*014: Mastering Money to Gain Control Over Your Life with Rob Berger of DoughRoller.net (Transcript)*

**PT:** Rob, welcome to the show.

**Rob:** PT, glad to be here.

**PT:** I'm anxious to hear the back-story. We've been both blogging online for about 10 years now about personal finances, right?

**Rob:** It’s hard to believe—10 years.

**PT:** That’s crazy. Obviously you've become a master of your money but I want to hear more about the backstory and some of the pieces that folks, who are just getting going with their journey, can relate to. What’s the one thing that you do that perhaps others don't, that has been the biggest contributor to your financial success so far?

**Rob:** The best way to answer that is with a little bit of a story. Up until about 10 or 11 years ago, financially, our story was pretty common. We went to college, graduated, had some school loans and started working. We kind of wanted what I think what a lot of families wanted, we wanted to buy a house. We wanted to have some nice cars, go on nice vacations. There’s nothing wrong with any of that, but it was a very pedestrian, normal American dream kind of lifestyle. And, we saved some. It wasn't that we didn't save. I had a 401k. We didn't get into crazy amounts of debt but we had the student loans and we had a car loan. Then we bought a house that we could afford. This was back in 1993—so that sort of tells you how old I am. We had some credit card debt. But again, it was all manageable. It was very sort of typical. We were kind of on a trajectory for me to work the rest of my life and retire when I'm 65 or 70. We wouldn't go hungry, but we’d get by. It's funny, I don't know exactly what caused this but I got this piece of paper—I don’t know if you can see it.

**PT:** Yes.

**Rob:** I wrote on this piece of paper 11 years ago. It was June 15th, 2005. I've got the date on it. I've even got the time, 6:31 pm. I don't know why I wrote the time down. Anyways, I wrote, "I will be totally debt free by June 15th, 2012," which was 7 years later. What prompted me was, I was listening to a Dave Ramsey Show which I'm not—I don't really listen to the Dave Ramsey show and I don't know why I was listening to it that day, but he has this radio show where people get on and say they're totally debt-free or whatever. And what I think changed in me was I realized that while wanting the house nice things, there's nothing wrong with that. It's really not what's going to drive fundamental happiness for me. I wanted control of my life. That's what I wanted more than a nicer home, more than a nicer car. I wanted to control my life, and I wouldn't be able to get that control with debt, even if it wasn't overwhelming debt. So I made this ridiculous goal—and it was ridiculous because I failed. I wasn't totally debt-free by June 15th, 2012. But we were totally debt-free by June 15th, 2016. That's not bad, I guess.

**PT:** Nice.

**Rob:** Something just snapped in me 11 years ago where I just said, "I'm not going to go down the normal path. I'm going to get rid of this debt." That will give me control of my life. And it did. We are recording this at 3:00 in the afternoon and I'm in sweatpants and a t-shirt, sitting in my home at the age of 50, doing work that I love. Whatever happened on that day, without that it would never have been possible. That's was the big change for us I think that was probably different than most people. I mean, some people go through that, but a lot of people don't. I think they are constantly chasing whatever it is they think is going to make them happy and it usually involves spending a lot of money and going into a lot of debt.

**PT:** So, the control. Knowing enough about yourself at that point to know that ultimately what you wanted was control over your life?

**Rob:** Yeah, how I spent my time and what I did. Some parts of it I think are lucky. We certainly had some luck involved in all of this, but part of it too is that what makes me happy doesn't require spending a lot of money, right? If you said I had a day to do whatever I wanted, I'd probably read. I might do some writing. I might play some chess. I might go workout. Those are inexpensive things to do. Although we have some nice things I don't spend a ton of money on clothes which is kind of obvious to the extent you can see what I'm wearing. I don't wear fancy watches... It's just not important to me. So that certainly helped. We went on a vacation this year because my wife wanted to go. We took the kids (who are both in college) to St. Thomas. It was your typical St. Thomas vacation. We had the money to do it, so we did it. But, I could have lived a full life without ever vacationing in St. Thomas. There is nothing wrong with St. Thomas. I did it for the family. It’s just not what makes me content day-to-day but it helps.

**PT:** Yeah. What do you think it was about that moment? Was it the fact that you wrote it down? What made that stick for you?

**Rob:** I think it was just the realization that the path we were going down... And again, it wasn't a miserable path. It wasn't a path where we were going to go bankrupt or anything like that but we were spending money that wasn't making us (or me) any happier. You see, this has happened to me. You get a new car and it’s exciting but 6 months later, it’s just a car. The happiness has sort of just worn off.

