Episode 407: Working Toward Financial Independence and Time Freedom With Joe DiSanto

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Katie: Hello, and welcome to the "Wellness Mama Podcast." I'm Katie from wellnessmama.com and wellnesse.com. That's my new line of personal care products, including our hair food, hair care that nourishes your body from the outside in. You can check it all out at wellnesse.com.

I'm here today with Joe DiSanto, and we're talking about an often not enough talked about aspect of health, which is financial health. And the reason I think that they're related is that we know, statistically, many of us have stress that stems from financial worries. And this stress can be a big cause of stress in other areas of life, and of not getting enough sleep, and across the board.

And so, I'm here with someone who I have found recently, and I'm really enjoying his work. Joe DiSanto has a blog called "PLAY LOUDER," where he talks about the idea of not just working toward retirement, but working toward financial independence and time freedom. And we go into, today, what that looks like and how we can all run our own individual financial lives like a business in ways that are tax-efficient, that help us work towards this financial freedom earlier, and some strategies for what that really looks like. It's encouraging because I think it's often a lot easier than we expect, and maybe this number that we're working toward for financial freedom is often lower than we think it might be.

So, we really go into that today. We talk about things like real estate, about side hustles, about budgeting, and about investing, and how to make all of those pieces work together for you. So, very practical episode, a little bit of a deviation from the normal just physical aspects of health or the mental-emotional that I've been talking about more recently. I think this one also comes into play as financial woes are one of the top five stressors for many Americans, and I think you'll get a lot out of this one. So, let's jump in.

Joe, welcome. Thanks for being here.

Joe: Absolutely. Thanks for having me, Katie. It's very nice to be here.

Katie: I'm excited for this chat because it's a little bit of a deviation from our normal talk of just the physical aspects of health and wellness. But I think one that's equally important, which is the idea of finances, and especially how those tie into mental health. And I know that all kinds of financial, different considerations are sources of stress for a lot of people. So I'm really grateful to get to jump into this with you today and really talk about some of the practical things that people can do.

Joe: Absolutely.

Katie: To start off, though, give us a little bit of your background and how you got into this world, to begin with.

Joe: Sure. Well, let's see. I was born in 1975... Well, I'm gonna cut to, I guess, kind of post-college. I actually kind of... I'm a little bit of like an art and a math brain. And so, I was actually an art major in college, believe or not, but I also was always interested in finance, in business. And I just always wanted to... A couple of things I wanted to do after getting onto college for whatever reasons, I wanted to own a house and I wanted to start a business. And those were just like on my agenda items. And being I was into art, you know, I was also pursuing that. I was a photography major, and I kinda was gonna be pursuing photography. And I ended up getting into post-production. And post-production turned out to just be like the perfect creative business for me. It's something I really loved doing. I loved doing the work. It was a really fun industry. And it was a great kind of bit in my mind. It was like a great business that I potentially owned someday. So, the stars aligned for me in that sense. I kind of found, like, a really great way to, like, commercially and practically apply art, you know, as a career and it lined up with being a good business opportunity, I thought.

So, eventually, I'm from Rhode Island, I went to School of Massachusetts. I moved to New York right after school to kind of start my career there. And then a couple of years into that, I decided New York was a little too tight for me. I'm sort of, like... You know, I'm a little acedia. Like, you know, I like things kind of tidy. And it was, like... It was a little claustrophobic. So, I decided to go on this road trip with my girlfriend at the time. And the road trip just, like, never ended, I guess you could say. We drove through Los Angeles, and we were there for like a week. And it was pretty much the other place I could do my work. And we decided just to stay. We decided not to go back to New York. And that was just probably about 21 years ago. I live in Florida now for the last couple of years but I was in LA for just about 20 years. And that's where I met my wife. And we actually worked together, but...

So my career just kind of, like, continued on there and it grew. And then eventually, I started a business. And along the way, you know, the other kind of background of me is, like, I've always been into finance and kind of like money, I guess. I mean, both for just it's kind of like my brain, but also, in my younger years, you know, in my family life, we kind of had a lot of struggles with money. So, I started working early and just kind of had to start thinking about money early. And money was just something that I really, like, wanted to have control over, I guess in my life. So, I just adopted these really good, like, kind of personal finance habits just, you know, outside of my work. And then as I got into, like, running businesses, but prior to starting my own, like, where I was working, and then eventually starting my own, I was able to apply all these, like, really, you know, kind of good fastidious personal finance attributes to the businesses.

And I very quickly realized that, you know, running the finances of your life is very much like running the finances of a business. It means kind of the same thing. You're just kind of running the business of you. So, I kind of taught myself, you know, accounting and bookkeeping, and things like that, just for my own personal, you know, life. And then I just started applying this to my business. And those tactics and strategies are very effective in business. And for whatever reason, it's funny, like, in business, doing your finances and staying on top of your books and understanding where and how you make money, and knowing how much money you spend, and making sure that you have a "profitable business," that's pretty standard up, you know, in the world of business and for obvious reasons. It's like no one wants to, you know, be in a business that's losing money. And actually, you can't be in a business that's losing money for too long.

But for some reason, when it comes to our personal lives, like, people don't really, like, think that that's necessarily something that you need to do, like, you know, kind of track your income and expenses and make sure that you're always making more than you're spending and, you know, kind of have a business plan for your life. And I don't know why, for me, I always made that correlation, you know. I could see that they were kind of the same thing. And I always thought about my life as like running the business of me. And it's not even just in the sense of money, you know, money in, money out and, like, the bookkeeping aspect, but it's also, like, kind of the mentality of, like, you know, being entrepreneurial in your life and being business-minded, you know. And even if you don't own a business, like, prior to owning a business, I was business-minded in my work.

