

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2



Full Episode Transcript

With Your Host

Dr. David Phelps

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

You are listening to The Freedom Blueprint Podcast with your host, Dr. David Phelps. You'll get straightforward advice to transform your practice into a self-sufficient cash machine, compound your net worth, and multiply your cash flow stream with hassle-free real estate. More at freedomfounders.com.

David Phelps: Today on the podcast, you'll hear the second part of my interview with Mr. Reese Harper of Dental Advisors. Today, Reese goes into his philosophy of how to build wealth. Enjoy it.

So, let's talk about some of the unique issues, and I love what you said too, because it's what I say too to the people that kind of circulate around me and Freedom Founders, certainly in alternative investments, and it's a place to store, maintain inflation index, do it the right way. It's not a get rich quick or anything of that nature, but you said it so well, that wealth is made, is created, is built in private enterprise. It's what I always say. You've got your primary asset, which is you, and you in your business/practice/job, however you built it, right? If you built it up with intention, no, mostly not, mostly we go out. I say because I did the same thing. I went out of school and associated for a few years and then started my own practice and don't really understand exactly what the opportunities are, and so we do it the way everybody else does it. Right? Then there's the whole financial playing sector, which again, as you said, is strewn across a playing field that's very wide and in disarray and there's not much focus.

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

The problem that we're seeing today, at least by the ADA stats, and again, stats, you have to look at, "Well, how did they come about them?" But still the trend they're showing is that the... and you've read it, "average" retirement age for a dentist is going up. It was 62 and then it went to 68, and now it's broaching 70, 70 and a half years old. Can we talk about that for a minute? Because we've got listeners that are everything from still in school, getting ready to graduate within the next year too, to those that just got out of school and they're trying to figure out, "How do I pay off all this debt? Do I go into corporate? What do I do?" Then we've got mid career dentists who, they're treading water, and maybe providing a pretty decent above average lifestyle for their family, but at night they are tossing and turning because they're going, "I don't see the exit." Then we have those that would like to exit, and they're trying to figure out, "But do I have enough?" That's one of the articles you wrote. I just wanted to give you a heads up, for the American Academy of Implant Dentistry, a great article you wrote, How Much Money Do Dentists Need to Retire?

I laid out a big playing field there for you, but what would you say about this trend where professionals are having to work harder, longer, to get to "retirement", and what does retirement mean today? Okay, you can ramble for 15 more minutes. I just set you up.

Reese Harper: Let's just tackle two components. The first one is why are dentists, why are they retiring later? To be totally honest, I'm still researching this. I feel uncomfortable with an absolute sense saying this is why. I do know that there are seven or eight variables that are really playing into it, but the data, I just think the sample size of the ADA data

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

is too small. I feel like the statistics are a little skewed, unfortunately. They are retiring later, but I do think some of that is by choice. I think some of that is by force. I do think it's fair to say that everyone in private enterprise is retiring later. Any private entrepreneur, like an architect, dentist, an accountant, an attorney, people that run their own shop and are also kind of tradesmen, I do think that it's fair to say those people are retiring later. I think dentists would be among the ones that struggle the most in that group of people.

But when you take away pensions and you take away a formal benefits system and you take away an HR department that you would have if you were an employee somewhere and you've got to shoulder all that yourself, you're going to make mistakes. That's what's happening. Dentists, they're entrepreneurs and they're supposed to be clinicians every day, so they've got to grow this enterprise, but they've got to produce. It's confusing. It's like, "Well, do I grow the business or do I produce? Do I build the team or do I hire an associate?" In private enterprise, those are typically two different choices.

David Phelps: Yes.

Reese Harper: You're supposed to consciously choose whether you're going to own the business or you're going to produce.

David Phelps: Right.

Reese Harper: I don't think dentists really feel like... I don't think the tool set has been there for them, and the support network has not been there. Definitely the financial planning community has not been there until firms like ours and others are the only fiduciaries trying to support these

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

guys. The network and the support and the infrastructure, it's just becoming diverse enough right now where I think the opportunity, it's just a better opportunity today than I think it was in the '90s and the 2000s in terms of clarity of the business model that you could pick, consciously choosing one, having the right financing, getting the right professional guidance. It's getting better. I think most things in the world do get better, given enough time and education.

Dentists are retiring later for a lot of reasons, most of them because they're just trying to be business owners and clinicians, and they're not clearly delegating one or the other or committing to one path or the other. Another one is their background and educational background in finance is not strong enough for them to dissect the things... good and bad financial decisions are really hard for them to dissect. Another challenge is just that they're being pretty much... all the advice they get comes from people who have a product based commission, whether it's an equipment vendor, a supply rep, a real estate agent, a mortgage broker, landlords. I mean, you're not paying for advice to anyone.

