

EPISODE 814

[INTRODUCTION]

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FT: You know, one thing that doesn't often get mentioned a ton on this podcast is marriage counseling. Specifically, how pursuing financial independence had actually put a couple in marriage counseling.

Welcome back to So Money everybody. I'm your host, Farnoosh Torabi. Today's guest is Andy Hill. He's the founder of the blog and the podcast, both called Marriage, Kids and Money. I was a guest on Andy's podcast last month, so it's a nice treat to have him on my show today. To be clear, Andy is a big proponent of financial independence and retiring early. Over the past eight years, he and his wife Nicole have paid off \$48,000 worth of debt, they paid off their home that's worth \$400,000 and they've increased their net worth from zero to \$750,000 in eight years.

But, the journey to get to this point was not without its challenges. Because Andy's blog and podcast focuses on helping families become financially independent, he wanted to cover all topics related to marriage and kids including how beneficial marriage counseling has been to his marriage.

I appreciate Andy for coming on the show today to talk about the challenges when you're paying off debt and growing your wealth in your relationship but also, how those challenges can make your family stronger.

Here's Andy Hill.

[INTERVIEW]

[0:01:58.2]

FT: Andy Hill, my friend, welcome to So Money.

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AH: I'm so glad to be here Farnoosh, thank you for having me.

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FT: Well, I'm just returning the favor, you had me on your podcast and –

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AH: That's what we do, right?

[0:02:09.0]

FT: You got me to reveal some things on that show that I don't normally say out loud so thank you and I'm sorry, I guess.

[0:02:18.7]

AH: Must have been a quality interview then. That's the good stuff, the juicy stuff.

[0:02:22.0]

FT: Yeah, you're very good at extracting good stuff from your guests and also sharing your own juicy tidbits about your personal life, financial life and your family life on your blog. I'd love to share some of that with listeners today. You have a podcast and a blog, both called Marriage, Kids and Money. You just – to summarize, the short catch up for all the listeners who may not be familiar with your work is that you and your wife Nicole over the past eight years.

You've paid off \$48,000 worth of debt, you paid off your home worth \$400,000. You've increased your net worth from basically negative to \$750,000 in that timeframe. You believe to be on the

path to retiring early, that FIRE movement that we've been hearing about a lot. First, let's start there. What does retiring early mean to you?

You consider yourself a part of that FIRE community, what does it mean to you?

[0:03:23.9]

AH: I guess I would consider myself maybe the first part of that, the three – four letters there, maybe the FI portion of it. Financial independence. For me, I don't ever think that I'm going to retire early. I think the goal of financial independence for me is discovering what I'm passionate about, what I want to move towards, what I want to do for the remainder of my life, you know, what really drives me and so, by working on my finances with my wife, you know, eliminating our debt, eliminating our mortgage, increasing our net worth.

A lot of this has been revealed to me like you know, when I'm not worrying about paying off debt anymore, what do I really want to do with my life. That's a pretty great conversation where financial independence starts to come into picture. I don't think I will retire early really, I think I would maybe eventually have the opportunity to not work a nine to five job for somebody else and maybe work for myself, that's pretty exciting.

But, I would never really stop working and I think that's maybe where a little designation is for the FIRE movement and I think a lot of people in the FIRE movement have that same mentality as well. They want to just do something that they're passionate about and move towards it and less of the things they're not passionate about. I fall into that camp as well.

[0:04:33.6]

FT: What sparks the passion for you to accomplish all of this financial wins, in eight years you've done a lot and there's more ahead of you but what was the reason really for this shift?

[0:04:46.9]

AH: Yeah, for me, you know, early, mid 20s, late 20s, I was thinking about myself, enjoying life and there's nothing wrong with that but when Nicole and I got together and we found out we were having a baby, something clicked in my brain and I've actually read about this University of Wisconsin did some studies for expectant fathers where the mother really starts to think about what can I do to create a warm environment at home.

