

EPISODE 193

[INTRODUCTION]

[00:00:31]

FT: Hey everyone. Welcome back to So Money! I'm your host, Farnoosh Torabi. Today's guest, his name might sound familiar and that's because he's been on the show before. He's also kinda famous, if you I dunno, surf the Internet. And I'm very fortunate to say that my friend and author, James Altucher is back. He was my second guest on So Money, following Tony Robbins, and James and I worked together at Thastreet.com. We did a lot of videos together about investing and stocks, the economy. He at one point tried to save my life, and we talk a little bit about that story in the beginning of this interview. He also talks about it in the original interview, it's something that merits a lot of discussion. And so if that's not a tease, I dunno what is.

But more importantly, today we've got him on the show because he has a brand new book out called "Choose Yourself Guide to Wealth". It's a guide to navigating the new financial world that we're all living in, how to generate wealth, and how to earn your own freedom. And in true James Altucher style, this interview goes a little all over the place. I naturally had my own list of questions that I wanted to ask him, but that didn't really happen. We short of went all over the place, but I think in the end, got an even more quality interview.

We talk about the secret to getting what you want, so whether you're listening to this show cause you wanna find a new job, you wanna make more money, you wanna have a successful business, or all of the above. We talk about how to earn those great things. Why, and this is a little controversial - a lot controversial actually - why 401(k)'s are no good, and how we're all going about retirement wrong. I mean I took issue with this because I mean, I'm a big fan of 401(k)'s and a lot of us have them and of course there's a right way and there's a wrong way to investing in a 401(k), so we go into that in a little bit of depth. And how to write the perfect email to someone you admire, and to actually get them to not only respond, but to offer you help in return. This actually happened to James. He talks about it in detail on the podcast and so that, and so much more awaits us.

Here we got, let's unleash the great James Altucher.

[00:02:55]

[INTERVIEW]

FT: James Altucher, my friend, welcome back to So Money! We just can't get enough of you, so I invited you back here. My second guest to come back - my FIRST guest to come back!

[00:03:09]

JA: Second?

[00:03:10]

FT: No, no, no. I meant, scratch that [Chuckles]. You're my first guest to come back for a second time, is what I meant to say.

[00:03:15]

JA: Well thank you so much Farnoosh. This always gives me flash backs to the hundreds of videos we used to do together at Thestreet.com. Remember when we did the man on the street thing, even outside of Apple? Or did I mention that on the first one?

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FT: You did mention it on the first one, but it's worth re-mentioning. I think you tackled a homeless guy, which I don't, I'm not promoting tackling homeless guys, but he was getting a little territorial with me.

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JA: Yeah. The homeless guy tackled me because I got in the way between him and you!

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FT: Okay next time you just tell the story, cause clearly I don't even remember it!

[00:03:48]

JA: Yeah you had me act like a homeless guy - that's gonna make me look bad.

[00:03:53]

FT: Do people still wait outside the Apple store for the iPhone, next iPhone? Do people still do that?

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JA: You know, I think they do almost out of nostalgia. So the answer is "yes", but I think they only do at that uptown store.

[00:04:06]

FT: Yeah, cause it's the flag ship store. So yeah, and actually I wrote to my newsletter the other day about interviewing for my job with Thestreet.com, and how I was able to negotiate. I doubled my salary at that interview from my previous job. So lots of good things happened at TheStreet, including meeting you and getting to do tons and tons of videos with you and watching now your career take off like crazy is...

[00:04:31]

JA: Yours too! You wrote a book, and then another book. Got on The Today Show or Good Morning?

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FT: Oh I remember James, you told me one day that I - we were in the backseat of a town car heading up to some event for TheStreet, it might have been maybe even to the Apple store. I don't remember where we were going, but I told you I was coming out with "You're So Money" the book, and you turned to me and you said, "Fanoosh, this book is gonna change your life." And I was like, I kinda got goosebumps at that moment because when you speak, things happen and that's why I'm excited to have you on the podcast today.

You've written a new book, one of several, but this newest book is "Choose Yourself Guide to Wealth". You sort of teased it when you were on the podcast back in January, and happy to say, it came out not long after our interview back in January and it's taken me a while to get you on the show because you've been a busy man. But let's talk about "Choose Yourself Guide to Wealth". This is a contrarian book to put it lightly. You say things in here that people - you've even gotten death threats over some of the things that you've proposed in this book. Like, "Forget the 401(k). Don't buy a house, don't go to college." So why did you wanna write this book, and how are those death threats going?

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JA: [Laughs] Well no one's killed me yet, but..

[00:05:49]

FT: Clearly no one's killed you yet.

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JA: Let me ask you this, do you get a lot of - I get a lot of positive email too. Like I would say it's like 20 to one positive to negative. But do you get a lot of like angry mails? Like I get some real angry mails sometimes.

[00:06:04]

FT: I don't get a whole lot. But I get some really deep thinkers emailing me and, like recently I had a gentleman say, "Why are you promoting so many woman on your show? Do you have any men that you might wanna talk about from time to time?" And I said, and I should've just hit delete but I really, I've matured to the point where I can identify when somebody needs helps, versus like just being an A-hole. And this guy I knew, I wanted to just stick up first of all for all the ladies out there and just also educated him on what my show does. And I said to him kindly, I said, "Well have you actually visited the podcasts website? Because more than half of my interviews are with men, and they're all great, inspiring stories. So I'm not really sure what you mean by your email. Thanks." And I said to him, and I've gotten really good at doing this, "If you're not happy with the content, the unsubscribe button is below."

