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S: Welcome to Your Business Your Wealth, where your hosts, Paul Adams and Cory Shepherd, teach founders and entrepreneurs how to build wealth beyond their business balance sheets.

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Paul Adams: Hello and welcome to Your Business Your Wealth. My name is Paul Adams, founder and CEO of Sound Financial Group. And I am so excited to be your host today, especially because this is the day we're rolling out the new podcast name, we're rolling out one of our team members, who you guys have not had a chance to meet yet, but we've been talking about. This is going to be a jam-packed session. I can't wait to see what everybody's able to learn from our podcast today. We're also testing out brand new video equipment we've never used before, so God help me in getting through this without fouling something up terrible for the editing team. Today we're gonna talk about the "Millionaire Next Door," and you're gonna get a chance to meet a millionaire next door today. Today we have on the show Mr. Jeff Miller. Jeff Miller, welcome to the show.

Jeff Miller: Thank you, Paul, so glad to be here.

Paul Adams: Man, I'm glad you could be here. We've been talking about you coming on the show for quite some time now, and never had the trigger quite pulled. And then the first time we have you is literally the day we change it to Your Business Your Wealth, and the first time I'm using this new video equipment. Cory is not even here to supervise. This could be an absolute shooting match today. We'll see how it sorts out, but I'm glad you're here and at least embracing it with us. Let's just start off. Jeff, I think a lot of people listening, I think, can get two things collapsed. And that is everybody has this desire to want to build wealth, but they collapse building wealth with looking wealthy.

Jeff Miller: I would agree, and it's not hard to happen because of how we're marketed to and how we love to compare ourselves to other people. And we minimally wanna keep up, if not look like we're doing the best on the block.

Paul Adams: Yeah, that's right. Not just keeping up, but people love to look like they're ahead and it's... We're wired that way. We have talked about it in past podcasts and some of our past live events, that there's this genetic, biological connection that what we wanna do is like peacocks with our feathers, we wanna shake them and demonstrate our wealth. And that's something that just didn't exist for our forefathers, because the same assets that they would hold, that were the very things that they built wealth with, were visible to others. If Jeff had 10,000 head of cattle, everybody saw them speckled along the hillside. If I owned the saloon in this town and the next town over, you knew, well, he owns a couple of businesses. If Cory owned the newspaper in three or four towns, they're like, "Oh, he's the one that owns The Chronicle." And so all those things had physical properties other people would see, but now it's not that.

Paul Adams: So, what I think I wanna do is have you share a little bit about what it was that caused your mindset to be different than most. And just to give a little bit of background on Jeff, since you guys have heard me talk about him in the past, Jeff is our Vice President of Client Selection, so he's really a person that has a great mind for looking at somebody's balance sheet, understanding whether or not they're gonna get the greatest value for the work that we do for them. So, we literally run every new client past Jeff. And he's like head of admissions, to becoming a client with Sound Financial Group, would be the best way to think about it. But, Jeff, even though you had a balance sheet strong enough that you never had to work again after age 48, maybe let's just go all the way back to what it was like early on and what had you doing things with your money that other people just weren't willing to do.

“As much as I always looked at the brand new sports car or other objects that exemplify wealth, perhaps, I controlled myself.”

Jeff Miller: Well, it probably starts back as a little kid, and just the types of conversations that I was exposed to within my family, within just the kids that I hung out with where I went to school, where I grew up. I had some role models, particularly in one of my grandfathers, who started one of his own business as a young man, when he was in his teens, as the head of his household. And so I learned a lot from him. I saw that while they had a lot of financial success, they were definitely not spreading their peacock feathers, they weren't showy individuals at all. No surprise that they experienced the Great Depression, and I think that really modeled a lot of their behaviors and their attitude towards money. Some good and some not so good, candidly, and we hopefully have a chance to talk about both the good and the bad of really trying to save a lot and invest a lot in your future.

Jeff Miller: The other thing that I experienced was a sense of... I developed a lot of my habits and practices more from a sense of scarcity than a sense of abundance and opportunity. And I know this isn't a therapy session, we don't need to necessarily go that deep as to why, I'm happy to talk about those things that I experienced in my younger life that helped drive some of those behaviors and practices.