They do the nesting, they think about cuddling with their child and the father goes to this what can I do to protect my family, what can I do to make sure that they are protected and have the best life possible. That happened to me immediately. Something clicked in my brain where I was like wow, I need to stop living for myself, stop living for today and think about, what can I do to give my daughter the best life possible.

For me, at the time, the first thing that I could think of was man, I need to get our money situation in a better way. That was my driving force and has been my driving force to give my family the best life possible. Every time I find a new money goal, whether it's paying off our consumer debt or paying off our mortgage or you know, pushing towards that like million dollar mark for our net worth. Those are the things that become the numeric goals or the monetary goals.

But the emotional output or the dream output of that is making sure that our kids never experience parents that are constantly at each other's throat with regard to money or they don't have to worry about going into student debt in the future or they don't have to worry about you know, what their lives are going to be like with their parents.

Those are the things, the emotional goals that really get me excited and have continued to push me forward.

[0:06:33.8]

FT: The baby effect. It's real.

[0:06:34.8]

AH: That's right, I like it. I think it is real. Maybe I need to research some more science around it but I know for me, it worked.

[0:06:41.6]

FT: It's not a reason to have a baby to get your S-H-I-T together but it's a benefit of becoming a parent and realizing, I have this living, breathing, important person in my life to care for and so my decisions actually matter. Interestingly, you talked about doing all of this so that your kids wouldn't witness mom and dad having financial troubles which for me, that is something that I witnessed growing up and it's certainly something I want something experienced that has fed my hunger for having my own financial independence so kind of worked to my favor.

Still, was a little damaging, a little bit. Probably should have some therapy around it but that's why I have a podcast. You and your wife did end up and are still maybe in marriage therapy, resulting from some of the disagreements around your – in your journey to I guess, financial independence and all about – which I want to get into.

But let's talk a little bit about how you ultimately built the net worth of \$750,000 starting with debt. I know that you follow Dave Ramsey's seven baby steps and you had a budget obviously with your wife Nicole but what was really, you were saying integral part of your ability to transform?

[0:08:05.8]

AH: Yeah, I would say, you know, you definitely hit it off on the right head there. I got kind of a little crazy about Mr. Ramsey and 2011, found his book, right around the time where we found the ultrasound and we knew that we were going to be parents, that was one of the first books that I read and the way that he wrote it, it was very, it clicked with me very well because it was a step process. The step one through seven of what you can do to build wealth and protect your family.

I'm a rule follower, I like steps, I ate that thing up like crazy. As we were going through the process, some conversations that started to happen between my wife and I, I quickly realized

that her and I have different views on money. I'm naturally a saver or I'm naturally someone who wants to work on these goals and she wants us to enjoy life and live for today and there's nothing wrong with either one of those.

But, the way we communicated about it in the beginning didn't really help kick us off in the right spot and I'll take the blame on that one honestly. I read the book and I came up to her as she was coming through the door one day from work after a really busy day and came up to her and I said, "Hey sweetheart, I've got a plan for our family. First thing's first, we need to sell your car." She looked at me after her long day at work, you know, just catching her right at the door and just sort of like, shook her head, walked right by like what are you talking about guy?

For me, I'm like, what did I do wrong? You know, this book says it all, how come she doesn't know, how come she doesn't understand. Surely, if she just reads the book, she'll get it, right? Through a lot of trial and error, after that moment. I realized that I have to stop talking about the numbers or the debt structure or the monetary goals and really talk about the emotional side of things with her.

Because that's really where we start to connect. That's some of the things that I learned early on in the relationship and I'm still learning today, eight years later. That we talk differently about money and that's okay. It's a great thing because she helps me to be a more relaxed, fun, easy going guy and I help her plan for the future.

I think when we can work together and combine those super powers, we could become a super couple.

[0:10:25.5]

FT: That's excellent. It's true, most couple, opposites attract and it is very true when it comes to our finances, savers tend to attract spenders and at first, it can be really exhilarating to your point, you know, you can kind of live vicariously through one another, the saver finds a thrill in kind of being with somebody who likes to spend and then the spender who might be comforted by would be with the saver but if you don't communicate it, around it properly if you don't express your emotions, understand where you're coming from, it can backfire.

