

Epstein Ep 2

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Hey everyone. Charlie Epstein here and welcome to my yield of dreams podcast. This is the show that asks the questions. What does it take to pursue your life's passions? I mean, to really go for what you've always dreamed about to do what you truly love and why does so many people sell out their dreams?

There's an aspirations for job they hate and a paycheck. That's less than fulfilling during the show, I'm going to interview different people about how they've strived to go for their passions in life. And how do they balance that with the need to earn that paycheck. We're going to hold up in the light, your myths about money, not to try to change them, but to illuminate them to have you begin to discern, where did this come from and how do they impact your life in the distance decisions that you've made and to see if you'd be willing to just let them go.

And maybe replace them with a new money strategy that will produce a better result and ease your pain and suffering about your money. So let's dive right into today's show.

Commented [1]: New intro added August 12/2020 also added to audio file

That's Charlie Epstein, the Epstein in Epstein Financial and the man behind this podcast. Yield of Dreams. I'm Patrice Sikora, this episode begins a mini series on myths about money. We're basing this on a deck of cards developed by Charlie. So Charlie, tell me about these cards to begin with. Well, thanks for asking Patrice.

I appreciate it. So many of you listening to this have probably. Been to, or worked with a financial advisor, Patrice, I'm sure you have to, right? Yes, I have. And the 41 years that I've been in the financial services business and we used to do this too, by the way, is the financial advisor will say, I'm going to send you a packet of information that I need you to complete a questionnaire, personal profile about you, what your concerns are about money, right?

It's like two or three pages that you had to fill out. And nobody wants to do that. It's painful. So we always found it was pulling teeth, trying to get the information that we needed to be of the most value and have the most impact with our class. [00:01:00] We decided, and it's not really a great experience.

Is it? It makes you think and you gotta go find records and yeah, it's not great. Yeah. It's not very fun. It's not very exciting. So I'm actually holding this deck of cards and the cards say deal yourself into life you desire, creating paychecks for life, for the life you desire. Why don't you all imagine?

And I'll tell you a little bit later how you can get your own deck of cards. **But what we did is there's a deck of cards here and there's three different sets. There are what are known as your priority now cards there's 20 cards and they say things like a priority. Number one, I want to pay down my mortgage.**

I want to buy a new home or a second home. I want to retire early. I want to budget to maintain my lifestyle. I want to prepare next generation leaders, clear guidelines on who in the family could own company stock. If you have a business. So there's 20 cards here. And what we asked you to do is just go through the deck.

[00:02:00] And pick your top three priorities now simple. Right? Okay. Then there's a second set that says desirement dreams. What do you desire? Cause I think that's what really people are dreaming about. You know, what do they really desire to do? So it may be time to travel frequently. Take up a new hobby or learn a new skill.

Be financially independent. Maybe serve on a nonprofit or for a profit on boards, harmonize relationships among family members and be clear on what values I want to transfer to my children and grandchildren. So there's 20 desirement cards and we asked you to go through and pick your top three desires and dreams.

Now, if you're married or you're in a relationship, We'll send you two decks. Each individual, we say, Hey, do this on your own. Pick your top three priorities, your top three desirements and then you can share with each other. Oh, tell me, tell me, how does that work out? You know, it's really great. Cause we'll have the couples come into the office and if they've done their [00:03:00] homework, They'll have already picked their three cards.

They may not have shared with each other, which is even better. And they'll lay out their top three priorities now, and immediately they'll look over and see, do they have anything in common or not uncommon? We get into this great conversation. We created this great experience and we've had people say to us, you know, I never knew what he or she really wanted.

I never knew those were his priorities. I never knew what they were dreaming. That is a little unnerving, but it gets right to the heart of the matter. And rather than everybody writing out these long answers on those questionnaires that you use to get, it's just bam. We've got, here's your top three priorities for each person in the relationship.

Here's your top three desirement dreams. And **then we have what we call our myths or fact cards. These are 14 myths that I've identified that people have about their money. What's a myth? A myth is a false belief that you have about something.** Well, myth [00:04:00] number one, owning a home is a good investment and there's just, all you gotta do is check off.

Is that a money myth or a financial fact for you? You'll be in a lower tax bracket when you retire myth or fact pain by cash is best myth or fact. I can tell you when people go through these 14 cards, first of all, they've never had this conversation with anybody. No, and they've never had it with their significant other.

