

Chasing FIRE Interview #12 - With Rich at Sport of Money

I'm no longer officially accepting [Chasing Fire](#) interviews but today's guest is someone that I had originally invited to participate so when he reached out to see if the opportunity was still available I agreed to share his interview. I did this because I think Rich has a unique story and he also has a Net Worth in excess of \$10M. 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.

Rich, the floor is yours - take it away!

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.)

My name is Rich. I'm in my late 30's and married. I work in the world of finance and live in New York City. My wife and I are parents to three lovely kids.

I grew up in a financially poor household but I always felt lucky. It was a very loving and caring household. I am also fortunate to be an American. It is a country full of limitless possibilities and abundant opportunities.

My household net worth is over \$10 million. Our finances have come a long way from when we graduated from college with tens of thousands in student loan debt.

I am close to financial independence. While the global pandemic has set me back financially, I still hope to achieve my goal of financial independence over the next 3 years.

Then after FI, I imagine I would have a fork in decision making. Should I try to turbocharge my net worth or just kick back and take it easy?

I also started a personal finance blog SportofMoney.com at the start of 2019. The goal of the blog is to improve my readers' financial health.

What is your favorite Quote or Mantra that you live by?

When it comes to personal finance, Benjamin Franklin got it right: "A penny saved is a penny earned." I believe in saving as early as possible and investing that savings.

I've always been a saver. It must have been instilled in me as a child who grew up in a financially poor household.

There wasn't much in the way of material goods and money. Yet, my childhood was filled with fond memories and happiness.

This taught me at an early age that I didn't need money or material items to be happy.

Ironically, [I believe that growing up poor as a child actually set me up for financial success later in life.](#)

Interestingly enough, now that I am getting closer to financial independence, I need to try to relax my savings a bit and start to enjoy the fruits of my labor.

Where in the world are you from?

I grew up in New York City. I still live here. I believe that New York City is the greatest city in the world.

It isn't cheap to live in New York City. I ran some numbers and [it costs a whole lot to maintain an upper middle class lifestyle here in Manhattan.](#)

Beyond that, it costs a whole lot more to support an upper class lifestyle here (over 2x annual cash flow versus an upper middle class lifestyle).

Unsurprisingly, [the cost of living came down during the pandemic](#), especially luxury real estate pricing.

Even with living in such an expensive city, I was able to accumulate a robust net worth because of the availability of high income jobs here as well as real estate price appreciation over the past 20 years.

What is your routine like? Are you a morning or a night person? What time do you wake up and go to sleep?

I'm more a night person than a morning person. I've never been a morning person and hated waking up early during my time in high school for morning activities.

I try to stretch out my day by pushing my bedtime back, but unfortunately, the older I get, the harder it is to stay awake and be productive later into the night.

I typically wake up around 7A.M. in the morning and go to sleep before midnight.

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)?

I work in the financial services industry.

As anyone who has worked in finance knows, the year-end bonus is a big part of compensation. For me, my year-end bonus is typically multiples of my base salary.

That means I have a lot of risk when it comes to my total compensation for the year.

If my company has a bad year, I might only receive a fraction of my prior year's compensation because of a very low bonus payout.

This has further instilled in me the desire to try to live off of only my base salary and to bank my year-end bonus.

I'm going to rattle off a few observations I have when it comes to climbing the corporate ladder and maximizing corporate income:

1. Always go into a high paying profession.
2. When deciding between jobs, go with the higher paying one or the one that can produce the most money over the next three years.
3. Just focus on doing your job well.
4. Always keep your ear to the ground for better opportunities elsewhere.
5. If you want to be a leader of the company or make management, relationships with senior management are extremely important. It's not only what you know, it's also who you know and who is willing to go to bat for you.

Do you have any side hustles? (how much do you make at those?)

I currently own over 20 rental units. I'm still a long way from building a [real estate empire](#), but at least it's a start.

With tens of millions of people unemployed in the US alone due to COVID-19 over a 2 month span, we really can't just place reliance on our employers to maintain our livelihood.

We need to take matters into our own hand and create numerous revenue streams.

In my mind, we should all strive to create at least three substantial revenue streams.

Income from my corporate job is my first revenue stream. My real estate rental cash flow is my second substantial revenue stream.

I currently net six figures on my rental properties.

There are a lot of benefits to owning real estate.

For me, the Number #1 benefit is the various tax advantages to owning real estate in America.

It's nice to be [able to generate a 6 figure sum from my rentals and not have to pay any income taxes on it](#).

I hope to one day start a successful online business. That can be my third substantial revenue stream.

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

I save over 50% of my after tax income.

Being frugal has definitely kept my expenses down and my savings up.

I encourage people to try to save as much of their after-tax income as possible.

Saving a lot very early on and investing that money helped me [get to a 7 figure 401\(k\) balance](#) and an 8 figure net worth.

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?

My current net worth is over \$10 million. It consists of real estate, individual stocks, mutual funds, ETFs, fixed income securities such as bonds and munis (although very little in total), and private equity investments.

I use a number of different platforms for different reasons.

I use Interactive Brokers for the ability to borrow on margin at a very low rate. I've even drawn cash from that account to help with my down payment on a few real estate purchases.

[GYFG Here: This is interesting and I had to go check out the margin rates at IB and found that they are currently 0.75% to 1.55%, which is much lower than I expected. This has my brain churning especially since I think we are stuck in a low rate environment for the foreseeable future. Would be interested understand how you use this in real estate and if you end up replacing the margin loan with a regular mortgage.]

I also have a Merrill Edge account which helps in my banking relationship with Bank of America. By having assets in Merrill, I get better rates on my mortgages.