Paul Adams: If I could, you had mentioned, we were talking just a little bit before recording, that one of the things that you had done, and this is both maybe the good side and the bad side, is that you had developed this... It was almost scarcity, the perspective from what you were saving, and you were building assets without clear aims for how much it would take, just that it always felt like it would be more than what you were currently setting aside.

Jeff Miller: Well said. Yeah, I saved a lot, didn't know what I was saving for, didn't know how much I needed to save, but I just always wanted to save as much as possible. Now, don't get me wrong, I like really nice things, whether it's a car, or a vacation, and other life experiences. I live a great life right now, and even when I was in the phase of my life where I was saving as much as possible, I still managed to take great vacations, enjoy life along the way, for the most part.

Paul Adams: And what would it be like... One of the things that you mentioned is, people that are normally are clients you work with that are in that realm of $300,000 to $2 million of income, and you've always said everybody should be able to build up enough wealth, like you did, where you could be done working, you're a member of Sound Financial Group out of desire, not necessity. And I think that gets lost for a lot of people. Most everybody listen this is probably going to work tomorrow or right now, while they're listening, out of necessity, but you didn't know the destination, you just had the, "More would be what I need." What do you notice when you look at the people that... We're reviewing some of the balance sheets every day, some people we make offers to, to become clients, some that we just give triage and send them on their way, hopefully better for having gone through the initial stages of our philosophy. But what do you think you see for most people and their actions, both people that are friends of yours and/or people that you've seen as clients now, the biggest things that they do that are eroding their capacity to get the work optional lifestyle as fast as they could?

"What's comparison? It's the thief of all joy."

Jeff Miller: A couple of things come to mind right away. First is not appreciating or even understanding the incredibly long feedback loop that we have with this thing called definite financial independence, or a work optional lifestyle, or being able to punch out, whatever you wanna call it. The sooner you can start to build those habits and put money away for the acquisition of assets and wealth building, the better you are. So, it's not appreciating the time. And secondly, I think, which is huge for all of us, is again the constant pressure that we all feel for a variety of reasons to consume and to buy a bigger house or a nicer car, or you fill in the blank whatever it is for you, and what might be important or even not so important that you get reeled into believing that there's this... Whether it's a need or just a right to own something or buy something and live a certain lifestyle. So, I think it's controlling consumption and thinking that we can start tomorrow as easy as we can today or yesterday.

Paul Adams: Well, and I'll say one thing, when you mention that control and consumption, and we've talked in past podcasts about cultivating contentment, but one thing that I notice happens for a lot of people is that you have that moment where you say, "Oh, I think now is a good time to get in with," fill in the stock here. Or, "I think if I did this one thing here, I could drop my cost of investing in some way." Or, "If I could just get the lottery there... " Whatever those things are, all things are wildly out of our control, even the investing side, you invest in this friend's business that's hopefully gonna produce a great outcome. And yet any single one of those things don't really get the job done.

“The quickest way to get one hundred percent return on a dollar you saved is save another dollar.”

Paul Adams: The one thing that can always get the job done is always within our control. Fully within everybody's agency is how they choose to deploy their capital for consumption, and yet every message we get every day is either pushing us to buy some investment that's supposed to bail us out or to buy some consumable asset that is then going to make our day, make our life, increase our position. And those two things, not only do people lose wealth with this active management and trying to shift where they're aiming all the time and change strategy, but then couple that with that there's just lost capital we're sending to other people's balance sheets, Tesla or Target, it doesn't matter, but it's just flowing off of our balance sheet, because people don't have that imbued capacity to just say, "Oh, that makes my life better, that doesn't." But I think one thing that is a really expensive lifestyle thing most people listening can't afford is the work optional lifestyle, is financial independence. Now, you'd mentioned when you were building wealth, you weren't holding the 4% rule of, "Oh, when I get to this many millions, that's enough to pay all my lifestyle, and I'm done."

Jeff Miller: I had no idea. I had no idea what number I was shooting for, what number I could comfortably peel off each year. It just was something that I knew I needed to do and needed to always do more of.

