Ep #385: Dennis Perry - Retirement with Confidence - Abundance vs. Scarcity

Full Episode Transcript

With Your Host

Dr. David Phelps

Dentist Freedom Blueprint with Dr. David Phelps

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Welcome to the Dentist Freedom Blueprint, a podcast about freedom—freedom from expectations of society and the traditional path to success that has been ingrained in us from our early years, I'm joined by mavericks, renegades, and non-conformers to discuss an anti-traditional path to financial freedom, freedom of time, relationships, health, and ultimately freedom of purpose. My name is Dr. David Phelps. Let's get started.

David Phelps: Good day, everyone. This is Dr. David Phelps of the Freedom Founders Mastermind community and Dentist Freedom Blueprint Podcast. Today, I have the privilege of talking to one of our Freedom Founders' members, Dr. Dennis Perry.

Dennis and his wife, Monzell, became Freedom Founders members about two years ago, right about in the big beginning stages of COVID in that spring of 2020. And we'll talk a little bit about their pathway through Freedom Founders and just what they've discovered and what freedom means for them. So, Dennis, thanks for being with us today.

Dennis Perry: Well, it's my pleasure, David. I appreciate you asking me. It's always an honor to sit and chat with you.

David Phelps: Well, you became very, very quickly, you and Monzell became leaders in our community, and I think that just speaks to who you are. You've always been a leader in no matter what you do with your family, your community and also, as a senior partner in your former oral maxillofacial surgery practice. You partnered there for how many years?

Dennis Perry: Oh, golly, I was in practice for 31, 32 years and the senior partner now, he joined me … I guess we were together 25 years maybe, before I retired. So, I was practicing maybe five or six, seven years before he joined me. And then after that we had another person come on, then another person. So, we grew the practice pretty well the two of us, but I had a partner for 25 years or more.

David Phelps: Well, in that line of work, you just about have to have a partner. So, yeah, you've got to figure that out. Otherwise, it's too much for one person to do it.

So, end of 2019 was when you were able to make your exit from your partnership. Well, that was planned and worked through with your partners and to have that happen.

And I remember you talking about you and Monzell meeting with your financial advisor, coming up to that point and just again, like everybody would do, you're ready to leave practice, that active income years are going to be over and do we have enough?

Do we have enough in our accumulated assets, in our investments that we put aside over the years? Do we have enough? What was that conversation like for you and Monzell?

Dennis Perry: Well, that's a great question and I'm really kind of glad you asked. We have a home in Tennessee as well as our home here in Cincinnati, and we were working with two or three different financial people. We had person on the insurance side, somebody on the money side and they rarely work together, so we're getting sort of conflicting ideas.

But pretty much all of them thought, well, you're going to need to sell one of those two houses or maybe both because we don't know that you have enough set aside. And the question I've heard you ask many times is how much is enough and we didn't know.

And honestly, if it had been up to them, I would've worked many more years, but as you know, I have back issues and just getting ready to have my third surgery here in about three weeks, and I just couldn't do the work anymore. I couldn't do it.

So, those conversations were if everything works perfect. I mean, if the stock market behaves and you kind of scale back a little bit, you have plenty of assets to make it to age 92, which is, I guess, is sort of standard in that industry.

Beyond 92, they had no idea what was going to happen. But their big warning was as long as the stock market behaves, because everything was pure traditional investments, stocks, bonds, that sort of thing.

And as long as the stock market behaves like it's supposed to and continues to perform at this unprecedented historic level, you'll be fine to age 92. Well, as you said, I retired at December 31st 2019, and we all know what happened in March, 2020, the world came to a standstill and the stock market did too and it was a pretty significant crash.

At that time, it was a woe was me kind of moment. I thought, gosh, the one thing they said could not happen is now happening. And that's really kind of what … I had been in touch with some people in Freedom Founders for probably two years. And because of a prior experience, I just didn't want to take the plunge.

And when the world changed, when the stock market stopped behaving, then Monzell and I said we need to do something different. And at the time, you were completely virtual. That June meeting, June 2020 was all virtual, which by the way, was an outstanding experience considering how you had to pivot and go to a virtual world.

