

Rewriting The American Dream in a Stagflation World – Dr. David Phelps: Ep #567

Host: Dr. David Phelps



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This is a time to create more margin in your life. More margin. Well, what do mean, David? More margin means cut out the fluff, cut out the stuff that doesn't matter in your life.

If it means to downsize from whatever materialism you've built up in your life, then don't go down size it. What really matters only comes to the forefront when you've just about lost everything that matters in your life. Decades ago, I hustled to grow my dental practice and real estate empire. Society patted me on the back and every new deal and patient reinforced the success they said I had. Then my daughter Jenna was diagnosed with leukemia. Nine years, several intense chemo treatments and years of epileptic seizures, my daughter was given one more miracle, a life-saving liver transplant. In that hospital, I realized I wasn't successful.

I had money, I had real estate assets and a business, but the only thing that mattered was time with my daughter. In that hospital room, I decided to sell my business, leave active income and sustain my lifestyle with my real estate assets. Now, Jenna is healthy and all grown up and me, I am teaching others to do what I did. And I continue to uncover the

principles, strategies and lessons we can apply in business and investing to create ultimate freedom for what matters most to each of us.

Welcome to the Freedom Founders podcast. Most people only hear the polished version of what we discuss inside Freedom Founders. Today, I want to give you an unfiltered look at the conversations our members are having behind closed doors as we navigate one of the most uncertain economic periods in decades. This isn't fear-mongering, it's clarity.

In this episode, I share what I've been seeing since our October event in Dallas two months ago. Why generational cycles matter more than Wall Street headlines and how wealth inequality is reshaping the American landscape. and what rising inflation, shrinking opportunity, and cultural frustration mean for your future as a practice owner and investor. More importantly, we dig into what you can actually do and how to create margin in your life, how to avoid the trap of endless expansion, why simplifying may be your greatest strategic advantage, and how to protect both your family and your peace of mind as the landscape shifts under our feet.

But before we continue, you have to understand that Uncertainty is not the enemy. Failing to adapt is. The people who stay awake, make intentional adjustments, and ground their decisions in wisdom, not fear, come out of cycles like this stronger than they went in. That's what we're doing here.

That's why this community exists. So take this as an encouragement. You're not behind. You're not alone.

And you absolutely can navigate what's coming with clarity, confidence, and freedom. Consider this a rare seat at the table. Let's get into it. Hey, David here.

I've been thinking and writing a lot over the last several weeks, really since our October event in Dallas, which I thought was a tremendous event from many, standpoints. And really, I've gained so much clarity in the last two years over the direction that I believe we as a tribe, as a community need to go. Certainly the direction in my own life. I'm no different from any of you. We've all gone on down a path of working hard. to get the results we want in our own lives, to build a life of some optionality, some freedoms, some lifestyle that we put in the hard work for. And I think we deserve that. You deserve whatever you believe you deserve in life.

And there's nothing wrong with that at all. And yet at the same time, it's hard to ever stop wanting to grow more. There's always this desire to say, well, I've done this, I've put this much away, I have this much net worth, my practice is this size, I have this much in assets. wouldn't hurt them a bit more.

Why? Because of the uncertainty of the economy, the volatility. We certainly spoken at great length, going back to a number of years ago, probably four or five years ago, I first started talking about Neil Howe and his book with William Strauss that they wrote back in the 90s. And then Neil Howe updated it here in the last couple of years, *The Fourth Turning*.

And that ties together with Roy Williams book on pendulum, which is more of the social cultural. And then George Freeman's work, *The Storm Before the Calm*. and how each of these men have looked at the cycles in slightly different ways, but very, very similar in how they all coincide. I spoke about that at the event in October.

If you didn't see it or wanna go back and look at that, I tied a lot of things together at that event. Now you don't have to believe in the cycles, but I think you need to look at some kind of patterns. Whatever you wanna believe, there's some kind of patterns. And certainly that's a fact that we're going through generational cycles.

Whatever, however you wanna look at them, however you wanna call them, we're going through massive change. It's hard for us to accept that because we always think about America, the land of prosperity, which I still believe it is. But we as a country and as a government particularly, but we've, we've aided and abetted it. We sold out the future of this country.

