

Chasing FIRE Interview #4 - The Money Commando

Today we continue our [Chasing Fire](#) interview series (click the link to see all interviews in this series). I have always enjoyed reading and listening to interviews to learn how people got to where they are, so as to learn from the successes and failures of others. Each individual's story and path is unique, and we can certainly gain insights from those generous enough to share their stories.

My job as the host is to find interesting people that will inspire and motivate you, as well as myself. I plan to share one high-quality interview per month (maybe even less frequently) and the questions may change over time. I anticipate this to be an iterative process and I would love your feedback in the comments (or via email: dom@genyfinanceguy.com).

If you'd like to be considered for an interview, drop me a note (see email address above) and we can chat about specifics.

You may have noticed from the first two interviews that I'm trying to pull stories from those that are early in their journey ([Zach our very own FIRE Starter](#)) and others that are much further along ([Max, a higher earning multi-millionaire](#)). The goal is to alternate every other interview in this fashion, as best I can).

*Today's guest is MC from [The Money Commando](#). In a bad year he earns \$250K/year but in a good year, he makes it **rain** (you're about to find out what that means). He is also a fellow blogger and has been blogging for over two years now. I can't remember exactly when I started following him but I'm pretty sure it was sometime in 2016 when we commented on each other's "goals" posts going into 2017 ([his](#) and [mine](#)). I tend to gravitate towards blogs that are written by others who are ahead of me in my own journey. This means I have a bit of a bias towards bloggers that are high earners (\$200K+) with a net worth that, at the minimum grants them VIP access to the double comma club, but many times means they are multi-millionaires. It's also refreshing when I find other bloggers that are willing to open the Komodo and share their actual numbers, something that The Money Commando does every month with his net worth and passive income reports.*

And if that wasn't enough, MC has posted some jaw-dropping income figures, having earned two seven-figure commissions in the past six years ([the latest one in 2017 grossed \\$3.4M](#)). He also writes some very thought-provoking content that questions the conventional wisdom puked by the "gurus." He was the inspiration for the post that I wrote on [how overstated the mortgage deduction benefit is](#). I'm a big believer in Jim Rohn's philosophy that says "you are the average of the five people you spend the most time with." We haven't had the pleasure to meet in the physical world but MC is someone I want in my circle of five, so I read every article he publishes. I encourage everyone reading this blog to find five people that will challenge you to elevate your game and spend as much time "with" them as possible. It can be online reading their blog, listening to their podcasts, reading their books - we have more access to these amazing humans than at any other time in history.

Before I cede the floor to MC I want to tell him, "THANK YOU for being so generous with your time and pushing me out of my own comfort zone. I'm a better person having you in my circle of five, whether you knew you were included or not. I look forward to meeting you and your family sometime in the near future in SB."

MC, the floor is yours - take it away!

OVERVIEW - Who are you?

Tell us about yourself: Who are you and what do you do? What is your story? How are you fighting for your Freedom? Where did you start, where in the journey are you, and where do you ultimately want to end up? (Demographics are great: age, marital status, family, career, education.)

I was born and raised in Arizona. I lived in Casa Grande, AZ (just South of Phoenix) until I was 8. At that point my family moved to Kingman, AZ, where I lived until I moved to California to go to college. I earned my B.S. in Computer Science from Stanford University in 1998 and I've been working in the software field ever since.

I lived in Silicon Valley for 3 years after graduation and I got to see the Tech Boom and Tech Bust firsthand. I moved to Santa Barbara in 2001. I met my wife when she was visiting Santa Barbara for Fiesta. We were married in 2011 and we have two great kids (ages 2 and 4).

I feel really fortunate to live in Santa Barbara - we absolutely love living here. The [weather is amazing year round](#). The city itself is sandwiched between the beach and the mountains. It's

entirely possible to enjoy a long hike in the morning and relax on the beach in the afternoon.



View from Rattlesnake Canyon



Campus Point

In addition, Santa Barbara has tons of free events throughout the year, including festivals, parades, and concerts. UC Santa Barbara runs a fantastic Arts & Lectures series that bring world class shows and speakers into town.

The only problem with Santa Barbara is that I'm not the only person who has realized it's a great place to live. It's a vacation destination and as a result, it's very, very expensive. The high cost of living in Santa Barbara means that I'll probably need to work 3-5 years longer than if we lived in an average cost of living area, but this tradeoff is worth it for us. We really do love Santa Barbara.

FINANCIAL - It's all about the Benjamins!

How do you earn your living (industry, position, annual income, where you

started and how you've climbed the ladder, etc)?

As I mentioned above, my degree is in Computer Science and I have worked in the software industry for the last 20 years. For the first eight years of my career I was on the engineering side of things. About 12 years ago I decided to switch into sales, and this was without a doubt one of the best and most important decisions I've made in my life.

