

**EPISODE 1304**

[INTRODUCTION]

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**Bobby Jones (BJ):** A lot of people think that their job is a lot more stable than it actually is, they think their health is a lot more stable than it actually is, all I'm preaching is to start looking outside and start creating that passive income for, whenever you might need it, and it can provide you options in many different ways.

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**Whitney Sewell (WS):** Are you looking to make that transition from your W-2 to having more time freedom. Our guest today, Bobby Jones is a retired nurse anesthetist turned alternative investor. He works to educate fellow healthcare professionals on the values of alternative investing or providing them with opportunities to do so, he wants everyone to be able to create time flexibility in their own lives. He was working many, many hours in the health care field, and he made a transition that I feel could work for a lot of people that are even in other W-2 positions. And so, I want you to hear just some options as some things that may be available to you that he took advantage of that maybe haven't thought of that we're gonna talk about, it is gonna lay out three steps to creating that time freedom for that busy professional so I want you to learn how to do that. It's so important, is so life-changing when you can wrap your mind around that, hey, these things are possible if I make a few critical decisions.

[INTERVIEW]

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**WS:** Bobby, welcome it to the show, honored to have you on. I know we've been connected for a little while now in our business, and looking forward to learning more about your business and how you've made this massive transition, I know maybe the listeners are desiring or wanting to do the same thing.

I know you can help them whether they're a passive investor or whether they are someone that's hoping to create their own brand and business as well. So, I'm looking forward to getting into this and so give us. So, give us, just quickly though, like what pushed you to make this big transition, you know, the career path you were in doesn't happen just overnight or with no work or there's a lot invested there, so it's always a big decision, and I love asking people like, why, how, what caused you to do that? Man, your mindset, all those things had to change, right? I know you're gonna help us understand that, 'cause I know those things have to happen for me as well. So, dive in a little bit there.

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**BJ:** Sure, well, when I first got started in my career as a nurse anesthetist, I was working in a W-2 position in a hospital, and I was working pretty much every day during the week, some weekends, things like that, and it takes up a lot of your time working 40-50 hours a week, it requires a lot of your time, and so I decided to transition away from the W-2 to 1099 status, which is basically a contract work. And so I had been doing that for a few years, and what I learned in the 1099 world as it really can be doggy dog, you have these periods of feasting and you have these periods of famine, so I was in one of those famine periods, I was only working about three to five days a month during that time, so I had a lot of free time on my hands, and that's when I started getting into the podcast and trying to find other ways of making money outside of my traditional career, and I'm just, so fascinated by the ways that people find to create income, and so of course, that led me to real estate, BiggerPockets and all that.

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**BJ:** And then I heard Michael Blank come on to the BiggerPockets show, and he started talking about apartment investing, and I said, okay, well, let's check this out, and so I started checking out his podcast, and then Ryan McKenna of McKenna Capital was a guest on his podcast, and I say, wow, man, that sounds great. I should invest with that guy, and so that's kind of the route I took, and so it just so happened that my wife and I were ready to jump into real estate in a couple of different ways, we had looked at single-family rentals and we were looking at apartment investments, we ended up investing in both opportunities at around the same time.

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**WS:** So, did you buy your own single-family or did you invest with somebody that was an operator?

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**BJ:** We tried to do a turnkey single-family property, that's a whole other story, a turnkey is not always turnkey. I learned a lot of lessons that were very expensive in that, but the big point here was that I invested in both of these, at about the same time, we bought a single-family home in Alabama, and we got into our first real estate syndication here in North Carolina. The apartment syndication started paying consistently within three months, the single-family home was a headache from start to finish like we went through the bank, and of course, things were taking a little longer to get the loan, and so the bank continues to want updated financials from you and updated this and update, they want paperwork out the (inaudible). Whereas when I invested in the apartment syndication, they said, okay, well, here's what you have to sign, here's all the risk involved and everything else, you go and you sign it and you wire the money, and it's done. There's no complication to it, I mean, it was just so simple. And then we started making money off of it, like I said, within three months.

