

**EPISODE 221**

[INTRODUCTION]

[00:00:31]

**FT:** Welcome to So Money everyone. I'm your host Farnoosh Torabi. Picture this, just imagine - close your eyes, imagine - earning six figures, which is well above average in this country. It's what some people just aspire to do is to earn six figures, cross that \$100,000 threshold. But all the while being broke. Yeah, earning over \$100,000 a year and facing an exact amount, or similar to that, in credit card debt. Not talking student loans or your mortgage, credit card debt.

This is where the story of Brian Brandow, our guest today, begins. When trying to book a family vacation back in 2010, Brian says he hit a wall. All of his five credit cards were maxed out. He had \$0 left, not available cash, and at the time he was making a great salary - \$120,000 as an IT manager. That's more than enough to afford a vacation. But he quickly realized that he and his wife were broke and that he needed to make a change. And they were living, obviously, far beyond their means. They had, in accumulation, about \$109,000 in debt. And it was the wakeup call of wakeup calls.

Brian and his wife, at that moment, decided to take control of their finances and that is when their journey began. Brian educated himself on personal finance, his wife went back to work to bring in extra income, and together they were able to clear the debt in just over 50 months, or about four years, which was actually ahead of their schedule. And now without having to worry about the debt, they are now able to contribute to an emergency fund, they can contribute to retirement, and they can also save for college for their three kids.

And today Brian's goal is to help others in similar situation through his blog, Debt Discipline, as well as his personal coaching sessions where he teaches budgeting, and getting on the right financial track. We learn from our conversation with Brian the immediate and long term adjustments that helped him and his family erase over \$100,000 in debt in a pretty short period of time. Why he believes he made financial mistakes over, and over again - what kept him spending and living beyond his means? Why wasn't six figures ever enough? And finally, this is

kind of new for him, but navigating unemployment. Brian was actually laid off this year; how is the family managing it all?

Here is Brian Brandow.

[00:03:09]

[INTERVIEW]

**FT:** Brian Brandow, welcome to So Money. Great to have you on the show.

[00:03:15]

**BB:** Farnoosh, thank you very much. Thanks for having me.

[00:03:18]

**FT:** This is an example, listeners, of the power of getting in touch with me over Twitter, over email. Brian reached out and said, "I think I have a story that your listeners might want to hear." He absolutely did and that's how this interview came together. Brian, thanks for reaching out to us.

[00:03:35]

**BB:** Yes. I was listening to your podcast one weekend, heard my question come in, and go reach back out and here we are.

[00:03:45]

**FT:** And here we are, absolutely. Brian, you are the founder of Debt Discipline. Before you were this well-known blogger, however, you and your family were struggling to make ends meet, making six figures. How is that possible, making six figures and broke?

[00:04:02]

**BB:** Yes, it was something that I ask myself often. We just really never had a plan for our money, never really educated on the fire points of personal finance. My parents did an “OK” job of teaching me the “how.” They showed me how to balance a chequebook, how to set up a savings account, but never really the “why” behind it. I graduated college, started my career and started to earn more money, promotions and just continue to spend more money, just really never had a plan. So, woke up one morning 40-years-old and realized there had to be a better way.

Really what was the aha moment, or the rock bottom moment I like to say is, we were trying to plan our summer vacation. I'm a father of three. My wife and I were sitting down and trying to plan our summer vacation and basically realized we didn't have any money. We didn't have any cash and we were out of credit. That's how we were financing a lot of our vacations in previous years. It was that moment where we said, “Well, we wake too much money to be in this type of situation.” That's when we really decided that we had to make a change because we couldn't continue to go on like that. Just living paycheck-to-paycheck when having a six-figure salary.

[00:05:30]

**FT:** Were you able to still take that vacation? Or did you have to just go cold turkey and stop spending for a while?

[00:05:37]

**BB:** That year we actually just stayed at home, the staycation. We did some local things, some free things, went to the beach and so that was a rough year. That was a year where we kind of went cold turkey and really made some drastic changes.

[00:05:53]

**FT:** Tell us about those drastic changes. Let us live vicariously through you during that year or two, or however long it took to get to zero with your debt. What were some of the trade offs you had to make? The big ones?

[00:06:06]

**BB:** First it was really just realizing that we had to make the change and come to that decision to say, "All right. This is it. We need to change our bad habits with money." Once we did that, we had to educate ourselves a little bit. One of the things I did was I went to the internet and I found other bloggers, other personal finance bloggers, I found other resources like Dave Ramsey, was one of the first big name resources that I found. I read his book *The Total Money Makeover* I think in probably three days. His steps made a lot of sense to me right away. I kind of thought there was some secret that I was missing out there, some 'get out of debt quick scheme' that nobody told me in college or that I was missing out all these years.