In 30 to 40 minutes, we have actually experienced, if I can say that word, identified everybody's top priorities, their dreams, teens, and how they approach money. And now we can build and step back. Yeah. And talk about, alright, how are we going to manage your finances in your future to achieve your greatest goals and your greatest dreams?

And are these myths getting in your way? And would you be willing maybe to have a conversation about how you might want to change them? So what I'd love [00:05:00] to do today is just dive into one of those myths so we can really sink our teeth into it. Which one would you like to start with? Because they all present quite the opportunity for discussion.

Here's one, that's not the card. And I realized, Hmm, myth 15, that I'm missing. What Patrice, what is the greatest myth we all have about money? That it's going to make us happy. The more we have the happier we'll be. That's the greatest myth. I only had enough money, then Charlie, I could be happy or it'll solve all my problems.

And you know what I tell people, right? People don't realize that 95% of all lottery winners are bankrupt within three to five years after winning the lottery and I'm talking about gazillionaires. And many will tell you that they wish they never won the money. They're miserable, they're depressed. And they're suicidal.

How can this, is it because they've, they really don't know how to handle money. Bingo. [00:06:00] Again, it's because their whole life has been about getting and having money. And now that they have it. They haven't a clue what to do with it. A majority of lottery winners will go out on this massive shopping spree, right?

And they buy all this stuff that doesn't provide any lasting joy or fulfillment in their life in worse. Still they stop working or doing anything that provides any real purpose and real value in their lives and what they really should be asking themselves. Well, first they should just say, stop. Pause.

And then ask themselves beyond money. What's really important to me. What do I really want to do? It's pretty amazing. It ties into this notion that we have about retirement folks, which is just ridiculously stupid. Another question, Patrice, do you know what Webster's [00:07:00] definition of retirement is? Oh, I think it's probably something like being dead.

Yeah, well, no, it's not that bad. Does it mean to put something out of use to retire something? So think about it. My industry, the financial services industry spends billions and billions of dollars trying to advertise to put everybody out of use. They all have their own pitch and it's like a rainbow out there.

There's the retirement green zone where you have to save enough money. You can cover 90% of your expenses and retirement or the retirement red zone, where if you don't save enough money, you bleed out in five years. But I don't, I don't want to not do anything. I don't want to be pretty tired. Exactly.

It's really interesting. I view my biggest job folks after 41 years of being in this business. As to not to get you to save and invest your money, but to get you to spend your money right now, whether you're 20, 30, 40, 50, 60, or 92, like my mother, this is the healthiest you're ever going to be. And you've [00:08:00] got to create a habit of learning how to enjoy your money along the way.

My industry is all about, Oh, Patrice, we need to, you know, you go to a financial advisor and they say, Oh, I'll put chase down. And I looked at. You're just a wee bit off you with your savings and investing. I've done a little calculation, but don't be too bad, but that's not what you said last time. That's not what you said last time.

No, no, no, no. I love it. Listen, listen, listen, all you gotta do is save 375% of every one of your paychecks for the rest of your life. And you'll be right on time. We'll be right on track. And that means doing nothing with my life. Yeah. Right. Sit in a corner really? Right. It's absurd now. Don't get me wrong.

Wait Hill. You know, as Ronald Reagan would say, you do need to save and invest for F but not at the cost of living your life today, you know, Nancy and I want you to enjoy your life along the way. So it's that balancing act kind of **goes back to the very simple formula, say, save 10% of what you earn [00:09:00] gift 10% of what you earn and spend the rest.**

It's not that complicated. No. No, it's, it's a budget, basically. Yeah. But that it's identifying, what are you really passionate about? What do you desire to do and living your life inside that passion? Because what happens for most people when they retire? You know, we have a lots of clients now I'm 62. So I've been doing this 41 years and I sit with clients that they say, you know, I'm ready to retire probably in three years.

And I say, Oh, that was great. So let's imagine it's three years from today. What are you doing? What does that look like? Oh, I don't know. I really thought about it. And then they're petrified to spend their money because they're afraid it's going to run out. So then they're frozen and you know, most men and I don't mean to be chauvinistic, but it's a fact if they stop working the ad within [00:10:00] 12 to 18 months, it's believable, you know?

And it's funny because people say to me, Charlie, You've been doing this for 41 years. When are you going to retire? And I looked at them and I say, you mean, I'm not sitting here working with you. Last year. I took 155 free days, days off from work. My wife and I, and we worked together. This is when you get traveled before.

