



001: Just Be Helpful and the Money Will Follow with Joshua Becker (Transcript)

PT:

Hey, Joshua. Joshua or Josh, what do you like going by?

Joshua Becker:

Joshua. Perfect.

PT:

Joshua, what's going on, man? How are you doing today?

Joshua Becker:

We just started just like that, didn't we? That was it.

PT:

Let's roll it.

Joshua Becker:

How long do we shoot for? How long do you try to go?

PT:

I would love to get about 45 minutes with you if I could. Just to give you a little frame of reference, it's really just a conversation about your money story so I would prefer that you, as much as possible, just try to be honest about your financial life as you can. Obviously, you're going to weave in some minimalism stuff in there. I get it. We're going to talk about all you have going on at some point but this is not about projecting expertise. It's about just sharing and then people will pull the expertise out of that.

Joshua Becker:

What you may or may not know but I won't make any assumptions, I was a pastor for 15 years and doing what I'm doing now for the last three and I would say my financial position has changed since I was a youth pastor making 30,000 dollars a year to doing what I'm doing now making more. Track the story. I think you can find my story resonating with people from both walks of life. You take me wherever you want me to go. I'm ready now. Sorry.

PT:

The pressure's on now. I know a little bit about you but not enough so I'm excited to chat with you. Thanks for making time. I know you're a busy guy.

Joshua Becker:

No. My pleasure.

PT:

My first question is this. What's the one thing that you do that you feel maybe that others don't that's been the biggest contributor to your financial success so far?

Joshua Becker:

I probably define financial success different than a lot of people. I'm not the type to define it like most of society does which means more money equals more success. That's never been a thinking of mine. Probably one unique thinking that I have concerning money or one thing that I try to do as much as possible is, especially today but even before, my goal has never been to make money. In my work or in my business I've always strived to be as helpful to people as I possibly could whether it was an employee or now running my own business. How can I help as many people as possible? I find that the money seems to follow that mentality more than the mentality of just pursuing money and trying to make more and more. A little nuance thinking.

PT:

I get it. That makes sense in terms of bringing the money in but how do you hold onto it? How do you make sure it stays with you?

Joshua Becker:

I don't know how well you know my story but my wife and I started a minimalist lifestyle eight years ago and have really rethought the role of possessions, the promises of consumerism, how fulfilling they actually are into our life, and I've really realigned our life away from buying more and more things and chasing bigger houses and nicer cars and a lot of things that other people are chasing. Because of that realignment in our thinking, it naturally had a significant profound impact on how we spent our money. I think a lot of the trappings or temptations that people have to outspend their earnings is just something that's slowly eroded from our thinking as much as we possibly can in the world that we're living in.

PT:

Talk about before that point back when you were a pastor. I know you spent some time doing that. Was spending a problem for you at that point? I know as a pastor you probably didn't make that much money I'm thinking so talk about your spending and saving habits early on.

Joshua Becker:

I've always been pretty close to the break even point growing up. Pretty middle class lifestyle. If I were to do specifics, I think my first job when I was 25 or 26, my wife and I, my first job I think

the beginning salary was like 30,000 dollars so that would have been 15 years ago. Not a lot and slow pay increases moving up from there. That was kind of the financial position that we were in. I grew up in a family that was pretty frugal, not extremely frugal where we were patching every pair of jeans that we had growing up but I certainly grew up in a home where I learned to live within my means. We kept that going forward.

I got pretty good sound advice pretty early on. Someone told me there's three reasons that people go into debt primarily. The three reasons people go into debt is they buy too much house, they buy too nice of a car, or they eat out too often or any of those entertainment expenses and that's always stuck with me. The first house that we bought was just a small three bedroom home that we knew we could make the mortgage. I've never bought a new car in my entire life, always took the cash that we had on hand in savings and bought the nicest car that we could find there and then from my dad, I just learned pretty early on that eating out tends to chew through money pretty quickly, cutting those expenses when possible.

PT:

Was there any other financial influence on you? Were you reading any books? Were you doing any courses? Where did you pick up the financial expertise other than from the parents?

