

Ep59: Automatic Millionaire – It’s Easier Than You Think!

December 3, 2020

PATTI BRENNAN: Hi, everybody. Welcome to “The Patti Brennan Show.” Whether you have \$20 or 20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives. Joining me again is Gregg Stebben, journalist extraordinaire.

He and I are going to bring home this podcast program for the end of the year, and I’m so excited to talk about what we’ve learned with COVID and what we’re doing going forward. Gregg has so many great points and great questions that he was asking me, so we decided to record it.

Gregg, thanks so much for joining the show.

GREGG STEBBEN: Oh, Patti, it is always great to be here. It is such a pleasure and such a joy to be with you. Maybe it’s just me, but I’ve noticed it’s been a strange year. It’s not just me, right?

PATTI: No, it’s not just you, Gregg. If there’s anything that COVID has taught us, is that there really are so many things that are really out of all of our control. Really, let’s think about it. We can’t control an invisible pathogen that swept across the Earth, really ending the lives of 1.4 million people.

It’s really a scary period of time. A lot of people are feeling disjointed and out of control. I think that the things that you and I are going to talk about, the questions you were asking me, I think, are really, really important right now.

GREGG: Your point about control is a really good one. I have felt, I think, the way almost everyone else has. I realized, in some part, I think, thanks to the conversations you and I have been having, I realized at some point during this long shelter in place period that there was one thing in my life I could take control of that I frankly I had avoided taking complete control of in the past. That was my money.

PATTI: Gregg, that’s what I love about you. You’re so very real. It’s true, a lot of people just put their heads down, go to work, deal with their kids, and do all of these things, and it’s an afterthought. The upside to what’s happening is we are finding ourselves more at home.



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A lot of people are, do find themselves having more time, and really are taking a look at their finances and saying, “Gee, I can’t control all the stuff that’s going on outside, but I can make better decisions about this.”

GREGG: Yes. I went through that, and I had to be honest with myself about how frankly irresponsible I had been about money. Look, I’ve made a good living. I am in a good place financially, but I always knew that I could do better financially, and that I should do better financially.

That’s when I discovered, doing a little research, that only about 50 percent of Americans have a budget. I was part of the other 50 percent. Just the word budget would make me roll my eyes, and if I could, get up and walk out of the room. I wanted nothing to do with it.

I realized, thanks to COVID, that what I was doing was giving up control, giving up control of one of the most important, power assets in my life.

PATTI: You are not alone. First of all, 37 to 40 percent of Americans are right where you are right now, Gregg. They’re being much more mindful of their money and where it goes. I am so with you. I am not a big budget person.

I’ve always said to you before, to me, the word budget’s like the word diet. It sounds like I’m giving something up. It sounds like there’s sacrifice. I think that there is a different way to frame it. I think that, when you think about it, you’re just realigning your expenses. Instead of wondering where your money is going, tell it where you want it to go.

GREGG: Yes. Well, so, for me, again, you could probably say I started obsessing about this a little bit, partially because I was at home. I have had, I think like a lot of people, more time on my hands than normal.

Typically, when I had time on my hands, I would walk out of the house, get in the car, or walk out of the house and go do something. We haven’t been doing that this year. You’re at home.

PATTI: Yeah, typically, you’re probably going out to dinner, going to the mall, or maybe even going on vacations that really aren’t happening right now.

GREGG: Interestingly enough, usually, once you walk out of your house to go do something, like go to dinner, go to mall, or go on a vacation, what you’re actually doing is you’re doing something that has some impact on your finances.

I can tell you, I’ve been married for over 20 years. For over 20 years, my wife Jodie has said every year, “We have to figure out how much we spend on restaurants.” Every year, I pushed back on that. Truthfully, I didn’t want to know. I like eating out. We ate out all the



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time.

In 2020, we haven't eaten out. For me, that was a huge realization, and frankly, an opportunity from this year that really set me down this road of taking more responsibility for my finances. I realized that, if I dove into our finances this year, unlike any other year in my adult life, it was going to be easier for me to dig into the data and evaluate it, because we haven't been eating out.

We haven't been going to the mall. We haven't been going on vacation. We really could look at what we spent. First of all, there was just going to be a lot less data in the spreadsheet, so it was less overwhelming.

