



# THE LAND GEEK

## **The Best Passive Income Model Podcast With Mark Podolsky, AKA The Land Geek**

Mark talks with Sam Dogen - [FinancialSamurai.com](https://FinancialSamurai.com)

### **Transcript**

**Mark:** Hey, it's Mark Podolsky, the Land Geek with your favorite niche-y real estate website [TheLandGeek.com](https://TheLandGeek.com) and today's guest before I get into him, he's really interesting. But I do want to just make a couple of announcements. Number one is if you haven't subscribed, rated and reviewed the podcast, please do so. It's the only way I'm going to get the quality of guests like today's guests to come on the podcast. The way to do it is, simply go to [TheLandGeek.com/iTunes](https://TheLandGeek.com/iTunes)- review and then send us a screenshot of your review to [Support@TheLandGeek.com](mailto:Support@TheLandGeek.com). Just for doing that and taking those two minutes we're going to send you for free the \$97 *Passive Income Launch Kit* and it's fantastic.

I also want to remind everybody Bootcamp is coming up, May 29th. I'm sorry, April 29th through May 1st. April 29th through May 1st in Scottsdale, Arizona. Learn more about that [TheLandGeek.com/Bootcamp](https://TheLandGeek.com/Bootcamp) and enough about the Land Geek stuff.

Let's get going for today's Best Passive Income Model guest Sam Dogen from [FinancialSamurai.com](https://FinancialSamurai.com) if you're not familiar, Sam, he's a 13-year finance veteran with an MBA from Cal Berkeley. He's been writing about personal finance for over seven years, seven years. He's kind of interesting guy and he's unbelievable like USC 5.0 ranked player, a 16 handicapper in

golf until he made it a goal to break 10 in one year he's currently sitting at a 9.8.

You speak three languages pretty well, and I can only speak Mandarin and English. His Spanish is horrible. He's lived in seven different countries in roughly 40 countries as of March 2015. Let's just face it Sam's you're an interesting guy, right? I can go on and on but what's interesting about you is that you've been seeing the Wall Street Journal, the LA Times Chicago Tribune, Forbes Bloomberg, Kiplinger, and finally, a prestigious media outlet, the Best Passive Income Model podcast. Sam Dogen, how are you?

**Sam:** Good. How are you, Mark?

**Mark:** Pulse is normal, respiration is fine. I can't complain. Sam, let's just get into it. What were you doing before you quit your corporate job and went on your own and did Financial Samurai?

**Sam:** Yeah I was in banking, specifically equities from 1999 to 2012. Basically, my job was to service institutional fund managers that we all invest in. Mutual funds mostly but then there's also hedge funds who buy and sell equities through our trading desk. What we'd also do is help take private companies public by placing institutional investors in public companies when they go IPO.

So it was a really fun job. It was high stress, you know, we get in at 5:00 am in New York, 5:00 6:00 am in San Francisco as well. Before the markets open, you know, we've got to get smart on what's going on in the economy, stock market, policy, currencies, all that good stuff. Then we'd have to try to basically service our clients with our knowledge base from our research platform to our access to corporates and to our conferences overseas and then try to make business and rank well. So there was never a dull moment. You're always learning something. It was super stressful. You know, you're always trying in pressure to be a top-three bank with your client. Unfortunately, there's only three in the top three, and you've got competition with 40 to 50 other banks.

**Mark:** Yeah, yeah. I mean so it's I've been in that world. I didn't enjoy it. How'd you feel about it?

**Sam:** It was really, really fun for the first 10 years from 99 when I got started in New York City till ... Yeah, well, not 10 years, maybe 2007 and then everything started going to hell in 2008 and 2009 and it wasn't as fun anymore because, well, one, you weren't doing as well financially. Two there was a lack of correlation with that performance. So you could do very well

but you are called upon to subsidize your less well-performing peers. Then, you also became the bad guy, right? So when the.com bubble collapsed in 2008 it was a pretty isolated incident.