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**BJ:** And so that part of it, the ease of the transaction was what really got me hooked into apartment syndication, and that was something that I had never heard of anybody even talking about at work. Nobody was mentioning these things. But I'll tell you what pushed me over the edge, and around that same time, the hospital that I used to work at had a daycare center that our youngest daughter attended and had attended, she was almost three at the time, and they basically came to us, said, hey, well, you and your wife haven't worked here in a few years, and this is a perk for hospital employees, so you've got 30 days that your daughter can stay here, and then you need to find somewhere else for her to be. Now, in our town, I don't know about others, but in our town, it's very difficult to find child care within 30 days, you normally have to get on a waiting list and you'll get a spot in three, four, five months. So all of a sudden, I'm already only working a few days a month, so I said, well if I can just make up that because we were doing okay on that, if I can just make up that level of income through other means, then I can just stay home with my daughter, and I can be a stay-at-home dad, I can go meet my guide already started that transition of going to meet up with my kids for lunches and walking them to school and doing all

those things that I really enjoy.

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**WS:** That you dream about doing most of the time I, most people dream of. Yes.

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**BJ:** Exactly. And so, I was already experiencing some of that time freedom as a result of having a slower work schedule, and so I didn't need to actually replace my entire CRNA salary in order to create that time freedom for myself, and so that's when my focus really turned to, I just need to replace the smaller amount of income that allows us to continue paying the bills and getting by, and allows me to have my time freedom to pursue other things.

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**WS:** And the quality of time with your kids, right? That's incredible. That's so valuable. So, valuable to me, anyway.

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**BJ:** Yeah, and the more I've gotten into this, the more my mind has really shifted because it's something where you're expected to work from the age of 20 until the age of 60, essentially speaking, and then when you're 60, 65 years old, then you can finally retire and you're able to travel the world and do all these things, but a lot can happen in that time period, and not only does, your know, you run the risk of not being healthy.

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**WS:** If you live that long.

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**BJ:** Exactly. You know, my mother was forced into retirement at the age of 59 because she had a failing kidney and she got a kidney transplant, but she's not able to travel and do a bunch of things yet she spent her retirement in her home, and that's not exactly what people imagine for their retirement. So, a lot of people imagine being able to travel and do all kinds of things, and that's not the reality for a lot of people that wait so long to retire. hereas I've got three children,

they're all in elementary and middle school. Now is the time that I want to have to be able to spend with them.

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**BJ:** I don't wanna wait until I'm in my 60s and they're long gone. And then I finally have some time. I want that time now.

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**WS:** Tell me, now that you've made this transition there, and I wanted to point out one thing, there it's interesting, and I don't know if some people think about this, and maybe I've heard this one or two other times on the show, but not very often where it's like I have this position where obviously I've worked really hard to get there, I'm making a very good income, I'm probably gonna receive pushback from family, friends or whoever. I see me making a big transition, right, but what I heard you say too, is that you went from W-2 to 1099 and that you were able to go to part-time ultimately, right, and you were able to start winning that back a little bit, even though all of a sudden it went to three to five days per month, it's like went way down. It gave you a lot more time. But there's often in positions that a lot of people are in where they just haven't investigated to see if they could be part-time. Like, could I scale back a little bit, so I gained a little more time where I could pursue something else, right? So, I appreciate you bringing that out 'cause oftentimes, people haven't thought about that. But what would you say now to the medical person listening right now who is desiring the same thing, and they're listening to Bobby story and they're thinking, you know what, these 40 to 60 hours a week at the hospital or wherever is not what's best, and they're realizing that they're missing that time with their children, like you're talking about, give them some guidance here, Bobby, what else? What should they be thinking about or maybe some mindset shifts that you see are common in that workplace or help them to start to make this transition, maybe they're not gonna start a full-time real estate business like you're doing or have done, but man, they want that time freedom. How can they do that?

