EPISODE 924

*"**JM:** What we're describing is this equation, right? The equation of life. What you earn is what you spend is equal to the gap. The cool thing about an equation is you can manipulate all sides of that and you can focus on earning more. You can focus on spending less and you can focus on doing a better job investing the difference.*

[INTRODUCTION]

[0:00:52.9]

FT: What is the equation for financial independence? Welcome to So Money, everybody. Back from vacation. Reruns are over. We got fresh episodes all lined up for the rest of the year. We're kicking it off with the co-hosts of the very popular ChooseFI Podcast; FI standing for Financial Independence; Jonathan Mendonsa and Brad Barrett. Both of these friends come to the personal finance space with their own unique experiences.

Brad and his partner saved a million dollars in just 11 years. Well, Jonathan was able to pay down a $168,000 in student loans. In 2017, Jonathan and Brad saw the need to bring even more community to the FIRE Movement, Financial Independence Retire Early Movement. After meeting up a few times together, they decided to create that community with their podcast called ChooseFI.

Today, ChooseFI is helping to spread the FIRE Movement. Their crowdsourced podcast is over 2,600 reviews and their Facebook group has over 48,000 members. Their message is spreading and their podcast is a big force in this movement. We talk about their histories with money, how they educate their audiences around financial independence and is there an equation for financial independence? There actually is one. I was curious to find out.

Here is Jonathan Mendonsa and Brad Barrett.

[INTERVIEW]

[0:02:17.5]

FT: Jonathan Mendonsa and Brad Barrett, ChooseFI guys. Welcome to So Money.

[0:02:23.2]

JM: Hi, Farnoosh. Jonathan Mendonsa. Super excited to be on the show. Huge fan.

[0:02:27.0]

BB: Hey, Farnoosh. I'm Brad and it's really great to be here.

[0:02:30.1]

FT: Hold up one second. Did I pronounce your last name wrong, Jonathan?

[0:02:32.9]

JM: It's okay. Everybody pronounces it wrong.

[0:02:34.8]

FT: Is there are an N – There are two N in – It's Mendoza.

[0:02:38.9]

JM: Yeah, it's Mendonsa.

[0:02:40.1]

FT: Oh, with an N. My copywriter didn't put the extra N in the last name.

[0:02:45.6]

JM: Quite literally, he said that maybe 10,000 times, so don't feel bad.

[0:02:49.3]

BB: It's actually funny.

[0:02:50.6]

FT: Mendonsa. Oh, yeah. This was totally misspelled in my notes. All right, my bad. I'm going to do that again, so that I sound more informed than I am.

[0:03:01.7]

JM: I mean, is that okay on the, "Hey, I'm Brad." Or should we do it when we get into our first answer, what do you think?

[0:03:06.2]

FT: Maybe when you get in your first answer.

[0:03:07.6]

JM: Yeah, it sounded a little odd. We all get a mulligan here.

[0:03:11.3]

FT: Yeah, yeah. Cool, cool. Thanks. Okay, so that was just – that was for pretend. In three –

[0:03:17.0]

JM: Train wreck version one.

[0:03:20.0]

FT: Okay. Three, two, one. Jonathan Mendonsa and Brad Barrett, welcome to So Money my ChooseFI friends.

[0:03:26.8]

JM: Hi, Farnoosh. Thanks so much for having us. We're super excited to be here.

[0:03:30.7]

FT: I'm so excited to dive into all the financial things with you two as the creators of the ChooseFI Podcast and now really this empire, which includes a blog and really active Facebook group. You guys are everywhere. You're at FinCon. I'm looking forward to talking about your personal journeys to this place called financial independence, what does that mean to you.

First, let's start with your friendship. How did you two connect first over money, or maybe there was something else first and then you decided, "Hey, we have a lot to talk about when it comes to finance."

[0:04:10.1]

JM: Yeah, I love that question. I love origin stories, just in general. My name is Jonathan Mendonsa. I do this with my co-host. Go and introduce yourself, Brad.