**Mark:** Right.

**Sam:** When the housing market collapse in 2008, 2009, you know, since what 65% plus of Americans own homes, a lot more people got affected. So it didn't really matter what you did at a bank. You could have been the bank teller at your local bank or you could have been, you know, trading Latin America bonds you were just basically public enemy number one by mainstream for the people who didn't pay their mortgages and so it didn't really feel good.

So, about in 2009, I started my site [FinancialSamurai.com](http://FinancialSamurai.com) and it was just basically to try to help make sense of all the chaos and the loss. You know, I was scared just as much as anybody you know. I was in Asian equities I had nothing to do with the US housing market. You know, my net worth got crushed by about 35% in probably six months, six months to a year that took almost 10 years to build. So I thought why not start a site there must be other people out there worried scared and since then it's been pretty good.

**Mark:** Yeah, yeah. So, you've done a lot with Financial Samurai which is a phenomenal site. But I want to talk a little bit about a book you wrote called *How to Engineer Your Layoff: Negotiate Severance And Be Free*. Sam, to my knowledge, I don't know anyone who's ever written a book like that. Do you?

**Sam:** You know what, I actually don't think there is a book about that about, about severance negotiation. There's tons of books about getting that job, interviewing well, rising the corporate ladder making all that money. But I still don't think there's a book out there that talks about how to negotiate a severance package. You know, every time I hear someone say, "Oh, I quit my job," you know, a little bit of me cries inside. Because I've seen both sides from a managerial point of view where you hire people, fire people or lay people off and I've seen it with my own first-hand experience where I was able to negotiate a severance package in 2012, that gave me the confidence to go out and pursue entrepreneurship or to pursue anything for years and years thanks to the financial runway the severance package provided.

So the book really has one key model that hopefully everybody can remember and that is, never quit, get laid, never quit get laid off. Because

when you get laid off you get potentially a severance, you get the mandatory WARN Act payment which very few people understand. WARN is W-A-R-N, which is a requirement by states and by larger companies to provide one to three months' worth of pay to allow people to transition during a mass layoff. A lot of people confuse the Warn Act pay with severance pay, which is totally different.

If you get laid off, you can probably get maybe a better recommendation from your peers. You can get unemployment benefits, which is currently 26 weeks maximum per state usually. You can get Cobra and all sorts of stuff that'll help you transition into the next phase of your life. So for people who want to leave a job that no longer inspires them or they have a micromanager boss who just makes their life hell or you know they have a long commute all this stuff, don't quit because quitting is actually the easy way out. You don't face what's bothering you head-on. Figure out how to negotiate a severance.

**Mark:** Yeah but how do you get laid off? What if you're really valuable and you're just miserable and they're like, "No, we're not going to lay you off"?

**Sam:** I mean that's an interesting point. So one of the things is, and I talked about this in the book. It's 150 pages long. I recently updated it for a second edition for 2016 and beyond. So let's say you're a star performer, well, probably you're not going to want to quit if you're a star performer because you're a star performer you're getting paid and promoted, right? People are lavishing you praise money, right?

**Mark:** Right.

**Sam:** But let's say you are a secret star performer and you just are miserable. You just have to have a conversation. You have to build the building blocks to get that severance negotiation by having a good relationship with your manager and HR manager in your office. Everything comes with a conversation, starts with a conversation. You know, no manager wants to lose their star employee. But frankly, I would say only 10 to 20% of people in the space are star employees. Most people are in the 70% of the bell curve right there. You're kind of in the middle of the line and a lot of people want to do something different.

It's about starting a conversation and it's about researching online. Well, is the company planning on doing a mass layoff? If it is, hey, you could be someone to volunteer yourself to save someone else. That's one strategy. Because it is really, really hard for any manager to try to lay anybody off unless they really hate your guts, right? Most things are just kind of very

professional and cordial. But there are just so many strategies you can take but it all starts with having a good relationship with your manager and having an open conversation.

