(#314) Make your money work ha...you work for it w_ Mel Abraham

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SPEAKERS

Kathrin Zenkina

K Kathrin Zenkina 00:00

Hello, my beautiful souls, and welcome back to another episode of The Manifestation Babe podcast. Today you are in for a special treat because I brought one of my friends to the show who just so happens to be a financial expert, and his life purpose literally revolves around helping you create financial freedom, which I know all of us want. So I met Mel, Mel Abraham years and years and years ago through one of our mutual friends, James Wedmore, that I know so many of you are familiar with, especially if you've been through business by design and heard me talk about it because I'm an affiliate every single year for business by design, and I'll never forget, when I met Mel, I was so captivated by his kindness, by His compassion for humanity by how genuine he is, and also how ridiculously humble the man is, even though he's literally one of the most connected people that I know, and his list of accomplishments are so effing impressive. They fall on a really, really long list that he'll never tell you about your like, you'll never hear about it until someone else will tell you like, oh, did you know Mel? No. so and so and has done this and that and whatever, and it's like, What the fuck? Like, no, he didn't tell me any of that, and that's just who Mel is, and I love the man so much, and I love what he stands for, and the last time that I got to hang out with him, he told me that Hay House, picked him up as an author to finally put all of his wealth creation expertise into a book, and that book just so happened to actually launch today. So with that being said, I wanted to pick mouse brain on all things, finances, as a CPA with over three decades of expertise. I wanted to ask him the good stuff. I wanted to ask him questions, like exactly how to get started on investing your money, and I asked in detail, like okay, and then what and then what and who do we call and what do we type in? And what do we do? And it's so good. It's so much easier than you think. I asked him questions like if someone has debt, should they pay off the debt first? Or should they start investing? Should they save? How much should they save? Should they wait to invest or start now? Do we do it at the same time, I asked for advice for the people who think it's too late. Some people think it's too late at a certain age, it's either too early or too late, even though it's never too early or too late. But I wanted his take on that. I wanted to ask about couples finances and how to get on the same page as your partner financially, and a controversial question of whether he thinks that couples should get prenups are not and his answer definitely blew my mind and maybe go whoa, oh, okay, that makes sense, and the most common things, the most common beliefs that are preventing people from creating wealth, and I asked him about the safest places to invest your money versus the most risky and so much more. I know you're going to get so much out of this episode. It's really juicy. But for those of you who want to get into all of the nitty gritty specificities and the full, like tangible, step by step process, behind wealth creation behind building your money machine, His book Building Your Money Machine is officially out where books are sold starting today. So I am going to drop the link for that in the show notes. Make sure you get your copy. He's actually giving a ton of bonuses as well for the book if you choose to purchase it, which is so awesome. So now with that all being said, let's dive right into the financial freedom goodies. If you could guarantee making your dream life your reality, what would that be worth to you? Welcome to The Manifestation Babe podcast where we take topics like manifestation, universal laws, quantum physics, personal growth and spirituality and turn them into simple, powerful practical steps to apply in your life. I'm Kathrin Zenkina, manifestation expert, master mindset coach and multiple seven figure entrepreneur who has generated over $25 million in just seven years. I am obsessed with helping you achieve everything that you once thought was impossible. There is no such thing as an unrealistic dream, and with the tools that I give you, don't be surprised with every area of your life receives a massive uplevel Are you ready? Let's manifest oh my god, Mel, I am so excited to have you on the show. Welcome, welcome, welcome.

05:17

Oh my God is so good to be here, man, it's it's been been a while and then going, oh my god, I'm gonna be on your show. I know

K Kathrin Zenkina 05:25

you have a book coming up, and I'm just so excited for you because I obviously read it. I freaking loved it, and I feel like the whole world needs it. Because there's so much out there, especially in my world around, you know, money mindset, and how to think about money and money, beliefs and things like that, and obviously, you cover that as well. But you're really in the nitty gritty, you're in the detail like this is the how to become the king or queen of financial freedom in our own lives. So I'm stoked for this interview, I'm stoked to pick your brain, I'm stoked to learn from you, I'm stoked to share all the incredible value that you have with the world. So first of all, I'm calling you the king of financial freedom. Is that okay with you? Because I literally see you as that.

06:10

I am cool with that. I bet though, it's not gonna get me out of emptying the dishwasher and taking the trash out. No,

K Kathrin Zenkina 06:17

you still have a family, you still have a wife, you still have a home to take care of I get it melt. What does financial freedom mean to you? Like, can you give me the backstory of like, why is this so important to you, and how did you get into this? Do you have like a formal education?