Joshua Becker:

I have a degree in finance. That's what I went to school for although I'm not sure I ever learned any personal finance. I'm not sure I had any personal finance classes during my banking and finance degree so no. There weren't any books that I was reading. I've seen some since then that have been incredibly helpful. I think Dave Ramsey's program is probably I always say just the most effective program I've ever seen for somebody who consistently outspends their earnings. It seems to have more staying power than any program that I've seen before but no. There wasn't any particular influences in my life at that time. Sorry to not be helpful.

PT:

No. That's good. Let's go back to the turning point then because it sounds like the minimalism turning point was a big impactful point in your life and even though money may not be the focus, it probably had a impact on your finances at that point because I know you've transitioned to do other things now. Take us back to that moment to where you decided to make a change in your life in terms of what stuff you had in your house and the way you were treating your life in terms of the things, the possessions in your life.

Joshua Becker:

I think that before eight and a half years ago by now, I pretty much describe my life as pretty unintentional in terms of what I was buying and by that I meant whatever the new fashion trends were supposed to be or whatever the new technology was, whatever Best Buy had on sale for Black Friday. I was seeing the advertisements and flipping through the Sunday paper and just desiring whatever I saw, whatever they were selling me on. Eight and a half years ago I was

cleaning out my garage on a Saturday morning and my son was five at the time and I spent hours working on my garage just cleaning out a bunch of stuff that I didn't even know was there, I certainly didn't use, I certainly didn't need, and I think about early afternoon just came to the realization, "What am I doing with my life spending all day taking care of the stuff that I own while my son plays alone in the backyard? This is not what I want my life to be about. I don't want to be a stuff manager, just accumulator of more and more things."

That began our process of recognizing, "Hey. Our possessions aren't making us happy but they're actually taking away our money and time and energy and focus from the things in life that actually matter." That began the shift that started with simply just possessions and simply downsizing the stuff that we had which then began to creep into how does this change my understanding of money and if my money isn't just there to buy a bigger screen television, then what is my money here for? How can I use it in other ways? What are some more fulfilling ways that I can use it?

PT:

Let's talk more about that transition. At the time, were you a full-time pastor?

Joshua Becker:

Yep.

PT:

How long did it take before that point in your life to where you left service in the church?

Joshua Becker:

Literally that weekend, that following Monday after the Saturday, I started a website. For me, it was just a journal, just a diary of what I was getting rid of and what we were keeping and what room we were going through and what I was learning but it became a website that more and more people found and started reading and started commenting about how helpful this was to them and how it was challenging them to think through the life that they were living and what's most important to them. Even though it was still just a hobby, I always say about five years later it grew to the point where I couldn't do both. I couldn't both full-time pastor and maintain the website so I had to decide which one I was going to do.

I don't know. I just found my passion was naturally creeping into how do I spread this message of minimalism and how do I get this message out that we are more than the things that we own? How do I do that better and more effectively? That brought about the change in careers then three and a half years ago where I began writing and speaking full-time on owning less which, by the way, at some point you and your wife stumbled upon. When did that happen? Do you remember how it came about? Was it you or your wife that got interested in it first?

PT:

In terms of minimalism in general or meeting your or what?

Joshua Becker:

Yeah. Either one.

PT:

My wife has always sort of been a minimalist I feel like. We've both been pretty frugal people but as our life has grown, three kids now, bigger house, the need for being more consistent and applying it is there. We can't just take a weekend out of a year anymore to knock it all out and then be set for the year, it's more of an ongoing campaign I feel like. As our life has gotten more complicated, we've had to pay more attention to the messages of minimalism and what you're doing with your story. We're certainly students and we're continuing to learn and I think more of us learning how to create systems for minimalism now than we are just about change of mindset. I feel like we bumped into each other in WDS, World Domination Summit, back in, when was that? 2012? 2013? Something like that.

Joshua Becker:

Yeah. That sounds about right.

PT:

At the time, you were making the transition to full-time blogger, speaker. Did you do anything with your finances at that point or had you done anything to help with that transition?

Joshua Becker:

Yeah. Considerably. We did a lot. I was moving from a employee, steady paycheck roll into running a business, being an entrepreneur with who knows what was going to happen? I did a lot of research. If I were to do the ... I'll just go way into the details and you can go wherever you want to after that. When I transitioned into writing full-time, we sat down and we mapped out what are our fixed expenses? What is the bare minimum that we need in order to get by? We came out to 4,000 a month. I always say we needed 5,000 dollars a month if we wanted to keep our cell phones and go visit family for the holidays but 4,000 a month was about what we needed for the mortgage and just for our ongoing expenses.