**Mark:** What if your manager is horrible, like one of those, you know, Dilbert type managers and it's just hard to be, you know, emotionally removed. I've got a buddy and you know he works for a big company and they got laid off, his whole team got laid off through a robocall. It was the most inhuman thing I've ever heard of. He's negotiating a severance right now. You know, they jerked him around, they're like, "Oh, you know, you're not laid off," because he's like one of the stars, right? But then they were like, "You got to apply for this job." It was like he totally got jerked around and he was like ready to move, then they're like, "No, don't move." Now he's moving again. I think like he should negotiate like a two-year severance based on the emotional pain and anguish they've inflicted, but that's not going to happen.

**Sam:** Well, the thing is so what my book tries to do is empower the employee. Because employees have this mindset that the corporation with their lawyers and senior managers and whatever, are, you know, the Goliath and we have no power as an employee to do anything. But I think people have to realize that we have way more power than we realize. I mean, first of all, everything is online and everybody's connected thanks to the internet, right? So you have to put yourself in the employer's shoes as to why they would want to give an employee a severance.

Now, if you've been at the firm for five, 10 years, you know, you're a top 50% performer. You know, you're a Good Samaritan to the firm. You're relatively loyal. There's no, no way...Well, there is a way but employers will not want to screw you over because they want to build goodwill especially if they want to continue to hire new people and reputation is everything for an employer. So, you know, in the day and age where you can write an editorial in the New York Times and say, you know why I left Goldman Sachs and crap on them all day. No employer wants that. What they want to do is have a smooth transition where if you leave hopefully there's someone that is trained for months and months and months or whatnot to replace you and have a seamless transition.

You know everything is about how you communicate with the people around you. You know, your boss, your HR person are humans too. They could be very difficult humans to deal with. But they always have some type of want, desire that they need to address and achieve for you to get what you want. So it all comes down to proper negotiation skills and knowing what you're empowered with. So this book helps empower people with what they should know and what their rights are as employees.

**Mark:** I love it. I love it. What's been the feedback from the book? I can't wait to read it even though I've never worked for a big company; I've never had this issue. I do think that it's, you found a niche. I mean, you read almost every day. 35,000 people laid off like that's 35,000 people that need your book like yesterday. You know what I mean?

**Sam:** Yeah. You know, it's something I wrote it because I just went through the experience. And I had this massive, massive, you know, feel-good moment where I thought, "Oh my gosh, so many people could benefit from this." I mean it's 2016 now I have a final tranche of money coming to me in the first quarter of 2017 that is enough to pay for my entire 2017 living expenses five years after I left my firm. You know, granted, I was at my firm for 11 years, and I think they're a great firm and they did the right thing. So many people could transition much better if they were able to negotiate a severance. So the best thing that I receive are people who email me and right, you know, "My life is so much better now."

So the biggest fear everybody has as they leave a corporate job and they don't know what to do with themselves, right? But I really think the fear in our heads is much greater than the reality. It's just like when we plan to early retirement, which is one of the big themes on FinanciaSamurai.com we feel that we need so much more money than we really do. Because what makes up for the loss of money in early retirement is the extreme amount of happiness you get from freedom and not being told what to do. So you know one of the examples...Yeah?

**Mark:** Go ahead. I just want to jump in about this because I think that your, your philosophy on happiness is pretty unique. Like how do you define happiness?

**Sam:** Happiness to me is progress. It might sound trite but if you were to think about one word, to define happiness I think that word is progress. If you think about your relationship at home with your spouse or with your kids, if you can make better progress, I think that's happiness. If you think about your career and if you can get promoted and paid each step is progress. If you think about just like planting a tree, or building a website or building a business or building passive income, those are all moments of progress that lead to happiness.