And gosh, we were a couple of hours into a three-day virtual workshop, our conference, and we were starting to nudge each other saying “I think we need to look at this more closely.” And by the end of the first day, we were pretty much on board.

But back to the original question, the advice we had been given or the wisdom that had been imparted on us was as long as the stock market continued this historic climb, we had nothing to worry about. But if anything else changed, we're going to be going back to work in our 70s. So, that was not an appealing option.

David Phelps: And Dennis, that's often the advice or consult that many people are given in the traditional financial world, is as long as everything stays static or status quo, you can make it. As you said, oftentimes I see that number too, it's like 92-years-old. I'm not sure where they come up with that number.

And I'm not bashing people in the financial world. I just find that their algorithms are kind of set kind of cookie cutter-ish to blend to get to 9, and if everything stays the same — we've gone through in my relatively short lifespan, but talk about my adult years being some 40 plus years, about the same as yours; is we've seen a number of market cycle corrections.

It's just part of our world. The market goes up, the overall general market goes up, and then it goes through a correction at some point. It's just the way it works. And to just think that well, gee, you're betting that your retirement date is going to fit nicely into a point where the market stays up for a good number of years before it does its correction, that's kind of rolling the dice.

And I think what you and Monzell felt, and a lot of people felt when 2020 hit and in March of 2020, as you said, the markets just went to a free fall for several weeks until the Fed came in and saved the day, which that's a discussion for another day. How many times can the Fed save the day?

And I think we're all a little bit thinking this can't go on like this forever. But it was that wakeup call to say, hey, we've seen this before where the markets, because they're so emotionally-driven, one thing can trigger it and in a matter of just less than 10 days, the market, it'd free fallen over 33%.

That's what happened in 2008. That's what happened in 2000. We can go back in the cycles and say, this is kind of typical. So, for us in our world, and I think what people are trying to look at, particularly when you're leaving active income is what do you do to steady that out?

And oftentimes, financial advisors would say, "Well, we've done the stock market equities all these years and through active income, it's gone up and down, up and down, and here's what you've got right now. We better convert you to something safer like bonds."

I mean, bonds, well, that's safer on the capital stack, but goodness gracious, bonds don't pay anything. And with an inflation rate as we're speaking today, that just came out this week at 8.5% CPI, which look at the real numbers, it's probably double that. How can you even get close to making your money last in an inflationary environment where we're well into double digits earning 2%.

I mean, it's just the numbers are there. I mean, it doesn’t take a math wizard to figure out that's not going to do it.

So, you mentioned something else and I want to go back to, is that you had previously, like many years ago, like even before the 2008 great recession, you and Monzell had … given, because I think we're all this way, Dennis, we’re curious, is there some better way to do something.

And you had through another group of people, we don't need to name names here, of course, doesn't matter. But you had ventured out and gotten involved in some real estate. I think it was like single family rentals, if I’m correct, that you got involved in back around 2006. Was that about the date?

Dennis Perry: Yeah, interestingly, that's when we got really interested and got involved in this other group and invested a fairly significant sum of money just to be part of the group.

They too, similar to Freedom Founders (well, not all similar) — but along the same lines as Freedom Founders, they had their … I don't know what they called them, but trusted advisors, the only difference is they had never been vetted.

They were, “Hey, I got some deals.” “Well, sure, come on. Let's share them.” And so, a lot of us just with no due diligence, I know of at least one other Freedom Founders member who was in the same group and kind of got trapped as well. But with no due diligence on our part, because we weren't taught it. We didn't know how to do it.

A lot of us just kind of just dove into the deep end and started investing in multiple restaurants and apartments and things and kind of all over the country, but without any vetting. Even by the primary person in the group, and most of those things went south and people lost everything.

And Monzell and I … well, I'll put it on me. She asked me not to get involved, but I did. And so, it was totally on me, but it was a fairly large six figure loss and which for a lot of people may be listening to this, say well, six figures, you can recover from and we did recover from it.

