

EPISODE 1720

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FT: So Money episode 1720, Calculating Financial Freedom and the Merits of a Simple Life.

[INTRODUCTION]

ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to Money.

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. We're starting the week with a very profound conversation with someone who's known as the Father of the Life Planning Movement. If you've been listening to the show for some years, maybe you caught my initial interview with our guest today, who is George Kinder. He's a renowned figure in the world of financial life planning, and his approach, which places individual freedom at the forefront has inspired many people, countless people, to rethink their relationship with money.

If you've been in a meeting with a financial planner and you've talked about your goals and what you want your money to do for you and mean for you, chances are, those questions have been sourced from George Kinder. He's out with a new book. It's called *The Three Domains of Freedom*, which broadens the scope of his famous three questions. Three questions, taking the concept of freedom beyond personal life planning and into a vision. For the entire civilization, some of the things he proposes on the episode today will require a lot of change, a lot of manpower, willpower. Will we be able to get there? I hope so.

This episode is not just about having a vision. It's about what can we do starting today? What are the steps, the tactical moves that we can make to create more financial freedom in our lives? Towards the end, George talks a little bit about the merits of having a simple life. "This rat race of trying to have enough and have more than enough is not really the point," he says. Here's George Kinder.

[INTERVIEW]

[0:02:29]

FT: George Kinder, welcome back to So Money. It's so nice to reconnect with you. We last spoke up in 2019, your last book. Now we're here to discuss your new book. Congratulations.

[0:02:41]

GK: Woo. Yeah. [Inaudible 0:02:43] Great to be back. Really great to be back. Thank you.

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FT: Before we dive into the concepts in *The Three Domains of Freedom*, your new book, I just want to know, maybe we can start with this icebreaker using the framework of finding freedom in each moment. What is something in your daily life right now that you're enjoying, that's bringing you a sense of freedom or peace? It could be something as small, or just curious how you're practicing this.

[0:03:10]

GK: Well, one of the things that really is astonishing to me, and I've actually written a whole bunch of books on this one, we haven't covered the books that I've written on Spectacle Pond, on living in nature. Every time you walk outside, immediately the weather connects with you, whether it's the sun sparkling in some way, or the wind touching your cheeks, immediately you feel a freshness that you don't feel inside. You feel it moment by moment by moment. It's the

most wonderful thing, because you realize that the freedom of being free in every moment is something that Mother Nature in a way is here to show us, to give us.

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FT: It's so true. You know what I love about that is that weather is accessible to all of us. Mother nature is accessible to all of us, right? Going outside, breathing our air, I mean, obviously, in some areas, better quality than others. I've read that even just taking your shoes off and being barefoot and touching the earth, there's science behind that, that that can actually boost your immunity and also, your happiness.

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GK: Yeah. No, it's an amazing thing. When I go into nature in any way, just walking up the door, I try to open my mind, the moment I get to it, to a place where it's actually a – well, it's like a big being. I'm really open to it, open to its wonder, open to its awe. That's a way to actually experience moment by moment freedom.

[0:04:43]

FT: Yes. For those listening who may not have caught our initial interview, George, you're a renowned figure in the world of financial life planning. You're often referred to as the father of the life planning movement. Can you briefly tell us a little bit how you stepped into this role and just catch us up a little bit on all the wisdom that you have?

[0:05:04]

GK: Well, back in the old days, I mean, this is way back, but it's still here in a lot of ways. The financial world was mostly known for selling stock. When I came into that world, I noticed that there was this group that was just beginning to do financial planning. The Certified Financial Planning Movement was just beginning. In that movement, there were still a lot of people selling stock, or selling insurance. I did tax returns for a living and I thought, no, it should be what is now known as fee only. I went to a conference and I took – at the conference, there was a

workshop on goals. I realized that what I wanted to do, how I understood money in the first place is that money is about delivering freedom into our lives, right? I mean, that's why else do we do it? We can get lost in the dollars and cents and the mathematics of it.

