EPISODE 1096

[INTRODUCTION]

0:00:00.0 ANNOUNCER Welcome to the Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

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Whitney Sewell: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today our guest is Chris Miles.

Chris, the anti-financial advisor teaches entrepreneurs and professionals how to get their money working for them today. He's an author, podcast host of the Chris Miles Money Show, he's been featured on U.S. News, CNN Money, Entrepreneur on Fire, Bigger Pockets, and has a proven reputation with his company Money Ripples getting his clients fast financial results. In fact, he has helped them find over $250 million in the last nine years, so Chris goes in detail why he's an anti-financial advisor. He started out as a traditional financial advisor but you know – I thought this was interesting, he realized his calculations would not actually make people financially free.

And so then, he just started with that, right. Ethically, it's just right, what I'm doing, how I'm advising people? And so, he talked about that calculation, he went in-depth about that and, why you should stop funding those 401Ks and IRAs and some different things that you should be doing. And then he went back in pros and cons, mutual funds, real estate, the differences, and it's going to be a good show for you to listen to think about what you are doing with your IRA or 401K and how you are investing.

But quickly, I want to tell you about a sponsor who we've partnered with personally as well as we are just growing our investor base and we want to continue to build that loyalty and its company called lifelonggifts.com. And I encourage you to look them up, they're going to help you to send gifts to your investors or to send gifts to just people that you love, especially right here for the holidays. You know what? I mean, you can get a nice gift set and have that person's name even put on, it can be a nice knife set or, a cutting board or lots of different things. There's so many different options that's going to allow you to have personalized touch with that individual, with that person maybe that's done you a favor and you're wanting to say thank you. And, we want to say thank you to our investors all the time, I can't send them enough gifts but I just want you to look up lifelonggfits.com. One of the owners there is a friend of mine, and they're just providing an amazing service to entrepreneurs and to people who are building that loyalty component which you hear me talk about often.

[INTERVIEW]

Chris, welcome to the show. I'm glad we finally made it happen. We were talking beforehand and I know I've had some technical difficulties and we rescheduled. But, you have some skill sets that I know the passive investors, listening for sure, but even the operators that are listening need to be aware of. And I'm just looking forward to getting into it today but, tell the listeners a little bit about yourself and those skill sets so we can dive in.

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Chris Miles: Yeah, you bet. I appreciate being here, Whitney. It's been an honor to be here for sure. And, I'll tell you that the biggest thing I did – I'm basically an anti-financial advisor, right, I started out as being the traditional financial advisor almost 20 years ago. I did that for four years. Once I got the real numbers, like what's the real return to the stock market and inflation and everything else, I started realizing that my calculations wouldn't make anybody financially free. And so I had this dilemma. I had to figure out, am I going to keep doing this because my pocket book says to do it, or I'm going to stay in integrity and get out? And especially after I met a guy that wasn't in real estate investing – was an active investor and he was creating a lot of cash flow fast. 2006, I said "I can't do this stuff anymore, I'm out. I'll never teach you about money again. I will just be a mortgage broker and teach ballroom dancing on the side...and stock coach, as well."

And so I did that for a time, but I didn't know what these guys knew and, eventually I was able to become financially independent by the summer of '06. I was almost 29 years old, I went through the recession, got my butt kicked, and switched banking on appreciation. So I came out much wiser this time around. And that was able to become, even despite not filing for bankruptcy, was still able to dig out of that million dollar debt hole and become financially independent.

The second time, at the end of 2016, and that's basically what I'm doing now, I'm working with that anti-financial advisor, beat that same drum telling people to stop funding those crappy 401Ks and IRAs and really just, you know, become free like go for these passive alternative investments that have less risk with greater returns versus doing the same old high risk mediocre returning stock market stuff.

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WS: Okay, so what I heard there was we need to learn ballroom dancing to achieve financial independence, is that right?

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CM: No. Well dance and finance rhymes so they get to be related somehow, right?

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WS: Yeah, no, kidding of course. But tell me a little bit about that calculation though. You know, people that are going to that financial advisor, it's interesting you say "You know what? I figured out my calculations were not actually going to give them financial independence." Help the listener to see that a little bit more, maybe about their own scenario that they haven't noticed before.

