**EPISODE 55:**

**Being Frugal: The Crux of Financial Happiness**

[INTRODUCTION]

**[0:00:05.3] Benjamin Felix:** This is the Rational Reminder Podcast, a weekly reality check on sensible investing and financial decision making for Canadians. We are hosted by me, Benjamin Felix and Cameron Passmore. Today we had Jonathan Clements as a guest and he's a – he was at The Wall Street Journal for many years. He's a fairly notable journalist in the US in the personal finance beat.

**[0:00:28.4] Cameron Passmore:** Yes, we had a chance to meet him in New York City. It was an amazing interview. Here's a guy who as you said, spent an entire career basically telling the same 20 stories over and over again about personal finance but yeah, he was at Wall Street Journal for 13 years and he had a stint at Citigroup for a while.

He's written some phenomenal books on personal finance, the one I like the best is called, *From Here to Financial Happiness*. Which actually, did you know has a foreword from Dr. William Bernstein?

**[0:00:56.7] BF:** Cool.

**[0:00:57.2] CP:** That's very cool. He's friends with him and Charlie Ellison, the late Jack Vogle. Really well spoken, humble, thoughtful, I thought the interview was fascinating.

**[0:01:08.9] BF:** You can tell from talking to him that he has spent a ton of time thinking about every aspect of personal finance which I mean of course, he has. And writing about it, which solidifies the stuff that you think about.

**[0:01:18.8] CP:** He's on the advisory board of Creative Planning which is a very large RIA in the US. He also has a website now that he's, what do you call it, not retirement but he's got economic freedom so I guess he can do what he really wants to do so he's got this website called humbledollar.com which is just chalk full of good, sound financial advice.

 

**[0:01:38.7] BF:** Yeah, it's a good website worth checking out.

**[0:01:40.9] CP:** Hope you enjoy it.

[INTERVIEW]

**[0:01:47.4] CP:** Jonathan Clements, welcome to the Rational Reminder Podcast.

**[0:01:51.0] Jonathan Clements:** Hey, thanks for having me on, I really appreciate it.

**[0:01:52.8] CP:** We are super excited to have you on. I've read your stuff for years and I appreciate all the work that you've done in this space for – it's got to be 20 plus years.

**[0:02:01.4] JC:** Yeah, actually I've been kicking around Wall Street since 1985, that's when I got out of university in England, I worked there initially and then I've been in the New York area since 1986 and most of that time as a financial journalist.

**[0:02:17.4] BF:** I read in your recent book where you talked at length and I want to hear your story about your family's history with money because I think it sets the tone for you and finance going forward.

**[0:02:28.8] JC:** One of the things that I say to people a lot is that values are passed down through the generations, in the stories that we tell. The case of my family, our family story is a whopper. If you go back to my great great grandfather, when he died according to newspaper reports, he was the richest man in Britain.

That wealth was passed down to my grandfather's generation. He and his five siblings inherited what today would be millions and millions of dollars. They blew it. My grandfather's four siblings blew it on wine, women and song, it only took them a couple of years. My grandfather took a somewhat slower approach, he blew it on farming but gentleman farming.

He would start with large farms, he would run through the capital that he had so he would trade down to a smaller farm, free up additional capital and then that would have allowed him to run his own proper farm for a few more years until he traded down again. Eventually the farms got too small and that is when he retired.

I grew up hearing this story, as did my two brothers and my sister, and it more than anything taught me the importance of thrift. It taught me the importance of being careful with your money. One of the consequences of this great family story is that my two brothers, my sister and they were all very different people and yet we are all extremely careful with money.

I put it down to this great story. I say to people, if you're raising kids and you want to teach them about money, tell them family stories that illuminate the values that you want to pass down through the generations. If you have to, you can embellish a little bit. It is okay to lie. If you want to encourage your kids to be prudent when they get out of college and into the work world, you should talk about what it was like when you entered the work world in the way you save money and how they were mice and cockroaches in your apartment, even if there weren't.