PATTI: Right, less transactions to have to wade through.

GREGG: Far less transactions. We could also look and really get a benchmark of what is important and essential, because that's almost all we've spent on this year. Oh, and some sourdough starter as well.

PATTI: I love it. You've got to through something in there to get yourself through. That's the key. I give you so much credit, because just taking that first step is a huge deal. Just to accept and recognize that it's something that you haven't been doing, you probably should do it.

OK, inertia, forget about it. You've got to just start somewhere. You know what? Once you get started I don't know if this is happening for you and Jodie, Gregg, but people I've talked to have a sense of empowerment.

They feel more organized. They feel more in control. It's a really good feeling. The decisions that they're making are a little different. It's not bad, it's all good. I think it's so interesting. McKinsey had a study, and what they found is that 40 percent of Americans have the intent of spending less money at the stores, but they're doing more online.

What's even more interesting to me is brand loyalty is out the window. They're just going for the best deal, because of what you and Jodie are doing. It's the awareness. Do you really need to pay those big ticket prices when you can get pretty much the same thing for 70 percent of the cost?

GREGG: I like how you talk about control. What I found is, by really, again, for the first time in my adult life, being able to roll up my sleeves, dig into the data, and take responsibility for where we were and are spending our money, I did actually begin to get the sense of what it's like to be responsible for my finances, in a way that I had never been responsible before.

I've always paid my bills on time. I don't think I've ever written a bad check. I've always



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been a very responsible person, financially, but I never took responsibility for the whole of my finances. Again, I thought this year was, I have the time.

It's a very unique and special dataset in my financial life as an adult, and I'm going to take advantage of that. We now do have a budget, and it doesn't feel like I'm following a diet, to use your analogy. It feels like something I own instead of something that owns me.

PATTI:

Wow, what a powerful message for everybody listening today. I love the way you put it, Gregg. It's the idea of you were very responsible, but you weren't taking responsibility. There is that just slight shift in the way that you phrased it is huge, absolutely huge. Good for you.

I think the fact that it doesn't feel bad, it actually feels good. You feel like you have control. It's big boy and big girl stuff that we're dealing with.

It's your life, and you get to spend...You work your tail off. I know you, Gregg. You work really hard. I talked to my kids about money, and I talked about this concept. We would go out shopping, and the kids would beg.

"Mommy, can I get this? Mommy, can I get that?" I would say, "No," and they would look at me. I say, "It's not that we can't afford that. It's just that we don't choose to spend our money that way." That really has, I believe, gone a long way as they've become responsible adults, taking control of their own spending.

It just is, again, it doesn't have to be confining. It's just realigning how you use your money. That's it.

GREGG:

To draw on my personal experience again, instead of it being confining, I actually feel like I have more freedom. Not freedom necessarily to spend, but I think I have freedom from worry, from guilt.

I think we all have negative things associated with money. I think that's just the nature of money. I have actually found that taking responsibility, owning the data, creating a budget...Part of it for me, frankly, was creating a process that I could stick with. I now have for enough months to know that I will stick with it for a long, long time.

We might talk about what would that process look like, but I have found that it is, I think I sleep better. I think I used to wake up and worry about money. Not that I had any specific worries, but I just didn't know. I was worrying about the unknown.

It's not an unknown to me anymore. I think it's actually brought freedom and a state of grace to my marriage, because Jodie always wanted to be more responsible about money, and I pushed back. Now, we're aligned and we're partners about our money. It's our



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money. It should be something that we own together.

PATTI:

You know what? It's fabulous what you have done. It just is. It takes that effort. It takes that recognition that it can't be a one off to develop a repeatable process that's easy to follow. Over time, it just becomes a habit.

Those habits can compound over a lifetime like you can't even believe. Kudos to both of you. I think that one of the things that I'd like to help everybody listening today is, how can we make this as easy as possible?

What are the hacks out there that can make all of this not a painful process, but for you, an empowering one, one that gives you that sense of freedom, of peace of mind? Anxiety is defined as fear of the unknown.