**PT:** Yeah.

**Rob:** Somehow, 11 years ago I just came to realisation that I hadn’t appreciated that before.

**PT:** Some people who are in that position may say, “Oh, I just need another car,” instead of saying, “Maybe I should think about this differently,” because you can continue chasing that, right?

**Rob:** You can. And a car is just one example. For some other people it might be something totally different. The ultimate goal in terms of trying to achieve some level of financial freedom is spending significantly less than you make. Some people might be able to have very nice things and still spend significantly less than they make. But for us, we had to cut back some at that time. It’s actually what prompted to start the blog which then turned into a business, which then turned into what I do now which is kind of fortuitous, I suppose. But, you've got to spend significantly less than you make in order to build any level of wealth. It doesn't matter if you're teacher or a CEO a company or a professional athlete. Now, there are plenty of athletes who have gone broke. They go broke all the time. So, you can make millions and still go broke. You've got to spend less than you make. My wife was always good with money. The problem was me, not my wife. It was recognizing what makes me happy and what doesn't make me happy.

**PT:** How old were your kids when you wrote that down?

**Rob:** Well, let's see... They're both 22 now, so they were about 11 then.

**PT:** Okay.

**Rob:** It’s hard to believe, 11. Again, that was a lifetime ago.

**PT:** And were you and your wife both working during that time?

**Rob:** She was not. She ended up going to work a little bit later for about 5 years. She's retired now too. But in 2005 we had just moved into the house we live in now. I was working but she was still a stay-at-home mom.

**PT:** Let everyone know what profession you guys are in?

**Rob:** What I do now, or what I did?

**PT:** Yeah, yeah.

**Rob:** I practiced law for 25 years. My wife has a Master's degree in counseling and she was a stay-at-home mom with our kids until they were in high school. They (our kids) were both adopted. That’s relevant because she went to work in an adoption agency for about 5 years. She retired last year.

**PT:** So, at that turnaround moment what kind of debt were you looking at? You made this awesome goal of wanting to get rid of it. What kind of debt are we talking about here?

**Rob:** I'll give you the actual numbers.

**PT:** All right. Let’s do it.

**Rob:** I'm embarrassed to say we had a mortgage at the time that was probably $600,000. Then we had some credit card debt and school loans but I often moved some of that over to our home-equity line of credit because it had lower interest rates. But if you bundle that all together that was probably another $250,000. Most of that was the home-equity line of credit from doing a remodel. That’s a truck-load of debt, in case you were wondering.

**PT:** Yes, but you live on the east coast.

**Rob:** Yeah, we live in an expensive area. Our house here is nice but it's not a mortgage like what you’d find where I grew up in Columbus, Ohio. For that price you’d live in a mansion. In Fairfax, Virginia, you live in a nice, but average, home. Our home is a 50-plus years old, four-bedroom, colonial.

**PT:** But back then you had built up enough equity already to where you could pull some of that money out and use it for improving the home as well as moving some of your student loan debt over to it?

**Rob:** Yeah.

**PT:** I want to park there for a second, about the home-equity line of credit. That’s coming back around right now because home values are kind of spiking back up in certain areas. Looking back, is that something you would advise people to do now? Use the equity in their home to fix up their home or to consolidate debt like that?

**Rob:** I might. It depends on exactly what they're going to do with it. The problem with a home-equity line of credit is the same problem that you have with credit cards. It’s just so easy to rack up debt buying stuff and you'd end up with relatively low monthly payments. In the case of a home-equity line of credit, it's usually “interest only” for the first 10 years. Obviously, the credit cards have relatively low monthly minimum so it's easy to go into debt and justify it, particularly with the low rates now. So, that would be my big caution. Whether it's a credit card, or in this case, home-equity line of credit, it's so easy to get into debt. I wouldn't necessarily rule it out. For example, if you're going to take credit card debt, that's a high rate, and put it on a home-equity line of credit, I don't think that's necessarily a bad decision as long as you recognize that with a home-equity line of credit if you don't pay it, your home is on the line. Also, what a lot of folks do is pay off credit cards with a home-equity line of credit or a balance transfer, then charge up the old credit cards again. You've got to avoid that even if that means cutting the credit cards up. That’s a big issue. There are a lot of concerns and caveats that I’ve learned about the hard way. For example, when I wrote this note to myself 11 years ago, shortly after that we were buying living room furniture and we had a zero-percent deal with the furniture company where we’d get zero-percent for 12 months. That seemed to make sense. And maybe in some circumstances it is. But my concern was, apart from this commitment I had made to be totally debt-free, if we went with that, would we be motivated to buy more furniture or more expensive furniture than if we were just going to pay cash? So we turned it down. That's a big problem with debt. You can end up spending a lot more than you otherwise would. I think the same is true when you buy a car. It’s hard to pay cash even if you have it. To see $15,000, $20,000 or $30,000— maybe even $100,000 if you’re crazy, leave your savings account (even if you have it) hurts. It’s much easier to take on a $700 or $800 a month payment. Paying cash hurts. I think it's probably good that hurts. It should hurt.

