EPISODE 1385

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1385, how to use data to drive your financial decisions, with Nick Maggiulli, author of the new book, *Just Keep Buying.*

> "**NM:** *It's not about that you shouldn't own any real estate. It's just like that's just one piece of the puzzle. I don't want people just to think about that. If you think, 'Oh, I'm just going to own a house, and that's it,' of course, you could do well with that or you could not. I mean, it – There's so much. It's like buying a single stock. It's like I'm going to take $400,000 and invest it into Apple. That's essentially what you're doing, except you're doing it with a house, right."*

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. I'm the daughter of a scientist. My dad has a PhD in physics. Growing up in our house, everything was about the data, the facts, reasoning. My mother, on the other hand, brought the emotions to the table, which I so appreciate. Having that blend helped me become sort of a well-rounded person, but I do appreciate numbers and fact. I couldn't do my job without them. As a financial decision maker, I lean on historical facts and data and trends to inform how I make decisions. It's not the only thing that matters, but it helps.

Today, we have the best guest to walk us through some of the important data about investing, about real estate to help us make more informed money choices. His name is Nick Maggiulli, and he's the author of a new book called *Just Keep Buying: Proven Ways to Save Money and Build Your Wealth.* A little bit more about Nick, he runs the website Of Dollars And Data, which focuses on personal finance using data analysis. He's the Chief Operating Officer for Ritholtz Wealth Management.

In our conversation, we talk about what the data is telling him about the future of our economy, whether we should buy real estate or not, how to spend with more conviction. We even talk about how data can inform our spending decisions and lots more. Here's Nick Maggiulli.

[INTERVIEW]

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FT: Nick Maggiulli, welcome to So Money. It's great to have you, and congrats on your new book.

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NM: Thank you for having me on. I appreciate it.

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FT: Your book is called *Just Keep Buying*. Your book covers a lot of terrain, from real estate to savings to debt. What do you make of where we are right now in the current world economic landscape?

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NM: I mean, yeah, the economic landscape isn't looking great, despite the fact that we don't have like a really high unemployment rate. So it's not hitting the job market in the same way that you would expect with like a recession or something like that. But at the same time, it’s just like how do you emotionally control for this? You have to like look at the data. That's what I do, right?

I think one of my favorite quotes is fear has a greater grasp on human action than does the impressive weight of historical evidence. That's the whole thing here. It's like we're looking at historical evidence, and that's kind of where I'm coming from, to try and get people to like really calm down and realize this is a very normal thing that happens.

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FT: We need to reference history, not just because it's informative, but because we forget. We have to constantly remind ourselves about the past. Tell me a little bit how your work overlaps the psychology of money. I'm sure although, again, you're a data-driven analyst, the psychology of money must also be a part of the way you come to your conclusions.

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NM: Yeah. I think about psychology in the ways in how people behave, obviously. I think if we had more controlled trials, like if we had more actual experiments we could run, I would be a lot more supportive of like a lot of psychological studies. But sometimes, it's really tough to do. For example, one of the things people talk about is like mindset. Your mindset matters. Of course, we know mindset matters. But how much does it matter? I don't know, right?

What I would love to do, if we could do this experiment, and we can't. I don't think it's ethical or even impossible. We have 10 people. We have two groups of people, 10 people over here in group A, 10 people in group B. 10 of them follow one money mindset. The other 10 follow a different money mindset. Remember, they're identical in every other way, like their incomes are the same or across the groups. Everything's – They're basically identical. It'd be great to even do identical twins and have one set of twins follow one group and the other set of twins follow the other mindset and just see where that plays out.

But we can't run experiments like that. I wish we could. But that would be the ideal way to really test a lot of these like money mindset psychological things and how they affect people's behavior. We just don't know. So we have to kind of go on what studies and what people say. It’s decent, but it's not a true experiment like in a scientific sense.

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FT: So what is the data telling you as far as what we can expect from – Let's just start with the financial markets.