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**BJ:** I think what it comes down to is lifestyle design, what is it you actually want for your life, A lot of people don't want this super extravagant lifestyle, but they get used to that lifestyle creep that comes along with making a higher salary, and then they think that they can't escape from that,

and that's really not true. You can escape from that lifestyle creep, you can escape from that rat race. But what I try to teach people is it's all about options. It's starting to create these streams of income on the side that just give you the option to maybe pull back from your job if you want to. Some people are in these career fields and they love it, that's great. What happens if you get some kind of an illness and now you can't work? What happens if all of a sudden you have some kind of a blindness? I have a nurse online that I know of that she was in an accident now, she can't hear, and so how do you take advantage of those moments that forethought, that you need to put into this and say, well, I just need to create those options for myself in case of an emergency. Because a lot of people think that their job is a lot more stable than it actually is, they think their health is a lot more stable than it actually is.

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**BJ:** All I'm preaching is to start looking outside and start creating that passive income for whenever you might need it, and it can provide you options in many different ways. For instance, I had a family emergency this month, I didn't have to worry about taking PTO, I didn't have to worry about running out of paycheck and all those kinds of things, I was able to take care of that, spend time on that the way that I wanted to and could do. I would never have been able to do that before when I was working full-time. So, for me, getting started, you wanna educate yourself, you want to get into things that you understand, so understanding comes with education, you gotta start learning about these different things, I went through dozens of different side hustles, side gigs, and I figured out what I wanted, and it wasn't to replace one job with another. That was never the goal for me, and it's not the goal now, even though I have my own business, it's incredibly flexible and I don't spend full-time work on it. It's something that you have to, again, go back to that lifestyle design, know yourself, know the amount of work that you're willing to put into something for how long, because a lot of these things, they take time to actually bear fruit. I was fortunate.

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**WS:** You mentioned creating ways to have options, and I like that, like you should be thinking about that as you're say, buying that house or that vehicle, like you're putting up hand cuffs on yourself, right, depending on how you do that or what you can afford, and so I appreciate you really just bringing that out and people need to hear that right, and they need somebody to be

brutally honest about those things with them. So, what are some of the steps so they can get started today, so help educate them a little bit on, man, okay, Bobby, like, I am making a good income five years from now, I would love to have those options or more options, right? So, what are a few things that they should be doing?

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**BJ:** So, there is a ton of education for free online, I have my own YouTube page where I have education about apartment investing in other alternative forms of investing, but the key is find education that fits your learning profile and go after it. I'm a graduate of Podcast University, I love Podcast, that is where I got so much of my education in this space, so podcasts are a great way to go to start just getting your feet wet, getting in the know and starting to recognize faces because in real estate. As you know, Whitney, it is a small world, everybody kinda runs into everybody at some point along the way, and it's the same way in nurse anesthesia as well. It's a very small world, but what that means is that you can find a few trusted sources and find that information that you're looking for to kind of feed your education. Step two is, I mean, take action, you gotta get out there and actually put your money where your mouth is, and that's something that people are just not always willing to do, some of these investments do take a chunk of money. Okay? People get so upset about investing \$50,000 in apartment syndication, but they will put it into the stock market, they'll buy penny stocks, they'll buy whatever. They will play around with hundreds of thousands of dollars in the stock market, which carries a lot more risk as we're seeing right now on a stock market. Roku stock has dropped 80% from its high.

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**BJ:** Roku is a good business. But there's volatility there. You know what has never happened? My checks have never stopped coming in the mail for my apartment syndication. It doesn't matter, the pandemic didn't affect it at all. So, investing in real assets and focusing on cash flow, if that's what you're looking for, if you're looking for appreciation, that's another type of investment style, but when it comes to cash flow, that's what I was looking for, as I was looking to replace a certain level of cash flow in my life. And so I focused on investments that would provide me with that level of cash flow consistently, and that's my advice. It's like, you gotta educate yourself, you gotta go take action.