[0:04:17.1]

BB: Hey, I'm Brad Barrett. Farnoosh, thanks for having us. This is exciting.

[0:04:20.8]

JM: I have been always interested in doing better with my money. Coming from a lower middle-income family, so I was the oldest of five kids, we had enough, but we didn't have much more than that. The extent of the money rules, money knowledge that I came away with was just don't have massive credit card debt, or don't have any credit card debt, don't do that. That knowledge didn't really come down with student loans as well. I followed this may be stereotypical path. If you want to do well in this world, if I want to do better, I need to go get student loans at all costs to get a degree that'll guarantee me a safe job in a good industry that pays above the median.

I went to pharmacy, pharmacy school, became a pharmacist, graduated with $168,000 student loan debt. I always knew that having debt that outlived me was not going to be my future. Paying off that debt was my immediate goal. That's where I started. I know if I want to do better than that, if I want to get to any other point, which at that point it wasn't calling financial independence, I first have to get back to broke. It's by necessity.

I started listening to people that could give me that information on how do I pay it down. Stumbled on to Dave Ramsey, stumbled into the personal finance community and then started hear about this concept called financial independence. I actually heard Brad, my co-host now at ChooseFI, talking about this concept of financial independence and specifically talking about travel rewards and how to use travel rewards to travel the world for nearly free.

Most importantly, found out that he lived in my local geographic region here in Richmond, Virginia and realized that the people that were pursuing this amazing concept called financial independence weren't just theoretical people on the internet, but were real people and every zip code around the country. When I found out he was close to me, I just contacted him. I'm still not totally sure, Brad, why you took that call and why we got lunch, but we did.

[0:06:10.1]

BB: Yeah, this is the open question here, Farnoosh. Jonathan always jokes about. Yeah, I mean, basically I got a cold e-mail from just some random guy off the street saying, “Hey, let's grab lunch.” I heard you on the Mad Fientist Podcast, you're into FI, you're in Richmond and you're into travel rewards.

We went out to lunch and Jonathan as you can tell is excitable and he just was really an interesting guy. He had this idea for a website. It had nothing to do with me. I think just maybe everything in life, like taking action is the crucial piece. Many people have ideas, but how few take action. I actually followed up with him a couple months later and said, “Hey, man. Did you ever start that website?” He said that one-line text changed his entire life. He came up with this idea.

He shot me message, “Hey, I wanted to talk to you about something.” He pitched me on this idea for podcast. Like he jokes, “I don't know why you said yes.” You're at financial independence, you had some successful websites, but it just sounded incredible to me. What's the downside? I think that's the cool thing about creating websites, creating podcasts. It's a little bit of money and some of your time and it just seemed like a great adventure.

[0:07:25.5]

FT: Now the two of you are the models for your whole mission here, which is achieving financial independence, which soon I want to ask what is that to each of you, what is that – how do you define that? How are your listeners defining that? I assume this is a very individual definition, but for you Jonathan, you talked really about coming out of a $168,000 in student loans. That's out of the picture?

[0:07:53.0]

JM: Yeah. The student loans were paid off in three to four years. Then I was taking that next step. Actually, that is part of the story. My idea that I actually told Brad is realizing that he had reached financial independence and that this is something that I wanted. I felt so many people in the space we're talking about how they had done it. As that unique selling proposition, wouldn't it be cool if we could have almost an experiments in financial dependence, where you have someone that's dramatically farther on the path, mentoring someone that's on the path and working through that various story?

Now the podcast has become much more than that, but one of the earliest versions of what we thought this show would be would be what does it look like to take the roadless travel? The idea of financial independence, getting to the point where working is optional should not be a hard sell. That's pretty much a universal principle, that if you have more flexibility, more options, your life is better.