I'm really confident in telling people, "If you don't like my stuff, if you don't like what I'm doing, please don't join me and bring your hate to my show and to my email box." And I do it in a very like matter-of-fact, not threatening, not mean way. I'm just like, "Hey, as a reminder, you can unsubscribe." And you know, he wrote back and he's like, "I'm sorry, I'm so sorry. It's totally me. I'm going through some things. My mother was an alcoholic, I've had issues with women," and I thought, "You know, this is deeper than I thought, I suppose, issue." And if, by the way dude, if you're listening, sorry if I'm sharing your story, but I'm doing it anonymously and I hope that you're not upset with me for doing this.

I don't get a lot of emails, but when I do get the negative, it turns out, they're just looking to actually start maybe a conversation with me. And I don't have time for conversations, to be honest, like that but I've gotten better at identifying the trolls versus the people who just don't know how to express their constructive criticism.

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JA: Well it's funny cause I find whether they're trolls or whether they're just kind of negative, you hit the nail on the head that they are always, 100% of the time, dealing with issues. Just like you or I are dealing with issues. So that hit a nerve for you, enough for you to respond. Out of all the negative emails you responded to that one because he knew exactly how to weave his way in there to push the button. And he also was dealing with his own issues, it was a classic case. But I find, just in life in general, if anybody's angry at me about anything, now they might be

justifiably angry - maybe I did something? But still, they're dealing with their own issues. No matter what, whenever there's anger, there's fear underneath and they're always dealing with their issues.

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FT: So is that what you have found with your recent book is that people aren't necessarily angry with you but they're perhaps, they actually appreciate what you have to say, but they're upset with the fact that they've done it all wrong or a different way.

[00:09:12]

JA: Well it's hard for them to appreciate what I have to say in some cases. Like let's just take a classic example; let's say for 10 years you've been putting all of your money in a 401(k) because everyone told you, "Well the market has never gone down over X years period." And look, you know me, I'm always kind of bullish on the markets, but in general a lot of people put money in 401(k)'s starting 10 years ago, are kind've down or negative and they've paid all these fees and so on. And so I got some very vicious emails and tweets, and so I did kind of an experiment where I sort of looked up, "Well who's the most vicious?" And some of them are actually people you and I both know, and it turns out they're always brokers who are selling 401(k)'s.

[00:10:04]

FT: Right.

[00:10:05]

JA: So that's on the 401(k) issue. Another issue was - so I'm another big believer that most people, and by most people I would say 95% of people, most people should not buy a house. For many reasons, and I can go into those reasons. And I kind of throw out all the math and I take a real analytical look at the math of it, and it just costs you hundreds of thousands of

dollars. And so somebody wrote a very scathing post and tried to syndicate it everywhere against me. And I looked him up, turns out he works for the National Association of Realtors.

So another time I wrote about education, and I'm also a believe, and this is now more and more people are believers in this. Ten years ago people didn't believe it at all, but now even Google will kind of admit this, but that you don't always need a college education to have a successful job and life. And in fact, most people probably don't need an education, and particularly now with student loan debt over like \$1.4 trillion dollars, more than ever before. And tuitions versus inflation, going up every single year for 40 straight years in a row. A college education is almost like insanity at this point.

So Georgetown University actually did a whole research report responding and they mentioned me, and they do all these statistics, "Over the course of your career, you'll make an extra \$800,000." And they have all these statistics, but they made very, very simple like Statistics 101 mistakes that no one should ever make, who went to college. [Both laugh] And I pointed this out, I got a hold of the professors and I sent them emails, and I was very polite about it. I was like, "Here's where you made like a math mistake, like a basic math mistake." And I never got any response at all. Or one person said, "I'm sick, and I'll respond to you at some other time". And they never responded.

[00:12:08]

FT: Okay this is when you know what you say is definitely moving the needle, and this is when you know that what you are saying is definitely being heard. When you have the National Association of Realtors, you have Georgetown University taking you to task. I mean, I have trolls so I would say if that is a measure of who's more successful, you get the trophy.

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JA: So like people just calling me crazy or whatever. Like for instance, people, the biggest financial decisions you're going to make in life are buying a house, going to college, probably I'll throw in there getting married and having kids, and contributing to a 401(k). So I'm not saying, "Don't do these things," I'm just saying these are the biggest decisions you're ever gonna make

in your life financially. And they're gonna cost you in the long run, if you look at kind of the opportunity cost and everything. They're either gonna cost you or make you millions of dollars, depending on what you believe.

So I show the math of this that in fact many of these decisions cost you. And now that's fine, you're allowed to spend money on whatever you want, but just be aware of what the hidden costs are. It's not as clear as you sometimes think, and people get very angry because there's a cognitive bias. "Oh if I just spent \$200,000 on a house, that must be the right decision because otherwise my brain is telling me I would not have made such a crazy decision worth \$200,000." So there's this cognitive bias to get very angry if someone tells you that you might have made an incorrect decision if you didn't think it all out.

