

Ep #387: Jim Rachor - From Student to Practitioner, to Master, to Teacher - What's Your Next?



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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: Well, welcome everybody. This is Dr. David Phelps of the Freedom Founders Mastermind and the Dentist Freedom Blueprint Podcast. Here's one of my really good buddies, as someone who's been in the tribe and Freedom Founders for a number of years.

And I think it's always fun when we get a chance to talk to people who have gone down a different path, a path of their own volition, a path that I believe leads to really true autonomy and freedom, which is what I've been about really most of my life, and just helping other people gain the confidence and develop a blueprint, a pathway to get there is what I love to see.

And so, I've got Dr. Jim Rachor with the state. Jim, how are you doing?

Jim Rachor: Very good, David. Thank you, sir. Thank you for having me on the show. Appreciate it.

David Phelps: Well, it's always a pleasure to talk to you. You give back in so many ways not just to Freedom Founders, but in so many other ways in your life. And I think a big part of that is just where you come from. You come from a place, I know always

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of gratitude and you come from a place of giving back, you and your lovely wife, Cynthia, you're all about that.

I know your family, have gotten to meet I think every member of your family. And just again, some of the things that you guys care about besides your family, which is obviously number one, but just beyond that, what else you do.

But I think it's not just a mindset about gratitude and giving back. I think also what builds toward that for most people — and I felt in my own life, Jim, I felt like I had to get my sort of thinking. I have to get my house in order before I can give back a lot. I don't think that's really true.

I think there's a place where we can always give it any time in our life. But to give back with more capacity, maybe that's the way of say it. And it's time, it's money, it's focus point, it's creating a cause and a mission.

I think we get that in life when we feel like we have more confidence in life, not being overconfident, not being cavalier, not being like on a stack of a jillion dollars in the bank, nothing like that at all. That's not what it's about. But it's about, I think again, my mentor and co-author of one of my books, *Own Your Freedom*, Dan Kennedy says, “Who's going to drive your car?”

And I think for a lot of people, it's like well, I'll work hard in my business and my practice and I'll dial that in and I'll get the skill sets and I'll learn to be a better leader and manager and HR and all that stuff. And then I'll make a lot of money and then I'll put it where most people say, whether it's a 401(k) or a trading brokerage account or something, it's kind of conventional.

And that's really the world you came from, because your dad was quite successful in that world. Do you want to pick it up

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from there and then talk about kind of the pathway into Freedom Founders and what sort of changed?

Jim Rachor: Sure, I'd love to do that. I was at a time as a dentist where my practice was not optimized. I was working five or six days a week. I was wealthy as far as my income, but I wasn't wealthy as far as what I owned and I didn't have any freedom.

And as you said, my father was a financial advisor for about 50 years, did very well, but they invested very aggressively, and I really didn't know anything about my finances.

I just gave it to these people and they would run with it. I didn't understand the verbiage, anything about where my money was. I just hoped that in 40 years from the day I started working, I'd be able to stop and do what I wanted to do, but I didn't know if I was going to make it.

I was tired. My back hurt, my neck hurt. And then I literally was on the bed and I read *The Art of the Deal* and I read your book, *From High Income to High Net Worth* and then just the bell went off.

And I was like, "I think I'm on the wrong path, but I don't know how I'm going to get out of it." Because with my father, it really was, this is how you do it. As I read more about the stock market and I read more about real estate and I thought, you know what, if you're in one asset class, you're not diversified and that was me.

And then things like '08 happen or like just a couple days ago, obviously, we had a market crash. I think that's going to get worse, looking at the fact that market was really high, rates were really low.

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So, I heard about Freedom Founders. I read your book, I came to a meeting and I was hooked because it was a group of like-minded dentists, optimizing their practice first. So, mitigating taxation, preserving principal, and I've been in Freedom Founders for almost five years. And I've grown my passive income to the point where it's greater than what I was making as a dentist.

So, David, you created a great community. I want to thank you for what you did for me, really. I give you the credit for stepping out, giving me the permission. I mean, who would ever thought you could surpass your practice income with passive income and create different modes after that, different streams of income.

And then like you said, and what I learned in Freedom Founders is I could talk to other dentists about my problems, my practice, because they weren't my competitor.

So, we even had that going. Plus, we had legal people and financial people and practice people there to help talk about your practice like Mike Abernathy, for instance.

And so, that road, for me through Freedom Founders led to even more freedom; freedom of selling my practice, freedom of making plans to do what I want to do right now, not when I'm 80.

