

[Transcript] My First Million / Sam's +\$10 Million Portfolio, Shaan's Money Philosophy and The Spending vs. Saving Paradox

As I like to say I've lost more money than most people have ever made
I'm such a good investor that I've lost more money than you can dream of making
What's going on in New York headed back to Austin tomorrow, but I'm good. How are you? I'm doing great
Stationery where I always am and not moving anywhere
What did you say you tweeted out you said I'll be in LA who's up or what did you say? I said knock knock who's there?
Knock knock who's there?
You also said you're looking for a cold plunge that you can buy
That doesn't require you to post on Instagram. Yeah, I can't tell
I can't tell if you're making fun of me or if you actually want a plunge. Do you?
Small part of me that wants a plunge, but I know that like I just feel like it's gonna be like maintenance or something for me
That's I'm not really that interested in that but I just thought it was funny. I was like, you know
Basically making fun of you saw Hill and the like everybody that everybody who has a cold plunge
Is like, you know what?
This is actually a recording studio that I'm going to use every day every day. I do this
I'm gonna post every day about this and it's like
It's like yeah brushing your teeth, man
It's just part of my routine. I just do it and then when I do it. I want to bring y'all with me
Just get this on my story every day
We'll have to put an Andrew Huberman fan a vegan and like a crossfit or all-in-one room and see like
does
spontaneous combustion just happen
It's like we've discovered something stronger than entropy
Is there enough friction to create a fire there might be between who talks the most
All right, I've got a couple interesting topics today the biggest one
And what we're gonna do right now is I want to do something that I only do privately
I'll do it publicly. So this is that can go different ways
But you could critique me but basically like with some of my friends and some people in Hampton
I do this thing called a portfolio review where I explain my financial portfolio
And you are allowed to critique it and challenge me in order to like hopefully make me better. Okay
Do you know what I'm saying? I know exactly what you're saying. You don't have to keep asking. I know what you were saying
You asked this question a lot to our guest
I think it first started with Ryan holiday and I thought it was like just the most blunt wonderful question
You go. So what do you do with your money? And I thought that was wonderful
And so that's kind of how I like came up with the idea to do this and so I figure today
We can do that. Does that sound interesting to you? Yeah, let's do it
All right, the portfolio review and I guess I think we're gonna do this like the other way
I like to ask the question is if there was a pie chart, you know
Roughly what percent are you putting over here? What percent are you putting over there and why

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and I'm not like one of those guys?

So our friend Nick Huber sent an email out the other day and he put like exact numbers of everything of his net worth

And there's a bunch of people who do that. I'm not that transparent

I don't I don't particularly like that, but I'll be very transparent about some things. Yeah, we're not going financially streaking here, but

You know, yeah, we can go to the beach. We can yeah

I'll take my shirt off

Yeah, yeah, yeah, we're gonna go we're gonna pop the top, but we're not we're keeping the bottoms on right

Okay, so

First let me say my strategy for this whole thing. The first thing is that a lot of this is contingent on my previous strategy

Which I started when I was like 21 years old was to start and sell a business by the age of 30

I thought if I did that that would give me some financial security

Which was basically rooted in like being insecure about money for a very long time and wanting to have like some type of security

So that's like a lot of people listening in the YouTube comments. I know they're gonna say but how did you get like blank?

Well, we talked about it a ton, but anyway, it was about starting and selling a company another thing

Unlike you Sean and I think unlike most of our listeners

I would say I am incredibly conservative and so that is not the right fit for a lot of people

Right, the reason I'm conservative is I'm gonna break it down into four different accounts of which my big major account

I consider that account my livable money

So I don't actually draw off any of it

but my game plan was to sell a business and have that big windfall if I wanted to it could just go into The stock market and the gains could pay for the rest of my life without ever having to touch the principal

So that's kind of like a the strategy on that and then also as of now

I currently live off of my income

So we make income from this podcast from our other companies my wife works

So I live off that money so I don't actually touch any of the other explain because I think without numbers

It's hard. Let's pretend for a second that when you sold a hustle you made ten million dollars after taxes

Let's just pretend that's true. Yeah, what you're saying is you put ten million dollars in

Vanguard index and that's you're basically like if I need it. That's there

I'm financially independent, but you don't want to touch it

And so you live you pay your bills off of things like this podcast or you know

People buying your digital products or random stuff like that. That's like kind of money in money out

That's your that's how you fund your lifestyle and you can do whatever you want and then you have this nest egg

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That's there. That's basically what you're saying was your kind of strategy from 20s was basically live cheap build a company sell it so you have that nest egg now

You're like I got the nest egg and I have this income source

That's that's pretty strong that pays for all of my lifestyle stuff

What now?