Are you self taught? Like, give me the

06:17

I'll tell you what it means to me. In a word First, cut and cut, it will go in a word. It's choice. Hmm, that's powerful. Yeah, it really is choice, I look at it and say, I want to live a life where I feel like I get to live it instead of I have to live it. Yeah, and so I got a formal education as a CPA as an accountant. So I was in the business realm, and, things like that. But the reality is that this thing all came about at the hands of a sexual boy, you know, because the fact was that I did what I was told to do. If you're going to build a business, or you're going to build something, you go out and earn money, which means that in my case, I was building a business to get on the treadmill, you start running and you start making money and, cash is coming in, and I was doing it and everything was fine. The challenge was that in my eyes, I was doing the right thing, partly because that's what society said and, expectations required and all that stuff, and then Jeremy came running in and said, Daddy, Daddy, I drew a picture of your school today.

K Kathrin Zenkina 07:40

I love this story, you guys. Oh my god, I both laughed and cried at the same time in the intro group. But I'm like, wow, that hits hard.

07:49

What it was so like, the picture he drew when I grabbed it was was me stick figure standing in front of two computer screens with a phone and each year, and another one on the desk rigging. I just showed cats and then I still have two phones on my desk. So he does

K Kathrin Zenkina 08:05

he has a whole screen behind him. I know he's looking at me with a screen he literally showed me two cell phones but I said you know we talked about the difference is back then you had lack of awareness of that now you have awareness you know when to power it down, you know when to shut down? And you'd like you said financial freedom is choice now it's choice like you can choose when to tune into that and when to tune out. Yeah, yeah,

08:28

without a doubt that picture. I saw it as a, a window into my soul. I mean, it was just a mirror into it in the sense of hey, and it's easy, and I had so many people saying hey, you need to you need to get a work life balance, you need to do this, you need to do that and all the all these opinions. But the reality is that I couldn't come up with the excuses, Hey, kid, we need to we need to do this, I need to keep the roof over my head, we got to, you know, I need the profits. But if a five and a half year old kid understood profits, he probably would have looked at me and said that I care about your profits, I care about your presence, and as a single dad, this was the greatest gift given to me and I was I was failing thing was that. If we go back a long ways when I was his age, it's the first time I saw my dad cry, and my dad was an immigrant from from a country at 17 years old, came here with nothing and fought to get an education and the engineering and all that and I saw him as a Tower of Power, but here he is crying and, I look at him. The interpretation I got the story I got was, it was about money with my mom, and my dad's crying saying I'm disappointing the people I love, and I took that in and said, Oh, if you don't make a lot of money, you're going to disappoint the people I love, and so I did what I was supposed to do, and then Jeremy draws his picture, and now I realize, wait a second. I'm making the money, and I'm still disappointing the people I love So there had to be a different way. Yeah, that's how this all came about. Yeah. So

K Kathrin Zenkina 10:07

a lot of people equate financial freedom to making a lot of money, and is there's a point at which people get really stuck in this rat race, where they're just pursuing more and more and more and more and more, and a lot of people, I think that they equate financial freedom to just having a massive income, and an income that keeps growing and growing and growing. But you talk about how that's not financial freedom and your book, and I'm just curious for people who feel like they're stuck in a rat race, who feel like they need to constantly chase that next promotion, more income, more business, more clients, and feel like they literally have no choice based off of that line of thinking that they need to have two phones and three computer screens, and they need to have 12 jobs and three businesses like, how does one go about coming off of that rat race coming off of spinning their wheels? And what do you define as financial freedom actually being if it's not just having an access or a certain income?

11:08

This is a great question, in the sense of I think that the first thing we all need to do, and I do this in the book, and I do it with my clients, is we actually have to act to ourselves and define our life. Because right now, if we start to look, who's the pilot, I was having a conversation with, actually someone from the publisher, and he was a millennial, and he said, I'm a millennial, I'm never going to own a house, and God,

K Kathrin Zenkina 11:37

I always hear that millennials, complain and complain and complain.

11:43

And then I asked the question, I said, Why do you want to own a house? And he says, What's the American dream? I said, I get it. Here's my question. Is it your dream? And he stopped, he goes, I never thought of that, and look, I was victim to a two, I did the same thing. Chase, Chase, Chase, Chase, Chase, Chase, you don't know where the finish line is? Because that's what we're trying to do. The question really is, we're put here to live a life. We're put here to live our life, not someone else's, not what society is about what our parents say, our life, and if we slow down enough and say, what does that look like, and it'll change, you know, you, you end up getting married, you end up having kids grandkids, what it will change, but at the beginning, define what our life looks like, because the freedom is living congruent to that destination, and not something else. The Chase, typically is this never ending Chase is because we're chasing something that we didn't define, and our degree to find it, our career to find it, society to find it social media to find it somewhere else outside of us to find it, and forget the judgment, if you are happy, in a tent in Montana, ain't nothing wrong with or a yacht Monaco. You know, you do an odd picking the yacht question. But I mean, allow you to you were put here to live our life, and I think that's, that's where we start to get in this never ending Chase, once we stop for a moment and say, This is what will make us live the life that we we want, you know, and I'm saying we because I think that if you're in a relationship, it needs to be a way discussion, then you go towards that, and there will always be someone with more, there will always be someone more. But that comparison will destroy us. As someone that I know, as a colleague, I will say, who's a billionaire, and they are still in the chase, and I am watching this thing unfold, and it's going to be a train wreck, unfortunately, because what's going to happen it, they've got a big bank account, they're wealthy in the bank account, bankrupt in life, and that's the thing that I think that we need to look at and say there's this idea of financial freedom. There's a difference between wealth and the richness we feel in life, and I think it's the richness we should be striving for, and then saying, how do I, how do I build the finances to make the richness the reality?