Like, I thought about myself, you know, as, you know, I was the product and my employer was my one client, and, like, I really wanted to do a good job, and have them wanna give me more work, and more responsibility, and pay me more, and actually keep hiring me year after year. So, I kind of always just applied these, like, you know, entrepreneurial, like, business mentalities to my life. And cut to now, you know, my wife and I, and along with our partners and friends started the business. It was successful in Los Angeles. It's still going actually. My partners graciously cashed me out because my wife and I decided... I don't know, we were in our 40s when we had our child. I was 40, she was 36. And we used to work a lot. Like, you know, our business in Los Angeles was pretty much advertising and entertainment. And like many industries, it's a long hours business. You really have to live it. And that was great.

We totally enjoyed it and loved it. But once we had a kid, then all of a sudden, we didn't have the time anymore. We were like, "Wow, this is really hard." It's really hard to balance having a kid and also do our career the way that we had been doing it. And, you know, most everyone in demanding jobs solves that problem by hiring a nanny and doing whatever they have to do. And we were doing that. And I don't know, somewhere in there, we started to think that, "Hey, you know, maybe we should, like, rethink our whole life. Like, maybe if we, like... You know, if we can do it, if we can revise our whole lifestyle, could we move and, like, maybe work less and spend more time with our son and, you know, work part-time or...?" And my wife currently isn't... She's just full-time moming now and kind of devoting herself to my son while he's young, you know, in these young years.

And that seed got planted somewhere along the line and it grew. And, you know, just over two years ago, we packed up the whole operation and moved to a less expensive place to live. And now we live in the Tampa, Florida area, and we really like it. And, you know, along the way, in owning the businesses, you know, I had... You know, we've hired... We had, you know, many employees, like, you know, on average about 30 to 40, but as many as 60, in some cases, when we were doing productions. And so, I've hired a lot of young people and kind of mentored a lot of young people. And through these years, I was working on, you know, just being a planner, planning for my "retirement" someday, investing, kind of keeping track of my own personal finances, keeping track of the finances for the business. And we worked in, like... You know, I never had my own office. We just had, like, an open workspace.

And some of the young kids and even, you know, people in their 30s, they'd hear me talking about real estate on the phone or doing this or that, and they'd start to inquire, like, "So what do you do? Like, how do you prepare for retirement? Like, should I be buying real estate? What should I be investing in? And I started to began this mentor in this personal finance realm to folks that, you know, I was working with, you know, some of my younger employees. And they would always say, like, "Hey, you know, you should, like, teach a class or something." You know, like, kind of back then it was like, "You should go to the community college and teach a class at night or something." And I always thought that would be fun, but I just never had the time. And so, as we transitioned, luckily, all the planning worked out and we kind of amassed enough money to be able to make this big transition and work less.

I really decided to pursue being more of, like, an educator in the personal finance space and really, like, try to help people understand why it's important and why they should be doing it and what the benefits of it are. But also, I've also since, you know, been contacted by other friends who own companies and stuff like that, and they're like, "Hey, will you help us with our finances?" You know, because they know me from my business and it was successful. And so, now I am basically being a business manager for small businesses and sort of higher-income individuals, and then also coaching regular individuals, I guess you'd say, you know, on how to get their financial house in order and prepare for what now I think, you know, the modern term for retirement, it should just be called retirement. You know, back in the day, it was just good old fashioned retirement.

Now, the young kids call it financial independence. And it's actually become sort of this movement. There's a whole movement around financial independence called the FIRE movement, which stands for Financial Independence, Retire Early. And it's a whole group of people that kind of, you know, are into personal financing and are really focusing on saving more, investing better, and building up their net worth sooner, and achieving what they call financial independence sooner in their life, as opposed to the kind of old fashioned you know, you work, you know, 45, 50 years, and then you "retire," you know, when you're, you know, in your late 60s or 70s. And hopefully, you know, you have, like, the mobility and the finances to actually go do some fun stuff.

People are saying, "Hey, what if we, like, really supercharge our savings and our focus on achieving financial independence sooner in life?" And when I kind of started my personal financial, you know, journey way back right after college, like, there was no people talking about that and you were just kind of saving for "retirement." Well, you know, my planning kind of, essentially, allowed us to get to, you know, a time of financial independence much sooner, you know, than we had hoped. So, we're very happy about that. But now, I'm trying to help other people, you know, get their mind on that and make progress towards that themselves.

Katie: I love that. And so much of what you just said really resonates with me because I have a similar realization in my life, not so much with the financial side but at one point, years ago, I was incredibly stressed trying to manage a couple of businesses. And at the time, I think I had five kids, maybe four at that point but now six kids, and I was so stressed. I was probably on the verge of a nervous breakdown. And in this moment of clarity, I thought about actually deleting "Wellness Mama" because I knew I couldn't keep all the plates in the air the same way.

Joe: Oh, my God, I can imagine. Oh, wow, what a moment that must have been...

Katie: Exactly. And...

Joe: ...to have your hand on the delete key and you're like, "Should I do this?"

Katie: Yeah. And I had this, like, lightning bolt moment of clarity and realized, my stress wasn't coming from the business side. My stress was coming from the home side. So I started working backwards going, "Why am I not stressed in business and why am I stressed at home?" And I realized, in business, I knew what the goals were. I knew how we were gonna get there. I had specific strategies plans, KPIs, SOPs. I had it all dialed in. So there was no source of stress because there were no open loops. And I was running my business like a business as I should have been. And at home, I was trying to manage even more variables all in my head, keep everybody's physical, emotional, like all their needs, food, everything met all by myself in my head. And so, that was a lightning bolt day for me. And I started running my home strategy-wise, like I would run a business and putting a system in place.

Joe: There you go.