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FT: So let's talk - I'm gonna interrupt you for one second, cause the 401(k) issue is a real issue. You do pay a lot of fees, I don't say this has to be the case because if you're in low fee index funds you can sort of minimize your fee exposure and a lot of people aren't aware of that so they just opt-in to whatever investments they're told to do, and then they end up paying a lot out of pocket. And you're not the first to bring this up, Tony Robbins brings this up in his book, Helaine Olen brings this up in her book and I've had them all on the show. But what I wanna ask you is, "Well what's the alternative?"

Because one of the things about the 401(k) that is great, I think, is that a lot of employers allow you to invest automatically. And that is, as we know, from a behavioral standpoint, necessary if we wanna ever get anything done. We're too lazy, we don't like making any effort, so if something is done automatically, like putting money aside for your future - yes there are fees, but if we didn't have the 401(k), people just literally, what are they supposed to do? Go to a broker, make even more of an effort to start a fund. I'm just trying to think, like how can this be easier for human beings to save for retirement?

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JA: You know, it's a great question, and you make a great point. And I was talking to David Bach who wrote the "Automatic Millionaire", and he makes the exact same point which is, before you even see the money make sure it's deducted and put it in either a 401(k) or a savings or whatever, so it becomes automatic for you, which is basically what you're saying from a behavioral point of view. And I don't, well I hate saying I don't disagree because what I'm really saying is I'm about to disagree with you. But the problem is not just the fees, is that people are unaware of so many things about the 401(k).

Let's just look at it conceptually for a second; you're employer pays you for a split second, like the money's in your hands for a split second, like a microsecond. And then suddenly it's not in your hands anymore, it's in something that you're not allowed to touch for maybe up to 30 more years and now it's in everybody else's hands. So just conceptually, the bank has their grubby hands all over it, maybe your employer still has their hands all over it depending on how much management of your 401(k) they're involved in, and you never got to use that cash or wonder if maybe that cash has better uses for you.

So let's just, there's so many different angles to look at this, I don't quite know where to start. But let's say you're 25 years old, which is when people suggest you should start saving so that by the time you're older, you have a significant savings account. The problem is with the 401(k), is when you're 25 your effective tax rate is probably 20%, 25%. But by the time you're 59 and a half, it's up to 40%. So it doesn't really matter, and plus you're salary is much, much higher. So whatever kind of nickel and dimes you put in tax-free to your 401(k) when you're 25 years old are like trivial compared to what you're pulling out and what your needs are when you're 59 and a half. Particularly, we're kind of in a healthy aging population, you're gonna be making significantly more, your tax rate is more, your needs are greater.

So that money, that like let's say \$500 a month that you put in at 25 - let's say you're 25 years old, or 29 years old, or whatever, 30 - you could've put it to better use by investing in yourself. Cause right now, and this is really kind of the basis of a lot of my points, we're living in an economy that is very much changing right under our feet. It's almost like an earthquake and people are kind of in denial about it, and the reality is, if you invest in your learning now, like there's many online courses or you could, on the side, get a camera and study photography or you could study WordPress development, or you could study...

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FT: Coding!

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JA: Cooking or writing, or all of these things really. The most important investments young people need to make right now is in themselves. Because if they just say, "Oh I'm gonna throw it into Apple stock every year," well Apple might go down in the long run. Just because the stock market goes up, individual stocks might go down. Very few of us, and I'm not including myself necessarily in that, but very few people in general are qualified to invest in the stock market or to know what funds to invest in, and I would include most fund managers are not qualified to invest in the stock market, as evidenced by their returns. Like you take a major fund company and this is what they're allowed to do: they're allowed to stop marketing, and including in their track record, funds that don't work.

So if a fund starts returning negative, they just slyly drop it off, and they never mention it again. And you never know, if you were in it for a while, and they just moved you over to a better performing fund. I mean I find in general, very few people have had great market related returns from their 401(k)'s. I dunno if your experience is different?

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FT: Well going back to what you said about investing in yourself in your 20's instead of a 401(k), you're also assuming that a 24 year old, a 25 year old will use that skill that they've learned or that wit that they've invest in themselves, to then be smart enough to learn how to leverage that. Do you teach that in your book? "Okay now you've learned how to cook, or now you've learned how to code." How do you know leverage this to, I suppose, earn 10x what you would've earned had you just stayed in that job or put money in the 401(k)? Do you talk about the next steps from there?

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JA: Yes. And so I talk about it in two ways really; one is just my own personal experience. So I've made a lot of money, I've lost a lot of money. Like I've lost all of my money, I've gone from having like a lifetime's worth to zero, to lifetime's worth, to zero, to making money again. And I've done it so many times that it almost makes me sick thinking about it. Like I literally get a gag reflex and feel like throwing up. But at the same time, it's also given me a lot of experience about what has at least worked for me, and what hasn't worked for me. So in my book I don't necessarily give advice, but I just simply say what has worked for me and I try to generalize it as much as possible, and then people can decide if it's worked for them.

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FT: Talk about... yeah so go ahead. Sorry.

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JA: So for instance, I don't say, you see a lot of these books like, "Make Six Figures in 60 Days" or something like that. All of those books are BS. They might work today, but they're not gonna work a year from now or two years from now. And that's always been the case with those very highly specific like "get rich quick" books. So this is what I sort of realized is that after making and losing and making several fortunes and then losing them, is that what worked for me is not like where I put my money or where I put the right button on my website or what industries I should focus on, and how I should sell my business or whatever. What really worked for me first, stage one, is working on the inside.