Also, reaching financial independence is also equally awesome. What is interesting is that time in the middle – this is not get rich quick, right? Get rich quick usually ends up with your money in someone else's pocket and you feeling a little bit bitter about it. You can get rich quick-ish over an intermediate time period, basically every single time. What we found out over the last two years is really the pursuit of financial independence. That's the story.

I mean, as soon as you create some space between yourself and a financial cliff, as soon as you have some savings rate, as soon as you've reclaimed some level of bandwidth in your life, you get to start making increasingly more options that may not be in your employer's best interest, but they are in yours. We have concrete examples of this.

[0:09:29.0]

FT: Well, speaking of examples, let's stick with your personal experience for a moment here. Brad, you and your wife, I understand thanks to being thrifty and other steps, I'm sure managed to save a million dollars in 10 plus years, 11 years all in all. You were 40. Before 40, actually you hit this milestone. Walk us through some of the steps that you and your wife took. I know I understand you're both – you came to this goal with backgrounds in accounting, so you weren't afraid of numbers, which sometimes that's the big hump for people is just feeling confident around their ability to manage the money and be accountable and all the things, but sounds like you had a bit of a head start there.

[0:10:14.4]

BB: Yeah. I mean, we certainly were not afraid of numbers. I still never got that amazing financial education. I think learning has been an amazing part of this journey for me. Just learning all these things that I didn't even know were out there. I'm reading blogs and listening to podcasts and reading books and just trying to learn. That's going back to the beginning, yeah, I mean, my wife and I, we both lived actually on Long Island, New York. We grew up there. Obviously, that's a high cost of living area as you certainly know.

We just realized that even though we could be “successful there,” right? I mean, we had the potential to make some decent incomes, though certainly right out of college it was nothing special. We were in I think the mid-40s each. We didn't want to sacrifice. Honestly, that was predating the FI Movement. I didn't have any mentors, or anyone to look up to, but we just had this sense that there had to be something more.

There had to be something more than working 40, 60, 80 hours a week during tax busy season and for what, right? The carrot of being a partner in a public accounting firm, well those men and women were working 60, 80 hours a week right alongside us. That just never lit us up.

I think we tried to look for something different. For us, moving down to Richmond, VA was the obvious choice. That said, to pursue FI, you don't need to make radical choices. You don't have to sell your car and sell your house and move, but you have to make some choices, right? That's the cool thing as we look at it. This is a choose-your-own-adventure.

There are hundreds of different things you have to do and you can pick whatever you value. That is all up to you. Clearly, you have to get up off the couch and you have to take action. For us, it was moving. It was creating a framework of a life that just simply didn't cost that much. We drive old cars, we eat in most nights, not because we don't value food, quite the contrary. My wife loves to cook. She's a gourmet cook. It's one of her biggest hobbies, but she's created a framework where she can do this time and money efficiently and it's healthier, right, to eat in.

We created this framework of a life that just simply didn't cost that much. My wife stayed at home with our girls for the last 10 years. It's not we’re rolling in money to get to that million dollars net worth. It was we were just very diligent about saving and investing in low-cost index funds and just putting this money away and watching it compound. I mean, that really is my story. It's eminently replicable, that's the thing.

[0:13:00.2]

FT: Can I just jump in for a second, because I think also what I'm learning from your story is that yes, achieving financial independence does come down to choices. I think that even there, you can get even more granular and say, look, you have either – you can make a few big choices, which could make big shifts in your capacity to save, which is one, you can move, which not everybody wants to do that.

I know you said you don't have to sell your car and move. If you do sell your car and move, that could be a huge help and it can be a huge catalyst, versus the alternative which is maybe doing 20 little things, which is cutting your expenses and trying to hack this and hack that and maybe find a new job. I like that.

For me, I think it's a little simpler, although perhaps a little bit more difficult in the beginning to think about what are some of the big shifts you can make, because frankly, how much you spend on housing, how much you pay in taxes and the cost of living of where you live is paramount to ultimately how you can, or cannot craft your budget. This is not talking – we're not even talking about debt and how much you make either. I like the choices that you made.

