The Art of Passive Income Podcast
With Mark Podolsky and Scott Todd

Today's Guest: Jordan Goodman

Transcript

Mark: Hey, it's Mark Podolsky, the Land Geek, with your favorite nichey real estate website www.TheLandGeek.com and I'm really excited to talk to today's guest. Now, before we talk to our guest, Scott Todd is hopefully going to jump on. I'm not sure where Scott is. I think he's doing a big land deal. So, if he jumps on, that's great; if not, no worries. Look, I can handle this. Not a problem, not a problem.

But let's talk to today's guest. So, our guest today is Jordan Goodman. He is "America's Money Answers Man" and a nationally-recognized expert on personal finance. He is a regular guest on numerous radio and television call-in shows across the country, answering questions on personal financial topics. He appears frequently on The View, Fox News Network, Fox Business Network, CNN, CNBC and CBS evening news.

For 18 years, Jordan was on the editorial staff of Money magazine, where he served as Wall Street correspondent. While at Money, he reported and wrote on virtually every aspect of personal finance. In addition, he served as a weekly financial analyst on NBC News at Sunrise for nine years and the daily business news commentator on Mutual Broadcasting System's America in the Morning show for eight years.

He is the author/co-author of 13 best-selling books on personal finance including *Master Your Debt Fast Profits in Hard Times*, *Everyone's Money Book*, *Master Your Money Type*, *Barron's Dictionary of Finance* and *Investment Terms and Barron's Finance and Investment Handbook*. He has also written 6 special focus editions of everyone's Money Book on College, Credit, Financial Planning, Real Estate, Retirement Planning and Stocks, Bonds and Mutual Funds. Let's face it. I'm putting on my anchorman voice. Jordan Goodman, you are a big deal.

Jordan: Great to be with you, Mark. You didn't have to go through all that.

Mark: Yeah, yeah, but it's great. It's really impressive. So, how does Jordan Goodman become Jordan Goodman—the Money Answers guy?

Jordan: Pretty early on, I have always been interested in helping people with their money in all kinds of ways. I started at age 12 as a journalist. I kind of started there and worked on Cape Cod where we had a summer home, did all kinds of journalistic things in high school and in college. I went to Columbia School of Journalism where I've actually got my 40th reunion coming up. I was class of 1977. It was really at Columbia that I kind of got into the whole economic consumer journalism world and then joined Money magazine after that and learned all kinds of things about the whole personal finance world. Pretty early on when I was with Money, I started giving speeches and doing TV and radio and call-in shows and online seminars and so on and I just got hooked.

To me, it's journalism that really helps people where they live and that's very rewarding. You can have political journalism where people are throwing mud at each other all the time but it just doesn't do much for me. But I get actual emails from people and I help them get out of mortgage debt, invest their money, or get better credit cards or insurance. This is what I've done for many, many years and I just love doing it. So, it's kind of grown organically. Pretty early on, I got my website MoneyAnswers.com. I became the "Money Answers Man" because people ask questions I've hopefully got some good answers. So, that's the kind of the way it happened.

Mark: But you're at heart a journalist, correct?

Jordan: Absolutely, absolutely. You've seen all the TV shows that I've being on and radio shows and Money magazine and the books and all that, absolutely. I consider myself a financial journalist.

Mark: Okay. So, let's pretend you are going to have a dinner party and you can invite three people that you would want to talk to about money, personal finance or business. Whom would you invite and what would you ask them?

Jordan: This is from all time, not just living today, right?

Mark: Yeah. Let's say all time. That will make it more interesting.

Jordan: I would say, Keynes, John Maynard Keynes would be one of them—the famous economist from England. He was so influential in the whole way we think about the relationship between government and money and I would ask him, "What are the limits of Keynesianism?" Actually, if I saw him today and he saw what was happening today, I would say, "Is the proper expression of Keynesianism? Have his words been correctly interpreted for what's happening today?"

Mark: From your point of view, what do you think he would say?

Jordan: I would think he would say it has gone further than he ever thought it would have. The amount of debt the government has taken on, the amount of projects. He was talking about stimulating the economy but the amount of stimulus we've had as far as the Federal Reserve popping out money around the world to central banks and the amount of debt it's spending is way, way beyond I think what Keynes ever would have thought. It would be interesting to kind of ask him all that. So, that would be number one. Number two, I would think Templeton, John Templeton.

Mark: John Templeton, sure.

Jordan: He was the ultimate contrarian investor, had a long-term track record. He always said, "Buy at the point of maximum pessimism and sell at the point of maximum optimism." And how do you do that? He had a track record of going into the places that were just burning in the streets and buying things and turning around. He had a fantastic track record and a real good sense of giving back and integrity and a lot of the things that you don't see in the financial world these days. Kind of real old mind world of doing the right thing and money, which a lot of people don't do.

The third one I would say… I will take Warren Buffet, who is still around today. Everything he has done has not been right. He has made some mistakes. I remember he went into Salomon Brothers before that blew up and he went to US Air before that blew up. I've seen the bad things plus the good things and maybe what he learned from things that did not work out as well. Because it's easy to talk about your successes; it's hard to talk about your failures and maybe what he's learned from some of the failures he's had. Overall, he's been a big success but I would ask Warren Buffet what he's learned from his failures along the years.

Mark: Very interesting. What did your parents do while you were a kid?