**PT:** Just a quick sidebar. Back when you wrote this note more searching for more control in your life with what you wanted to do with your time and energy, was it dissatisfaction with your career? Or, was it just the spending part where you decided that spending was not making you happy so you stopped?

**Rob:** That’s a great question. There’s actually a lot more history because when I graduated from law school in '92 I went to a big firm in D.C. It was an international firm where I was an associate for 8 years and then I made partner in 2000. I was a partner for 2 years. Then I quit, which most people just didn't do. I quit for a lot of reasons, but the main one was because it’s not all glamorous. It’s hard and it's a lot of hours. There’s a lot of travel. As to your point, I wanted more control of my life so I left that job and went in-house at a corporation called KPMG Consulting which was later renamed. It spun off KPMG, later renamed, and eventually went bankrupt. But that's a whole other story. But, I took a six-figure pay-cut to get more control of my life. It's was $100,000 (almost to the penny) in a pay-cut, but I was working nine-to-five, I wasn't traveling very much which was good because our kids were about 8-years-old at the time. So that was important to me. And, I didn't regret the decision at all. There may be a few times where I thought, "What the heck did I just do?" but for the most part I got over those pretty quick. Then about 3 years later I changed jobs again. I went to the Public Company Accounting Oversight Board in D.C., which regulate auditors at publicly traded companies. That was part of that path that gave me even more control of my life. I also think it was a better job. I think that was part of what led up to this note in 2005. That second job change was in 2004. I think by that point I had gotten control of my day-to-day life as compared to being a partner at a big firm. I had also taken some pretty big pay-cuts, so I think this was sort of saying, "Okay, I've got the career side of things figured out. Now I need to make sure we're living within our means and taking care of the financial end." So yeah, it didn't happen overnight. It was definitely a process.

**PT:** Let's take it back to the moment you wrote the note. Did you write any specifics down as to how you were going to tackle the debt? What were the next steps to try to knock it out?

**Rob:** Well, I didn't write any specifics. I didn't have a spreadsheet and I certainly didn't have a master plan but the one big step for me was the commitment not to go into more debt. It's funny. I was thinking about this very issue. People often ask, "How do you get out of debt?" The first thing is not to go into more debt. Have you ever seen the movie Good Will Hunting?

**PT:** Oh, yeah.

**Rob:** You know the big scene towards the end where Robin Williams says, "You know, Will, it's not your fault." And Matt Damon agrees it's not his fault. They had this back and forth thing with maybe some cursing, some pushing and shoving. Finally, Robin Williams' character breaks through. Matt Damon's character intellectually knew it wasn't his fault, but he needed to feel it. Well, it's the same thing with not going into more debt. We all know intellectually, of course, you don't go into more debt if you want to get out of debt. But, you have to feel it deeper than that. At least, I did. Whatever clicked in my mind and heart that day, I think went deeper.

**PT:** And it survived the tests of future temptations.

**Rob:** And I won't say I didn't backslide here and there. It was definitely two steps forward, one step back. But, yeah—

**PT:** It was more than just a verbal commitment. Did you do any kind of budgeting during that period to try to knock that debt out or did you just save up money and chunk it? Were you aggressively paying off debt? What was the pathway there?

**Rob:** There were two things. Again, part of it was luck but one was just aggressively getting the interest rates as low as I could.