If you don't have your arms around stuff, whether it be financial stuff, worries about the kids, or what have you, that's where anxieties really increase. If we take away that fear of the unknown by just sitting down, getting one of these hacks in place that's easy to follow, literally everybody listening in three months, in six months, you can feel like Gregg and Jodie do.

Here's a question. How long, how many months did you go through? How long did this take you to get you from A to B?

GREGG:

Well, the interesting thing is I have tried different tools in the past. We all know there's Quicken. If you own a small business, Quick Base. There's Mint, but those tools, what I'm about to say is not a critique of the tools themselves. It's just that they never were a good fit for me.

I think one of the things I learned in this journey is you're going to need some kind of tool to do this. It could be a spreadsheet. It could be Microsoft Excel. That's fine, I think, but it needs to be a tool that works for you.

What I realized is I needed to think about the screens I already look at regularly during the course of a day and the tools I use on those screens. What I discovered was a product I had never heard of. It's called Tiller Money.

What I love about it, and why it made this so easy for me, is it's like Quicken or Mint. It downloads all the information from your bank automatically. It lets you categorize things, so it automatically categorizes things in the past. It automatically makes a budget.

It's not a piece of software, and it's not an app. It's just something you add to your existing Microsoft Excel or Google Sheets account. It's embedded in the spreadsheets that I already knew how to use. I always wanted to manage my money in spreadsheets, but I hated the



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idea that I had to download the stuff from my bank.

I had to import it into the spreadsheet. I then had to catalog all these things. This does all those things for me. Once I found a tool that made sense for me, it turns out that that was actually the biggest barrier. Now, I want to manage my money, because I don't have to think about how to make the tool work.

I already know how the tool works. It's a tool I use, a spreadsheet, every day.

PATTI:

It's a really important point. You've got to make it easy. I think automating as much as you possibly can is the key for all of this. I love the idea of going into things that you're already going to be going into.

Another tool that I really like is this tool called Simplify. What it does is it does the same thing. It pulls all of the data. It's called aggregation. It aggregates all the data into one place, and it automatically categorizes your recurring payments.

You've probably heard, Gregg, the 50 30 20 rule. 50 percent of your expenses should be your needs, your mortgage payment, your rent, utilities, recurring payments that are just going to happen. 30 percent would be to your wants.

That's that discretionary, those decisions that you make on a discretionary basis. Then 20 percent to savings. What this tool does is it takes those recurring payments that we all make. It categorizes them for you.

As a sidebar, I think one of the problems with a lot of these tools is you have to categorize them. Half the time, it comes in, it's wrong, and it's a pain in the neck to keep it up to date. Whereas these tools are really using smart technology, so you don't have to do that.

It lumps them. These are all your fixed expenses, your recurring payments. 50 percent, whatever that number is, it is. Step two is you put in the amount of money you want to save each month. It's looking at how much is being deposited each month, and then it automatically uses the algorithms that says, "OK, here's what's left over. Go have at it."

It's literally doing the budgeting for you in terms of making sure that the needs are taken care of and your savings are taken care of automatically. Then you get to spend the rest. You don't have to add up how much am I spending on utilities, how much am I...?

You can, if that works for you. Everybody is different, to your point. Figuring out what's going to work for you, that, to me, is the most important thing. Something that you're going to be able to stick with. Once you've found that, it's just a matter of looking at it every once in a while.



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It's a real eye opener for people. It can tell you, "Gee, if I save the money first and spend what's left over, I'm going to hit all of the goals that are important to me. I'm going to educate my kids, get that second home, retire in comfort, and never run out of money." It is a done deal. Then you get to spend the rest.

GREGG: You know what I love about you, Patti? Which I just learned from you right now, as you said.

PATTI: What's that?

GREGG: I am a micro guy. I'm looking at the, managing my money by the month. You are explaining to me how, "Oh, Gregg, if you manage your money by the month, what you end up with" – this is what you are so brilliant at is – "You actually get to own the big picture."

I hadn't even thought about the big picture of retirement, a second home, where do I travel? I've just been thinking about where do we spend our money every month? You're absolutely right. Those big goals are the things that are going to motivate me, and I think motivate most people, to follow through on the program.

PATTI: That is exactly it. Here is the beauty of this. Let's think about what's happened with COVID, where people are aligning their expenses, and what that means. The savings rate in America is higher than it has been in 30 years.