Jordan: My father was a professor at Brown University, political science, Soviet political science. He went to the Russian Institute at Columbia and got over there in 1955, a year after I was born and only had one job his whole life. He was a professor at Brown from 1955 to 1990, basically. As he was retiring, the Soviet Union was falling apart and the whole word was completely changing in front of his eyes and he loved it. This is exactly what he had always wanted to happen.

He was not only a professor, though. He would consult with the senators in Rhode Island—the two senators were Chafee and Pell—who were both big foreign affairs guys. He was consulting with them; he would go to May Term meetings. He was out in the real world a lot and kind of bringing his knowledge of Soviet life into real politics.

My mother other than raising the three kids was a community volunteer organizer. She founded a group called Volunteers in Action in Rhode Island which organized all the different volunteer agencies and created a way for individuals who want to volunteer to go into a central database and then be matched with the place that they could do good. So, that's a little bit about my parents.

Mark: So, you've got a background of academia and very deep thinking. You know, professors—it's not easy, hard work and study and publishing…

Jordan: He wrote two major books.

Mark: …and teachings.

Jordan: Right, right.

Mark: Yeah. And then your mother…

Jordan: But he really cared about his students. He really cared about his students in a way most professors don't. He's a political science professor, but he would do editing on his student's language. Not just about the ideas about political science, but about getting their grammar right. He just spent a huge amount of time really caring about students in the way that most people could not care less. So, he had very, very high standards.

I'm going to add my grandfather into it as well. My father's father was the ultimate entrepreneur. His name was Leisure Goodman. He and his brother Jack in 1920 founded a company called Real Silk Hosiery Mills and they made silk stockings in the 1920s.

Mark: Wow.

Jordan: They did really, really well. Like multi, multi millionaires and built a huge mansion in Indianapolis. Then things went down in the 30s and he met a guy named Mr. DuPont who had something called nylon. So, he was the first one with nylon stockings as well.

Mark: Oh my gosh.

Jordan: He was the entrepreneur. So, in a certain way, I'm a combination of my father—kind of academic, knowledge book writing person with my grandfather’s kind of entrepreneurial venture. So, I have always considered myself a journalist/entrepreneur.

Mark: But you are also giving back. I think I can feel that you really have the passion for moving the needle in someone’s life. You want to help people, which I think you got from your mother and your father.

Jordan: Both of them, you’re right. My mother was giving back. Yeah, I’m doing a combination where I really help people. I make a good living out of it and I give back. I just like to give out lots of positive karma all over the place and it doesn’t always come back directly but it comes back. People like to deal with you and good things happen. I do a lot of things; I don’t make any money from them at all, but I’m just helping people. I’ve got a lot of positive karma I think. You might say. I would love to have some with your audience too.

Mark: That’s great. That’s great. So, I’ve got a 16-year-old son, I’ve got a 14-year-old son and I have a 12-year-old daughter, right? All dad talks about all day long is real estate, real estate, real estate, real estate investing, real estate is the only thing you control. I think I’ve got the best passive income model. I talk about it. I’m trying to brainwash them, Jordan. But I am also old enough now to realize dad doesn’t have all the answers, right?

Jordan: No.

Mark: But if we talk to Uncle Jordan who is the 'Money Answers' guy, how would you set them up today financially and how would you have them think about their personal finances? I’m giving you a lot of questions all at once.

Jordan: That’s all right.

Mark: Take whatever question you want, but how as a parent should I start educating them? Where should I start educating them about money and what advice would you give me? That’s a lot. I think I’m just going to have to call you every week like, “Jordan, now what do I do?”

Jordan: I have done this myself. My son is 27 and I did it. So yes, this is a good thing. Don't assume the school is going to do it because they may have a course or two maybe, but it's not something that most people get exposure to. If they do get exposure at school, they usually love it and they become investors and are really into it but most people either have no exposure or are not that interested for some crazy reason.

So, get them involved in investing. And typically, what I would do is start them off in stocks of companies that they know—McDonald's, Nike, Microsoft, Google—things that they can kind of relate to and maybe their early Disney and Hasbro, whatever it may be. They say, "Oh. I'm not only buying things from them, but I'm actually an investor at that company as well." Go from where they are at where they can relate to it.

Then actually have them do things. So, my son from very early on, I would take him to the ATM and I would have him make deposits. Because otherwise, if you just took cash out of it, he would have thought it's just a money machine where money just comes out. It's like, "No, no you've got to put something in for something to come out." So, things like that.

My son actually had a group of friends and we had all the fathers do things with them and I did a financial session with the kids. The first thing I had them do, I just got an empty check book and I gave them all checks and I gave them each mythical $100. I had them write checks to each other and they had to withdraw the amount I wrote from their balance and then they had to add what they had gotten from somebody else and to kind of keep a running balance. And actually just sign a check and endorse a check. They had never done this before. It's like they don't teach this stuff anywhere.

Mark: Well, they don't teach it. And today with Venmo and PayPal and all the technology, they may never have to write a check.

Jordan: Then I told them about insurance and what happens if your house burns down and life insurance and all those kinds of things. Then with stocks, if you can get them interested and show them how charts work, they really enjoy it. I've done a lot of teaching. I'm really passionate about personal finance education because so little of it is being done. I've given classes for several years.