What are you learning specifically in marriage counseling, what are some of the actions steps that your counselor has suggested it to the two of you, to help you communicate better around this, come closer to your goals around this.

[0:11:12.2]

AH: Yeah, it's been really revealing and in the beginning, I was a little bit hesitant to go because you know, there's this stigma around marriage therapy where it's like man, things must not be going well. They're going to marriage therapy. You know, I quickly flipped the switch after Nicole brought it up to me and after we went for our first session and I thought, wow, this is incredible, third party, thinking of it as a coach that is helping us through our tough times, you know?

Helping us communicate better. You know, if you were not, you know, not physically fit, what would you do? You'd partner with a coach, right? To help you get there, why not do the same thing with your marriage and that's kind of what I found as I went past the first session and I started to get excited about it.

Then I'm the one booking the next session. I was like, "Okay, when are we going again sweetheart?" She got really excited about that and so did I. Some of the things that were revealing to us were the way that we were communicating with each other.

You know, when we're really busy with our little kids and they're kind of hanging on our legs and we don't really have much time to talk with each other, this set aside hour that we go for our session is incredible for our marriage because some of the things that we say in passing that are really important like our plans for the weekend or our plans for our financial decisions can be interrupted pretty quickly when you got a six and four year old hanging around your legs.

The way that we communicate and we already knew this from the beginning is that we speak very differently about money. When for example, if I talk about, "Hey, I think it would be great if we maxed out our 401(k)." To her, that sounds like wow, he wants to take more money away from us enjoying life today. Then, when I heard her say, "Hey, I think it would be great if we completely decorated our basement."

What I heard was, wow, she really wants to take away my ability to have financial freedom. What really was broken down in the conversations with our marriage therapist was, actually, you guys are saying the exact same thing. You're just saying it in a different fashion.

You are interpreting what your spouse is actually saying with those messages. When Andy says, he wants to save for the future, he's saying, he wants to protect the family and give them an opportunity to enjoy life and not think about money and have more fun.

Then when Nicole says, "Hey, I want to decorate the basement or do something new in this house," what she's really saying is I want to create a warm home environment where we're having memories together and creating fun. How could somebody say no to that?

I mean, when the message was broken down that way by our financial therapist, it just helped us reveal, there's no evil motivation for my spouse, there's not desire for us to not have what we want. There's actually the opposite. They want to create an environment that is family centric and full of love and that was a really revealing moment for me in therapy.

[0:14:17.0]

FT: It sounds too that your main emotions around money are very different like you maybe see money right now as this resource but also, it is limited and so there are tradeoffs and when you hear, I want to spend money on this, you're immediately going to the scary place of okay, well that means a subtraction from what we have.

Whereas maybe she come, I don't know, I'm not the psychologist here but -

[0:14:44.6]

AH: No, I think you're on to something.

[0:14:46.1]

FT: Then she may, I know it sounds like your wife may come from a place more of like abundance or you might call it like just maybe lack of awareness, maybe she's not looking at the numbers enough to know like okay, we really can't afford this but emotionally, how would you characterize your big emotion around money and her big emotion around money, what is it?

[0:15:06.9]

AH: Yeah, I think a lot of that also came up in therapy too and it's a lot of our childhood memories and you and I got into some off the childhood memories in our conversation too. You know, for her, she didn't grow up with a lot of money and she had family members that did have a lot of money and that was something that she saw as hey, wouldn't that be great to have a life like that?

When I talk about lack or restriction or you know, saving more. To her, that takes away that dream of having the abundant life, the constant joy. For me, you know, I grew up where my parents were both working, very hard, lots of hours in order to give us the life that they felt that we wanted. You know, they'll put the kids they wanted and with that, sometimes meant less memories together.