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CM: Yeah, there's a difference between average returns and actual yield, right? For example, average returns they'll say, "Hey, we've averaged 10 or 12% since 2000 BC, and the Romans conquered Rome," well whatever they conquered, right? Since for the beginning of time, right? Well the problem is that average does not mean actual, you know, especially whenever we have a negative year the numbers get thrown off, right, because for example if you've heard this situation before where someone has say $100,000 in their IRA, they lose 50% that year has the market tanks, they're down to $50,000 bucks.

Now most people including myself as a financial advisor and all the other financial advisors I worked with would tell you "Hey, well then you just need a 50% rate of return to get back to zero," but a 50% return on $50,000 is only $25,000 bucks, meaning you only got up to $75,000. So in reality that 50% loss needs 100% gain to get back to zero, not including the costs already pulling out each year. right.

So when you think about it, that average return, you know, minus 50 plus 100, you know that's 50 divided by two years as a 25% average return, right? And that's what they all teach us. You know, they tell everybody "Hey, we're going to teach average returns because of course what makes financial institutions more money?” Average returns, not shown the actual year which would have been zero or less than zero in that situation when they take out their fees. They'd have like, if I have $97,000 bucks left, you know, that's what we don't want right? We don't want that kind of situation, so when I found out the real rate which in the stock market, it was much less it wasn't 10 or 12%.

In reality, even right now as of just a month ago, the average return was about 8.4%. That's the actual yield of the return. So, that doesn't count all the costs coming out of your fund, even if you invest in ETFs they're still pulling out costs, right but, you're looking maybe an average 8%. This is after the 13 years straight up that we've had in the stock market which has never happened in history, and most we've seen like a six year run up in the stock market not 13.

So, to see this 13th appear in 2021 is just ridiculous. So even 8.4% overly optimistic, really between seven and eight more realistic, right? So think about that. We've been telling people 10 or 12% and the compounding that which gives you a much higher but in reality, you're maybe getting 7%. It's ridiculous you take these high risk, get mediocre returns, or you and I both know in real estate whether we're doing syndications, we're buying properties, whatever might be, we go for at least double digit returns, you know, like a minimum, a 10% return, you know, total overall. I mean that's a completely different factor plus its cash flow, in many cases right. So if we're getting cash flow steady income streams from this, it's a whole other level because if you're lucky enough to save up, you know, say a million dollars into your IRAs or 401Ks, problem is that you should only be pulling out maybe two or three percent in retirement so you don't run out of money. Four percent, way too much, that's the old number. Even 20 years ago we were debating 4% to be too aggressive.

So, think about it, you have a million bucks you're pulling out 20 or 30,000 a year. I mean that's living below the poverty line as a millionaire, you're broke millionaire versus if you have a million dollars that's working the syndication paying you 10% that's $100,000 a year with tax advantages, because you get, you know, all the depreciation everything else passed on you. You're keeping more money versus paying tax well, 20 or 30,000 year. So that's the difference. That thing blew my world wide open in 2006 and I was like "This is crap, like, I can't teach this anymore," especially knowing that you can do something better with less risk and get better returns.

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WS: Man, that right there, we could just end the show right there because that should tell people from the things you just mentioned, I mean we should be thinking about our "financial advisor," right, and how we're being advised and thinking about what real estate can do for you. As you said, stop funding the 401Ks and IRAs and, what should they be doing instead?

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CM: Yeah, you know what? Like it's funny because the 401K the biggest argument people give me is the match, right. They may say "I'm tax deferred" but truth is, it's a tax delay to a future date, do we really think there are taxing modes down in the future? The likelihood is with inflation everything else you'd have to pull out more money in the future, you have tax rates to the same, you need more money to live on, you're likely to be in a higher bracket right? So that's a dumb argument, but the match, that's the one everybody like gets hung up on right, even intelligent people, and they're like, "Good savers, like I put in max fund in my 401K and then I get the match."

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WS & CM: it's free money.

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CM: Exactly, right? It's a no brainer, besides if I only match up to the 6% or whatever, you know, when I get that hundred percent match, well that's 100% return.