But if you think if we had that 150, $200,000 still today, how much more we could have done with it instead of losing it and having to start over again. And so, it was a very painful lesson and I was very leery of any groups.

One thing that it did impress upon me though, was that real estate … and I've always kind of believed that real estate was part of every wealthy person's portfolio and we wanted to build wealth, we wanted to live free. We didn't actually have a good definition for what free was, but we knew we wanted to not be tied to the practice all the time.

And so, we started on our own, we joined the local RIA group, which is a pretty big and strong RIA, and just started buying houses on our own, and managing them ourselves. Monzell was a school teacher and we had a little guy we were raising and … well, not in 2006, he was already in college then. But at any rate, we had a family, we had our other obligations. Then we were also landlords. We were the toilet plungers and everything.

And just to give you some indication of just how bad my timing is, the bulk of our houses, we bought six houses, I think in October, November, December 2007. That's when we really loaded the boat. And we did the so-called pretty house business. We were buying nice homes and paying pretty much asking price for them. So, it was another big lesson learned.

We managed to get through that 2008, 9 period and come out on the backside. And we made a little bit of money on each of them but the stress and the pressure and the frustration of that, I just … back then not to be impolite or rude to any group of people, but if you could fog a mirror, you could get a mortgage.

The banks were just throwing money out to anybody. The good renters were now buyers. So, the only people left to rent were the worst of the worst. And so, we got our houses torn up with eviction after eviction. And that was us doing it. We had no knowledge, no background, no experience.

So, it was an absolutely terrible experience. And which is why my hesitation when it came to Freedom Founders, the bad experience with another group and the fact that real estate was my worst nightmare. At that time, looking back, we did okay with it. We made some money, we got some nice tax benefits from it.

I was working so we didn't get them at the time, but after we sold the last one, our CPAs were able to take some of the accrued losses and it worked out well for us. But it was just a struggle along the way and I didn't want to get involved in that again.

But again, when we came to Freedom Founders, we found that you don't have to be the landlord. You can passively invest, get the benefits that you would get as if we were still going and plunging toilets, but without having to get up at 3:00 in the morning and answer phone calls. So, it was a beautiful thing.

And I just want to go back real quickly, I meant to say as well, with the 92 thing, 90-year-old thing, that may be enough. 92 years may be enough, but for Monzell and I we're planning on making it to 105. So, we want to see our 75th anniversary.

So, for what reason, who knows, but that's what … if we're going to make it to 105, we got to do something besides age 92. So, that's our other big motivation as well.

David Phelps: Well, that's interesting because Dennis, I always say to people, I say do you want to live an average life? So, again, picking that 92 number, which is an average number that somebody came up with and said, “Well, that's a good number. Do you want to be average? Well, then do what everybody else is doing.” If that's what you’ll say, do what they're doing.

If you want to live an extraordinary life, meaning more years, more freedom, freedom sooner, more peace of mind, you got to do things differently and that's a little bit scary. I mean, it's a little scary.

I mean, we tend to feel safe if we're kind of following the path that everybody else says, “Well, you do it this way.” But the real writing on the wall happens when we near that point where, in your case, in many people's case, they want to take their foot off the pedal a little bit.

They want to transition out, and then you start to really look hard at your numbers, and then you start to go, “Well, wait a minute, I never really looked at it this way. This has actually got to work for the next 35 years for us. And we never even learned how to make it make money.”

I mean, we learned how to accumulate, we learned how to save, we learned how to be disciplined, and that's good. But we never learned how to turn these investments into cash flow.

Another thing you said that I thought was really good is that even with buying those properties in Cincinnati at the top of the market in 2007-

Dennis Perry: Absolutely.

David Phelps: And yes, notwithstanding the fact that it was stressful. I mean, I talk about accidental landlords or people who do kind of jump into real estate and lots of people do it. They try it, they're in it and they go, "Wow, this was not fun because I was trying to do it as a side job. I have my own practice, my business, and here, my wife and I were trying to deal with contractors and tenants."