The move into sales has allowed me to more directly control my income and my career. Sales is pretty much a strict meritocracy and I love it. If I double the amount of software I sell then I'll double my income. If I sell 10x as much software then I'll make 10x as much money. And if I sell 1/2 as much software I'll make 1/2 as much money and get fired.

This is in stark contrast to the way compensation works in most jobs. In a "regular" job you might, if you are really crushing it at work, get a 10% raise, and even that is only going to happen at your annual review. I would find it hard to stay motivated when everybody makes the same amount of money, regardless of productivity.

Related: [Everybody should try a job in sales](#)

What percentage of your after-tax income do you save?

One downside of a career in sales is that your income can be highly variable from month to month and year to year. We manage this a few ways. First, we maintain a large cash reserve of approximately \$50,000. This is roughly 6 months of living expenses. In addition, we try to structure our lives so that our regular expenses would be covered by my lowest expected income in any given year (roughly \$250,000/year).

In an average year we probably save about 20%-25% of our after-tax income. If we have a better than average year (say, \$350,000) then we'll end up with a savings rate closer to 30% after taxes. However, in my career I've had 2 years where my income was over \$1M, and in those years we ended up saving 75%+ of my after tax income for the year.

Do you have any side hustles? How much do you make at those?

Unlike many people who blog about early retirement, I actually like my job. It's challenging, it's fun, it gives me a sense of accomplishment, and I like my colleagues. However, I know I might not feel this way forever. Companies change and managers come and go.

This is exacerbated by the fact that there aren't a lot of other software companies in Santa Barbara. If something were to happen and I were to lose my current job, there aren't a lot of

other options in the same industry here in town As a result, I think it would be downright irresponsible to NOT have a backup plan in place.

My backup plan has been to put myself in position to become a financial planner. Over the last 4 years I've taken all of the classes and passed the test to become a Certified Financial Planner® (CFP®). Unfortunately, I can't actually use the CFP® designation because I don't have the required 2 years of related work experience. To address this I started working very part time at a local financial planning/wealth management company, with the goal of not just getting the required experience, but learning about the industry and growing my client base.

Eventually the plan would be to leave my current job and work full time as a financial planner. The best case scenario is that this happens after we've already reached financial independence, in which case I would be working for fun rather than to support my family.

What is your current net worth? What is your net worth comprised of (i.e., Real Estate, Stocks, Bonds, etc)? And what platforms do you use (i.e., [TD Ameritrade](#) for stocks, [Rich Uncles](#) for Real Estate, etc.)? Why?

I track and publish both our net worth and our investment income each month on my website. As of September, 2018 our [net worth was \\$5.368M](#). That breaks down to roughly 60% stocks/equity investments, 20% primary residence, 10% rental properties, and 10% cash.

I'm a big fan of using diversification to reduce risk. Not only do we have a variety of asset classes represented in our net worth, but our rental properties are spread across 4 states (none of which is California, where we live). I also diversify across brokers. Although it's incredibly unlikely that an investor would lose money if their broker goes bankrupt, you could still lose access to your investments/money for a while. As a result, I have our investments spread across Vanguard and Merrill Lynch.

When it comes to building wealth, do you spend more time figuring out how to cut expenses or increase income? Why?

I think that Dom and I have a lot in common here. My financial success has been much more dependent on increasing my income rather than worrying about cutting a few dollars here and there. The reality is that if your income is high enough, then spending \$4/day on a latte isn't going to affect your financial progress at all. It's a better use of your time and energy to find ways to increase your income.

That said, I do track our spending (I use Quicken). I look at both the actual amount spent as well as the trends from month to month and year to year. If our spending in one category is rising I'll dig into it and then my wife and I will discuss if/how it should be addressed.

Otherwise, we try to keep our spending reasonable. Of course, every single client I've met with says they keep their spending reasonable. I've had clients who spend \$400k/year talk about how they are frugal, so this is clearly a very subjective measurement.

What is your definition of Financial Freedom? And what is your FREEDOM number(\$)?

My definition of Financial Freedom is being able to live our current lifestyle without needing any earned income. That is, we'd be financially free when our passive income from dividends, rental income, and interest pays all of our expenses.

My rough calculations put that number at \$120,000/year. Assuming an overall blended 3% income on our investments, that means we'd need about \$4M in net investments (net investments would be total investments minus mortgages, margin loans, etc.).

As of [September, 2018](#), our trailing 12-month investment income was just under \$71k, so we are 59% of the way to Financial Freedom.

In addition, we have about \$600,000 sitting in cash, and if we were able to invest that at 3% cash return then that represents another \$18,000 in potential income. That would put us at \$89,000/year in income, which would be 74% of the way to Financial Freedom.

