Ep #236: Keith Weinhold - Money Myths that are Killing Your Wealth Creation

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Dr. David Phelps

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David Phelps: Good day everyone. This is Dr. Davis Phelps of the Freedom Founders Mastermind Committee and Dentist Freedom Blueprint podcast. Today, an interview I have really been looking forward to for some time because I've known this gentleman really through the space, through the environment, through podcasting, through other people I know in the real estate alternative investment arena. Had a chance, the real privilege to actually sit with him at a round table at one of my masterminds, oh, maybe six months ago. The gentleman I'm talking about today, it's my pleasure to introduce to you Mr. Keith Weinhold. Keith, how are you doing sir?

Keith Weinhold: Great. Thanks so much for having me David.

David Phelps: Keith, you've got really a interesting background story, which we'll get into a little bit here, but let me give our listeners just a little bit of that background here in a bullet point and then we'll dig into the conversation, which is really going to be fun. You folks are going to love this today. So Keith is a member of the Forbes Real Estate Council. He is a writer for Forbes. He's an international bestselling author. One of the books is The Seven Money Myths That Are Killing Your Wealth Potential. Definitely go look that book up and get a copy, The Seven Money

Myths That Are Killing Your Wealth Potential. Active income property investor since 2002, he owns apartments in Alaska. He invests in homes in Texas, my state, Florida and a coffee farm in Panama. That's awesome. He's the owner of getricheducation.com, he teaches others about real estate investing. He's the host of the very popular Get Rich Education podcast. Like no one else, he cultivates an abundance mentality. We'll talk a little bit about that, Keith, with buy and hold real estate investing for an outcome of lifestyle improvement. He says, "Don't live below your means. Expand your means." Love that.

David Phelps: You know Keith so much. It's about mindset, is it not?

Keith Weinhold: Yeah, it really all begins there. It's remarkable. I think it was Mark Twain that said, whenever you find yourself on the side of the majority, it is time to pause and reflect. So you know, if you want to do extraordinary things, you need to be extraordinary. And that actually means being a little bit unusual at time.

David Phelps: So this is going to be fun. So let's talk about, so how does somebody get the nerve to be a little unusual? Because you know, out there in space today, if you're not like everybody else, you're pointed out as an outlier, which is for most of society, that's a bad thing. "Look at him, look at her. What are they doing? You know, they're talking crazy talk, they're doing the wrong thing." Society says, you know, get the education, get the job, get the career and make money for a life of freedom and abundance and like, well, what happened to that train? Where did it go?

Keith Weinhold: Yeah. Well I think some people never outgrow the high school mindset. In high school you are deemed a success if you fit in and really in adulthood you got to be deemed a success if you stand out and it comes to making decisions that are different than the norm. For example. I mean, the way I got started in real estate investing, David, is a way that would scare a lot of people. My first ever home of any kind was a $295 000 fourplex building that I bought in Anchorage, Alaska. And how did I have the audacity to do that? Well, we'll talk about how that mindset came about in a bit. But I was born in Upstate Pennsylvania, lower middle class in Appalachian to two great parents. I mean a really rural area. There were more deer than human beings in Potter County, Pennsylvania. I was a quiet and shy kid.

Keith Weinhold: I mean, my mom was clipping 10 cent Cheerios coupons. But you know what? We travel. That's something that they really instilled in us. And my father especially instilled, you know, ask yourself better questions in life. What kind of life do you really want to design for yourself? Don't live to get paid. Find a way to get paid to live. One of the places I vacation was Alaska, and with each successful vacation to Alaska, it got more and more into me that, "Hey, Alaska really fits my interests for skiing and mountaineering. It's a city of 300 000 people. So we have plenty of amenities in choices here, David." And I just had to work a day job as a construction materials tester and inspector and you know I had fallen in with what I'd call an aspirational crowd after I moved from Pennsylvania to Anchorage more than 15 years ago.

Keith Weinhold: I think most people have heard the Jim Rohn quote by now, but some probably haven't. It's the quote that says, "You are the average of the five people that you spend the most time with." Take the five closest people that you hang out with, average their educational attainment level.