So when I spoke about that on the last one, but - and I mention that also in "Choose Yourself" - but it's always the very first step. You know, you can't be entrepreneurial, you can't be successful as an employee or an entrepreneur if you're not physically like doing what you can for growth. Emotionally, being around positive, supportive people. Mentally, exercising the creativity muscle because we live right now in what I call an "Idea Economy". I don't even think we live in a "Knowledge Economy" anymore, which is sort of against what most people - most people think we've moved from an Industrial Economy to the Knowledge Economy. but

knowledge is now outsourced completely, and we're moving to an Idea Economy where the people who flourish are the ones who come up with good and both quality and quantity of ideas.

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FT: You practiced this every day. You said that you come up with like 10 ideas a day, so since we last spoke James, in January, what's one idea that has turned into something financially worthy for you in the last say, six or seven months?

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JA: Easily I could say, I decided to start monetizing not all, 99% of my content I do not monetize and it's free. I write everyday. I write millions of words a year for free, and my podcast is free. Done 500 podcasts so far, they're totally free. But some things, if I'm gonna talk about the economy or financial stuff, I've decided to monetize that and use that money to hire researchers, highly qualified researchers, to better improve my content, and even the stuff that I deliver for free. That, since I've launched that just a few months ago, and it's already close to an eight figure business.

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FT: Are you kidding? That's amazing!

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JA: Yeah no, I'm very fortunate. A lot of people were very supportive. I didn't have to do any - you know, most people don't even know I'm doing it. I don't really do any heavy marketing, but it's worked. The second I feel, you know I have kind of a value system for it and it's "message first". So the second I feel that money ever becomes more important than the message, then I would shut it down immediately. But the message has been really good, and I feel the quality is high, and so that's one thing where I'm constantly figuring out new ideas to put in this premium content. And I'm not trying to market it here or anything. Like I said, you can get 99% of what I do totally for free and I'm perfectly happy when people do that. And all my podcasts, there's not

an ad on them, I do it for free. Not that I have anything against that either, so you know everything - for all that people give, it shouldn't be so hard to ask, but people, if you've given free stuff for a long time, people sometimes don't like it when you ask.

The other thing I've done is I wrote another book. So I wrote a book, it's coming out September 1st, and it's called "The Rich Employee" because a lot of people thought when I said "choose yourself", it meant "Okay tomorrow I'm quitting my job and I'm choosing myself." I think you can choose yourself and still have a job and still create wealth even as an employee. And you know, Farnoosh you're a great example of someone who kind of had the "rich employee" mindset, which is how I start this book. Which is, you were working at TheStreet.com where we were working side-by-side, but you were always an independent thinker.

You always knew, "Okay, what, how can I expand myself? How can I expand my message to people who care about me?" And you would talk to people like me or others who were very supportive of you. We would do these videos, you made a name for yourself in kind of these online financial videos, you wrote a book, you were very much thinking about many multiple possibilities for yourself beyond the mindset of just working at one place for the rest of your life. And you had the right mindset, and I talk about that mindset and how to develop it and how to monetize it in this coming up book.

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FT: I like that. A lot of people right in to me and say, "I appreciate people who go out and become entrepreneurial, start multi-million dollar businesses. That's not me, how can I make the most of the job that I love that happens to be a 9 to 5, but I really wanna kind of maximize my time there," and by the way, when I was writing a book on the side and doing external work at TheStreet.com, TheStreet.com appreciated it because I was doing that all under the umbrella of, or the title of "Farnoosh from TheStreet.com". So I was taking on TheStreet banner, and you can do this at your own company too. If you wanna be out there more, talk it through with your employer. Say, "I'd love to go out there and spread the word and spread this message that we're doing at this company." It helps you, and it helps the company. It's a win-win.

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JA: Yeah, you know and you totally nailed it right there where the rich employee is probably not gonna be a factory worker only because the company doesn't want you to be rich. They just want you to kinda hammer the nail all day long, 12 hours a day.

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FT: Exactly.

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JA: But, one of the things of the "rich employee" mindset is you have to work at a company where they're gonna tie their success to your success and vice versa, you have to tie your success to their success. So it's good to be at a company, for instance, that either gives stock options or allows some ownership or allows some split in the profits if you propose a project that they say "yes" to. You know, there's many ways to kind of tie your success to the company's, but also similarly, they need to tie their success to yours.

So I'll give you an example; I was once, I'll say the name of the company when I tell the story, but I was once asked to lunch or breakfast with the executive editor of a major national newspaper, and he asked my advice about something. He said, and this is the number one guy. So he said - or the number two guy - he said, "Listen, all of my reporters, my best reporters, are getting such big Facebook and Twitter and Youtube followings that they're starting to ask for raises and I don't know what to do." And I said, "Well don't you want them to have huge followings on Twitter? That actually creates viral articles and so on. It means that you have good reporters." And he said, "No. At our publication, nobody's a star."

So that's kind of like this old-school thinking where he thinks just the banner at the top is all you need. But that doesn't really exist anymore. Companies come and go very quickly now and consequently over the years, he got let go, all of his employees at the time were unhappy and many of them have since left the company and gone on to bigger and better things. So that's The Wall Street Journal that I'm talking about. So I think a lot of companies still feel that way and don't allow their employees to have a rich employee mindset, and that's honestly, your

company is gonna really succeed well if you can consistently act with a rich, both the companies and the employee, act with a rich employee mindset.