David Phelps: Right.

Reese Harper: You're getting free advice from family and friends that's free. That's not usually very seasoned or experienced. Then all the other advice you get is from someone who's got an agenda.

David Phelps: Yes, yes.

Reese Harper: They're not bad people, but they don't have advice as their mission. We look at our business and I'm like, "Okay,

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

we're going to get eight to 9,000 a year per client for advice." We have advice as our primary service. We don't get commissions on products, we don't have a particular product we get paid more or less around. Our pricing models are pretty innovative and we have a minimum fee, and then if we manage money for people, that minimum fee just goes away and we just get the same amount of money, more or less. We just don't have a big incentive to either manage your money or sell you anything, we just kind of giving free advice. That's really hard to get to. For me, it's been really difficult to get to. But I'm just saying, we're very unique in that sense. I just don't know if you pay for advice, your accountant gets paid for advice, but in a lot of cases, unfortunately, they're getting paid to file the tax return.

David Phelps: Yes.

Reese Harper: They're not really getting paid to give you advice. You don't pay them enough for advice. They're just getting paid 1,500 bucks. It costs them that much just to get the thing filed. Compliance of taxes is their real job. It's not advice. I guess I'm not criticizing any advice that people give, I'm just saying, the incentives aren't aligned, and so that's why, if you combine someone with low financial background with an industry that's incentivized to just sell things to them, with a business model that's like splitting hairs between entrepreneurship and being a technician, you never get focused. You know? You're just never able to dial it in. It's understandable why there's a challenge. A lot of the people that are retiring at age 70, 70 and a half, 71, they kind of consciously chose that path. I think a lot of people, they would rather work longer and just not have so much pressure. They just enjoyed their lifestyle, they

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

had a great time. I don't want to say it's all bad, but yeah, it needs help. I think there's a solution that's pretty simple, but it's simple to me, but I know it's hard for dentists to go implement.

I think that all this focus around sales has taken the focus away from the real thing that creates wealth, and everyone's looking for a way to get there faster or a shortcut in tax strategy. Ultimately, when you graduate from dental school, your net worth is negative 500, right? Now, you're a USC guy, in your defense, right? You have a negative \$500,000 net worth. Baked into that... everyone's always like, "Well, dental school is getting too expensive." Well, it is if you just want to go out and be an associate. It's too expensive, because baked into that \$500,000 cost is an entrepreneurial opportunity that's very unique still. Dental school would go down in price like crazy if every dentist was employed by a hospital or every dentist was employed by a larger corporation. Dental schools tuition would crash, but it's still vibrant because the entrepreneurial opportunity is big. I mean, it's really big.

You start with that, and you've got some choices to make. You go from a negative \$500,000 net worth and you've got the sky as the limit in terms of what you can go and accomplish, but it really has to do with the decision making early on in your 30s and 40s and early 50s, you still have plenty of time to build that private enterprise in a way that grows your net worth a lot faster than it would have if you got really distracted. You should be looking at your net worth... net worth is a term that is very loosely thrown around, but it's a really easily quantifiable actual dollar amount, just like a bank account balance, and there

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

are decisions that you can make that are very simple that will either increase your net worth or decrease your net worth or flat line your net worth.

As long as you're focused on that number and you've got a team around, and you understand the data and you know how to track it, I think people will start to self correct some of their decision making because they won't feel like they need to be as distracted. If we can get back, instead of focusing on product and set the 401K right, if I put money in this life insurance policy or if I do a captive, there's always a product that feels like that will get me somewhere. The truth is, net worth can be built a lot of different ways. It doesn't really matter the exact path that you choose, you need to have a relentless focus on saying, "I'm holding myself accountable to making sure that my net worth goes up by a certain percentage each year. Here's how I'm going to do that. This much goes towards debt, this much goes towards this asset, this much goes towards marketing to help grow my private stock value, this much goes towards reducing taxes through retirement plan contribution."

Then if I were to meet with anyone from age 25 to 50, I could look at some very simple ratios and make some hard decisions. These decisions get hard, but the truth is, you might have put yourself in a position right now where you have to make some really hard decisions so that your net worth can finally start to grow. If your cost of living is too high on your primary residence, you're going to have to sell it, you're going to have to refinance it, you're going to have to move or you're going to have to rent. You're going to have to do something. But that thing might not have been a good decision that you made. We can't

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

pretend that it's going to work itself out if we just can get to 800 an hour instead of 600 an hour. It's a problem, you've got to tell your kids it's been great, it was awesome, you loved it, but you're going to make sure you guys can take some vacations next year that you couldn't afford and you're going to get into a little bit better housing situation.