We used to have systems in place, and that's going to be the case. But even then, you found that that kind of real estate, highly in demand, even going through a downturn, you came out at least financially, I even made a little bit of money.

Now, that doesn't talk about the time you spent and the stress. I get that. And that's why in Freedom Founders we do it differently. We do it a lot differently and a lot of people will say to me, "Well, David, that sounds like a pretty big investment to be a part of Freedom Founders."

And I say, "Well, there's always a trade." I mean, because people say, "Well, couldn't, I just go do this myself?" In fact, I talked to an endodontist just this week who was very interested in Freedom Founders, but is this question, I mean, I think it's a valid question.

The question said, “Well, David, why couldn't I just go into my community in my city and talk to my realtor and ask my realtor to go help me buy some properties?” I said, “You certainly could do that. But is that really what you want to do? Do you think that's really smart move?”

I mean, I had to kind of toss it back and say, “Yes, you could do that.” And that's what I did when I was in my 20s. I mean, when I had more time than money and I could run around to properties and deal with the headaches and learn.

But when you're in mid-career, latter part of career, you've got family, you've got a business, you've got a practice, it's like it's probably not the time you want get started in some side gig that you don't really have any merits or studies about.

So, I think it's about speed to go. And then if you want to get some of your money out of the volatility of the market, the financial markets, and learn to put it into alternatives, which just by nature, and you even said it during that 2000, 7, 8, 9, 10 downturn, much more stability because it's an inefficient market, which means the emotions don't drive that market.

Yes, the cycles do affect real estate values. Certainly, will again, but it's the cash flows. It's the sustainability of the cash flows and understanding what assets are going to do that and how you get through those down cycles.

Because we talk about we're going to have a correction. I think we're close, Dennis. I think we're close. We talk about it in Freedom Founders and how that works. I’d like to … go ahead.

Dennis Perry: I'm sorry to interrupt you, but one thing that I would say to the endodontist or really anyone else who's in that same position, regardless of what title they have, and I'm in a different part of life, and I can look back and see mistakes I made.

If they took the money and the time and the effort that they would have to spend being a landlord and manager of real estate and invested that same amount of time and money in their skillsets and continuing education and building their practice, they would have an asset far greater.

In the end analysis, they'd have an asset that was worth far more to them than the stress and headaches of being a landlord. That's what I would say to them. Yes, you can do it. I did it and many people in Freedom Founders have done it that way and we're all a lot happier now, I will say.

And I'll speak for the whole group that has traveled that path. We're much happier now than we were then, I can tell you.

David Phelps: So, in June of 2020, as you said, that was right in the middle of COVID. We had to go to fully virtual events for that year, pretty much because of the Coronavirus pandemic and the shutdown and the fear and contagion and all that was happening.

So, you and Monzell were guests at our virtual event. You didn't come live, you didn't get to actually rub elbows with people in the group. You had to kind of like get a sense of is this thing, this Freedom Founders thing, is it real, is it authentic or is it just another one of those groups where we're going to go in and invest money and kind of get pitched a bunch of stuff that might as well just go to Vegas and throw the dice on the table.

What gave you and Monzell the confidence to move forward at a virtual event, something that was relatively a substantial investment?

Dennis Perry: I'm thinking back, there were a number of factors. We were a little nervous. Then the stock market came back relatively quickly after that, but we saw how vulnerable we were. So, we knew we needed a plan B. We knew we needed to do something different.

So, we were already, we came with the mindset that we really need to look at this seriously. The quality of the people who were presenting — and I don't remember now. We've kept all the information that we received, the booklets and the meeting booklets and things, so I could go back and check. I probably should have before the call.

But the quality of the speakers, many of whom I had heard of or read books from already, so they were not unknown to us. I think there's a genuineness to you and Candace, a sincere desire. And I don't mean to sound corny, but a real true sincere desire to see other people excel, and do well and succeed.

And it just came through. We could just get that sense and that was virtual. I mean, when you go to a live meeting and honestly, because of past experiences, we may not have come had we had to actually physically show up. The cost of airlines and hotels, and we might not have done it.