K Kathrin Zenkina 14:30

Yeah, let's say someone does have like a really big vision for themselves, right? And going back off of like the rat race conversation, let's say they're like, holy cow. Yes, I've defined the life that I want, but it's like this big life, like I want to have millions of dollars in acid producing income or whatever it is to where I don't have to work anymore, and I have these millions of dollars like, where the fuck do people start? Like after defining what they want It's insane how little financial education is provided to us like zero, right? And we're learning I find so many people learning financial education from tick tock from Instagram from, you know, books like yours like it, but they feel it just comes from all these places, all these experts, everyone has different advice, you have the crypto bros, you have this bro and that bro, and it's just like it's so all over the place, people are so overwhelmed, and I find that at some point with the overwhelm people just essentially they just go, I don't know, I'm just gonna hire someone to do it for me, and then they end up giving their money to someone who then screws them. And then they're left even more frustrated, even more defeated, and so like, how do we take control over financial freedom? And like, where do we start? Is there someone specific that you recommend hiring? Is there a specific asset that you recommend we start investing in? Is there a certain amount of money we put into savings first? Do we first pay off our debt? I mean, there's so many angles to this, and I realize it's a massive question, but I feel like the majority of people, they literally just don't know where to start.

16:09

Yeah. So here's, you know, I love this. So steer clear of the the folks on Tiktok telling you that the best investment is a $200,000 ra when you start out, because there's one out there saying that

K Kathrin Zenkina 16:22

as I have an RA parked outside my window? Well, I feel called out No, just kidding.

16:30

But he's, yeah, so but here's the thing. I want people, and this might be the CPA side of me. I want people to find safety first growth second. Hmm, that's good, and what I mean by that is this is foundational, and we work through something called the wealth priority ladder. Yeah, is, is this idea of making sure that every dollar has a job description. Because if we're going to hire 10 employees into our business, you don't bring a 10 employees. Great, you're hired, I have no roles. I have no tasks, I have no goals, I have no job description, let's go double the business. It's just not going to work. Yeah, well, we tend to do that with our money, and so what we want to do is to sit back and say, what is the job description for every dollar that comes in first, and the wealth power letter helps you with that recipe. But the power of this is to make sure that you set it up the job description, if you will, before you ever earn the dollar. Because once the dollar is in your hands, you have to wrestle with temptation, you have to wrestle with these other things. There's a reason I have a $900 coffeemaker in there that I bought off of freaking Instagram, like Stephanie's

Kathrin Zenkina 17:54

Instagram. Yeah, those ads, they work way too well.

17:59

So first things first, know that every dollar needs a job description before it's earned, and it could be for the mortgage, it could be for the rent, it could be for clothing, it could be for fun. The beautiful, beautiful thing about doing it this way, is let's say in that job description that that plan or budget, or what we call a cash resource plan, you have $200 for a night out. Now you get to go spend without guilt without shame without any of that, because it was already allocated, it was already done. So now you look at and say, okay, safety, first growth. Second, the first phases of of this ladder, start with first I want to make sure that you have what we call a comfort fund $1,500 $1,500 Or one month's expenses, and this is not an emergency fund. It's to cover the medical deductibles is to cover the transmission that might go out something if you have kids or pets that you but it's just to say, we're not going into debt, we're not going deeper into a hole, and they may go well how do I get the 1500 bucks? Yeah, I'm Ben, if I came into your house, there's probably stuff like if you went behind me and those doors, don't tell my wife, there's a whole lot of technology that I'm not using, and if I needed to get the money, I could put it on a Facebook marketplace, and probably sell it so. So the point is, is that I'm trying your I'm trying to make sure that you have a little bit of oxygen before we start up this journey. Yeah,

Kathrin Zenkina 19:35

you have that oxygen mask. Yeah, that if you need it, you can bring it down taking your oxygen before you land the plane.