We've been selling out the future of this country for a number of decades, but particularly the last couple of decades is we have piled on massive amounts of debt and the deficit of spending that our politicians continue to do without any, any reservation at all. is really a plunder of our country. And I used to get really, really worked up about this stuff. I mean, I got worked up where, know, this is like eight, nine, 10, 11, 12 years ago, even on Facebook, don't go back and look at this stuff.

But I got out put some rants out there and I kind of got political in a lot of ways. And because I was frustrated, right? I was frustrated because I wanted America and what I always believed America to be a place of meritocracy where anybody, anybody who put in the work, the time, the effort could gain a certain position on the ladder of, quote, success in life, whatever that means, right? Go back to the 50s and 60s.

I mean, that's where I was born in the 50s and grew up in the 60s and 70s. And my mother did not, she was educated as a school teacher, but when my parents started having us kids, my mother stayed at home. Well, that was a generation where a lot of mothers stayed at home because that was the way the country was built. And a father typically was the one that went out and earned the income and the mother took care of the home front.

And when I look at the house that we lived in when I was three, four, five, six, seven years old, small house, I'm guessing it was 1,250 square feet, small, three bedroom, one bath house. And at one point there was five of us. ■ my parents and my two sisters. But we didn't think anything of that, right?

And however you grew up, and many of you probably grew up similarly where the homestead, where your parents, where you first were growing up, may have been modest. Let's put it that way. Some of you may be less than modest. Maybe some of you better than modest, whatever it is.

What I'm saying to you is that things have changed. as women began to take a more active role in the workforce, and again, I'm not, pick a side or saying it's right, wrong, or otherwise. I will not do that at all. That's not my point.

It's just what it is. As women started entering the workforce, well then the family income went up and whenever there's more money to spend, then prices go up. And so they did. So prices went up.

It's the typical inflation that started to happen and. families were able to buy more, maybe buy two cars instead of one car for the family and houses would get larger over time. Today, most of us would think a 1,250 square foot house wouldn't cut it. I mean, that's a starter home, right?

And yet that very starter home, that very size is priced way out of range. Young people today, the average age of the new home buyer today, the first time home buyer today is age 40. Back in the 80s, when I was coming out as an adult at school, the average age of the first time home buyer was 29. That's a huge difference.

And we're seeing the younger generations, particularly the millennials and Gen Z and I guess it's now Gen Alpha, they're coming, starting to come of age a little bit. They have very little

ability to get a foothold in the quote American dream. and they're frustrated as heck. You know they are.

You see it all the time. And you know, I don't blame them. I don't blame them at all because it is difficult. And I know we say a lot of things about, well, generations, just, they're entitled and, know, I have to think, you know, if I was trying to look ahead and saying, have no more aspirations to try to do anything in life because I can't, then it's kind of like live for the moment, right?

And that's where they start doing things like investing in meme stocks and crypto and. and just throwing it, throwing it, throwing it all, you know, at one thing to try to make something happen. Otherwise it's like, this life's not gonna work. And it's a tough place to be in today.

Because of this wealth inequality that's happened over several decades, at least, from a social standpoint, this cannot remain. Not just in principle. mean, the masses won't put up with it. The only way the government sort of takes care of the people who have less in life that are typically renters and they get subsidies and they get SNAP benefits.

mean, look what happened recently with the government shutdown. I think the number was 42 million Americans depend upon SNAP, the food stamp program. 42 million out of what, 360 billion Americans? That's a pretty high percentage of people who are to a great degree dependent on the government.

And of course there's more. There's all kinds of social security disability payments and and all the other entitlements that are out there. And we just created this dependency. And so the problem here is that, as most of you know, the country's out of money.

I mean, we're broke. We're basically broke. And the only way we stay standing is because we're the cleanest shirt in a dirty laundry, meaning of all the other countries globally, we're still considered the strongest, but we're losing that position. We're losing that position.