So, I would say that was my path. I continued to go to continue along that path in the tribe that we've created, and even a little bit of a sub tribe for the guys, myself, Peter Ferrety, Andy Baber and Ben Jensen, kind of have gone off and created a little bit of a group that we talk to.

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We talk to each other every Monday night about deals and Freedom Founders or what we're doing with our families or our kids, kind of a specific freedom path as well.

And then just different things that ... we're all pretty smart people. I mean, to become a dentist or an oral surgeon, you've got to be pretty smart. I was noticing my financial advisors were working 40-hour work weeks and they weren't wealthy. They weren't free. And David, Freedom Founders has taught me that there is a way to be free with your finances and not trust people that really might not have your best interest in mind.

So, when things go down in the market, they blame the market. When things are great, they talk about how great they are. When COVID hit, I didn't lose any principal at all because of Freedom Founders. I slept well at night. So, that's kind of where my path went and then from there, it was, I need to tell my kids. And that point ... yeah.

David Phelps: Yeah, I definitely want to talk about your kids because you got an amazing family. I would like to just jump back to when you had kind of revelation, reading some books, *Art of the Deal*, reading one of my books, and just it caused you to think and just maybe to question, which I think is always a good thing. I think we should always be questioning dictates or paradigms that we kind of grow up with.

We all do. We all grow up with stuff that we just kind of come to believe this is the way it is in the world and could be passed down from our parents or teachers or, I don't know, wherever we get our news and stuff like that. That's the world today, right?

And sometimes, it's good to have to question it. We don't necessarily like to because we want to feel like we've been

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doing things the right way. We don't want to like go back and redo. Redos are never fun. Redos are never fun in dentistry, oh my gosh. It's hard enough the first time.

So, same thing on financials, it's like, well, I've been doing all this stuff that people told me to do and but yeah, like you said, the question that we get most of the time, and in Freedom Founders when people are kind of knocking the door is, my financial advisor can't really give me anything concrete.

I mean, good guy, good girl, whatever, and does the best they can, but they can't really give me anything concrete. They just say, "Well, as long as you're healthy, you should just keep working. They all saying retire in practice."

Well, there are some people in Freedom Founders that have kind of retired out in practice, but by their choice, not because they were told they have to, or they're scared. They're doing it because they have newfound confidence in their game plan and actually it takes the pressure off.

And so, actually they're enjoying it now because the pressure's off and they can really cut back on the types of procedures they do, the kind of patients they see or heck with the insurance plans.

So, that changes. But something else you said, I think was really important is financial advisors, experts in other areas, professionals, we need them. Yeah, we need them. This is not do it yourself stuff here; taxes or state planning and that kind of ... I mean, you got to have those people.

But I think where we curate those people and I think that's the key — you've had financial advisors, we all have, but where do they come from? What's their mindset? And as you said in our

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group of Freedom Founders, kind of very much intentionally, I've curated people that are very good in those fields, but they also come from that mindset that we look at.

It's like we want to orchestrate our own future. We want to be on the forefront of that and not dependent upon markets or other people who their model is what it is, but they really don't have the ability to pivot and move the model because heck, this is the time we have to pivot.

So, I just want to throw that in, but people are typically questioning us and honestly quite often skeptical, as I am. If I'm looking at something new, I'm interested, but I still I'm a skeptic. It's like okay, well, it's probably not as good as they'd make it out to believe.

How did you overcome that because you had to come with some skepticism. You're looking for something different perhaps, but still you know what, what if this thing's flaky or what if this real estate stuff really got holes in it? How did you like overcome that, Jim?

Jim Rachor: I think that's a great question. I think one way is the way Freedom Founders works is you're in a group of other dentists doing the same thing. I mean, who have matriculated somehow to your room, and they applied and these people are in one room and we get to talk about what we're doing.

So, not only I can test the waters a bit, put my toe in the water and do a couple deals and see this was really real. I could also kind of parlay other people's in a first deal, second deal, third deal, 100th deal.

And so, you got a track record of things that are working well. Plus, I noticed the fact that we were in a room with deal makers

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that had our best interest in mind, because they didn't want to be able to be out of the room you created as well.

So, there's a little bit of a leverage point where I was not getting that in the stock market. I was not getting that in my investment. I don't even know what I was invested in, actually. I mean just a big portfolio of a bunch of stuff.

And so, I needed to educate myself on my finances. I didn't know what I didn't know, which was vast. And I read a lot of books to double check that what you were doing was real, meaning the real estate.