Katie: So I love that you brought up that analogy. And I also love that you went into the idea of financial independence because you're right, I think this is a shift our generation is making. Gone is the time where you can, in most cases, work for the same company your whole life and then retire at 65, and it all just works out. There's just... It's too rapidly changing. So, on the one hand, as parents, that's something we don't know to prepare our kids for because certainly their future might even be more rapidly changing. But for us, it's actually... There's a beautiful silver lining of that, to your point, which is, we don't have to wait until we're 65 to start living. We can work towards that time freedom now.

And I love that there's this awareness of the real beauty of retirement is just getting to do what you wanna do when you wanna do it, and conversely not have to do things you don't wanna do when you don't wanna do it. And when you think of it that way, it's easier to start building toward that younger, and even if it's part-time, building in ways that you can have more of that time freedom, and have these experiences, and still build your finances, and work toward this as a long-term goal as well. So let's get, like, more specific. Kind of walk us through how you work with someone on creating a plan for this, creating a budget for this because from my research and what I've worked on with my own family, it seems like this actually is a lot more doable than most people realize.

Joe: Yeah, you know, that's the funny thing about it. It's really not that hard to have a plan and it doesn't take that much time to put a "plan together." I would say probably what takes a little bit more time is kind of, you know, the tracking of your, you know, income and expenses over time. And I'll get to that. But to get into kind of planning for it, you know, I guess one thing I kind of wanted to say about the retirement, it's funny, people don't seem to want to plan for this. And I wonder why or try to figure out why. And I do think of it a little bit, like, you know, in a few ways, you know, it's like... So, like, for me, I enjoy personal finance. It's kind of like a hobby. You know, I don't mind doing it. And I think we're kind of similar and listening to your show, and you talk about your kind of your personality, I think we're kind of similar in many ways.

And, like, I find it relaxing because, you know, finance and math, they kind of have concrete answers. There's no... You know, it's not very nebulous, so I find it soothing, but not everybody's into that, you know. It's like everybody's got their hobbies. Some people are into fitness, and that's a really great hobby to have because it has a lot of great benefits for your life. Other people, you know, whatever, they're into flying kites. Who knows? So some hobbies do benefit your life, you know, in these practical ways, more so than others. Obviously, all hobbies are good. So, you know, that's something sort of I think about, like, maybe that's a reason why people don't do it. If they're just not their hobby, it's hard for them to get behind it. But making the relation to fitness, money is really important. And money will affect every aspect of your life, whether you consider, you know, it a fun hobby or not, and much like your health. So, you know, just like your health, if it's not your hobby, you still need to do it and you gotta figure out a way to, like, mentally get over it or you seek out some help, like a personal trainer or something like that, to give you some accountability and give you guidance and structure, and hopefully get you to, like, a consistent, you know, type of health.

But the other reason I think people kind of don't think about retirement is because I don't know, it just does seem like this far off, you know, Neverland, and you kind of hear about it, but it's something you think of doing when you're old. Maybe that doesn't excite people. They think it sounds sleepy, I don't know. But when you start to think about it as this financial independence, as you're saying, and you start to think, "Hey, well, you know, maybe I could get to this earlier, then you think about it in a more exciting way. You're like, "Wow, if I could have, like, freedom, and I didn't have to go to this same job for, like, the next 40 years, I might only have to do for 10 years." And you start to get like, one, excited, and I think it helps you to get into this a little bit more, like, you know, entrepreneurial and sort of business-minded thing. Like, "What can I do to, like, advance this?" You know, you start to think more strategically about the business of you and your life. And your goal ultimately is to, you know, get to this financial freedom.

But the way you really practically get to it is I do it in reverse. I call it reverse engineering your retirement. And you look at where you wanna go first or think about where you wanna go. And it's a pretty simple exercise. It's just like, what would I wanna be doing with my time if I could totally choose what I wanted to do? And that might include working. Like, I really like working. So, you know, I can see myself doing some sort of part-time work or consulting work, whatever, you know, indefinitely if I wanted. But if I didn't want to, you know, I don't have to is the hope.

But you kind of look at that, and then you have to decide how much is that gonna cost me, right, like every month? And you do a little bit of a budget. And, you know, I have some tools and stuff on my website about this and you kind of figure, "Okay, it's gonna cost me, you know, to live kind of a free life, you know, limit expense, maybe it's gonna cost me I don't know, $500 or $6,000 a month, or $60,000 a year," for example. And then, you know, there's a bunch of kind of common, I guess, or, you know, normally accepted kind of approaches to thinking about this.

And I can... You know, I have a lot of explanation of this in my site and even a course about doing this. But basically, you take your projected annual, you know, expense for your retirement, you times it by 25, and that's essentially like a good target of savings, that if you have this target of savings, you probably could, you know, practically be achieving some sort of financial independence. So it's actually pretty easy to get to, like, a financial number or a goal, you know, to work towards. And then once you do that, you know, you can use lots of simple tools online, but I have a few, and I'll explain why I like mine to kind of figure out, "Okay. Well, if that's my goal, like, how much do I need to save, you know, in an ongoing basis if I factor in a certain amount of investment return to achieve my goal over a certain period of time?" And, like, again, you can go online, there's tons of calculators, where you can put in a few numbers and get a number out.

But what I like to do, personally, is I like to kind of make my own little spreadsheets, simple calculators, but I like to just visually see, you know, if I'm starting today, and my goal is this particular number, and I factor in, like, you know, I'm gonna make certain amount of return on the money that I save and invest, how many years is that gonna take to reach my goal? And I like to kind of visually see it play out, like, on a piece of paper over time. And the reason I like to do that is because, you know, you can go use a calculator, plug in a couple of numbers, and get a result but not really understand, like, where the result is coming from, and how it's calculating, and why it's happening. So if you use kind of a spreadsheet, where you can kind of visually see it, it really kind of clues you in as to, like, how this is going to materialize and just, I think puts you in the right perspective of how you can achieve it. And, you know, again, I have some tools and stuff that I've created that people can use to actually see this without having to do all the work.