I think on almost a slow drip by drip weekly basis, but it's happening with the BRICS Nation, the de-dollarization of the currency. That's why we're seeing precious metals go up so much because our value of our dollar is going down. doesn't buy as much. Inflation has reared its ugly head, first time in 40 years since the 1980s.

history shows us that once inflation gets a grip in a society, it's really, really hard to break that grip. It just doesn't go away by itself. And the only way it went away back in the early eighties after 10, 11, 12, 15 years of stagflation, which by the way is where I think we're heading back to stagflation, a very anemic economy, low growth and high cost of living. That's a tough place to be in for anybody, whether it's a younger family that's trying to grow and build a family or mid-career people and certainly enders who have to now try to rely on.

income from the assets they hopefully saved up and with inflation running, I think at least eight or 9 % today. Don't tell me it's 2.9 or 3%, no way. That's just government manipulation. You cannot believe the government.

They're gonna gaslight us on everything they can to try it again. What? To keep us as citizens feeling like it's gonna be okay. And of course, the stock market becomes the proxy for the economy.

Look, I'm not gonna talk politically here because it's both sides of the aisle, but You know, for Trump to talk about how well the stock market's doing, that only affects about 10 % of the citizens of this country. Most people, unless it's in their 401ks, don't really own assets. A stock market is something that they can care less about because it doesn't affect them. So unless you're of the upper 10 % echelon, the other 90 % are not affected.

It does not make a difference to them, but Trump still plays it up like, look at the stock market. And that's going to run out at some point too. I'll get to that in a minute. Dentists don't burn out from dentistry, they burn out from carrying a life that feels heavier every single year, while pretending everything's fine.

If you're exhausted from being the solution to everyone's problems, if your marriage feels the stress, you won't admit. If you're terrified of waking up five years from now in the exact same place, then hear me, you're not broken. You're trapped in a model that was never designed to give you freedom. This coming January, we're opening something brand new, the Exit Optional Blueprint Experience.

Four weeks online of live intimate work with me, followed by a private in-person blueprint weekend that has rescued marriages, reset careers, and given doctors their lives back. If you want to buy back 10, 20 hours a week, cut your dependency in half, get aligned with your spouse, and finally build a future you trust, this is your window. Only 20 doctors will be accepted and the deadline is January 5th. If the weight has gotten too heavy.

If you know something has to change, text BLUEPRINT in all caps to 9722036960 right now. Again, that's BLUEPRINT to 9722036960. By the way, I've got to cut in here and just give a disclosure, which you're probably hear me do more because some people in the past have asserted that they thought I provided financial advice. Look, every agreement that we have in Freedom Founders and had for 15 years states as a matter of fact, that I am not your fiduciary.

I'm not licensed to do so. I don't give financial advice. I we, I provide education and frameworks and any positions I take in terms of how I look at the economy, or even particular investments, it's through my lens only, my lens. Everything that we do in Freedom Founders that comes from my lips is just information for you to take back to whomever you work with to work on your own personal financial plan.

I don't do personal financial planning in Freedom Founders. just, we give you blueprints, we give you frameworks, and that's for you to take and go do what you want, but it's not me being your financial advisor. So I just have to put that out there in case anybody was wondering, it's not the case. All right, so back to it again.

The problem with this wealth divide is the government cannot just tell people that have become dependent on the government, so sorry, we just can't pay you anymore. That happens and we have literally blood in the streets. We've seen what happens when people get riled up in recent years and it hasn't even been over really income issues. It's been over other issues, which I think we're all aware of.

But when people don't have enough to put food on their table, take care of their kids or family, desperation folds in. And when people are desperate, They don't stop at anything. So the government has got to keep feeding the beast, so to speak. Where does that money come from?

Other than, to the extent the government can digitally printing more money, which is monetization of the debt, which means we're paying back the debt with cheaper dollars, but that means everything in our lives, the cost goes up. Just look what's happened in the last few weeks with healthcare costs. I don't know about yours personally, the subsidies that Again, what are subsidies? Subsidies is wealth distribution, redistribution.

Look, I'm not against helping those in need, but you the government's not the most efficient. So the wealth distribution that happens in our government is very sloppy. It's corrupt. There's

all kinds of cronyism that goes into that.

So, so much of the money that's distributed from taxpayers like us to other people, so little that gets to them and a lot of it gets caught up in bureaucracy and it goes into other people's hands. Doge brought a lot of that stuff out, right? It's just... It's not a good program, but it is what it is.