[0:14:20.2]

JM: It's a very astute observation. I like using Brad's story as an illustration for this, to highlight that this is not deprivation, right? It's really creating a framework for your life that encourages you to spend lavishly on the things that you value. Anything that you don't value, cut ruthlessly, right? I mean, if you can blend those two together, you're going to end up in a pretty good place. I think what you said that I just want to highlight a little bit further is and looking at the example of Brad's path to financial independence, this wasn't about the lattes.

What it was is when you look at your life in terms of and look at those financial expenses, think about it like a pie chart. There's three things that make up probably nearing 50% of most people on a middle-class incomes budget, and that is housing, transportation and food. We can negotiate exactly what percentage that is. For all of us, we have to think about that in some capacity.

When he made that move from Long Island to Richmond, that – when you look at that over the – the amount of money that that represented, that he was able to save by making that decision over an investing lifetime, it was probably close to a million dollars. When you look at his choice to drive an old paid off vehicle for an extended period of time, as opposed to just managing the payments over the investing lifetime, we've done the math on that, that decision was worth close to a million dollars.

When you look at their choice with food, what he didn't tell you is the numbers. Just from an anchoring perspective, I think this is really valuable. Him and his wife and their family, they anchor themselves to $2 per person per meal. If you were to play that out, you have three meals a day, you have 30 meals in a month. I mean, you can run it out. It’s basically a $180 per person. If they were to spend twice that, it's $360 per person.

I know many people that a line item, the food line item in their budget is the black hole that ends up being $2,000 a month. Now, this is not telling everybody they need to nail $2 per person per meal, but if they anchor themselves to that concept, the next time that they're spending $30 or $40 a serving for the second or third time a week and then they're wondering simultaneously, “Why am I not hitting my goals?” They anchor themselves to this metric early on and they were able to stack those wins together, not just for a week, but for years and years.

When you put all of those together over an investing lifetime, the combination of those is quite literally millions. It is that simple. As you said, you can either make some “hard choices” and end up with a very easy life, or you can't even – or you don't make any choices and you’re paycheck to paycheck years and years from now. When I look at him, when you put all of that together, you see why he is in such a dramatically different place, decades and decades ahead of his peers.

[0:16:57.2]

FT: So important when you're doing these calculations is you Illustrated, to extrapolate. People often just stop it what is the savings this month, or this year. Or they think, “Well, I can afford it now.” They're not thinking about well, over the course of 10 years, this habit it accumulates. What is that expense at the end of the road? What else could you have afforded with that? It really puts things in perspective.

In our lives, right now we have our son going to private school and he loves his private school. We love the school. It's working out, but it's a big-ticket item. It's a long road till high school, so we – although we can afford it now we're like, okay, really the bigger should we have to answer is this tuition times the next 12 years, what is that money in the stock market? If we actually took that money and put it in the market, what would that be? It's a lot of money. It's to the point where that amount of money, we have to think twice.

We're thinking, okay, we're probably better off navigating the public school system as arduous as that is in New York City, or maybe moving, which is also a big thing we have to come to terms with. We're not sacrificing his education and we just have to retool our lifestyle a little bit, so that we can use that money to a higher – I think a better long-term purpose. Because I'm learning now that so many people are retiring without enough money and guess what? Their children have to take care of them.

I'm saying to my kid, "I'm doing you a service. I am going to be financially secure when you become 21, so you don't have to take care of me." That's always been the goal, but now this is even more likely to happen, because we're making this now to retool the cost of education. Yeah, having that big number in front of you really can sometimes make it this – well, a hard decision very easy.

[0:19:01.0]

FT: Yeah. I think you're looking at this the right way, thinking about in terms of what is it in this life that you value. You don't have to necessarily cut everything, but you should be thinking about the cost now and what does that mean for your 10-year future self as well? Make sure that you are getting enough value to justify that.