On the blog, I was making pretty consistently about 2,000 a month. I was making 2,000, I needed four. I assumed once I went and invested full-time into it that my income would go up but that was the great unknown, like who knows? Maybe once I invest more time into it I was going to lose everything. I didn't know but what we did was we had saved 18,000 dollars before I made the transition and the thinking was if I need four and I'm making two and I have a nest of 18 that at the very least I can go nine months without any changes in the income that we were making. That would give me nine months to find ways to make more money. That was our thinking going in. It seemed to be a good number.

It wasn't too little that my wife was particularly nervous but it wasn't so much. I've heard other people who have made the transition had like a year and a half in saving and just felt no urgency to make money in their new job because they didn't have to but nine months I thought was going to be enough time to see if it's not working after nine months, then it's probably not going to work long-term. That would give me time to go back to doing what I was doing before if I needed to.

PT:

The 4,000, that obviously covers like you said your basic living expenses. Was there anything that your employer gave you, maybe health insurance or some other type of benefit that you also replace or maybe a retirement account that you had to replace somehow? Talk to us about those things and how you weighed that.

Joshua Becker:

Health insurance was something that I got through my employer that I had to factor into the 4,000 a month so we did the homework on what that was going to cost. Retirement was something that I took as at that moment a want or unnecessary so that wouldn't have been included in the 4,000. The 4,000 I needed just to keep the roof over my head and survive. Any income above that then I would have been able to chip into retirement. I don't think that was factored in the 5,000 number, maybe it was. Kind of had two different goals. I was 37 at the time and we had been pretty consistent putting into retirement up until that age so it wasn't something that I thought I was behind on and needed to start at the age of 37. It was something that I thought if I have to take a year break while I start this new job, I think that I can probably manage long-term with that.

PT:

Were you contributing up to that point through your church's 401k or what kind of plan is it?

Joshua Becker:

Yeah. For a finance major, I should know the specifics. Yes. I had been up through the church. Our denomination had a specific plan that people were using and it was being partly matched so I was putting it there.

PT:

It was an attractive match. I get it. Was there any outside investing you were doing beyond that?

Joshua Becker:

No.

PT:

Just spending the excess money that you might have not ... What were you doing with your

excess money then if you weren't investing it?

Joshua Becker:

Just saving it. Just building up the nine month buffer.

PT:

When you left the job, did you take that money and then put it into another investment or do you still have it with the account with the church? You still have it.

Joshua Becker:

Yep. Still where it was.

PT:

Do you have any plans to move that or change that?

Joshua Becker:

I don't. I don't. I should probably talk to you. You might have some ideas for me. I've kept it where it was. As best I can tell, the market's always pretty who knows which [inaudible 00:18:35] pretty volatile for the past several years but I think I've been pretty happy and pretty content with where it's going.

PT:

Where did you end up on the health insurance? How did you do that, through just an open plan or now with Obamacare, how does that work?

Joshua Becker:

Three and a half years ago I forget the Obamacare specifics at the time and how that was changing but I found a health insurance agent in our local community who was self-employed and had two kids. I said, "Whatever you got, I want," because it was the exact same life circumstance and I figured whatever plan he signed up on was probably the best one. We actually had a great deal. It was a great price and that was a great deal through 2015 and then going into 2016 was when we saw pretty significant increases in the premiums for that open plan. It was off the market. At that point, we switched to a medical bill sharing.

We're with Samaritans Purse. Is that the name of the one? We've been with that one over the course of 2016 which works out pretty well. It costs less than insurance would have on or off the market for us. I like it. I'm happy with it. We haven't had any major medical bills. You're happy with every health insurance if you don't have to use it. I've never had to be reimbursed through it so then I would probably be able to say, "Yes. It was absolutely fantastic," or, "I don't know," but so far for our place in life, it's been good. I think it's just a Christian only deal so I recommend it to other Christians who are looking for an alternative.

PT:

We do a similar thing through Medi-Share. We've been on them for two and a half years I think. It's been good, but like you, luckily we haven't had something major come up. Time will tell.