I introduced a series of both a way of listening to our clients, this is for financial advisors, and a way of a methodology of inquiry, of asking questions that enabled the client, the consumer to, first of all, trust you, which is a critical thing in the industry. Then to go into who does they really want to be? How does they really want to live? That I taught people in 30 countries. It's been quite an exciting thing to be doing.

[0:06:37]

FT: Yeah. I mean, even as someone who has been working in financial literacy for 20 years, I feel like, your work is in our work, maybe we unclaimed, but when we talk about today about what's important to you? What are your goals? What are your values? We can thank you for introducing that concept to us. What you're referring to, this is the three questions, which we talked about during our last interview. The first question, and I'm going to abbreviate here, but imagine you are financially secure. You have enough, which is, I mean, that's its own obstacle to figure that out. Let's say you're there, how are you living your life?

Another question, second question, imagine you visit your doctor who tells you that you have five to 10 years left to live. You won't ever feel sick, but you will have no notice of the moment of your death. What are you going to do in that time remaining? That's so powerful. We've done an episode on a doctor who worked in hospice and what that had taught him about the meaning of money and not just that, but life and it's just so powerful. Then finally, imagine your doctor shocks you with the news that you have only one day left to live. What did you miss?

[0:07:43]

GK: Yeah. What did you miss? You'd anticipated being a certain person doing certain things. What did you miss? Who did you not get to be?

[0:07:51]

FT: Right. It's almost never about, "Oh, I wish I had earned more money on that deal, or had I just –" I mean, we want people to optimize their financial life. But it really comes down to relationships. What have you discovered is actually where the money makes the most impact?

[0:08:10]

GK: I think one of the beauties of being a financial advisor with identification to freedom and now training advisors is that I discovered many different things. People have passions all over the place. I think, probably the most important one that comes up again and again, not true for everybody, is family. That if they missed something, they didn't get to quite be the dad, or the mom they really wanted to be, they didn't quite get to be the spouse, or the daughter, or the son that they really wanted to be, or friends, or relationships. That's probably number one.

What was surprising was that number two and number three were living a life that had a greater sense of value, as you said. Maybe more kindness in it. Maybe something more explicitly spiritual, or religious. Then the third one that really surprised me, I had it in my life tremendously, but I didn't know that others would, and that is a real creative impulse. Whether it's playing jazz in a nightclub, or on Wednesday nights, or it's creating an entrepreneurial business, or doing TikTok, all of this.

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FT: Whatever you find your unicorn space, as the famous book says. Well, so speaking of, *The Three Domains of Freedom* is your new book. In it, you elevate these three questions to a larger realm. Tell us about this framework. It's a profound reimagining.

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GK: The framework is really captured in the three subtitles. The first of which is each moment is yours. We've talked about that a bit. The second of which is your life is yours. I think that's really what, Farnoosh, what you've elevated in your conversations with people around finances. How

do you make that actually happen? Then the third one is the one we're a bit troubled by right now. It's civilization is yours. We've been wrestling with, "Oh, yeah. I don't know about this one."

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FT: I know. I was going to say. Is it really? How much power do we have, actually?

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GK: Yeah. But I want to claim it. It is a principle that we've had in democracy from the very beginning that civilization is ours. It goes back to the Magna Carta. It goes all the way through history. How do claim that space? How do we claim it in a time when it feels that we're so polarized, we can hardly speak to each other?

What I realized is, I think the last time we talked, I've been coming off a world tour, actually, on a book called *A Golden Civilization and the Map of Mindfulness*. What COVID did was it stopped the world tour, right? I had to come inside and I thought, every place I went, people want the same thing. They wanted democracy, they wanted less inequality, they wanted an end to corruption, they wanted news media they could trust, they wanted all institutions they could trust. I thought, I mean, that was true in China, it was true in all across Europe, it was true in Africa, and obviously true in the United States. True in communist countries. True in dictatorships. True in countries we think of as being free. I thought, there's got to be some way of making this happen in short order across cultures.