My rough calculations say that we should hit Financial Freedom in no more than 5 years.

What is the best financial decision you have ever made?

Financially, the best decision I ever made was to switch from a career in engineering to a career in sales. As I mentioned above, that decision has allowed us to reach our current level of net worth.

The second best decision was to start investing early. I started contributing to my 401(k) with my very first paycheck. As a result of steady contributions, and despite never receiving a single penny of matching from my employer, my 401(k) has increased from \$0 to \$635k in 20 years. In another 20 years, assuming an 8% annual return and no additional contributions, this account should be worth \$2.96M. That would put us most of the way to financial freedom just by itself.

RECREATION - What do you do for fun

Because I have a demanding job (which includes a significant amount of business travel), a second part-time job/internship, a wife, two young children, and this blog, I don't have a lot of free time. As such, I find that maintaining a regular schedule ensures I get as much done as possible, while still maximizing my time with my family.

One example of this is my exercise schedule. Since having kids I've discovered that the only way to ensure I have time to work out every day is to get up before everybody else. If I don't work out first thing in the morning I find that it just doesn't seem to happen. For the last 2-3 years I've been waking up between 5 - 5:30 am every day. I sip a cup of coffee while I read the news, then workout from 6 am - 7 am.

I don't have quite as much time for my hobbies as I did BC (Before Children), but I enjoy playing golf, riding my bike (both with my family for fun as well as transportation to/from work), and watching my beloved Stanford Cardinal football team.

I usually have an hour or so each night after the kids are asleep and the dishes are done to just relax. Sometimes I'll watch a "boy movie" (as my wife calls them), which usually involves some combination of kung fu, guns, and explosions. Sometimes my wife and I will watch a TV show together (we are working our way through House of Cards, Mad Men, Breaking Bad, and Boardwalk Empire right now). And sometimes I'll read, pay bills, or do other household chores.

Of course, getting up early means going to bed early. I usually start thinking about heading to bed around 9 pm and I'm usually turning off the light around 10 pm.

Related: [A day in the life of The Money Commando](#)

In addition to great weather, Santa Barbara is also known for great wine. Before we had kids my wife and I would drive into the Santa Ynez wine country area every few months, but now we are limited to the occasional wine tasting on the [Urban Wine Trail](#) in Santa Barbara.

As a family we love to travel. We've been to all 6 inhabited continents. We've been wine tasting in Australia, we circumnavigated the Southern island of New Zealand in an RV, we've hiked Machu Picchu in Peru, we've done a horseback safari in Botswana, we've toured Angkor Wat in Cambodia, we've relaxed on the beach in Hawaii, we've wandered the cobblestone streets of Jerusalem, and we've been to the top of the Eiffel Tower (among many, many other adventures). We think travel is a great way to learn about ourselves and the rest of the

world, and we look forward to sharing our love of travel with our children.



At the Sun Gate looking down at Machu Picchu



The **Western Wall** in Jerusalem



A banyan tree holding up a temple in Cambodia

MORE - Tell us your secrets!

I think that one thing that has helped me get to where I am is that I have incredible patience in financial matters. I am happy to make an investment and then wait for **years** for my investment thesis to play out. I never get too excited when our investments are doing well and I never get too upset when our investments are down.

I attribute this, in large part, to my experience in sales. A job in sales is a roller coaster. One day you'll close a big deal that just appeared out of nowhere and the next day you'll lose a big deal you've been working on for months (or years). You need to maintain an even keel or you'll go insane.

For example, last year I finally closed a big deal I'd been working on for 5 years. This deal resulted in a commission of \$3.4M. While I was happy that the deal finally closed, I didn't really do much to celebrate. No crazy parties, no big purchases. My wife and I opened a nice bottle of wine, I grilled a couple of steaks, and we just relaxed at home. I was actually much more excited with the anticipation of the deal than I was when the money actually came in.

One thing that many people find surprising (especially given my career in sales) is that I'm not naturally a very outgoing person. My personal idea of hell is a networking event where I don't know anybody. I'm terrible in large groups (like at a party) but I love connecting with people in small groups or one on one.

The best piece of advice I ever received was something my dad used to tell us. He said, "I don't care what you decide you want to do for a living as long as you try to be the best you can be. If you decide to become a doctor then be the best doctor you can be. If you decide to dig ditches for a living, then be the best ditch digger that you can be."

Throughout my life I've been surprised at just how few people really strive for excellence in their work and/or personal lives. I spend a significant amount of time each week working to improve my sales skills and technical skills so I'm better at my job. I'm continually reading about insurance, taxation, and other financial planning topics so I can get better at a job I'm only doing part time.

If you want to maximize your salary you need to be continually improving. Too many people feel that it is their employer's job to provide ongoing training. While it would be nice if every employer was concerned about how to improve your skills and further your career, that's just

not the case.