It's probably about the same as yours. Average their ethics, average the way they dress, average their income, it's probably the same as yours. Well shortly after moving to Anchorage, two of my five closest friends made their first ever home, a fourplex building where they lived in one unit and rented out the other three and you know, talk about being unusual is what you need to do to be extraordinary. That's how I started out with an FHA loan and a three and a half percent down payment. Yeah. I had to live in one of the units for 12 months in order to get those financing terms.

Keith Weinhold: By the way, that's a program that still exists today. You can use an FHA loan and a three and a half percent down payment for up to a fourplex building still today. That's something very actionable. And really, here's the thing, David, when I bought that first building, I didn't even know what terms like cashflow and equity meant. I just knew that my friends were living for free. I knew that real estate had made more ordinary people wealthy than anything else. But at that time I still didn't know how. So you know you've got to do things that sometimes people think are a little bit fringe or strange. I had moved to Alaska, strange and made my first ever home a fourplex building. Pretty strange as well.

David Phelps: So many similarities, Keith, you know, in growing up and developing that curiosity for a life better than the majority. And mine was similar, not to go down that road, but I was in dental school, my first year of dental school. Getting ready and I told my dad, "Look Dad, I'm going to be here for four years. I've been reading some books about real estate. This stuff makes sense. Would you be my capital partner?" So like you, I used other people's money, his money, his credit, right? Because I didn't have any. So I was actually into the property, no down payments. But I was the manager component and we split about $50 000 three and a half years later when I graduated from school, took that money and parlayed it. None of my other friends in school were doing that. In fact, I got a few of my buddies from Dental Schools Corp bought some cases of beer and got them to actually do the work on the house. How's that for good cheap labor. Right?

David Phelps: And they thought it was a blast. Right? But they're actually helping me build my wealth and equity. And when I graduated from school, rather than have debt, I had equity to turn it into cash and parlay that on further. So that's another story. But so much similarity there. I'm curious as to your parents, hardworking, you know, taught you to travel and ask good questions. So they're helping you be resourceful. Are they the ones that gave you permission to be different, to act differently? Because a lot of that, we have to give ourselves permission. Right? Were they just open with you and said, "Look Keith, we want you to live this life that no one else is living."? How did that happen?

Keith Weinhold: Yeah, I don't know that, you know, my father was not entrepreneurial or he wasn't into real estate so much, but he let me know that he wasn't really satisfied with his day job. So he didn't really know how to tell me to be an entrepreneur or to go out and do something different. But you know, he would just never talk about work around the dinner table. And you know, just from time to time he let me know that you got to do what you want. It's so rare to actually do what you want to do in life. I think a lot of people, maybe when they were about to come of age when they're in college, you know, no one really says, "I want to go out there and live a small life." But then that's exactly what everyone goes and does. They live a small life and you know, just kind of like when you were starting out, David, I think if your peers look at you a little bit askew or in an unusual way, you might be exactly where you want to be. That might actually be a good side.

David Phelps: Totally agree. Totally agree. So let's talk about, Keith, what differentiates the poor, middle class, and wealthy?

Keith Weinhold: I love it because we're starting to talk about that right now. Now if I would go ask the everyday person that's middle-class that wants to build wealth, if I asked them now if you wanted wealth, do you think that you would need to think differently and then go ahead and act differently? And most everyone would nod their head and say, "Yes, I would need to think and act differently to go from middle-class to wealthy." But then as soon as you tell them what that entails, they get scared and here's what that entails. Let's talk about the difference between poor, middle class, and wealthy.

Keith Weinhold: We'll get more specific later, but just in general, poor people work for money and they don't really have anything left over at the end. Middle-class people also work for money and they've learned that it's smart to get some of my money to work for me, often times that means a 401k or maybe an Ameritrade account or something like that. Well, I'm here to tell you right now, if you want to build wealth and live an expansionary life and truly live how you want to live and do what you want to do, don't get your money to work for you. I'm actually telling you, don't focus on that. That's a middle-class mentality. Well then what do you do? The wealthy people have learned how to ethically employ other people's money to work for them and they've learned how to do that three ways at the same time. And the great news is a middle class person with a middle-class salary can adopt this notion of the wealthy getting other people's money to work for you ethically. How do you do that three ways at the same time?

