

Career Paths and Financial Freedom – Dr. David Phelps: Ep #470



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With Your Host

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: Hi, it's David here. I'm going to continue the conversation that I started last week when I gave some insights into how I might do things differently if I were starting over again, going back to my late teens, coming out of say high school, and going to college and then making the move to dental school, and talking about where I would change things.

Now it's easy to go back in time in retrospect, in hindsight once you have the experience of the years I had. In other words, money mooring, quarterbacking is easy to do in the rearview mirror. But I did that mostly, for those of you who are listeners and have young people who are in the path to their next—in high school, in college, maybe going to vocational school, maybe going to trade school, whatever it is, to give them some insights and just give them permission to consider alternative paths to what maybe they've been told is the only way to go.

It's going to be critical that we provide more resources and resiliency, and mindset to our young people than it is for us to give them assets like money or a higher education. I'm not saying those other things are bad, but in the wrong hands with the wrong mindset, those can be very, very destructive and not gonna be helpful to our youth today who I believe have a much more difficult path to carry forward than, say I did, when I was in my early twenties back in the early eighties, almost 50 years ago.

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And those times have changed. Now there's always going to be conflict and challenges in the world and we all deal with those, but I just think it's going to be a tougher road ahead for young people. This week, I want to talk a little bit more about where you are today in your career path, your business, or your practice, being that you've already got in place what I would call sunk-cost fallacy. You've put a tremendous amount of time, energy, mental, physical, and probably have a certain amount of debt that you're carrying, either from student loans and or from a business practice, acquisition, startup, whatever it may be.

You're late with debt today unless you had a trust fund that just handled it all for you, and that's very few and far between. If you're like most people, you had to incur some debt to get through school and to begin being that entrepreneur that you always wanted to be and have that business or that practice.

So here you are today, you may be in your thirties or forties, fifties, you may be in your sixties, hoping to figure out how you exit, how you actually take all the hard work and effort you've put into your life, and probably been very successful in most regards in providing a solid above average lifestyle for your family. And you feel good about it. And hopefully, if you raise some good kids and they're maybe in different aspects of their growth, but you feel overall that you've done things well. And if you've done that, you should pat yourself on the back.

The issue that I know most of you have is though having clarity of what's next, where do you go next? Because I've seen it over and over again. And it matters not how much money you make per hour, per month, per year. Doesn't matter. The scale is the same from high income to moderate income. Everybody ratchets up their lifestyle to stay in tandem with their increased income. It's just a natural law. It's almost an expectation of society and certainly an expectation within certain industries. When I would go to continuing education courses with my dental colleague peers, you could tell that a lot of it was about showing off a little bit and bragging rights to who

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was doing the best, and that could have been stated overtly or maybe it was just assumed by certain aspects.

“Well, what kind of car you came in or drove in,” right? Or talking about your practice and what kind of revenues or how big the practice is or how many associate doctors you have, or what's your EBITDA is. And I think all those things, unfortunately, are stated just to make people feel better, to remove some of the guilt because there's always things missing in people's lives.

This is something that I fortunately didn't struggle with. I think it's just because I grew up in a family where that kind of expectation was not laid in front of us. Not that we weren't taught to aspire to be achievers, and to do the best we can do, but it wasn't all placed on materialism. It wasn't placed on being bigger and bigger and bigger in life or business or practice.

It just was about really having a life that had meaning and purpose to it. And I think every one of you who are listening today, particularly if you are some decades down the road in your career, if you're in your particular 50s or 60s, you know exactly what I'm talking about. If you're younger, say in your 30s or 40s, you probably are not at that point where you've burned out or you've met that crossroads and in your path forward where you are really questioning.

You're still on that exhilaration piece where you feel the idealism of growing something bigger and having more, and I'm not trying to take that away from you. I'm just saying that if that's where you are, that it would be prudent for you to have some conversations with somebody who could help you and your significant other, your spouse, your partner really determine what it is you really want in life. The sooner you can really focus on that together, assuming you are a couple, you got to do this together because you try to do it singularly, you're going to be frustrated.

How do I know? Well, in my own life, I know that when my wife and I were not able or didn't take the time or effort or have those hard conversations

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because we want to avoid conflict, we want to just to kind of put those things aside and assume that they'll get better on their own, which they never do. The sooner we tackle difficult conversations with people that we love and care about, the better the opportunity we have to go forward in a life that has intentionality and purpose. But it's tough to go there.