To anchor this, when we actually use the term financially independent, there is a mathematical equation tied behind that. Basically, it's saying you take your annual expenses and you multiply that times 25. Whatever that number is, when you have that amount in your investment vehicles, you have reached financial independence.

Now notice that there's very little emphasis on the fact that you're leaving your job. This is just a somewhat arbitrary metric that for us indicates that you've gotten to the point where working is optional and it's leaning heavily on some work that's done that they're trying to study, which is far beyond the scope of this conversation. The reason I brought that up is to say that you control what you can control. At the end of the day, if you know the math, you can control your expenses and you can control your savings rate.

Many people say, “Well, it doesn't matter. It couldn't possibly have that much benefit.” If we have this number in mind, every $100 a month that you can cut from your recurring monthly expenses is $30,000 less that you need in that pot of money to reach financial independence. These little small changes, they do, they do make a big difference. If you're trapped in a lifestyle that doesn't serve you and that you find toxic and you're not willing to at the same time question where your recurring monthly expenses are, I think that's tragic, especially if you have all this stuff and you have no time to use it, because you're at a work, you're at a job, or a situation that really no longer lights you up.

[0:20:40.4]

FT: Well, speaking of little expenses, like the latte, you probably have noticed there's a bit of a war right now in the personal finance world, where there on the one side, you've got these policy enthusiasts and left wingers who are like – I'm not trying to make this political, but that seems to be where a lot of the tweets are coming from where it's like, “Ah, these personal finance experts telling me one more time – if they tell me one more time to cut out these expenses.” They're missing the point. There are systemic issues that are happening, why is the cost of healthcare so high? Why are people allowed first of all, take out six figures in student loans when there is no promise of a job?

There is this school of thought that educating people about personal finance in the way that we have been, which is you got to cut your expenses and track your budget. If only you would spend less on food, that is not the sufficient advice. I'm curious to hear where you guys stand on this.

Obviously, I think, I'm guessing we're probably – the three of us will probably agree that we're not saying that we are trying – that we have all the solutions, or that the things that work for us will work for everybody, but I do think that there is value in empowering people with education, with knowledge, because – I'm sure you've received a lot of e-mails and feedback from people in your community that are like, “My life has changed, because I learned something from listening to your podcast. I’ve been motivated.”

I think we're in the business of arming people with suggestion strategies, but most importantly education and empowerment. We cannot control people's lives and we're not saying that there aren't systemic problems, but I think there's a lot of value still in what the personal finance community has to say. If someone's talking about lattes, take it for a grain of salt. It's not to say, actually give up your latte. It's a euphemism, right?

[0:22:45.0]

BB: I'm a huge fan of euphemisms.

[0:22:46.7]

FT: Yeah. I mean, one person's latte is other person's –

[0:22:50.3]

JM: Avocado toast?

[0:22:51.5]

FT: Avocado toast, Uber expenses. The point is I think that we like to feel in control, right? I think, we all like to feel in control of our lives. When we look at what's happening in the broader world, we can feel out of control and therefore, hopeless, lacking resources. When you say to people, “Look, you got all these expenses. This is what you earn. This is your debt. Here's how you can make some tweaks. Here are how you can make some big shifts.”

What are we saying? We're saying you can get in the driver's seat. They may not solve all the problems, but it's going to get you further along than you are today. I think that, knowing that you can drive that ship to some extent yourself is very empowering. Results happen.

[0:23:34.2]

BB: Yeah, they definitely do. I think Jonathan said this phrase before, control what you can control. That's something we've hit on and we've found that it resonates with our audience, with the FI community generally. Because I think so many of us, we hear these numbers thrown around, right? Oh, you need 5 million, 10 million, 15 million dollars to retire. I don't know about you, but when I hear that, my mind just shuts down, right? I stick my head in the sand. It seems impossible. Even on a decent salary. I'm not going to get to 10 million. It's highly unlikely.

