I did it, because here I am, I'm still standing.

FARNOOSH: So, would that be something that you might call your "So Money moment?" Because, that's my next question. A time in your life that you reflect upon with a lot of pride, a financial moment?

TOM: When I wrote "Rich Habits", I had never written a book before, and I didn't even know how to go about it. I mentioned before to you that I'm self-published, so I didn't have a traditional publisher to lean on to help guide me in this process. So, it was a lot of trial and error and making mistakes, and failing and falling down and getting back up. And I invested quite a bit of my own money in getting these books out, probably in the neighborhood of a \$100,000. I must have given away about \$20,000 worth of books, to be honest with you, to different high schools and colleges. So... But I kept at it. I was pursuing this because I really had a passion for it. And I found out... This is why you gotta try new things in life. I found out I was a good writer. For some reason, I could write. I never knew that.

And so, that investment in myself, that \$100,000 investment in myself was the best money I ever spent because it exposed me to superstars like you, and Jack Canfield, and Dave Ramsey, and I can go on and on but we don't have enough time. There's so many people I run into that are just outstanding individuals. And the interesting thing that I found is that, when you associate with other successful people, they wanna help you. They don't have an agenda. Actually, I think they do, their agenda is to help you, is to mentor you, to do whatever they can to make your life better. And so, I am so glad that I pursued this and invested in myself and in this book, because it exposed me to so many intangibles that it's gonna pay dividends for the rest of my life.

FARNOOSH: Can I ask how you needed... Why \$100,000? Because I think that is not necessarily how much you need spend, right? To self-publish successfully? There are probably people listening to this going, "Well, there goes my dreams of self-publishing. I thought I could..." But I don't think you need to spend six figures on a book.

TOM: No, no. Actually, the core cost was somewhere in the neighborhood of \$7,000 or \$8,000 with the self-publisher I had chosen. I wanted the best self publisher out there, so that was my choice. I could've gone cheaper if I wanted to, 'cause there's plenty of good ones out there for a lot less money. But I wanted... I knew I... I knew what I didn't know and they knew the business, so I paid a premium for that. But really, where the cost came in is going out and doing speaking engagements all over the place. These are non-paid speaking engagements. Who's gonna pay a first time author of a book that has a 1,000 copies out there? So at the time, I was investing all of this money and doing speaking engagements and traveling. I hired people to help me do certain things. I helped get the website. I wanted a website that was outstanding and that cost me \$10,000. I wanted the best person to help me promote my book and that cost me another \$20,000, \$25,000. So, it wasn't all at once, it was over a four or five-year period. But these costs add up and I'm gonna count, so of course, I track everything.

FARNOOSH: And you deduct everything.

TOM: Well, part of it... Yeah, you can deduct. Part of it, it's just some cost that you capitalize, but I really... And that's a good point, too, there is some tax benefits pursuing something like this. So... But my point is that you have to look at it, the \$100,000, in terms of the \$20,000 in books I gave away. That's... You have to include that. So there's a lot of variables. Not everybody has to do that

to be a successful author and you can sell a million copies if it catches on, and the book resonates and you're doing certain things right, like getting media attention. You can sell a lot of books, you just... Actually, someone put it to me this way, David Chilton, who is the author of "The Wealthy Barber", he told me... He said, "Tom, writing a book is like the first serve in tennis, the rest of the match is promoting it."

FARNOOSH: Yes.

TOM: And that's where the cost comes in, promoting your book and giving out books and doing mailers, I must have mailed out 2,000 books to newspaper book editors. So, there's a lot of costs involved that if... Oh, but it's over the long haul, but it's an investment in yourself, so it's not a \$100,000. It could be... You can do it on \$4,000 or \$5,000.

FARNOOSH: Right. Yeah, getting it in the right hands is really important. And I agree with you, it's 10% content and it's 90% marketing, unfortunately. And I gave a key note at the Financial Bloggers Conference last fall about how my first book was really a pivotal point in my career. I feel like things went from good to great, so maybe that would... And funny enough, the book was called "You're So Money" and it was my "so money" moment. Because it was my first kind of flirtation with being entrepreneurial and I had a nine to five, but I wanted to write a book and I wrote it, and it really did take on a life of its own.

TOM: Success, I found, is a process and writing a book is no different. It's a process of getting the media attention and promoting your book. You can't go on Oprah and then sit back and say, "Well, here, I don't have to do anything else." It's about getting those singles every single day, and then every now and then, you get up at bat and you get a shot at hitting a home run. So those home runs are a rare breed and you're in it... Sure, you're in it for the home runs, but it's the singles and it's the walks that gets you moving ahead and moving forward, and meeting people like you, like Robin Sharma, who I just met, Jack Canfield, all these people, they... You meet them along your journey but you have to do certain things every single day and you build these relationships and then they translate ultimately into book sales.