But I realized that it was really just common sense, that I had to spend less than I make and be disciplined with my money.

[00:07:09]

**FT:** Your wife also went back to work. Right?

[00:07:11]

**BB:** Yes. That was one of the things a few months later. It was kind of a twofold plan. One was let's see how we can cut expenses and then my wife initially went back as a part-time to bring in some more income to increase our income, then now she's actually working full time.

[00:07:32]

**FT:** How long did it take you to be able to get to a comfortable level again, or the debt was no longer keeping you up at night and you felt your six-figure income was really affording you the life that it deserved?

[00:07:46]

**BB:** It took us about 50 months actually to pay off the complete debt. We had \$109,000 worth of debt so it was 50 months. We averaged a little bit over \$2,000 a month repayment on our debt. So it was a 50-month journey. But it was really those couple of months that were really tough getting used to the new behavior, the new habits and cutting back on some of the things that we were spending money on – eating out, things that were wants as opposed to needs.

Once we get a handle on that, it really became easier. We made changes in the way we vacationed over those years, we sacrificed. We have family on the west coast. We live on Long Island, but we have family on the west coast, so we typically take a trip once a year to visit them. We didn't do that over those 50 months. That was difficult not to see family as frequent, but what we kept in mind was the long-term goal. We knew if we sacrifice for the short term, that once we were done, that we would have a surplus of money to be able to build wealth, to be able to take a trip when we wanted to. We just always kept that in mind.

[00:09:06]

**FT:** The media has had a joyride with this story, I think, because it's a great headline, "Six figures and I'm broke." Or, "Six figures and I'm in debt." Why do you think that the general public is so fascinated by this?

[00:09:20]

**BB:** I'm talking to others. There are other people that are out there, that are in the same type of situation. I know from my own experience with family and friends, talking to them that there are people everyday that struggle, that make a lot of money, that just don't

know how to manage it from a day-to-day point of view. They're not looking at their big picture, they're looking at, "How can I manage a minimum payment? I can spend on a credit card because I can afford that minimum payment, or purchase that new car because I can afford that minimum payment." But when you add up all those minimum payments can really put a crunch on your budget.

[00:10:01]

**FT:** How much of a pressure was society to have you live a certain lifestyle based on the careers that you have, the income that you are making, the location where you lived? Were there outside influences?

[00:10:16]

**BB:** I think the influence was more – we just didn't have a plan and we were just following other people. You get married, you buy a house, you buy a new car, you do upgrades on your house, we were just following others. We weren't really thinking for ourselves in terms of our money. We would just say, "Well, other people get a 30-year mortgage so that's what we'll do. People typically spend or mortgage a little bit more than they can afford because they're anticipating income increases over the years that they're in the house. That's what we'll do. We need to get some upgrades on the house, so we'll go ahead and do that and we'll borrow the money to do that as opposed to saving the money to do that."

We just fell into the trap of following what other people did, like I said, as opposed to thinking for ourselves or having a plan for ourselves. I think that kind of mindset really got us in trouble.

[00:11:15]

**FT:** Congratulations, you paid off all the debt in 50 months, so that was last September. This year, you lost your job. So, talk about how you're navigating all of that? Perhaps it's not as stressful as it would have been if you had still the debt hanging over your head.

[00:11:33]

**BB:** I don't like to think of what type of situation it would have been, but now having a plan with our money and not having that \$109,000 hanging over our heads and having emergency fund now, it's still not a great feeling losing your job. But it's not a stressful situation, or it's not a stressful situation as it would have been if we were in that situation where we had as much debt hanging over our heads as we did a few years ago.

I think attitude is a big part of it even in the job search now. Keeping a positive attitude when I meet with perspective employers for an interview, or just initial recruiter conversation. That's important. You project that when you're having a conversation or speaking with somebody.

[00:12:19]

**FT:** Have you thought about taking Debt Discipline on the road? You can really brand this and as so many of my guest have experienced, their blog, their passion becomes their full time gig. It allows them to not have that traditional full time job. Have you thought about that?

[00:12:38]

**BB:** Yes, that's certainly one of the things I've been considering. I have been – in a sense we became debt-free last year, one of the things I've been pursuing is I've been involved and certainly would like to promote financial literacy. We have three children so we've involved them with our budget discussions. From day one we involved them. We sat them down and then explained to them what was going on, that there would be changes. Financial literacy from high school, middle school, grade school level is something that I think is very important. Because it's something that I never learned. I joined a committee on my local school district and we are actually kicking off a program of financial literacy this year. I've worked with a number of friends and family helping them with their own personal budgets and their financial plans.