Joshua Becker:

I don't know. Information even three and a half years ago is so irrelevant to health insurance today. To give you the specifics of what our health insurance agent set us up with, he set us up with at the time it was a 10,000 dollar deductible but a pretty inexpensive premium and then we supplemented it was a 10,000 accident insurance plan which was very inexpensive, 10 or 15 dollars a month something. It was really cheap and the whole idea of being if there's a major medical emergency then we have the health insurance but we don't sacrifice if my son breaks an arm while he's out riding a bike because the accident insurance would have covered that. It was a pretty nifty deal that we did that I recommend it to other people. Like I said, it wouldn't work for us now because premiums were through the roof but it might be an idea for people to consider. I had never heard of an accident policy before that time but we sure loved having it.

PT:

Do you still have the accident plan or is your deductible so low now that it doesn't matter?

Joshua Becker:

No. That's a good question. I guess I never went back and really reconsidered if we should keep it or not. When we changed everything, we just switched over and I guess I haven't even [inaudible 00:22:26].

PT:

What's your deductible now?

Joshua Becker:

That's a good question. My wife would know better than I would. Do you know what it is with you guys? Pretty similar.

PT:

Yeah. For us, they have them from I think 2,500 up to 10,000 so we're on the 10,000 one just because we would rather have that cash set aside for medical spending. I think every year we end up spending about 1,500 to 2,000 on pure out of pocket medical expenses but I like the idea of the bridge insurance with an accident plan like that. That's interesting. Who was it through? Who did you buy it through? Do you remember?

Joshua Becker:

Yeah. You got me. I don't recall. The church I left, I moved from Vermont to Arizona several years ago and they contributed to a health savings account so we had a pretty sizable health savings account that we had brought with us that we also used and that we've contributed to every year for some of that to cover some of that non-covered expenses.

PT:

Nice. With Samaritan's Purse, you're able to continue contributing to the health savings account?

Joshua Becker:

We do.

PT:

You haven't had to do it this year.

Joshua Becker:

Correct. We haven't had to.

PT:

I don't think you can do both because it's not technically insurance but I don't know about that particular plan so that might be something to research.

Joshua Becker:

There you go. We'll find out. I'll find out in the next six weeks.

PT:

Once we moved to Medi-Share, we stopped being able to contribute because HSA is huge for us. I love that plan but we're actually still spending money from that fund whenever we contributed back when I was in the corporate world. Hopefully new legislation may come out. It may change the rules about HSAs and medical sharing communities and so that may change in the future with the new administration.

Joshua Becker:

It is just crazy. I just have no idea. When I found this gentleman Bill Steffen is his name, I went to a seminar, just a little local in your library seminar that he was putting on about self-employed health insurance and how Obamacare was changing all of that. I didn't know what is one of the biggest questions switching from employed to self-employed so I went to his seminar and I was just fascinated at two things. Number one, the detailed knowledge that people need to know about the healthcare industry and healthcare insurance and then how much of it he knew. I had no idea how detailed and how in the weeds you needed to get on some of that stuff. Anyone switching or in the market for health insurance, I would say go find someone who does that for a living and knows Obamacare and what it's effects are, I should say the Affordable Care Act, and what it's effects are on the market and where your state is going and who's coming in and who's leaving because it's too much for any person to know that isn't following it closely.

PT:

We'll link up to him in the show notes for sure so people can check out that resource. Let's go

back to the retirement. I want to explore that a little bit. How does your faith inform your ideas about the idea of retirement and savings for retirement? Obviously, you participated in your church's 401k and did the match and all. How much of that was just because they gave you the match and how much of that is actually because you believe there's this point in time where you sort of want to rely on the money you saved to then live the rest of your life?

Joshua Becker:

Do you know where I'm going with this? Have we talked before about my whole thoughts on retirement? Are you leading me somewhere or do you have no idea what you're asking for?

PT:

I kind of remember a little bit about this. I know you potentially have an upcoming book maybe about this topic but I would just love to explore that with you because as a Christian myself, I'm challenged by every day what I read about finances and saving for my future versus what my faith and the Bible informs me. I just want to hear your thoughts on that.