But I think a lot of us have this like not a treadmill or something where, you know, we get really accustomed to what we have. You know they have studies that say you know the super-rich and the poor the difference in

happiness is not that great. I mean obviously, it's probably better to have a lot more money and have the optionality, right?

**Mark:** Right.

**Sam:** But the reality is, is that you just get stuck and doing one thing the happiness eventually fades. So yeah, progress.

**Mark:** Yeah, I love that. I love the fact that you as a financial mentor, Financial Samurai, you know someone that's really helping literally millions of people think about you know, these deeper issues of investing real estate, retirement planning, career strategies, money philosophy, and just achieving financial independence. You know on basically your site, you're one of the few people that kind of say, "Look, it's about stealth wealth and it's not about having you know, millions of dollars." Can you talk a little bit about what you mean by stealth wealth?

**Sam:** Well, stealth wealth is something I strongly, strongly believe in. Stealth wealth is a way you think about money and think about how you want to be perceived by your peers, friends, society. I hope everybody can achieve their own way of financial independence. You know, however much money or freedom that means to you and I think you know we have to recognize that we're really, really lucky to live in the States.

You know I grew up overseas in multiple different countries. I've been back to China and India many times and a lot of people don't have, you know the luxuries that are afforded to us here. So I think what we need to do as you know people in the lucky club is to take advantage of all these opportunities and then once we get there, be humble. Keep a low profile and try to help others in the process.

That's something I think my parents taught me, you know, growing up in Asia. I grew up in Malaysia, Taiwan, Philippines, Japan. It was just kind of a different type of mentality versus the, you know, look at me, look at my car, look at my house, look at my selfies on social media and so forth. I think if we can just be aware that there's so much poverty and suffering out there we would not be willing to flaunt our wealth and be more stealthy and actually do what we want to do. Because once we focus on just kind of the purpose of what we're doing, I think that's what really matters. You know whether it's for your family or yourself or you know, for some charitable organization or something, just focus on yourself. Otherwise, you're just focusing on trying to make yourself look good in front of other people who really it doesn't really matter.

**Mark:** Yeah, I mean, I agree 100% and it's really interesting that you know you brought up purpose and you brought up helping others. I think when you combine those two those people tend to be the healthiest. They tend to be the happiest. They tend to live the longest because they're not constantly thinking about me, me, me. That's a very lonely world, in a way. You know when you look at happiness studies, one of the biggest barriers to happiness is loneliness. So, you could have a Ferrari and you could have a mansion but if you don't have strong relationships, it's really kind of lonely, right?

**Sam:** Yeah. Loneliness is actually one of the biggest surprises that I discovered after leaving corporate America in 2012. I was pretty lonely I guess for a year and a half, you know, but then I finally found some consulting work with some clients that I did business with online and I think that was really fulfilling. I took it a step further interestingly enough.

So Uber if you've heard of Uber, it's everywhere and it's all the rage here in San Francisco. I tried my hand at Uber driving. It really helped with the loneliness part because you were just talking to random people while you're just you know trying to kill time or just trying to look for stories. As a writer, I'm trying to always look for stories. It's such an interesting dichotomy between, you know, the well-off people in here in San Francisco and not so well people who are waking up early to open up, you know, a sporting goods store or a coffee shop at \$10 to \$12 an hour. It was just fascinating to read and hear people's stories.

I got an email or a LinkedIn message the other day saying, "Hey, you know, you don't remember me. My name is Jesse. You gave me a ride last year. Thanks so much. Because I've gone ahead and paid off my student loans and I've got my financial life in order," right? That was like an out of the blue email that just made me feel so happy and it felt like oh, this is what I like to do and this is what I want to continue to do. It just felt so rewarding more than any type of monetary benefit there is.

**Mark:** Yeah, no, it's fantastic. It's fantastic. It seems like you are the living embodiment of what you preach. I don't get the sense that you live to work. You kind of work to live and you've got all these other outside pursuits that you're pursuing, correct? You sound like a renaissance man.