Keith Weinhold: Well, it's really the same way that I started with buying the fourplex building. You employ the bank's money for the loan and leverage. You employ the tenant's money for your income and you employ the government's money for very generous tax incentives and scale for things like tax depreciation and the mortgage interest deduction and the 10-31 tax deferred exchange, which means you never need to pay capital gains tax on your gain. I've legally never paid capital gains tax. So you're actually employing other people's money three ways at the same time, the banks, the tenants and the governments. So now we come back to that question. Do you think you would need to think and act differently to go from middle-class to wealthy? I just told you how in a very succinct way, it's employing other people's money, not only your own.

David Phelps: But Keith. You know there's a very well known author and speaker and runs a big company out of Nashville, I think you know who I'm talking about that would say that's what we're talking about here. We're talking about leveraging other people's money, would say, "No, no, no, no, no, no. You need to save, save, save, pay off your debt, and then you can start to invest your capital." What say you? I know what I'd say. I know what you're going to say, but let's go ahead and say it.

Keith Weinhold: That is a great point. Debt is bad. You should try to be debt free. You shouldn't try to be debt free because look, the debt that I'm talking about when we're using other people's money three ways at the same time, the banks was one of those ways. I got a 96 and a half percent loan, for example, for that three and a half percent down fourplex building, your debt is reliably outsourced, 100% to tenants as long as you buy a property where the monthly rent income is projected to exceed all expenses, which is the only way that you should buy.

Keith Weinhold: Financially free beats debt free. Financially free means you can do whatever you want to do whenever you want to do it because you have so much passive income that you can truly live a life of freedom. Debt free just simply means you don't owe anyone anything, but people typically grind and eat dirt and do things they don't want to do for decades sometimes just to try to retire their debt. But if you're only retiring debt, especially at a time when interest rates are low, what's smarter is to keep that debt in place so you have debt at 5% and invest for say an 11% gain. That difference is called arbitrage, an 11% gain at a 5% interest rate. You've created six points of arbitrage. I have millions of dollars worth of debt and I'm actually looking for more because all of it is reliably outsourced to tenants, so they pay the mortgage interest, they pay the mortgage principal and they pay a piece on top of that called my cashflow. I am looking actively for more debt all the time. I've never had more debt in my life than I do now and I only want more. It's good debt when it's outsourced to somebody else, I don't have to pay it.

Keith Weinhold: I think a lot of people have this negative association with debt because for you, maybe your first experience with debt is your first car was a 1995 Honda Civic and you had to pay that debt yourself. You might've had to work overtime on the weekends, so debt kind of had this negative connotation. I'm talking about debt where now you're on top of that and you're not trapped underneath it. That's the kind of debt I want and the kind of debt I'm talking about. Good debt outsourced to others.

David Phelps: Yeah, no, brilliantly said. All right. Let's talk about why do you tell people to stop looking for property, Keith?

Keith Weinhold: Oh, that's a great question. Anyone that listens to my show has probably heard me say, "Look, if you're new to real estate investing and you're all excited about real estate, you've got to stop looking at property." And people are like, "What are you talking about? I can't make any money from the property that I don't own." And that's completely true. Well, I'm here to tell you that in real estate investing, you need to be strategic. The property is only the fourth most important thing in real estate investing. It's only number four. You know, most real estate investors have an awful experience and you might've heard about those from some of your friends.

Keith Weinhold: Well, most people aren't strategic. Here's how they buy a property. They might drive past a yellow duplex both ways to work and always think it was a pretty duplex and it had nice landscaping and pretty shutters or something. They've kind of let emotions get involved. You know, they rationalize this as they drive by at twice a day. They could manage it themselves. Well, they're not being very strategic. That property probably doesn't provide cashflow. You've really got to look at the numbers. The most important thing in real estate investing is you, what do you want real estate investing to do for you? Are you looking for an outcome of appreciation? Or tax incentives or cashflow? Or are you looking for a lifestyle investment that you can use the property a few weeks a year yourself? I mean, what do you want real estate to do for you?