Specifically the way that I had planned on it was let's say you had ten million dollars

You can put draw out three percent of that per year and basically your nut your portfolio that ten million dollars would

Hypothetically and mostly realistically based off a hundred years of data continue to grow each year

Some years it actually wouldn't some years avoid, but it would average to

Each decade it would grow

Yes, and that number is three percent that I hypothetically would pull out of course I don't but I could and then finally

My strategy is to reduce stress and to make income from my private companies

And so I am not an active investor of which we are gonna see and also this is not advice

I don't know anything so don't actually do anything. I'm saying. I'm just telling you what I do. All right

Also, if this were advice, this is like the financial equivalent of like

Try missionary, right?

You're not even gonna

This portfolio reviews not gonna be like

Crazy backdoor sweep. That's you know, you know puts over here some calls over there

Like I'm pretty sure what you're gonna say is that by the index buy some bonds

And then I try to build more wealth through my private businesses. Did I already do exactly your portfolio review?

Exactly let's talk about percentages

And and what index are you buying is a one are you buying multiple indexes? Yeah?

All right, so I'm gonna break this down into four categories category one

I'm just gonna call it the big account

I'm not gonna say who I use because I don't want people looking after me or going after me the second thing

So there's the big account which is the earnings from my sale. There's other liquid account

Which I'll talk about there's non liquid stuff and there's private company stuff. Okay, okay, so the big the big account I

Have 79% of that in VTI so that's just a vanguard total index fund

Another 15% of the pie chart is in short-term treasuries, which are currently yielding

I think 4.9% and I think it's like a 60-day term meaning

Every 60 days as of now we're rebinding rebuying them. They could be 90 days

I forget but the short term and then 6% in a real estate fund that buys

Walgreens, I think it's called like oak oak tree or I don't even know just some boring thing that like owns like

Either hundreds or thousands of Walgreens buildings and wall Walgreens releases the buildings and year to date VTI up 19%

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One year chart 15% five year chart 57% that's fine. I'll take that all down
What's VTI historically over the last 30 years? I think it's like 8% a year. Maybe yeah
So that it's just boring stuff and then bonds
Prior to like when the economy was killing it like three years ago
I think bonds were like 1% now. They're like 5% and so I'll take that all day
And I think like a savings account like a high-yield savings account is also like three or four percent
Which is where I keep cash, which is basically all a way of saying wealth preservation at this point
Which is not where most people are at wealth creation is right most people at wealth preservation is
where you're at where you're basically like
You're just trying not to lose the nest egg the big the big account let's say it's about
Just keep up with inflation. Maybe beat it a little bit. Okay, if the whole market goes down, I'm
diversified
I will also go down but less so than somebody who was concentrated bets trying to make a bunch of
money
Yes, my opinion is that most people if they are trying to make a lot of money should try to make
money through starting a
Company or owning equity in a company and then as their cash flow comes in as long as they don't
need that to start another business
They should mostly do what I'm doing, which is what I've done before I did this
I was just in a wealth front and by the way, you said this on a different podcast
I think it's worth saying so you were like I wanted to be kind of like rich by 30 ish
And you're like to do that
Basically have to start a business and not only that I think you the the likelihood of selling a business
and getting there is
Probably higher because if you start a company at the age of 21 and you want to earn 10 million
dollars
You could assume that more likely than not your first three years
You're gonna make minimum wage or in my case. I made 20 grand a year
I made \$2,000 a month is what I paid myself in the first two years of my business
So that gets you to like the age of 25
Which means you have to average something like two or three million dollars a year in profit
Because you got to get tax and that will accumulate to like ten million dollars
I think that's very very challenging and I think it's a little bit about selling. Yeah, that's that's the
differentiation here
It's about selling versus you know cash flowing your way there
That's my opinion
Yes
and the way that my like quote big account works is I keep roughly 100 to 200 thousand dollars in
my checking account any
Number or savings account, whatever you'll use any number above that go straight into my
investment fund
This big account. All right the second one. I
Got a sugar mama. Have I told you that?