For me, my childhood motivation or my internal motivation was to work hard, yes. But also, leave time and a lot of time in our lives to still be able to make those memories together. To walk to the bus stop with our daughter to get ice cream when you want to, those types of memories. I think when I have control of my money, I feel like I am in control of that destiny in the future and that's where a lot of my internal motivation comes from.

[0:16:17.0]

FT: It is the month of Thanksgiving, this podcast is airing in November and I wanted to ask you a question that is curious on my mind but also the mind of our sponsor, Chase Slate. What is the piece of advice Andy that you're especially grateful for? Financial advice.

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AH: Oh wow, I would say the most simplest and easiest piece of advice that I have received that's also been the most beneficial is just simply putting your number down in a spreadsheet or on paper instead of guessing what your expenses are, your income is because once you know those numbers, that's when you can start to really make some financial moves in your life that can really benefit your situation.

So just that simple action of writing it down or utilizing an online system. I know you're a partner at Mint, I love Mint and it's helped us out so much in our relationship and the communication that we had with our financial future. So just putting it down and tracking it and also seeing how that correlates to your goals both in marriage and in your finances.

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FT: So going back a little bit to get out of the debt, the 48 grand and also to pay off your mortgage, did you end up selling your wife's car? What did you actually end up doing to shore up the cash?

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AH: Yeah, so we ended up modifying plans accordingly just based on spousal reaction. So instead of selling the car, we decided, "Hey we are making good money together." At the time maybe we are making just a little over six figures but we were spending the six figures, right? So we decided working together, let's get together once a month and have a get together called the budget party and this was my attempt to make budgeting sound like a lot of fun.

So I put the word party at the end of it so my wife would show up and it worked. There was a little hesitation. I had a little bit of wine and champagne and pizza and some fun stuff like that but she still shows up every month for the past seven years on that one. So what we did to eliminate the \$50,000 in debt that we had is that we did just that. We laid out the numbers and we started having conversations.

Saying, "Hey we are making a little over six figures, we got about 50k in debt, what can we do to plug a way and eliminate this from our lives in a short period of time and in 12 months?" And we

did that. We dialed back our entertainment expenses. We were expecting a child so we weren't going to be drinking very much anyway. We vacationed last – we had to say no to family and friends quite a bit but we let them know.

They were saying no about this but we are trying to say yes to our debt freedom and that is going to help our marriage and our relationship with our kids starting off with the right foot. So within 12 months we were able to pay off that 48k and start our lives off with our new daughter in the right way. So that's part of the way we paid off that debt.

[0:19:14.9]

FT: Why was paying off the mortgage important to you?

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AH: Well for me when we decided to get our second house it was a conversation that Nicole and I had together. Again, she was interested in having a better house than the bachelor pad that she moved into with me when we got married and with that comes more space and more square footage but also a gigantic mortgage and for me, that was one of those things that kind of made me feel stressed.

It made me feel like I think we are good in this smaller house, you know? If we are going to get this bigger house that's just going to mean bigger payments. That means I am going to have to work longer hours. That means I am going to have to continue to be the flavor of the week at work and make the six figure job. So that brought a lot of stress onto me. So I said, "You know what? I want you to have your dreams and I want to have mine too."

"So let's get this house but let's agree together that we are going to pay it off in less than five years." And that's where we came together as a couple and we shook hands on it and said, "All right let's do it." So that is where we started off at buying the house and we'd agreed on that five years and we'd kept that process together. We went every month and we did our best to increase our incomes and our jobs that we had at the time.

We threw every extra dollar that we had at the mortgage, any bonuses I would get, things that we would sell around the house, we pretended that I only got paid 24 times a year even though I got paid 26 times a year. We took those extra two paychecks and threw those at the mortgage. Pretty much any extra money went at it. There was a time where our second son came into the world and she went down to full time mom.

It was a decision we made together and that dropped us down to a single income so our payments went down significantly but we kept up the same process and eventually just under four years, we were able to pay off the mortgage completely and that was last fall. So it was valued at \$400,000 right now so we own it free and clear. We are pretty happy about it.