Keith Weinhold: The second most important thing is the market. We can think of market in a few different ways, including use type, but oftentimes we think geographically and oftentimes the numbers don't work best where you live. Properties often work best in the United States Midwest and South where I do most of my buying, where you get a high ratio of renting come to purchase price. So the most important thing is you. The second most important thing is the market, and then the third most important thing is the team of professionals that you use in conjunction with your property.

Keith Weinhold: Often that means your property manager. A lot of investors think about return on investment and you should, but what's your return on life? You don't want to be the one getting the calls endlessly about a piece of bathroom cove base that came up in one of your units. Maybe you do in the beginning, but you want to outsource that task. What kind of life are you building for yourself? Again, that's what this is all about and then fourthly and only fourthly is the property. Because if those first three things, you, the market, and the team don't work, then the property won't work either. So you want to get yourself strategic and aligned. Once I've figured out what I want in a property, which is typically still cashflow and I know of a market and a team that I can trust, now I feel free to look at property. So don't start with the property, the property is only fourth most important.

David Phelps: Yeah, really good Keith. So two big mistakes I see along those lines are one, people that want to do everything themselves, which is okay when you're young and bootstrapping it and you've got more time than money. Yeah. Nothing wrong with learning it from the ground up, but trying to hang onto everything yourself and become what I call the accidental landlord because you didn't know what you didn't know and then say, this real estate stuff doesn't work because why? Well, that part, the management is actually a business and if you're not going to run that kind of business then outsource it all day long. The other piece is that when someone says, "Well, I want to be a quote passive investor", which means having a team, having turnkey properties, everything that's done for you, having that team together, that's where people skip the steps. They go, "Oh well, I'll just kind of hodgepodge it together. I don't have the whole team. I'll get a couple pieces." And then there's elements missing and again, it blows up and they go, "Well, this doesn't work. Investing out of my territory, my geographic area, it doesn't work because..." Well again, didn't follow the basic steps. You said it very, very well.

Keith Weinhold: Yeah, you're right. And you know, I made that mistake, David. I managed my own properties for five and a half years and I would've learned all the lessons I would've needed to know in the first one or two years. The reason some people don't hire a manager is because it cuts into their profit margin too much. And again, they didn't pay attention to their market. They might've bought only in their local market where you just don't have a good ratio of rent income to purchase price and you don't have that margin to hire a manager. But again, geographically in the Midwest and South, residential real estate, you do have that margin where you can get a manager and you're not feeling the expense nearly as much.

David Phelps: Yeah, well it's so true. And when you talk about people think in their mindset as well, if I pay a management company or a manager to manage, it cuts into my profit. But that goes back to what you said so well many times. This is not just return on investment capital, it's return on time. So where's your time more valuable? Could you be out actually sourcing more properties and then just have participations, meaning you give off pieces of the cash flow to people who actually leverage your time to do better. That's where people get stuck and they get stuck all the time on that treadmill of life, right? The working for the dollar and thinking that they have that scarcity mindset, I got to control it all, if I don't control it all then something might go off course, but now you put a ceiling on your ability to grow and actually have freedom when you do that.

Keith Weinhold: Yeah. So if you're self managing, put a value on your time and be sure you deduct that money that your time is worth from your profit and loss statement every month.

David Phelps: Absolutely. All right, so the market cycles, we came out of 2008, 2009, 2010 at a low. Things have been kind of a bull rod in the financial and real estate markets. Don't know exactly where we are today, but you know, we're probably asymmetric risk. We're probably looking at, you know, a turn of events at some point. Why is it still a great time to be an investor?