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How is she what's her name?

Her name's Sarah. I've been with her for nine years and she's my sugar mama my wife

Actually made money before I did my wife went to Penn very very smart woman went to an Ivy League school got a job at

Facebook and then worked at Airbnb. She's been there for like six or seven years Airbnb went public in December

I think of 2021

We thought that they were gonna go out of business. We didn't think Airbnb was gonna work out turns out they did awesome

I think when she started working there, I think the valuation of Airbnb was 10 billion. It could have been 18

I don't remember when it IPO'd I think it was a hundred billion

I don't know what it is today, but it's tens of billions her stock did wonderful

So we own a bunch of Airbnb stock of which we have sold none of it. What are you looking at Airbnb stock right now?

93 billion 93 billion. So I think it was like eight billion during the pandemic if I remember correctly I don't remember exactly

We haven't sold a lick of that the other stock of which we own is

Hub spot when I sold to Hub spot

I was given a bunch of stock

I have not sold any of it other than the amount that I had to take out to pay taxes and that's like a legal thing like they

They automatically take that out. My intention is to not sell any of that in the next five years

Maybe I will maybe I won't as of now. I don't need the money. I like both Airbnb and I like Hub spot I'm not selling any of that at the moment

I also have a 401k that I've always maxed out and then I had Bitcoin that I bought in 2014 that basically it just sat

There dormit forever and I don't even know what it is now, but right I have not sold any of it

Have you ever sold Bitcoin? Yeah, I've sold Bitcoin at a couple different points each time I sold was a poor decision

I don't know if I tell you the first time I sold so I bought Bitcoin like back was like \$300 or something like that

That was my original original buy I think 400 was my average it shot up to I don't know

3400 at one point I go to a wedding and

My aunt I think I've told the story before my aunt who's like, you know an Indian auntie is

I'm walking to a conversation. She's having with her friends and she's she literally goes. Oh, yeah, Ethereum is very good

and I was like

I was like my hands talking about Ethereum and saying it's very good and I was like, well, how can we say it's good? Oh

Ethereum it used to be this price now. It's this place. It's very good

And I was like, oh, it's good because the price is going up and I was like pretty sure there's bubbles

I've read something about this. This is I think the moment when like your Indian auntie

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You know on the East Coast is talking about assets that like, you know
Good because they go up and telling her friends they got a buy and I'm like, this is gonna be a bubble and I was right and wrong
So I immediately go and I try to liquidate everything. I try to sell the whole thing
Everything I have coinbase limits because wait, was it really because of that literally because of that
I so like that night I go try to sell everything coinbase is limiting me because you can't just sell like
Lots of lots of stuff at once
They're like you can only sell like I don't know 15 grand at a time or something like that
So I'm just trying to max it out every day and try to sell and at some point I got time to time by the fifth day or whatever
I was like, okay, let me just leave whatever else is there. It's fine. It kind of wore off
Bitcoin shoots up to 19,000 into like the next two months and I was like, oh my god
What am I doing? I missed time the bubble and then it goes back down to like whatever 3,000
I was like, I feel good now and I was like, this is stupid. I shouldn't just feel good at bad
I shouldn't try to time this basically I either believe in this or I don't in the long term and I should just dude
I can't believe that you let your aunt that one story sue like change your actions
Oh, that's happened to me multiple. I told you about the Tesla one, too
I basically own a ton of like the only stock I owned early on was Tesla
But back in Tesla was like very like kind of like a young stock
it was like maybe like a two or three billion dollar evaluation maybe five and
What's it now like six hundred billion or trillion or something it went up to basically close to a trillion
Now, I don't know what it's at. I can't even do that math. So what's a thousand dollars in Tesla?
I had a very small amount of money at a college
I had like made like 25k and my first job or something like that saved enough to like invest that
much or 25 30k or something
And I did the math once. Yeah, it's at 900 billion now. So it would have been basically I remember
when I had done the math
It was like, oh that 25k would have been like six million dollars by now
If I just held and instead I went on reddit and there's like, I don't know if you don't read it
There's all these like it's called like Tesla Q
It's basically like a group of people who that believe that Tesla is like going to zero slash like
Maybe it's like fraudulent and there's like all these people sending they say that they have fake cars,
right?
Like like there's not fake cars, but like lots of other things like that like there would be like guys
who'd be like guys
There's this garage in Phoenix and look at this and he would go to this garage
And it was only Tesla's parked on six stories that he's walking up. He's like they're stashing them
here
So that you can't tell where they're like because if they just leave them in the factory lot, it's clear
They're not selling this pot piling up. He's like look at this. This one has and he's like put his finger
on it's got dust
He's like look at this hasn't moved in months and I was like, he's right. Thank you