If you're overpaying your hygienist, you're going to redo her comp. If your debt is structured in a way that's too aggressive and you're paying it off in five years because you're too aggressive with it, you've got to change your amortization schedules. You're always going to be making enough money, even if you're making 150,000 a year as a dentist and really kind of bare minimum getting by, you can still be financially independent. You can't live like the guy making 300, and you have to make some adjustments. You'll be so happy though, man. When your net worth starts going up and you live within the opportunity that you have and try grow your income by making sure that... I mean, you never stop trying to make more money ever. Seven figures isn't enough for some of my clients, and 150 is great for some.

It just depends. But you never stop trying to grow your income, but you always need to make sure that every year your net worth is moving in a positive direction. As long as you're doing that at a certain rate, it needs to be at least a certain ratio of your income, but I just feel like that kind of conversation we've lost over the last 20, 30 years in stock tips, in tax strategy. The truth is, you really need to have some loyalty, some discipline to say every person has got a certain amount of income they're going to earn, and their net worth has to move at a certain pace,

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

and we've got to help them make the tough decisions along the way.

Anyway, the alternative also could happen, which is random. Someone just has a big hit and a big win or they got lucky or all these things, but for most of us, it's going to be like trying to actually make sure that every year that passes, our net worth increases by a certain amount. You know?

David Phelps: Yeah. Well, actually, you have a proprietary model called elements, and I think what you're talking about in terms of tracking net worth, you called the total term. Right? So, I think you're exactly right. There is so much in the world today that's sold based on a product or a tool that's going to get you somewhere, or it's the magic pill. There is no such thing. You've got to have a construct that focuses on turning the different... I just say turning the different dials. You mentioned a whole bunch of different dials you can turn based on your income and your desired family lifestyle in life, but there's so much money being produced, and so where you do allocate that? The allocation. So, what you're helping people do, as I understand it, and I think you said it very well, you focus on a key element, which is the net worth, and making sure that as you turn all these different dials, all these different things that one has to try and "balance" in their life, if you focus on the net worth and turning dials in a way that you know with a great deal of certainty that between this year and next year, you're going to get to that point, now making the other decisions doesn't become a crap shoot.

Reese Harper: It's stressful.

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

David Phelps: It's stressful because, again, you know this so well, having a husband and wife, a married couple on the same page, that's where things break down so much is you may have one or the other who is, let's say, more conscious or conscientious about financing. The other one is kind of like, "Well, let's just wing it. I can go work hard." That doesn't work either because you've got to be together because these decisions are being made. Well, I'll just say it real quick. I've always been a long term planner, probably too long term. Right? There's a balance. My wife is, not always, but typically more... and it's good, it's a good balance, to say, "We've got to live a little bit here today David." So, how do you bring that in and have both parties... because usually very opposites, right, and so it's a good balance. But how are we having this conversation so we're on the same page so we're both feeling like, "Yeah, we're getting something today," but also there's a plan to be billing for tomorrow. You do that together. You've got the perfect model, I think, to do that, because you start with what's important and then you can add in the tools or the knobs or the dials to that person, not just, "Here's the plan or the tool of the month or the product of the day." Right?

That's what's kind of out there being sold, as you said, going back to your days as an intern at North Western, there was a life insurance part. Well, is there a place for life insurance part? Sure, sure can be. It can be a place to store wealth, if that's where it should be in your model. But how does someone know? If you're dealing with someone who is selling you based on an agenda, you're not getting advice. You've got to go back to someone who has the whole thing and can look at it with you objectively and then help you decide... we're going back to the

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

enterprise itself and that's the one where you have the most opportunity to turn dials and knobs and then make everything else start to fit around what you decide is your game plan for your lifestyle.

Reese Harper: Yeah, yeah. I think it's critical. I think one of the things that you brought up I think is one of the most difficult is trying to get two people on the same page as it relates to money. I honestly think, David, I sold a small percentage of my company to raise capital to build a technology asset that I'll be... humans like me, we're really expensive. Right? I can't have a one on one relationship with thousands of people. Right? So, it's really hard to get advice down to the people that need it most. Right? I know your program, it's a really great program, but it's not at a price point where the struggling guy can get right out of school and make it work, and that's typically where the best advice lives. The best advice lives in a pretty expensive price point, because it's human. Humans cost a lot of money.