**PT:** Okay. And, how did you do that?

**Rob:** With the home-equity line of credit. The interest rates were pretty low. And then, zero percent balance transfer cards. I used those. I would roll the debt over when the zero percent offer expired. Sometimes you'd pay a transfer fee. There were several I got with no transfer fee. So, I lowered interest rates as much as I could. The luck part came in starting Dough Roller, the blog. I didn't start it as a business, it was just a hobby but it's slowly started to make money and we didn't change our lifestyle when it did. We gave money to charity and we paid down debt with what it made. That was all we did for several years. That extra income definitely helped, and too, just not going into more debt. That's that's what we did. I'm not a big budgeter. I have budgets. I use YNAB right now. I don't really have that personality where I have this neat perfect spreadsheet and I track every dime where I know exactly how much we can spend on groceries for the rest of the month. That was never my approach. It was more of taking care of the important things first whether it's saving and paying down debt. Then, whatever you've got left spend it however you want to. Just stop when you run out of money.

**PT:** It sounds like the commitment for, no more debt, was driving your spending decisions pretty effectively. At the time you wrote that note, did you see yourself becoming your own boss, becoming an entrepreneur? Or the blog just kind of caught you off guard?

**Rob:** I started the blog 2 years later, almost to the day. Not quite, I guess. Twenty-three months later. And that was kind of a fluke. Actually, where I'm sitting now is sort of a workshop that the previous owner of this home built. He was a woodworker. I thought, obviously, it's my destiny to be a woodworker, seriously. So, when we bought the house we didn't know this room existed. You have to actually go out the back door of the walk-out basement, go to the right a little bit and come back into the house. There's no internal way to get to this room I'm in. So I thought, clearly God wants me to be a woodworker because otherwise why would we have this shop, right? I was starting to buy some tools, I even built—you can't see it, but I built a workbench that I still have. It is God awful; I've got to tell you. It's the worst thing ever! I was even looking at table saws because you need to have a nice table saw and I came across, The 2 Million blog. Do you remember that? I don't know who the guy is that runs that. But yeah, anyway—

**PT:** Yeah, Canadian, right?

**Rob:** Yeah, I don't even know how I found it but I found that blog and he linked to a bunch of other blogs, and I just thought, "That sounds kind of cool. Forget this woodworking thing. I'm not good at it anyway. I'll start a blog.

**PT:** Nice, nice. What was your first article on that blog?

**Rob:** Humble Beginnings.

**PT:** Okay.

**Rob:** That was the title of it. I think I've taken it down but I should put it back up. I have no idea what it said but I remember the title was, Humble Beginnings.

**PT:** What were you sharing early on? Were you sharing part of this journey to get rid of this debt?

**Rob:** Maybe some, but most of it was actually investing which is where my real passion is, although, you're a much better investor. Do people that follow you know that?

**PT:** (*Laughs*).

**Rob:** Do they know that we've been in investing competitions and you've crushed me every single time? And we're not even talking close. I would do well over a year and maybe have a 20 percent return. And I'm not kidding you— Phil Taylor would have something like a 1,000 percent return. I mean, what is up with that? There's got to be some insider trading. I'm going to call the FCC—

**PT:** Yeah, yeah. I don't know, man. I'm just glad that, for whatever reason I'm not tempted to take that luck that I've had and expound upon it.

**Rob:** It's ridiculous.

**PT:** It would be dangerous. But, with investing, obviously, with your legal background you had access to company 401ks or stock plans working for KPMG or these other companies. Are you fully participating in those at the time? So, even though you're kind of amassing some debt in your life, it wasn't preventing you from participating in retirement savings?

**Rob:** Yeah, I would max out 401ks. I've probably have been maxing out 401ks since the mid 90's, I would guess. At law firms they don't normally match anything. Big firms don't. But when I was at the PCOB they had a great match. I took full advantage of that. Then when I started my business I opened up a SEP IRA, and today it's a 401k in a defined benefit plan that I use. And I save outside of that in taxable accounts as well.

**PT:** How soon did the taxable accounts start?

**Rob:** Well, I've always had something in taxable accounts, at least as long as I can remember. It wasn't always significant. I remember back in the mid 90s I started investing in Bill Miller's Legg Mason Value Trust which is a fund that had beaten the S&P 500, 15 years in a row, and I think I was contributing something like $100 a month which is all we could afford. With taxable accounts—it's one of the debates in personal finance, whether or not you should invest while you've got debt. I've always believed, unless the debt is at ridiculous interest rates, you should absolutely start investing. I know that's not the Dave Ramsey approach, but with all due respect I think he's wrong on this point. He and I agree on a lot more than we disagree but this is one where this idea of spending years (potentially) paying off your debt before you start investing I think is a big mistake.

**PT:** With the investing going on, were you ever tempted to sort of withdraw from some of that those funds or borrow from some of those funds to get rid of some your debt?