Joshua Becker:

My thoughts on retirement have been shaped from two sources. Number one, the Bible and then number two, my grandfather who is a pastor and so obviously his faith and his beliefs are based on what he reads in scripture as well but I think that I can talk about it in even nonreligious terms for people who would find that helpful. I take a pretty unique stance on retirement where I think the whole idea is causing more stress and anxiety than it's actually relieving. I don't take a view of work, a lot of people consider work like work has become a four letter word in America where the goal of work seems to be make as much money as I can so I can get out of work as soon as possible and when the goal of work is simply to get out of it, we lose all of the fulfillment and the satisfaction that we receive from doing work.

I was talking to a lady just this summer. She owns a restaurant. She said she's just relaying the story. She had hired this 17 or 18 year old girl and they had had this really busy day and they were closing up at night and the girl made a comment to her boss, the owner of the restaurant. She just said, "Man, what a busy day. I'm so tired," and the lady I was talking to, the owner of the restaurant, said, "Yeah. Doesn't it feel great?" It was just this total mind shift in this teenager's thinking of, "Yeah. You know what? It does feel good to know that I worked really hard today." I think work, the same thing, it's very fulfilling to know that we put in a hard day's work and that we lived a life where work isn't just about the paycheck but the work is about like, "I'm helping other people. I'm doing something for someone that they can't do because they're off doing something for someone that they can't do and this is how we better society."

To make a long answer even longer, this whole idea then that we would be spending our lives trying to get out of work seems wrong to me and I think that this whole idea of retirement which is basically about a 100 year old experiment. They weren't retiring 200, 300 years ago. They

were working as long as they possible could. It's only once we've reached this life of leisure and this life of material wealth that we have around us that we can even consider checking out of work at some randomly assigned age. I'm not a big fan of retirement. I think it's causing more problems than it should. I understand there are some jobs that you can't do into your 70's and 80's and I understand that there are some physical limitations that keep us from working into our 70's and 80's but for the most part, I think the longer you can work and the longer you can use your mind to serve other people, the more fulfilling your life is going to be and the less stressful it needs to be now of how much do I have to have and how can I get out of work?

Anyway, that's kind of a long road. As far as how the Bible works into it, I think that you almost find a biblical mandate. It says that we'll work from dust to dust. We work from birth to death and then you don't find, retirement isn't a thing in the Bible. It's not a thing that God's talking about in calling us to do with our lives. My grandfather's 93 ... I think he's 94 or 95 and he still works 40 hours a week so just seeing his model of living that out and the fulfillment that he finds from work has really kind of changed my view of what the new American dream of is early retirement.

PT:

Relate that to the idea of financial independence versus a retirement. I'll just leave it at that. What I mean by financial independence is being at a point to where the money that you saved or the assets that you've created or owned are producing enough wealth to where you don't necessarily have to go start and create wealth, either through a job or another business or some other asset at that point. You believe that's- Go ahead.

Joshua Becker:

I am not a financial advisor. I tend to prefer to just raise questions and raise new thoughts that go against what the mainstream thinking is and so I take a little different view on saving than a lot people do. We should be saving and in terms of saving for retirement, I think it's wise for me to assume that I won't necessarily be making the same amount of money in my 80's that I make in my 40's and 50's so there's a point of saving for that and putting some money aside but I also take the opposing view or the different view that says the whole idea of saving is I am going to set aside money today for a potential need in the future that may or may not occur.

If I'm setting aside for financial independence, if I'm setting aside for retirement, I don't know if I'm ever going to actually need that money. Maybe I will, maybe I won't. It's an unknown but I'm setting aside money today for a potential need in the future but I'm always doing it at the expense of someone's real need today, that there are people today who don't have enough food and they don't have a home and they need healthcare or they need justice or a weather catastrophe has left them homeless. There are people today with very real needs and so I think the balance for me and I don't know, there's no specific answer to this.

The balance today is how much money do I set aside for today for something I may never need in the future knowing that there are people right down the street or certainly on the other side of the ocean that desperately need it today and kind of weighing those two factors as opposed to just buying into, "My goal is financial independence and so I'm going to save enough that I can live off the interest." I don't know. I think that there's more fulfilling ways and more important ways to use our money today.

PT:

Especially I think as you become an entrepreneur and your paycheck becomes less stable and you have exponential growth obviously with your business endeavors now and so at the end of the year, you could be sitting on a lot of cash. At that point, you can decide does this go toward, like you said, my future or does it go to a need right now? How do you and your family talk through that or work through that each season?