COVID obviously, so it's really about living and breathing the dreams into your life. And then. Trying to design your finances in a way that are going to support the things that you're most enthusiastic and passionate about. You want to find a purpose for yourself. Absolutely. But let's talk about, or at least today one specific money myth, which I think is fascinating to me.

And it's the myth. Number three on my deck of cards. It's you should pay off your home mortgage. So you'll be debt-free in your desirement years and folks, I [00:11:00] don't use the R word retirement. I use the word desirement. So I want you to start to use the D word instead of the R word, because you're really living your desirements and you want to live your desirement years now.

It's funny. My father had this myth. When my dad retired, he was 68 years old. Very successful. Executive of a women's clothing chain called Casual Corner stores. You may have heard of it

doesn't exist anymore, but he was the senior VP. And I remember actually I remember sitting in his office and he really didn't want to stop working.

He loved doing what he did, I'm sitting in his office and when we're both crying, it's the only, the second time I remember seeing him cry in my life and I was trying to cheer him up and I said, dad, dad, dad, this is the coolest thing. You know, most people, when you retire, you get a dead bird and a watch.

He put up all, all [00:12:00] the buildings, the whole distribution center for Casual Corner nationally. I said, and there was a pond behind the building and the dad, I said, they're dedicating the Lake after you. They're going to call it Lake Epstein. And my dad looked at me. You know, they're going to have a little plaque on the bench, you know, in honor of Robert Epstein for his 38 years, he said in a very self deprecating way, he said, yeah.

And then all the geese will be shitting all over my nameplate when I'm dead. Well, as I said, my mom's 92, my dad's been gone now for 14 years and a once a year, my mom would go down my mom and I take her down there and we have two flutes and little champagne. Toast them. And we go, yep. Geese have been shitting all over your nameplate dad.

Congratulations. **But my dad's big dream was to move to Florida to build a house of his dreams on the golf course of his dreams sound familiar. American men, you [00:13:00] know, this was 1992 and he was gonna pay cash. Let's say \$500,000 for the house. Now, something else happened in 1992. Bill Clinton came into the white house and raise the marginal tax rate from 36% to 39.6%.**

So there's another myth which people believe is that when I retire, I'll be in a lower tax bracket. Well, my dad made a six figure income before he retired. We had saved an investment enough money, so their income. So he wasn't in a lower tax bracket. He wasn't in a higher tax bracket. So he goes, and he's going to pay cash for this house.

And his financial advisor said, Bob, I want you to go to the bank and take out a mortgage. My dad was like, no, I'm paying cash. And the financial advisor said, no, no, just go to the bank and take out a mortgage. And my dad said for how long and the guy, he said 30 years, my dad's crazy. I'm 68. I'll be dead before it's paid off.

Guess who was financial advisor was? Yeah. [00:14:00] You know, I've been crazy since the day I was born. I said, Dad, what do you care? You'll be dead. He said, well, who's going to take care of paying off the house. I said, well, first of all, mom, doesn't play golf and Marshawn. So the day you do die, move her back North.

And we're going to sell this house, not your problem. I said, just go to the bank. So he comes back and he says, I can get a 30 year mortgage at 5%. Now folks follow this math. I said, okay, dad, You're going to put a hundred thousand dollars down and we're going to borrow 400,000. I mean, he went apoplectic, you know, he's almost had a heart attack.

I said, what's the net cost for you to borrow money? Dad? He goes, it's 5%. I said, no, the net cost. He goes, what are you talking about? I said, look, you're in a 40% tax bracket. That means you get to deduct 40% of your mortgage payment because in the first 15 years, it's all interest.

40% of [00:15:00] 5% is 2% subtract that from five and you're left with what three dad, the net cost to borrow money from the bank.

OPM other people's money is 3%. If I can't make you net more than 3% in that 400,000 fire me is your financial advisor. And we averaged 78% over his lifetime and I've been doing it for my mother. She's 92. Now what's the moral of this story. It's all about the spread folks or what I call the VIG, the vigorous sort of book years and money that he takes in and he pays out that's what banks do.

My dad was paying 3% for that money. I'm making them 8%. The spread is five, as long as I'm making them 5% more borrow money. Does it make sense? It makes absolute sense. When he passed away, I called my mom up and I said, you're coming home. She said, I'm already packed. Like your [00:16:00] mom. I like her. You know, now when my dad passed away, 14 years ago was the real estate market in Florida up or down.