Make the stories dramatic enough that they stick in your children's heads and they too will be more careful with money.

**[0:04:36.8] BF:** That's really good context. Where you are now and with those stories in your head. How do you think about money?

**[0:04:44.0] JC:** That's a big question, you want to be slightly more specific?

**[0:04:47.8] BF:** How do you think about the relationship between the value of money and how that interacts with time and energy?

**[0:04:55.3] JC:** Yeah, money exists to buy us time and as we get older, time becomes more valuable and we really want to use it, our money, to maximize the time that we have. I'm now age 56 and I call myself semi-retired which means that I'm working harder than I ever have in my life but I'm working harder than I ever have in my life on things that I feel passionate about and the thing that I'm most passionate about is trying to talk to people about money in a way that not only encourages them to be rational in their financial choices but also acknowledges that we are all human.

We are all fallible, we are all trying to get different things out of our financial lives and sometimes, we make bad financial choices. I mean, everybody does, the important thing is to make sure those choices aren't devastatingly bad.

Yes, everybody I believe should own a globally diversified portfolio of index funds but you know, if you're going to cheat a little bit, if you're going to own a few individual stocks, I'm not going to grail against the decisions that you make but what you should do is just make sure that you limit to only a couple of points in your portfolio.

**[0:06:04.9] BF:** Did you believe in that investment philosophy all the way along or did that change to the years?

**[0:06:09.6] JC:** When I first started writing about US mutual funds in the late 1980s who was mostly focused on actively managed funds, that changed in the early 1990s and I became more and more of an advocate for index funds, partly because that was what the data told me would be successful. But also because of the availability of index funds. I mean, you forget that as of the early 1990s, there were only a handful of index funds available.

Mostly focused on the SMP 500. Even if you wanted to build a globally diversified portfolio of index funds, they just wasn't a large amount of choice and then what we've seen since then has been an explosion in the number of mutual funds devoted to indexing and particularly, you know, as a consequence of the introduction of exchange traded index funds.

People are always ringing their hands saying Wall Street is terrible, Wall Street is terrible but it's not as bad as it used to be and one of the ways is not as bad as it used to be is we have this incredible array of low cost, index mutual funds and ETX at our disposal. Today, people can build low cost, globally diversified, super sophisticated portfolios that would be the envy of institutional investors a quarter of a century ago. That's how much the financial world has changed.

**[0:07:32.2] BF:** One of the things that you write about fairly often is how simple investing is and I agree. Investing is simple. What do you think the hardest part is?

**[0:07:39.7] JC:** The hardest part is accepting that it is indeed simple and not trying to be overly clever. We are hardwired to believe that the harder we work, the more clever we are, the better our results are going to be and it's simply isn't the case, you need to look no further than the performance of hedge funds.

Hedge funds have been touted as the ultimate in smart money and certainly, people who own them will have to boast about them at the country club but the reality is, the results from hedge funds have lagged behind the broaden market for many years and you shouldn't be at all surprised. I mean, most hedge funds charge these incredibly high expenses and nobody in an efficient market is smart enough to overcome those expenses.

That's why we all need to take a hefty dose of humility, look at our investment results and say hey, am I really doing better than the market averages or should I just settle it for capturing the market at the lowest possible cost? If you're looking at your results with clear eyes and you have that dose of humility, you'll realize that yes, that is what you should do.

You should simply capture the market's performance, the lowest possible cost and then go of and do something better with your life.

**[0:08:52.2] BF:** My observation is that individuals are embracing that faster in Canada than the industry is. Would you agree that that is true here and do you think that the industry should be moving faster towards that basic philosophy?

**[0:09:06.3] JC:** One of the things that's funny here in the US is, the mutual fund industry, it's taken to talking about how much investment costs have dropped for mutual fund investors over the past 10 years. But why have cost dropped so much? It's not because the mutual fund companies have been cutting fees, it's because investors have been voting with their fee.