Paul Adams: Wow. That's the funny thing is that, without strategy, the control of lifestyle in a high savings rate, you still built financial independence. Now, you didn't know you were there. It was like it took you engaging us as a firm, like you needed to hire a guide on that journey, to realize you're actually already at the top of the mountain or the mountain you've been trying to climb is right there, we just need to walk over 50 feet and you've now made it. It's a little bit like wandering and... You and I are both backpackers, and it'd be a little bit like getting a little ways off the trail and feeling like your wildly lost, and then you hear somebody on the trail and you just hear the voice and it's like, "Oh, that's... " I get chills thinking about it, 'cause you can feel like you're in the middle of nowhere, absolute despair, like, "Do I need to activate my spot device so that the cavalry comes to get me?" And not realizing the path was so close. In just a minute, I wanna come back and talk about how you increased your savings periodically as your income increased. But for just a moment, let's hear from Sound Financial Group.

Cory Shepherd: At Sound Financial Group, we are committed to continuing to bring you Sound Financial Bites. Hello, my name is Cory Shepherd, President of Sound Financial Group. If you are finding value in these weekly podcasts and they are making a difference in the way you think about money, then think about what kind of a difference could be made if you engaged one of our advisors to help you look at your personal finances. So, what would the next step be? Send an email to info@sfgwa.com, put "philosophy" in the subject line, and we will coordinate with you to have a conversation with Paul, myself, or one of our other advisors to share with you our philosophy of money. No one is going to close you on that call. No one is going to make you an offer to become a client. The only thing we allow our advisors to do in that call is teach. And the only thing we allow you to do is ask for an application. While we don't accept everyone who applies to work with us, we are committed that any Sound Financial Bites listener, who wants to go deeper, has the chance to expand their thinking and walk away with new education and resources around money. Even if we find out we aren't right to work together, our team will absolutely take care of you in that call and make sure that you have access to resources that might be of help to you.

Paul Adams: Welcome back to Your Business Your Wealth. We have with us today Jeff Miller, meeting the "Millionaire Next Door." Jeff, as you went through life, you had mentioned that you just kept... You started saving something and then you kept saving your increase every time you made more money. Now, by the way, for all our listeners, the quickest way to getting to literally world-class savings rates is to save a chunk of your increase. Now, you didn't save a chunk of your increase most of the time, did you?

Jeff Miller: Well, when I was starting out in my career, making $22,500 per year, not per month.

Paul Adams: In, what, '89?

Jeff Miller: July of 1989, yeah. I still did save some money, from day one, from working.

Paul Adams: So, you started with the practice of, "Some money is gonna get set aside that I'm gonna buy assets with."

Jeff Miller: Yep. And some of that money back then were US savings bond...

Paul Adams: There you go.

Jeff Miller: Offered through payroll deduction.

Paul Adams: In all fairness, in the 1980s, those were paying pretty good.

Jeff Miller: Yeah. They weren't bad, they weren't bad. But as my income began to increase and my total earnings improved, a lot of times I was on incentive-based compensation, so sales bonuses and commissions and things like that, I always looked at as gravy. If I could live on my base salary or even a portion of my base salary, then any time those supplemental, non-budgetable expenses that would come monthly or quarterly or whatever, those always went directly into some type of an investment vehicle.

Paul Adams: So, any time you got... You got your regular pay coming in and then you had the incentive comp, so... Jeff spent his career in the health insurance industry, both on the corporate side and on the field side, but all of those had bonuses and/or incentive comp built in and you would just sweep that aside. So you lived off your base salary, giving you the capacity that if 50% of your income that year was incentive compensation, you were able to just set all that in assets.

Jeff Miller: Yeah, I really did. And as much as I always looked at the brand new sports car or other objects that exemplify wealth perhaps, I controlled myself to not go out. Even though I could write a check for that car, if I wanted to, based on a bonus payment, didn't do it.

Paul Adams: Yeah. Now, what was it like just around your friends' circle? You grew up and you had friends on similar tracks to you... And one thing that I've gotten to know about Jeff, Jeff started working with us last year, about this time, just a little less than a year now. But your friends were not on the same decision track you were, even though their incomes were pacing similarly.

Jeff Miller: Yes. I saw people that were making a lot more than me and a lot less than me, but regardless of what they were making, a lot of them might not have embraced really any or much of a view towards the future and long-term wealth accumulation and savings.

