

# [Guest Post] Freedom Fighter Interview #24 - Brian @ Rental Mindset

*Our guest today is a fellow Gen Y Freedom Fighter. Brian successfully broke away from the traditional day job to run his own business and now has set his sights on financial freedom. He plans to get there by [investing in cash flow rental properties located thousands of miles away](#).*

Let's turn it over to Brian...

---

I've always looked at things a bit differently than most, somehow devoid of the fear of looking stupid by going against the crowd.

Five years ago, at the age of 25, I quit my well-paying Silicon Valley tech job and blasted out this email to everyone I knew:

Have you ever been to a wild and crazy retirement party? Well this Friday night is your chance - we are celebrating the fact that it is my last day of work and throwing an ABBA themed retirement bash.

That's right - a party featuring all ABBA music. Gems like Dancing Queen, Take a Chance on Me, Fernando, and Waterloo (you can look forward to both the English and Swedish versions).

It was a good time, although I could tell by the 2nd hour of ABBA not everyone was as into the music as I was...

That one action (leaving my job, not throwing an ABBA retirement party) put me on the path to financial freedom. I'm not there yet, but getting started is the hardest part.

Today I am a small business owner in an area I'm passionate about and building passive income through investing in out-of-state rental properties.

## **Where My Journey Began**

“Some people are born on third base and go through life thinking they hit a triple”

-Barry Switzer

This quote struck me the first time I heard it. And not just because I love baseball.

Across the landscape of financial blogs there are people in many different positions, from broke to rich. If you are signed up for the Gen Y email list (you can subscribe to it in the right side bar) you know the hardships he had to overcome to get where he is today. Others are riddled with student loan debt that will take decades to repay. Then there are a few with millions in net worth.

I feel very fortunate to start my journey in an excellent position – I won the genetic lottery with a loving upper-middle class family in California suburbia. You could say I was born on third base.

Rather, I prefer to think of it this way: the ball was hit to the deepest part of the ballpark for me, all I had to do was hustle my way around the bases to get to third. There are many people who have the same advantages and decide to coast into second base.

The goal is to make it all the way to home plate though: financial freedom. Reaching third base is worth zero runs.

## **The Working World**


I entered the workforce in 2008 with an engineering degree from Stanford and no student loans. Terrific starting position.

Silicon Valley is the place to be for tech jobs and I landed a role at an enterprise software company. Making pretty decent money too.

I just couldn't imagine staying there forever. Or any company really. It's so slow! I

just don't enjoy small talk around the water cooler. Keep doing this another thirty to forty years? No thank you.

After three years I knew the gig was up – it was time for me to move on to the next thing.

[The 4 Hour Workweek](#)  has a chapter about mini-retirements. It challenges the idea of waiting until 65 for a traditional retirement and proposes an alternative. Some call it a sabbatical – every few years taking several months off.

I knew if I was going to be finding a new job anyway, this would be a perfect opportunity to see the world.

So I quit, threw an ABBA party, moved out of my apartment, and started a new journey.

## **The Second Chapter**

After traveling for 5 months, mostly in New Zealand, it was back to reality. I would have to work again eventually. The first retirement wasn't meant to last.

But I got to thinking – if I don't like the traditional workplace, it should be a fall back option, not the primary goal. This employment gap might be the best chance I have to start my own small business and work for myself in an area I'm passionate about.

It would mean going through a tough period with very little income, but if successful, I'd be in a much better position in the long run.

And if it didn't work, at least I'd be able to go back to traditional employment knowing that I'd given it my all. No second guessing, wondering if there was a better way to make a living.

The business I started is [1-on-1 mentoring for kids who are learning to code](#). I'm able to make decisions to go about it the right way, not simply the easiest way to make money. I'm able to fit work around my life, not the other way around.

## **But What About Financial Freedom?**

If I'm currently on third base, how do I reach home plate? My plan to get there is through passive income.

There is more than one path to financial freedom. Some recommend cutting expenses by doing things like making your own deodorant or getting your ketchup from the free packets at McDonald's. Most advocate saving a huge chunk of money and reaching a certain account balance before retiring and living off a small percentage per year.

I want money to keep coming in and to be able to spend. I know I haven't reached my peak spending years yet and don't want to sit at home hoarding pennies.

Passive income sounds great. Everyone wants it. You just sit there and money keeps coming in? Sign me up!

Unfortunately there isn't exactly a clear path that works for everyone. It is hard – you have to invest either time or money up front. It is also uncertain – your plan for riches might be a complete bust. Most people suck at rebounding from failure and never try again.

I believe it's easiest to start earning passive income by investing both your money and your time.

Put your money to work because there is less competition – everyone wants passive income streams that require \$0, so those methods are highly competitive. Instead invest your time in finding a better way to put your money to work and learn how to do it.

## **Which Led Me to Rental Property Investing**

Rental properties are a proven way to build both wealth and passive income. You purchase a property and a tenant pays you every month – if you do it right, substantially more than your expenses. Meanwhile the property is appreciating, the tenant is paying down the mortgage, and you get tax benefits. Most people don't consider [all 5 components of return for rental properties](#).

The world of real estate is huge. There are thousands of [gurus](#) preaching hundreds of different ways to do things. There are expensive courses, workshops, and conferences. It is all very intimidating.

Yet the majority of failures are those who don't get started at all. They worry over details and worst case scenarios “my cousin's next door neighbor has a rental

property where the tenant didn't pay rent and used the bathtub as a toilet".

They over analyze rather than taking a less than 100% perfect step 1. So how do you simplify step 1?

## My Plan

I am starting with turnkey rental properties on the other side of the country. I live in San Francisco, which is too expensive for rental numbers to work. You want the rent each month to be [at least 1/100th of the purchase price](#). In San Francisco it is closer to 1/300th.

Turnkey is when a company does a lot of the work for you. They buy distressed properties, fix them up, put a tenant in place, then sell the property to an investor. In the end you own the property and the turnkey company makes a profit for their work - their model is flipping homes, mine is holding for the long term benefits.

I hire professional property managers to take care of most the on-going work. That allows it to be passive income, not a second job as a landlord.

Right now my typical deal might have a \$100k purchase price, requiring 20% down plus closing costs for an initial investment of \$23k. The property rents for \$1k per month, and after all projected expenses, it will provide \$150 per month in cash flow.

And remember, cash flow is just one aspect of the overall return. [Over the last four and a half years, my properties have produced a 29% annual return](#). This is possible even with conservative investments thanks to low-risk leverage, which [most people don't understand](#).

## My Advice

Research rental property investing and consider if it will help you reach financial freedom. It's not for everyone and there are always risks when doing something different. I write about my own personal journey and how I reduce my risk at [Rental Mindset](#).

The number one book to for motivation is [Rich Dad, Poor Dad](#)<sup>x</sup>. It will drive home the goal of passive income through rental properties. Don't expect to ever find a perfect how-to guide, there are some things you will have to figure out on your own.

For more on turnkey rental properties, I recommend a couple podcasts. The earliest episodes from [Passive Real Estate Investing](#) and [Turnkey Real Estate Investing](#) will provide a nice overview.

Even if rental properties aren't your thing, find a way to add passive income streams that you control. There are many ways to go about it and as you level-up your game, you will recognize more and more opportunities around you.

Put your money to work. Start simple. Don't let fear of failure stop you.

---



## Gen Y Finance Guy

**Hey, I'm Dom** - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)