I'm in Westchester, New York in the Bronx, not too far from here, a place called The Bronx School of Science. And I do this class where I have the kids talk about stocks of things they could relate to, things even in the room they are in. Who is providing the electricity to this room right now? Or what shoes are you wearing? Or what did you eat for lunch? Or what website do you go on? Then I've looked them up on a chart and show them how the chart did and explain the business and what the earnings are. They are just totally fascinated.

It's something that they don't even consider. It's not in their world view that you can actually invest in things you are personally involved with all the time and they love it. They come out and they will be like, "I'm going to invest. This is great. Can I get started for $100," kind of thing. So, get their enthusiasm going. And then they are like stock clubs at high schools and colleges and so on. So, it's good. There is a resource that can help people which is called JumpStart Coalition.

Mark: JumpStart Coalition.

Jordan: .org which is a central clearing house for all kinds of personal finance education, K through college basically. The material exists; it's a matter of getting it out there. I've done a lot of these things on military installations, campuses, all kinds of places and I've got a lot of stories about how financially ignorant people are. It's just amazing.

Mark: I want to ask you about that. What conventional wisdom is out there that makes you absolutely crazy?

Jordan: Well, I will tell you one that drives me crazy is the way you should be taking out a mortgage.

Mark: Okay, let's talk about that.

Jordan: The traditional way of taking out a mortgage is you get a 30-year mortgage and you pay the same amount for 30 years, interest is almost all upfront the first 10 to 15 years, it amortizes very, very slowly. The last few years you pay off the principal. A lot of people, the average people stay in their home for seven years and then they do it all over again and start a new 30-year mortgage all over again. Meanwhile, your money is sitting in a checking account earning zero. That's the way the system works for everyone for the banks. That's the traditional system.

Mark: Right, right.

Jordan: That is totally wrong. That's the totally wrong way of doing it. The way I like to do it is using what's called the mortgage optimization strategy where all the tables are reversed. Instead of you being the victim of the bank, you are the master of the bank. The way that works is you use a home equity line of credit, a HELOC is what's it called, which is a liquid line against your house which is typically in the second mortgage position which is completely liquid. You can put money in. You can take it out whenever you like.

Mark: Now, Jordan, let's rewind because a HELOC is different than a second mortgage, correct?

Jordan: Correct. HELOC is liquid. You can write checks on it. A second mortgage is like a first where you make the same payments and it's not liquid.

Mark: It's not liquid, okay. So, you would recommend a HELOC?

Jordan: HELOC. Not a second mortgage.

Mark: Got it. Okay.

Jordan: The key thing about the HELOC is that it's liquid. You can put money in and take it out whenever you like. So, you keep your income which is normally in a traditional system sitting in a checking account earning nothing. You keep your income in the HELOC because you can put any money you want anytime. You pay your bills out of the HELOC, but every day the money you have going in there is pushing your principal down and you are actually paying your mortgage off at an accelerating rate. Literally, you can pay off your 30-year mortgage in about five to six, seven years depending on how the numbers work out.

Mark: Wait, I'm confused. This is amazing. I'm confused. All right. So, let's say I put… What's the average home in America?

Jordan: Let me give you an example. I'm going to give you an example of how that works.

Mark: All right.

Jordan: Say you have a house worth 300,000. I'm just going to make up numbers here. And say you have a 200,000 first mortgage at a good rate, four percent.

Mark: Got it. Okay.

Jordan: So, you are going to take out a $50,000 HELOC. You've got plenty of equity in the house.

Mark: Well, the bank made them put 20% down, right? So, in this scenario, they got to have at least 60 grand in.

Jordan: Right. Okay. So, you've taken out a $50,000 HELOC, you would then write a check. You just open the HELOC, it's now free and clear, you write a $50,000 check towards the first. So, instead of owing 200, you now owe 150 in the first, okay?

Mark: Got it.

Jordan: Then you use the technique we just talked about where you are paying that HELOC off over six months, nine months, however, it works. So, your money is constantly going in there pushing that 50,000 down on a consistent basis. After say six months, the 50,000 is paid off just to give you an example.

Mark: Okay.

Jordan: Then you do it again. You write another $50,000 check from the HELOC to the first. So, now instead of 150, you owe 100. Pay it off, do it twice more, your first is now paid off. You pay off the HELOC depending on how the numbers work out five, six, seven, years. You are now completely mortgage free.

Mark: Now, what about for someone like me that makes 300 to 1000 percent on real estate, wouldn't I ever want to pay off my mortgage and just keep borrowing at seven percent?

Jordan: Well, you can. I think for most people I'm talking about their own homes. You can also do this for investing in real estate. With investing in real estate if you use the tenants' rent to pay down the mortgage faster, the property becomes free and clear faster. So, it's increasing your cash flow from that. There is a website that can help people with this in more details which is TruthInEquity.com. It's a free website.

You put in the numbers that apply to your situation, what your current mortgage is, your income, your expenses, your house value, all those things. Then say, "Okay, based on what you're doing today, it's going to take you 20.5 years to pay off your mortgage. With the numbers you just gave us, it's going to be 6.2 years," whatever the numbers come out to be. Then step by step show you how to do it. The traditional system works really well for the banks. This is the way you literally can take 25 years off your mortgage and save tenths of thousands of dollars in needless interest.

Mark: Amazing.