But it really doesn't take that much time to calculate this number and sort of see how it plays out over time and sort of play with it. Honestly, you could come up with a plan in a few hours, you know. And then I'd say, like, you kind of do it... You look at it like once a year, see how you're doing, check in with it. And it's like you plant that seed in your head of, like, "Okay, so, if I save this and I do this process for the next 20 years, I'll reach this, but if I increase my savings a little bit, maybe I'll take five years off of that." You know what I mean? If I buy this less expensive car and, you know, instead of spending $600 a month on a car payment only being three, like, how quickly will that advance me to this financial independence state?

And if you plant these little seeds in your head, I think what happens is you start to get a little bit excited about it and you see, like, I can make small changes in my life right now and save a little bit, and that will go a long way over the next, like, 20 years. And if I make, you know, some bigger changes, I might take 5, you know, or 10 years off of my work life and get to this time of financial independence a little bit sooner. But only I think if you actually kind of take a few hours, again, map it out a little bit, and look at it and, like, visually see, you know, how you can achieve it and how you can advance it, if you don't do that, you don't plant those seeds, and if you don't plant those seeds, you're just, like, leaving it up to chance. And for whatever reasons, you know, maybe the ones I mentioned earlier because it's not person's hobby or whatever, they don't like finance, what they do is they kind of say to themselves, "Well, geez, I know I need to save and invest. I keep hearing that. I've been hearing that. I'm trying. So just, you know, I'm picking an arbitrary number that I think I can, like, put to this whole savings and investing thing." But they don't really, like, know why they're doing it or where they're going with that.

And I really make the analogy that it's like... Financial independence or retirement, whatever you wanna call it, it's a destination. You know, and we're all on a road to this destination, whether you think about it or not. Like, you might not be thinking about it because you're young and, you know, maybe you're in 20s or 30s, and you're like, "I'm just gonna work forever or I don't care." Eventually, you will get to a place in your life where you're, like, "Wow, I actually am advancing towards some version of retirement and even whether I was thinking about it or not." But if you don't have a plan, it's like going on a road trip without a map, you know, and not exactly knowing where you're going. You know, if you go on a road trip, you don't have a destination and you've never opened a map, you're just meandering your way across the country with the hope that you'll eventually end up where you're going. And the odds of that are very slim. You'll probably end up in a place that is not what you had in your head, and it will probably take you a lot longer to get there.

So, I really am trying to just work with people and show them that, one, it's not hard to do a simple plan and two, understanding the value of planting the seeds and letting them grow and, you know, tending to this garden along the way and, you know, you will actually end up with it with a result you're happy with as opposed to whatever happens? Did that make any sense?

Katie: Absolutely. Yeah, no, I love how detailed we're getting in this. And I think thinking of it that way, it takes away... It actually makes it so much more tangible and less daunting than this idea of, like, just a retirement plan that's gonna kick in when you're older. And you've touched on it already in passing. But I'd also love to talk about this from the perspective of, like, the parent side because obviously, this is something we should be doing for ourselves so we can have that financial freedom as soon as possible. But I also always think forward toward my kids as well. And I've talked before on this podcast about our kind of alternative way of raising them and how we've built a curriculum from the ground up that's based in entrepreneurship and geared towards them having this financial independence.

But what are some strategies parents can use from a very young age to help their kids have the same advantage because I know a lot of us have probably seen those spreadsheets where when you start these investments, and savings, and different things for your kids, when they're young, even just a small monthly amount, the numbers get really exponential by the time they're older. And there's some creative ways that they can then use that. Like, with our kids, for instance, one strategy we did is, like, we can't set up Roth IRAs as parents, we can't, but our kids could. And they work with us in the business and we pay them, and that earned income goes into a Roth IRA. And we use that for some of their investments. And it's a kind of a vehicle where they're actually getting to self-direct now and learn some of those investments. And even though, technically, you can't take money out of that until you're retired, there's a 10% penalty, which is less than capital gains or regular tax brackets. So we're using that as kind of a learning investment vehicle for them.

But walk us through some of those strategies because it seems like across the board, the earlier we start on any of these things, whether the earlier as adults or the earlier with our kids, the more chance we have to really, like, get that ball rolling.

Joe: Yes. Yes. And by the way, to your point about the health benefits in the family business, I also feel like when you kind of take on this challenge a little bit and you get yourself kind of organized, and you get your family kind of in tune with it, I really think it's great for, like, your mental health and the health of your relationship and your family. Like, chaos isn't good. I make a lot of analogies with money. And I do a lot of analogies to finance, to organization, to maps. But I'm, like, an organized person and it's like... You know, there's other shows about people who... You know, I forget the name of that show, but it's a woman who goes to people's houses and organize their houses, and it's like, you know, this kind of, you know, big weight off their shoulder. And it actually can be kind of emotional. Well, getting your financial house organized, I think has the same benefits of taking this big weight off your shoulders and sort of, like, you know, this thing, you know, that's been hanging around that you know you have to deal with and you keep putting it off. And it can create both stress, you know, individually for people and your families.

But getting to what you're talking about with kids, like, when you start to tackle this as a family, naturally, you want to involve your kids. And you start to think, "Well, yeah, you know, it's like, probably a lot of people think, "Jeez," when they start doing it, "I probably should have started doing this sooner." And obviously, it's always good, the sooner the better. But once you get your head into it, then you look at your kids and you're like, "Wow. Like, I really should both be saving for my kids, obviously, but then trying to educate them and give them some of this financial education." And that is a problem, like, in the world. You know, at least, in America, it's like we don't give kids enough financial education, personal finance education. It's not that complicated. But for some reason, it doesn't happen. And also, for some reason, I don't know, there's like a lot of uncomfortableness talking about money. I don't know why it seems like...