If you look at the last 10 years, over a trillion dollars have flowed in to US funds that are indexed and over a trillion dollars have flowed out of US funds that are actively managed. Everyday investors, looking at the numbers, looking at their own results, realizing that they are not getting the sort of performance that they expected and they're returning to index funds.

It is a great development and money management companies around the country are scratching their head and figuring out how we're going to combat this. Because there isn't a good answer.

**[0:09:59.8] BF:** Yeah, I agree. Now, I know the answer to the question that I'm about to ask that a mutual fund company would give but I want to know your answer. Are there any reasons not to invest in index funds? Any reasons that a retail investor should invest in something other than index funds?

**[0:10:14.4] JC:** I could imagine a situation where somebody has a substantial amount of their wealth invested into a single company. Perhaps they're a senior executive, perhaps they have a pot share in some private business that say, gives them great exposure to the technology sector.

At that point, you might want to design a portfolio of publically traded securities that does include any tech exposures so that you're not doubling down on that bit. But, with the array of index funds that are out there, you could probably still do that and still be indexed. It's just, you may not want to be buying broad market index funds which for my money is probably the first place you should be going in the corner stone of any portfolio.

**[0:11:01.4] CP:** In the past, I believe you've written about your hesitation when it comes to factor investing, a small cap value profitability, but do you tilt at all in your own portfolio even if you do or don't, why not?

**[0:11:12.4] JC:** I do tilt towards value in my portfolio, I do tilt towards small stocks in my portfolio. I do it with my fingers crossed. I've read the research, I find the research convincing. What I don't find convincing is the explanation that is given. For the value effect in particular, to continue to provide, better than market returns. It has to be riskier than the market.

Various stories have been told to explain why value stocks are riskier. Frankly, I'm not quite buying it. When I think about why value stocks have outperformed, to my mind, it seems to be behavioral story that people pay up too much for the growth stocks and for the wonderful stories that come with them. If it is indeed a behavioral effect, then it's entirely possible that people will learn from the errors of their way and the value effect will disappear.

I'm hoping that human nature will remain flawed, that's why I continued to tilt towards value in my own portfolio but you know, I my quieter moments, I say to myself, if this doesn't pan out over the long haul, I'm probably not going to do a whole lot worse than the market and in the off chance that this behavioral bias continues, I will indeed benefit.

**[0:12:33.7] BF:** It's basically just a diversification decision that you've made?

**[0:12:36.0] JC:** It's a diversification decision and one that I have enough confidence and will work out that I'm sticking with it but I'm not going to put my hand on my heart and swear I'm sure this is going to happen.

**[0:12:47.6] BF:** You mentioned a couple of instances where it might make sense for someone not to use a traditional market cap weighted index fund. I think a lot of the times where people will stray from that is when they start to have an increasing amount of wealth? Why do you think that is? Why do you think people with more money want to do fancier stuff with their investments?

**[0:13:03.6] JC:** Because people with more money think that they should have something more sophisticated. They think that perhaps being in an index mutual fund that only has a 3,000 or $10,000 minimum, they shouldn't be messing with the hoi polloi, they should have something this exclusive and it simply isn't the case.

Most people would probably be well served by just having a portfolio that consist of you know, broad exposure to their domestic market, broad exposure to the international market and broad exposure to the bond market and be done with it.

If you want to mess around a little bit, you tilt towards value, tilt towards small, even gamble, which is what I think it is. If you end up with individual stocks that's fine. I think your core of your portfolio should reflect what the broad global market looks like.

**[0:13:54.6] CP:** I have a separate question for you. How do you think about home ownership?

**[0:13:57.9] JC:** Home ownership is a wonderful topic to talk about because there's so many misconceptions. People will swear up and down, their home is the best investment they ever bought, other people will swear up and down that homeownership is a disaster.

It's so heavily driven by anecdotal evidence. The first house I ever owned, I owned it for 20 years, I ran the math on it, after all costs, I barely broke even. The second house I owned, I had it for three years, went up 50%. Which is it? Is it like a mediocre investment or is it a great investment?