Jordan: That's something a lot of people have not heard about. One of the books I did you mentioned called *Master Your Debt*, I've got a chapter in there called, "Mortgage free in five to seven years" which is all about this strategy. It's something most people have never heard about even those in the real estate fields.

Mark: I've never heard of it.

Jordan: There you go.

Mark: How is this possible? Oh my gosh. I'm really financially blushing right now. So, to blush even more, my wife and I… this is a real argument we had just a few days ago, right? So, be our marriage counselor if you will.

Jordan: Okay.

Mark: I say to her… We are talking about our trusts and this and that and funding it and we've got a revocable trust and the family trust and all this, right? We've got to go to the bank. We've got to take out the trust and rename everything from the LLC and blah, blah, blah. But I've got a term insurance policy and she says, "Mark, my dad always said buy permanent insurance." I said, "Well, I can see how if you are a doctor maybe, it's for savings, it's not that great as an investment. Yeah, it never goes away but what I have always heard was, buy term, invest the rest." Jordan Goodman, who is right?

Jordan: Well, in your case because you're earning such a high rate of return on your capital, you are right.

Mark: Thank you.

Jordan: But in many people's cases, she would be right because they are not investing the money and earning a good return out of it.

Mark: Okay and I made that argument.

Jordan: You really are investing the difference.

Mark: Right. I really am investing the difference. It's one of the greatest investments ever.

Jordan: Most people say "Buy term and invest the difference." And they don't invest the difference and they get to retirement, they have nothing. The advantage of… I wouldn't say whole life. There are other kinds of insurance I would like that are for savings and the advantage of the insurance is that the money is growing tax-free inside the policy. If you do it right, when you get to retirement, you take it out tax-free. My favorite in the permanent insurance area would be Indexed Universal Life, it's called. IUL.

Mark: I've heard of Indexed Universal Life.

Jordan: Yeah, as opposed to cash life. Index Universal Life, the index is tied to the S&P 500 and when the market goes up, the cash values go up to the level of market typically with the CAP of maybe 12 or 13 percent. But when the markets go down like a really bad year like 2008, it does not go down; it goes to zero in a year like that. So, it protects you on the downside and you participate on the upside. The money is growing tax-free and then when you get to retirement, you've got a nice cash value nesting. You can borrow it out so it comes out tax-free and when you die, the death benefits pays off the loan. So in fact, you never pay the loan off. So, that's the way I would use and I have one. I have an IUL myself and put a certain amount into it every month and that's going to be a nice little nest egg for when I get to retirement.

Mark: Brilliant, brilliant. Okay, is there anything that you believe that other financial advisors will be like, "Jordan Goodman is nuts."

Jordan: Well, when I talk about mortgage optimization, they have never heard of that before.

Mark: Yeah, but when you've explained, they probably are not going to be like, "Well, he is nuts." Right?

Jordan: Oh, they do.

Mark: Oh, they do think you're nuts? Why?

Jordan: I will give you some other ideas too. If people in the financial world have not heard of something before, and this by the way is true for financial journalists, we are the worst, they don't think it can be true because they know everything. I just run into this all the time. Well, there must be some huge risk or whatever.

Mark: Trapped by expertise.

Jordan: Exactly. I will give you another example of something that I'm involved in, I do, which again people think is impossible and financial advisors don't like it because they don't make any money off of it. Something called commercial mortgage bridge loans.

Mark: Commercial mortgage bridge loans. Okay, I'm going to Google this.

Jordan: CommercialMortgageBridgeLoans.com is the website for that.

Mark: CommercialMortgageBridge…

Jordan: BridgeLoans.com and so that's a way of earning between six and eight percent over one to two years. Six percent for one year, eight percent over two years, extremely safely, very secured. You get monthly checks and at the end of the term, you get your principal back at which time you can re-invest your interest whatever you like.

Mark: Do you like this more than say lending club?

Jordan: Yes. Lending club, which I do as well, is much more risky. When I'm in lending club, they have A through F loans and I do B loans. If you think of it, it's pretty safe.

Mark: Okay.

Jordan: I can tell you right now. I've had 64 defaults in my lending club account.

Mark: Oh my gosh.

Jordan: I have had lots of loans paid off on time, but doing B loans… you wouldn't think I would have that money defaults, but I have had the actual experience on it. So, that does not happen with commercial montage bridge loans. So basically, what happens is that I'm lending money to high quality commercial real estate projects. They use it for typically one year period to renovate or improve or do some kind of a deal with the project and then they are paying interest. Then when the project is done, they pay the principle back. The maximum that they lend on the value of the property is 65 percent loan to value, 65 percent.

Mark: Interesting.

Jordan: It is indeed what I call the equity cushion there to protect you.

Mark: That's a huge equity cushion.

Jordan: The people who are taking up these loans are doing it to improve their properties not to lose their properties. So, repayment rate is extremely high and the loan originators that put the deals together take out a second position behind you. So, if there is a default of any kind which is rare, they will actually pick up the difference and make sure you get the interest in principal payments on time.

Mark: Do you have to be an accredited investor to do this?

Jordan: Accredited and non-accredited.

Mark: Accredited and non-accredited. Excellent.

Jordan: A non-accredited can do it. Absolutely.

Mark: Can I do this out of my QRP? Let's say I've got some money sitting in my QRP and it's just sitting there.