**Sam:** I mean I don't know. I guess if I wanted to make a lot of money I would have stayed in banking. They didn't want me to leave. But I negotiated a system where I said, "Look, I'm going to train my junior that I hired a year and a half ago, even more. I'm going to introduce him to my clients. You know what? If you let me go, you're going to save a lot of money." I mean eventually the revenue probably would drop a lot but you



know that was besides the point. I was trying to sell them in reverse to let me go. But yeah I could have stayed in finance and made probably a lot more money. I probably made about 80% less than I was making for the first two years.

**Mark:** Right. How was that for you? I mean ...

**Sam:** It was fine. Well, it was fine because I had some passive income already from real estate and dividends of CDs and so forth. But it really was way less than what I was used to making. But because I had a very strong discipline savings habit of 50 to 80% of my after-tax income, it was like if I lost 80% of my income it was just kind of like well, my lifestyle was pretty similar because I was saving up to 80% anyway, right? It really didn't matter.

What I didn't realize and now I realize after leaving corporate America for so long was that you need much less than you think in retirement to be happy. Again, the reason why is because you have so much more freedom which fills your heart with so much happiness that you don't have to report to a micromanager or commute long ways to go to work. What the internet has done and what the gig economy has done is provided for a lot more optionality for people to do something different and to explore new things without falling through the cracks.

**Mark:** Yeah. I think it's the best time in history to be alive because of all of that, right? Everything is kind of level now, right? It used to be you'd have to have you know \$100 million to build a factory. Today with 3D printing you can build your factory like for less than five bucks.

**Sam:** I mean you and I...

**Mark:** Yeah, go ahead.

**Sam:** You and I are old enough you know I'm almost 40, to know that life was before the internet and technology, right? Now it's so cheap, and it's so much easier that it behooves everybody to try to leverage the internet in some way to try to make a lifestyle that they really, really want.

**Mark:** Right, right. So let's transition into that because I think my lifestyle is pretty good but I want to get your take on it. Are you ready?

**Sam:** Sure.

**Mark:** Okay, so this is my passive income model. Basically what we do is we send out, "top dollar offers" to people that own raw land that owe back taxes and live out of state, right? So there's no emotional connection to the property. They're already kind of advertising to the world they don't value it anymore. So a percentage of those people will accept the offer. Then we can go ahead and flip that property at about a 300% return on investment for quick cash. But my favorite way to sell it is owner financing. So it's a one time sale. We get recurring income on a passive basis on an asset that we don't have to maintain, we don't have to protect, we don't have to deal with any renters, any rehabs, no renovations, no rodents, right?

We don't have to worry about onerous litigation with real estate with Dodd-Frank, RESPA, the SAFE Act because we don't have a tenant, all that is exempt with land. We have about 1000% return on investment when we owner finance. We have a massive market and very little competition because you don't go on the DIY Network or HGTV and see flip this land. Plus, everywhere you look, people tell you land is not a great investment because it doesn't cash flow, even though we figured out a way to do that. Sam Dogen FinanciaSamurai.com, do I have the best passive income model?

**Sam:** I think you've got a great passive income model and I think the key is if it's working for you then continue doing it. Because not having all those issues, you know, people, rodents, maintenance, I think that sounds great. If you've found the key to doing that you should continue to do that.

**Mark:** All right, great, great. No arguments, no arguments. You know we don't get depreciation but if you can invest through self-directed IRA and grow your passive income tax-deferred or tax-free with a Roth. So that's even better. But alright, well, I thought we were going to argue Sam we didn't even have to argue. That's great.

**Sam:** Well, this is what I've realized online and with how other people make money and that is there is a plethora of ways to make money. A lot of people you know might not really make the money but they claim to or a lot of people actually really do. I tend to try to look on the positive side of things and, and just recognize there are many, many different avenues to make money. So it's a very open way of thinking, where there's so much money out there in the world you just have to claim your space and figure out how to make your own. I mean, just think about all the CEOs out there who are making 10s of millions of dollars, like hundreds of millions of dollars when their stock underperform the S&P 500 index or the NASDAQ, right?