[0:21:15.9]

FT: So I am interested to know now something that really stood out in what you told me was that your wife was a stay at home mom. So what are some of the arrangements around that to make sure that she remains financially solvent and independent because for me, as a feminist I feel like it is really important for women to have their own financial autonomy regardless of whether they get married or stay single or whatever.

I just think it's really important for them to have that always. So what's the philosophy around that in your household?

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AH: I think that is a great question and something that I am conscious off too because sometimes and I know this happened in our relationship, when she went down to zero income and she was staying at home she didn't want to feel powerless, right? I am still contributing. I am raising the children that is in my personal opinion that is more important than the work I am doing and so what we do –

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FT: And harder frankly, sorry.

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AH: Oh yeah, it's a lot harder and gentlemen, if you are listening to this and you want to get some perspective have your spouse, your wife go on a vacation for a week and watch the kids at home, you will get some quick perspective very quickly and that's happened to me and it is a good reminder for me every once in a while but some of the things that we do to make her feel as if this is our money as opposed to Andy just bringing in the dollars.

Is we create large buckets within our budget that are designated for things that bring her joy for getting her hair done, shopping, decorating the home, things like that that make her feel really good and then this is our money to work on together but then also we utilize services like Mint to help us track it together. So this autonomy, these buckets and also just having general categories called whoops or fun or whatever to allow for some of that to happen has been really important for her and it's decreased more of our money fights than in the past.

And we've actually had some discussions about, "Hey Nicole would you rather just have a separate account that is designated for the money that you want to spend on certain things?" And we have talked about that a few times but she's happy with the way we are doing it and she doesn't want to change. So that's something that is obviously very specific for every couple. There is no right way or wrong way.

Some people like to keep it all into one account, some people like to separate it. You've got to do what is best for your marriage and it is a constant change for us and we're working on it every day.

[0:23:53.4]

FT: Well I think the important thing is that you're just – it is on a done deal. It's always something that is up for discussion and I think that's the greatest lesson really because like you said, everyone is going to be different but I think if you have an understanding that it could evolve, you could wake up one day and go, "Nope, I need to have my own separate bucket," then that's what you do and that's wonderful.

Okay so sticking with the So Money format here, I do want to ask what has been your biggest money mistake.

[0:24:25.5]

AH: My biggest money mistake, well I would say and this has a lot to do with our conversation today, when I graduated from college I thought that the smart financial thing to do is to buy a house right away and I would say that was probably been my biggest money mistake because what I didn't understand is that the mortgage agent was going to tell you what kind of house you can afford based on your salary but they really are a sales person and that's okay.

There is nothing wrong with that. they are doing their job but at the end of the day, they are there to sell mortgages and to get you in a home that you maybe could afford, right? So I got into this home and I immediately found out that I could not afford the mortgage, I definitely could not afford all of the bills and all of the repairs that come along with it if I wanted furniture, these are all the things that aren't factored in when you are meeting with a mortgage agent, right?

So I felt really burned by that and I bought a house at the top of the market in 2004 in Detroit and then over the next couple of years, we had a nasty crisis where home values went way down. I ended up owing way more on my mortgage than it was worth and I was stuck. I felt stuck by owning this home, this thing that I was supposed to do right? And I never wanted to feel like that again and I guess that is part of the reason that I wanted to take control of the second mortgage situation in our lives and really eliminate it from our lives.

Because I never wanted to feel like that again, I did not like feeling powerless and stuck. You know there were times where I had a job opportunity to move to Chicago and I just couldn't take it because I was \$80,000 in the hole in my home. \$100,000 in the hole in my home and I just couldn't walk away. So some decisions like that were made to stick with it but yeah, I really appreciated the lesson out of it.

I hated to say that I hated it when I was there but now looking back I think I learned a lot from I and then made a smarter mortgage decision the second time around.