So, I actually just recently did a podcast on my own show, on the Chris Miles Money Show, I did a podcast right where I showed the numbers. I said "Let's just say that you only make $100,000 a year, you're putting in 6%, $6,000, a year and you get the match, right hundred percent match.” So I put in a 107% return because they always say, "What's 100% return?" Cool, let's put 107% no compound interest calculator to see what happens. 6,000 a year, 107% return in 40 years, 50 quadrillion dollars, not trillion, not billion quadrillion. You're richer than the basis and 40 years of your crappy little $6,000 a year you're putting in your 401K. Come on, like nobody and in fact, the average 401K right now only has a few hundred thousand dollars in it for the retirees, right? There are only about a quarter million average.

After saving now it's been 35 years 401k really came on the corporate scene for average people. So these people have been saving for 30+ years only to have a quarter million, and so more max funding too, right? So that's the thing and I also meet people, and you do too I'm sure, where they've got maybe a couple million because they're like dentists, they've saved up a ton of money into all this stuff and just packed it in there. But the truth is that you don't make that great of a return.

But with a match, only adds if you even do it, get that hundred percent match and that's all you do, it only adds over a 40 year period about two and a half percent compound interest return. So you go from a 7% average to 9.5%. If you do max fund though, and then you get like maybe if several thousand dollars on top of it, it only adds about 1% a year to your return, not a 100 – 1%. So now you're up at 8%, and then you get taxed on it, if you're even a 33% tax bracket there you're losing almost 3%. You're like netting 5% return versus, again, I can make double digits investing in real estate easily with tax advantages, right. And again the cash flow that comes in is just huge, mean a million dollars loan on 20, 30,000 or 100,000 year, You know, that's your choice you know it's just, to me it's a no brainer and not to do the 401K and not take the match, plus the rules are always changing, right. Like we were talking about before the show about now they're talking about maybe changing the Roth IRAs which was like the little darling for some of our investor friends like, "Oh, well, I don't do this 401K and IRA because I get it" but that's Roth IRA. That's the answer, not realizing that the main partner in any qualified plan is the US government, they have controlling interest in your little business venture together, not you.

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WS: Are there any other things around that change that you could share with the listeners?

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CM: Yeah. I mean, again it's only been proposed, it's not sealed yet as of, you know, the recording of the show right. This could change even in the next few weeks but now what they're talking about doing is basically tax rich and give to the poor, right.

So, if you're actually successful with your Roth IRA which most people aren't, but even if you're successful in life, if you have over a $10 million net worth, you required that year to cash out 50% of your Roth IRA, even if it means a 10% penalty on your money. So 50% you got to pull out year one.

So, again, the government needs to fund this, and by the way they're looking at this because here's the crazy thing, buying promises not to raise taxes on anyone making less than $400,000 a year. Oh, by the way, if you make over 400,000 a year they're going to say no more Roth IRAs for you, right. So that's another issue, which I might...who gets crap? Like this suck anyways. You can't fund $6,000 a year and hope to become wealthy, right?

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WS: So make you pull 50% of it out and make you pay the penalty?

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CM: And pay them a penalty, right, so you know there's no gains and everything else, yeah you're paying on that so that's ridiculous, right. I mean that's the thing, is that again if you're rich, because again Biden doesn't want to tax anybody over $400,000 a year, now so his only other option is that the government, even democrats trying to come up with it, try to put a tax on cigarettes. But of course there's people that make under $400,000 a year that smoke cigarettes, so well you don't want to do that because now you're taxing...breaking his promise, right and they're going to rip on him in the campaign. The other thing they're trying to tax too, is like you know even like gasoline and things like that. Well, that still affects workers.

If you text Corporate America of the course the thing they have to do is they get more corporate tax, they're going to pass it on to the employees, and that affects middle and lower income class Americans. So, he's kind of caught, you know, he's kind of caught in this dilemma.

So, they're trying to find any way possible to fund all these stupid programs and the Roth IRA like or anything, IRAs, 401Ks, don't think that these things are impervious, they could all of a sudden say "You know what? Yeah, you are totally rich. You got a couple million dollars in the IRA." This year, you're going to get taxed, right now they can achieve that rule and you have no say in the matter.

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WS: That's scary. Maybe disappointing to a lot of the listeners here in some of those things are potential things that could be happening, but what should they be doing Chris? And I know we've talked a little bit about, maybe you can elaborate more on the differences between how people have been investing and whether it's mutual funds or whatever to real estate and what they should be doing to maybe achieve that financial independence?