19:42

And then yeah, exactly. Hopefully softly. Yeah, hopefully. So yes, so that's the first step and now you look at it and say Okay, the next phase is still about safety. One is it's about getting rid of destructive debt. Now I am not one that believes that all debts the devil, I think that there is destructive debt I think there's productive and destructive debt is going to be the debt that you use to finance things today lifestyle consumable stuff that you can't afford to pay for. So you're robbing the future. So you can live today it's it's a little bit of a YOLO, you only live once kind of movement. The challenge is, we have set our future off, and the question I'll ask is, are you disregarding what you want most for what you want now? Because now we and I get it, we'll try to figure out the way I look at us. Let's make sure that we have the future taken care of, and that we're looking at that life, and that's the direction we want. We say, I still want this today. Well, then now let's ask a different question. How do I make this a reality today? What do I need to do? Who do I need to become? How do I need to show up, and I'm not trying to get an either or I actually think that we should be living in and we just got to get there by having the right dialogue. Productive debt is that kind of debt that will increase your cash flow, or your wealth over time. So it could be buying a rental house with with debt now, it doesn't mean you're reckless with it, you still have to be responsible. It could be it could be even putting Facebook ads on a credit card, while you're getting a multiple back on sales, it could be buying a piece of equipment. So you're using debt in a way that leverages cashflow and wealth coming in later. So. So I look at and say that is okay, if done strategically. So the only thing I want to do is I do want to eliminate destructive debt in this step. But at the same time, and this is something that's contrary to a lot of a lot of commentators out there, I want us to build what they call an emergency fund, I call it a peace of mind fund.

K Kathrin Zenkina 21:58

Love that language is everything love that it

22:01

is, and the whole purpose of this is is to have liquidity cash available in a way to sustain you if there's some long term impact, whether it's a health issue or work issue, a relationship issue, something that you don't have to take stuff out of retirement, you don't have to sell things, you don't have to do any of that. That's the foundation we do now, where I differ with those is there's a lot of people that say get out of debt first, then do this, I think you actually need to do both at the same time, and why I say that is debt management is a different muscle group than wealth creation. It's a different mentality, and so I look at it this way, say it's like the dude that goes to the gym, and only works out the upper body looks really good until he put shorts on. Yeah, uh huh. So I want to work out both muscle groups. Now, it doesn't mean you work them out equally, you might put if you have excess cash, that you're going to pay off debt, and let's say you have $1,000, you might put $700 towards the debt pay down and 300 towards the wealth creation by putting it into this peace of mind fun to start, and I look at it that way to say the point is, I need you to exercise the muscle. I don't care about the mountain, our ability to build well, is driven much more by our behaviors, our habits and decisions than it is by our money, and when you do that, now all of a sudden, what we're doing was you're developing the muscle memory, we're developing the muscles, we're developing the behaviors and I hear people will say, Well, when I make more, I'll do it. I don't care if it's $5. I just want you exercising the muscle, then we'll move it up. When we get the chance here. Here's a statistic that I think is really telling 10,000 millionaires study 79% were first generation, meaning they didn't inherit it, they didn't get a gifted they didn't win it. So that's like eight out of 10 Odds are good people are good.

K Kathrin Zenkina 24:14

I saw that quote in your book, and I was like, I feel like this gives people a lot of permission. Well, do not get stuck in this belief of like, I was born on the wrong side of the you know, railroad tracks, or my family didn't teach me this stuff, and I feel like it just brings people permission to take personal responsibility and just know that so many people have done it and they can do

24:35

I totally agree with you. Both of us are our children of immigrant families that came with basically nothing, nothing. Yeah. So it's not that it was handed to us. It doesn't mean that isn't what at work. You're going to end up working, you know, but it doesn't have to be complex. It doesn't have to be complicated, and it is possible. I don't care what side of the tracks you You came from up room You know, skin color doesn't matter. I just, that's my belief, and the other side of that statistic in that same study, which is really interesting, which leads to the behavior issues that 31% never really made more than $100,000 a year. So it wasn't big dollars that required it was what they did with the dollars that mattered, and so when you put those two together, you say, eight out of 10, and I don't have to make a lot of money, then, what's the difference? Why is it someone that has $100 million? Like a Mike Tyson goes bankrupt, and someone that makes 100,000 ends up as a millionaire? Okay, well, it's behaviors, it's choices, its decisions. That's all it is. That's the difference.

K Kathrin Zenkina 25:43

So after getting rid of destructive debt, what's next?

25:49

So after getting rid of destructive debt and building that peace of mind fund, now we start investing? Yeah. Okay. So the safety, we have the safety cushion. Investing

K Kathrin Zenkina 25:58

is a very scary word for people. I'll tell you that because they have no freaking idea where to start. They don't know if they should buy an air b&b business and consider that investing. They don't know if they should go to the stock market. They don't know if they should buy the latest crypto coin. They don't know if they should buy gold bars and put them in their safe. You don't I mean, like, there's just so many different things that people can do, and there's so much misinformation out there, and just not even misinformation, just different strategies available to people just depending on what their like goals and desires are and what they think is best for them. What is your recommendation for people who want to start investing? Like where do we begin? Who do we call? Do we call you Like, who do we call?

26:41

Yeah, so actually, I don't know that you need to call anyone yet. Okay. So here's the interesting thing. Yeah. Hello. I think complexity creates friction. Friction creates risk, risk creates loss. Complexity creates friction, friction, friction creates risk risk creates loss. Okay.

27:02

And so the first rule of investing is that we don't invest in anything we don't understand.