If you flip that script and say, "All right, it's based on your expenses, all right?" Again, this is a non-judgmental thing. We don't have any dogma in the ChooseFI community at all. If you want to spend a couple hundred grand a year, that's absolutely fine, but go in with eyes wide open that your FI number is just 25 times that annual number, okay? Again, you can do whatever you want, but you have to understand the math.

To your point Farnoosh, having just this education, it always helps. Like I said before, even though I was a CPA, I didn't know anything about investing. I knew really essentially nothing about personal finance, because I didn't learn it from my parents. I didn't learn it in school. I just had to figure it out on my own. Luckily, I came across good information sources pretty early on and had some people who were educating me on it. That was just luck at us at that point, in the early 2000s.

Now, this information, people can listen to your podcast, our podcast, read books, it's there. I think that's beautiful. We can argue about the avocado toast of the world. It is what it is. People like to line up on either side.

[0:25:21.2]

FT: Makes great headlines.

[0:25:21.9]

BB: Oh, it does. Absolutely –

[0:25:23.3]

FT: Sells papers.

[0:25:25.6]

BB: It's not about that. It's about just being intentional about your life and spending money lavishly on what you value. For me, it's just ruthlessly cutting what I don't. I mean, it's a really simple equation from my perspective.

[0:25:39.8]

FT: This question comes from one of our sponsors, Chase. We're asking our guests this month to share one thing, an aspect of your financial planning, each of you can take this question, that equates to financial security. You talked earlier about how the financial independence story is really about the journey to help how you got there. Then once you get there, maybe it's just keeping status quo. Even now that you've arrived, what is something that you do that continues to equate to financial security?

[0:26:16.5]

BB: I mean, I continue to save money every single month. Even though I've reached financial independence, it hasn't changed me at my core. I think saving money for me, having that space, having that bandwidth is just crucial for me. I mean, though it might be "sub-optimal" to have a large emergency fund, that's just something that makes me sleep better at night.

I know my wife and I are very comfortable with having probably a larger emergency fund than we absolutely need. Again, personal finance is very personal, right? For us, that just is that level of security that is just really important. Yeah. I mean, for me it's a combination of continuing to save, even though theoretically I don't have to, and having that emergency fund that I can access if I need it.

[0:27:09.9]

JM: I think for me, there's two things that I really enjoy; one is not having any consumer debt. The only debt that I would have would just be my mortgage, which increasingly is becoming a choice, or close to a choice. The other thing is really keeping a very tight control on my recurring, my structural and recurring monthly expenses. This goes to do you have a plan for your money, or do you just wonder where it goes?

For me, basically being able to map out and minimize how many automatic recurring monthly payments I'm making. Look at each month, or every quarter, or whatever and say, “I know what my default life cost for me adds a lot of reassurance and security to my life, because I got this.”

[0:27:54.2]

FT: Going back down memory lane a little bit, I'd love to ask you now both about your childhood experiences with money. I'm getting the sense that at least for maybe, for one of you, or maybe both of you that money wasn't this thing that was super talked about growing up. What's a memory from childhood that now even as an adult has stayed with you all these years and it was something to do with money, either learning about it, the good, the bad, the ugly, a habit, an experience? Walk us through that scene.

[0:28:27.3]

BB: Yeah. I've got one. I guess, it depends on your definition of childhood. I had a summer internship. Like I said before, I never had any type of financial education from my parents. It just wasn't really talked about in our house.

I think that's something looking back that I wish obviously was different and I've changed with my own daughters. I had this internship. My aunt was a – I guess, she worked as an admin. At the time, it was Salomon Smith Barney. I got this job and it was basically just data entry. It wasn't anything glamorous, but there was this one day where one of the brokers, or traders, whatever you want to call it, sat me down in front of a compound interest calculator.