Joshua Becker:

I would say for now my monthly income tends to be not too much more than I need. Probably my recurring monthly income would be around that 5 to 6,000 dollars a month but then we've had about three times each year where there's been a significant event that has brought in extra money. I signed a book contract, I launched my Uncluttered course which does better or does worse than I expect, and so that seems to be above and beyond the normal stable income that we have. Each time that has happened, my wife and I have sat down and said, "Okay. Here's how much unexpected money came in that is above and beyond what we need. Where do we want to put it? What do we want to give it to? Where do we want to give it? Do we need to save some for the business? Do we have a large expense coming up that we foresee?" We'll maybe replace our car in a couple years and so we're even setting aside some of that money for that now.

That's what we've always done because it's not like it's coming in 15 times a year where this would be a weird conversation to have. It's three or four times a year and we're like, "Okay. What do we think is the [inaudible 00:36:36] thing for us to do with it?" I don't have a spreadsheet that I'm pulling out to determine where that conversation goes. It's just a where are we now? What do we foresee in the future? What do you think would be smart and where should we put it? They're each a little bit organic and I have my opinions and she has her opinions so how do we bring them together and find something that we can both agree on.

PT:

You mentioned earlier having an insurance agent help you out during a period of your life. Do you have any other type of financial services or advice that you pay on a regular basis? An accountant or-

Joshua Becker:

Yeah. We have an accountant that I use and he's actually pretty good. He does a lot. He

certainly does taxes and helps me fill all that stuff out but he's a guy that I really love and we have very similar worldviews. With actually the book money, we started a nonprofit. He's been pretty influential in helping us navigate those waters and realize who we are and what we want to do with our money yet still what's good advice compared to what our heart is with the money and that kind of helps us bring those two together. Those are the two. I don't have someone that I pay for investment advice. As I said, our retirement account is just running in the background and it's not an individual but we trust the company that seems to be running that and seems to be pretty good returns.

PT:

You mentioned that was still with the old church.

Joshua Becker:

Yes.

PT:

Do you anticipate starting up a new retirement account at some point on your own?

Joshua Becker:

Yeah. We have money. This is the first year of being self-employed where it looks like we'll have enough at the end of the year to make a decision about that. I haven't made the decision yet but we'll do something with it.

PT:

Talk to us about the nonprofit. What's it do?

Joshua Becker:

We started a nonprofit a year ago, actually, November 1st of last year, called The Hope Effect. Our heart is to change orphan care around the world. The short story is most orphan care in third world countries looks like an orphanage that you would imagine on television or in books where you got four walls and 30 or 40 kids and a couple adults taking care of them but we've actually known for decades, research has told us for decades, that that doesn't work very well for kids, that they don't get attention and affection and even interpersonal love that they would in a family when it's so many kids to just a few adults and it tends to stunt their human development in almost every single stage.

Our heart is we have really a new model for orphan care that looks like smaller homes in a campus setting. Each smaller home houses eight orphans and two adults. In that way, it functions just as a family would and it looks like a family. Kids get attention and affection that they would in a family. They also see how a family functions for when they have families of their own. That's what we're doing with The Hope Effect. We launched last November. We have a home being built in Honduras that should be done by the end of this year and now we're raising

funds for our first campus in Mexico, just south of a border town which by the way, the Mexico US border is in the news lately. There's a border town in Mexico where we're going to be putting our first campus and should be able to start building in 2017.

PT:

That's fantastic, man. It gives you a specific place that lines up with your values that when you have that end of the year conversation not necessarily just about going to my church with my tithe but also here's this specific thing that I'm passionate about that some of this money could go toward. I love that. I would be remiss not to talk to you about how the minimalism has affected how you actually handle your money so if you have some time left, I would love to talk to you a little bit about that, like where you bank, do you use credit cards, just sort of the daily transactional stuff of your money. You're a minimalist so how do you keep money in a minimum level in your life?

Joshua Becker:

I don't know if I'm outside normal on that. At our local bank we have a checking account and a savings account. Both of my two children have a savings account. I have three credit cards but one is the primary credit card, the only one we use. One gets me into Costco. That's the second one which we only use at Costco and is the only reason. I suppose I should just combine them.

PT:

The Am Ex.