Because the government cannot allow that segment of society, the 50 % or 60 % or whatever it is, to go hungry or go without healthcare or food on the table, then they're going to continue to monetize the debt through inflation and more wealth redistribution. So healthcare costs, the subsidies that were being paid from a government edict back from COVID to help people out, well, those were scheduled to run out. And that was the big... The big issue with the shutdown recently is the one side of the aisle wanted to keep the subsidies in place to keep everybody at bay.

And the other side said, hey, it's time we really say, well, what is this really? It's not an easy answer because there's healthcare costs that are rising like everything else. It takes a bigger, bigger chunk out of people's paychecks. You may have seen the same thing with your own healthcare costs or within the, if you have a group plan, but they're going up tremendously. That's only one aspect of our lives. So much else is gone up in cost. again, it's way more than the government CPI figures. So you've got to plan for, think, at least eight, nine, 10 % inflation rate.

And that means to stay ahead of inflation after we pay taxes, assuming we're talking about taxable accounts or taxable investments, we've got to try to bigger numbers. Well, that's not possible right now without taking a major risk. And I'll get to that in a moment. It's not possible. And so it's hard for us not to want to continue to reach for the returns that we could get in years past. Because right now, as I said over and over again, it's a dangerous time to push the risk curve. Ted Oakley, you were at the event or you weren't at the event, either one, go back and watch Ted Oakley's talk. Ted Oakley is spot on.

The man has been involved in the markets for 50 years and he sees what's happening, what's coming. And he is very, very conservative. But we can't be conservative David because if I don't get at least 10, 11, 12 % of my money after inflation eats it up and the taxes eat up any profits, he goes, I'm going backwards. Yeah, it's true.

We are going backwards to some degree. So that's where I would tell every one of you. And I've been writing about this here and there in different places. And some of the books I've written is this is a time to create more margin in your life, more margin.

What do you mean, David? More margin means cut out the fluff, cut out the stuff that doesn't matter in your life. If it means to downsize, from whatever materialism you built up in your life, then don't go and downsize it. What really matters only comes to the forefront when you've just about lost everything that matters in your life.

I don't wish that on any one of you. And I'm not saying that has necessarily happened to me, but almost losing my daughter some over 20 years ago, that changed my priorities in a big way. And it's been very helpful to me because I've been way more at peace in my life from that point on. than I was previously where I thought I had to keep grinding, grinding, grinding more and more more and but it was never into my moving the goalposts.

And that's a fallacy. It's a fallacy that a lot of us have because during good times, which we've had a lot of good times, economic good times where everything was moving up in the economy, we're not gonna have that going forward. I'm gonna say it again, we're not gonna

have that going forward. I'm not here to be the pessimistic bear.

I'm just here to tell you the reality of it is, We can't sustain the American dream based on the infrastructure, the monetary fiscal economic infrastructure that has cracks all over it today, all over it today. And it's just a matter of time before something cracks and gives away. And I think we're close and closer to that point. So create more margin in your life, downsize where you can or need to, try to get rid of any floating rate debt, be wary of expansion in your life. Now, if it's your business, and you've got your fingers and your hands on a business like a healthcare business, a dental practice, you know what you're doing because you've been at it for a while and there's opportunities to expand in a marketplace that you know, I'm okay with that. That's something you control, something you know about. But I'm talking about outside your purview is to be putting money out into sectors where you don't have the control and the counterparty risk. the downside downstream risk of where your money is going and who's managing it.

Not even because they're naive or dumb people. It's just, there's so much counterparty risk that we have to look at. again, something I brought up at our October event, everything is tied together and outside of your own business where you still have counterparty risk. I talked about that, even in your own business, you've got counterparty risk or with a rental property or with direct lending where I've got my hands really tied to the investment.

there's still counterparty risk. cannot move away from that. So what do do, David? Well, do you put everything into US treasuries?

Yeah, if I had, you know, \$20 million, I would, but I'm like you, I am not magnificently wealthy. I feel like I have enough because we keep our lifestyle, I say in check, we enjoy a nice home. I've always driven used cars, just who I am. My dad brought me up that way.

I don't care about cars. Yes, do we travel and take some vacations? Yes, but you know what makes me happy is just being with people I like to be with. And I can do that here in my own community.

