

## Ep #306: David Phelps - Your Best Insurance Policy



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**With Your Host**

**Dr. David Phelps**

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David Phelps: Good day, everyone. This is Dr. David Phelps of the Freedom Founders Mastermind Community and Dentist Freedom Blueprint Podcast. Today, I want to talk to you about your best insurance policy. A good friend of mine, his name is, I'll just call him John. John is a dentist, a very, very fine dentist, and he has multiple practices. He's a great leader, brings in young doctors and helps empower them and puts them in leadership positions. Does it probably better than anybody I know.

Well, several years ago, John had to endure and get through a thousand year flood in his region, his area. Did massive damage to the community and certainly John's practices and his home were more or less destroyed. Had to be totally redone. Now with a thousand year flood, you'd have to think did John have flood insurance? Thousand year flood, what are the odds? A thousand year flood means a flood is not likely to happen. So, no, I don't think anybody in that area had flood insurance because it just doesn't happen.

So, what does that mean? No coverage. All of his dental equipment, very expensive equipment was destroyed. The buildings had to be redone. This all had to come out of John's pocket. He had to get loans. There was a little

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bit of help from FEMA, but not very much at all. And four years later, John is back on top of his game. Now, how does he do that? It begins with mindset. It begins with having a mindset that has been built over time. So much in life we think about and how we behave is based on our thinking comes from how we grew up and the people and environment that we grew up within. That means the words that we're taught to aspire, our parents and our teachers and what we watched on TV or today kids have their iPads and they're plugged in like everybody else to the internet.

The stuff you take in really starts to form the way you think and that means it forms the way you behave. And so much of life is based on false premises, limiting beliefs, ideas that are not of the truth. So, the first thing we have to do in life in order to change our model, to change our game plan, because the rules of the road, the rules of how we live life in our businesses and how we provide security for our families, that's changing at light speed. You cannot rely on old models. Old models that maybe worked in the past, many of them really didn't. People just got by. But if you really want to put yourself in a position where you don't have to worry about disruptions like we've had in this crazy year of 2020 with the coronavirus, if you don't have to worry about situations like that or John about a thousand year flood, look, those things are going to happen. Maybe not to the same extent, maybe not to everybody listening to this podcast, but you know what I'm talking about.

Something has happened in your life. Something's happening to you right now that is uncomfortable. And something will happen in the future before you're done, I promise you, to you or your family or something to your

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business model, your investments. Something's going to happen. And it wasn't by design, your design. It was out of your control. So, what's the best insurance policy you can have to mitigate such? Well, again, it begins with how you think. If you're a person who, like myself, if you plan, you love to plan, I love to plan. I'm a big time planner, but I also have to realize that all my plans may not be fully controlled by me. And I have to have plan B, at least a plan B, maybe a plan C. More exit strategies, the more different plans, the more streams of revenue or income I can have, especially those that are not dependent upon my active work.

And that's where we start in life. We start with training and education, get into a career, profession that is set up to allow us to ideally live a pretty comfortable lifestyle, to provide security for our family and provide them the things we think are important for them to have. And that's great, but if that's where it stops, if that's where all the focus goes in life, then you're very vulnerable. I would be very vulnerable. Fortunately in my life, I started setting up my insurance policy by investing in capital assets, real estate. I read books on the stock market, I read books on real estate back when I was in college, just because I was planning. Again, I'm a planner. I think ahead. I didn't have any money to invest. I wasn't even in business. I was still in school and waiting tables, but I was thinking ahead how can I, when I start to have active income from being a dentist, how can I be a good steward of that money? How can I be a really good investor?

My father was a hard-working surgeon, an eye surgeon, very dedicated to his family, to his profession and to his patients. I mean really a great model for me. And as smart as he was, I mean, way smarter than I am. I mean,

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academically, hey, he just runs circles around me. He just could remember things and details. And it's like, I don't know how he could do it. You get like so many busy people in business or others professions, he didn't really have a game plan as far as investing. I mean, he bounced around like most people do with different financial advisors and try this and that, and sometimes tried some things that just didn't even work or make sense, right? And that's so often the case of smart, hardworking people that do a great job in their profession, in their service or the product that they create, but they just don't have the aptitude. There hasn't been time.

And the way I learned to do that wasn't from my formal training in school. I didn't have any formal training in school about business or finance. I was like most of you listening, I was all in the sciences. I had to get the grades to get the scores and the degrees to move on to the next. And so I didn't have a diverse background, but it was through my connection to real estate, reading about it first, then actually doing it, buying some houses and then finding the right people. Let me say it again, finding the right people. This is a key to anything in life you're doing is you've got to find people that are on a pathway that you believe is a pathway you'd like to be on, whatever that means. They have to have core values, they have to have a lifestyle philosophy and a financial acumen or a business acumen that you believe fully integrates with how you believe.

Now that doesn't mean you have to live their exact life or their exact model, but there has to be a fully integrated process, not just somebody who talks about all their successes or looks like they're top shelf. Many times those people are hollow and empty. You've got to find the

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right people. And that's what I did early. I found the right people. I had to kiss some frogs, meaning not everybody who portrayed themselves as being highly affluent and with a strong financial model really had it. There was flaws and I had to work through those, but once I was able to elevate myself into the right circle of people, the right network, the right relationships, everything changed. And I did it in dentistry, too. Don't get me wrong. This was not just in real estate. I did the same thing in dentistry.