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NM: Yeah. So based on – We have higher inflation. Yield curve inverted a couple months ago. Those two things alone tell you that like stock market returns are generally lower than expected for the next few years, and they would be without those type of events. That's the bad news. But the kind of good news is, well, what else are you going to do? Like what are you going to do instead? You're like, "Oh, I'll just go to bonds or cash." Well, the returns on those are even worse.

It's like we're in a bad spot. That's not great, but like there's not better options out there. So like, okay, every time this happens, we should just move to bonds. Like Alcoa had moved to bonds. Bonds are getting crushed right now worse than they've been crushed in a very long time. So it's one of those things where like you can think like just because we know stocks are probably going to underperform, that doesn't mean that they're still not one of the best options out there, like given – It's like the best worst option, right? Or it's something like that. That's all I'm thinking about right now.

It's not going to be great probably for the next few years. But we don't actually know what's going to happen. But what the data shows, it's not going to be great. But we don't really have options and how much you can do anyways. You just got to roll with the punches, basically.

[00:05:48]

FT: Yeah. Roll with the punches. So to extract advice from that data, it's really just to hang tight because there is this – The pros, the experts, the investing experts, they're under a lot of pressure. They're losing money for their clients. So what we often find in these moments are like announcements or papers or press releases from various investment houses like, "We're changing our strategy." Or, "We have new thoughts about whether you should really do a 60/40 mix." What do you make of that noise?

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NM: I mean, it's just people. Obviously, if you don't have like principles you stick by, there's like people you'll change a lot, and it's tough. Of course, the counter argument to that is like, well, as the information changes, I changed my mind, what do you do, right? That's kind of like the counter. I'm like, "It's fair." You're not supposed to always have the fixed allocation your whole life. As information changes, you may want to change things.

For example, I think 60/40 was great historically. I think now it's much tougher with yields as low as they are because they're not producing the same income, right? So you're not getting the return with low risk that you would have gotten. You got 6% back in like the 2000s on US Treasuries. You're not getting that now. So because of that, I understand like maybe 75/25 is the new 60/40, so to speak, or something or the 80/20. Who knows? It's really about your risk preferences, but you see what I'm getting at.

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FT: I am. To reference your book, again, *Just Keep Buying*, one of the principles in your book that I like that dovetails this investing convo that we're having is that investing is important. One of the reasons it's important is because it is the best way to replace your human capital with financial capital. Can you elaborate on that a little bit, investing to replace your waning human capital?

[00:07:25]

NM: Yeah. Basically, you start your career, let's say, in your late teens, early 20s. You maybe went to college. Maybe you didn't. It doesn't matter where you start your career, and you have a long life ahead of you. That's what your human capital is. You have a lot of time. You have some skills you're building. You're going to build more skills over time. But you have a lot of time, basically, and that's your biggest asset when you're young, right?

But when you're much older, let's say under 65 or 75, whatever, you don't have a lot of time. So you can't really work much anymore. However, what you're supposed to do when you're 1920, whatever, is to start converting that time into capital and ways to save money, so you can invest it and then have that capital start paying you, right? That's what dividends are from stocks, profits from businesses, things like that, or owning bonds, and they're paying you an income stream as well, right? That's the whole idea is like you're supposed to take this time that you have and convert it into financial capital.

Unless you don't have time when you're 65, 75, etc., you, you're basically still working for yourself because all that money you saved is still working for you, right? That's kind of how I like to think about it. You feel like you're like replacing yourself as like a financial asset. I know it's kind of weird to say this is. It’s like because we're people. But like that's kind of what we're trying to do over time. If you do it right, like you should be able to kind of do that if you can save for a long time and invest.

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FT: So to put a pin on this convo around investing and fill in the blanks, Nick, as you see fit, but essentially, the market’s going to do its thing. It's going through a cycle. Invest for the long run. Rather than remapping your investment strategy based on what you're seeing happening in the market, reflect on your allocation. But don't use this as an opportunity to change your thesis. Because then if you're really going to commit to that kind of action, you're going to be changing your thesis a lot because this is not abnormal, although it may feel abnormal for first time investors to see where we are at the market. But this is par for the course.