Jordan: Absolutely.

Mark: It will liquidate after that year, though. I can't take it out.

Jordan: One year at a time.

Mark: One year at a time. Okay.

Jordan: It's not designed for liquidity doing. It has to be money you commit free. If you do it for one year, you get six. If you do 18 months, you get seven. If you do two years, you get eight. But it should be money you don't need. That's correct.

Mark: It should be money you don't need. Okay.

Jordan: When I tell financial advisors about that, they say, "Impossible. There is no way on earth with treasuries of two percent to earn six percent quite safely." I say, "All right, well." They don't believe it. So, that's one example where they don't believe me, but it happens to be true.

Mark: But it happens to be true. I love it.

Jordan: You can find out about it at CommercialMortgageBridgeLoans.com.

Mark: Is there anything else that the financial journalists pile up on you?

Jordan: They are a ton.

Mark: Okay, what else have you've got? Jordan, I know I told you this is going to be a 30-minute podcast. We are going all night, man. This is a marathon.

Jordan: Okay, let me give you another one. People don't think it's possible to refinance your car loan.

Mark: Okay, let's talk about that.

Jordan: But you can do it. A lot of people have taken on cars with bigger payments than they really can afford.

Mark: Right.

Jordan: If you want to go into a real growth business in America, it's repossessing people's cars.

Mark: Really?

Jordan: Oh, yeah. Because they took on a bigger payment and they got a bigger SUV or whatever that they can't really afford. Their eyes got bigger than their wallets, I guess you would say.

Mark: Sure.

Jordan: So, these people need help and the help that's available is to be able to refinance your car loans at… And there is different ways of doing it. You could lower the interest rates or you could stretch out the maturity. Let's say your car loan is three years. If you stretch out the maturity from three years to six years, chances are the car will last six years. Your payment can be cut in half. So, it makes it more affordable and therefore, you are able to avoid the repo man, the hook.

Mark: Aaaah.

Jordan: There is a website for that. I've got a website for everything.

Mark: I'm going to check this one out.

Jordan: That website is My Loan Gen- G-E-N, MyLoanGen.com.

Mark: MyLoanGen.com. Okay.

Jordan: Free website and you go on there and put in and you can actually do this while you're there. You put in your…

Mark: Wait, I did something wrong M-Y-L-O-N- G-E-N?

Jordan: L-O-A-N G-E-N, MyLoanGen.com.

Mark: Okay, got it. I think I did J.

Jordan: No J, G, and you put in how many more months you have to go, what your payment is, what your interest rate is—I guess those are the main things. I think is your credit great or modest or whatever it may be. Okay?

Mark: Okay.

Jordan: Are you there?

Mark: I'm there. This is what I did because I just paid off my wife's car.

Jordan: Okay.

Mark: So, she buys it last month and she gets a loan at three percent, right? So, I said to her, "Honey, why don't we use our QRP; we can borrow up to 50,000 on it." So, I did that. So, I took the 50,000, I paid off her car and now I'm paying myself back at 10% over five years on a depreciating asset. I think I'm Jordan Goodman smart.

Jordan: That's great. That's a great deal.

Mark: Okay, there you go.

Jordan: Lots of people don't have that ability but in your case it's fine. Say you are an average American and you don't have something, you can borrow from like that.

Mark: Right.

Jordan: So, you put in the basic numbers there, right?

Mark: Okay.

Jordan: Then you click around to the next screen and then you see a little dial come up?

Mark: Get 30,000…

Jordan: You've put in some numbers there, right?

Mark: I'm putting some numbers, months remaining, let's just say 48 months.

Jordan: Okay, whatever it may be.

Mark: Monthly payment, what's the average monthly payment? 549 and I will give myself a credit score of an average.

Jordan: Whatever number you want to put in. Okay.

Mark: Okay, let's continue.

Jordan: Now you can see a little dial come up.

Mark: Yeah. Monthly payment increase to $50.

Jordan: So, now you move that dial to wherever you want and it shows you how it affects your payment and your payoff. So, you could move it to the right and you are going to lengthen the maturity of the loan and then you're going to see how it affects your payment and interest rate.

Mark: Oh my gosh. Now I'm extending it 24 months and now instead of 549 a month, my new loan is at eight percent at 525.85 a month.

Jordan: Yeah, whatever the number is.

Mark: So, it wasn't a huge change.

Jordan: Depends on the numbers you put in as to what's the change.

Mark: Yeah, yeah.

Jordan: So, what a lot of people can do is by extending maturity from say three years to six years, whatever it may be, their payment is going to come down a lot and they are able to afford their car much better. Once you do that, you click submit and it's submitted and a whole bunch of credit unions around the country compete for your business to give you the best deal. You complete the application online, done. You have now refinanced your car loan.

Mark: Wow.

Jordan: People don't think that's possible either.

Mark: Yeah, MyLoanGen.com. So, how often do people ask you, "Jordan, should I buy my car? Should I lease my car?"

Jordan: All the time, all the time.

Mark: "Should I buy my house? Should I rent my house?" There is no cookie cutter answer I know but is there some general...

Jordan: There are reasons what to do one or the other.

Mark: Okay.

Jordan: I always like to say buy things that appreciate, lease things that depreciate. So, you don't have money tied up in a depreciating asset.

Mark: Genius.