I have my tennis group that I play tennis with and tennis is cheap. I mean, I gotta restring my racket every once in while, right? Put a new grip on it and buy a few tennis balls. Cheap, cheap, cheap, right?

It's not because I mean to be cheap. It's just so I can find joy in things that are simpler in life. I don't need to have all the stuff in the big trips. I don't mind them, but I don't have to have them. I think if we start thinking in terms of what made us, families happy and joyful back when we were growing up, when maybe we grew up in more modest households, what allowed us to be happy back then? I mean, just think about that. And why do we need everything we have today? We set our kids up, I certainly have, not meaning to do so, but to show a bigger life, a life where my daughter didn't have concerns and she didn't need concerns, she had a lot of health issues, but nevertheless, she never saw financial concerns.

It's not a bad idea for kids at some point to feel a little pressure financially. And I think because we so much want our kids to do well that we won't let them drop below a certain barrier and we wanna pay their way through school and make them have no debt at all, because we want them to be able to get out there in this crazy upside down world and do well. I think it's not a good move. Now you get to make your choice, but this is where I think having real discussions with the people we care about.

can bring this reality. If we don't have discussions around these topics with our wife, our husband, with either adult kids who have now our grandkids or whoever the family is aligned

with, if we don't have these discussions, then no one's gonna talk about it, right? And the expectation is that the good times just roll on without any worry. It's gonna be harder and harder to build wealth or expand wealth going into a stagflation economy.

Again, I need growth. That means people aren't spending money. That means consumers, patients aren't coming in and rolling in and taking on big treatment plans. And it just goes on and on throughout the economy.

I mean, there are so many bankruptcies happening now. There's so many chains, food chains, retail that are shutting their doors down right now. And that's supposed to be in a, the media and the administration tells us is a very robust economy. And it's not, it's not a robust economy.

It's cracking apart. And that's why I'm just telling you all reset, realign your expectations. It doesn't mean you can't always ascribe for any kind of life you want, but just remember at what cost. Well, most of the the cost is stress.

It's stress because we have to keep producing. We have to keep making things happen. And with the government needing to provide more and more benefits to more and more people, that means they're going to extrapolate more of the assets or the income that you and me and others have created. They're going to take more of it.

It's getting harder and harder to keep and or build more equity. It's just gonna be harder. I'm just telling you. So lower your size, lower your expectations, figure out what a lifestyle can mean that can give you joy and happiness and help your kids see the same thing.

Cause if we don't help them see it, I mean, the mental depression out there today, because kids aren't seeing the opportunities that they think they should have because they're not doing as well as their parents did. That's not a good generational transfer of anything. And we've got to do better in that regard. You spent your career building a profitable practice that actually impacts your community.

Now private equity calls, DSO sends shiny offers, and suddenly everyone has an opinion about what you should do next. If you're a dentist thinking about selling, transitioning out, or just trying to figure out what your practice is really worth, you don't need more noise. You need a circle of people who get it. This is why we've built a new private Facebook community for dentists who want straight answers, real comparisons, and the confidence to negotiate from strength, not fear.

No jerks, no sales vultures, just dentists sharing what works, what doesn't, and what to watch out for when the too good to be true offers show up. Inside the new group, you'll get access to tools, field evaluation resources, and conversations with docs who've already been where you are. You're not up against one buyer. You're up against an industry that does this every day. Together, we level that playing field. If you want support without judgment, clarity without the pressure, and a community that protects its own, you belong here. Go to freedomfounders.com slash exit ready dentist to request access to the private Facebook group. Take back the leverage.

Don't transition alone. That's freedomfounders.com slash exit ready dentist. So let me wrap this up by saying this. What should you take from all this?

Again, I am not giving you financial advice. I'm just giving you information, frameworks, processes to take back to whoever you work with to develop your plan. Freedom Founders is a place to access other information that you probably don't get in some of the other areas of your life. Number one, don't chase parabolic returns at the end of a cycle.

We're at the end of a cycle. Good luck in some sector. It might be time to take some chips off the table and reallocate. Just saying.

Hold more liquidity, cash equivalents than feels normal to you. I'm certainly in that position today. I told you I started investing in more precious metals about two years ago. So I'm much heavier in liquidity today than I've really been in my whole life.