I kid you not, Farnoosh, that five minutes was like a lightning bolt in my life. I mean, if I had to list the 10 most important moments of my life, that would certainly be in the top 10, because I don't know why. Maybe it was some math brain that I had or something, but I sat down in front of that calculator and just played around with it. At the time, I think you could only put in maybe $2,000 or $3,000 into a Roth IRA, but I played with it just for fun, right? If I get a 9% return until I'm 99, it's a billion dollars or something. It was hundreds of millions.

[0:29:45.6]

JM: My path to a billionaire.

[0:29:47.1]

BB: Right, right, right. It was just so cool to see that there's no secret here, right? There's no, I don't know, secret behind the curtain or such to become wealthy. It's just, it's time and it's diligence about putting your money in month after month, year after year. That one lesson has stuck with me quite literally for the last 20 years.

[0:30:10.9]

JM: I don't have a stark of a moment like Brad does that I can recall for you. I do remember in my early teens that I was handed a copy of *The Total Money Makeover* by Dave Ramsey. That was probably my introduction to creating a strategy for personal finance. There were actually people that were taking time to come up with a game plan for their lives.

Even though I was about to go take on all the student loan debt, so I clearly didn't follow all the tenets, I at least was rooted to the fact that long-term debt was not going to be staying with me forever. I think that was probably what I would have to share.

[0:30:45.0]

FT: I was just doing an interview and talking about a woman who had $250,000 in student loans, did you think there was someone out there that could top your 168 in student loans, Jonathan?

This woman had $250,000 and now she was making $85,000 a year. The hope was that she was going to – I mean, she got her, I think it was a doctorate degree in physical therapy and now she's making $85,000 a year working for I think a government-run program.

My advice was get a new job, because she had a rent-controlled apartment. There weren't really a lot of avocado toast to cut out of her budget. For me, it was like, you have an income problem. You have all this debt. She's somebody who wanted to ultimately have a family and build a life. I feel sometimes, the issue is your income, right? We can talk about spending less than you earn and saving a certain amount, but my goodness, sometimes it's just about getting that side hustle, asking for the raise, or quitting your job and finding a bigger paying one.

[0:31:56.0]

JM: Yeah. You know how Brad was mentioning earlier how people seem to line up on either side of this one. I think it's the same thing. I mean, what we're describing is this equation, right? The equation of life. What you earn is what you spend, is equal to the gap. The cool thing about an equation is you can manipulate all sides of that. You can focus on earning more. You can focus on spending less and you could focus on doing a better job investing the difference.

My personal bias has always been, especially for someone that is in a state of drift and hasn't had a plan for their money is to start with the spend less, just because it is something that you can execute on now, today. By the tomorrow, you can make a small change. You need to understand where your money is going. It always starts with tracking your money and optimizing that.

A long-term play for this individual, they can cut out all the toast they want. That's not going to make up the difference. That's clear. It's cool that when you look at your life right now, you're looking at a moment in time, but life is actually a moving picture and you can make choices now to radically transform where you are. Certainly, there are people that are earning more. For that individual, the problem is all of us are on different paths and we have different obstacles that we have to overcome.

My personal story probably wouldn't resonate as much with that individual, but there is someone else who has even more debt than she does, and I can think of an example right now, and has figured out a strategy. Just a couple things just in mind and it's just to use it as an example for this individual; one, there are forgiveness programs. I'm generally not just a huge fan of carte blanche, because there is so many gaps. For that situation where you're making $85,000 and you owe $500,000 and they're already working for a government facility, there are places in the country that you could go work. That's the only way in my mind those numbers make sense. You may make more, you may make less, but there may be some level of forgiveness at the end where you could get all that waived. Man, I would look into that in that particular situation.

[0:33:48.7]

FT: Yeah. Just for more background, she is on the track, she's on the government plan. I think it's called – oh, gosh. After a 120 qualified payments, if she still has any debt left over, the government basically takes it over.

[0:34:06.8]

JM: Is that IBR?