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NM: Yeah. Anytime you want to make changes, you want to make them slowly because I think most of the big mistakes that investors make is very big moves. For example, imagine it's February 2020, and you're like, “I'm going to cash. This is – The world's coming to an end.” Early March hits. You go to cash, right? Then, obviously, the market crashes. You look like a genius, but you sit in cash. Then six months later, we're at a new high, and you're still in cash, right?

That's the 100 to 0 type stuff. Oh, I'm fully invested. So I'm fully out of the market. That's the scary stuff. If you're a little worried, you're like, “Hey, I don't know if I'm going to have enough money,” maybe you sell down a little bit your assets, and you add a little bit to your cash cushion. Maybe – I'm okay with small tweaks. I'm not saying people should never change their allocation. Never make tweaks, right? I completely agree with it. Cliff Asness calls this sin a little, right? You just want to have little things you can do. That's fine. It's just the big major moves where people can make big mistakes over the long haul, and that's what you have to really avoid.

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FT: That are emotionally charged, right? Well, speaking of emotionally charged, the housing market for the past two years has been like nothing we have seen. By that, I mean, these rabid buyers. We can't really blame them because the supply has just been historically low. There's been a huge appetite for ownership where interest rates have been over the last two years, not so much now. But if you were in the market in 2020 to, let's say, early 2022, you are going to probably get a mortgage for less than 4%. All of that fueling, homeownership trends, obviously, to the pandemic, people want to get out and have more space.

But if you were today to look at the data and where it's charting, where it's trending, as far as like an investment or a vehicle for building wealth, as homeownership has often been marketed as, what's your take?

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NM: I mean, you can definitely build wealth in real estate as an investment property.

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FT: Still?

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NM: Yeah. It's definitely –

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FT: Where prices are today?

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NM: I mean, obviously, prices are high, and so like we don't know what's going to happen. They could get higher. They could – For most of history, I mean, the real house price, I mean, before the 2000s, before we had this huge first run up with OAE, all that stuff that happened, right? The crash happened. Before all that, real estate returns moved up point 6% a year, like real after adjusting for inflation. So real estate was a very slow growing asset. So it's not something that has built a ton of wealth for people.

However, because it's usually someone's biggest financial purchase, it is still like a store of wealth for a lot of families. So for me to say, "Oh, you should never own real estate," is kind of ridiculous because most people own real estate, and even the homeownership rate in the US is still 67%, right? So the question is it's not about that you shouldn't own any real estate. It's just like that's just one piece of the puzzle. I don't want people just to think about that.

If you think, "Oh, I'm just going to own a house, and that's it," of course, you could do well with that or you could not. I mean, it – There's so much. It's like buying a single stock. It's like I'm going to take $400,000 and invest it into Apple. That's essentially what you're doing, except you're doing it with a house, right? So you don't have the diversification, right? That's the thing I'm more worried about. I'm less worried about like what thing you're in. Like I'd rather you go and spend that money and put it into a REIT because you're going to have at least a broadly diversified real estate exposure versus your particular house. Like anything could happen to a particular area, where like, "Oh, I spent all this money, and now I can't sell this house at this price anymore."

We're going to see what happens going forward. Obviously, with interest rates as high as there are, it's much harder for people to like sell and move and get a new mortgage and then pay 6%

when you have like 3% locked in. It's a tough thing for a lot of people. So we're going to just have to wait and see what happens. But it's like questions like, "Is now a good time to buy?" People had been asking that for forever. The best time to buy was five years ago when prices were cheap, right?

But who knows? I mean, who knows? They could keep going up. I have no clue. We could have more inflation for the next couple of years. Then it's like, oh, you think prices are crazy now? Imagine three, four years from now. They can even get crazier, right? Or they can come down. I just don't know. You're trying to have me guess the future and stuff.

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FT: Well, there's more in your book on chapter seven, Only Buy a Home When the Time is Right. I will say that even the most aggressive real estate agents, who you may think all they want to do is to have you buy a house, they've given, to me, at least on the show, some really objective advice, and I think correct advice, which is that you often get caught up in sort of the timing, as you point out, as well as, "Oh, well. Will this pay off as far as an investment?" Maybe, maybe not.