Jordan: In the case of a car, unless it's an antique car, it's pretty much a depreciating asset. So, I usually lease. I've leased my last five cars and I give it back and get a new car. I don't have any money tied up and I get the latest technology and all its wonderful thing as opposed to putting a lot of money into a car on a down payment and then having loans for five years. Some people have loans for eight years on their car today because the price of the car is so high and then you've got old technology and the thing breaks down. About 30 percent of people getting cars today are leasing and they are typically the higher-end kind of cars.

Mark: I told my wife and she thinks I'm nuts. I said, "Honey, we should not be buying our children a car or a third car or keeping a third car. They should Uber everywhere or Lyft everywhere." When you look at the gas and you look at the maintenance and then you look at the insurance for a 16-year-old kid to 24-year-old kid and the safety. I've got an experienced driver taking this kid around. Why would I ever teach this kid how to drive? Now clearly, she's not going to let me not teach him how to drive. I'm teaching them how to drive. But am I sound here?

Jordan: Well, you're right, but how about the social aspect? Are you going to go on a date in Uber? And you are going to go to the cliff in the back of the Uber?

Mark: My wife and I go on dates on the Uber and that way we can have a drink at dinner and we can Uber home and we don't have to worry about it, yeah. Not that I'm telling my child to drink but…

Jordan: I think in the future, millennials and younger are going to buy a lot fewer cars. They are going to be Ubering around and doing driverless cars and automated cars and so on. But I was just talking about the buy versus lease. So, if your mileage is not a lot, if your mileage is, let's say under 15,000 miles a year, then leasing is going to make sense. If your mileage is 50,000 a year, leasing makes no sense.

Mark: That's why we had to buy my wife's car. She's dropping those kids everywhere.

Jordan: So, often what you might do, if you have two cars, buy one, go 200-300,000 miles, drive it into the ground and lease the other that's relatively short mileage. That's kind of the best of both worlds.

Mark: That's exactly what we are doing. Obviously, when my lease comes up, she is going to take a newer car and I'm always taking the worst car. That's just how it works in my family. Maybe I will talk to her about that, but come on.

Jordan: Leasing car should be the nicer car because it should be the newer car.

Mark: Yeah, typically. Not in this case.

Jordan: If you want to get the best deal in buying your car, I recommend a car buying service that will get you the best deal absolutely on a car. My favorite is CarQ.com, C-A-R, letter Q.com.

Mark: Okay, CarQ.com. I'm going to check that out.

Jordan: They are car buying. They only work for you the consumer to get you the best possible deal on your car whether it's leasing, financing. They help you figure out which car you want. The woman who runs is named Linda Goldberg. I've known her for years. The last five cars, I've gotten through Linda. She does the whole thing or you can bring her an existing deal which she will beat. I went to my local dealer when I got the car I have now, an Infiniti and agreed to buy a car. You have a three-day recession period and I faxed her the deal I got. She beat it by $4000.

Mark: Are you kidding me?

Jordan: Yeah.

Mark: On a lease?

Jordan: On a lease, correct. There is all kinds of tricks. You are not good at buying cars, okay?

Mark: No, no. I'm going to be doing this from now on.

Jordan: You are good at negotiating for land deals. She's good at buying cars. So, there is a way to save yourself tons of money on buying or leasing.

Mark: And tons of time.

Jordan: Tons. And so she shops around maybe 500 miles around your metropolitan area and gets the best deal and then they have the car delivered to you, whatever it may be. So, this is something she has been doing for 30 years. So, she charges between $300-500 depending on how much she is involved. 500 is like the full boat. She takes it from beginning to end. I'm willing to spend 500 to save 4,000 and a lot of time and effort.

Mark: No, absolutely, absolutely.

Jordan: She saved you a ton of money on your car there as well.

Mark: Now, Jordan, presidents come and go, administrations come and go and the bureaucracy always stays in DC. How often do you think—especially given the fact that your dad was a political science professor—how often do you think “Oh, oh, when a new administration comes in, a new congress comes in and there is all this uncertainty.” Is that when you think “Oh, now it’s time to get greedy or now it’s time to go to cash and let’s wait?”

Jordan: This administration has certainly been time to get greedy because the expectations are so high that we are going to get what I call the big four: tax reform and tax cuts, deregulations, repartition of foreign profits, and health care reform and infrastructure. If we get those four, even not if full book but some of those, that is a tremendous stimulus to the economy and is why the stock market has been doing so well since the election. There is always the variance between fear and greed. We are in total greed right now.

Mark: It’s total greed right now, don’t you get fearful?

Jordan: We talked about Templeton before. He said be fearful when everybody is greedy and vice versa.

Mark: Right. That’s what Buffet does too.

Jordan: And Buffet does the same thing. Maybe not as extremely, he’s not like a deep value guy. He’s not going in there with things. I mean Templeton would like… I remember Korea—there was the financial crisis in 1997. It was complete shambles and he went and bought a ton of Korean stocks when it was in complete shambles and it was a fantastic bargain. Buffet is not that aggressive.

Mark: Right, right.

Jordan: In general, it’s nice to say; it’s hard to do. It’s very easy psychologically to buy when things are up and sell when things are down. You just don’t make a lot of money that way, but psychologically you feel better with going with the crowd on the upside. Right now, the market is doing extremely well, stock market. It’s hard to be a bear giving that all the bears are getting crushed right now. So, it’s a little hard.