Joshua Becker:

Yeah. They just changed it from American Express. I don't know what there is now. It's in my wallet and I only pull it out when ... I don't remember the last time I've been there. My wife goes. Then I have a credit card for my business, Becoming Minimalist. Actually, I don't do a lot of the financial stuff for The Hope Effect but I guess there's a separate credit card for The Hope Effect as well. Both Becoming Minimalist and Hope Effect have business accounts and those are at the same bank that we have our personal checking and savings so that's how we do it. We tend to run all of our expenses through our credit card and then pay it off at the end of the month.

I don't think I've ever missed being able to pay off the entire balance at the end of the month so we've always done it that way. I've never done the cash envelopes. I think it's great for anybody whoever has or consistently missed making the monthly payment, but we've always been pretty good I think controlling our spending on the front end to make sure that we match up okay at the end of the month.

PT:

Do you do any type of budget or a preview look? Here is the month ahead. This is what we're going to plan to spend.

Joshua Becker:

What we do is, I don't know if it's a little bit different or not, but I stumbled upon it a couple years ago after doing the Becoming Minimalist thing. I stumbled on I think it was in the Wall Street Journal called the personal spending plan which is probably just a difference of wording but I loved it and I never had a budget system that worked but this spending plan worked wonderfully. What it does is you list out all of your fixed costs. What is your mortgage? What is your health insurance? What's your car payment? What's your car insurance? Your utilities bill, the things you can't get out of. We wrote down all of our fixed costs and then it was compared to what your monthly income is and so from there you could discover what your discretionary income was and then from there you could decide, "Okay. I have this much money for entertainment. I have this much money for clothing. I have this much money for retirement, for savings, for giving."

The first time we did it, I was shocked to discover how little discretionary income we had. I was shocked to see how close our fixed expenses were to our monthly income. It was really eye opening to see, "Hey. We really need to count how much is going out there," but since then, I think we made that adjustment pretty early on and adjusted downscaled our lifestyle to where it needed to be. Same thing when we made the switch three and a half years ago. "Here's the fixed cost. Here's what we're expecting our monthly income to be so here's how much we have left to do these other things." That's something that I've never done monthly but I don't know, yearly I guess or whenever I was expecting any significant changes in expenses or income just to kind of reevaluate and just get a not just ballpark but a pretty concrete figure of, "Here's how much we have to be wasting on things that we don't need and do we have more or less than we think?"

PT:

In terms of some of those fixed items, you still have a mortgage I'm assuming and you have two cars, one car, what do you have?

Joshua Becker:

Yep. We have two cars. All paid for, as I said.

PT:

That's right. Never bought new. That's right.

Joshua Becker:

Yeah. Never even had a payment. Never bought new and never carried a car payment. Pretty good car advice, I think. Someone was pretty good and said, "Don't take a car payment but instead save a car payment and put that aside and then when you need a new car, buy the nicest that you can with the money that you have and then whatever money you would have put into a car payment, just put that into a savings account for when that one doesn't drive anymore, you'll have more saved up that you can buy an upgrade or a nicer care the next time around."

PT:

Is that a separate savings account or just the general savings account that you have at your local bank there?

Joshua Becker:

Yeah. Just the general savings account.

PT:

I had a good question. Just lost it. I think it was about the mortgage. No. Any plans to pay off the mortgage sooner rather than later?

Joshua Becker:

We just refinanced from a 30 year to 15 year. No. I don't. It's not something that I want [inaudible 00:47:37] paid off in a couple years. My wife would like me to. Actually, she makes the payments. I think she pays more than she's supposed to just for the sake of getting it down behind my back but I guess the financial piece of me says, "Gosh. If I have a 3.25% interest rate on my mortgage and I can make 7 or 8% investing it over here, why would I do that?" That's the thinking that drives me but she tends to be a little more practical in terms of wanting to get out of the monthly payments so she's the one that pushed to refinance it to a higher payment, lower year, and she's the one that throws in a couple extra hundred dollars each month that I don't know about.

PT:

Makes sense. As the minimalism concept has continued to churn your life and you've obviously freed up more money for spending and now the business is bringing in more money, how do you keep the mindset of frugality or living at a certain lifestyle? I think at some point there's a little bit of a creep that comes up on you, lifestyle creep, so how do you keep that at bay?