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FT: Yep. And sometimes you have to make the case for the employee. Cause if your employer is this fear-based employer that is living in the past, worried that you're going to become bigger than the company, you need to present to them how it's gonna be a winning situation - a winning scenario. And sometimes they just need to be enlightened.

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JA: Yeah and it's a scary thing to do. That's why the mindset doesn't happen overnight. You really have to practice everything I suggest in the book, or at least this was true for me because I was very scared to put my hand out and ask. But like for instance, I met somebody a few months ago, we had dinner and he was telling me about his business career. He's never been an entrepreneur, he's always been an employee, but in each case he was able to do what you just said: persuasively make the argument to try new projects where his financial success was totally related to the financial success of the project. And some projects worked, and some didn't, but now he makes like millions a year because this is what he did. And he's never been an entrepreneur, he's always had a boss.

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FT: I love that.

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JA: Yeah, and I've seen that now many times, hundreds of times, so it's not like an impossible thing, it's actually the direction this economy is going. Like I said, an Idea Economy where you don't just get paid now, here's a cheque for \$5,000 every month for your knowledge or for your work. Instead, okay if you have good ideas you're gonna make a lot of money. And if you have not so much good ideas, you won't make as much money. And what this means is is that you're

actually getting, through your pay, you're actually getting feedback on your ideas. So bad ideas - the feedback you get making no money is just as good in some cases as making money because then you're getting really good feedback on your ideas so you can improve them and get them to be better. Which is different from the old-school economy where you get paid every two weeks for 300 in a row, and then you're fired.

FT: Right.

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JA: And you have no feedback at all along the way. You might have been totally declining in your value to the company, but you didn't know that, and then you just got fired.

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FT: By the way, that's happened to me. That's happened to me.

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JA: It's happened to me too. Like it's horrible. It's the worst feeling in the world, where you think you're safe and then suddenly you're called into a room and your boss and the HR person is sitting there. Like that is the scariest...

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FT: If you ever get an email at 3 o'clock in the afternoon, all hands on deck meeting in the boardroom, and it's from the big chief, don't be in that room! [Laughs]

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JA: Right. Or even worse is, someone you've never had a meeting with before says - but who's like a boss, like a manager - says, "Hey, meet me in conference room A."

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FT: And they Cc HR, yeah.

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JA: Yeah yeah. No he didn't even Cc HR, but I wrote back and said, "Hey let's just take a break downstairs." And he's like, "No, no, no. I need you to meet me in conference room A right now." [FT Laughs] And then I go in there and like the HR lady with the whole book is like in there with a tape recorder on. And those are horrible.

[00:31:53]

FT: Oh my gosh. Well there's so many more question - by the way, I envision you doing a huge speaking, rounds of speaking at various companies cause this is something - I'm sure you thought of this cause you're a genius at marketing - but this new book that's coming out in September has to be a book that every company must encourage their employees to read because it's genius. I mean that's a great way for them to move their needle forward.

[00:32:18]

JA: You know, it's funny because I'm always very individual focused. I get so many emails, and I'm sure you do too, from people who say, "I'm unhappy, I'm stuck but I can't quit cause of this and that and the other reason. What should I do?" So I'm very individual focused. I want individuals to have basically better well being. But I do think you're right, that companies desperately need to encourage their employees to have a rich employee mindset. And as an example, the same guy I was talking to a few months ago, who now is making millions a year, his company has gone from making \$10 million a year to \$500 million a year because of projects he started. So the company only benefits by creating this mindset.

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FT: I wanna talk, again, about "Choose Yourself Guide to Wealth", specifically the impression technique because James, you know, you've made money and your fortune in ways that's very unique, that's very singular. The average person can't replicate, for example, investing in a company like Buddy Media in 2007 that later goes on to be sold for close to a billion bucks. However, in your book you do a very good job of showing how people can do whatever they want, whether it's make more money at their current job, start a business, secure their future by using what's called the impression technique. Can you distill that for us?

[00:33:45]

JA: Yeah so there was one point in like 2002 I was literally, I had lost \$1 million per week. And I'm not just talking about on paper where the stock went down or whatever that, you know, the Internet boom. I had cash, and I was just stupid in every possible way. I should've literally just blown my brains out, I was so stupid. And I figured, "Okay, I need to figure this out. I need to figure this out. I need to talk to people. First I need to understand what I did wrong, and so that's a whole different topic. But I also need to kind of now start networking. I know nobody anymore," and so I wrote 40 emails to like all of my heros from like Warren Buffett to whoever. And I said, "Look, can I please buy you a cup of coffee? And I'll do anything. I'll fly out there, I'll buy you a cup of coffee."

And I got zero, I didn't even get like, "No thanks." I got zero responses and the reason is think about Warren Buffett getting this email - he's not gonna suddenly say, "Hey, stop everything. Some random guy named James wants to buy me a cup of coffee. I've got \$50 billion in the bank and I get a free cup of coffee from this guy." No one wants that!

[00:35:05]

FT: Did you really ask him to coffee, James?