27:09

Balan. Okay. So let's keep it simple. I have a very specific way that I do it, that I try to do this. Some people want to invest in real estate, some people want to do crypto, some people want to do all kinds of things. It's not where I would start because I think there's too much exposure and risk there, and some complexities. So the very first thing that I'm I would tell people to do is I'm actually going to tell you to go to the stock market, but not in individual stocks. s&p 500 s&p 500, total stock market index, something low cost low fee, why do I want to do that, let's just assume one, we can get in the game, remember exercising the muscle with low dollars 500 $1,000 To start, and then I can put a couple 100. So I can get in the game to diversify the risk across 500 or 3000. Companies that reduce risk three, long term, the stock market performs at eight to 11%. Long term for the stock market has never gone to zero, and if it does, we have other problems. Okay, yeah. Five, stock market has always recovered, and six, there is a study, s&p 500, they follow, they said, If you invest for one year, it was like 69% of the time you're up. If you invest for 10 years, it's 94%. So I get I can by holding longer, I can push the probability of success up, and so now I can get in the game earlier, I can be diversified, I can reduce risk, and I can keep it simple, and if you really want to be simple, then I would easily just go in and say let's do what's called Target Date index fund, and now someone else takes care of the balancing of the portfolio, and you sit back and say and what is the target date index fund is basically saying, hey, if I'm going to put money away, and I don't need it for say, 30 years, doing math live, I could screw this up, but 30 years, say 2055, you want the money? You go to Vanguard, Schwab fidelity and you say, I want a 2055 fund. What is What are the that mean? That means that they take the portfolio and they build it and say, we'll be aggressive today, and as we get closer and closer to 2055, they get less and less aggressive. You don't have to manage it. You don't have to do it. It's low cost low fee, and you get this diversity allocation that is self managed. Now, as you get critical mass, you may change it. But if someone is sitting next, I don't know, do I do s&p 500? Do I do 100% of it, do it, forget it just go into a target date fund, they, they create the allocation themselves, and you can see what they call glide path, and don't manage it for you, and it's low cost low fee, you're in one decision, one fund, stay in there, and just let it roll, and that's, that's where I will usually have people to start. Because I think it's the easiest way to get into get, here's the one thing we know, in order to win the wealth game, you have to be on the field playing, you can't be on the sidelines or on the stance, and so the sooner I can get you on the field, the sooner we can get you to win the game.

K Kathrin Zenkina 30:51

And you said they manage it, or they grow it or what you said they who, whose day, who are we trusting here with their money.

31:01

So what we're trusting is is say Vanguard to take and really what, what what a target date fund is say you're gonna go in and decide to build this to yourself. So you take a total stock market fund, which basically is investment of 3000 or so stocks, and you're just buying, you're buying a bad day on the stocks, it tracks the index, you don't have to worry about it, there's really no decisions to make. When you take a target date fund, that's one fund, when you take a target date fund, what they do is they build it with three to five funds. So they'll have total stock market, they'll have a piece that's a bond index fund, they'll have a piece that's probably an international fund, and so they're making those three or four decisions for you, and you don't have to do it. So anything it's it's it's Vanguard that's sitting there saying, we'll just just put these three or four funds together and build it, and so there's a couple people at Vanguard or I don't know, if there's a couple of you, there's probably a department that does it. Yeah. But there's someone that's actually looking at it say what does that portfolio look like, and now say you're in 2045, and you're going to need the money, and in 10 years, they go out, let's make it more conservative, and now you're 2050 We need it in five years make it more conservative, so they adjust the percentages to to bring the safety up and the risk down, and they just do it on they do it for you.

K Kathrin Zenkina 32:34

I feel like that's simple enough. So really simple. Is this. Okay, so let's say like, it's 2055. Now like is that then the moment where we go, oh, and I can live off of this money there? Is there a continuation? Like that's one way of investing and creating a income producing asset? And then Are there levels and tiers? Like Where would people go next?

32:55

So when we talk about this, and I can go into into a little more detail of how this breaks down? Because generally speaking, I'm wanting to start with with the stock market. But how do we get into it? Yeah, and so how do we get into it? Is there there's this other little hierarchy? And the first thing is this in some, some will apply to people, some may not, and I'm going to talk more from the US perspective first. Yeah, is this idea is that at the very beginning, I want to get what's called free money. So if you happen to be an employee, and you're working at a company that has a 401k, and they match, you put 3% of your salary in and they're gonna give you 3%, you get the free money, and I can't tell you how many people don't do it, and I'll look at an audience when I speak. So let me ask you, some five came around here, start dropping