So, I read a lot of books to try to prove that to myself. I tried a few deals. I talked to the TAs. I went to a lot of their places of business, their regions of the country. And I started seeing that there was a whole other world out there that I think my dad and his team are missing.

I almost feel like I spent four hours in the car with them a couple days ago when the market crashed and just watching how they only go to that one asset class and they don't have another alternative.

And so, for me, I have all that now, and I think the market, what's going on in the world, real estate, you can kind of dictate and invest in different areas and regions based on what's going on. With stocks, you really don't know. You're just kind of at the whim of the market.

And so, for me, I did a few deals. I bought some turnkeys and I realized not only how cool it was and how fun it was, but what a good investment it was, and what a good tax mitigator it was. I never even realized you could do all that with your investments.

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And so, and then at that point, I would get into small group with the Peter Ferrety and some other guys, and we would talk about deals and I'd look at their deals, and they'd look at my deals. And I think what you do, what you've done really well David, is you brought in trusted advisors or TAs as we call them, who are quality people as well, who want to have a win-win deal.

The other thing I noticed, was my money. I was one degree away from my money. I can call and I do the person that did the deal. I couldn't really do that in the market. And then I came across an article that Warren Buffet made most of his money after age 50. And I was at the time like 55 or whatever it was when it came, 53. And because I was like, "Man, it's too late for me, but maybe my kids can glean from what we're doing here."

And then I realized, no, man, in four short four years I was free. And the proof of the pudding might be the fact that if I didn't truly felt good about freedom, why would I sell my practice? And so, that's how I would answer that.

David Phelps: Yeah, no, that's great answer. I think, as you said, you learned and did your own due diligence, which is a big thing that we push hard on education, but also, due diligence and teaching our members, well, what does that mean? I mean, what does that really mean?

Does it mean just kind of casual kick the tires? No, there's questions you want to ask. We go on due diligence trips actually to see the areas, geographic areas, the asset classes meet teams. As you said, one degree separated from your money means if you have the opportunity, you want to see who the people are, what is their track record? What is their philosophy? How are they dealing in changing markets? Oh my

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gosh. Wouldn't that be nice to know who's handling your money, how they look at the changing markets.

And so, I talk a lot about the fact that we're very relational. People typically think, well, finances, that's not relational, that's math. No, it's math plus relations, plus a lot of other things.

But I think the relationships are the key thing, which I've always enjoyed in my life and you enjoyed, other people in our community enjoy, feeling like you've got ... not that you have say so over what's going on, but you have say so over your money and where you're going to put it, and you can have conversations at any time with people that are running the particular model, whatever it might be, whatever asset class it is, wherever it is. And they report back and, "Here's what we're doing. Here's what we're looking at."

It's very educational actually, probably helps us a lot with our own businesses, to see what other business owners are doing in fields outside of our own. They have the same concerns about cash flows and operating margins and labor shortages and interest rates going up and everything else.

So, you learn a lot from people outside your industry. Plus, you're investing with people that you get to know, like, and trust. And I think that's where the confidence factor starts to develop.

And then you do this for a few years. You and a bunch of our people went through the COVID big hit back in early 2020, when everything kind of shut down, went on stall. And everybody's like holding their breath: "Well, what's going to happen? What's going to happen" and everything did come back.

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But what we saw was ... I think something you said is when the financial markets go into a psychological downturn, maybe we're in that right now, in May of 2022, we'll see. But when they go, it goes quickly, typically goes quickly. It's a very efficient market, which is easy to trade in, but also, the downside is it's easy to trade in which means you can go hit the bottom quickly.

With alternative investments, the inefficiencies of that market, which is what gives us an opportunity, a real chance to play ball if you will, as an individual retail type investor. They can't come in and cream us. We can kind go in the nooks and the crannies where big money can't play. It's not traded on high speed, robotic algorithms. I mean, that's what we love, but it takes a little work and diligence to get there, so you got to choose.

Alright, so now, I want to jump into what I know is super important to you now because you're not through, but you've kind of hit a mountain peak with your career. You're still practicing because you're enjoying it, sold the practice. So, that's not hanging over you. Great job, great timing.

But you've got an amazing family and you've put a lot of emphasis obviously, as we all do on the success of our future generations. What's most important to you? What do you want to teach versus leave, or maybe leaving is teaching, but how do you look at that?

Jim Rachor: Yeah, I would say obviously, by faith in Jesus Christ is my ... our faith family is so important — I think freedom. And you've taught me that if you're locked into something, that what kind of life is that? And that's one thing I want impart to them.