But the fact that we could sit in the basement and sit on a computer, if we didn't like it, we just switched the camera off and walk away. We didn't do that ever, just so you know. Now, a lot of it was your dental practice and recovering from the COVID shutdown. There was a lot of fear in dentistry, in medicine and business at that time.

So, a lot of the sessions were about how to navigate those very choppy and rough and unknown waters. And that didn't apply to us anymore, because we were retired. So, I must confess there was a time or two where Monzell went and took a nap because it didn't really apply to us.

But anyway, even with that, the quality of the speaker, the genuineness of you and Candace and all the people that were shown on the screen and it just felt right. And going back to that other mistake that I made, I did it with her saying, “I really don't feel good. This is not something you should do. You shouldn’t do it.”

And I said, “No, I think we're going to be fine.” And I did it anyway. And she's never held that against me. I mean, she's never, you know, how sometimes when married couples can get into an argument, something that happened 15 or 20 years ago will come up and say, “Well, do you remember this?” She's not that person and so-

David Phelps: Well, that's fortunate because I think-

Dennis Perry: That's never come up. I bring it up when it comes up because I still feel terribly guilty.

David Phelps: It's funny that you say that because I think men, we tend to forget those things very quickly. And it's funny how Candace can remember stuff to the detail. It's like well, how do you do that?

Dennis Perry: Exactly. So, we're sitting there together and actually, I was pretty pumped and excited, but there was no way I was going to say, “I think we should do this.” It was not going to happen. But she said, I don't remember the exact words, but she goes, “This is something we need to look more closely at.”

And again, as we went on and by the time we were in the second day — I believe when that was set up; we did a couple of hours on a Wednesday night, a couple of hours on Thursday night and then kind of all day Friday and Saturday. It was a little bit different than the live sessions.

But by Saturday, she said to me, “We really should join this. We need to do this.” And I was in full agreement, but I wasn't going to say it because of the problem I had before.

But she has a tremendous intuition, a tremendous instinct. And I didn't listen the first time and I did the second, and we're very grateful, eternally grateful to you and Candace and all the team at Freedom Founders because we're in a different spot now than we would've been had we not found you. So, we're eternally grateful.

David Phelps: So, almost two years later you have gone through the process, the blueprint days, the getting the education, going through the alternative 101 modules, getting what we call your investor badge so you start investing in what you've been doing for the last two years.

And you've now essentially, as you told us, reallocated, I think almost all of your capital which was in the markets, the financial markets, into alternatives and you still have both homes. You have Cincinnati and Tennessee homes. You didn't have to give up one. Your run rate or your capacity of cash flow meets and exceeds your lifestyle needs.

We call it the lifestyle burn rate or your freedom number, exceeds that so that you are adding to the nest egg, not depleting it, which is the tradition of financial model is you deplete. You get so many returns and you have to deplete it and that's why you run out at 92.

In our model, you don't run out at 92, you don't run out at 105. You actually have capital to pass on your heirs or give away to charities if you wish to do so. You're not depleting something down to zero.

You're also a captain of one of the small groups that meet weekly in a leadership role. You've come to a number of our blueprint days and you and Monzell have really helped sow into new people that are coming on board because again, they want confidence. They want to see someone else who's done it. They're just like them, because we all have fear about something new. It's like "Is this really going to work for me?"

So, you've done all these things. How does life feel for you and Monzell being, as we call it, free for life, without the fear or the angst of "Gosh, are we spending too much money? We better be careful." I mean, how does that feel for you guys?

Dennis Perry: Wow, I wish she was here. I wish she could give her input into this as well. But the original model we had as you know, as you just said was to start drawing down and where we had this pool that we're going to have to poke a hole in the bottom of it and let it slowly start draining down to nothing.

Well, now, we've got to keep adding onto the pool. The money just keeps growing and we live, we've passed our freedom number and it's hard to put into words the feeling of not really worrying about next week, next month or next year.