The odds, it really isn't a pure investment at all. A house is, it straddles the dividing line between consumption and investment. The way I think about it is this. You can take the return from a house and break it down into two parts just like you can a stock, there is the price appreciation and there is the dividend. In the case of a house, the price appreciation is extremely modest.

Here in the US, housing prices have long run nationally have increased at about 1% per year of loss than inflation. Once you deduct out the cost associated with home ownership, property taxes, maintenance expenses, homeowner's insurance, you're going to be losing money relative to inflation and you may even be under water. But, you want price appreciation isn't a great source of gains. There is the dividend and the dividend and the case of a house is the rent or the imputed rent.

The rent or the imputed rent is by far the largest part of the return from home ownership, it's the reason that rental properties can indeed be a good investment again. You're making sort of a large undiversified bet, usually on just a couple of properties but if you're a home owner who owns your own property, you're not getting any rent for your house, instead, you're receiving imputed rent.

This is of a noncash variety, it's the fact that you get to live in the house with your family. The imputed rent is the rent that you receive and immediately consume so that you are in some sense, sort of no better off from a portfolio point of view than you were before. I'm not saying home ownership is a bad deal, you got to live somewhere but it's not nearly as good a deal as many people imagine.

**[0:16:15.1] BF:** That's been globally going back to I think, 1900 or 1890. The net rental yields about 5%, that's the imputed rent component and globally actually, the real estate capital return has been about the same as the US globally but 1% over inflation.

**[0:16:29.9] JC:** This is a little bit nerdy but while we're on it, you get people who live in certain markets, Portland, Seattle, San Francisco who will say you know, what are you talking about? Price appreciation only increasing 1% point of your faster than inflation, you know, here, it's been three or 4% points, I know people who have become multi-millionaires owning their home.

If we live in a rational world with rational markets which I believe, then all homes should be priced to deliver the same total return. If you live in one of these super star markets like San Francisco, like Portland where you're getting huge price appreciation, you are losing something in imputed rent. In other words, if you take your million dollars and go to Dallas, you're going to get a mansion that may not appreciate in price very much.

If you take your million dollars and go to San Francisco, you know, you're living in a one-bedroom apartment that you're going to have to replace the kitchen in. There is a huge difference in the imputed rent but the total return from the Dallas and San Francisco markets should, from an expected point of view be the same.

**[0:17:43.5] BF:** You mentioned you're partially retired, even though you're working a lot more than you expected to be a partial retirement. How has the way that you think about your portfolio changed as you've made the transition from generating income through human capital two where you are now?

**[0:17:59.2] JC:** Right now, I don't much save any money each year but I also am not actually dipping into my portfolio and dish it to the website I run, humbledollar.com I also do some work for a rich investment adviser out in Kansas called Creative Planning. I sit on their investment committee and their advisory board. I do some writing for them and so on.

Between those two ventures, I do manage to put red wine on the table and a little bit of food but nonetheless, even though I'm not drawing down my portfolio, I'm not regularly adding to it. That does change the way you look at fluctuations in the market.

You know during my working career, you know when I was saving 20, 25% of my income every year if not more, every time the market declined that was an opportunity. You know I spent years begging for the market to fall even further so that I could buy cheap evaluations. Today, while I am still happy when the market goes down because I can still rebalance and take advantage of it, I don't look at market declines with quite the same enthusiasm that I used to.

**[0:19:07.8] CP:** What is your asset allocation now? I am curious.

**[0:19:10.0] JC:** So I have about 70% in stocks and 30% in bonds. My true asset allocation is a little bit more conservative than that because and I am not recommending other people do this but I actually wrote a private mortgage to my daughter to buy her first home. It allowed her to become a home owner three or four years ago. You know I get the same set of yield that a mortgage lender would get, which is higher than I could get in the bond market and you know, I raised my daughter.

I know she's financially responsible. I know she won't fault on that mortgage and if she does, I know where she lives.