$100 bills on the ground, would you pick them up? And they all go? Yeah, I said, if I told you you had to drop $100. Bill, I'm gonna put one on top of it. Would you do it? They go, Yeah, I go, why are you not doing it in a 401k. That's what your employer is doing. They're willing to drop cash, but you got to drop yours first. You know, so. So the first thing is that we will invest to get any of the free money that is allowed to us, if we're an employee. Now, if you're not an employee, then this won't apply to you, which is okay. The second so this is more about the location of where we're investing, it's still going to be in the stock market. The second phase is to look at it and say, Okay, now let's look at Can I take advantage of tax rules? So this is where we would look at a Roth IRA. Now, I love Roth's in the US if you can get them if you have too high in income, it doesn't apply. You can do some other other nuanced things. But the reason I like Ross especially like I got a kid, Henry, he came into my program at At 16 and a half. Wow,

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Kathrin Zenkina 35:03

smart kid,

35:04

oh my god, you know, wait, it's so like, it's 17. We're on one of the calls, and he says, I'm 17 and a half now and what do I do? I said, open a Roth, and he said, Okay, three weeks ago, we're on a call, and he says, Alright, I funded my Roth, what do I how do I invest this same question, and I go, he's 17. He says, No, I'm at now. I said, Great. I said, How much did you fund it without thinking? Bionz 1000 bucks. You know, he's 18. What is, you know? So he says, oh, no, I fully funded 2023, and I already funded 2024. I said, Hold on a second. 18 years old, you fund at $6,500. For 2023. They said, Yeah, and 7000. For 2024. He says, Yeah, he says, he says, Well, I'm still living at home, so it's a little easier. Let's do the math, I go, here's what's going to happen. I said, every dollar you put away at 18 years old is gonna go up 107 times, you're already a millionaire. At 60, at 60 years old, you will have 1.21 point 3 million, if you did nothing, the only thing we have to do is avoid stupid, and we'll keep doing it. But here's the other beautiful thing, it's in a Roth, whatever he takes out is completely tax free, he's never going to pay the diamond tax on it ever again, and so it's a powerful, powerful account, if it applies, I want you to open a Roth account, and I want you to buy the index fund in the Roth account. So we take advantage of Roth, we max the 401k. At that point, we if we have an HSA available to us high, high deductible health plan, that's another powerful account, I want to take as much of the tax advantages in play there, then we start to fund into brokerage, and now we have critical mass in place, and the target is this 20 to 25% of your income being invested 20 to 25%. Now someone like Henry 18, probably get away at 10 to 15%, someone that might be up in yours, you know, then you might have to push towards 30%. But as a general rule 20 to 25%. Now, once I have that critical mass, this is when I start to look at things like real estate alternatives and other things. Because then I have the the the safety cushion of diversification and critical mass.nd why I don't do real estate at the beginning is what I can't get into it for 1000 bucks, and if it's going to take me 50 grand to get into it, I buy one property, and that one property comes with a lot of risk. If I have a bad tenant, someone doesn't pay, I can't I have to evict them, I can't rent it, I have a bad repair, and if I don't have the liquidity to carry it, then that first real estate investment goes bad on me it can completely destroy you, and so I'm coming from a conservatives placing safety first growth second. So that's why I'll wait to do real estate. Now most of my own real estate outright owned real estate that I have right now was prior residences that I held and converted when I moved and everything, and a lot of the other stuff was to syndications and that kind of thing. But reason I don't necessarily start with real estate is just the fact that I can't get the diversification, I need more to get in the game, and the potential is that if it goes against me, I don't have the I don't have the cash flow to carry it. This

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makes so much sense, and I love that you go from least amount of risk to most amount of risk. So it's like you're you're like winning as you go along, and then you actually in the in the more risky investments you then actually have, like, if you lose some, it's okay, because you're taking care of from all these other things, and then that gives you permission and safety and like your nervous system just feels ready to then play with the bigger investments. I really love your strategy. I think it's I think it's genius. I know, like I'm just really good at tuning into the questions of the people listening. What about the people who are already like in their 50s and 60s, and they feel like it's like too late to start this. It's too late to invest? Because you know, you talk about the 18 year old and that's great, but not everyone starts at 16 1718 So for anyone who feels like it's too late, I feel like you have a really good mythbuster for that. Can you talk a little bit about that?

39:33

The first response back is what's your alternative? Right? Because the alternative is either government handouts or your kids couch. I mean, I mean, God, I think that we need to we we have to get in the game, and even if I get 20% Closer, is still 20% Closer. Yeah, but we also have to understand that even at 50 or even 60 years old, the way we live and our access to, to creating income doesn't go away, and we actually still have decades ahead of us, and there's two things that we tend to not go through is we think that our wealth creation is linear. It's not, it's exponential. In fact, it's really flat at the beginning. We call it the wealth flatline, and where you'll be investing, and you'll be listening, and you're investing and after five years, you're looking I made 67 bucks, this guy's an idiot, why am I listening to, but what you're doing is you're compressing a spring, you're compressing a spring compressing a spring, and there's a tipping point, which is I call the acceleration zone, that acceleration zone is when you get to the point where the money starts to give philosophy and it earns, it works harder for you than you did for it. That is, when you hit exponential growth. The only way to get there is a four letter word. It's time. Yeah, it means that I have to get on the field, I have to play the game, I have to play it consistently. Eat up the wealth flatline. Get get on the field. The other misnomer is that we think that, hey, I need a million or 5 million to retire, and you think you need it on that day, and on that day, it all comes? Do you cash it out? And you go live? No, no, no, no, because you're not spending all 5 million, you the 5 million is going to continue to grow. Let's say you retire at 70. When you have a million or you have 500,000, let's bring it down a couple 100,000, a couple of 100,000, unless you're draining it like crazy, is going to continue to work and grow. You're not taking all of it out at one time, and now you're leaving a portion behind. So it's not linear in growth, and it's not linear in decline, either. Because we keep the money working for us during that whole timeframe. So those are the first things that I would look at. That makes