Number two, so legacy; would be leave a legacy, but don't just leave one, but live it now with them. You're going to leave one anyway. So, plan it out. Our family motto is do stuff, have fun.

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So, you don't know, time is your greatest asset, I tell them. Do stuff now.

So, I think creating using alternative investments to teach them to create some passive income, all of them are doing it now, as you know, and we also talk about move from being successful to being significant. What are your passions? And start with what's important first.

And then I usually have them write down their five passions, their five things they're good at and their five experiences. And from that, they can develop maybe a career path that they're going to want to do as a job. But hopefully, they'll get to the point where they're financially free and they can move to the other levels that you teach on the pyramid to do really cool stuff.

So, one thing we always taught our kids, we've done a lot of mission trips to Guatemala and around the world, we wanted to show our kids the less fortunate of the world and to be other oriented. And so, that is number one, people ask, "How are your kids?" "So nice, whatever." It's because they have a faith in God and they have seen what the world is really like.

I remember bringing one of my daughters, we were in Guatemala, she was eight maybe and just went off and played with the girl in the ghetto of Guatemala like they were best friends. So, kids know, kids see what's going on, and if we can act like that a little bit.

The other thing too is to not hide the dynamite. I mean, we'll have significant wealth that we'll probably pass on to them, to do it safely and not to live a life like not be wealthy, but be a good steward of your funds, of your monies. Which to me, really means ... I think you'll be the most happy when you've found

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your passion and you're helping other people and I teach them to not love money, but to use it.

Like you always taught me, David, was how much is enough? Financial advisors just give out some number. But to my kids, I don't want them to try to reach that mountain top of whatever that number is, but is to work backward on what you need every month, to live your best life and then look around, see who you can help.

So, that's what I would say. And I would say just a quick story, one of my daughters graduated this weekend. She wrote a book as you know, and she's a published author.

But the last person they announced at graduation was a down syndrome girl who was in a program called Ready For Life at Hope College. After that, she walked right over to my daughter who was her teacher and thanked her right after the graduation, on the middle of the field.

That's what it's all about. It's kind of what are they going to say about you? What's your eulogy going to be? And if God was given your eulogy, what would it say? And I think like for you, David, I think you've saved a lot of people a lot of pain and problems with Freedom Founders. You've saved a lot of people who were probably on the wrong path and they were depressed. I mean, I know because they've told me that.

So, I think there's things if you open your eyes, you can teach your kids. And then generation three will be my grandkids. We had a granddaughter, what can we teach about that? So, we're already planning like a family, a yearly, like a retreat where we can educate each other and all that kind of stuff. So, that's what I would say about the family.

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David Phelps: People often say at the end-of-life, people who have spent time with people at the end of life and those people that reflect back on their hopefully long life, as you said, it's never about how much did you make? How many businesses did you have? How much real estate, how much X, Y, Z investments, money in the bank? It was never about that. Is that important? Yeah, to an extent, but how much is enough?

Really, what matters to people is what you just said. It's relationships, it's people, it's memories, it's giving back, it's impact, it's significance. That's what goes to the heart. That's what I think people at the end stages of life, want to look back and feel that. And I think what you're doing is you are doing such a great job with your family, but also, other people that you mentor is giving them permission.

Permission, as you said to live life today, not irresponsibly, but to take time, not to be on this hamster wheel, driven to some XYZ number, which seems like society pushes us towards that. If you're not successful in that slight, you've got ... climb this mountain, you've got this kind of business or career path or you're nobody until you get there.

It's like, yeah, but what are you doing along the way? And what happens when you get there? Was that really the summit that you were looking for and you get there and look around and go, "Nope, there's another one. Oh my gosh, you mean there's more?" Yeah, there's always more.

So, don't look for false summits. And I think it's very typical of our society, but you're doing a great job of living a role model life and exposing and giving, again, that permission to your kids, not to feel compelled to follow the crowd, so to speak, or the group think that's out there.

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It's like, nope, you get to make your own decisions. Live your life intentionally for you. And that's what's going to make you ultimately happy and feel like you gave something back to society, the world, one person, whatever it was.

Jim Rachor: Agreed. Agreed. Yeah.

David Phelps: Well, Jim, it's always such a pleasure to speak with you, to have you in the tribe, to spend time with you, and I look forward to many more occasions to continue to do the same.

Jim Rachor: David, I love you, you know that. I appreciate you and I thank you for your friendship and many successes. I love your books. They're all awesome. And just thank you for all you're doing for us.

David Phelps: Thanks, Jim.

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