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CM: Yeah. I mean definitely real estate of all types of forms right, is a great way to go. You know, there's no doubt, especially if it's lower risk you're creating, you know, good, steady returns or you're getting good cash flow or both. You know, I like cash, land growth investments, those are always great ways to get a preferred return plus some growth potential as well, right. I mean there's lots of different ways you can do it.

You can always put it in cash, because at least don't worry about keeping it locked up in some qualified government plan that they're going to try to change the rules on you, right. The other thing I use where the rules don't change because it's a contract is I use life insurance. It's the only thing that's tax like a Roth IRA, but I don't have all the limits of like $6,000, $7,000 a year, you can put in...I can put in up to 25% of my stated gross annual income, right. I can fund the crap out of those things and then I use it to invest which then I get the double dip. I get to make money inside the policy, and at the same time, pull the money out as a line of credit and use it and invest in other places and, I end up making at least another two to five percent on top of whatever the real estate is paying me.

So, that's kind of been my replacement, and I've been using for years and the great thing is, if they changed the tax rules, as long as you get into the contract before the rules change, then it doesn't matter, like it's grandfathered in you get the same tax rules as before.

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WS: Okay, no that's good to know, right. I mean, that could be scary for a lot of people thinking about moving into that top of investment. Right now I don't think it was just going to change well and maybe you need to do it before it changes, right?

So, how else do you advise people or maybe some fears that people have in moving this route versus, just the way we've been raised, right? A lot of us I think it is what you do, right, you get that free money, and you don't want to pull out from that. I know parents often depending on when they were raised, if they were not entrepreneurs and think like this man it just makes so much sense right, my grandparents lived through the depression and it just, I mean that would just make sense to them, right. This is safe, secure, you're getting that free money, man, why would you not do that. But any other fears or myths that, you know people, have that you want to speak to?

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CM: There's a lot. I would say the big one I hear often is someone will tell me "I'm a conservative investor," right, which is not true. One, if you're in the stock market you're not an investor, you're a gambler. Let's be honest, you have no control over the outcome. Zero control and it can change on a dime. I mean, we recently saw the stock market dipped like the Dow adopt job like 800 points in a day all because people were scared, you know, just fear about China's debt, right and China's markets can be collapsing, too. And, that collapse that causes U.S. to collapse, right? So we have all these little uncertainties there.

So when someone tells me like "Well I'm a conservative investor, I put money in my 401K or my IRAs," like, you're not conservative, you're a comfortable saver because one you're not an investor, you're a gambler, two, you're just saving. So really you're a comfortable gambler. You know, just because everybody else is doing it, you think because it's conventional, that's the conservative thing to do but, the truth is that the majority of Americans are gambling way too much, you know, they take way too many risks of their money and that's why they never become wealthy. We don't want to follow the masses because the masses become broke, even if they save a lot, they still don't save enough. I even had a guy I talked to, he's 53 years old recently, he saved $3 million in his IRAs and 401Ks and his financial advisor said "Good, you're on track, keep going. In 12 years you should probably hit your goal" with the thing is, he's like, "You know what my goal is, Chris? $500,000 of passive income a year," and I said, "Well, if you want $500,000 a year you have to get that number up to $15 million. You got to quintuple your money in 12 years, so most likely going to be working into your 70s or 80s to hit that number," and he's ahead of most everybody in America, right. And even him, he's like "Well quite get there, you know." No, don't do that but he like, "We can get that money that is $3 million work for you now and we get you at least $300,000 a year today," right, we can do that, you know, we can get at least $250 to $300,000 a year. And I blew his world up, but again, he realized he was that comfortable saver, right he was comfortable doing the mainstream but he realized like "Wait a minute, of all people I should be financially free right now and I'm not."

And so, I tell people like "No, you're not conservative, guys like Whitney and I, we're conservative," like we wanted to take as little risk as possible to maximize our gains and our returns. We actually want the reassurance thing, the real thing, real assets not zeros and ones on some paper, which by the way the stock market now is 90% traded by AI. In fact there's 70,000 trades done in a second with AI that humans can't do. So humans have almost no influence right now over the stock market. Is that really where you want to put your safety and your life into? Do you really want to be in that place? To me that's just too much risk with too little return.