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**WS:** Yeah, educate yourself. Take action. You also said, invest in real assets and focus on cash flow people, when you can bring out the myth really behind investing in the stock market, I feel like we've all been trained that way to think that way growing up, and I hear it all the time, just on friends, whether it's a church or other places. It's like, oh, for like real estate, it's kind of that secondary thing, once I get this going over here, I might consider some of that or, It's too risky, right? 'cause the stock market's so safe, the stuff we've been told growing up.

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**BJ:** The idea of diversification in the stock market is kind of a myth, if you stop to think about it, because all stocks suffer from market risk, and so just because a business is a great business doesn't mean that the market around it is not going to affect the stock price, If we're in a recession, all stock prices are generally dropping, so you may have a great stock that's just not going to advance in a recession. Whereas, commercial assets, buy and hold real estate, and the pricing of those is based on their net operating income, period. The price of a stock is not necessarily based on its net operating income, it's based on speculation and all these kinds of things. I am an advocate for what I call true diversification. I have money in stocks, I have money in real estate. I have money in Crypto. I want people to understand that there are a ton of different options. But if you're looking to protect your portfolio and you're looking to truly diversify, you have to start looking outside of the stock market to do that, that doesn't mean abandoning the stock market, but it means making it less of a percentage of your own portfolio.

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**WS:** It's not the only percentage.

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**BJ:** Yeah. People think they're diversified. And it's like, where's your money? Well, I got 90% in stocks and 10% in bonds. Okay, so you have all of your money in the stock market. But the other thing too is that if you want to accomplish these goals, you have to start investing outside of your retirement vehicles as well. You have to start thinking about that. You can invest with your retirement vehicles, there are certain tax savings for high-income earners, that just make sense, and you don't wanna avoid those, but investing in these tax-advantaged assets like real estate is



an amazing thing, you can get so many of the tax advantages that you get from these retirement accounts, but you're doing it on the outside and you can actually claim real income from it, and you don't have to wait until you're 60 to touch it, and that's one of the real advantages with investing in syndications is that it is a tax-advantaged asset. I don't pay taxes on the passive income that I'm creating because I don't have to, the tax laws are written so that I don't have to pay for that, so it's not about what you make, it's about how much you get to keep.

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**BJ:** There are so many high-income earners that are paying 30% of their income to the IRS, you don't get a medal for that, you know. You don't get an award saying, yay, I paid my taxes, there's nothing there for you in that, So you have to start focusing on keeping more of the money that you earn.

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**WS:** Bobby, what's been the biggest challenge you have on the passive investing side, we'll say over the past 12 to 18 months, what's even the biggest challenge investing passively.

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**BJ:** Oh, goodness. Well, I would say that trying to time transitions. If you are relying on this for income, you basically do not get to make the call of when a property is sold or anything like that. So, for instance, I had two offerings, one from your company and one from another that were sold last fall, and I 1031'd of those into new offerings so that I could push off the taxes to another time. Okay, but what has happened in the interim, That's a six-month period. Well, I don't have the income from those investments yet because we're transitioning out of one and into another, so you have to plan for some of those transition periods and make sure that you still have enough income. Which is why I don't tell people to do things exactly as I did. I took money out of my retirement accounts, I paid penalties, and I said, I need to create income now. That's not the path for everybody, you know I burned the bridges, burned the ships. That's not the path for everybody, but the advantage to that was that there was no looking back. I had to make this work somehow right, and so I wanted to make sure I created enough income to have a cushion, and that's really what you have to focus on if you're relying on it for income.

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**WS:** That's awesome. I appreciate the advice too on the transition period, even going through a 1031, but there's many investors who haven't thought about the lack of income during that time, you're also avoiding paying a lot of taxes at that time as well, so that's a big plus. But what about, do you have any predictions just in the real estate market over the next six to 12 months or, And how is that guiding your passive investing?