Dentistry is the case. Some guys are worth 3,000 an hour and some people are worth 200 an hour. The best dentists typically are the people that demand the most per an hour of their time. For me, I started this technology project that I'll be releasing. I have a beta group going right now, we're releasing it later this year, but I'm trying to take our credit service model that we are doing, and there's a lot of clients that want service. I would say there's a type of personality out there that's just saying, "You know what? All this is great, I love what you guys are saying, but I don't really want to know, so can you just do it?" That's a pretty common personality within dentistry. I think that's a fair... if you've done your

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

research, you selected the right service provider and you're wanting to abdicate some of the work and time and education to someone else because you can trust them and you can reinvest your time in that private enterprise that we talked about, then I think that's how you should be using a financial advisor. It should really be a time saving issue.

The more income people have and the higher their net worth gets, their time is valued even more and more, and so a firm like ours can bring a service in cost effectively, really leverage people and make them feel like they'd go reinvest time and make more money than they would if they were doing all these tasks that we're going to take off their plate. That being said, most people don't have a way... I mean, in our current service, we've got a great dashboard. We have connectivity between spouses, we have four team members assigned to each couple. It's working. I just know that for a lot of people, they're either uncomfortable with that level of outsourcing or their tolerance for paying someone 10 grand a year is... we have models at three grand to six grand a year and some at 10 and 15. That's kind of our rough price ranges, so it just depends on the complexity of the person. If you're a small startup or an associate or a scratch starter, it's not going to be as much money as if you're a 10 million dollar multi vocation DSO that's got a big estate plan.

But I'm not reaching the market with services entirely. You can't reach the whole market. So, I've built this tool that I think helps people track all of their financial information in a way that helps spouses really collaborate. We've taken the elements platform that we're using for our service model and we're building it into an iOS app that will

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

combine this type of communication that we need between spouses in a real simple, simple way, to know how we are measuring our progress. It's a focus on net worth, it's a focus on some of these basic financial elements, these muscles that... I kind of look at finance like there's probably 1,000 topics that you and me could talk about today that are really interesting ones. There might be 20 that are the big muscles of your financial planning. One of them is that private business growth, like the rate at which your private stock is going up. That's your biggest muscle. Right? That one, you've seen it, I've seen it. People that have a big enterprise, their financial problems are gone.

David Phelps: That's right.

Reese Harper: That's a big muscle, and that's one that's worth focusing on. But there's also a real estate muscle. Right? Real estate is pretty critical. A lot of the decisions you make around real estate are really important. How you finance it, which property, how much you put in, what's the down, what should my lease rates be, what cap rate is appropriate for this level of risk on this age of the property? There's just a lot to do with real estate. That's a big muscle, and we've got to focus some on that. We probably don't need to focus on... the other muscles are insurance and your retirement projection, your taxes and how you're filing them, your debt, your personal spending is a big muscle, your level of liquidity, how much liquidity you're really keeping around versus deploying, how much is going into retirement versus your liquid assets, the allocation of your income. These are the big muscles. I feel like sometimes we get lost on those and we go down

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

a rabbits hole of reinsurance company or captives or something. You know?

David Phelps: I agree.

Reese Harper: Those are good things. I'm not saying that they're... they're just big muscles.

David Phelps: That's right.

Reese Harper: If you don't have the big muscles getting exercises and we're not on the same page with our spouse on the big muscles, then we shouldn't spend our bandwidth on these tangential rabbit holes because they are going to incrementally improve our net worth, but they won't exponentially change it. The big muscles change the net worth, so eventually, just like a workout plan that focuses on the right muscle groups and the right core muscles as opposed to focusing on diet alone or focusing on the right protein powder, those are tangents. You know?

David Phelps: Yes.

Reese Harper: Even the right exercise equipment is a tangent. You know?

David Phelps: Yes.

Reese Harper: But we get caught up into that and we forget about the muscles that are the primary ones. This app I'm developing I hope will come at a price point that will allow dentists to say, "Here's how I'm going to be able to track my stuff, know what to do." It will never replace a human. It's hard. It will allow humans to plug in and talk, but that's kind of a safety net, safety valve, and that's always going to be expensive, any time you get a human involved. But

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

humans do really, really good at helping people make tough decisions and acting. Humans don't do a great job of organizing information, and they don't do a great job of analyzing data. So, I think if you can know that about technology and say, "Hey, let's let technology do the organizing and the analyzing of crap, and let's let humans help us make decisions and take action and know which actions to take." I think that's a really nice hybrid where I'd like to see the financial planning industry going.