**[0:19:53.9] BF:** I am curious, can you talk about the HumbleDollar, what it is and what the mission is for it?

**[0:19:58.0] JC:** So HumbleDollar started as a site where I was going to take this annually updated money guide that I was putting out as a paperback and as an eBook each year and the mechanics of putting it out each year became super complicated. You know every December 31st, I would be sitting there at home updating every number in the book and then I would press a button, I would send it off to Amazon and if all went well, it would be available the next day.

Not only as a Kindle eBook but also a print on demand paperback and when I started on that project I was just fascinated by the idea that I could finish a book one day and have it ready for sale the next but it did mean that the end of every year became awfully taxing as I tried to update everything in the book and those final weeks before December 31st and on top of that, you know by January 2nd, the book was out of date. The numbers that were in there were no longer accurate.

 

And so, I decided I would stop putting that out every year and instead I just throw it on the web and make it available for free and then I would be able to update it throughout the year and so that is how Humble Dollar began. I started blogging on the site. I had a few people blogging for me and it sort of snowballed. So today, every day there is a new article up on the site. There is a variety of other pieces that appear. I am constantly updating the money guide.

And more and more, my goal and my hope and my belief is that this is a community of likeminded people and that community not only is focused on investing rationally and particularly using index funds but also that community is focused on broader financial issues. I think that we spend way too much time talking about investing and way too much time talking about the financial markets when we could add so much more value to our financial lives by focusing on insurance.

On estate planning, on making sure we are saving enough, on making sure that we are not carrying high cost debt, on making sure we buy the right size home, these are the areas in our lives, which get precious little written about them and precious little focus from Wall Street and yet, we can probably add far more value here than we can by filling around with our portfolio or trying to pick this stock or that stock. So the site tries to address those issues.

And then it also tries to deal with the human side of money. You know, what are the behavioral issues that we need to tackle in order to do the right things financially? How can we get greater happiness out of the dollars that we have? How can we change our own financial pay so that we do the right things so that we stay invested during rough times so that we save enough, so that we avoid the problems of procrastination, which stop us from getting a well or moving on with our financial lives in some other way.

**[0:22:58.7] BF:** Do you think it's possible to trade money for happiness?

**[0:23:00.9] JC:** I absolutely believe that it is possible to trade money for happiness but the numbers say that most people don't manage to do that and my favorite statistics on this come from the general social survey. The general social survey has been conducted every couple of years in the US since 1972. If you go back to 1972 in the general social survey, Americans were asked, "How would you describe yourselves?" It was very happy, pretty happy or not too happy.

In 1972, 30% of Americans described themselves as very happy. The latest survey was conducted in 2018. Over the intervening 46 years, US inflation adjusted per capita disposable income, more than doubled. We are living more than twice as well as we were living in 1972 and yet, in the latest survey just 30% of Americans exactly the same as in 1972 described themselves as very happy. Money based on the broad statistics has not bought happiness and yet, I do believe that it can. We need to be in far more thoughtful in how we spend our money.

**[0:24:10.3] BF:** What are the best ways? If you are going to optimize trading money for happiness, what are the best approaches to doing that?

**[0:24:17.2] JC:** I believe there are three key things that we should do if we want to get greater happiness from our dollars. The first thing that we need to do is to make sure that we don't worry about money. I say to people that money is sort of like health. It is only when you are sick that you realize how great it is to feel healthy. Similarly, it is only when you're broke that you realize how great it is to be in good financial shape. Having money won't necessarily make you happy.

But not having money can make you extremely unhappy. So the first way that money could buy happiness is simply to eliminate financial worries. You should manage your money in such a way that you fret less about your finances and getting to that point, may be as simple as keeping a few thousand dollars in the bank, paying off the credit card debt, making sure that you pay the bills on time. Those few simple steps can substantially improve your financial happiness.

So that is number one. The second thing that you should do is use your money to have special times with friends and family. All the research tells us that spending time with friends and family gives an enormous boost to happiness. In fact, friends not only boost happiness they also boost longevity. One mega survey looked at health outcomes and people's social networks and they found that a robust network or friends and family gives a boost of longevity equal and impact to not smoking.