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**BJ:** Well, for me, what I've noticed is the middle class is getting squeezed. Let's just put it that way. From a rent standpoint, the middle class is getting squeezed. Now, that doesn't mean you can't find B-minus and C-class assets in places that haven't been touched in these tertiary markets that you can make good money on, people are still making very good money on B-minus and C-class assets. But my focus has been more on B plus and assets. They're good solid investments. You have residents who can afford to have their rent raised if that's the route that your operators are going to take, which most do. So, for me, that provides that risk cushion there, you're not pushing people out, they can take a little bit more of a hit because they are higher-income earners if they're living in these B-plus and A-class assets. Whereas the middle class like rents have gone up 30% or more in many markets. That's pricing people out. Now, you can say that in some of these markets, the demand is there and people will be able to stay in those places, but my fear is again, that too many of the operators now are relying on information that the rents are just gonna keep going sky high until the end.

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**BJ:** And that's not gonna be the reality, I don't believe, and I don't wanna put all my eggs in that basket. A lot of people say, well, we underwrite conservatively. Well, if you're writing 78% rent bumps in the first year and second year, and third year, that's not conservative. I'm sorry, it's just not. Like, you can say it all you want. And the thing is too, everybody wants to call their deal a value add, and I caution investors about that because I saw a deal that came across and a fellow investor was asking me what my opinion was on it, they're new to this, they came to me and it's an A-class asset. It was built three years ago, and they're labeling it a value-add, there's no value add there. It was built three years ago, you're not going in and doing anything with the actual underlying assets, you're just gonna go and raise rents, and that's what your business plan is

based on. If you look at the business plan, there weren't gonna be a whole lot of added amenities, it was already in A-class asset, so I caution people about that, like looking at the terminology, everybody says they're a conservative underwriter. Everybody says it's a value-add project, be very careful and look at the deal and look at the business structure and what the business plan is, because not every deal that says they're a value add is actually a value-add.

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**WS:** Better understand the business plan. Ask more questions about how you're gonna add that value. No, that's wise. What about, I know you are meeting lots of other potential investors and you're helping them, helping educate them about this type of investing, what's your best source for meeting new investors right now.

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**BJ:** So, what I have found that works for me is being active in online groups. For me, that tends to be Facebook, that's where I can meet the most fellow healthcare providers. This year, I'm hoping to do more in-person things that were prevented during the pandemic, my initial business plan was that I was going to go to conferences and have a booth and talk to people in person, and unfortunately, I started my business about a month before the pandemic started, so everything got canceled and after about six or eight months, I said, I've gotta start looking at my business differently, I have to change how I'm doing this, and so I started having online meet-ups, I have them every last Wednesday of the month. I have videos, online, YouTube tutorials and things like that to help educate people, but as far as meeting new investors, getting back to your original question, those Facebook groups that are for specific niche groups are invaluable because you can go in there and you can just start talking with people, if somebody posts a question, you can answer that question, and all of a sudden, hey, you're on their radar and you're helping them, you're providing free advice, and so that when you provide value, that makes the difference for people, and that's what I try to do for investors is just provide value. If you wanna invest with somebody else, that's fine, just get started, just do something to get yourself on this path. It doesn't have to be with me.

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**WS:** Bobby. What's a couple of the most important metrics that you track?

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**BJ:** So, it depends on the asset, of course, but I'm looking at cash flow, what are my cash distributions, and I'm looking at the equity multiple and how that equity multiple is based. Your IRR is really a time value of money metric, so the higher that that is, the more of your own money you're getting back early on, that's kind of a key, because if you're looking to start building that snowball, you need to have some of that money back in your hands in order to invest in other projects, so I'm looking at IRR and I'm looking at how the actual return are structured, I like kind of a 50-50 on your cash distributions and your money that you get in appreciation of the asset once it's sold. That's kind of what I'm looking for personally. Everybody is different, some people are looking, they're not worried about cash flow, they don't need cash flow yet, they want all the appreciation, and that's fine, you can forgo cash flow for appreciation, I like to get paid along the way.