**Rob:** No.

**PT:** That didn't appeal to you?

**Rob:** No. Not even close. I really don't like selling investments. I prefer to hold investment for decades. I really do not like selling investments. The only time we sell now, apart from occasionally for tax reasons— and in fact, we just did this. Every December we fund charitable giving through our taxable account over what's called, The Vanguard Donor Advice Fund. I don't want to get into those details but that's how we give.

**PT:** How does that work?

**Rob:** The Donor Advice Fund, you can think of as setting up your own charity. You can contribute anything to it. In our case it's usually stock that's appreciated in value. We get the full tax benefit of whatever the current value of the stock is. We don't have to pay capital gains on any of the appreciation and it goes into this fund that my wife and I have held at Vanguard and they'll put it in whatever investments we want them to while it's in the charitable fund and then we can make donations from it to whomever. We give to our church. We give to a lot of charities that help children—whatever you want. We give to some missionaries. We give a lot of charities that help young kids that are on drugs. But, in any event you can make donations to any 501C3 charity.

**PT:** Is that the kind of thing where you put a certain amount of money into each month or each pay period and then at the end of the year make your decision to distribute?

**Rob:** You could do it that way. We just give at the end of the year, one time a year, to the fund, and it can sit there as long as you want. Some people will let that investment grow and only make distributions based on the income that the funds earn. But, in any event, yeah, you could do it monthly.

**PT:** Oh, I see what you mean, because the income is the tax-free part.

**Rob:** Once we make that contribution to our Vanguard Donor Advice Fund, the money is no longer ours. You get the tax break immediately, even though it might sit in the Vanguard Charitable Fund for months or years, but you can't get it back or say you made a mistake and want it back. The only control you have is to dictate (they call it a recommendation) where it goes and when.

**PT:** I'm going to look into that.

**Rob:** The reason we did that is to be able to give directly to whatever charities we wanted. And, we set this up is because it makes giving appreciated stock or shares of a mutual fund very easy.

**PT:** I see. Okay.

**Rob:** You can give stock directly to some charities if they're set up to accept it and the bigger ones typically are, but we often give to a lot of smaller charities and they're not set up to accept them. I mean, we gave I.B.M. stock just a couple days ago, what are they going to do with that?

**PT:** Right, right. In this case it's in the form of a check that they can just put it in their account.

**Rob:** I can turn around, if I want, and take cash that we might have otherwise donated and buy the I.B.M. stock back. The difference in doing it that, is now my basis is higher – the tax basis for the stock, assuming I had a gain when I donated it. You would never donate stock that you had at a loss. There would be no point in that.

**PT:** Have you written a post about this?

**Rob:** I have, actually. Not recently. But I've talked about Vanguard. And, Fidelity has one.

**PT:** We'll be sure to link up to that for those who want to dive into that in detail. It sounds interesting. Are there any tools or services you've used up until that 2012 marker where you kind of wanted to be out of all your debt? You mentioned YNAB and Vanguard already. Are there any other tools or services you used during that time to manage your money, invest, to work your way out of debt?

**Rob:** At one point I used Quicken. Now it's YNAB. I do like Personal Capital. For my investments though, the thing I use the most now is a spreadsheet one of my listeners created. It's fantastic. It's a Google spreadsheet so it updates to share values automatically. What it doesn't do is update the number of shares. So, if you get a dividend that's paid, you've got to manually add that. But, it's great for rebalancing.

**PT:** Cool. Is that shared publicly anywhere?

**Rob:** Yeah, I can shoot you a link to it.

**PT:** Cool.

**Rob:** It's just a free spreadsheet. I think I wrote a post about it. It's a Google spreadsheet so you can just copy it and use it however you want, but I tend to go to that more than anything else now. And that's really about it. You know, we talk about the tools, we both like the tools. We look at them. We write about them... But those are probably all that I really use on a regular basis.

**PT:** You mentioned Dave Ramsey early on. Were there any other inspirational people or other blogs, I guess, any other inspirational or education pieces that helped you put it all together?

**Rob:** Not really, no. In some ways this isn't rocket science. I shouldn't say that. I've read a ton on the investing side.

**PT:** But you were into that before you even made the commitment to get out of debt?

**Rob:** I was. But, in terms of getting out of debt and managing money I've never even read Dave Ramsey's book. I just listened to his show that one day. My goal for people, by the way, particularly young people just out of high school and college is, if they manage their finances the right way, they don't ever have to read Dave Ramsey's book. You don't want to be 50 years old, reading Dave Ramsey's book and saying, "Okay, step one is to save $1,000." That's not where you want to be. If you're you're there, you're there. Read the book, take the steps and you'll do fine. Anyway, there is a lot of investing stuff we could talk about, but in terms of managing money and debt? No, not really.