**Mark:** Right.

**Sam:** You're wondering why do they get a 100 million dollar extra package for underperforming? I mean, that's crazy, right?

**Mark:** It is.

**Sam:** That's crazy. The realization is that you can say that's crazy, which I do think that's crazy. Or you can realize, gosh, there's so much money out there why don't you deserve to be rich as well? So your idea or your business on passive income with land I think that's great. It sounds good to me.

**Mark:** All right. I appreciate it. Well, I'm going to put you on the spot one more time and ask you for your tip of the week, a website, a resource, a book, something actionable where the Best Passive Income Model listeners can go right now improve their businesses, improve their lives. What do you got?

**Sam:** Well, I think there's one thing I try to tell a lot of people and that is if the amount you're saving each month doesn't hurt a little bit you're not saving enough. It's kind of like getting braces. If you ever had braces, if it's not hurting your teeth are moving. So that's really kind of the main tip I have in the personal finance realm, because everything starts with a really fundamental, aggressive saving model for you to be free and to build those passive income streams.

**Mark:** I love it. I love it. What if you have debt, Sam?

**Sam:** If you have debt, you can go to [FinancialSamurai.com](http://FinancialSamurai.com) and read about a lot of debt articles where you talk about should I pay down my debt or invest in the stock market or buy a CD or pay down my student loans or invest in real estate. I basically have created frameworks for you to look at and to figure out how to account and attack each kind of asset class in a methodical logical way and I think if can follow these frameworks you don't have to agree with them but you can follow kind of the idea of the framework just give it time and over time if you remain disciplined financial independence is an inevitability in my mind.

**Mark:** I love it, I love it. All right, so I've got a 15-year-old son, I have a 12-year-old son and I have an 11-year-old daughter. I go and I tell them look uncle Sam Dogen has some advice for you as far as to build wealth at your age. What would you tell them?

**Sam:** I would tell them not to read the article I wrote called *How To Convince Your Parents To Buy You Everything You Want*.

**Mark:** Okay.

**Sam:** And I would tell them also not to read the article about *Oh No Wonder Why Millennials Don't Give A Damn About Money* which basically analyzes data over a hundred thousand users that a millennial uses on his digital wealth management platform that says that typical millennial expects to inherit \$1 million and I was kind of like oh.

I think one of the key things for you Mark is you probably lead a pretty good life, you make good income and so use the key or the challenge really is to make sure your kids are grounded right and not to just grow up thinking this is how everybody lives and this is how good life is and not taking these things for granted. So I talk a lot about just being appreciative. There's this one article maybe they should read it, it's called *Spoiled or Clueless? Try To Work Minimum Wage Jobs*.

**Mark:** Yeah.

**Sam:** You've got to give them the perspective, you've got to make them feel the pain of hustling for that dollar because when you spend 10 hours trying to make \$80 [00:32:09] [indiscernible] they are not going to be as motivated buy that \$80 pair of shoes or \$200 pair of shoes. You know it's like you give them as much perspective as possible.

**Mark:** I think that's great advice. It really is great advice. We try really hard to give the perspective through charity work and through volunteering.

**Sam:** Oh wonderful.

**Mark:** So we do a lot of that and yet it's still a challenge because of where we live and whom they are friends with. So it almost feels like we take them out of that bubble for a day or two and then the next they're at their buddy's house who's got a theater right.

**Sam:** Yeah.

**Mark:** And you know it's very difficult I think in that sense. I think it's one of those daily kinds of little many things that you just have to constantly kind of talk about with your children and live it right. You can't say hey, you know, this is important, and then go out and do you know excessive things but not kind of counter it. Like we give every month to a charity called *Balls To All* and I show them hey look this is going out every month because it's, you know, I don't want to be and I don't think you should be the people that

have to go to a fundraiser and have to give. You know someone has to give to you first before you give. Give first and fill it every single month and automate it and you know you get that feeling of giving and then you can go out and I don't know. It's hard man, it's really hard.