We have so many other things in front of us, so many dragons to slay every day. So many other aspirations that are built on metrics that overall don't really give us that satisfaction of who we are. So I have my own life that I can compare and contrast in what I learned over time. And really my daughter's health crisis—crises, I should say multiple, is what really gave me the insights to go deeper in my own life and try to discover what it was I really was about, what I should care about.

And that's what gave me the permission to actually leave dentistry after some 20 years in the profession. And I have absolutely zero regrets today. I have zero regrets about being in the practice of dentistry and the time and effort I put into it. I have zero regrets. It was a great path. It was obviously the right path for me at the right time.

But it didn't mean I had to stay there in that same mode and do it for say, 40 years. I think that's the issue that most people have is they feel like they have to do the same thing over and over again. I think that's where the burnout and the frustration and the desperation comes to pass because life should be ever-changing, but we don't like to embrace change, let alone transformation.

It's scary to do that. So here's what I would tell you, if wherever you are in your practice mode, your career mode, your business mode, wherever you are, you've got to really focus on what matters. And I would say these conversations with you, your spouse, and really your children, if they're still at home, it's got to be included.

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It's not easy to go back. It's not easy to take things back and focus on what's important in life. But if you'll start having those conversations as difficult as they are in the beginning, you can make some forward progress because otherwise you're going to stay on that front wheel burner of just being tapped out and your body's going to give out mentally, physically, you're going to get tapped out.

At the end of the day, you won't have really much to show for it. I get those calls multiple times a week from doctors who have worked hard and they're in their late fifties, in their sixties, and honestly, for all of the millions of dollars that flowed through their business over their 30, 35, 40 years of practice, they have very little to show for it in their hands.

They've got some equity in their practice that's yet to be sold and they have some money in a retirement account, IRAs, 401k, and maybe a little bit of some brokerage accounts, maybe a whole life insurance policy. But the hodgepodge of these various capital assets are very, very meager compared to what they could have had they had a game plan in place, a design from the beginning.

I'm not taking away from financial advisors, but most of them are just out there selling whatever they think the market will provide for their clients and put food on their table. It's an incentive system, and that's what it is that. Really the guidance, I think, is overall notwithstanding the few good ones out there, is pretty poor today, and yet people rely on the advice from people who have not even done what they want to do.

That is really be free in life and not be chained to a schedule, chained to doing the same thing over and over again. The key thing I will tell you today is no matter where you are on that treadmill, on the hamster wheel, you've got to understand how money works and how to make money work for you. You cannot anymore advocate that responsibility to other people, to money managers, to your 401k plan, to your insurance advisor, you cannot do it.

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You've got to have a plan. You've got to understand, and this is not difficult to do. It's not learning an entire new mode of education or getting a MBA in finance or understanding real estate from a commercial standpoint. This is something that learning how money works and then investing your capital in assets that will produce the income, and the growth, because inflation is going to be with us for, I think, in definite periods of time, and that cost of living factor is going to be there for those who are trying to get off the treadmill, you've got to factor in for that. But you've got to understand what assets will carry the day.

Those who are still in their active income years, you've got a little bit more time and I know even though the grind is hard, it's still the pressure is relieved because you know as long as you're healthy, you can get up and go and fight another day no matter what inflation is doing. You have the opportunity. But at some point, you're going to either need to or have to slow down. At some point, you're going to want to exit your active income to really real freedom. Like why not do that sooner in life? Why not have those options earlier? Does it mean you have to retire or exit your business or practice?

But when you have the optionality at an earlier point in life, how about in your thirties or forties or at the latest in your early fifties, where hopefully you still have a lot of health and you still got family, you still got kids that are growing up right underneath you in your home and you could actually have the time to spend with them.

Right now you can't do it. Why? Because you're trapped. You're trapped in a revolving cycle of the high cost of living and providing all the things that you think are important for your family. But the bottom line is much of that, they couldn't give a flip. If you actually were able to be present with your family, like I've made the decision to do with my daughter when she was still young and I had that opportunity, I'll never regret that. I'll never regret stepping away from my practice.

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Now, how could I do that in my 40s? Well, because I had taken the plan B mode of investing and learning about how money can work in real estate. That was the vehicle I chose. You don't have to choose that vehicle, but you've got to find something that you study enough to feel like and understand and know that it will carry the day.

Trust me, it's not going to be investing in Nvidia or Mara or other tech stocks or crypto. Those are all outliers. That's all speculation. You play those games on the fringes, but that will never carry the day. You've got to have sustainable, predictable income from assets that are not dependent upon you to show up and drive that income.