**PT:** Okay. Let's briefly touch on your moving from a corporate legal career to a full-time entrepreneur. Obviously, there were some financial concerns and considerations in making that move. Talk us through that time period and pertinent personal aspects of that?

**Rob:** My first thought, in terms of leaving the practice of law, was in 2011. I was still at the PCAOB when Panda hit which I'm sure you remember. Other people might be wondering what the heck Panda is, but, without going in the details of that, a lot of my traffic to my site was lost, overnight— gone. And that affected my revenue. It scared me. I still had debt at that point. I had been paying a lot of it down but I still had debt and so I decided not to leave the practice of law. About that time, my old firm called me and said, "Come back to work for us and defend the auditor's that you've been going after at the PCAOB." And I said, "Sure!" The reason that's relevant is because what happened over time was that I was able to basically go part-time at my firm. I didn't right away, but by 2013 I was pretty much part-time. Part-time at a law firm, for me, looked like maybe 300 or 400 hours a year. So that's really less than half time. I've kind of been slowly getting out of the practice of law since about 2013. I officially left the firm in March of 2016 which was great, a great feeling. By that point we had paid off all our debt and we had some money in the bank and the business was going fine. I really anguished over this decision for years but then when I finally made it, it really wasn't that big of a deal. Now I have to figure out what I'm going to do for health insurance if Trump repeals Obama-care. I haven't figured that out yet.

**PT:** So you guys are on Obama-care?

**Rob:** Well, actually, we're still in Cobra.

**PT:** Okay.

**Rob:** At my age Cobra makes sense. This is a factoid if we have time?

**PT:** Sure.

**Rob:** So, I called an insurance guy that's connected with the Virginia Bar as to whether I should try to buy insurance on the open market now (because it was open enrollment time) or just stick with Cobra which I can stick with for another 9 or 10 months and he said, "Well, you're 50, so Cobra will be better for you because at your law firm the average age of that employees about 42 and that's how they priced the insurance for your law firm. If you go out on your own, they're going to price it based on your age and you're not 42, you're 50 so it's going to be more expensive."

**PT:** That's good to know.

**Rob:** I never thought of it that way. That makes sense now. Of course, 9 or 10 months from now I'm going to have to buy it on my own. I won't do it through the exchanges, but I will have to buy it on my own. Once that happens, if it gets repealed, not that I won't be able to buy it on my own, but prices could be a lot different.

**PT:** Yeah, they could. Here's a curveball question for you. What's one area of your personal finances that you're just not good at?

**Rob:** That is a curveball question! I like to think I'm just great at all areas of personal finance. I'm really good with the big dollars. I'm not so good with the small dollars. And the small dollars can add up to big dollars so I don't give a second thought about going out to eat now. But, when I go back to my budget at the end of the month and look at where all the money was spent, those trips to Chipotle (we don't eat fancy in my home) or Chick Filet or Cafe Rio which is fantastic—If you've never been to a Cafe Rio, you've got to go. I don't know if they have in Texas—

**PT:** No.

**Rob:** But, it's just heaven. Anyway, if you add that all up, it's a lot of money. Yeah, so I'm not good with the small dollars. What are you not good at in personal finance? You asked me. So, what's your Achilles heel?

**PT:** These days, my personal finances probably take a backseat to my entrepreneurial endeavours and so I'm not as hawkish on my day-to-day spending, my monthly check ups, and quarterly checkups on my budgets or spending and stuff like that. So, I probably end up spending a little and not being as vigilant about spending within my means. It's not that I'm going into any more debt or anything. It's just, what could I be doing? I could be giving a lot more. I could be saving up more. I could be reinvesting my business more if I had a little tighter control of my personal finances. A high income sort of cures a lot of ails and it covers up a lot of areas where you might be slacking. It's not that I have a super high income but, when you have multiple businesses and so on, yeah. So, let's talk a little bit about that. As you look toward this next tax season, what are you doing right now to reduce your tax burden for the year because, with the businesses there is just tremendous amounts of cash flow coming in (*laughs*).