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WS: I knew there were a lot of AI making trades like that but I didn't realize it was that much. Wow. Yeah, and how can you compete with that, right?

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CM: You can't. I taught people to trade stocks and options back in the mid 2000s, right? Today the rules are so different because it just doesn't act the same. They'll have to do is, they just look for things like keywords and stuff and articles and they're like scanning everything to figure out when to buy and sell. It's just a big algorithm right now and that throws everybody off. Now you can't always trade the same way that you could have before where it is a little bit more predictable even though that was still high risk.

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WS: Chris I meant to ask you earlier too, I know you have a story behind how you lost properties by going too big, what does that mean?

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CM: Yeah. So in the last recession, like I basically had a lot of ego right because I felt like I had the Midas touch. It seemed like whatever I touched turned to gold. I remember doing it right where I was focusing on cash flow that got me out of the rat race by 2006. But, the thing is, I started thinking about appreciation, right. And I know you know this because as a syndicator especially, you can't just be banking on appreciation necessarily even though you can manipulate it more specific – with value-add properties and things of that nature. It's kind of more of an icing on the cake, it's not what you should...

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WS: We don't count on it. You're not underwriting it, that's right.

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CM: Yeah, that's why you need the cash flow, you need the profits, right? Well I took my eye off the prize, I stopped focusing on profits, I even had negative cash flow and properties because I thought, "Well, hey, if this property appreciates 10%, offset the losses, I'm good." Well of course when the recession hit things weren't appreciated anymore and then your negative cash flow, it's not profitable. You're basically sucking money out, and so I found myself, you know, trying to sell off properties really quickly, even if I had equity that was gone. Even my own house, I had to foreclose on because, you know, good old Lehman Brothers didn't want to accept any short sales at the time so they ended up short selling for 170,000 less than the offers we had on the property. It took me from millionaire upside down millionaire status because I started gambling, and bank and appreciation versus focusing on the thing that worked in the first place which was cash flow, you know. The thing that to me now is sexy, boring is sexy to me now, right before it was always about like hey like those big returns that's sexy especially when you're in your 20s you get dollar signs, your eyes you get stupid. But when I realized that the sexiest thing is how boring can I make it, like how predictable can I make these returns? That to me is way sexier. You know, $400 a door, $300 a door that's sexy to me, you know, versus trying to you know bank on, you know, $50,000 on a flip or whatever might be, so that's where I went wrong.

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WS: That is some great advice right there. I mean cash flow is so important, right, and never to bank on. I mean just dreaming of appreciation, right I mean it you do hope that happens but man, you don't know that for sure. No I appreciate you being willing to share that as well. I think that probably speaks to a lot of the listeners also and, thinking back a little bit, even thinking about that, I mean, what would you say to that listener that maybe has some...or looking at deals like that now or maybe what you would have done differently? I know you said a little bit but like, going from thinking with the way you were thinking then to the way you think now as an entrepreneur and you said, like simple businesses, right? You know, nothing complicated, boring is better. Anything else around that would be helpful for the listener?

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CM: Yeah, I'd say stay in your lane. I know the guy that's a syndicator as well and he's like "You know what? I was going to do this, I've done tax liens, I've done that and that" is like but then I decided I'm just going to stay with new construction, like new construction that's it. I'm not going to buy existing, I'm not going to do value add, I'm just gonna focus on this one little piece. And I was like "Great. I trust you way more than..." you know, then like your syndicator trying to go and invest in marijuana farm. I'm like...I'll say like, "Hey, you know, I think I want to try that." Honestly as an investor, and I'm a much more passive investor now not as much of an active investor, I love when people stay in their lane but if they're like, "Hey, I'm going to go try this," well cool. Well I'm not going to give you money to be my guinea pig or to be your guinea pig, right, like I want to test it out. Try it, try it not just once but try it several times.

And again I love the experience, even if somebody got hosed in the last recession, great did you learn from it? Would you learn? How do you do business differently? Those are the people

I love investing with as a passive investor, right so I would just say, you know, if you're a passive investor look for that experience, look for those, you know, if they got hosed, great, what do they do differently now that they weren't doing then? And then if you're a syndicator, I mean, you really focus on what it is you do best, which markets are you best im, don't try to find these brand new markets and then you have no clue how to manage it, right like just stay in your lane, stay focused, do what you do best.