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**WS:** Maybe if you're looking at having that time flexibility in five years, you might could be more aggressive right now.

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**BJ:** Alright, yeah, yeah. And so, the equity multiple tells me a lot about an investment, and it can tell me a lot about the conservative nature of an investment as well, some of these projects that look like they're 1.7 or 1.8 multiple over five years, Well, people will look at that. That's not all that great. Look at how the underwriting looks, if they're only projecting 3% rent bumps the entire time, and they're providing it with 1.8 multiple, but they're in a market that has consistently been 10% hikes in rent, then you could look at that and say, that's conservative underwriting and there's a good chance that this particular investment is going to over-perform because that's really where I think the details matter, the investment metrics matter, I like cash distributions that are 6% or higher, it's just my personal thing because I like to produce income for myself, you know.

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**WS:** That's the goal, right?

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**BJ:** Yeah, yeah, yeah.

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**WS:** Bobby, how do you like to give back?

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**BJ:** Oh goodness. Well, I like spending time with kids, I like helping coach kids. My son's learning to play baseball, my daughter is in track, I've coached some of her teams in the past for cross country and track, and I like to give, we give monthly to our church, and I've stayed overnight at homeless shelters, that was another thing that I was able to pursue.

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**WS:** That is probably eye-opening.

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**BJ:** Yeah. Oh, I'm telling you. Well, and that's the thing, mental health is such a big problem in our society, and the way that we treat it is to generally ostracized people who have some kind of a mental health problem, and that's something that I'm really hoping to work more on in the future because the vast majority of people who are homeless have some kind of a mental health issue. They're not putting some of the things together to be able to run their own lives, these are people who need help and they need help on a consistent basis.

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**WS:** We take a lot of those things for granted. Don't we?

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**BJ:** Yeah, our system is pretty broken when it comes to being able to help those people, and I've experienced that with my own treatment for mental health, I've gone through depression and it's hard, it's a tough thing to go through. There are people out there with much worse conditions than what I have, and so I'm getting them the help that they need, I think is an important thing, so I'd

like to devote more time and energy on that in the future.

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**WS:** Probably appreciate you sharing that. I think we could all learn a lot by helping people like that that are less fortunate or pan, the things we take for granted. It's incredible. Grateful for that. Grateful for your time today, helping the listens really think about, hey, you can make the transition even if you don't wanna transition, how completely you can create more time freedom that you don't wanna place those handcuffs on yourself by making the wrong decisions now, and just grateful for that even go with the how you educate yourself, it can be as easy as going to podcasts and then putting yourself out there and you gotta take action, you gotta invest in real assets and focus on cash flow, and so, thank you for that. Tell the listeners how they can get in touch with you and learn more about you.

**0:28:47.5**

**BJ:** You can find me on Facebook, Robert Wayne Jones is my name on Facebook, and I also have pages for on-call capital, my business, I'm really looking to help educate people and help them along with their investment journey. You can visit my website. It's [www.oncallinvestments.com](http://www.oncallinvestments.com). You can email me at [Bobby@oncallinvestments.com](mailto:Bobby@oncallinvestments.com). But yeah, I'm on Instagram, [On Call Capital](#), I have a YouTube page for [On Call Capital](#). So, a lot of that stuff, I'm sure it's gonna be in the show notes for people to explore. I look forward to having a conversation with anybody. And a lot of people I know, like if you wanna call me, my number is 336-403-2256. I am happy to have a conversation with anybody about these things, I just ask that you respect my time, I am on the East Coast, please don't call me after 9 PM, but I love having conversations with people and helping them to really tease out the details of this process of creating more time freedom for yourself.

**0:29:42.9**

**Whitney Sewell:** Thank you for being a loyal listener of the Real Estate Syndication Show, please subscribe and like the show, share it with your friends so we can help them as well. Don't forget, go to [LifeBridgeCapital.com](http://LifeBridgeCapital.com), where you can sign up and start investing in real estate today. Have a blessed day.

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