**Rob:** Yeah, I just haul it in! Dump it into the living room and keep going (*laughs*). We've done a couple of things. We set up a defined benefit plan which is expensive to set up and kind of a pain. If you're old enough (it really doesn't apply to folks under 50) you can just put aside a lot of money for retirement that's tax-deferred so we fully funded our defined benefit plan. We fully funded— including the catch-up contributions that my wife and I both qualify for. That’s one of the benefits of being 50 or better; our 401k and profit sharing. We did that. And, on a cash basis I am accelerating some expenses. Actually, I just reached out to my web hosting company and said, “I want to switch the annual plan. Can you please bill me immediately?” I’m buying some computer equipment that I'll be able to expense immediately rather than depreciate but that's relatively small dollars. That’s really about it. You’re the CPA, am I missing anything? Should I be doing—

**PT:** No, that sounds good. Deferring as much income to retirement as you can, I guess, at that point this makes sense. Both you and I are both at a point where we might want some of that money to be used before those retirement markers considering we’re retiring the earlier, so I question whether to max out those accounts or not. And, shifting expenses from next year to this year is a game you always have to keep up with if you're going to play that game well.

**Rob:** Well, this year was really good for the business. It was the best year we've had.

**PT:** Good.

**Rob:** But, if you’re right and you shift too many expenses this year, then it leaves you with fewer expenses next year next year. I don't know. It may not be as good, right?

**PT:** Right. Take it when you can get it is what I say.

**Rob:** Yeah, and I assume my accountant is going to recommend that I make my state estimated tax payment this month rather than waiting until January 15th so it's another tactic we may do. Of course, you may have the same problem a year from now depending on what you decide to do.

**PT:** Right. Have you ever thought about taking some of your money and investing into real estate?

**Rob:** We own some real estate.

**PT:** Oh, you do?

**Rob:** Yeah. My best friend (from high school) who still lives where we grew up in central Ohio, we owned five single family homes. We've since sold two of them on good deals so we're down to three now. I'd like to buy more but I don't want to manage it. He manages those properties so that makes it easy, but he and I aren’t going to buy any more largely because he's managing them and it doesn’t make any sense for him to do all the work and me to reap half the rewards. You have some real estate, don’t you?

**PT:** Yes, our old home. We keep it as income property.

**Rob:** In Northern Virginia it's hard to buy residential real estate and have it make sense because the cost. I've thought more about real estate, but it's just so time consuming.

**PT:** What about future goals? What financial goals do you have for the future and how are you going to get there?

**Rob:** That’s a great question and I'll have to be totally honest when I say, I don’t know. I really don’t because a standard goal tells you to max out your retirement accounts which is a common goal, and we’ve done that. Save for your children's education—well, our kids are older now. They’re already in school so we’ve already got it covered. Pay off all your debts—we’ve paid it off. So, my goals are more health-related. Just trying to achieve things we think are of value and can have an impact in our community, in lives that we interact with. They are important goals although I don't know that I'd call them financial.

**PT:** Right. You've moved into a position also where you're not necessarily looking to retire from what you're doing currently. This is something you can do long into the future.

**Rob:** I mean, you look at your portfolio and think, “Well, I'd like to achieve that next big, round number,” whatever that might be.

**PT:** Right.

**Rob:** Of course, as soon as you achieve it, what you do is pick another number. You get to $10,000 then you want $100,000. Then you want $250,000, then $500,000 and so on.

**PT:** Right.

**Rob:** I don’t know if Warren Buffett thinks that way. Maybe he wants to be worth $100 billion. I don't know.

**PT:** But, yeah, it's got to fund the “why” behind those numbers because the “why” behind your debt reduction number (that you wrote down) was obviously gaining control so you’ve got to find that next “why” because you’ve found control at this point, right?

**Rob:** Well, at least the appearance of control.

**PT:** In this life.

**Rob:** Yeah. Thinking long-term, if I were to live to be 90, I would love to be able to leave a little bit of money to my children and a lot of money to charities. That would be a goal of mine.

**PT:** I would challenge you to put a number down, write down what that would be.

**Rob:** I have a number in mind.

**PT:** Oh, okay. What is it?

**Rob:** $100 million.

**PT:** Wow, $100 million to charity?

**Rob:** Here's the deal. If you live long enough it's easy. You can become a billionaire if you live long enough. It's not that long either. It's not as though you'd need to live to be 300 because 120 will do it (for most people) if you save. Either way, just so you understand, $100 million is absurd! You're probably thinking, "Man, that is insane."