It was down because where they were in Wellington where all the. No, they do. The polo grounds was overbuilt and nobody wanted to join a golf course. So the \$500,000 home you built, I was lucky to sell for 400,000. If we'd paid cash, you would have lost a hundred thousand dollars. Right now. I moved my mom back North to build her a home and oversee five communities.

She's 72 years old. And you know what she said to me, do I get to take out a mortgage? So she goes to the bank and she can get a 30 year mortgage. She's 72. I have to admit being naive here. **I did not expect a bank would be willing to give a 72 year old, a 30 year mortgage, but then again, it really doesn't come. It doesn't really come down to age, though. It just comes out. The bank will get their money back, no matter** [00:17:00] what is the collateral.

Yeah. Yeah. Is there, you know, do they have an income and, you know, had an income investment income or social security or charitable trust income, but. Again, what does my mom care about? Not about having the house paid off. All she cares is does she have enough money to do all the things she desires to do?

And that includes drinking a lot of vodka and my mom can drink a lot of vodka. It's seven years ago. I refinanced that 30 year mortgage to a nine year interest only at two and a half percent. The net cost to borrow the money is one. Whoa. I took her monthly payment from 1685 to six. Let me \$5. She's got an extra thousand dollars a month to buy all the vodka she can drink.

So the other day she was, she calls me up and she says, you know, I'm sitting here with all my friends and we're talking about finances and everybody's talking about how they don't have a mortgage. [00:18:00] And I said, well, I have a mortgage. And they're like, you're 92. You have a mortgage. What are you crazy? Who is your financial advisor?

My mother says, my son, you want to meet him? Now when screaming down the hallway, well with their walkers and wheelchairs again, what does my mom care about? Son? Do I have

enough money to do everything I want to do? Yes. What do I care about? I'm not going to put money into a depreciating asset, which is why the house is, and we won't get into this today, folks, but here's a teaser.

I'm going to leave you with a question. What is the equity in your home? Earn every day. Stay tuned for the next podcast. We'll answer that question. Now, my mom is 92. When she passes away, I'm going to have to sell the place she's living in. I'm not moving into it. I got a house on my own five miles away.

My sister lives in Madison, Wisconsin. My brother lives in China, Beijing, China. They're not coming back here to right. So I have to sell the place. Doesn't matter how much equity [00:19:00] is in it. The fit appreciated. We'll make a profit. If a depreciated, I'm not going to lose money. Because I didn't spend a lot of equity, hint, hint, and I'm telling you, this is a game changer.

I have a client of mine and I'm allowed to say their names. Lisa and Steve, seven years ago, they come into my office. Lisa worked for Hasbro, Milton Bradley corporate. Steve worked for the gas company and when Steve comes in, he looks at me and he says, look, Charlie. I've read your book paychecks for life.

I've watched all your missing money videos. I've listened to all your crazy ideas. So before we get started, let me be right up front with you. Our home mortgage is going to be paid off in seven years and there's nothing you or anyone else can do to change my mind. I want my mortgage paid off, so I don't have a payment.

When I retire period clear, I was like, Whoa, crystal. And Lisa was like, isn't that what everybody wants? I said, I don't know about everybody, but let's talk about what you want. And the truth of the matter is [00:20:00] Lisa was sick of working for corporate America. She went it out, but she had these, stock options that wouldn't vest for three years.

So she had to suffer through three more years. And Steve, he was already having heart palpitations and going to the doctor, but he was committed to have, and that mortgage paid off. So he didn't have a payment flash forward last year. They come, they're sitting in my office. Hadn't seen them in a while. And I said, so bring me up to date.

And that was how things go on. Now. Lisa had already retired after three years and she was delighted. She was doing what she always wanted to do. She opened up her own floral design business. Oh. And they have a house in Cape Cod, CAD pack your car. Yeah. And so she was spending all that time on Cape Cod and doing the floral business.

But Steve was still gutting it out, working for the gas company. So they come in the office, they're sitting there and said, bring me up to date. How's things going? I saw, I look over at Steve and he's just sitting there [00:21:00] glowing. He's like really tan. And I was like, what happened to him? And he holds up his hand and he's only got four and a half fingers.

He's missing half a year. He's missing half his pinky. And I was like, I hope that was a work accident. Lisa goes. Lawnmower. He stuck his hands in a lawnmower. Yeah. And he's just sitting there smiling. Doesn't say he's not even saying a word. And she says, he's been out for five months and he's driving me crazy.