I also actually before I was let go by my former company, I had instituted a help institute. I contacted my CEO and helped get a financial wellness program started within the company because sharing a little bit about my story, I said, "Well, I'm sure there are other employees within the company that are in similar situations and I think about changes within any company when there are changes to compensation, or bonuses, or benefits. Sometimes those things can really affect the individual, then they can affect morale and productivity within the company."

Yes, it's certainly something I'm pursuing, I'm pursuing some of my own certifications, I'm actually looking at the Series 65 and looking at maybe doing some initial coaching with people and doing some speaking maybe at a high school level and/or even at the corporate level looking at opportunities of financial wellness within companies.

[00:14:31]

**FT:** Not only does financial wellness prepare you for a potential layoff or transition, but as you are perhaps pitching this to other companies, I think it's a great model, it's a great thing you can brand. Being financially healthy and secure as an employee ultimately means you can put more effort and focus to the task at hand, to your job. You're not stressed out about money and so you're not bringing that stress to work. I think that needs to be understood and appreciated by employers, that when your employees have financial security independence, it's a win-win for everybody.

[00:15:11]

**BB:** I totally agree. I think there's not a disgruntled or morale issue when there is a change. Benefit cost will go up a little bit, or the bonus percentage is not going to be as high as it was last year, or whatever the case may be. We know there's going to be changes year over year, but we just need to better-prepare or educate the staff members in a way so that they can handle those changes and not then take it out in their performance or their productivity.



[00:15:48]

**FT:** Now that you're So Money, Brian, let's do some So Money questions. The first is, what is your financial philosophy now? Now that you have a plan, you're out of debt, you can see the future, the clouds have parted, what's your financial philosophy?

[00:16:03]

**BB:** I think it's simply just have a plan for your money. We did not have a plan for so many years and we ended up in the situation we ended up in. So, it's one of the things I'm teaching our children. It's just have a plan, be deliberate with your money, with your spending and I think if you do that, you'll end up just fine.

[00:16:31]

**FT:** Tell us now about a failure that you experienced? We've sort of gone through a lot of your missteps and of course being in a lot of debt while earning a good salary might characterize as a regret or a "failure." But what would you say is the biggest area where you went wrong?

[00:16:50]

**BB:** I think it's the use of credit cards. We're kind of in this perpetual use where we would use them and over the years we have consolidated them down into a single payment and it would give us some breathing room, but then we would continue to use the credit cards to charge up, overspend. We had this consolidated payment, and it was manageable, and if we pay that payment and didn't overspend anymore, we could have been out of debt in X amount of years. But then we went back and just overspent. We've never corrected the behavior. That was this perpetual cycle for 10, 15, 20 years, until we finally had that moment where we said, "We need to make a change."

I think if I would have had that aha moment when I was 25, we would have been in much better shape today. You'd probably be talking to a millionaire today as opposed to – and like I said, I think that's just the key, starting early and having a plan.

[00:17:59]

**FT:** I will define your So Money moment for you, which is that I would say it's paying off all that debt. Right? The six figures in 50 months is no small feat, but I'm curious to know, what did you do with that moment when you cross the finish line? And as you're approaching the finish line, how are you feeling?

[00:18:17]

**BB:** It was an amazing feeling. It was really a feeling of accomplishment. But once we did that, we just took a breath for a minute. We didn't want to make any rash decisions right away because we had been in such debt repayment mode for those 50 months, now having a surplus each month. We have talked about the things that we wanted to do – we wanted to increase retirement savings, we wanted to start to build college funds, we wanted to take some vacations and things like that. But we actually took a little bit of time, two or three months where we just hit the pause button and just went and looked at what we were doing and didn't make any decisions because we didn't want to make any mistakes because we were like I said, coming out of this repayment mode for such a long period of time.

[00:19:08]

**FT:** Sort of like cautious enthusiasm like, “Is this real? Okay, let's reflect and not make any rash decisions.” I think that's probably a smart move.

[00:19:17]

**BB:** Yes, it served us well.

[00:19:20]

**FT:** What do you say is now your number one financial habit as you are trying to now stay out of debt and maintain this momentum? How do you do it? What would you say is your biggest recurring habit?

[00:19:35]

**BB:** Again, it's the having a plan. We keep a budget in an Excel spreadsheet and we're constantly talking about money. My wife and I are kind of always on the same page with how we're spending our money, we involve our kids in the discussion. You can't let it go for a long period of time. Whether it's daily, weekly, monthly, you have to be on top of it often. As soon as you get lazy and let it go for a period of time, that's when you're going to fall back into those bad habits.