The question is what are people doing with that money? Let me motivate you a little bit more, Gregg, OK? You could stick that money in the bank, or let's just do something simple. Let me just take an IRA. Let's say that you're going to put \$6,000 into an IRA each year.

If you get seven percent over 30 years, that will compound and grow to \$600,000. By the way, I need to tell you that this idea came from Ben Carlson who writes a blog called "A Wealth of Common Sense." He is so great at just simplifying things and showing everybody how easy it is.

Frankly, not everybody can save \$500 a month, but I want to show you the impact of compounding over time. Let's say that we increase that by \$20 a month, just \$20. Not a lot, just \$20. It might mean less stops at Starbucks or not stopping at Wawa in our area, whatever the case may be.

What do you think the difference would be 30 years from now at that same seven percent?

GREGG: Just to show how bright I am, \$20 a month, that's \$240 a year, right?



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PATTI: Yep, over 30 years.

GREGG: Over 30 years, I'm going to say over a million.

PATTI: Actually, the difference, what I was looking for, it adds \$260,000 to the \$600,000, so you were on the high side. You must be an aggressive investor, my friend.

Definitely. If I did the numbers at eight percent, you're definitely in seven figures. Now, what's interesting about that is, as people get raises, as people's life changes, or what have you, just by automatically increasing your savings – whether it be to your 401(k) or these outside savings – it can make a huge difference.

Here's the question, Gregg, because this is what we're talking about today. We're talking about taking control of your money and taking control of your future. It's fine and dandy to be able to save that money and increase it by \$20 or \$50 a month, but where is that money, where is that going to come from? It's got to come from somewhere, right?

GREGG: Yes.

PATTI: I want to share an idea with you and everybody listening, an idea that's called snowballing. Here's the way it works. When you're looking at your bank account, when you're looking at your expenses, just pick something to stop.

It doesn't have to be big. It could be a cable channel. In my case, when I was doing this, honest to goodness, I'm a financial planner. I'm embarrassed to admit this, Gregg, but here it is. I have been subscribing to a legal application.

I'm going to give the name. I will tell you it's \$39 a month. I have subscribed to this thing for, like, three years. Ask me how many times I've used it.

GREGG: How many times have you used it, Patti?

PATTI: Not once.

GREGG: [laughs]

PATTI: It's crazy. I wanted to have it, just in case, if I need a lease, or I wanted to look at changes in the Pennsylvania healthcare power of attorney, or whatever. I just always like to have access to the latest and greatest.

Have I ever opened the application? No. 40 bucks a month. I stopped it, and there's money. That's real money. Again, compounded over time, my children, my grandchildren, they're going to have that money that I was spending on this legal service that I wasn't even using.



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GREGG: One of the things I discovered by taking this responsibility for my money is I didn't have anything for \$40 a month I wasn't using, but in total, I probably had more than \$40 worth of things I wasn't using.

I think this is the design of programs like that. Once it starts hitting your credit card, if you don't look at your credit card bill very closely, you forget. You forget that you're paying \$3 for this, \$5 for this, \$1.99 for this, \$4.99 for this. I was shocked and frankly embarrassed by the things I had been paying for that I turned off.

You've given me the big picture idea here, which is to take the money I was already spending and to put it into something that's going to grow exponentially over time, thanks to compounded interest.

PATTI: I think, for you and for everybody, you want to automate it. In this case, what we've just talked about is becoming an automatic millionaire. Literally, an automatic millionaire. You just redirect that money that you were spending on these things that you weren't really even using, and what a difference it's going to make.

You're going to be able to retire sooner than you ever dreamed possible, have higher cash flow. Once COVID is over, and it will be over, go on those wonderful vacations. Do the things that you want to do, and you're doing it because you're choosing to.

Because, again, you're not wondering where your money is going anymore. You're telling it where you want it to go.

GREGG: Did you just come up with automatic millionaire just now?

PATTI: You know what? It's a concept that I read about. I think there was a big about it at some point. I'm telling you, Gregg, I use that all the time. Literally, you just run the numbers, and you just earn that seven percent per year. You can't not be a millionaire.