Joshua Becker:

It's tough. You're right. Probably one of the things that helps me keep it at bay is we moved from Vermont to Arizona three years ago and when we did, we moved into a smaller house on purpose and I think having a smaller house has been very helpful in keeping some of that creep from, "Hey. Let's just go buy more and more things," because we don't have any place to put it. That's been pretty helpful and I've never had the desire to, "Let's go get a really big house or let's go buy brand new cars," so some of the major expenses I've just avoided the temptation because it's never appealed to me.

It's the smaller ones that tend to creep in. "We could replace this furniture or we could start spending more on clothing than we did before." I guess there's some of that where minimalism allows us to do that because I'm not buying a lot of clothes. I can buy some nicer clothes so there's a part of that that fits in there but I think mostly I work with this understanding that our

money is only as valuable as what we choose to spend it on and if I'm spending money on a big screen television, then that's all I'm ever going to get out of my money. On the meantime, I could be taking that money and I could be providing parents for orphans. The return on that is infinite. Who knows what that's going to mean in the life of that child and what they could accomplish in the world and who they're going to pass that onto? That's kind of been the background model running through my head that I think keeps me aligned with what our values are.

PT:

Just a couple more questions if you have time. One is is there an area of your personal finances and/or is there one expense that just consistently gets out of hand from month to month that you wish you could control better?

Joshua Becker:

I think eating out tends to be one that probably drives me more crazy than the other members of my family which make it tough to keep in line. I'm always the guy, "Let's just go home and eat leftovers," and they're the ones that want us to stop somewhere on the way home. When you have the means to do it, then the temptation is even more real. That's the one that not only tends to get out of hand but probably causes the extra strife in my family just between me. I'm very much like my dad in that way. He would never go out to eat if he didn't need to but my mom liked to so I always saw that, not conflict is the word, but just seeing that go back and forth in my family growing up and experiencing it now as well.

PT:

Theresa and I have that as well and she's the one who's always trying to bring us home for leftovers. Thank goodness I've got her because I would be eating out way too much. Let's look back over the past several years, maybe since the transition from working at the church and some of the moves you've been able to make, some of the things you've been able to do financially as well as just life in general. How do you feel about it all now looking back?

Joshua Becker:

Looking back, I probably wouldn't change a thing. Maybe that's the way I would say it I love that my first job was 30,000 a year. Actually, when I got married I was making 12,000 a year. I'm happy that that's how it went. I like being able to talk about how we went from when my son was born and we went to a one income family that my income was like 32,000 dollars a year. I like being able to tell people that's possible, that you can do it. I wouldn't change that. I think that as much as I possibly can, going back to my opening answer, I think my philosophy legitimately has been from the very beginning how can I help the best, how can I serve people the best, and when you do that, then the money seems to follow.

I think that that's just a more fulfilling way to get to where I am today as opposed to knowing that I was chasing money at the expense of other people to know that I don't know the road to where I got has been paved with people that I've helped along the way as opposed to people that I've

stepped on along the way.

PT:

I appreciate you being here and sharing that story with us, Joshua, or all your stories and being generous with your time. How can folks learn more about what you have going on and about you and your story?

Joshua Becker:

The website is BecomingMinimalist.com. That's the best place to go, best place to find me. All the stuff that I'm working on seems to originate there. I came out with a book in May called *The More of Less: Finding the Life You Want Under Everything You Own* so if you don't want to flip through eight years worth of blog posts to get to the point, I think that that book tends to summarize everything I've learned over the last eight years, gets into themes of intentionality and generosity in there as well, and then the book that I'm working on now is probably a year and a half until it comes out but it will be a little more financial specific on some of the views that we even talked about today. Thanks for letting me flesh them out a little bit more.

PT:

Absolutely, man, and for the nonprofit, folks can find that at-

Joshua Becker:

HopeEffect.com.

PT:

HopeEffect.com and folks can contribute.

Joshua Becker:

Yeah. We use the 100% model so 100% of donations go directly to orphan care. As I mentioned, the book deal I signed has funded the nonprofit so we use that to carry all the administrative costs so that all the donations we receive from the public get to go directly into construction or operation of homes for orphans.

PT:

All right, Joshua. I appreciate you being on, man.

Joshua Becker:

Thanks for chatting. Appreciate you.