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You slash three three three kitty kitty hot like you know
And I was like just taking all these signals from people on reddit that were like look at it
And I think at one point they had had like 15 different CFOs and I was like that does seem fishy
Why have so many CFOs come looked at the books and left in a very short period of time?
that doesn't sound right and
I basically took all these signals and I sold and I was like so high tripled my investment or putrupled
my investment
I was like, yeah, I'm get out of the top boys and then
You know it like hundred X since then
Wasn't really the second time that's happened to you the first time it happened to you was with
stripe when you had a job offer
I think that's right. No, no, I blew the interview. I didn't get the offer. I only applied to one job
It was striped back in 2011 or 12. So I would have been like employee 20 at stripe
Which is like a guaranteed
Like if you it's if you stick it out and you know, you're there for four or five years or seven years
And you kind of like work your way up a little bit even at a junior level entry position
probably would have ended up over like a seven-year period making
summer routine ten and twenty million dollars and
My mentor is the mentor of the guy who's interviewing me
He that's his mentor right the mentors have like a pretty big influence if the mentor says hey, this
person's amazing
You're like, oh
Thank you sensei like I'll listen. I
He had my mentor had written a blog post saying I
Met this kid. He's 21 years old. He's an entrepreneur and he's got the highest like bias for action of
anybody
I've met in the last 10 years and I was like wow glowing five-star review basically
I hand it to this guy. It's guys like wow if John thinks this about you
Let's do the interview anyways as a formality
Yeah, we got to do it
But like I'm so excited to talk and we talk and somehow I
Blew like a 30 30 30 point lead during the interview where I am he's like, okay
So like this is kind of like a sales position like you know, sell me a piece of software that you really
like
I was like, I was like, sell me this pen, eh?
I was like
So what I would do is I would basically just ask him a bunch of questions
He's like, no, no, no like ring ring. Hello, like just do it pretend and I was like
And I just I don't know like I don't know what I said, but whatever I said at the end. He's like, yeah,
that wasn't very good
Yeah, I think this is sales probably not your thing. You're probably not that good at this
So, you know, maybe there's another position we could look for and I was so embarrassed at that
point or whatever

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I was like, I just this guy basically rejected me and said maybe there's some other role for you like, you know

Down in the basement. Yeah, maybe you could fold someone's laundry one of the engineers laundry

I was like, I forget I'm gonna go for this other job instead in the inner the guy was like

He was like, so Sean, what do you know about stripe and like the banking system and Sean's like

Well, I like money. I would like I would like to have some more of it

White stripes

Sorry, sorry, those are strips. Let's see

Love it

That's how that interview went so that blew it you blew that one

But that's okay. That's okay

You let emotions sway you and I'm gonna give you a a lesson here in that I never do that

So it's okay. Your weakness is my strength. So it's good because I don't sell anything as I like to say

I've lost more money than most people have ever made

Making

When we sold the HubSpot, I think the stock was

367 I think it went up to like 860 and that was it was amazing and then it went down to like

250 and I remember thinking like

Man, is this right? Is this right? What do I do?