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so much sense because we're not treating it like a lottery like lump sum by then we have developed so many habits and behaviors, like you said, where that muscle is now well developed. So on that day, you're you still have that muscle, you're still going to be treating your money properly, and in a way that continues to benefit you. So you don't have to be afraid of like needing a certain lump sum. Or if you don't have it on that day, then you're screwed. I think that's such a brilliant point. Because even i When thinking about it, I'm like, oh, yeah, that makes so much sense. I don't even think about it that way. Okay, I want to shift gears real quick to couples. There's lots of couples out there, and I feel like the number one thing that I hear, especially from you know, even my teachings with manifestation is like, the wife's on board with manifestation. The husband isn't he thinks it's ridiculous, whatever. The wife is really interested in fixing her money mindset. But she's complaining that the husband is in scarcity mode and worried about everything and damping her vibe, in terms of your work with couples, how do you help couples get on the same page? Do you have any advice for that? And actually, let me ask that first, because then I have a more controversial question for you.

43:16

Cool. Yeah. So here's where I think couples go wrong. When we talk about finances, you have to start with life first lifestyle, what's the vision for our life, we have to start with the vision, that vision will help us define the plan, the plan will determine the strategy, the strategy will set the tactics, and then the tactics will set the actions. When couples come together. What they do is they have conversations down at the tactics and action level, and when you do that, you tend to go to criticism, judgment argument. None of it is good. So we have to elevate first the conversation and say, Aren't we on the same page, from a vision for our life? And what is each of our roles to make that vision a reality? And have the conversation up here and allow it to do the heavy lifting of tactics down below? Because now, if we were in agreement, like stepping out, we spend the time having these conversations at the Vigilant now, when she came into my life, and didn't say she didn't care about money, she was more concerned about my My Health Record than my financial record. Yeah, because she came from the medical side. But now she gets it because of this idea of this is about us living fully expressed our lives. Sure. What does that look like? We love to travel. We don't travel necessarily on Spirit Airlines. You know, we travel nice, and so we know that that's part of our vision and you know now with grandkids and what are we so we get really clear on this. Okay, so what do each of us need to bring to this equation to make that a reality, because if we're living our vision, what what it enriches our relationship brings us closer together and unites us on this journey versus separating us. Now we can sit back and say, Okay, let it dribble down to. Okay. So here's the tactics, and some of the things that that we need to do, and now you have your roles, but it's defined by the vision that was already agreed on. Yeah, that's probably one of the biggest the biggest mistakes that that I first made early on until I realized it, and I think it's one of the biggest mistakes that couples make. I

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would so agree with you, because so many fights with Brennan, we come with a realization at the end of the fight, like why are we fighting? We have the same vision. We're just arguing about the how, or there's like miscommunication and division like Oh, I thought you wanted this no actually want this, we I want the same thing. Okay, we want the same thing, and then everything just trickles down from there. It's so accurate, and we call it chunking. up like let's chunk off, like, Let's go up. We're arguing in the weeds over here, we're getting in the dirt. Let's go up and just figure out, what exactly are we fighting about? Do we want different things? Is it that we want the same thing? And if so, like, let's just get on the same page here. Okay, the controversial question I have for you is I see many different perspectives and many different opinions on couples and prenups, and should couples have separate finances? Should they share finances? Should there be pre agreed finances? If couples don't have a prenup? Should they get the postnup? Like, there's just so much on this and I feel like everyone makes good points coming from a relationship that doesn't have a prenup where my husband and I share everything, and we are very both involved in finances. What is your take on this? What is your advice? What do you believe? Yeah,

46:59

so everyone has a prenup? And it's just a matter of who wrote it. Hmm. Write it intentionally. Between the two of you? Or was it written by the state law that you live in? Oh, yeah. Everyone has one. So I would read just like an estate plan, same thing? Do you want to hand your future off to the state? Or the government or the courts to make the decisions? Or do you just want to make the decisions yourself, just in case there's always something that's going to govern it? So with that as the precursor, there's a couple of things to think about. Now you're in a relationship without a PM, I'm in a relationship with a prenup, and I'll tell you the mistakes we made, because I learned a lot. Yeah, please tell I would do it differently.

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Kathrin Zenkina 47:52

They share.