[00:20:06]

**FT:** How were your kids during this entire period of trying to get out of debt? Do you think they appreciate it now?

[00:20:14]

**BB:** They were really great through it. Like I said, we sat them down and explained to them that there were going to be changes, but they understood it. We involve them, we show them, "This is what the mortgage payment is. This is how much debt we have. This is how much money I make. These are all the other bills." We explain to them things. They were around the age where they wanted cellphones, so we had the conversation of, "Well, do you understand how much a smartphone cost and how much it cost monthly?" Things, having discussions with them of things that they were interested in help them better understand it. Now coming out on the other side, they see the benefit. They see what the sacrifice was, but now they see the benefit.

I have twins. My son and daughter turned 16 earlier this year and for their 16th birthday, we're able to take them on a vacation. It was a great family vacation and we did a lot of things, we had a great time and during the trip they even said, "This is an amazing trip." And it's all because of the things that we did in the last couple of years to get to this point.

[00:21:34]

**FT:** All right, Brian. Are you ready for some So Money fill in the blanks?

[00:21:37]

**BB:** Sure.

[00:21:38]

**FT:** Okay. If I won the lottery tomorrow – I think you would like this – let's say \$100,000,000, what's the first thing you would do?

[00:21:48]

**BB:** Definitely take the family on another nice vacation, but I think also set up some type of foundation to spread the financial literacy word.

[00:22:01]

**FT:** One thing that I spend on that makes my life easier or better is \_\_\_\_\_.

[00:22:06]

**BB:** I thought about this question before you asked it. I don't know if we have one of those items. One of the items that we had cut though prior to the debt repayment was – this probably doesn't really fit in this category, it might fit into the next one. Was we had

satellite radio in our cars and that's more of a luxury item we have cut. We added it back now that we're debt-free. That doesn't help me be more productive in my life, but it's just one of those luxury items I like to – when driving commuting home from work was a nice luxury item that I could listen to. So that was one of those luxury items.

[00:22:47]

**FT:** Yes, I would say that's a good splurge. In some ways, it's an experience that you're affording. It's going to be a long drive to and from work, so you may as well be enjoying it and not being so stressed from the traffic. I consider that money well-spent.

One thing I wish I had learned about money growing up? – I'm going to guess this, that you got to have a plan.

[00:23:07]

**BB:** Yes. I think the sooner you can learn that, the better you're going to be.

[00:23:14]

**FT:** When I donate money, I like to give to \_\_\_\_ because \_\_\_\_.

[00:23:19]

**BB:** We have a few charities that we donate. American Heart Association, we have some family members that were affected by heart disease. We also contribute to a cause called Operation Surf. They support veterans. It's actually a surfing program that brings in wounded veterans and gives them the opportunity to get out into the ocean and surf. It's a west coast based organization. Those are the two that we donate too often.

[00:23:49]

**FT:** Brian, I never asked you. Where do you all live?

[00:23:52]

**BB:** We're in New York, we're on Long Island.

[00:23:54]

**FT:** Okay, so not too far.

[00:23:56]

**BB:** Right.

[00:23:57]

**FT:** I'm actually headed out there for a vacation soon, East Long Island. Looking forward to that, getting by the ocean.

[00:24:04]

**BB:** Oh yes.

[00:24:05]

**FT:** Last but not least, I'm Brian Brandow, founder of Debt Discipline, paid off \$109,000 in debt in 50 months, I'm So Money because \_\_\_\_\_.

[00:24:17]

**BB:** I have a plan for my money and I'm helping others do the same.

[00:24:21]

**FT:** Well, we are so happy for you and your family. Thank you for sharing your story and I'm serious, Brian, you should take this on the road. This story is going to help inspire so many families and it's an important work, so I hope that you'll keep at it.

[00:24:35]

**BB:** Thanks, Farnoosh. I appreciated that and that's my plan.

[00:24:42]

**FT:** That's a wrap, guys. If you'd like to learn more about Brian and I hope you do, check out his website [DebtDiscipline.com](http://DebtDiscipline.com). He's also on Twitter at [@DebtDiscipline](https://twitter.com/DebtDiscipline). We've got all this info at [SomoneyPodcast.com](http://SomoneyPodcast.com) where you can also grab the transcript and the comments from this episode and all previous episodes. I want to hear from you, submit your question about money, or work, or life, or guests at [SomoneyPodcast.com](http://SomoneyPodcast.com). Click on "Ask Farnoosh" and there's a really good chance that I will respond by the weekend.

As a reminder if you'd like to win a free 15-minute money session with me, hop on to iTunes and leave a review for the show. Every Saturday I pick one new reviewer to receive a free 15-minute money blitz with me. If this is something that interests you, please go ahead. I encourage you to do it. Thank you in advance and I hope we will connect.

Thanks again to my guest, Brian Brandow and to you for tuning in. Hope your day is So Money.

[END]