We are so convinced that we're doing the right thing and experience has proven over the last two years that we are absolutely are doing the right thing. That I used to feel kind of that it was kind of important to keep a very large sum of at least a couple of years; a year or two's worth of liquid assets, just sitting there in a money market at 0.3% interest with inflation at 8.5.

So, that doesn't make a lot of sense to do that, but we are so comfortable now with what we're doing that we've actually taken that down to really just two or three months or so. But we have plenty of access with our investments and if we needed the money, we can pull it out, but why not have the money work for you?

We're so comfortable and so confident in the TAs and in the investment opportunities that we have virtually all of the money that we can invest invested, and it's spinning off more money than we really need. So, our IRAs are continuing to grow. We have money invested in cash. So, a lot of our freedom numbers coming from just mailbox money.

The comfort level, the security that we feel — again, she's better at putting things into words than I am. I wish she was here. It's hard for me to really put words on it, but it's a sense of freedom that we just didn't think we would ever feel.

We thought we would spend the rest of our days worried that the money was going to disappear for stock market reasons or we were going to have to take this out or sell the homes that we love. We had fear of that and that fear is gone. We don't worry about that.

David Phelps: Last question, and it's hard Dennis, for anybody who is outside of Freedom Founders and kind of looking like everybody does or like you and Monzell did for a couple years, kind of hearing about us, looking at us.

But until you kind of get inside and come to a live meeting and actually get to meet people, both members and the trust advisors who, as you said, we have highly curated.

What is it about the community that gives you the confidence that you're at the right place, particularly as I believe, we're approaching more and more volatility in the marketplace, where I believe we could hit a recession, we could see a correction come in the overall business cycle? What gives you the confidence that you're in the right place to navigate these more turbulent times?

Dennis Perry: Couple of answers to that. First is everyone that we have money invested with and everyone … we don't have money with all of the TAs because they're just … not everything fits our blueprint needs. We've talked to them all. We feel like we're friends with all of them, but every one of them have been through this market like you have and like, well, I have as well, but not as the deal sponsor.

But they've all been through these markets, these downturns and upturns and cycles and know how to respond to them. So, there's a comfort level there. If you've never been through one of those — if you own a bunch of houses and you've never been through a 2008 or nine, you just don't know what it's like and they have.

So, there's a comfort there because they know we're confident that if things really get wacky, that they'll be able to respond. The community itself, dentistry is a competitive profession and we may be friends with the other dentists in our community, but we don't share information with them.

Maybe where’s a good place to go get gold beer, but we don't talk about techniques and things. And so, in this community, we're all … and they're not all dentists mostly, but we have pharmacists and physicians and there's a large group of people, a wide variety of people, but everyone is willing to share what they're doing financially. They'll talk numbers. There's just every … we're all a team. Everybody, we're all truly like a big family.

It's like a family and there's no competition. If somebody calls me today and say, “Man, I just got this check from so and so” I'm not, “Oh, darn it. I wish I'd have done that.” I'm happy as heck for him. And there's a lot of sharing like that, a lot of camaraderie.

And so, I know if anything happens in the market between … well, I don’t know, if I should name names, but you and Alistair and Daniel Marcos and all the people who are just … I mean, the worldwide knowledge, not just knowledge in Cincinnati, Ohio, but people who've lived all over the world and have lived through true hyperinflation and rapid evaluation of their national currencies and drug wars and coupes, and they've lived through all of these things and they bring that knowledge to us.

And there's just a level of sophistication to the group that you're not going to find anywhere else. So, we're confident no matter what the world throws at us, as long as we're part of Freedom Founders, there'll be an answer. And we may suffer some short-term cash flow issues, but our wealth isn't going to go away.

David Phelps: Well, Dr. Dennis Perry, thank you so much for your time today. Thank you so much for your sincere and genuine leadership, both you and Monzell. You're great leaders and there's always going to be a bright light taking you down the rest of the journey in your life. And we just love the fact that we get to do it with you. So, thank you so much.

Dennis Perry: Well, you're welcome. And it's always, as you know, always an honor and pleasure to sit and chat with you and I appreciate you inviting me on. Thank you.

David Phelps: Thank you, Dennis.

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