But to answer your question, you know, it's like, my son's 5, so it's kind of we're not quite there yet. But at least for his age, what we talk about with him a lot is when we buy things or he wants things, for example, we make the relation that whatever we spend our money on, you know, it costs money and really that money comes from our time. And the more we buy, potentially, the less time that mommy and daddy will have to spend with you. And this whole idea actually comes from a book called "Your Money or Your Life." I don't know if you've ever heard of it or read about it, but it's kind of a Bible of the FIRE movement by a woman named Vicki Robin. And basically, she makes the point that when we buy things, we're not just spending our money, we're trading our future time for whatever that thing is.

So, if you go and buy a $5,000 television, you know, how many hours is it gonna take you to...? You know, how many hours of work is it gonna be involved for you to own that TV? And if you just literally had to stop what you're doing and trade your time for that TV, would you buy it? Do you know what I mean? And it's like, we've been trying to make that point to our son. Like, everything we spend money on is, you know, made up of our time. And it's like, he likes to be with us, and be with his mom, and do fun things together. And we make the point of, like, well, is that thing worth us not being able to go do something else fun that you might wanna do? And also, like, even stuff like him... You know, with young kids are always turning the water on, they like to watch it, and I'm always, like, turning it off. And I'm like, "Think about that water. It's not free. You know, the more we waste water, the more we have to pay. And that means the more time we have to work in order to come up with that money." So, like, it's just having that water come out of the spout and be wasted, is that worth me having to work, say, another two or three hours and not be able to come to dinner on time, you know?

So, we've been making that analogy with him. And I think that's really important because, you know, when you translate that to adults, it's like, when people aren't saving money, and they're not being prudent about their finances, and they're kind of being loosey-goosey about it, you know, they might be fine, but what they're ultimately doing is they're tacking on more work, you know, to the end of their life, you know, or pushing their potential financial freedom date out further. And when you think about it that way, you're like, "Wow, if I just spend, you know, some time, like, organizing my finances and being sort of a little bit more judicious about what I spend money on, I could, like, get to a financial freedom state five years sooner?" Wow, I mean, that's a pretty good trade-off. You know, it's like maybe that's where it's putting a little bit of time into it on a weekly basis.

So, we're making that connection with our son about, you know, buying things is the equivalent of you trading your time. And is it worth it? Could you be doing something else that you would enjoy more? And then we're slowly getting into honestly doing some investment, like, you know, thinking about some investing with him. And it's really simple. It's like, he's starting to do some chores and, you know, we're like, if you wanna, you know, be more dedicated about your chores, you know, we'll basically pay you. You know, you can earn some money. And so he's earned some money, you know, making his bed every day and things like that. And then we talk about, like, "Okay. So what do you wanna do with this money? Like, we can go buy something with it, which might be fun, and that might be, you know, worthwhile thing to do if it's something you really want or we could invest it."

And I've had this conversation with him. And, you know, he's grasping it a little bit. And I'm not like... We're not getting super serious about it. But amazingly, and this happened last week, he had $4 that he had earned, and he said, "I decided what I wanna do with it. I wanna grow it. I wanna grow it into more money. So, you know, like, can we invest it?" And I swear to God, you know, it really just happened, you know, unexpectedly. So I said, "Yeah, we can invest it." We put it in an envelope and we marked the envelope with the amount of money and I told him what we were gonna invest it in. And he's been asking about it. He's like, "How's our investment doing?" And I was honestly, like, pretty surprised that... You know, I think kind of having these light conversations about money and, like, you know, deciding how important is it to have a thing versus have, you know, freedom and choices and more time with mommy and daddy, I think maybe it's had a little bit of an effect on him where he's like, "Yeah, you know what? If I can make this money into more money, why not do that instead of going to buy this thing or whatever?" It seems like the correlation is happening.

But as they get older, I think that, you know, you kind of do have to sit down with them and share information about your family finances and show them, you know, like, real practical scenario about what saving does, what you wanna trade your time for and, like, how to grow your savings and what the goal is? You know what I mean? It's really just doing education. Now, I've been listening to your show and about your kids, I've been really impressed about what you're doing with the businesses for your kids, and them needing to kind of come up with a business idea, and try to create a business that's profitable, as kind of part of their schooling. I think that's, like, super critical for all people.

And the earlier you can instill an entrepreneurial mindset, the better. And that really lines up, I think with these ideas about saving and planning for your retirement. When you go into a business, you have a business plan. You have a budget. You've long thought about how you're going to achieve them. You know, you're hoping for the best. You're planning for the worst. And all of those, you know, habits, they've directly applied to the business of you. So, I think, like, instilling this be entrepreneurial and starting businesses, but also think about your life as the business of you and kind of, you know, eventually it's really all one working together, is the best way to prepare kids and get them educated. I mean, the truth be told, like, it really all is tied together. Like, I think that I would say up to be financially prudent, business-minded and investing focused.

And it's like, I was starting businesses, I was buying real estate, I was doing all these things that were sort of "businesses" in and of themselves, but at the end of the day, now that I've kind of...I'm in this sort of semi-retired state, and I kind of see the...you know, I'm looking back and kind of realizing what it was all doing for me, all of those things were kind of, like, subsidiaries of the business of me in a way. Like, it all ultimately added up to us, like, achieving our broader life goals and, you know, essentially getting to a time where we could have more flexibility, freedom, and work less, and have less stress. And the reason we wanted that, just in our case, was so that we could spend time with our son without rushing off to this or rushing off to that, or in my case, you know, it's like, the weekend came, and I still got my phone in my hand. I'm on the phone. I'm stressed. And I'm thinking about this, but I'm also, like, sitting there trying to play, you know, with blocks and be, like, engaged, but it was, like, nearly impossible for me to do. Like, I was just really struggling with it.