[00:35:07]

JA: I said, "Can I spend like just half hour with you. I'll fly out to Omaha." And I didn't even have the money at that point, to fly out to Omaha after having millions and millions of dollars, beg

borrowed and steal if he said yes. But that was with everybody that I asked. Like I asked all my heroes. And so finally what I figured out what, look I need to and we talked about this before, but I need to exercise this idea muscle cause it's atrophied. I've been depressed, my idea muscle is no longer creative, I need to just start researching everybody I wanna talk to and then come up with 10 ideas to improve their businesses, or improve something they're doing and just give it to them without any expectation back. When you have no expectations, then all of your expectations will be succeeded.

So I did this again, and again, where I would send emails to 10 people, then 20, then 30, then 40. But this time, instead of saying "Hey can I meet you?" I would say, "Hey I've read this, this, this, that you did." Even papers that they wrote, like academic papers that they wrote in the 1960's. I would read everything, watch everything, study everything, and I would come up with 10 ideas to help them in some way. And I would say, "If you did any of these 10 things, I will pay money to see these things. If you're a writer, I'll pay money to read these articles. If you're a hedge fund manager, here is some software I wrote that will help your hedge fund business," or whatever. I literally like packaged up software and said, "I'll train you how to use it," whatever.

And out of 40 people, three people responded. One person, one of those created my entire career in writing. Just totally, I'm really grateful, totally created a career for me, which to this day continues. Another person gave me money to manage, and I started a hedge fund and that changed my life. Totally created - and he didn't do it just off the email, there was months of dinners after that and so on. But the same thing with the other guy. And then the third guy, I never responded to - this was in 2002 - but a year ago, I finally responded to that exact email that he replied back to me, and I asked him to come on my podcast and he did. So ultimately all three really, I benefited from all three. And that's the impression technique, you create an impression. Most people didn't respond again, but the three who did, two of them literally made me millions and millions of dollars.

[00:37:44]

FT: And did you...

[00:37:46]

JA: Which I totally lost again!

[00:37:47]

FT: Which you lost! But did you have any relationships, contacts, six degrees of separation between you and these 50 people you admired? Or was it literally you just made a list of people you admired? Cause I wanna make this really tangible for people listening.

[00:38:03]

JA: Yeah, I'll tell you; I had zero! Because I was coming out of - prior to that I had worked at HBO, the television company, and I had worked, I made websites for record labels. That was my first business, was making websites for record labels. So all 40 of the people I contacted though, were people in the financial industry. So for instance, the writer I contacted was Jim Kramer. I had zero connections to him at all. The hedge fund manager, I had zero connections to. The guy who was on my podcast last year, Nassim Taleb, I had less than zero connections to. I'd kind of just randomly wrote the contact button on his website or whatever. And he wrote back, "Sure, let's have lunch." And to my regret I never responded then, but I responded last year and he was such a nice guy, he came on my podcast, it was really fun.

But Jim Kramer, I gave him 10 ideas for articles to write, and I really researched what kind of articles I would read. And he said, "These ideas are so great, why don't you start writing for TheStreet.com and write these articles?" And the hedge fund manager I wrote, I said, "Here are 10 trading systems, you can have them. Here's the software for them, you can have them complete," and he said, "This is really interesting. Let's have dinner." He invited me to his house. I met his team. They all gave their opinions on me. We all talked about the markets, so he knew I knew what I was talking about and he ultimately gave me money to manage and then I was able to leverage that to raise other money and build up a hedge fund, and then a fund of hedge funds and so on. So I mean you kind of have to build up and pursue, but these people in the first round never responded to me at all.

[00:39:45]

FT: That in of itself is a course that I would pay for. "How to write successful emails to people you don't even know, that can turn your life around."

[00:39:55]

JA: Well you know, and people write me unsuccessful emails. So I'll tell you an example of an unsuccessful email: and unsuccessful email might be, "James, I will help you with whatever you need. Tell me what you need." That's a very unsuccessful email cause he's now giving me work to do. Like now I have to figure - I don't know what his skill set is, and now I have to think of something I need. Like my life's been going - he has to tell me something I didn't realize I needed until he sent me the message or she, rather. So that's one example.

Another example is of course always the, "Hey can I buy you a cup of coffee?" Sometimes I do say yes to that just cause remembering my own experience. But most of the time it's very hard to do, or I'd be drinking coffee most of everyday. And then another type of unsuccessful email is if they just don't send me, if they send me ideas that show they haven't researched my needs. So for instance, you mentioned the guy who wrote you an email saying, "Why don't you have more men?" Well I get that also, and I have to say, "Look I've literally had every race, ethnicity, sexual background, you name it. I've had it on my podcast and they just did not do the research.

[00:41:06]

FT: They're just not, they're obviously not listening to your show, which is, you know, at that point... [Chuckles]

[00:41:11]

JA: Or they'll say like, or they won't have read my book, which is a fairly easy book to read. I can tell by the question that they asked. There's a lot of answers in my books, so a lot of times people ask me questions that I've already answered many times in my books or my blog or whatever, and I'm very forthright about - like you said, you would pay for a course - I'm very forthright about just giving this stuff in my books or emails or anything and I come up with the

content based on the questions people have already asked me. And usually people ask kind of the same questions because we're all sort of going through this hard time where, at different points in our lives where we don't quite know who we are or what we wanna do, or what's gonna make us happy, and we reach out and explain, "This is my situation, I did this, this, and this. And now I'm in a bad situation. Can you please help me? What should I do next?"