I'm hoping this tool brings the cost of the human involvement down, because if we can get the organization of all your financial data and all of the analysis that we need to have on it, in a place where it's kind of a no brainer that you and your wife can do it or any one of your team members could do it for you, because it's so obvious what to organize and how to put it in this package. Then, man, it will be cheaper. The humans can get involved and just help you instead of being... right now what's happening is people are basically over paying financial advisors to help them get organized.

David Phelps: Right.

Reese Harper: It's like, that's not a good thing for humans to do anyway. Technology does a better job of that.

David Phelps: Yes, yes.

Reese Harper: Anyway, I'm just sharing that because I feel like that will help the future of, I think, decision making a lot. I'm excited about that next level of innovation that's coming, where humans are going to make more money because they could spread their time across more people and charge more for that time because clients won't need as

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

much of the human interaction. They can just get it in bite size chunks when they need it, and the technology can bring the cost down on all this inefficient paperwork and stacks of crap. All of us feel a little bit sometimes unorganized with our financial picture, I just think it's because too many apps... they're targeting one thing, the investment account. It's like, that's not the whole financial picture. What about my debt and my taxes? What about my estate plan and what about my life insurance and my disability? What about my kids college plan? What about my net worth or retirement projection? I think right now what we have is we have like 40 or 50 apps that are tackling-

David Phelps: Yeah, they're all disjointed and too much for any one person to manage, so they don't.

Reese Harper: Yeah. Well, it's no better than paperwork on my desk. It was the same with the paperwork.

David Phelps: Same thing.

Reese Harper: But I think that... I mean, I think you're going to see some platforms start to come out. I've got one, I think there's probably people smarter than me that are going to beat me to it and buy a better one because they've got more money than I do, but ultimately... I mean, I don't know any way yet, so I'm excited about the opportunity, but I think if you can get organized and track your net worth and have some basic analysis tools to bring the cost of human involvement down, that's what people want. We don't want to not have human connection. We love humans, right? We love getting advice from friends and family. But it's like you go ask your father tomorrow for some advice, he's going to get advice without any data. He has no

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

visibility into your situation and he's giving this random... that sounds like a horrible decision. I'll have you know, you don't know anything about my net worth or my liquidity or my income. So, I think in the future I see a world where it's like, "Here's my blood pressure and cholesterol, now what advice would you give me, David?" Now that you know this. That changes my perspective completely now that I know that. You know?

David Phelps: Well, Reese, you're very innovative. I know I'm going to get you back and doing this again. I hope next time you'll be a little bit more passionate about what you really believe in.

Reese Harper: I'll bring a lot more energy.

David Phelps: Yeah, could you bring a little more energy? No, this was really good. I knew we had a lot of philosophical commonalities even though you're definitely more studied in the art and science of financial planning, but even through my pathway, which was different, you're right. All of my experience in life shows me that you are absolutely right, that focusing on the right things is a critical part, and having somebody that you can have that does not have an agenda, but is there to give you advice and then plug you into the pieces that you need, whether there's tools or planning guides or focus on a particular part of the financial structure. That's where the human element comes in, and I think it's so good. We'll do this again. We'll do some of the rabbit holes.

Reese Harper: Thanks for all that you do, I think the approach that you're trying to take with your business and the financial literacy mission that you're trying to support I think is admirable. I just appreciate your time today.

[Dentist Freedom Blueprint](#) with Dr. David Phelps

Ep #222: Reese Harper - Flexing Your Wealth Building Muscles Part 2

David Phelps: Well, it goes both ways. Reese Harper, dentistadvisor.com. The name of your podcast, again, is-

Reese Harper: The Dentist Money Show.

David Phelps: The Dentist Money Show. You can connect with Reese on many different platforms, but I'll tell you, he's a smart guy, but he gets it. He understands what we're about and definitely has a vision, I think, for helping us gain clarity. That's a key. The clarity and the focus. Where do we put our efforts? Where do we put our money? As you said, the big muscles, the critical ones to focus on and understand how they work, and if we exercise that muscle versus that muscle, we're doing them in conjunction. So important, and you laid it out so well. I'll be looking forward to seeing your model come out. The technology will be a big piece of it. Reese, thank you, sir, so much.

Reese Harper: Thank you.

David Phelps: Bye. Okay, see you. Bye bye.

Take the next step at freedomfounders.com. You've been listening to another episode of the Freedom Blueprint Podcast with Dr. David Phelps. The place to be to create your freedom lifestyle with more time off, security, and peace of mind. More at [Freedomfounders.com](https://freedomfounders.com).