And the story I tell about it that is like a true story and really pointing was, like, when my son was, like, you know, 1, 2, he always spent a lot of time with his mom. I mean, loved his mom. She's great. So that makes sense. But, like, on the weekend, she'd be like, you know, "You should go do this with Daddy, you know, spend time with him." And he would say, "I don't wanna do it with Daddy. Daddy's too wacky." And I mean, I was trying not to take offense to this because kids, you know, they say the darndest things. But I was always like, "What is this wacky? You know, wow, wacky, I mean." And we kind of figured, well, it's probably not good, number one. But, you know, probably... In the end, we kind of decided what he meant was, like, I was kind of grumpy, you know, because, you know, we're trying to do things, but I'm like, "No, wait, I know. All right, hold on, I gotta make this call. No, I'll be back in a sec," blah, blah, blah.

And then we made our move, and in six months into the move, you know, just out of nowhere, and I kid you not, he just says, "Daddy's not wacky anymore." And we were just like, "Whoa, that is the craziest thing." I can't believe that happened because, you know, being able to remove ourselves from the stress and kind of reinvent our life is really making, you know, a big difference with my relationship with my son. So, I'm really grateful that I was able to do that. And I was only able to do it by doing some planning, putting some work into this, and realizing that, like, this is your life that you're dealing with here. Like, it's not some, you know, random abstract thing that is meaningless. Like, whether you're there or not, you will get to a point for whatever reasons and it could be kids. It could be health. It could be whatever. You will want to make changes. You will wanna have freedom. You will wanna be able to be in control of your life. And if you have not done any planning for that, most likely you will be stuck not being able to do nearly anything that you want to do. And at that point, it'll be, you know, much later and much harder to resolve.

So, that kind of has, you know, driven me to try to impart some of this wisdom on to whoever's interested, you know. And it's funny, like, businesses, because they are always inclined to run a good business, you know, and so on, they're willing to pay bookkeepers or, you know, business managers or financial advisors, you know, if there isn't a partner in the organization that does that. So, you know, like a CFO type. That's pretty standard. But what I kind of found is, as people have been hiring me, the businesses have been hiring me, I learned that the business owners really are not doing any of this. You know, so I started to translate, you know, like, what I'm doing for their business and say, "Okay, like, we gotta kind of, like, start paying some attention to your personal side of this thing because you're doing this whole business, ultimately, to have a positive impact on your personal scenario."

And it's like, you're making good money, but you're not taking advantage of it and investing it well and, like, years are passing, and you're just kind of, like, you know, not making the most of it because you don't find it interesting or, like, you feel like you're too busy." I'm like, "This is a pretty major thing to kind of put off," you know. And I started to realize that, you know, like, even the smartest people, people that are successful, that make good money, even they're not doing it. You know, like, even they have never put a budget together. And you're like, "Wow, it's pretty amazing, you know, the amount of people who just, you know, either don't have time or don't have the inclination, and don't get around to it." But it's a lot like exercise in that way. You know, we all know we need to do it but for whatever reason, it's just impossible. And 30 years go by, and then you end up, like, you know, 100 pounds overweight, and you're like, "What happened?" And you're like, "Well, you never exercised and you ate too much."

Katie: Well, and I think this really is like a paradigm shift for a lot of people, especially... Like, I mean, I definitely... My parents were entrepreneurial in some ways. But I also grew up with my dad for a lot of those years having a traditional job. And so, I think this can be like a hard mental shift to make. But then there's so much freedom, like we talked about, once you do. Let's talk a little bit about kind of the two things I wanna touch on before we wrap up are things like side hustles, which can seem daunting for someone who's never really attempted that before. It can... I think the unknown is always a little scarier than actually trying that and accomplishing something. And then also talk a little bit more about the idea of incorporation because we know about this in a business sense, but talk about how that can be helpful on the personal level too.

Joe: Yes, so it's a good question. So, the side hustle thing, it's got multiple benefits. Obviously, the primary benefit is you potentially make more money and then you can save more money. Now, you know, the obvious downside of is it takes time. But I think everybody should be trying to do... Well, I think everyone needs to be business-minded, as I said. And I can say, in my case, owning a business and having more control over my own income and, like, the ways I spend that business's money, you know, has been very valuable in growing the wealth, but also, a huge benefit to business ownership is the benefits you get in the tax category. Business owners basically just have the ability to pay less taxes on a percentage basis than, you know, your average W2 employee. Why that is, you know, it's hard to say. I always kind of say, you know, at least the country and the world, they're run by people who have a lot of money, have businesses, have lots of real estate, and they make laws, I think, ultimately that benefits them more than anybody else. And you just need to figure out what they are and try to, you know, get as much benefit out of it for yourself.

So, business owners, essentially, you know, they get to make money, spend money, and pay tax on the remainder. Employees basically, you know, earn money, get taxed, and then they get to spend the remainder. So if you can get yourself into a business ownership situation, one, you know, you'll have more control over your own income and when thing times are good, you can keep, you know more money for yourself, which is a good thing, but you will get a lot of tax benefit. And it's not just in the terms of, like, business tax, you know, deductions and so on. Like, business owners have access to your retirement savings vehicles that allow you to put a lot more money away. Like, if you are an owner or, you know, kind of self-employed individual, and you're just like a single owner or owner with a spouse, using like a solo 401(k), for example, you can put up to $56,000 per you and your spouse per year away. Whereas your average W2 employee can only put up to $19,000 away, tax-free that is.