GREGG: I love that. I'm borrowing that from you, and you get full credit every time I say it.

PATTI: Thank you so much.

GREGG: I want to be an automatic millionaire, so I'm going to do what it takes to be an automatic millionaire.

PATTI: Doesn't that do something for that anxiety that you were talking about, those sleepless nights, and the worries of not really knowing, are you OK? Are you tracking? When we do these things, these are small life hacks that make a huge difference over time.



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Not only in terms of 30 years from now, but right here, today. It's making a difference for you and Jodie, and it's going to make a difference for everybody listening to this podcast today.

GREGG: I want to just add two other things to that that I think might be useful. These were things, one motivated me. That was, on top of the fact that I realized that the year of COVID made this a unique year, and probably an easier year to get started, I also realized, it's the end of the year.

Get it done now before 2021 starts, because if you don't tackle it and get it done now, you'll put it off until next year – which, if you're like me, is what you've been doing for 20 or 30 years. This is literally, you're at home, it's the holidays. You have more time off from work. You can't go anywhere.

Find a tool and get this done. I can't tell you how much the end of the year motivated me. Then talking with friends about this. One of the things I realized is, I don't have kids, but my friends who do, we started talking about how, if they took this on, if they got their kids involved, first of all, the kids could help them with the tool, the automation part of it, because kids are great at that.

The other thing is, if you get them engaged in how your family is budgeting money, it's only going to help the entire family for everybody to understand where the money comes from and where it goes. Why not also set up an account for your kids, so they can begin to budget for themselves, too, so they don't have to reach my ripe old age before they start doing this for themselves for the first time?

Let them start now, while they're 10, 12, 15, or 17?

PATTI: You know what, Gregg? That is an even better idea than the one that I used. With my kids, my hack was I would get them a debit card. It would be a joint debit card, and together, we would go through where they were spending their money.

Again, that takes time. There's a hassle factor. It wasn't necessarily being categorized. I basically looked them in the eyes and said, "Hey, let me tell you something. I know what you've been doing in college," right?

GREGG: [laughs]

PATTI: All of a sudden, it made them realize that, yes, they are accountable. I really like using, taking that one step further and empowering them with a tool like Tiller, Simplify, or whatever. Again, it doesn't matter what the tool is, although I will say one thing.

You want to be cognizant of the privacy settings on these tools. Some of them will sell your



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data, and you may or may not be comfortable with that. Just go into this with your eyes wide open, OK?

GREGG: I think that's a really great point. The thing I realized as you were describing this is a benefit of getting your kids having their own budget and using the same tool as you is, not only can they help you master the tool, but they then become your tech support down the road when you need more help with the tool.

PATTI: Oh, yeah, baby. Let me tell you something.

GREGG: [laughs]

PATTI: I am joining this century. I'm changing, and I'm getting an iPhone. I have a Samsung. I'm finally getting an iPhone, because I want to be able to do the FaceTime. Let me tell you something. Converting my information from Android to Apple, not an easy task. I'm letting the kids do it.

GREGG: They've got the whole holiday period to get it done, is my guess.

PATTI: They're going to need it, with all my pictures, that's for sure. [laughs]

Gregg, thank you so much. This was so great. I always worry about topics like this, because I don't want to bring up the "you've got to be careful where you spend your money" type of conversation.

It makes people feel guilty. It makes them feel that anxiety or that I'm shooting on them. Today's podcast, and what you've brought to the table, has been so helpful in terms of how empowering it can be, and how it can bring peace of mind, a sense of freedom, and a sense of, "Wow, we're really making progress."

I can't thank you enough for joining me today, Gregg.

GREGG: Oh, Patti, it is such a pleasure. Thank you so much for letting me join you here.

PATTI: It's always fun. It is amazing what comes out of these podcasts with Gregg Stebben. For those of you who are listening, stay tuned, because Gregg, is going to be joining me for a final conversation about 2020.

What have we learned? Let's go back. Yes, it's been a difficult year, but there have been so many good things that have happened as well. What's some of the perspective that Gregg can bring to the table? He's got a worldwide global view of things, and I certainly have a thing or two to say myself.



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Thanks so much for joining me, and I hope you all have a great day.



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