But I could see quickly that real estate and the opportunities there to create multiple streams of income, to acquire, build, create capital assets that once put together, once acquired, would produce regular sustainable income for me whether I was working on that asset again or not. That's what's nice about real estate. You put it together once. Now, it has to be managed. Early on in life I managed a lot of my properties, which was good training. Today I don't manage anything. I have other people that do that. I do joint ventures and participations with other people that I've vetted. Again, it's all about relationships. People that have access points to different parts of the economy and parts of the real estate sector that can be very opportunistic.

It's an inefficient market, which is what I love about real estate. It's inefficient, meaning that anybody can play ball, but you've got to either be in the game yourself active, or you've got to be involved with people who are active. I can't do that on Wall Street. I don't have any insider ability on Wall Street whatsoever. With the capital I invest today, I invest it through people that I eat and break bread together with. I get to talk to them. I get to get inside their culture. I know their families. I can't do that on Wall Street.

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When the market changes and shifts, I want to be with people I can move and shift with. We're always looking down the road. What's coming next? What's coming next? We can't predict with any 100% clarity, but based on history, we have some pretty good ideas where the shifts are coming. And with a finger on the pulse of the dynamics of the marketplace, what's happening in the real estate sectors, we have some real opportunities coming up because the government can't save everybody. The government is also very inefficient in a bad way. The government tries to plug big holes with massive bureaucracy and there's so much that falls through the cracks in many ways across the board, businesses and unfortunately personal lives and real estate assets will go on sale, will go on sale.

Well, how do you get involved with that? Well, you've got to be there front and center with people, with a tribe, with a group that can give you access to those opportunities and teach you what they look like and teach you how to take different buckets of money, whether it's taxable money or retirement account money, and how best to utilize those funds to maximize the opportunities along with providing yourself a safe haven from the volatility that the markets produce. It's a hedging effect, if you will. How to hedge your bets against the volatility. And there's ways you can do that, but you've got to learn to be the orchestrator of your financial future. You can't rely on outside people to do it.

Let's face it, in this crazy election year, which by the way is not over yet. I'm not making predictions, but I think it's still in limbo, but that being said, the pollsters, the professional people who run different poll companies missed it by a wide, wide mark. Yes, the majority of them



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predicted Biden, but they predicted Biden by huge margins. And in most cases, those margins weren't there. They were very, very small. We had some very tight races that are still being disputed by the way. But my point is professional people who were paid a lot of money to get it right, got it very wrong. Happened in 2016 also.

So what's my point here? You've got to be careful from whom you take advice and limit the advice you take from certain people to what you believe is their real expertise. What do they really know? A lot of people like to pontificate about a lot of areas that they don't really have expertise over. People in the financial arena, financial markets, I think they do the best they can, but that's a very volatile market. That market can shift overnight. In a week, 30, 40% of the principle can be lost. Not so in the inefficient market of real estate. It takes much longer for that volatility to hit. So you've got time. You've got time to be defensive. And you've also got time to be offensive. That's what I love about it. But it's not easy. And that's why not everybody can play ball there. That's why there's still an open opportunity for individual investors who really don't have any chance on Wall Street at all.

So back to my point. You've got to have insurance against things that can happen. Yes, you buy insurance policies for specific events that we hope never will happen. And I think most of you probably have those in place, but secondarily, what's next? Well, you got to protect your mindset. You do that by surrounding yourself with the right people. The right people. You've got to find those right people and you've got to put yourself in those environments. Pay to play if you need to because that's the way that you up your game. That's the way you stay challenged and accountable to making the moves that



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you should be making but typically will procrastinate because, well, we want to just wait until the time is right or until we get all these things put together just the right way. So you can't wait. You've got to be doing things not sequentially, but simultaneously.

Well, which things? Well, how do you know? How do you set the priorities? How do you know the who's to get the resources to what you want to do? Again, it's about relationships. It's about a network that helps you produce that, that speed to goal. If you're still trying to do things all by yourself, because that's the way you were trained as you grew up in school to handle everything yourself, to get the grades yourself, I get it. But this is not a world where you can do that. You've got to learn to collaborate, and you've got to learn to find the right people to collaborate with. That's the key to success in life. And if you're still running solo, if you're still trying to do it by yourself and being frustrated because you can't do it all, then maybe it's time to change. Change your model. Change the way you're going through life. It's never too late, not until the day you stop breathing. It's never too late.

So stop doing it the way you've been doing it if you're not getting the results you want. If you're not getting closer to your freedom point in life, and it seems like every year it's just point gets further down the road, you can change it. You don't have to keep doing things the same way you've been doing it and live with frustration and fear that you're not going to be enough, have enough. Stop that thinking. It starts there with your thinking. Stop that thinking, invest in yourself. Invest in yourself, get with a group of people that can be a tribe, that can help you aspire to be the person that you really want to be and lead your family,

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lead your team, lead the model you want to have for your life. It can be done. I've done it. Many other people have done it, but you can't do it alone. Find the right place, find the right tribe. And remember above all, stay focused on your freedom. I'll talk to you soon.

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More@freedomfounders.com.