Part of that's because where I am in my life, I... I'm more in preservation and creating more of that moat. Now, if I was 20, 30 years younger, I probably wouldn't have still a lot of capital in liquidity, but I'd have some because I got to manage the gap, the recession, my business, my family. I've got to keep some.

So I would keep more than is normal for me where I am in that spectrum. Hope that makes sense. Keep a portion of your portfolio in tangible values. Well, that's what we love about what we do in Freedom Founders.

I'm not against The financial markets, I'm just against the financial markets when it's not the time to be there. I'm also not against real estate, but I'm against being in the wrong real estate at the wrong time. It's about choosing. tangible assets are real assets, hard assets, again, real estate, your own business, your own commercial building, precious metals, commodities, for example, oil and gas, mineral rights, tangible, tangible.

Reduce your reliance on both active and passive income by 10 to 20%. Stress test. stress test your model today. Business active income would be reduced by 10, 15, 20%.

What would that mean for you, your lifestyle and for your business? What could you tolerate? What would have to give? Just stress test it right now.

What would that look like? Once you stress test something and you see what it's gonna look like and feel like, okay, I can manage that. Cause here's what we're gonna do. And you talk about that as a family, really critical.

Don't just bring this upon your husband or your wife for the last minute and go, hey, guess what? We're selling the XYZ or we're not taking that trip or. Whatever it is, don't spring it. Have these discussions now.

This period of time won't last forever. It will not last forever. We will get through this like we get through every cycle. This one, I think it's just going to be go through a period of time and it may be a little bit deeper than we've had since 2008, possibly.

Avoid short-term leverage. Variable rate loans, HELOCs, anything that you're relying on, variable rate debt, the deal you're investing in is just, it's rock solid. And still I would be very careful about short-term debt that's tied up in a longer term investment. That's called borrowing short against a long-term investment.

It's upside down. You don't want to go that direction. then expect disinflation, disinflation in many assets before the next inflation wave. So as I said earlier, we talked about inflation, deflation, disinflation.

I believe our consumer, our lifestyle, expenses, cost of living, will continue to go up and remain up. I believe that asset classes, a lot of investments are going to see a tiered drop in valuations. And the financial markets will be the last ones to go because that's the big momentum trade. That's where all the speculation goes.

But when that turns, that's gonna have a reverse wealth effect on everything. Understanding what your risk, where you are on the risk curve and what assets are likely to take the biggest hit is how you wanna position on the risk curve. Those coming to the Blueprint Weekends upcoming, we'll go into this in great more detail. If any of you want more training on this or

more discussions on this within the community, look, I'm happy to lead.

I don't wanna bore anybody, because I talk about this stuff all the time, but I am very, very convicted that this is a time that we've got to look at things differently. Not negatively, not pessimistically, but we've got to look at things differently. If we do that, then we can live our lives and not be frustrated or all ballack stop. Every time something doesn't work out the way we thought it was going to.

Listen, it took me quite a bit of time and years to mature from my earlier years where, yes, I got through all those emotions when something didn't work out. And it's not my first rodeo. I've been through these cycles. I've lost money in deals.

But I've always survived. It's always been good. And where I'm in my life today, I look for what brings me joy, happiness, and gratitude. And if I've got those things in my health and people around me that I love and care about, I've got a good life.

I don't need to keep moving the field goal posts further and further down the road. I don't need to do that. I hope this resonates with you. Give me some feedback, let me know, and I'd be happy to go deeper in any aspect of this that would be helpful for you or to have discussions as a community, which I think is always beneficial.

If this conversation stirred something in you, don't ignore it. None of us is meant to navigate seasons like this alone. Inside Freedom Founders, you'll find people who are walking the same road you are. Doctors and entrepreneurs who want clarity, not noise, alignment, not overwhelm, and a life they actually choose, not one they drifted into.

We don't promise magic solutions. What we offer is far better. A community that has your back. A framework that brings order to uncertainty.

and guides who've walked through turbulence before and know how to help you steady the course. If you want support, direction, and a place to build your future with people who care about yours as much as their own, then you'll feel right at home here. Go to

freedomfounders.com forward slash discover to schedule your one-on-one call with one of my team members. That's freedomfounders.com forward slash discover.

Your freedom awaits.