I went back and thought about how corporations begin. I thought, well, maybe there's something right at the base, when we incorporate that there's something off there. I came up with this notion and it seems to be catching on that, in fact, what we give to corporations is we give them a limited liability, but we don't require anything of them. Now we find issues, like the planet burning up. Well, who's responsible for that? None of us want it. How do we stop it? We find this threat to democracy that we feel. Who's responsible there? Is anybody taking it seriously? Is there anything we can do? We feel powerless.

The news media, yeah, used to be a fairness doctrine, where you could – at the end of the day, after hearing the news, you could discuss it with a neighbor, even if they listen to a different channel. Nowadays, you're in a totally different world. I realized that we could actually require of every institution, every hierarchy of power, whether it's corporate, nonprofit or government, that they place the truth, democracy, the planet, and humanity ahead of their own self-interest, that they're required to do that. It's a fiduciary obligation. It's an obligation that involves trust, a trustworthy obligation.

I thought, gosh, if we did that, and I checked it with lawyers and people in different places in government corporations, and they said, “Yeah. I think that might do it,” be tumultuous. I think I might do it. Yeah.

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FT: Well, I mean, in a free market, how can you enforce this? It's funny, because, well, money can unlock a lot of our problems. They also create problems. The reason that corporations are not putting democracy first is because they can make more money in the short term, when they protect their own self-interests, their financial interests. How do we reconcile that and enforce that?

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GK: It's a misnomer, this notion of a free market. You and I know this in the financial industry, we like to think that there are independent financial advisors that are free to do what they want. But in fact, the industry is dominated by huge forces, by big banks, by big insurance companies, by mutual fund, and by brokerage firms. That's one misnomer about a free market there. The other thing is that what people don't realize when they talk about a free market, they don't realize that at the very beginning, when we incorporate, we are actually – the government has interfered with a free market right at the beginning, in a huge way, that I think has ended up contributing to a lot of the problems we feel.

That is that the government said, “You incorporate, and you get a limited liability protection.” My golly, that's a huge interference. We won't require anything of you. All I'm doing is throwing in

and saying, “Yeah, yeah, yeah. We'll give you the limited liability protection. But let's make sure that you don't place your selfish interests above democracy, or above the truth.”

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FT: Right. I want for that. I mean, what do you see needing to happen for this to take place?

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GK: Yeah. Well, the reason I'm talking with you and being interviewed a lot in multiple cultures is that, I think the first thing is that the idea has to go and people go, as you say, that would be wonderful if we could make it happen. If you have a strong enough vision, I'm eager to get a conference and debate this and debate it around these issues of efficiencies of markets and that kind of thing. First, you need to have enough people go, “That's a really interesting idea.” Look at what's happening with AI. I mean, we have the new – any new invention comes out and suddenly, we're terrified and we have no place to go, either corporate or government, that we feel can protect us.

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FT: Bringing it back to individuals and our personal economies, many people right now, as you mentioned, we feel trapped by our financial circumstances, political circumstances. With regards to the financials, debt, low income, lack of savings, it's this tornado, right, of issues. What do you recommend for those of us who feel helpless? What are the shifts? What are the strategies? I mean, we know how we have to save and we have to get out of debt, but so much of financial independence comes from believing you can do it. There's this mindset that has to shift. How do we break people from these limitations?

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GK: Well, it's interesting you ask that. In the book, even though I put moments first, each moment is yours. When I come to the end of the book and I say, what's my recommendation? First thing, I say, make your life yours. That's the second one. Your life is yours. That's really

what you're talking about is that when we get overwhelmed by debt and confused by saving, or investing and thrown by it all, it's very hard to be able to experience moments as being ours, and just as difficult to take on the complex issues of society and civilization and politics. In terms of doing that, I think you're doing an incredible service, Farnoosh. There are many good books out there to trust.