But what you can only control is your capacity to pay that monthly payment every month for the next, let's say, 20, 30 years. If you can do that, adjusting for job loss and economic fluctuations in your household, that's what matters. That's the bottom line, if you can make that payment. Because the argument is that you're going to get more bang for your buck when you own versus renting because maybe you'll get some tax breaks. You'll get more space. It depends on your region, but focus less on these macro external factors that you can't control and more on what you can, which is your affordable factor, your affordability factor. Settle with that.

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NM: I agree. I think buying a home like for a residential property, not investment property is more of a personal like lifestyle decision than it is an investment choice, and you need to think that way. Because a lot of the time, you need to remember, "Oh, this can be a good investment."

Let's say your property doubles. Well, it's very likely that every other property doubled too. So you sell it, but you can't eat that equity, so to speak, unless you move to a much cheaper place.

There's ways you can earn some of that equity, but you have to really change your lifestyle. The question is do you want to do that. If you live near, let's say, your parents, and you're having children now. They're grandparents of your children. Do you want to then move somewhere else, just so you can get 50 grand in equity out of your home? You have to think about those types of things. So I wouldn't look at it as an investment necessarily. It can be but don't bank on it in that way.

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FT: Yes. Remember, if you're listening to this podcast and you grew up in the ‘80s, like I did, and your parents owned their home, their interest rate was probably double digits. Then they could refinance it, but people who are zoning in on that interest rate and going, “Oh, that's it. I can't anymore. It's not worth it,” history, as you're the expert here, will tell you a different story.

Let's talk about spending. I love that you dedicate a little bit in your book on our guilty pleasures. The chapter four, you have an interesting technique, which is that – It's called The 2X Rule to eliminate spending guilt. Can you elaborate?

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NM: If you ever want to splurge on yourself – Now, for every person, the splurge is going to be different. For some person, it might be $100. For someone else, it might be $1,000, whatever it is. If you feel like it’s a splurge, it's a splurge, right? So if you feel like you want to splurge on something, and you're feeling guilty about like, “Oh, should I spend $200 on this nice handbag, or do I want to spend $500 on these concert tickets,” whatever it is, take that amount of money, and then save double, right? So if you're going to spend $200 on a handbag, take another $200 and invest it or donate it.

There's different things you can do. You can invest it in an income-producing asset, like a stock ETF or something like that, index fund. Or you can donate it to somebody. That's another way to kind of like unguilt yourself, basically, because I feel like our culture is very guilt-heavy on money and like, especially, spending decisions. Why are you spending that thing? There's these whole shows where you have people say, “Should I spend $500 on this thing?” It’s like we shouldn't be in this guilt trip level all the time. It's like, okay, if you really want it badly enough, you'll be able to save 2X for it.

That's my – It’s a very simple strategy. I've used it a lot, and I don't worry about spending guilt. I'm like, “Oh, should I spend money?” I'm like, “No, then I'll just go spend another $500 and invest it.” So it's like half is for you. The other half is for future you. That's how you can think about it f you're investing that money, right? So like at least if I'm splurging on myself now, I'm going to be splurging on myself later through this investment. That's kind of how I think about it mentally. So I hope that helps.

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FT: Yeah. I mean, look, businesses do this to attract customers, whether it's like buy a pair of eyeglasses, and we'll donate a pair.

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NM: I think the whole thing is like we're so guilty. When we spend like – We, obviously, worked hard for our money, right? It's like we can't spend it on ourselves. Now, it’s like kind of crazy. So it's like we have to come up with – It’s sad that I even have to bring – Like I have to come up with a trick like this to get us to get through this. But like I've seen it happen. I guilt myself too, right? Till I start finding tricks like this to stop guilting myself over just how I spend my money.

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FT: That’s so much of the personal finance advice out there, though, right, Nick, which is stop spending money on the latte and if you would just spend less on this and that. It’s part of a problem, I think, that our industry has in sort of how we deliver advice. There's a section in your book that talks about spending is not the issue, actually. It’s income. This is advice that I would like our legislators to take to heart. Rather than giving us like a gas tax holiday, why don't they increase wages so that we can actually keep up with inflation?