If you want to excel in your career then you need to put in the extra time outside of work to improve your skills. And note that this is different than just working harder. I'm not talking about doing more of whatever it is that your employer pays you to do. I'm talking about investing in yourself to get better at whatever it is that your current and/or future employers will pay you to do.

PARTING ADVICE & WHERE WE CAN FIND YOU

What advice would you give to a reader who is 25-35? How about 45-55?

When you're in the 25-35 age range you should be taking the most risks in your personal life and in your career (but not in your investments).

- In your personal life you should be dating lots of people to find out what traits you need in a spouse. The decision on who to marry is possibly the biggest and most important decision you'll make in your life. I know from personal experience that nothing makes you happier than a great relationship and nothing can make you more miserable than a bad relationship.
- In your career you should be willing to work hard and push for advancement as quickly as possible. A few extra thousand dollars in income at 25 years old can make an enormous difference at retirement. Don't be afraid to make big and potentially risky career moves (like I did when I moved from engineering to sales). These risks will be much harder to make when you have more responsibilities and obligations.
- Do NOT buy into the idea that youth is the time to make big risky bets in the stock market. For one thing, studies have shown that poor investment results at the beginning of your investing career can permanently reduce your appetite for risk (and potential gains) when you're older. Second, the loss of \$25k in your investments at age 25 results in a stunning \$543,113 reduction in savings at age 65 (assuming 8% annual returns). I'm not saying that you should put your money into CDs, but I am saying it's not smart to aggressively buy Internet startup companies.

When you get into the 45-55 age range you'll have settled into your career and family life. You'll hopefully have saved enough money that your retirement is already paid for. If you're at or close to financial independence then this is the time to start thinking about a second career. Take classes or pursue other training so you're ready to make a career transition on your timeframe.

What book do you most frequently recommend? Why?

I'm a big fan of "[The Millionaire Next Door](#)". I've probably read it 4 or 5 times over the last 20 years. I keep rereading it because I like to remind myself of its basic message - there is a big difference between looking rich and being rich, and for most of us the two are mutually exclusive. Personally, I'd rather **be** rich than **look** rich.

What is your favorite online financial resource, paid or free (i.e., [Personal Capital](#), YNAB, Robinhood, etc.)? How about offline resources?

I've been using Quicken to track all of my income and spending for the last 20 years. For the past few years I've also been using [Personal Capital](#), primarily for the investment tracking and performance analysis.

What are the top five personal finance blogs (or podcasts) you read regularly? Why those in particular?

I have a few blogs I read regularly:

[Gen Y Finance Guy](#)- I think Dom and I share similar views on a lot of things, and Dom reminds me a lot of me 10 years ago. The main difference is that he's saving much more money than I am and will probably have a higher net worth at 42 years old than I do now! Oh, and his website looks a lot nicer than mine.

[Mr. Money Mustache](#)- I like his basic message that spending more money doesn't make you happier. Happiness comes from challenging yourself, staying healthy, and building strong relationships with friends and family. His blog has inspired me to ride my bike more (for both health and financial reasons) and to be a bit more cognizant about how and why we are spending our money.

[Financial Samurai](#)- Sam posts on a variety of financial topics, and his background in finance lends a lot of credibility to his advice. Before he quit his job to concentrate on his blog, Sam was a high earner whose career trajectory was a lot like mine.

[Retire by 40](#)- Joe went to UC Santa Barbara (just a few miles from my house!) and worked in engineering for about 15 years before quitting to concentrate on blogging and being a stay at home dad. He tends to concentrate more on frugality than high income.

[The Conservative Income Investor](#)- my favorite source for very level-headed investing information. He stresses the idea that when you buy a share of stock you're buying a piece of

a profit-making enterprise. He advocates only investing in fairly valued, stable, blue-chip companies.

Where can we find you online? If you're a blogger, this is the perfect place to plug to your blog and tell us why it's great.

I've been running [The Money Commando](#) for about 2 years now. I like to think that I concentrate on a few things on my blog:

- I post both our net worth and our passive income every month and these are some of my most read articles. I think people are fascinated by how other people manage their money, and for many people it's inspiring to see that consistently spending less than you make and then investing the difference can lead to real wealth.
- I like to find areas where the conventional wisdom is wrong and discuss why. One example is my ongoing series on the unintended consequences of the [deduction for mortgage interest](#), [student loans](#), [California's Prop 13](#), and [Federal loan forgiveness programs](#).
- I like to dig deep into specific financial topics that most people don't know much about. These include topics comparing LLCs and umbrella policies for liability protection for real estate investments ([part 1](#) and [part 2](#)).

If you liked this interview you'll definitely like my blog. Stop by and say hi!

Thanks to Dom for inviting me to participate in this interview series.



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](#)