There are advisors. If you can't, don't feel that you can do it yourself and you want advisors. There are advisors who are fiduciaries to you. Meaning that they place your interest out of their own. They tend to have three aspects to them. They tend to not sell products. They tend to be what's called fee-only. That's not fee-based. That's fee-only. They tend to be holistic in the financial advice. Meaning, that they tend to be certified financial planners. Then they tend to be life planners. This is the area that I've brought up, so that they are – and we've got a designation called registered life planner. What life planners do is that they listen, first and foremost, and they want to know who you want to be. Then let's make the money work for you.

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FT: When I hear you say make your life your own, my mind goes to take ownership of your financial life. Unfortunately, I think there's this – it's a movement, but there's just a lot of this on social media, where, particularly young women. I think this isn't just today. I think I saw this even coming up in my own generation that, because you feel so burnt out, desperate, you feel like the systems are always working against you as a minority, as a person of color, you just want someone to come in and save you. You just don't even think you can do it yourself. Maybe that means entering a relationship, where somebody can pay off your student loans. I mean, that's attractive, right? Or never leaving your parents' house, because why would I? Outside is scary.

I've always said, no one cares more about your money than you. Not because they don't love you. They want the best for you. But your money is your money. Your life is your life. If you don't care more about it than anybody else, I don't know. I don't have much hope for you. Because people are busy with their own lives, with their own financial concerns.

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GK: That's right. It's terribly important. What I would suggest in regard to that, just coming from my own perspective is to know what that dream is. What is it that you would miss if you had 24 hours left? What is it that you missed, that you didn't get to be? Have that clear. Keep your eyes on the prize. Put it on your refrigerator door as a magnet. Then look at what are the basic principles. What do I need to do? How do I need not to be taken advantage of? Look and make sure that you're not going out and soliciting advice from someone who's going to take advantage of you. There are basic principles like, addressing debt and making sure that if you do get into debt, it has a really clear purpose and you have a really clear way out.

In general, to get out of debt and to use that ability that you've had to get out of debt, to save that and to invest and use that movement, that increasing of your net worth and your stock pile of resources to deliver what it is you really want to be into the world.

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FT: Yeah. Resources are not just money, but it's people you know, it's access that you may have, or access that others have that they're going to invite you into. It's your life experience that has informed you. Resources are vast. You brought up artificial intelligence, George, and I just want to get your opinion on how you see this influencing the financial world. There are so many apps, AI-driven tools in life planning, in financial planning. How do you see this enhancing the process? What are the risks? Because it's taking away the personal importance of these transactions.

[0:21:14]

GK: Right. Personal is huge. In our industry, probably the number one issue that our industry faces is a lack of trust. This question about AI, can AI take over? Well, possibly in some ways, but the primary thing that we want is, is we want to be able to trust who it is that we're doing business with. We want to be able to trust our own understanding of things. That's why I said, if you're going to – if you're looking for someone to trust, find someone who is a fiduciary, or find someone who is a fiduciary and who's written a great book about it. Execute from that standpoint. That trustworthiness is incredibly important.

AI can be – we've seen it already. It can rip people's identities apart. It can take advantage of people. Big corporations can use it in nefarious means. This is one of the reasons I say it's really important for us to also confront the issue of civilization. That civilization is meant for us. It's meant for you and me. Not for the big corporations, not for even for government or non-profits. It's meant for us, human beings.

[0:22:34]

FT: We have elected leaders. We have an election coming up. As you talk about, our roles is arriving at freedom within our civilizations. This is a moment, right, to practice what you're writing about. We get an election cycle. We have a lot of potential change that can happen. What's your advice for those of us who are voting and who want to vote with this framework in mind?