Mark: Yeah, yeah, the old saying—contrarians are right once a day like a broken clock.

Jordan: Right. You can lose a lot being contrarian and that's what's happening recently is there have been a lot of debts against things and the stock market took off. They had to cover their shorts and just to gain fuel to the market is going up even more.

Mark: Yeah, yeah. So, what advice then would you start giving my children today besides what we talked about earlier which would be buying stocks? But as far as thinking about thinking about the world, thinking about money, just from a fundamental basis, thinking about debt, is there some place that you would have a child go or a millennial go now to learn, educate themselves? It can be infotainment that would engage them in some way.

Jordan: The way you are going to make the most money, in the long run, is your own skills.

Mark: Right.

Jordan: Your own career. So, that's the first thing is to find out what you are passionate about and what you really want to do and where there is going to be a future. Think of how the world is changing right now. You don't want to go be a truck driver when you know they are going to be automating driving trucks. You know where there is a future of some kind. Look at the trends and it's pretty clear. You don't want to be a machine operator where a robot can come in and take your job.

Mark: Quite right.

Jordan: You don't want to be in retail where since the last three months, there has been about 800,000 layoffs in the retail; they're closing all these stores and malls. So, think about what you want but also think of what's coming and where those jobs will be.

Mark: Do you think there will be jobs? Do you think we are entering a time where it's just going to be like the Renaissance and we are just going to get paid to live on planet earth and Google and Apple and Amazon will just be kind of like, “Here is enough to live on and if you can add value for us, you can write code or whatever it is.” There will be a small group of people like the Teslas of the world. It’s like winner take all and there is not going to be a lot of jobs and so what are we going to do? Like, write poetry.

Jordan: Well, I would disagree with that

Mark: Okay, great, I love it. So, what’s going to happen?

Jordan: The jobs are shifting. It’s not like there are going to be no jobs. For example, right now every month the labor department puts out the unemployment report which people are familiar with. They also put out a report that nobody is familiar with which is called the job openings report, how many jobs are open. In the latest month, they were 5.6 million jobs that were open.

Mark: Where are these jobs?

Jordan: Employers could not find people to meet those criteria, cannot, okay? So, plumbers, electricians, computer coders, car mechanics—there is tons and tons of jobs available and that people are not trained to take those jobs. They are not considered prestigious or glamorous. It doesn’t mean that the jobs don’t exist and they don’t pay well.

I will give you an example. I was talking to a guy the other day who is working in the electric utility business and there is 50,000 jobs available for linemen. The people that put the lines up and when the storms bring the lines down, puts the lines. There is a whole training involved, you don’t need a fancy education, but you can earn about $100,000 a year as a utility lineman and there is 50,000 jobs that are open that they cannot find people. That’s just one example in one field. But it has to be done by somebody.

Mark: Right, right.

Jordan: There is the good news is there are jobs to be done and if we could somehow match all these jobs with people with the skills to get those jobs, we would have very, very low unemployment. Technical schools have been closing down and they never teach shop in high school anymore. Part of it is the snobbishness. It's like, "I want my son to be a doctor or an entrepreneur and something like and not do utility lines." Right?

Mark: Right, because Mike Rowe from Dirty jobs, he's on to something.

Jordan: Good example, good example. He talks about this all the time ,the kind of the training gap. So anyway, I'm just saying there are loads of jobs available and people just don't want to take them and these are high skilled, high wage jobs. I'm not talking about picking grapes in the field or something.

Mark: Right, right. So, you are a professional journalist, clearly, I'm not. Is there any question that I should have asked you that I didn't ask you before we get to the tip of the week?

Jordan: Let's talk about financial journalism, the state of financial journalism.

Mark: Yeah, let's talk about it because every other journalist things are going down.

Jordan: Well, when I left Money Magazine which was 20 years ago, we had a staff of 80. I went back there last week. I'm part of the TimeInc alumni society, so I went back to see it. It's a staff now of 10.

Mark: Wait, wow.

Jordan: When I was there, we would have 400-page issues. The latest issue is like 70 pages.

Mark: Wow.

Jordan: So, there has been a dramatic shrinkage financial journalism, but all kinds of journalism frankly. The reality is that the money that used to go for subscriptions and advertising—traditional media, not only magazines, newspapers, TV, radio has all gone to Google and Facebook.

Mark: Right.

Jordan: Where they get very effective advertising and they are starving the traditional media and I see this all the time. The media people think that the audience doesn't care or doesn't know the difference and we had to cut costs. I will just give you a personal example. I'm here in Westchester, New York, for 20 years I was on News 12, Westchester—the cable news operation leading all Westchester. I did a finance piece for them and they would take cable vision. It was taken over by Altice, which is a French cable company last year. The next day I was thrown off of the air because I was a guest. They had no more guests allowed for any subject ever for the history of time. And then last week they laid off a third of the staff. Everybody over age 40 was laid off. I think that's age discrimination, but nobody seems to notice.

Altice runs News 12, which is normally on Long Island. They consolidated Long island, Westchester, Connecticut and New Jersey all running out of Long Island. They closed the other offices to save money. So, each of these places there was like maybe 50 people that got laid off in Westchester alone and so journalism is shrinking just because the revenue base is shrinking and all the companies are taking over. There has been tremendous consolidation in newspapers and radio stations and the whole media industry has been shrinking dramatically.