And that's just an amazing benefit. If you have the money to put away, the fact that you can get that huge of a tax deduction earlier on in your life and have that extra money working for you, I mean, that's just a huge advantage. So, I think... I look at the side hustle as, one, you're gonna make some extra money. Two, you're gonna kind of get your entrepreneurial seed planted and put yourself at least to some degree in the business owner category. So if you have a side hustle and you're making some money, but your business is home-based, for example, well, now all of a sudden, you get to have a home office deduction, where you don't get to have a home office deduction if you're just a W2 employee, even if you work at home. You know, a portion of the time, you get to write off some of your cell phone. You get to write us some of your car. Like putting yourself in this, you know, self-employed independent contractor status, gives you access to the possibility of saving money on taxes.

And, you know, the biggest bill we all pay every year is our tax bill. So, if you're not putting some thought into how to, like, be most efficient and, you know, not overpay on your tax bill, well, you're probably potentially overpaying there. And you could have saved that money and put it to work for you, like, in some sort of, you know, investing capacity. So, the side hustle thing is just multifaceted. And I think ultimately, you know, for not every career, can you easily transitioning to owning a business or doing consulting, but if you can take what you're doing and turn that into some sort of part-time consulting work, you know, in a "freelance or independent contractor capacity," oftentimes your hourly pay for doing that kind of work in a consulting capacity is far greater.

So, I would always look at, like, what are you doing? Is there a place for it to be done on the side in a part-time, you know, consulting capacity? If not, you know, maybe you try to turn a hobby or, you know, some other thing that you can do into a side hustle both to make more money, but then to also essentially become an independent contractor/business owner. And then if that's going well and you're making a certain amount of money with it, there you can achieve additional tax benefits by incorporating your business. And you also achieve liability protection. So, you know, that's pretty much what incorporation gets you. It gets you whether it be like an Inc., you know, or a "corporation" or LLC, Limited Liability Company, it separates your business activities from your personal life.

So, you know, in the liability sense, if you got sued, you know, for whatever reason, in doing your business and you weren't incorporated, well, if the person suing you got a judgment against you, and that judgment exceeded whatever insurance you might have, all your personal assets would be exposed to that lawsuit or that judgment. If you operate your business inside an entity like an LLC or a corporation, well, only the assets and, you know, equity inside the LLC would be exposed to the lawsuits. So, like your personal home, or your cars, or your savings account, whatever, would theoretically not be accessible to the lawsuit because the lawsuit is with your entity and not with you personally. So a lot of people will do their side business and they won't incorporate it, and they just kind of like get paid 1099 to their social security number. And, you know, they're open to some liability. Now, depending what you do, the chances of you getting sued, you know, are higher, you know, or lower. So, you know, lawsuits are not a concern in every case, but that is one reason you incorporate.

The next reason you incorporate is you can achieve even better tax treatment by incorporating particularly being an S Corp, mainly because, you know, when you're just getting 1099 pay or even you're just an LLC, like a single-member LLC, you pay self-employment tax on all of your income. For whatever reason, again, I don't know why but when you're an S corp, that structure requires you to pay a portion of your pay to yourself in the form of a W2 paycheck, but it only has to be a certain portion of your profit. And then the remaining profit that you get is not subject to self-employment tax. Why that is, I don't know. But, you know, some clients of mine who were not structured right, I helped them out, and they each saved like $20,000 in taxes in 2019, just by making a simple change like that. So, incorporation, you know, again, it can help you in saving taxes and then also create liability protection for you.

And if you're getting into real estate, you know, real estate is something that both can be kind of a somewhat passive investment thing, but then can also become basically someone's full-time career if you end up sort of really liking it and growing a big real estate portfolio. And, you know, with real estate, that's actually where you have probably some of the greatest, like, lawsuit potential because, you know, you have people, you know, in a property, you own full-time living there. You know, anything could happen, a variety of things could happen, and you could get sued. So if you have real estate, you really wanna consider having real estate being an LLC, for sure, and having, like, a good asset protection plan in mind. Yeah, so the deeper you get in the weeds on, like, you know... The whole retirement thing, it's a simple plan.

But the big component of actually it really advancing and you advancing towards this financial independence is largely dependent on investing your money and getting some good, you know, investment performance. And for most people in the investing portion of your retirement plan is either gonna be you putting your money in the markets, the public markets, or in personally owned real estate. For me and my wife, and our family, like, real estate has been the primary vehicle we've invested our money in. And I think it outperforms the market, you know, by and large. And it certainly has for us.

And I should say, the other thing that I think is really important for people to be doing besides making the plan and thinking about these things and trying to earn more money to advance your savings and, you know, move yourself towards financial independence sooner, I think it's incredibly important for people to buy a house. For it seemed like for a while there with the millennials, there was this debate as to the benefits of home ownership. That, to me, is like a silly debate. I don't know exactly how that happened. But I was just reading some statistics last night that that trend is turning around and millennials are starting to buy more houses. And it turned out maybe the reason people thought they weren't buying them is because they're just doing things a lot later than other, you know, previous generations have done them.

But owning a house, well, there's a whole variety of benefits to it. But primarily, what you're doing is, you know, most likely unless you live at home for, you know, a really long period of time or you're in some rent control, which is hard to find, you're most likely gonna be paying like market price for rent, you know, for your housing payment, whatever that is. And when you buy a home, essentially what you do is you convert a payment that you're going to have to make anyway into a really good investment. And I just like... You know, I always like to stress this, you know, as part of any plan, like, anyone who's thinking about saving and trying to, like, get this, you know, retirement thing advanced, if you don't own a home, you really should be thinking about trying to own one. And if you're young, you wanna own one as soon as you can.