Keith Weinhold: Yeah, like for example, I'm still buying today, I'm still as active an investor is I ever was. If you ask why I'm buying today, it really comes down to three main reasons. I will call them demographic, geographic and psychographic. 30 year mortgage interest rates are still historically low. Some people that have been getting so used to these low rates don't even realize that mortgage interest rates for a 30 year loan were 18% in the early 1980s. Now, Freddie Mac's been tracking interest rates only since 1971 so we only have a history of less than 50 years and their average rate is 7.7% over that time, to give you some perspective. Demographically more millennials are entering prime renter age. There are 83 million millennials. They're the largest generation, bigger than the baby boomers. You want to track what they do because they are your tenants and that's where your income stream that secures this whole thing comes from.

Keith Weinhold: Well, what's part of the millennial experience? It's that college costs have risen faster than inflation. That means millennials are saddled with student loan debt, so with no housing down payment to form or it takes them longer to form them, a greater proportion must rent for a longer period of time. Now the home ownership rate was 69% in 2005, that's when it had its recent peak. It's only 64% today. What the home ownership is just simply the percent of homes that are owner occupied. That's what that means. So now that we have fewer owners, a lower home ownership rate, we have more renters. Well that's good for us as real estate investors and the overall population of the United States increases. It increases at about 2 million people per year here in this nation of 330 million people, you know, that just simply drives the economics 101 of supply versus demand and I think you might take this for granted as an American, but population losses in places like Japan and Greece and Spain, they create excess housing capacity there.

Keith Weinhold: Geographically, more people are moving out of higher cost places like New York and New Jersey and California into lower cost places in the Midwest and South and that's where I buy. Places where the numbers really make sense like Memphis and Indianapolis and Tampa and these trends, they've resulted in the United States now having one of the lowest home ownership rates since 1965. So we have more economic uncertainty in places like China and even Great Britain with Brexit and that slows their growth and that creates more uncertainty, and a lot of foreign buyers want to invest in the United States.

Keith Weinhold: And really the last one is what I would call a psychographic component. There aren't really any hard numbers that go to this, but just that years ago, millennials saw their parents lose their home in the mortgage meltdown, 10 years ago. Well, because that happened in the millennials formative years, a lot of millennials just have this negative association with home ownership and that helps drive rental demand and now we've really got something in the United States with the maturity of turnkey real estate investing, it makes it easier than ever for you to get started by controlling your own income property.

Keith Weinhold: And turnkey means that you purchase a property that's already rehabilitated, already tenanted and already under management and cash flowing from day one. So it's become more convenient to invest in a hard asset remotely. But yeah, I'd really sum it up, David, as to why

I'm buying now into demographic, geographic and psychographic reasons.

David Phelps: Yeah, great points, Keith. You often say that there's five different ways that investor gets paid. Could you elucidate those?

Keith Weinhold: Yeah. If you're ready for this, because we get a few numbers flying around. This is exciting stuff. Most people don't even realize how a real estate investor gets paid. And you know what, most real estate investors don't even understand the five simultaneous profit centers that they have. And beyond that, most real estate investing educators can't even tell you all the ways that a real estate investor is paid. But you know what's funny about numbers, David? People that find numbers a little bit boring, the numbers get a lot more interesting when you write a little dollar side next to the number. And then they get even more interesting when you tell them that those are your dollars, not somebody else's dollars.

David Phelps: Exactly.

Keith Weinhold: And they get very interested in the numbers. So let's just look at the five ways you're paid with a simple example, and then we're going to add up your five return sources to see how much you paid at the end of year one. This is different. Most people are used to the stock world where they only have a gain if they have capital appreciation in the asset. Maybe some stock investors are paid a second way if they happen to have a dividend paying stock. But the average paying dividend, the S&P 500 only yields 2%.