And I look over at Steve and he says, I'm ready now. That's what he said. I'm ready for my desirement years. I said, we're ready now. I said, what about having, having the mortgage paid off? You've got three more years. He goes to heck with that. He said, you know what? As a matter of fact, we're thinking about taking equity out of our house here and doing renovations on the Cape house and buying this and doing that.

And **Lisa started laughing. She said, you know, you [00:22:00] really, really have made us think about all our myths about money.** And have really helped us focus on having from freedom for listen to this folks, freedom for what we hate doing and freedom to do what we love to do. I looked at Steve and I said, so if five years ago, I had known this, I would have bought a chainsaw and cut your finger off five years ago.

Folks think about what I just said. And what I said is imagine. Living a life where all you do was what was fascinating and motivating to you and having the freedom to not do what you hate to do and the freedom to do what you love to do. And that's what money should be used for to buy your freedom and people don't use money properly.

[00:23:00] They're paying off this and they're paying us, you know, we're going to get into this in the next podcast. And it's all about the VIG and leverage and OPM and USM. So I am teasing my audience and hope you're going to come back on and listen. But I was the founder of two community banks, and you've got to understand how the banking industry works and operate like a bank with your money.

Give me a quick synopsis on that. I'm just trying to teach. Well, yeah, you can tease tease, tease. Alright. So in 2007, a group of entrepreneurs here in Western mass got together and we wanted to start a community bank. It's the first community bank in Massachusetts in 16 and a half years takes about two years.

You got to raise capital. Then you got to prove to the federal reserve system that you know what you're doing got to hire people. And then you open your doors and we opened our doors August of [00:24:00] 2008. Oh dear. Yeah. Oh dear. Yeah. Guess what happened in September of 2008? Timing is everything. Now the credit crisis, right?

The world was coming to an end. I remember in October, the trustees were all sitting around thinking about what our advertising campaign is going to be. And I said, Oh, I have the campaign. They're like, okay, what is it? I said, we're going to take out full page ads in business magazines, because we were really a business bank picture, white, white, pure white page with big letters that said we owe nothing.

We own nothing. Cleanest balance sheet in America combined. I love it though. And all my trustees are so damn conservative. They're like, we can't run that ad. I'm like, yeah, that's

what we gotta do. All right. At any rate. So there we are in the middle of the credit crisis, but guess what? It costs us as a bank to borrow money from the [00:25:00] federal reserve in 2008. Oh my goodness.

They paid you. Almost zero, which by the way, is where we are right now. The federal reserve rate folks is zero and people will, what does that mean? That's the cost a bank has to pay the government or the federal reserve to borrow money. And I could borrow money at no cost zero, but now I had to go find somebody as sell that money to loan them money to at four, five, six, 10, you know, credit cards, 24%.

That's the challenge. I go out as a bank and I sell that money. Let's say at 5% it costs me nothing, but I have overhead. I have my employees over here and like that. So let's say my overhead is 2% and I sell money at 5%. What's the spread? The VIG is 3%. That's how banks make money on the spread. You [00:26:00] folks need to operate.

By making money on the spread on your money. So I used OPM the federal reserves money as a bank to sell to somebody else. You can do that as an individual. You can use OPM and USM, uncle Sam's money and other people's money. Like the movie with Danny DeVito. And we're going to get into this in this podcast because.

People say, well, I can't do, I don't have enough money. I don't have enough resources. And yet it's like, you have this energy, money is energy. It's like a utility. You're either going to use it to support, creating, buying your freedom, to do the things you want to do. Or are you going to tie that energy up in dead assets shoes, wrapping this up,

How can people get your cards, Charlie? You can drive to my house. No. And you're only five miles away from your mother. Remember that? That's right. So you can go to our website, [00:27:00] <https://www.epsteinfinancial.com/> You can call us at (413) 224-3606. Or you can email my personal assistant Marie Forest. That's mforest@the401kcoach.com M forest, like the woods, F O R E S T at the four Oh one K coach. Dot com, which is how I'm known nationally as the 401k coach.

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I don't hear anybody tapping. They are, they are, it's muted. Don't worry. Art tapping the new, I'm Patrice Sikora, and let's talk again, later.

I want to thank you for listening to my podcast, yield of dreams and learning how you can create paychecks for life to ease your pain and suffering about your money and begin to pursue all of your passions, dreams, and aspirations. You're listening to Pedro Martinez, jazz music. Amazing sound. Be sure to look him up as well, and

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