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WS: Yeah, a lot of value in staying in your lane and one way that we have grown but still staying in our lane is adding team members that have this expertise in the other areas, right or markets or things like that.

And so, that's been very helpful so we can stay in our lane, bringing people on that lane we want to be in, right?

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CM: Yeah, you partner with somebody who's already in that lane and then you get in a brand new lane now.

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WS: Yeah, no doubt about it. Oh Chris, for that investor that's listening thinking about well maybe a potential downturn coming up, I always like to ask, how do you think about being prepared for a potential downturn as an investor? Operator? Either one.

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CM: Yeah, you know I remember in March 2020 when everything was kind of up in the air and you know mark was starting the tank and everything else, the advice I would give that I still kind of adhere to today is get lean, get liquid and get out, right. Like lean, I mean, even in your business, especially if you're actively investing in real estate right, make sure that you're really lean on your costs, again you have to be dirt cheap. Same thing in your personal life, I don't want you to live in a cardboard box, I want you to live on rice and beans like, you know, our good old friend Dave Ramsey says like that advice is no good. But you do want to be wise, want to be a wise steward of what you've been given, so how do we really look at that, you know, analyze what's a productive expense and what's not. Again still enjoy life but don't be careless with it, like really get those expenses under control and while you're also managing and tracking your income and the revenue coming in so that gets lean.

Get liquid means you need to have cash on hand. One mistake I do see some people doing, especially when they listen to a lot of these podcasts, is that they try to deploy money everywhere, and then they have no money to deploy at some point. In fact, they may not even have any savings for emergencies. So if they lose their income, would they be toast, you know so, definitely stayed liquid. We saw this even in 2020, some people became non-essential businesses, I mean this way you want multiple streams of income, right but you definitely want to make sure that you also have liquid cash just in case of bad emergencies or two, could be the best opportunity in the world because maybe that deal comes around, you're like, "This is a once in a year or once in a decade deal. I got to be in this," you want to say "Oh well, well I'm out. I'm glad my money's over here. It's all deployed but I have no liquidity" so get lean, get liquid and then get out.

We're not going to recommend you bail out of the stock market right but if you've got money in stocks right now or Bitcoin and things like that where you've seen a lot of growth fast, this may be a good time to take profits. You know, this may be a good time to get out. Do you really get that money out? Again, we're not recommending anything because everybody's individual situation, right, and we don't make recommendations like that but, this can be the best time to take profits and say "Cool. Now can I move it somewhere more certain? Can I get some more now? Get more predictable returns?" because, again, 13 years in the stock market up, it's got to correct, it has to, you know. I was saying that even six years ago when I already went six years in a row saying this is going to happen at some point and look where we are right now. I thought there was gonna be a Y2K 16. I even made fun of it like "Hey there can be a Y2K 16 watch out," didn't happen, Trump got elected and things skyrocketed, right, so you got to be careful like you don't want to be gambling with that money. Get your money in certain places that you will make certain returns.

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WS: How liquid would you recommend?

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CM: It depends. I mean, because if you're looking at just emergencies, you might just say six months of expenses or 12 months depending on what you feel comfortable with, right? But, you know, the thing is you might want to have some money in that war chest just in case of opportunities too, because you don't want to use your emergency money for that either, right? So it depends. You might say "Hey, I'm going to take whatever my emergency reserves are plus 100 grand," right just in case that great deal comes by. I've got some liquid available right now. So for some people that could easily be 150, 200 grand you might be keeping a liquid.

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WS: You don't have to tell us if it's in a jar in the backyard, but I wanted to ask, you know, like where do you feel secure keeping that emergency fund? You know, do you feel good keeping it in the bank or is there some other type of way you like to keep that? And again, it's in the backyard in a jar don't tell us, but how do you do that?

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CM: We did buy a bigger backyard but not for jars, right. That was for growing fruit trees and stuff which is another reserve right but, I would say this, I mean you definitely want to be putting all in the bank because you're earning points nothing percent, and then you get taxed on point nothing percent. I remember my wife, she said, "I want to keep 200 grand liquid for at least a year's worth of expenses that we have just in case," right. In case we had no income for a year, we've got enough. And so I said "Well, I'm not keeping 200 grand in the bank at .05%" right.