And the simple answer - I know I'm talking a lot, but I'll give you one quick example; somebody wrote me and said, "James, I'm doing every aspect of your daily practice, physical, emotional, mental, and spiritual health. I'm writing down 10 ideas a day, but on Friday night I go out with my friends, and they all laugh at my ideas and put me down. What should I do?"

[00:42:30]

FT: Get new friends! [Chuckles]

[00:42:32]

JA: Yeah I wrote back and said, "I have a great idea, stay home on Friday nights." And he never responded again, but like sometimes people also, like I just talk about what's worked for me. Obviously that wasn't working for him yet, people kind of have to sort of grow into their own solutions as well.

[00:42:50]

FT: Well and obviously he's not supported. I think that's a big key to success. We know the saying, and it's been repeated multiple times, I don't even know who the source of this is anymore because everyone pretends that they own this saying, but it's like, "You're the average of the five people you surround yourself with the most." And that is true, and I am proud that I surround myself with my husband and my son, but also a lot of amazing people outside of my home life and I would never be anywhere I am today if I was around people who were like, "Farnoosh, nice idea, but you know. No one's gonna believe that or want that, or your dreams are too big." Come on! The people in this world, in our lifetime that have the craziest ideas, guess what? They're the ones who go out and accomplish them.

[00:43:39]

JA: You're totally right. Like the emotional support from partners, friends, even if you weren't married, just the people who you're around is so incredibly important. And you can't change it overnight. It's sort of like a thing where I say, "Look, don't try to change anything 10% in a month," even though the math of emotions is weird.

[00:44:01]

FT: Although I have dropped friends. I have dropped friends overnight, so that you can do.

[00:44:06]

JA: Yeah, so the way I view it is almost like a Bonsai tree. You let some branches grow, and you cut other branches. But it's like a 1% a day thing, so like everyday I kind of look at the landscape and figure, "Okay how can I improve my emotional life just a little bit in this direction and away from this direction." And over time, starting with that philosophy in 2010, that has completely changed my life above and beyond anything I could have ever hoped for. And that doesn't include just mental, I mean emotional. It's also on the mental side, the spiritual side, the physical side, changed my life 100% by doing this because well-being, not happiness, but well-being is kind of a combination of "do we feel a sense of growth and competence? Are we good in our relationships? And do we feel like we have ever-growing freedom in our decisions?" And the combination of those three things is really what creates a sense of well-being.

[00:45:04]

FT: Well I would end on that, but last time you were on the show I forgot to ask you my So Money Fill in the blanks [Chuckles]

[00:45:11]

JA: Okay go for its!

[00:45:12]

FT: They're a little silly, but I think we'll have fun with them. If I won the lottery tomorrow, the first thing I would do is _____. You have earned more than probably a lottery winning at this point, but let's just say someone knocks at your door and drops off like \$100 million. The first thing I would do is _____.

[00:45:32]

JA: I would give it to, I would give at least 90% of it to Women for Women International, which is a great organization, I don't mean to promote them, but you might even know about them. It's single women in war-torn countries like Afghanistan or Africa or wherever, who are trying to start businesses. They do all sorts of things to help these women with single families. So I really like that one organization. And then with the \$10 million, I like to do what I call "micro-charity", which is I find, personally, specific situations that I try to help out.

[00:46:08]

FT: Now, this is ringing a bell, so I might have asked you these before. [Laughs] But I'm gonna do it again. I mean, I make mistakes.

[00:46:17]

JA: I think I'm coming down with Alzheimer's.

[00:46:19]

FT: Well yes, so great. So come up with new answers!

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

[00:46:25]

JA: Business class, instead of coach, when I'm travelling across an ocean.

[00:46:38]

FT: For sure, yeah.

[00:46:40]

JA: Cause let's say you're doing a speaking engagement, let's even just say in London. You don't wanna like have a week's worth of jet lag and have to speak. It's gonna ruin your career opportunity, so it's worth the investment.

[00:46:52]

FT: Have you seen these new middle seats that they're contemplating, some airlines, where you're like facing the middle seat. As if it wasn't already horrible, that middle seat in coach, it's like you are facing the opposite direction than the people next to you.

[00:47:09]

JA: Oh my gosh.

[00:47:10]

FT: So like everyone has to like stare at you while you're sleeping with your mouth open.

[00:47:16]

JA: Okay, on the flip side of that though, JetBlue just introduced - they used to be all one class, which was coach - now they just introduced their "mint class" and it's one, it's like either one fifth or one third of the price of American Airlines business class or first class and it's the same

routes, they're doing route by route. So I highly recommend doing that cause it's like pretty much the price of coach in American Airlines, this mint class.

[00:47:43]

FT: Yeah. They're new airlines are really, they're So Money. You can actually go up and take as many snacks as you want from the snack bar. You don't have to ask the flight attendant and then you feel like a real pig cause you're taking like a few or three pop chips. This way you can just go up when you feel like it and it looks like you're going to the bathroom, but you come back with like animal crackers and pop chips.

[00:48:05]

JA: Exactly.

[00:48:06]

FT: It's a good life.

[00:48:06]

JA: JetBlue's a great airline. I like the staff also.

[00:48:12]

FT: Okay, okay. People always ask me for stock picks. I can't, I can't. But JetBlue, alright.

[00:48:18]

JA: You know, if I love a product and they're doing the right things and it's right at the beginning of them doing the right things, then I like the stock.