[0:26:27.8]

FT: Well that a lot explains why you had this rejection to the mortgage because you, and we should mention as someone living in Detroit that is quite the place right now to be although during the recession people were fleeing from Detroit for a lot of reasons. Tell us a little bit about Detroit, you can entice us.

[0:26:48.5]

AH: Yeah, honestly it is insane right now Farnoosh. Over the past five years and I have grown up here. I grew up in a suburb just outside of Detroit and you know, you just didn't go into Detroit when you were younger. It wasn't like a happening place to be. Yes there were a couple of restaurants and things like that. You go downtown to experience some of the city but over the past five years it is insane.

All of the sports teams are now centrally located, the basketball team, football team, baseball and hockey all downtown in a specific spot. There are five star restaurants popping up left and right. I got down there probably once a month. I go to the Detroit Lions games and there is a new restaurant or a new building that is coming up. All of the young professionals they want to live down there now because there is all these companies coming up.

You know LinkedIn is moving down there. Google has moved their headquarters down there. Quick and Loans, gigantic company that is downtown that is spurring a lot of growth. Allied Financial, some big companies that are encouraging a lot of young people to move down there. So the condos are popping up, people are wanting to live down there. There is a lot, a long way for it to go. They still have to work on the school system for a lot of families.

To want to actually be down there but it is headed in the right direction and it is really exciting to be in Detroit nowadays.

[0:28:00.4]

FT: I remember being there during the recession as I was filming a segment for Yahoo and seeing real estate listings flyers on windows, \$5,000 for a tear down house. The problem was that it was a lot of these homes were in neighborhoods where there just wasn't anything going on. A lot of abandoned homes, there was no trash pickup, mail wasn't going there. So I did think about it though, I was like, "Hmm \$5,000 for a land in this country is a steal."

It doesn't matter where it is but you know I wasn't – I ultimately passed but yeah it's nice to hear that things are on the up and up.

[0:28:42.9]

AH: Yeah, a big problem with Detroit is just the sheer size. I mean I think that you can fit from what I heard San Francisco, Boston and New York City all within the confines of Detroit itself. So the ability for it to bribe city services as far and wide as it goes that was a major part of the recession that's a problem absolutely.

[0:29:01.7]

FT: Well let's do some So Money fill-in-the-blanks. How does that sound?

[0:29:06.7]

AH: Sounds great, I'm in.

[0:29:07.7]

FT: Great, don't over think it. If I won the lottery, do you play the lottery?

[0:29:10.9]

AH: I didn't but I have in the past. I mean this \$1.6 billion one that just passed. I kind of wish I did just for fun.

[0:29:18.3]

FT: Oh my god, apparently it went to just one person. It was anonymous which is probably a good thing but if I won the lottery, the first thing I would do is -

[0:29:27.3]

AH: I would go on a year long vacation with my wife and kids, absolutely.

[0:29:34.8]

FT: Yeah, why not? All right, the one thing I spend on that makes my life easier or better is -

[0:29:41.3]

AH: One thing I spend on that makes my life easier or better, services around my home. I love getting my lawn cut, I love getting the daily tasks of taking care of my house all taken care off. So I do spend some money but it is usually on ways to just make my life a little easier and make the day a little easier.

[0:30:01.4]

FT: When I was growing up the one thing I wish I had learned about money is -

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AH: It doesn't directly provide happiness. It is just a tool and I wish I would have known that a little earlier because that would help me to think more about the dreams that I have for my life as oppose to the accumulation of it.

[0:30:24.4]

FT: And I am Andy Hill, I am So Money because -

[0:30:28.1]

AH: I am So Money, I'm Andy Hill, I love it. I am Andy Hill, I am So Money because I am okay with failing because you learn from it.

[0:30:39.9]

FT: Thanks awesome, Andy Hill thank you so much and thank you really for sharing so much about the behind the scenes of how you are making it work, you and your wife, thank you to your wife as well for letting us in on both of your journeys and wishing you all of the best.

[0:30:56.0]

AH: Thank you so much Farnoosh. I appreciate being here.

[END]