Keith Weinhold: So in the ways that you're paid five different ways. So let's just say for example, you've carefully purchased a $100

000 rental single family home where the rent income exceeds the expenses. Yes, you actually can find these, especially in the US Midwest and South. If you make a 20% down payment, that leaves you with an $80 000 loan and the property is already tentative. So the first of five ways you're paid is with appreciation typically. There aren't any guarantees here. These are just long term averages over time. In year one, your property appreciates from 100K up to 106K. That's just commensurate with real estate's historic appreciation rate of 6% that probably doesn't sound very thrilling to you until you realize that your $6 000 gain is based on your down payment of just $20 000. That magic of leverage means your return is 30%. A lot of people don't realize that right there. Your leverage light bulb turns on because you got the 6% return on both the 20K down payment you made and the 80K borrowed from the bank. Again, like we talked about earlier, it's about other people's money.

Keith Weinhold: The second of five ways you're typically paid is with cashflow. Let's say your rent income minus all of your monthly expenses leaves you with $150 of residual income, and the way we arrive at that number is your rent income minus all those expenses like mortgage, vacancy, insurance, maintenance, taxes, utilities, and management. 150 bucks a month, that's $1 800 a year. Again, that's divided by your 20K down payment. That's another 9% return. This portion right here is what's known as your cash on cash return, so now you've got 30% from leverage appreciation plus a 9% gain on your cash and cash return. We're up to a 39% rate of return, and we want to discuss two of the five ways you're paid.

Keith Weinhold: The third way you're paid is with principal pay down. Now, a lot of homeowners think that they have this benefit, but you really don't when you make a payment on your home every month, yes, a portion goes to principal and a portion goes to interest, but you had to work for those dollars that go to principle. In a cash flowing rental, your tenant pays the monthly principal portion of your $80 000 loan on this property and it's just the 6% interest rate on a 30 year loan, that's $898 annually that the tenant pays down for you, divided by your 20K of skin in the game. That's another return for you of 4%.

Keith Weinhold: The fourth of five ways you're paid are with tax benefits and this gets a little hazy and complex so I'm not going to explain it all, but we're talking about some of your benefits I mentioned earlier, like depreciation that you can typically use as write off against part of your income and tax deferral. We'll just call that conservatively another benefit of 5% although with something called bonus depreciation that was new in the Trump tax act probably makes that higher, but we'll just be conservative and call that another 5% gain.

Keith Weinhold: And then the fifth and final way you're paid is with inflation profiting. Inflation typically makes people poorer, but when you borrow money, this is something that advanced investors fail to consider, you can actually profit from inflation. Because I mean David, you're a smart, savvy investor, you would not keep $1 million in the bank. Most people wouldn't keep it in there over the longterm because even at 3% inflation, the purchasing power of that after one year is going to be 970K and after year two it's going to be about 940K and so on. Well, just like inflation erodes the value of your lump of savings, it erodes the weight of your mortgage debt balance, just the same. So therefore your 80K loan for this income property in today's dollars has its drag diluted over time as more and more dollars circulate in the economy, it gets easier to pay this back with depreciated dollars because over time wages and prices go higher. And remember the tenant pays your interest on this loan. So we'll just call this benefit of return of another 3%.

Keith Weinhold: So if you add up your return from the five ways you're paid, your year one return from this income property would be a whopping 51% and for anyone that comes from the traditional consumer credit world, they think, "Oh, that must just come with some extraordinary risk or something." But it doesn't. This is just simply buy and hold real estate. This is nothing new, but it's just the first time that you, the listener, have had this explained to you where your rates of return come from and we sure could make that number more specific. We've actually oversimplified the example just to make a somewhat concise explanation for all this. We did not factor in your buyer mortgage loan closing costs. The seller can often help you pay those and if you buy a property in a losing job market or hire the wrong property manager, your entire investment could go south.

Keith Weinhold: Remember those things we talked about earlier. The property is only the fourth most important thing, but look, even if one third of things go wrong, that's still a 34% return, which I think most people would be really pleased with and you gotta remember that your return will gradually go down in future years because you're accumulating equity in this property and the return from home equity is always zero, right? Like we're talking about now, you know how to keep score if you understand the five profit centers you have. You know, a lot of people think that they're winning at real estate investing and they're actually losing. And some people are really winning when they think that they're losing. And when you understand how you're paid, now you know what to buy, now you know what to sell. Now you know when to sell. Now you know when to do a cash out refinance or a 10-31 exchange. So it's really about keeping score with your five simultaneous profit centers. It's really important to know as an investor.