[0:34:09.0]

FT: Yeah. The problem with that is that you got to wait – you got to be in that job, or a job like that for a 120 payments. You got to think about what is that trade-off, right? There's this light at the end of the tunnel, but I have to stay in this government role versus maybe going into the private sector, becoming self-employed, where I have much higher income capacity, income potential.

No, I'm not going to be – maybe I won't be able to get rid of this debt after 10 years or whatever it is, after a 120 payments, but maybe you could still – you have more control over it. Also, you're starting to make more money, which allows you to afford other things in your life. I mean, it's not something you can decide on right away, but I think it's worth doing a lot of pros and con tables.

[0:35:03.9]

JM: Yeah, a lot of pros and cons table. If you were using this specific example, there are also individuals I know that become basically travel physical therapists that are making nearly double what you just described to this person and have no living cost on top of that. You could also tackle both ends of it by creating a situation for yourself where you have no living cost and you're making more due to the nature of the work that you're picking up.

Like you said, but you would not know that, unless you found other people that had done that and been able to. That's the beautiful part about podcast in this form of media. You can find someone that has had a similar situation and figured out a different way of doing it. This is what it comes down to, expand your zone of awareness.

Brad, I'd love to bring you in on this just from a side hustle, earn more perspective. On our show, just because of the nature of the platform, we have had many other people highlight complete and massive pivots that have allowed them to really lean into the other side of that equation.

[0:35:56.5]

BB: Yeah. I mean, I have been blown away by people. I realized frankly how lazy I was in my own job. I mean, there are people who come on our show. From the time they're 22, 23-years-old, instead of taking 15-minute water breaks to talk about Game of Thrones, they're learning. They're actually trying to better their skills and move up and get new jobs. It has blown us away.

I mean, if I could just talk about Jonathan here for a second. Two and a half years ago, he was a pharmacist at a big national chain. That was his job. Now, and I don't say this lightly. I mean, he is truly world-class now at podcast editing, video editing, creating websites. These are things that would have never been in his world.

The cool thing is you can learn anything. Farnoosh, you asked about how do you raise that income side? Learn new skills. I mean, you can quite literally learn anything with the combination of YouTube and Google, right?

[0:37:04.2]

FT: Linda. Linda.com.

[0:37:06.9]

JM: Copy. Now Brad. Come on.

[0:37:07.9]

BB: Yeah. Sorry, sorry, sorry. I mean, that is a really hopeful place to be in 2019. I mean, that is really remarkable. Jonathan is the case in point of how you can learn dozens upon dozens of skills that are marketable. Obviously, we're doing our own thing here with ChooseFI. If this ever ended, he has marketable skills that he would earn in my estimation, multiple of what he was making as a pharmacist.

[0:37:34.2]

FT: Jonathan, what a nice co-host you have there and Brad.

[0:37:37.2]

JM: I'm giving him a pat on the back right now, buddy. We should do more interviews together. This is great.

[0:37:41.1]

FT: It's no wonder your show is such a success. I think it's hard to find a co-host that works. I've been to a lot of podcast duos that have broken up. Your show has over 2,000 reviews and you just launched – it seems like yesterday. Congrats to you both on the success. Now is it ChooseFI, or ChooseF-I, or are they interchangeable?

[0:38:03.5]

BB: I believe I always say ChooseF-I.

[0:38:05.0]

FT: ChooseF-I?

[0:38:05.6]

JM: I think they're fairly interchangeable, but yeah, we both say ChooseF-I.

[0:38:08.4]

FT: ChooseF-I. Everybody, go subscribe. I look forward to being on your show later this year. Thanks for the invite. Again, thanks so much for all these insights, for the great work that you're putting out there, the lives that you are changing and wishing you both continued success.

[0:38:25.6]

JM: We cannot wait to have you on the show, Farnoosh. Really looking forward and thank you so much. We're excited to be here.

[END]