And so like that that that definitely impacts me like I definitely want to sell by the way

I literally did it with the HubSpot thing. I bought HubSpot stock

Right around when you when you sold and then it went up and I was like, oh and everything was going up during that period of time

And then when the whole market crashed, I was like, you know what? I don't really want to be in the stock market right now

This isn't very fun. I don't know like there's all these war again, Tesla Q

There's all these warning signs about where the economy is going

I think I have a much bigger edge just like in my own businesses and in private businesses

Let me just get out of like public market stock picking which I'm not like

I don't know if I'm very good or very bad at it

but I just think generally is a bad strategy to take to take your investing and

Yeah, I basically sold almost the exact bottom of the markets

Most people only hit rock bottom once in their life, that's like the point of the phrase

Right, you've done it many times

Somebody was asking this the other day they were like they're like, oh, so what are you doing with your kind of like investments?

I'm explaining what I do and they're like

So what do you like, you know, what do you do for your like your safety net or whatever like and I was like

Safe like you're looking at it. He's like, what do you mean? I was like am I still me if I'm still me?

I'm safe like what do you I can lose all this who cares I could get I can lose all of it

I'd make it all back like who I have no I am the safety net

I know a bond portfolio is not my safety net my 401k. That's locked up till I'm 65

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I don't think of that as my safety net. I am my safety net and that's I think that's an approach honestly

If you're like high caliber, I see so many people that are high like really high caliber people that play it so safe

with their finances, I would count you as one of these people and

You never look bad

But I also think you leave so much room where like you didn't need to like

Have you spent a dollar or like have you spent more than 10% of the money from the hustle sale?

No way definitely not five percent. Have you even spent a dollar from that account?

No, no, I've never pulled money out of my big account

The most expensive thing I bought was a hundred thousand dollar car of which I think you bought three like last month

Indian

You've got three all white G wagons, that's all say so

So the thing you you know, this is one way I think about it

Like you worked for ten years every day to build this company and you sold it

you achieved the thing you exactly wanted and

Not a dollar has moved in like two years three years or you haven't like moved a dollar from it in a way

You bought you spent ten years to save up for this power tool and then you just leave it in the case

And and I don't know if like I'm not saying that my way is right, but I also know that for me

My philosophy is money is a tool to be used to enhance your life

And if you're not really using it and then you work hard to like go get more money

It's like it doesn't really all compute for me. What is the way you think about that to like make that feel right?

I think that's an incredibly fair criticism and my joke is when Warren Buffett talks about the long-term view

And I'm like dude, you're fucking 95. There is no long-term view like there that doesn't exist

Right and so it to criticize myself. I am horrible at spending money. We meet safety who we have in the pod

He does a really good job of like saying like look you could earn income and you should be good at that

You also have to get good at spending. I'm quite bad at spending. I think it's just rooted in emotional instability and being insane. I think that these are just like personality defects and often times what makes you good at saving

Makes you bad at spending and I think that it's like a therapist issue that you need to work out

And so I think that's incredibly fair criticism. I think the truth is half is it's not quite halfway in the middle

I think I should of what you believe in what I believe

I think it's more like I should loosen up a bit, but yeah

I think typically what I've seen is people who earn a lump sum like a startup where they are poor and then suddenly