Paul Adams: And so how did you combat the fact that some of them, they clearly expended their lifestyle through their career more than you did, how did you deal with that mentally, just holding strategy in the midst of people doing everything they were gonna do?

Jeff Miller: Again, it came or it comes from that feeling of... Which I don't have to the degree that I used to, that feeling of scarcity. I guess, to use some of the terminology that we talk to our clients about, cultivating contentment, I just would be content with a very nice-looking used European car, than a brand new one. Buy one that's four years off a lease or something and maintain it well. Again, I like to have nice things, but I never pay retail. I have all kinds of little ways to hack your way to financial freedom just in terms of controlling that consumption and controlling how and where and what you buy.

Paul Adams: But you did have to live next to friends living a certain way, even talking to clients and sharing with them some of our ambitions as a household of living on drastically less than we make. And one I get all the time... You and your wife don't have kids, but one that I get in having kids is like, "How in the world can you have three kids and pay bills on that amount of your income?" Well, it helps to have a nice income. But the second thing is, it's like, I think what our listeners can forget about is like look around the world. Look around our country, period. The average household income is $45,000. The average household has two kids. People figure it out. They make compromises. Some they maybe wish they didn't have to make, but that all we have to do is set a strategy for what lifestyle we're willing to live and be okay that other people making the same amounts of income are gonna buy a Tesla, are gonna buy the bigger house, are going to buy... Go on the bigger, better, vacations.

Paul Adams: And one thing that's shown up for me, and I first got exposed to this concept by a guy who was a mentor of mine for years, a gentleman named Kelly Kidwell. He came up with this... I just remember we were having lunch one day, and he brought up this thing that when you have kids, as a dad, you'll see that this dad coaches all the sports. And then you see that this dad, he is so good at taking care of his wife's concerns. And then this dad is really good at helping kids with homework. The list goes on, of all the dads you know and how good they are at different stuff. But in our mind, we don't separate them. We stand it up with this super dad that just really knows everything, and unfortunately that's who we compare ourselves to.

Paul Adams: And I think social media has done something similar, and maybe I would even contend it may have been much easier for you pre-Facebook, pre-Instagram, because now it's like, yes, maybe we have one friend that bought a nice car. Then we have another friend that takes amazing vacations, and then we have another friend who has a boat, and we have another friend... And we're not really making the distinction that they don't all have all of those things.

Jeff Miller: They're all doing one or two of those things, but it's getting collapsed into this superhero, super financial hero that has the great car, owns a share in a jet, takes the nice vacations. Right.

Paul Adams: Totally. And it's this... Our kids will periodically compare, and so we've taught them, if they're, "Well, so and so has X." We say, "What's comparison?" And what we've taught them is it's the thief of all joy. But there is this comparison trap that draws our consumption levels higher than we would have chosen if we had been in a vacuum. And so now it's almost more difficult than it's ever been to set a strategy and hold strategy as it relates to money, especially in cultivating contentment, which is why we recommend our clients read books, like the "Millionaire Next Door." Read the book, "Stop Acting Rich: And Start Living Like A Real Millionaire." In fact, his daughter... Dr. Thomas Stanley, unfortunately killed in a car accident, I think it was August of 2015. But his daughter just published another book, I've not yet had a chance to read yet, that I think should be incredible. But it's this idea that the people that really accumulate wealth don't do the things that everybody else is doing. That, in fact, in all likelihood, the person with the bigger, better house does not have a balance sheet that looks as good as the house. The person with a couple of Teslas in the driveway probably doesn't look as good on their balance sheet as that driveway looks. Not always, but statistically speaking, it's not as good. It's not as secure.

Paul Adams: And here's the thing that actually, just for all of you listening that I didn't realize until we got here, in recording this podcast, I did not know you did not have a destination, that you were grinding away, saving, building, you and your wife both, and she has a great career. But you guys were just continuing to store away money without that strategy and destination. And I can't say how often, when I speak to a group or when I talk to somebody and I say, "What is the amount of capital at work that's required for you to be at definite financial independence?" They don't know. They don't know because, look around, nobody teaches it. All of the financial products that are out there, they want you to buy them out of surplus. All of the things they market to us, that we would consume, they want us to buy out of surplus or create...