Now, in return there is a vacuum that has been created and to some extent, it's being filled by podcasts. That's been a big growing area. Because people still want information but they are not getting what they did before. Anyway, this whole field is very interesting to me and a kind of huge change is going on in the journalism field. I think it's going to change. We talked about shopping malls closing and retailers closing. The same thing is happening with the media all over the place. Newspapers are closing. Radio stations are going dark. So, it's a sea change in the entire media environment.

Mark: Yeah, yeah. It's unbelievable. All right, well, Jordan, your mentorship has been amazing this podcast. Not only do I know how to buy a car, I know how to pay down my house. I know how I'm going to lease a car, rent a car. It's unbelievable. I know how to parent my children and teach them about money.

Jordan: Refinance your car as well.

Mark: Refinance my car. It's been phenomenal. But now I'm getting greedy. I want to ask you for one more tip of the week—a website, a resource, a book—something actionable where the 'Art of Passive Income' listeners can go right now, improve their businesses, improve their lives. What have you got?

Jordan: Let me give you something for business. I've been talking about individuals but for business, okay?

Mark: Okay.

Jordan: A lot of people have trouble funding their businesses because it's really hard to get loans from banks these days. Banks want collateral and a lot of people who are kind of in the idea of business don't have warehouses filled with stuff that they can go take if you don't pay your loan. So, there is a whole world out there of people who want to invest in small businesses and then there are these clearing houses that will help you find loans.

Just to give you one example, there is hedge funds that are willing to invest in small businesses and they are willing to make money available relatively cheap, six, seven, eight, percent something like that. But you have to go through all these clearing houses to find that money for your business and they make sure that you are a real business and so on. And so you can get money today, that's the news instead of just being turned down by the bank. A website for that is CorporateLendingSolutions.com, CorporateLendingSolutions.com.

Mark: By the way, I'm going to have links to all of this. So, don't worry.

Jordan: Good. That's kind of a clearing house to find small business money in a way that most people wouldn't know exist.

Mark: I'm there right now.

Jordan: They do factoring and they do just all kinds of different ways of getting small business loans. So, there is something for small businesses.

Because they often have good ideas, but they don't have the finance. You can only tap so much friends and relatives and if you can't get financing from vendors and banks, there is a solution for small businesses to get...

Mark: Will they do real estate?

Jordan: Many cases it's not secured lending.

Mark: It's not secured. They just want a good idea.

Jordan: Well, they want more than that. This is not for absolute startups. You've got to show them you are serious.

Mark: Yeah, you've got to have money, something.

Jordan: You've got to have receivables. They will lend on cash flow, not on inventory.

Mark: Got it, got it.

Jordan: So, if you show you're serious, you've got some momentum, but you need money to expand, that's it. But they are not going to do like an absolute startup with no track records, just to be clear about that.

Mark: Got it.

Jordan: It's typically friends and family that do that.

Mark: Okay.

Jordan: Maybe you are six months or a year into it and you need some money, they've got access to all kinds of sources of capital that you wouldn't know about and so there is something for small businesses.

Mark: Awesome, very awesome. I have to say this has been phenomenal. I think you have to come back, Jordan. There is so much more to talk about.

Jordan: There is. We just scratched the surface.

Mark: We just scratched the surface. We might have to have you on like every month. This is crazy. This is crazy. I can't thank you enough. By the way, listeners, the only way Jordan Goodman is going to come back on this podcast is if you do us three little favors. You've got to subscribe, you've got to rate and you've got to review the podcast. Send us a screenshot of the review to Support@TheLandGeek.com. We are going to send you for free the $97 *Passive Income Launch Kit*.

My tip of the week, by the way, Jordan Goodman, is better than yours. It is MoneyAnswers.com, MoneyAnswers.com. There is this guy that has written tons of books. He's been on TV. He's a big deal. His name is Jordan Goodman and he answers all your … He's got even radio show called The Money Answers radio show.

Jordan: Which you've been on. You were the star of it.

Mark: I was and it was phenomenal; it was phenomenal. Not as good as this, but it was great. I wish I gave that much value to your listeners.

Jordan: I love to help people. I really do. So, have them send emails. We've talked about a lot of things but a lot of things we didn't cover. I can do credit cards. I can do insurance. You name it.

Mark: Let's book you right now. I'm going to send you a link. We are going to have a credit card insurance podcast so I'm going to send it to you right now.

Jordan: All right, we will do that as well. Anyway, I love to help and you can see I'm really trying to give back and provide really good resources that can help people and I think we've given just a few ideas during this podcast.

Mark: No it's being amazing. So, Jordan Goodman, MoneyAnswers.com, thank you so much. Thank you, listeners, and just to remind you that this podcast has been sponsored by GeekPay.io, GeekPay.io, it's a set it and forget it. It's the only financial CRM system in the country where your borrowers can go on and see their current balance. They can make prepayments. If ACH fails, they can charge their credit cards. If the credit card fails ,charge it to the ACH. You are going to get paid either way. Learn more, GeekPay.io. Jordan Goodman, thanks again.

Jordan: Thanks so much, Mark, appreciate it.

Mark: Yeah. Let freedom ring!

[End of Transcript]