But tell us on a personal level the advice that you have for those of us who want to, let's say, in this inflationary moment, feel like we're coming out at least head above water. It's not about spending. It's about income.

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NM: Yeah. I think if you look at the data, and this is what I'm saying, like the data kind of runs this. It's like look at the Bureau of Labor Statistics. They have all this data on consumer expenditures and how much people are spending, based on like income level, for example. You find like I show in the book like here's how much someone's spending on rent, food, etc. Where are they going to cut? Like these aren't extraordinary amounts. Like there's no – It’s like people in the bottom 20% aren't spending $5,000 a month on their rent, right? It's like there's not much to cut, right? Just there's not enough dollars coming in. That's the story, right?

They try and guilt trip people and like, “Oh, reuse your dental floss or make your soap at home or make your coffee at home or don't drink coffee at all like to save money.” It’s like, of course, that can work. But it's not a sustainable long-term solution. That's not going to get you out of that situation you have. It has to come from income. The most positively correlated thing with savings rate is income. Like as your income goes up, your savings rate goes up. This is true in every data set I've seen that on cross sectional data on American consumers, and it's because it's obvious. It's much easier to save when you have more money coming in.

If I 10X your income tomorrow, are you going to spend 10 times more on food? Are you going to spend 10 times more on housing? Probably not. You will probably spend more on housing, but 10 times more? Probably not, right? So it's like because of that, the difference is as your income grows, your spending doesn't grow with it, right? That’s where all that savings come from, right? So that's what I'm trying to get people to focus on. Of course, it's not easy to raise your income. I’m not saying that. I talked about this in the book. It takes years to kind of do that type of stuff, but that's where you have to focus.

Sitting here and nickel and diming yourself, that's much more guilt. Once again, it's more guilt you're getting into, and you're wasting time being guilted and being psychologically distracted by that versus just like, okay, maybe you can't afford it and you have to like put it on a credit card. That's terrible. I don't want people to use credit cards, trust me. But if that's what you need to do to then kind of get yourself motivated to actually earn income and get out of that hole, that's what you need to do. That's my opinion, right? So trust me, I don't want people putting money on credit cards and 20% interest. Of course, I don't want people doing that. At the same time, though, that may be someone's only choice to get out of their really tough situation.

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FT: But let's not get the government off the hook here either and companies and the private sector to increase their pay. I worry about – What does the data say about recessions and where wages go in recessions? Because I think that's something that we can hypothesize. We could say, well, in recessions, right now, there's a little bit of employees – Employees feel like they have a little bit of power right now to negotiate. There was that great resignation last year, and there's still a lot of openings in certain sectors and some employers. Maybe not so much in crypto, in tech, but some employers are looking to fill positions they can't. So those workers may have some leverage in asking for more benefits or pay. But as we get deeper into an economic downfall and whatever, call it a recession, where does that leave the bargaining power for workers?

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NM: I think it's, honestly, been different in every recession. In some recessions, it's like, okay, for example, "Oh, wait. It was not good," because you don't have bargaining power because no one's hiring, or everyone's firing people, basically. A lot of people lost jobs then, right? So there was – Like wages were not shooting up. But there's probably cases where we're in a recession, but like there's supply issues. Right now, people are trying to hire.

If you actually look at the data, it's not like we have a huge unemployment rate right now, even though everyone's like, "Oh, we're in a recession, but we don't have a big employment rate. What's going on?" So it's one of those things. I think the more important thing, like trust me, of course, I would like it if companies raised wages and did all this stuff, especially for low income workers.

But at the end of the day, that's not something that like one person can do, right? Even if one – There's people like – Remember, Henry Ford went out and said, “I'm going to pay my workers double of whatever everyone else is getting paid.” So you can start just trying to set an example. But it's very rare. There's very few Henry Fords out there trying to fight for like the common worker. So as a result, you have to kind of do it yourself. You have to say, “Okay, what can I do to raise my wages?” You can sit there and wait for someone else to raise your wage. Don't get me wrong. That'd be great if they did that.