[0:23:03]

GK: A couple of things. First of all, this is one moment in time. Right now, it's the most important moment. There's no question about that. Many of us feel this is the most important election America's ever seen. It has a huge element of importance. We've also seen how elections come and suddenly – then you've got gridlock again in Washington and everything. Two things. One is it is a really important election, and it's very important that you vote, and very important that if you have the energy and the time that you get out and you work for people, or you try to help people, you spread the message of who you think has the most humane values, who is likely to implement things that will deliver more freedoms to our lives, not diminish our freedoms. It's terribly important in that way.

It's important to realize that it's just a couple of months and then it's gone. What we need to do then is also be aware, we need to fix all of this, so that we're never – democracy is never a threat again. The planet is never threatened again. Truth is never threatened again. We know what truth is. We can trust the sources that are delivering these things to us.

[0:24:26]

FT: Well said. It is a big moment. Policies are important, whether you're looking at health care policy, child care policy, economic policy, all matters and all trickles down. In the grand scheme of it, what really moves the needle, do you think, George, when it comes to democracies thriving and civilization thriving?

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GK: Democracy is one of the extraordinary things we've created. Civilization has created a bunch of amazing things. This election in particular, it looks like, some of them are threatened, including some of our basic rights. If you see that and you see, but you see at the same time, you're contrasting it, the law of two hands. On one hand, our basic rights are being threatened and democracies being threatened. But on the other hand, maybe you're being promised lower taxes, or something like that.

[0:25:19]

FT: Short-term versus long-term. Some people are voting with a short-term lens. Right.

[0:25:24]

GK: Yeah. It's very important you look at the long term, because if we lose our rights, or we lose democracy in some way, very hard to get those rights back, very hard to get democracy back. Connect with good people, vote, get out there, talk about it.

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FT: Do your own research. I get into this trap too of getting in these echo chambers online. People just regurgitating and I don't know where the source is coming from, but it sounds good to me. I think it's important that we all just do our own research. Because unfortunately, I mean, it's the fact. Not everything online should be believed. If anything, whatever you see online, do a back search, really. Before we go, circling back to this, concept of enoughness, and I just want to ask you, George, for those listening who are still searching and are not sure, I find too, it's ironic, people who often have "a lot" of money in the bank, or they have job security, they have

anxiety, they're afraid, they don't know if they'll have enough. It affects us all at all income levels. How would you advise someone to go about calculating for this? What are the most important ingredients and variables?

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GK: Well, first of all, I'm going to say something surprising. I don't think I've shared it with you. I've shared it with very few people. That is that when I look back at the people that I have learned the most from, that I value the most, that I look at as potential mentors and back long in the past as well, the people that stand out for me are people who didn't have a lot of money. They tend to be people who lived a simple life. In living that simple life, they knew who they were. They knew what they wanted. They knew what their community was. They knew what their family was. They knew what their passion was.

I'm not saying that that's for everybody, because of course, this is a program about money and I've been in the financial field all that time. To really know who you are and what your values are, it doesn't have to be chasing after something that is financial. What is it that you really care about? Design the most incredible life you can imagine within the means that you imagine that you will be living with then. That life, that's worth pursuing and you can make it happen. I'd say just, we don't need to own an island in paradise. We don't need a big 12-million-dollar mansion. What do you really need? What would make you happy and feel satisfied?

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FT: If someone is searching for their own island, they're actually searching for something else. That island is not going to be it. You're going to get there and you're still going to be searching. I agree with you. Thank you for that perspective. I think that's important as we get so caught up in just the race, the rat race of life, and never feeling like we're sizing up to expectations, our own and others.

George Kinder, there's a reason they call you the father of financial planning. I appreciate you so much coming back on our show. Congratulations on your new book. We will make sure to link it in our show notes. The book is called *The Three Domains of Freedom*.

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GK: Wonderful. Thank you, Farnoosh.

[END OF INTERVIEW]

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FT: Thanks so much to George Kinder for joining us. His book is called *The Three Domains of Freedom*. I'll see you back here on Wednesday. I hope your day is so money.

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