**PT:** It is insane.

**Rob:** "That is insane! Gee, Rob probably has stacks of Benjamin's he sits on." No! That's a ridiculously stupid goal. But, if you're going to make a goal like that, why make it easy or sensible?

**PT:** Right. That's the 10-X goal, I get it.

**Rob:** The 10-X goal, yeah.

**PT:** So, have you created any systems or is this about businesses overall—I guess what I'm saying is, do you have a systems to facilitate that yet? Or are you just really at step one with this?

**Rob:** I don't know what systems I would have.

**PT:** Would the Door Advisor Fund allow for that?

**Rob:** That's an interesting question because, if I were really going for this goal I probably wouldn't contribute now or I'd contribute and let it sit there. But, I don't want to do that because I don't want to just help people when I'm dead, right? I want to help people now too. Actually, one of the biggest impediments to my goal is what I am currently giving. When you think about it, if I live to be 90, every dollar I give now is probably $20 or more that I won't have to give when I'm 90 years old. That's probably the biggest impediment oddly enough. But no, I think of the $100 million goal as being outside of the yearly giving.

**PT:** Oh, I thought it would be more like a cumulative thing. That way you could get there faster?

**Rob:** I don't know. You asked me for a number and that number just popped into my head and it seems to a good, round number.

**PT:** Yeah, yeah.

**Rob:** I haven't really thought through the Vanguard Donor Advise Fund versus no fund. What I think of is low-cost, simple investing as much as we can and just let it grow.

**PT:** Well, when your websites are all worth $33 million apiece—

**Rob:** That would be sweet! If any of your listeners want to buy them for $33 million, give me a shout.

**PT:** (*Laughs*). Okay. And you'll kick in the last million...

**Rob:** I'll give them a 10 percent discount. I don't know about goals. For example, the goal I wrote down here. Mathematically, there was no way I could pay off my debt in 7 years. It's impossible. In fact, I didn't. It took me another 4 years. And even that, when I go back in my mind to 2005, even that was ridiculous and mathematically it was impossible. But that's the point of a goal though, I guess.

**PT:** Real quickly, what does that feel like now, to be completely debt-free?

**Rob:** It feels pretty good. It's kind of like the new car though. You love the new car and 6 months later it's just a car. When you're debt-free and you've paid off your mortgage you're like, "Yes!" Then something happens, something breaks, your life goes on... Your knees start to hurt... Life goes on and you just start to think about other things. After awhile, it's just life, right? I don't think that's a bad thing, actually. I really don't. I don't really think about it now anymore. The truth is, our day-to-day lives haven't changed. We don't live any differently than we did when we had a mortgage.

**PT:** Well, other than the fact that you were able to leave the firm.

**Rob:** Yeah. We have financial freedom. We could have financial freedom with a mortgage too. But you can't have financial freedom with a lot of debt, right?

**PT:** Yeah.

**Rob:** But you can have financial freedom with a little bit of debt. In any case, it feels good.

**PT:** Good.

**Rob:** (*Laughs*). I don't want it to sound like a downer.

**PT:** No, no, no.

**Rob:** I didn't call up the Dave Ramsey Show to scream, I'm debt-free. Maybe I should.

**PT:** You should! And tell him about that note.

**Rob:** It's not my personality.

**PT:** Yeah, I get it. You're moving on to bigger and better things.

**Rob:** I guess. You know, once you've climbed the mountain, you look for another mountain to climb.

**PT:** Right. And you're a person who enjoys the climb?

**Rob:** I guess.

**PT:** Looking back to when you wrote that note, with the positive and negative things that have happened along the way, how do you feel about it all now?

**Rob:** I feel very fortunate, almost lucky. I don't really know what sparked that note in 2005 other than what I've described. I think that was just fortunate, that change in the mindset. Starting the blog was fortunate. The job changes I had were very positive too. But, that's always a risk. You never know for sure. So, I feel fortunate.

**PT:** Good. And we're fortunate to have you come on the show and share your story with us. Where can folks find out more about you and read more of your material and listen to what you have to say?

**Rob:** Well, doughroller.net. You'll see a link to the podcasts if you want to hear me blather on, several times a week. That's probably the best way. Or, you can shoot me an email at, dr@doughroller.net. I'd be happy to hear from folks.

**PT:** I love it. You're one of my favorite bloggers and absolutely one of my favorite podcasters. You're a good friend and it's been an honor having you on the show. Thanks for being here, Rob.

**Rob:** I appreciate it Phil. Thanks so much for having me.