FARNOOSH: Well speaking of habits, and it sounds like you have some good daily habits, I want to learn more about your financial habits. Actually, we just have time for one. So if there's one financial habit that you perform consciously, that necessarily helps you take your finances from good to great, share that with us. What is it?

TOM: Yeah, my wife and I, both of us are really a team on this, we get our joy out of life from hanging out with our friends and our family. We have a very low cost of living. At least, I think it's low in New Jersey. It's probably \$7,000 a month. Most of my clients are in the \$10,000 to \$12,000 range a month. So we live our lives in moderation. We hardly use personal credit cards for ordinary living expenses. When we started out, we had no choice. We had to, but we quickly tried to pay them off, and then we got rid of that poverty habit as fast as we could because if you use credit cards and you're not conscientious about it, you can find yourself in a big hole. So we just try and live our lives moderately, a low cost of living and just enjoy the moments in life, not necessarily the things.

FARNOOSH: So, in summary, your daily or your financial fix, or your habit is to enjoy the little things.

TOM: Yeah, enjoy the things that don't require spending money, live below your means. Spending money is not gonna make you happy. It's just money out the door at some cost.

FARNOOSH: Alright, this is the last, I like to call the lightning round of So Money and so I'm going to throw out some questions. First thing that comes to your mind, Tom, I want you to spit it out, okay?

TOM: Okay.

FARNOOSH: Alright. My relationship with money today is best described as...

TOM: Much improved.

FARNOOSH: Alright, cheers to that. If I won the lottery tomorrow, say \$100 million, I would...

TOM: I would write and speak full time. I would do what I love to do full time and not what I have to do.

FARNOOSH: The one thing that I spend on that makes my life easier or better is...

TOM: The one thing that I spend money on that makes my life easier. Well, that's a good one. You got me on that one, I don't know. I would have to say my wife, because when I spend money on my wife and if she's happy, it makes me happy.

FARNOOSH: I love it; happy wife, happy life. I'm going to tell that to my husband.

FARNOOSH: My biggest guilty pleasure that I spend probably too much money on, but I'm going to reveal it now is...

TOM: Cigars.

FARNOOSH: Cigars.

42:56 TOM: I love cigars.

FARNOOSH: What kind of cigars?

TOM: Well, my favorite is El Rey del Mundo, I found a new cigar that JR Tobacco manufactures that I love. So, it's probably my poverty habit but it's not a poor thing, it's expensive.

FARNOOSH: I bet. One thing I wish I had known about money growing up is...

TOM: Oh, to live below your means. I wish somebody somewhere told me that. I mean everywhere, I was surrounded was wealthy people. We were poor but everybody was wealthy, so that topic never came up.

FARNOOSH: Yeah, one thing my parents insisted on us realizing and reminded of us also was

that, just when you think you don't have enough or you want more, you feel like you have less than, is realize that there are millions of people who have a lot less than you do. It's hard to realize that when you are living in a community where people always have more than you do. So, when I was younger, we lived in a community that was far wealthier than we were as a household, and I went to school where kids had BMWs and Mercedes. I took the bus. It wasn't really hard for me because I was old enough to realize that money doesn't make you better as a person, but I had a five-year-old brother at the time who was very much still easily influenced by material things.

FARNOOSH: And so, my parents literally moved, they moved out of state, back to where they were originally from, to raise my brother, because they thought it was just a lot more down to earth and in a community that was more diverse, where he could see those who had more than and less than, and there was relativity to his financial world. And because they just saw how he was getting ruined, living in this environment where kids were coming to school with the newest gadgets and this and that. And my brother assuming he had to have all these things and that he was too young to understand why he could not. And so, they literally moved. And I think that was really bold, and drastic thing to do, but I think it ended up being for the better.

TOM: Well, you have really great parents, mentor parents. And you're really blessed, because for them to do something like that... Parents are often the only shot we have at having a mentor in life, and so if you have parents that are really focused on the kids like that, boy, it certainly puts you ahead of the curve in life.

FARNOOSH: It was hard, It was a sacrifice. But sometimes, the best things are masked as major tradeoffs, but the, in the long run, will prove themselves.

TOM: That's right.

FARNOOSH: And, finally, I'm so money because...

TOM: I now know how rich people get rich and stay rich.

FARNOOSH: And you've shared it with the world and we thank you for it. Thank you so much, Tom Corly. Tell us where we can find more about you and your great work.

TOM: Well, Farnoosh, they could go on richhabits.net. You can get... All my research articles are on there. I usually write two to three a week. And you can get free ebooks, free reports to download, all my media interviews, and yeah, of course, the book, you can get there, too.

FARNOOSH: Well, that, we will do. Thank you so much, Tom, and I wish you continued success in the new year.

TOM: Thank you, Farnoosh. I appreciate it.