That is how powerful having friends and family around are. So if you are going to use your dollars for anything, you should use it to fly across the country to see the grandchildren. You should use it to go out to dinner with friends. You should use it to head out to a concert with colleagues. These things, using money to create social connections is hugely powerful and can be a big boost to happiness and the third thing that money can do for us is to allow us to spend our days doing what we love.

I mean the ultimate goals comes retirement when we can spend our time in any way we want. Anything that we find fulfilling that we think is meaningful but even early in our career, we could try to use our money in ways to create time for things we love and that might mean hiring somebody to do the odd work so that you can spend time with your family. It might mean saving diligently through your 20s and 30s so that when you get to your 40s, you will have the financial option to change careers perhaps to something that is less lucrative that you yourself will find more fulfilling.

**[0:27:05.3] CP:** Absolutely fascinating. I have a question for you about your career. So a quote that you've given some years ago that is stuck in my heal all along is that there are really only 20 personal finance stories to be told and it is your job at the Wall Street Journal and elsewhere to tell the same 20 stories 50 times each and hope that no one really noticed. Can you talk about your career as a personal finance writer and the impact that you think you've had on readers?

**[0:27:32.1] JC:** So I came across the States in 1986. I worked at Forbes Magazine for three and a half years and then in January 1990, I was hired away by the Wall Street Journal and I continue to cover mutual funds there. Believe it or not, I have wrote the Hood on the Street, sort of stock out column for a brief period and I started writing more about personal finance. This is hard to remember but back in 1994, the Wall Street Journal didn't have many columnist.

You know opinions did not enter the news pages and the managing editor at the time, a guy called Paul Styger announced the paper was willing to consider having some columnist within the news pages and I being a precautious 31 year old put my hand up and said, "Hey, you know I would like to have one of those columns and I would like to write about personal finance for every day Americans" and sort of shockingly given my young age, I was given a column.

And I wrote that column at the journal for the next 13 and a half years and during that period, I wrote a thousand and nine columns, which is where that number came from. There were just 20 stories and I wrote them 50 times each and it really did feel that way towards the end. In the mid-1980s I started casting around what my next act would be and in 2008, I was approached by Citigroup to work on a startup that they were trying to launch and the idea is to provide financial advice to regular Americans in return for a flat monthly fee.

It seems like a sort of project that was right up my alley. They were talking about indexing holistic advice and so on. So as my friends will tell you, I went into the dark side. I went and I worked at Citigroup for six years. I must confess, it was probably not the happiest time in my life as you guys know from the investment business, you spend a lot of time dealing with lawyers, a lot of time dealing with compliance officers. I really did not have the impact that I thought I could have but I was extremely well paid.

I will just say that and I got to 2014 and I realized that I simply was wasting my time. I had more than enough money, never to work again. So I called it quits and set off on what's now been a five year journey that I refer to as my second childhood. You know I had kids young, I get married young. I never had disappeared on my 20s when I could sit around and boss and just do what I wanted. So belatedly, I have this second childhood. I do not spend millions of times sitting in bars, but I am able to do pretty much whatever I want with my days.

**[0:30:23.4] BF:** One of the things that you mentioned when you are talking about the HumbleDollar was that we, being the people who talk about personal finance focused on investing and not so much on the other stuff even though the other stuff is really important. Do you think there is any one thing that is the biggest miss in terms of people should be talking about more when it comes to personal finance? Is it insurance, is it saving, what's the most important aspect other than investing?

**[0:30:46.6] JC:** Far more important than investing or any of these things is saving. I mean I joke that you know over the years I have spoken to thousands of everyday Americans who have managed to accumulate seven figure portfolios. You know most of them were not great investors, many of them didn't have high incomes but almost all of them shared one attribute in common. They were extremely frugal, otherwise known as cheap.