At the end of the day, you can say, well, what can I do to like get different skill sets or find maybe a side hustle or something, such that I can raise my own wages myself. I think that's a little bit more empowering, and I think it's going to be better for your skill set anyways, right? Because I don't know all the people listening just have very different skill sets. For me to be like, “Okay. Well, let's just hope they raise wages for –” I don't know. I'm trying to think of just a random job.

Let’s say we're going to raise wages for – Let’s see. My mom's a loan processor. Let's say we're going to raise wages for loan processors or something or limo drivers or whatever it is, right? We don't know if that's going to happen, right? That's very specific to an industry. It's much better to be like, “Hey, what can I do to like raise my income? What skills do I like to develop,” and focus on that, I think.

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FT: Before we wrap, let's touch on retirement, Nick, and your thesis that retirement is about more than money. Does that suggest that maybe we're overdoing it, as far as how much we think we need to have saved by, say, our 60s? There's like always that $2 million number that gets thrown around, the average amount of money that the average American is going to need to have a comfortable retirement. Of course, let's be honest, who's sharing that number? It's the brokerages. They want us to give them our money. What are your thoughts on that?

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NM: I mean, on the average amount to save, I mean, every person is going to be different, right? Everything comes back to your spending, at the end of the day, like for how much you need for retirement, right? It comes back to your spending. I think people probably need less than they think, and there's a couple reasons why I say that. So one of those reasons is, obviously, Social Security, and Social Security will be there. It may not be there in the same amount. Maybe they're going to delay the retirement age, things like that. That's one piece of it.

The other thing too is if you actually look at the data, most retirees when they pass away, they leave behind a good amount of money. I think the average inheritance or, yeah, the **[inaudible 00:23:31]**, however you want to call it when someone in their 60s is like $300,000. Now, of course, that's on average, right? That's not the median. So it'd be better if we had the median. But still, it's like people end up not spending down their money.

I think if you actually look at a lot of the retirement data, only one in seven retirees – This is based on some of the data I've looked at. Only one in seven retirees is actually spending down their principal. Most are just living off of their investments and Social Security alone, right? So like that saying, they're not – That means if you had – One of the more shocking things is from like Michael Kitces' study. He's like, "If you had –" It doesn't matter what money you have. Imagine you're just using the 4% rule every year, right? You're more likely, after 30 years of using the 4% rule, to have 4X your wealth than to see your wealth drop below where you started.

Let's say you start with a million. I'm just going to do this to make the math easy. Start with a million dollars. After 30 years of pulling 4% out every year, 4% rule, 60/40 portfolio, after 30 years, you're more likely to have 4 million than below a million, right? So I think wealth keeps growing over time. Even in a diversified portfolio, a lot of people are like, "Okay. When we have this much, I'm going to run out of money." Most people haven't run out of money. There's very little evidence for that.

Don't get me wrong. If you don't have enough cash saved away, it's going to be tough. There's no way around that. I can't make the math work in that way, right? But if you have a lot of money, and you're following like a 4% rule, and you can do that pretty easily, you'll probably be fine.

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FT: I don't know what they're calling it, but I'm seeing some financial pros talk about online how they're going on cruise control with their retirement. So it's like once you reach a certain amount of money in your 401(k), like you can stop contributing because it'll just keep compounding in theory. If you have another 10, 15 years until you need to tap it, you're going to be okay. This idea that I have to just keep contributing until my last breath at my desk at work is not necessary in some cases.

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NM: Yeah. Well, I mean, it depends on a lot of things. For example, if you're getting a match, I would contribute at least to the match because that's free money. I mean, it's kind of hard to be free money. So that's one thing I would say. Like at least get to the match. If you're going above the match, then we can get into – There's a lot of nuance there. So I usually don't recommend going above the match. I even talked about this in the book a little bit. But that's one piece of it.

The other the other question is like, okay, what are you going to do with that money anyway? So let's say you're contributing in your 401(k), and now you're not. Are you spending all that money? Then like that's probably worse for you, right? All else equal, right? You might as well say it. Are you saving –

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FT: No. I can spend my money in some fun ways.

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NM: Yeah. I mean, if you want to spend it, that's fine. But then it's like you're not saving. You have less of a cushion, right? So it's really about – There are so many factors to that type of example, but I kind of agree with what you're saying.