**Sam:** What about taking them on like a family trip to India or something for a couple of weeks?

**Mark:** If my wife would go I'd love to that.

**Sam:** It's amazing. It's an amazing country and it's amazing to see the dichotomy between the wealthy and the poor and the poor vastly, vastly outnumber the wealthy maybe by a million to one I don't know it's just unbelievable. It's like these kinds of images and experiences that are just kind of seared into your head really put things in perspective.

You know it's like eating right. So you mentioned I play tennis and I play on those competitive leagues for years and I always have a struggle with my weight because food is so abundant in the United States. But then when you realize that there are like 750-800 million malnourished hungry people in the world and you see that you kind of like think twice about stuffing your face with a double cheeseburger and you know milk shakes at every single meal. So it's really like experiencing and seeing a different side of America, different side of the world that I think makes us all the much more appreciative.

**Mark:** Yeah, it's really interesting because one of my first mentors was Raj Shaw from Bombay and he would kind of talk about his growing up in India and how the United States is so wealthy that even the poor people are overweight, because like our calories we have cheap calories here. I mean it's just an abundance of food he's like you'll never see that in India.

**Sam:** And it's interesting you know it is a kind of irony and at the same time it's such a shame that we have to spend so much more on healthier foods. Like some of those foods [00:36:06] [indiscernible] whatever it's so much more expensive. So yeah it's all about gaining perspective, right?

**Mark:** Yeah, absolutely. Well I'm going to give my tip of the week which is going to be learn more about Sam and find out why millions of people every single month go to [FinancialSamurai.com](https://FinancialSamurai.com). I will have a link to it in the show notes and what's interesting is he's got on the sidebar most commented posts *How Much Money Do The Top Income Earners Make*, *Creating Powerful Friends*, *How Much Do People Have Saved In The 401(K)S At Different Ages*,

*The 1/10 Rule For Car Buying* that everyone must follow. I love that headline by the way *The 1/10th Rule For Car Buying*.

**Sam:** The 1/10th rule is I think it's a controversial rule but it's a rule that I think has helped keep me disciplined because I am a car fanatic. I think many males start in high school or whatever to see cars and they're like the first thing they want to do is buy a nice car once they graduate from high school or college. And then I think that a car is an American obsession which I think is awesome but I think it's also one of the biggest personal finance disasters there is.

So to try to motivate people to make more and keep disciplined in their car spending obsession my rule says don't spend more than 1/10th of your gross income on the value of the car. So if you make \$50,000 a year which is the median household income buy a \$5000 second hand car. There's nothing wrong with a seven-year old Honda Civic. You know you're not going to look trendy but you're going to keep your finances in check. If you want to buy the \$50,000 BMW 5Series you know what, go try to make \$500,000. You're not only going to push yourself to try to make more and do better financially you might actually get there and you'll feel so much better about your finances as a result.

**Mark:** I love it, I love it. I love the article scraping by *Scraping By on \$500,000: Why It's Hard For High Income Earners To Escape The Rat Race* and you know it's interesting because I talked to a lot of people that feel that. They do make \$500,000, \$800,000 a year and they kind of feel poor.

**Sam:** Yeah, again it's just a framework in perspective where they are comparing themselves to the people making millions, right?

**Mark:** Right.

**Sam:** And it's just you've got to take a step back and you've got to realize how fortunate you are and stop being so delusional with how much money you are making and how it's not enough. But to be frank I found making \$200,000 to \$250,000 a year much more rewarding than making over \$500,000 a year and the reason is because one you're not paying like a \$150,000 to \$200,000 a year in income taxes which feels quite extreme if you don't believe the government is an efficient organization which I don't think it is. I think too much politicians are too hurray and they give promises they don't keep and there's always a mismanaged budget and all of that stuff. So I don't think paying that much in tax to a government who is inefficient is a great way to go.