Paul Adams: Think about this, guys, they want us to create deficit in our own lives. Go take out a loan, which sometimes is totally appropriate, not saying never have a car loan, but just consider that when they loan you money, they're not lending money on the car, 'cause if they repossess the car, and you're upside down for what they can auction it for, guess who they come after? You and your future income. That's what all anybody's lending against. And that's what trips people up. But if you could impart one last nugget for people as they listen, as they try to think about, "Gosh, could I do that? Could I build up millions of dollars of investments early enough in my life to be able to be okay financially or have a work optional lifestyle?" What would you say to them?

Jeff Miller: Start today, just because of the power of compounding and the time value of money, and all the ways to look at that is don't wait till tomorrow, and just make some type of a financial commitment to your future self. And it doesn't have to be 20% of your income right away. We'd like you to get there as soon as you can, because the sooner and the more you can put away towards wealth building, the quicker you'll get there. And just think about the first dollar that you save. You're gonna put away $1 a week, what's the easiest way to earn 100% rate of return on that dollar? Figure out a way to save a second dollar. You can't do that all the time, and the math doesn't work for every amount, but just think about...

Paul Adams: Quickest way to get 100% rate of return on a dollar that you've saved is save another dollar. Now we're talking out in the context of the "Millionaire Next Door" and the way you built it, but what we would say is, now, that you would put money toward asset building, you would put money into your wealth coordination account. It should highly encourage you guys, just search "wealth coordination account" anywhere on iTunes. I think we're the only one that uses that term in any podcast in existence, and we've got two or four episodes just specifically on that topic, so you can take that in. I've gotta tell you if what we could do as a result of this podcast is create a conversation and situation for all of you that we could enable you to break apart from the cultural common sense, if we could put you in the position that you could realize that you can live for the future that you're building for yourself and your family, that you don't have to live in the same future everybody else is.

Paul Adams: One thing that I would love to leave all of you with today is no longer say to people, "I can't afford that," 'cause the minute you say the word "afford," you are on their field of play. Your friends say, "Oh, you made good money, you can definitely do it." Just tell them, say, "Oh, we would love to go do that, but it would break strategy for us." But in order to say that, what you have to have is a strategy. So, think about the 4% rule, think about the amount of income you wanna have in your work optional lifestyle, and you can do the math. For every $200,000 of income you want to have perpetuated out in the future, you gotta have 5 million capital work. That is a lot of capital to accumulate and can almost seem entirely daunting.

Paul Adams: If you need professional help, if you want to have a conversation with us about philosophy, we're happy to do it, we're happy to schedule a time to do that, you know how to get ahold of us. But if you can just simply break away from all the marketing, break away from all of the get-rich-quick investments and instead put yourself in the position where you and your family decide where you're gonna deploy your capital and consumption actively, proactively, and thereby how much money you're gonna put into assets and then work with an advisor, you work with us to be as efficient as possible in the way that you deploy those investments. It is not complex, but it ain't easy, and what you can do is you can do something like what Jeff has done where you can build a balance sheet that gives you the opportunity to have a work optional lifestyle.

Paul Adams: Jeff, I'm so happy that you could be with us today, and I look forward to having you back on some of these topics that I know all of the founders, all of the entrepreneurs, all the business owners that are listening right now have a challenge with. And I think that this one, in personal lifestyle consumption, may be one of the toughest.

Jeff Miller: Yeah. Paul, thanks so much for allowing me the opportunity to participate today. I had a great time, and I look forward to being on future episodes.

Paul Adams: And we look forward to having you also, and thankful to have you here at Sound Financial Group. Everyone, today, if you can take away nothing else, what I want you to be able to take away, you don't have to live by everybody else's rules, that you can make different decisions today that will allow you to have a different future. And, no joke, a bunch of those decisions will, by definition, of the likelihood of all the people around you having financial success, you're gonna have to make a lot different decisions than everybody else around you. But when you do, on the other side of that, can be a level of freedom, autonomy and success, all the same reasons you originally wanted to start a business. And that can be present in your life and on your personal balance sheet, as well as your business balance sheet, and what we hope more than anything is that this has been a contribution to you being able to design and build a good life.

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