[00:25:55]

FT: Well, you brought it up a little bit, which is this idea of the wealth transfer. That is something that I hear coming down the pipeline, I think. I don't know. What's it like? By 20/40, 20/50, there's going to be a trillion dollar wealth transferred from the Boomers to the Gen X and Gen Zers and Gen Yers. That could potentially be a great thing for that generation, who is buried in student loan debt, can't buy a home. But I guess when mom and dad go away, like they're going to get the money.

Not, of course every – This is going to be exclusively white Americans because that's who's holding a lot of that wealth. Let's just call that out. What do you – Any thoughts on that in terms of how it may impact personal wealth in the future?

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NM: Yeah. So I think one of the things I talked about with millennials is millennials own less percentage of the entire like wealth of the United States than the prior generations did, and it's definitely true. The one thing, though, is like the pie's a lot bigger now, so to speak. So we have a smaller slice of a bigger pie. If you actually control for that and just for population size, everything, we're actually pretty similar to boomers, I think, where they were at this age. I do that a little bit in the book, and it's like chapter two or three. I talk about that.

It's not perfect, but trust me. There's a lot of things that are different, and I don't think they're exactly the same thing. It's much tougher today than it was for boomers for a host of reasons. But I want to get into that here. But just what you're talking about with, okay, all this money's been passing down, that's great. But how long is that going to take us? It's going to take another – Assuming the next 1015 years. Most of that's going to go to Gen X, if we're being honest, because they're the next generation.

Millennials are kind of a – It's like how many millennials have boomers as their parents? Very few, right? It's like most of you have probably Gen X as your parents, right? So because of that, there's, obviously – Everything's kind of mixed depends, but like my grandparents are boomers, for example, right? So that's the kind of thing. We're going to see that probably trickle into Gen X first and then the millennials. Obviously, that starts happening. That's going to change things. That's going to change that how money is being spread out all sorts of consumer decisions. Yeah. But that's going to be happening over the next – I think in the next 10 to 20 years, we're going to see the biggest wealth transfer in history of humans.

I mean, this is not just the US. It's the world. This is what's happening. It's just we have more wealth than ever, and we're just passing it down and down and down. As long as we don't have destructive wars and things that destroy that wealth, we're going to be the wealthiest set of humans in world history.

[00:28:06]

FT: Crazy, but it could also lead to inflation.

[00:28:08]

NM: Of course.

[00:28:09]

FT: All that extra money in the market. I guess it's like a good problem for some people like, "Oh, I have too much money now. I don't know what to do."

[00:28:17]

NM: Yeah. Well, I guess it's all about like what. Money is just a number, right? It's about what's actually produced, whether that's real estate, whether that's businesses or that's things that are doing things productive that allow you to kind of live your life and pay income, so you can keep living. Whatever that is, it's really about production. Like that's the thing we really care about.

Money is just as simple way to understand world production because I can't – I don't want to be like, “Oh, this year, we had 10,000 pineapple or 10 billion pineapples and 500,000 houses.” If you add all that up, it’s too complex. It's much easier to be like, “Oh, our global GDP was $100 trillion,” or whatever it is. I don't know. It's probably less than that. But it's some number, right? So you have some of the global GDP numbers. It’s much easier just to give you a single dollar amount, right? So that's funny.

[00:28:56]

FT: Well, Nick, great to have you on the show. Thanks for stopping by. Congratulations on your book, *Just Keep Buying*. It's always nice to sit down with somebody that has fresh, forward-thinking advice, particularly advice that’s rooted in data, but also a really great sensibility. Appreciate you.

[00:29:12]

NM: Appreciate that. Thank you. Thanks for having me.

[END OF INTERVIEW]

[00:29:16]

FT: Thanks again to Nick for joining us. His book, again, it’s called *Just Keep Buying*. I'll see you back here on Friday for our Ask Farnoosh segments, which you may or may not know is now available on YouTube, on Fridays as well. So if you want to hear and see me, you can also watch the podcast on YouTube at youtube.com/cnetmoney. Until next time, I hope your day is So Money.

[END]