David Phelps: Keith, you laid that out really, really well and that's something that I didn't completely understand all five of those as I was growing my portfolio, they were all there, but some of them were hidden. Particularly the ability to pay back longterm debt with the appreciate dollars was something that I gained an appreciation for later on in life, but realized that was happening as I was building a portfolio. So that's really good.

David Phelps: I've got to ask you this one last question. You got time for one more?

Keith Weinhold: Oh, I sure do.

David Phelps: All right. This is one again where it's like we must have read the same books when we were growing up or something. But you know, a lot of my tribe, my doctors, because that's who I speak to a lot because that's where I came from. They are quickly taken down the road of their retirement plans and 401k, you know, as soon as they start making some money in their practice now the bad news is they've got to start writing a check to the IRS, to Uncle Sam, and they go to their CPA and go, "What can you do to help me save on taxes?" What's the CPA say, "Hey, let's set you up with a 401k plan." All right, I want your words. I've got my words for it. Just tell the listeners what's that 401k all about? What's it doing to their wealth building?

Keith Weinhold: It's not amplifying it as much as it can because again, you're only using your money. You're not using other people's money. And here's a mindset to think about. In the early eighties when 401k plans were first rolled out, plan administrators were selling these to their employees, calling them salary reduction plans. They had to scrap that name to help foster some participation. You are volunteering to reduce your salary in the hope of getting that money back with a return when you're between age 59 and a half and 70 and a half. That's when you can make penalty-free withdrawals from a 401k. It's a life deferral plan rather than being invested in a salary reduction plan, which is what 401ks were originally called, I've even had the father, the inventor of the 401k Ted Benna on my show to corroborate that they were originally called salary reduction plans.

Keith Weinhold: Instead, if you opt out of the salary reduction plan, now you're back to even, and from there you can get ahead if you opt in for a salary increase plan with the five ways you're paid. I just described a salary increase plan and the benefits that it has are as good or better than a 401k plan. So think about it through the lens of do you want to be involved in a salary reduction plan or a salary increase plan? And rates of return from 401ks over the long term are really about zero when you factor in inflation and emotion and taxes and fees and volatility. But most people just don't consider those things. So why don't you go ask your plan administrator if you're interested in doing a 401k, what the return is when it's suggested for those five mitigating factors of inflation and emotion and taxes and fees and volatility and you're going to make him pretty uncomfortable.

David Phelps: Well said. Well said. All right, so Keith, this has been really, really good. You have a great gift of taking what a lot of people make very complicated and getting it down to the nuts and bolts and that's what people needed. That's what real education is about. And I really feel like you are doing a great service to a lot of people. That's why I try to, I love engaging you with my group and I led them to read your book because you lay it out very, very well. So great ways for people to further connect with you and follow you and you'll just get more of your great information.

Keith Weinhold: Oh, well, thanks for asking. Yeah, because I'd really encourage you, the listener to learn from someone that's actually doing this stuff and isn't just teaching it. At getricheducation.com, there's a short ebook there. It's only 84 pages in length and it's 84 small pages where it tells you how to optimize the five ways that you're paid as a real estate investor because I know we had a lot of numbers flying around there. It can slow down for you when you can see that in black and white in a book and the Get Rich Education podcast, there's a good chance that you're already listening to that show. It's how you simply and actionably build real estate wealth passively with an abundance mindset so you don't have to be a landlord or a flipper, and I regularly have pretty top notch guests on there. Robert Kiyosaki and the Risk That Advisors are regular guests. I've written for the Risk That

Advisors myself, so that's getricheducation.com for the book or the Get Rich Education podcast.

David Phelps: That's great Keith. We will put those links in the show notes. Keith Weinhold again. It's just been a real pleasure. Thanks for connecting with us today. I look forward to maybe having a chat in the future. We can always learn from great people like you.

Keith Weinhold: Hey, talking about this stuff fires me up so much. So thanks for having me, David.

David Phelps: You bet.

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