47:54

In my situation, one, we were coming to the prenup. I was older when we got married, I was 50. I had assets and I had a son. She was really open to it and said, No, I get it. You need to protect your son and all of that, and so we did one, what the mistake we made was that we had it done too close to the wedding. Too close to the celebration, and unfortunately, attorneys feel like they have to justify their work, and to make a prenup valid, each person needs to be represented, and what ends up happening is that if they feel like they're not doing their work, and so they stood up stuff between us until again, we finally said what's our vision? Yeah, what do we want, sat with the attorneys and said, We're done. We're done. ascribe it, sign it. We're done, and we put it away. We've never looked at it. You know, now, do we have combined finances? Yes. Do we have individual finances? Yes. Hmm, and part of it is, I want her to always feel that she has autonomy that she she does really well in her career, and she's amazing. But I don't ever want her to feel like she doesn't, and that I'm in control. I think this financial journey is a couple's journey doesn't mean that you're equal in the sense of involvement, bogus, and all that stuff. It just means that you're on the same page, and that you're having the same conversations and you're going the right direction. Because I watched both her mom and my mom when my dad our dad's passed away, freak out and say, Can we stay in our houses? I don't ever want that for I don't ever want i i You know, when I got diagnosed with cancer, I went and made sure that the trust was done all that stuff within hours. Just so I could sit her there and tell her one. Here's all you need to do. If God forbid the worst happens, it's not good. gonna happen. But also, I did it for me to give me the peace of mind to know that my loved ones my son everyone's taken care of, and now I can go in peace to fight the cancer battle and do the right things. So we have to have the conversations, I think you can do, you can do the hybrid like we do. The key is, is the level of communication more so than anything else? Yeah. It's not about the money. It's about the communication, and I'll speak for the guys. I think that most women are in relationships. I guess I'm speaking for women too. But then, but is what they want from us men is to feel safe, and so how can I make Stephanie feel safe, cared for in this process? So I do it that way, and make sure that she feels that she doesn't feel like, what happens if he goes away? There's no, I don't want that. Because that lack of certainty in a relationship is just going to erode the relationship. I

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will say that drive for safety is so strong in or protecting and providing so strong in the masculine because with my husband every time we have a financial conversation, and I lead with, you know, like, Hey, babe, can we talk about this? It doesn't make me feel as safe as I want it to make me feel or can we have a meeting on this? Or, you know, like, I just want to make sure that blah, blah, blah, blah, blah, he has yours immediately perked up, and he's like, yeah, come in this meeting. Let's sit down. Let's open all the accounts, I'll show you exactly how to do this, exactly how to access this because before I used to be the one in charge of our finances when I was growing my business, and then we shifted into I'm the money manifester, and he's the money manager, and so he's very much in the finance world. But for me, it's still important that I understand what's going on. I understand how to access the accounts, what all the documents are, what the lawyers are saying all of this information, even if I don't fully understand it, just being a part of the meetings and knowing that the fiduciary knows who I am and knows my name and knows what's going on, and I can communicate with them. I can access this account. It's been such a game changer, and

52:12

so Stephanie, I have the same that's the same kind of relationship. I'm the manager. She's,

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Kathrin Zenkina 52:17

she's the Tony floer. Yeah,

52:21

yeah.

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Kathrin Zenkina 52:22

So okay, mount, we can literally talk for ever that I want to respect your time, and you have an incredible book. That is at the time of this recording hasn't launched yet. But at the time that I dropped this episode, it should be aligned with already being out. So I'm going to post the link to your book. In the show notes. Everyone needs this book. Because I love how nitty gritty you went into this episode. Thank you so much for being so open and freely sharing all of the tactical stuff. But that's not even like a percent of all the tactical stuff like you can see my post its and my notes and stuff, and you have so much tactical practical information very step by step, where can people find your book,

53:03

the best place to go is to your money, machine book.com, and when you go there, you'll see that there's, there's links there to go to Barnes and Noble, Amazon, all that stuff, just store it there, you can come back, put your receipt in because I've got some gifts that will will come along with it. One is that I'm gonna give you a workbook that goes a companion workbook that goes along with the book, because I want you to get the book. But I actually don't want you to just get the book, I don't even want you to get the book and read the book, I want you to get the book and do the book, and I want to help you do the book. Because if you do the book, we change your life, and not only do we change your life, we become what I call the inflection point of financial change for your whole family tree, and that is a huge gift.

Kathrin Zenkina 53:48

Beautiful. Thank you so much. I'm gonna drop all that in the show notes you guys so you'll have the link there make sure you check it out. Malware can people follow you you have an incredible Instagram account.

53:59

Do I do thank you, Mel Abraham nine. I have no idea the first eight are but we can hunt them down.

Kathrin Zenkina 54:05

You're the lucky number nine. I love it. Well, thank you so much. Once again. I really enjoyed this conversation. I took so many notes I know everyone else did too and their lives will forever be financially transformed because of the information that you share.

54:19

Thank you so much for having me.

Kathrin Zenkina 54:23

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