That is the number one attribute of people who are financially successful. They're just great savers. If you can't bring yourself to save, it doesn't matter what else you do. You know, you can have the greatest returns in the world but if you don't have more than a thousand dollars in the financial markets, it is not going to make any difference and in terms of being a great saver, you know one of my hobby horses in recent years is to talk to people about their fixed living cost.

You know I don't think most people don't want to save. It is simply that they can't. You know they have fixed costs that are so high that there is no financial breathing room in their lives and the two biggest causes are one, they are over pay for real estate. They live in a house that is more costly than they can really afford and two, they overpay for transportation. You know they are leasing their cars, they are buying brand new cars. They are going to say just get a three-year-old car.

You know coming off lease, it is still going to have tons of good miles left in it and you will save yourself potential sums of money. If you can lower your house and cost and lower your transportation costs, you'll free up substantial amounts of money and you can use that money not only to save but also for discretionary spending and the reality is that discretionary spending is a far bigger source of happiness. You get to spend your dollars on things that you want to spend money on.

You know going out to dinner, going to concerts, going to amusement parks, whatever it is that turns you on that's what you get to do with your discretionary dollars. If your fix costs are too high, not only are you not going to be able to save but you are not going to have that level of discretionary spending.

**[0:32:58.1] CP:** But it is so hard in society today because you end up on that treadmill where you always want more and more and more and people are so busy. So how do you try to change people's behavior around that?

**[0:33:09.6] JC:** I think one of the most important things that any of us can do when it comes to using money is simply to pause. You know we are hard wired to make certain sorts of decisions. You know we go into a store and we see a shiny object and we say to ourselves, "I want it and I want it now" and you need to break that moment and to do it, it might be just a simple matter of walking out the store for 10 minutes and then if you still feel a desire 10 minutes later, by all means go back in and buy it.

But if you walk out for that 10 minutes and you start to think about all the other potential uses for the money, you may decide that, "Okay, I was in amid of that item right there and then but now I can start to think about the opportunity cost, all the other alternative to uses of the money and maybe that is not what I want." So whenever you make financial decisions, pause. It is not absolutely necessary that you buy that stock right now, that you buy that car right now, that you make a bid for that house right now.

You can wait. One of the things that I encourage people to do is when it comes to these larger purchases is to create a wish list. Create a wish list of all the things that you want to spend money on in the years ahead and put it on the refrigerator and think about them and as you think about them, you might conclude, "Yeah, I really wanted to have a vacation home but now I think about it, you know, I am really going to want to drive there every weekend and drive back? Do I really want a second home that I have to maintain?"

Maybe that isn't the best use of my money. So by putting it down on paper you various financial wishes years ahead and studying that overtime, you can make more far more prudent choices.

**[0:34:58.4] CP:** So our last question that we always ask, how do you define success in your life?

**[0:35:04.1] JC:** That is a tough one. I think as much as I would like to say that I don't care about applause, I have not quite reached that higher level of consciousness where that's true. So yes, I care deeply about how my books sell. I care deeply about how many people come to my website every day. You know that is important to me. I don't know that I could do good work in a vacuum not knowing whether I was affecting other people, whether I was reaching them and changing the way that they think about money.

With that said it is important for me to do good work. I mean that is the primary thing I try to do every day to not only give smart advice on the website, in my books and interviews like this but also to do it in an ethical way where I feel like people can't second guess my modus and say, "You are just doing that to make a bark. Ah, you are just trying to ship sales some shoddy product." You know if you look at how I ran my website, I actually this year moved it to a donation model.

So these site is largely supported by donations and people can choose whether or not they want to support the work that I do and it’s been gratifying. People actually are happy to send me checks even though they could continue to read the site for free and that has actually been really pleasing to me.

**[0:36:43.0] CP:** Well on behalf of our listeners I applaud you for your career and the contribution that you’ve made to personal finance and thanks Jonathan for joining us today very much.

**[0:36:51.3] JC:** Hey, it’s been a fun conversation. Thanks for having me on.

**[0:36:53.6] BF:** It was great, thank you.

[END]