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

When I was starting out on my professional journey, I spent a lot of time looking to decrease my expenses.

Then after a few years in my professional job, I spent a lot of time figuring out how to increase income.

Now, I spend a lot of time thinking about maximizing cash flow.

I spend time looking to increase my rental income by acquiring more rental properties. I also spend time on my blog in hopes that one day I can generate some revenue from it.

Recently, I've also been spending a lot of time to lower my cash outflow.

Given the decrease in mortgage rates, I've been refinancing a number of my investment properties as well as my primary home to be interest-only mortgages.

[GYFG Here: What kind of interest rate are you getting? What is the term of the interest-only period?]

The lower interest rate plus not having to make monthly principal payments on my mortgages from interest-only loans will greatly enhance my overall cash flow.

What is your definition of Financial Freedom? Do you differentiate Financial Independence from Financial Freedom? If so, can you explain? And what is your FREEDOM number(\$)?

I use financial freedom and financial independence interchangeably. If there is a difference, let me know so I don't make the mistake of using the wrong term.

[GYFG Here: You can see [this post](#) as to how I differentiate the two terms.]

What financial freedom\independence means to me is that once I achieve it, I don't need to trade my time for money in order to still maintain the same lifestyle I have.

If I can watch TV for every waking hour of the day, 365 days in a year and still be able to pay for all expenses of the lifestyle I am happy to live, then I have achieved financial freedom.

Right now, I am aiming to be able to afford an upper class lifestyle in NYC without having to work a corporate job. So my freedom number is around \$700,000 net cash a year.

[GYFG Here: Wow! I'm curious how this \$700,000 aligns with your current annual spending?]

What is the best financial decision you have ever made?

The best financial decision I've made is having the right partner for the financial journey.

My spouse is truly my better half.

I think [it is extremely important to have a frank and open dialogue with your significant other about your current financial situation and your financial goals](#). That way, the two of you can move in tandem toward one goal.

RECREATION - What do you do for fun?

How many hours a week do you watch TV? Favorite show(s)?

I've been watching a lot of Netflix. I don't keep track of my hours and they vary depending on the day.

I watch very little network TV now except for sports. Like many people, I can't stand the time wasted on commercials.

What is your beverage of choice?

Water.

I used to drink a lot of soda when I was younger but all that sugar caused me to gain weight and be more sluggish.

Cutting out soda from my daily consumption has been a great decision.

What movie - if any - have you seen more than once?

I've seen a bunch of movies more than once, especially ones that are recycled a lot on numerous cable networks. *The Shawshank Redemption*, *The Godfather*, and *Goodfellas* are some of the movies I've seen multiple times.

I used to watch a lot of movies before kids. But now, it is quite a treat to be able to hit the movie theater (even before the pandemic).

Do you like to travel? Describe your last vacation. Describe your dream vacation.

I take great joy in traveling.

Unfortunately, with the pandemic, flying is out of the question.

One day, I would like to visit Bora Bora and rent one of the huts which sits on top of the crystal clear blue water.

What other activities do you enjoy?

I enjoy spending time with my family and supporting my children in pursuing their extra-curricular activities.

PARTING ADVICE & WHERE WE CAN FIND YOU

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

In personal finance, I don't believe in a one-size-fits-all approach. However, there is certainly advice which can be generally applied by the majority of people.

For most 25 to 35 year olds, I would say start developing your various revenue streams.

Do not rely solely on your employer for money. If you are not financially independent, then work your back off to get there.

This includes making sacrifices in your leisure time in order to focus on your other revenue streams in addition to working your current job.

You are still young and can still push your body to put in the hours to get ahead financially.

Also, compounding is the strongest financial force in the known universe. The earlier you can start earning, saving and investing money, the better off you will be in the future.

Money and interest grow exponentially over time, so there is a big difference between starting at age 20 versus starting at 40.

I've actually written a [post about what you can do in your 20s to set yourself up for long term financial success](#).

I am not at the age of 45 to 55. I find it hard to provide advice when I haven't gotten there yet since I can't base it on experience.

What book do you most frequently recommend? Why?

I enjoy biographies or autobiographies of successful people.

What better way of replicating success than to be able to get into the minds of people who have achieved great things and to understand the steps they have taken to get to greatness?

This is one reason why I started my blog. I want people to get some insight from someone who started with zero and got to an 8 figure net worth over the span of 20 years.

[GYFG Here: You have definitely inspired me! It's hard to find others who have already achieved my net worth goal to learn from. I really hope you keep writing. I will try to make better effort in commenting on your posts. With limited time I read a lot but don't comment as much as I used to - the business and a 19-month-old take up a lot of my extra time I used to have]

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

I spend a lot of time just reading personal finance articles online including articles on stocks, real estate, retirement, and business.

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

Outside of this blog, I follow Sam Dogen at financialsamurai.com and Wall Street Playboys the most.

As far as I can gather, they were able to achieve a high net worth (in the millions) at a relatively young age (in their 30s). They also write insight articles and have a particular mentality which aligns nicely with my own view of the world.

I want to learn their mindset, techniques, and thought process they used to achieve their financial success. Maybe it can help accelerate my own financial journey to financial independence.

[GYFG Here: I love both of those blogs as well - yours and those two are the blogs I prioritize reading. Again, another set of blogs that help provide the gravitational pull to take me where I want to go.]

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

You can hear more from me at SportofMoney.com.

I truly believe [anyone can achieve wealth in America](#).

I want to help my readers build that wealth and turn my readers' financial life into a healthier one.

Thank you for your time.



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](#)