You do that in your practice, you do it well. But you cannot have a life of freedom if it's always dependent upon your labor. So learning how assets work, you don't have to do it yourself. You can learn to do the due diligence and the vetting just like you had to learn in school how to do diagnosis and treatment planning.

There's some work and effort that goes into it, but the payoff is huge. And these are the same skill sets that you can be teaching your kids so that when they have to make tough decisions or when they're deciding, "Do I need to go to four years of higher education at Harvard?" you can have some real conversations about, is this really going to get the job done? Is this really going to set you free? We think it is because that's the way it was back many years ago, that the higher the education, the more likelihood that you would have a life of quote "success", and ultimately freedom. But I find very few people who trade time for dollars, even at a high level that have any freedom whatsoever.

It's really ironic that the more income that someone's able to make, the less freedom they have. The more complexity they put in their lives, the more materialism that causes them brain damage so you can't really enjoy the fruits of that labor. I love being around other people who challenge me and challenge my thinking.

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Because without that, I don't know where I'd be today. Without people who were able to provoke me into thinking deeper and to making some tough decisions, taking some amount of risk to change my life, I'll never look back and say those decisions, even the adversity, even the hardships that I went through that at the time I felt like this isn't fair. Life's not fair. Well, life is never fair. It's what we have to come to expect in life, but when you expect things to change and have to iterate, then life is not so difficult. That's why I look at life today. That's the way I enjoy leading and guiding the members of Freedom Founders who have the same desires and expectations in life.

They just haven't been fulfilled. Why? Because they haven't been able to give themselves permission. When you're around other successful people, and I don't mean successful by dollar amounts or by the lifestyle. I mean, successful by the five freedoms that I talk about. Certainly, financial freedom, having the assets to produce the income you need to enjoy your life where you don't have to go to work, you do with the work you want to do when you want to do it, with whom you want to do it, where, when, that's true freedom.

Time freedom. Do you have control over your time or are you scheduled by the constraints of the income that you have to go out and produce every day? That was a big one for me back in the day when my daughter was suffering and went through the liver transplant, and I realized how handcuffed I was, and how if I just took what I learned in making my money work through real estate, if I took and focused on that, that I could have a life of freedom. And I took that opportunity, thinking I might go back to dentistry, I never did.

And again, no regrets. I was happy with the path I took. I think God put the elements of the barriers and challenges in front of me for a reason, a purpose. Help me be a better dad. It gave me an opportunity to serve humanity, more particularly my demo colleagues and people in business and entrepreneurs at a level that I'd never dreamed possible, never dreamed possible.

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Each one of you has a story that's not fulfilled yet, a story that is still building. What direction are you going to take with that story? Are you just going to keep plowing ahead doing the same thing year after year, and just hoping someday you'll have some freedom and someday be able to actually have some relief and some peace of mind? or are you going to make some changes today that could allow you to have that sooner?

Again, I've seen it over and over again. Those who are willing to take some risk for a better life and do it with people who have gone down that path, to give them the assurance and do it with their spouse, their significant other. Do these things together and that's how you will get to the real freedom that you've always wanted.

And right now, today, are concerned that you may not reach. Stop those sleepless nights, stop feeling the back pain and the carpal tunnel syndrome, and the neck pain that you've got today, and find a path to allow you to have that freedom. You don't have to keep doing it, your work, the same way. I've had so many freedom founders who thought they wanted out of their practice.

And within a year, because they started to see how they were building assets that would reduce income outside of their practice, that they actually started to enjoy the ride of the practice. They actually enjoyed being able to change things up, take the pressure off, do the procedures, maybe bring in associates or partners that they never would have dreamed they would have tried before because they didn't want to upset that apple cart because it's so delicate, the balance was so delicate.

When you build some margin into your life, from the financial standpoint, because that's what everybody chases, as soon as you build some margin into your life and you see how it's going to work, It changes everything. I see that the relief of stress off of so many Freedom Founders members even within the first six months because they finally, for the first time, have a plan that they can understand and can drive forward to milestones that are

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measurable, not just hope and pray and keep your fingers crossed till you hit 65 and hope that 401k is going to do it.

Because they know that 401k is not going to do it, never has, never will. It's a game that wall street set up. And so they learn to take things into their own hands. This is what you can do. You've done it with the rest of your life. Why not do it now? It's all about your freedom. And I encourage every one of you, no matter where you are in your career path, whatever age you are, whatever the dynamics of your family, don't look back with regret.

Say what can I do today going forward? What steps am I willing to take? Do you care enough about your life and your family and the memories? Don't be one of those who has regrets at the end of their life and wish you had taken some action. Today would be the day. I would suggest you do it.

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