[00:48:26]

FT: My biggest guilty pleasure that I spend a lot of money on, this is a little too similar to my other fill in the blank, maybe that was my error in coming up with these fill in the blanks, but people have been giving me different answers. But my biggest guilty pleasure that I spend a lot of money on is ____.

[00:48:43]

JA: You know, maybe this is really boring, but I don't have any because maybe books are the only thing. And that sounds kinda pretentious, so I don't wanna say that. But I really, I had guilty pleasures and it cost me millions of dollars. So now I stay really disciplined and I don't have any.

[00:49:01]

FT: You just have things you like to spend on that make your life easier or better.

[00:49:05]

JA: Well you know, one thing my wife Claudia and I did a few months ago was we threw everything out. So we literally just like limited, I would say we threw out 90% of what we had.

[00:49:15]

FT: How did you decide what to throw out and what to keep?

[00:49:17]

JA: Well we used kind of this technique, roughly, in this book - I think it's called "The Magic Art of Tidying Up" by Marie Kondo - it's a bestseller in Japan, but it's been translated into English. And she suggests you put everything on the floor, one by one, and if you love something you keep it. And if you don't really love it, like you don't feel like total emotion in your chest, you just throw it out. And so I already had all my books on my kindle, I wasn't really in love with my plates or most of my sheets, or really most of my clothes. Like I've been carrying around clothes

like since high school practically, and I just threw everything out. There's no bookcases, there's nothing in our closets. We got rid of all of our big plates and most of our small plates, we never have guests so we got rid of like most of our sheets. We just, we're boring people. I'm boring.

[00:50:12]

FT: So now is your home too big? Do you have too much storage? What do you do with all of this free space?

[00:50:16]

JA: No it's great, it's just empty. So I have like a computer that I sit at and a mostly empty room with a table and with a mostly empty table, and its great. You know, Einstein once said, he was critical of this. Someone said to Einstein, "Show me a cluttered desk and I'll show you a cluttered mind." And Einstein replied and said, "Well then what kind of mind does someone with an empty desk have?" And I actually like having a pretty empty mind, so I don't mind that. It's relaxing, less stressful. I don't like to be stressed.

[00:50:51]

FT: Perhaps the only thing that Einstein ever said that was a little controversial! [Laughs]

[00:50:57]

JA: Well, he, you know, "God does not roll dice," was also controversial.

[00:51:02]

FT: Oh. Well.

[00:51:03]

JA: Cause Quantum Mechanics goes against that.

[00:51:05]

FT: Yeah. My dad's a physicist so...

[00:51:07]

JA: Well I'll have to ask, bring him on your podcast!

[00:51:10]

FT: You know what, I should bring him. My dad taught me a lot about money and so I recently had myself on my podcast, recently. People have asked me to bring on my family members because I think that's very revealing, that can be very revealing.

[00:51:22]

JA: It's true. I've had, well Claudia, my wife and I, we do a podcast together, "Ask Altucher", and she was a big contributor to this book "The Rich Employee". But also I've had my daughter Molly on my podcast, and people like say, "Bring Molly back on!" Cause it's really interesting to get alternative points of views from people, particularly people kind of outside the, who haven't been doing like hundreds of podcasts already.

[00:51:47]

FT: Some of my favourite posts of yours are about your kids. I think they're gonna grow up to be, and if they're not already, they're gonna grow up to be pretty amazing people. I'm sure they're already amazing, but they're gonna be - if they're anything like you or Claudia, as you're raising them now, it's gonna be fantastic.

[00:52:03]

JA: I hope so. We'll see, the jury's still out.

[00:52:06]

FT: [Laughs] It's hard, they're like in their tweens and teens now right? So they probably have their "They know everything, and you don't know anything".

[00:52:14]

JA: That's true. Particularly for my 16 year old daughter, although she's starting to respect me when she sees some of the guests on my podcast. Like if I have like a famous Youtuber or like some famous musician or whatever, she's starting to like, "Woah, that's pretty cool." So I'm getting her a little bit. Bit by bit I'm reeling her in.

[00:52:35]

FT: Okay, and last but not least James - I'm James Altucher, I'm So Money because _____.

[00:52:40]

JA: I'm So Money because I'm good enough to be the first person to be a repeat guest on the So Money podcast. I can't even tell you - I didn't know that - I can't even tell you how grateful I am that you had me on again.

[00:52:56]

FT: Oh my gosh, James I'm so - I always am a little timid. I know you're busy, and you get tons and tons of emails and messages and posts, but you're always quick to respond to me, so I really am honored. I'm honored, I'm so appreciative.

[00:53:12]

JA: Farnoosh, I know you almost more than, almost longer than I've known anybody in my life! So of course I'm gonna respond to you quickly.

[00:53:23]

FT: Awh thanks so much! We're family, we're family. This is great. I have had re-runs on this show, but you're the first fresh second episode, live second coming of the same guest - I can't even get it right. The second appearance of a guest. Thank you! My goodness, it only took me like 45 minutes to get that correct.

James Altucher, thank you so much. Congratulations on "The Choose Yourself Guide to Wealth", and the forthcoming, the "Rich Employee". Is that what it's called?

[00:53:52]

JA: Yep.

[00:53:53]

FT: Alright, we'll be looking out for that for sure. And I'll see you around the block.

[00:53:58]

JA: Okay. Thank you Farnoosh. Talk to you soon.

[00:53:59]

FT: Thank you.

[END]