But also to make that type of money you've got to work generally pretty, pretty, pretty hard. Like for most people you know there's doctors, lawyers they have got to go massive schooling, they've got to work 60 to 70 or 80 hours a week and that stress like takes a toll. So what I found is that the \$200,000 mark is quite interesting because you're probably paying a \$50,000 a year income tax which I think is a decent amount. I think you're contributing to society but still paying your income taxes and you're not killing yourself as much as like \$500,000 earners and you kind of hover right below that level where the government deems you us rich.

They are always talking about oh if you make over \$200,000 you're rich or that if you live in San Francisco you want to buy a median house of 1.1 million you're not rich because the house is five and half times of 200,000. So it's all again relative. It's definitely a good living but you know if you're thinking about trying to make more and more money there's never... there's always one more dollar to make. So I have interviewed many people who make 1 million, 2 million, 10 million, 25 million a year and they compare themselves to the people who are worth billions and they're not my mansion is not that great or my vacation is not. I mean it's just endless cycle it's so hilarious that as if it's unbelievable.

**Mark:** Yeah, I mean if you're not writing every day in a gratitude journal start today because I think you're going to...

**Sam:** Mm yes.

**Mark:** Right, start today and I say this all the time comparison is the thief of happiness right.

**Sam:** Yes.

**Mark:** Just stick to what you have and don't compare yourself to other people. Just you know what so you've got one life to live just do your best every day and I think part of that now can be going to [FinancialSamurai.com](http://FinancialSamurai.com) right.

**Sam:** I appreciate it. You know I try to use as real data as possible and examples to highlight specific points and frameworks but also try to not be so like in your face and say hey look at me, look at my life and all of that because it's just I don't know. I feel that that will create unhappiness to my readers. They will be like, "Well Sam doesn't have to work and he makes X." I feel bad about myself and that's actually exactly what I don't want people to feel.

**Mark:** Yeah.

**Sam:** I want people to feel motivated and encouraged like there's possibilities. You know there's some hope to doing this even if I don't get to X level I can get closer if I try and that's another thing I really believe in. You know hard work doesn't require any skill at all which is amazing. You can be [00:42:31] [indiscernible] or have no skills and that's the beauty of hard work. So at least you never want to never fail due to a lack of effort, you never fail due to a lack of effort. You can fail because maybe you're not smart enough or exogenous variables or competition or bad luck but at least you know you tried your best to do whatever it is you wanted to do.

**Mark:** I love it, I love it. Well this has been a great podcast and I love that fact that you don't use what I call these hot cognition points for your marketing because I really and I believe the same thing that you believe that those hot cognition hot points actually cause more dissatisfaction than happiness. You know seeing those pictures of Sam Dogen on the beach on a \$50,000 Hawaii vacation or you know in front of a luxury car or in front of this massive house that who know if you can afford the next month mortgage or not.

But you know they're manipulative and in the marketing world and people see them and think okay well if this guy can do it and he must know all the answers, he must know more than me and seems really happy. That must be the key to happiness and it's just not if anything it's quite the opposite. So I think that's great and I think more people should be doing that actually because they know better, right?

**Sam:** Yeah and the sad thing is that I think that type of marketing does work to lure people in to buy their products and all that stuff it does work. I just feel bad because I know most people won't get there and rather than creating that comparative feast you know I'd rather just keep things low key.

**Mark:** Exactly, exactly well that's great. Well I want to just remind everybody to learn more about Sam go to [FinancialSamurai.com](https://FinancialSamurai.com) that is my tip of the week. I want to thank all of the listeners and I want to thank Sam Dogen again for coming on the podcast and we'll see everybody next time. Thanks Sam.

**Sam:** Thanks a lot Mark. See you guys.



*[End of Transcript]*