So I said let's do this, and I have my life insurance, you know, the whole life that I have that I use. I said I'm going to keep an earmark two thirds of this so that 130 grand in that, in that account that we don't touch. Anything about the 130 grand great, I can go and invest in double dip and make returns in two places. That 130 grand, at least leave there where I know going to make at least a four or 5% tax free return vs .05% of the bank, or even .4% with my Capital One Saving online savings account that then I get taxed on that .4%. So, that's what I do to kind of diversify, keep it liquid, but I can still get to it very quickly, and at least make some money to try to keep it safe from inflation which has been going crazy lately.

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WS: That's incredible. I wanted to get your take on that because I know there's people or investors that I talked to often or listening thinking "Okay, you know I want this reserve. I want this emergency fund but do I really want all that just sitting there?" And so I appreciate you elaborating on that and, quickly, what's a daily habit that you're disciplined about that have helped that's up to you to achieve success?

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CM: Yeah, I have a morning routine, you know, I think it was successful people have something like it, right? Tony Robbins called his, the Hour of Power. It was like the morning rituals and stuff right but for me I did the same thing.

I focused on three key areas. I call it the three E's, right so exercise, education and enlightenment. So, body, mind, spirit, right. So I'll go and I work out. I'm actually now a marathoner as a result of this. So I actually just qualified for the Boston Marathon just a few weeks back and, now it's like "Cool, what else can I do?" but you want to do that like this morning. I was doing a prayer gratitude while I was out for my 10 mile run, you know, before it started hurting, I want to make sure I'm more grateful, you know, started doing like prayer gratitude and do things with meditation. You can do things with journal writing, for the education side you can listen to good audio books, you know, whether working out, driving to work, whatever might be learning. I always try to learn about different things on the financial and some things on personal development. But always just feeding the mind, body and spirit first thing in the morning to get that big win. And I'll tell you, that's the one thing that helped pull me out of the worst times like during the recession and it's also helped me continue to thrive even when things are great.

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WS: Congratulations to you by the way, just coming back from a loss like that and making it happen now and doing so well and, even keeping that morning routine I think would be very easy to give that up during a time like that. How do you like to give back?

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CM: Teaching. I mean that's a big thing. I mean, obviously 2016 I was financially independent, I could just kept doing five hours of work a week, you know, just by managing my podcast and doing a few things that way and joint ventures, but I'll tell you like anytime I tried to retire, people want to pull me back out and say "Well how did you do it?" Right and so that's why I kept doing, and a couple years ago got to a point where I said, "I can't keep doing this." I'm now get up to 20, 30 hours a week. And so I started building its core team around me, you know, and that team allows me to grow and expand and, that's got me excited like I used to be a control freak, you know, but now I'm kind of like, "Hey I like relinquishing control to those that can do it better" and allows me expand that ripple effect. And so that's really what I'm here to do is create that ripple effect in people's lives and as I bless their lives with what we learned and people come free themselves, they can spread that ripple effect throughout they can be better servants, they can be better stewards of the resources, they can teach their kids and create a legacy beyond them. I mean, if everybody could do this and what we're talking about here, everybody, create that in their life, this would be a completely different world that we're seeing today.

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WS: Chris, it's been a pleasure to get to know you better, have you on the show, just grateful for just all the value provided to the listeners today. Even just thinking about you being like anti-financial advisor like you talked about but helping us think through it, that 401K, IRA, the ways that we've almost been ingrained to think about those, right and that "free money" so called, and that keeps us tied in there, right tied to that broken system, really. Just thank you for opening up really our minds to that and sharing ways to get out of that, better ways to be better prepared and investing in real estate instead, but how can listeners get in touch with you and learn more about you?

00:32:09.000
CM: Yeah, two ways they can get: one, they can go to our website moneyripples.com, they can get great free information on that or two, you can follow my podcast the Chris Miles Money Show where, you know, we talked about all kinds of topics, that I think we even had you on recently or within the last year or so we had you on as a guest, too.

[END OF INTERVIEW]

[OUTRO]

0:32:25.0 ANNOUNCER: Thank you for listening to the Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

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