And I think for most young people, what they should do first is they should buy a multi-family house, like a two to four-unit property. Live in one property, rent the other units and have that be their first both investment, you know, in real estate but, you know, just investment, in general. And eventually, that'll become you know, as they wanna move and hopefully, maybe move into a different house, a bigger house, whatever it is they need, that multifamily property will be, you know, the first piece of their real estate portfolio. And the government currently incentivizes us so much to own real estate through tax breaks.

And for first-time homebuyers, you can get into real estate so cheap, you know, for, like, as low as 3.5% down. It's like the math of owning versus renting, it's so far into the column of owning. Like, it's not even funny, And I actually... I always like to say I'm the kind of person I do the math on pretty much everything. I think you can do the math in just about anything. And I've done the math and it's very compelling for home ownership. And if you do it in a multifamily sense, it's like, you know, massively compelling. Sorry, that was a little sidebar, but I wanted to throw that in there.

Katie: Yeah, I've done that math too. I absolutely agree. And I know you have a lot of... You've written about this on your website, which we should have mentioned already, but playlouder.com. I'll make sure that's linked in the show notes. For all you guys listening, I've been taking notes, and those are all at wellnessmama.fm in the show notes, as well as link to his website, which has so many blog posts and even have courses on all of this to help keep it moving forward. I'll make sure people can find you and keep learning.

This podcast is sponsored by Wellnesse- the personal care company I founded to take on some of the worst offenders in the personal care world! Did you know that many haircare products contain harsh detergents? But your hair isn't dirty laundry and doesn't need to be treated like it is! Instead, we created nourishing and natural "hair food" products that support hair's natural balance and strength over time to leave it stronger and healthier and still just as shiny and clean as any other shampoo! To help you see and feel the difference, we're hosting a hair detox challenge! Try it for 30 days and show us the difference in your hair! Just snap a picture and tag us on any social media. To make it even easier, you can save 15% on all of our haircare products this month with the code hairdetox15 at wellnesse.com

As we navigate to the end of our time, another question I'd love to ask purely selfishly because I'm an avid reader is, are there any book or a number of books that have had a dramatic impact on your life? And if so, what are they and why?

Joe: Yes, there's been a bunch. I would say, though... I'll give you a few. They're not all money related too, by the way. One that I read, like, right out of college was this book called "What Do I Say Next?" And it's basically about the art of conversation. And, you know, I was getting into my career and I was thinking, you know, like, everybody, I mean, I have anxieties to this, that, and the other. You know, it's not easy to go and make things happen. So I read this book to just try to work on my small talk and it honestly had a really big impact in my life. Because it allowed small talk to be easy and it just, like, kind of gave me a bunch of tools to, like, talk with people easily. And that is the way you get so many things done and make things happen in your life is by having good conversations with people, developing relationships, and then building partnerships with different people that, you, you know, continue on with overtime. So that was a really big book. And it's funny today, like, with social media and stuff and the fact that I've hired a lot of young people, like, post-social media era, the art of conversation is definitely, you know, starting to decline a little bit. Hopefully, we turn that around.

But another one, it's a really basic book, very common, but "Rich Dad, Poor Dad" is a pretty good book about getting your head into the entrepreneurship and being business-minded folks, you know, not thinking "like a worker," thinking like a business owner. I think that applies, you know, in so many aspects of life. Though, I will say I think "Rich Dad, Poor Dad" could be responsible for people thinking that owning a home is not a good idea because he made this famous statement in there about, "Your home is your biggest expense, not your biggest asset." I don't think that is accurate at all. So, don't pay attention to that part. And then "Your Money or Your Life" by Vicki Robin is a really good one to think about how, you know, when you're buying stuff, you don't need you really just trading your future time. And then lastly, a recent book called "A New Earth" by Eckhart Tolle. It's more of a spiritual book, and basically about understanding, like, you know, our egos, number one, and also, like, trying to understand how to, like, be more present and all that in life. It's a really, really fascinating book that blew my mind. So I would recommend that greatly.

Katie: I love it. That one by Eckhart Tolle has come up several times recently on this podcast. So that's gonna move to the top of my list. Enough people I trust have recommended it. And I think...

Joe: That one and "The Power of Now," they sort of, like, almost work together. But yeah, I like it.

Katie: Awesome. Well, I'll make sure those are linked in the show notes. And I'm getting on my Kindle right now. And I think the perfect place to wrap up is what you just mentioned, again, and also you mentioned earlier in the episode of considering things as far as their value in time, not their value in money. And if we think of time as our most valuable asset, which it is, we can't replace it. We can't buy more. That really reframes it. And am I willing to trade this amount of time of my life for this possession, which is also going to take up time to maintain?

Joe: It's really when you have kids and you're like, "Do I wanna buy this and have less time with my kid right now for this object?" You know, oftentimes, the answer is no.

Katie: Exactly. And I know for all the women listening, there have been studies that our stress levels are directly related to the amount of stuff we have in our house. And conversely, the less stuff, the less stress. So, I think when you combine that, the idea of time and the idea of stress, it makes a strong case for minimizing those things and really just focusing on the core things which leads to us being happier, but also to getting to these goals faster. And like I said at the beginning, I think this is an important aspect of health as well, financial health and the mental health attached to that. And it's one I haven't talked about that much on this podcast. And so I'm very grateful to you today for coming and sharing your practical systems. I will link to some of my favorite blog posts you have in the show notes. You guys can keep learning there. And, you know, keep learning from Joe, reach out on his site and keep learning. But Joe, thank you so much for your time today. This was so great.

Joe: Absolutely. Thank you for having me. I know the business side of things is not always covered, so I really appreciate you giving me an opportunity to come in and talk about it.

Katie: Thank you for being here. And thanks as always, of course, to those of you listening, for sharing, as we talked about your most valuable asset, your time with both of us today. We're so grateful for you. We're so grateful that you did. And I hope that you will join me again on the next episode of the "Wellness Mama Podcast."

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