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They're not poor those people tend to be more like me where they're really tight-wad and they're frugal and they're cheap
And that causes a lots of anxiety people who earn a significant amount of cash flow throughout the years and get used to it
They tend to be a little bit more offensive and a little bit less conservative
But I think it's rooted definitely in like childhood trauma and shit like that like just like how you're raised
You know what I mean? Just like running out of money. I'm gonna share without sharing somebody's name
Some friend of ours sent me a presentation that they did that they made a kind of like about their life as part of
like one of these like
Pure group things Don Hampton, but a different one. So we don't we don't plug no other names of no other groups on this podcast
That's right. Thank you. I appreciate that. So
So I sent me this thing and I thought it was really great. Basically. It's like, you know, here's my life story and
Here's what I do with my money and I had a couple slides. I thought were really good
So one was this person had sold their business for over a hundred million dollars
so they had like a nine-figure exit of their business and
The next slide is so it's like here's the picture of me the day we sold for over a hundred million dollars
Next day. It's like I bought this bike. It's bike. It's just \$2,000 bike. It's awesome bike
Most expensive purchase most expensive item I've owned
since
Like ten years or something like it's like, whoa
Until I recently bought a condo finally like last year. This was the most expensive item. I owned love this bike
And then I was like, okay interesting and then and then there's another slide that said top five financial
Mistakes that I've learned to cope with
Love that title. Oh, and there's five interesting ones about basically like sold this too early
Sold this too early was gonna buy this and talk myself out of it because there was a fee associated with it
I would have made like 20 million bucks on that, you know, so so I think that's just a great exercise to go on which is like
You could survive a bunch of bad mistakes
and if you're gonna play the game any like any good startup investor has an epic anti portfolio a bunch of businesses that they
passed on that they should have invested in and
That's
That is part of playing the game
You can't play the you know, it's like being a basketball player and you know that Michael Jordan

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commercial

He's like I've missed

3000 game-winning shots or whatever. It's like, yeah, that's what happens when you're you play you're gonna miss shots and like you can't

Yeah, everyone has like I literally know 15 people that have the same uber story

Like that was like that was like the famous one for years, which is I passed on uber

I passed on uber everyone said I passed on uber like I know a ton of people have said that

I think Gary Vaynerchuk like in the beginning of his book

He like gives a compliment to Travis Kalanick the father calls him out as like, you know

Yeah, he's like I think my wife

He's like I think my wife my children and Travis Kalanick meaning I was super close with them

And I still pass on that and that cost me a hundred million dollars exactly

I think that's like a famous story. He says so yeah, everyone has that story

And let me give you two other slides. He says then it's there's two slides called my f'd up relationship with money

I think I can read this. Let me see so he says I

Work hard to make money and I got good at it

But then I hoard the money I make I put it in bank accounts. I look at it constantly and besides hoarding

I know money. I know that money is good for one other thing making more money

You know, like that's that's something I realized and it's like, you know

I really like put a lot of my own self-value on money

Here's some things that I do that are dumb about money

Like I feel guilty spending on myself my parents were the same way

they they would spend on their kids or spend on like other things but they wouldn't spend on themselves and

That's annoying that they did it and now I'm doing it is that I bought a business that was a cash flow business

And I said, okay, this is my cocaine fund all the profit from this. I must spend on something hedonistic unless I must spend

I can't save this money didn't work still saved it because I'm comfortable losing 500k in an investment just like that

But if you said five spend 500k to improve your life and I guarantee it will improve your life. I

Can't I can't do it. I can't get myself to do it. I'm the exact same way. I've been looking at I should be helping looking at your company

Well, I've been looking at your company shepherd

I think it's like 3,000 a month for an assistant of which I desperately need but I'm like

But well, it's not a fee whatever the payment is

You pay 30% of their salary as a as the headhunter bounty once that's it

So it'll be like three. It'll be like three grand for the year is for most people. That's like let's say an average

But I mean I have to pay this the the the person's thing the person's salary

And I'm like well, that's 36 grand a year

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But if you do that over five years at the rate that we're growing right now
That's \$90,000 like I'm ruining the county might really be valuable and that might be a 15 year relationship
Now I'm talking about a five hundred thousand dollar investment
But I could also put that in VTI and it would compound 8% and now you've talked yourself out of it
When I was buying my wife's wedding ring, I was like, oh man, this is the most expensive thing I've ever bought that's a lot of money
But I guess if we're married for 80 years because we might live to be like 110
That means that that's only \$800 a year and like that's okay
You know what I mean? Like there's all these weird mental gymnastics that crazy people like me have to do
So this guy is he an immigrant? Is this guy an immigrant? Yeah talking about it's 100%
Most immigrants that I've been around have or not most but met this is sounds like a very much an immigrant problem
Right of which I'm the exact opposite of an immigrant, but that's why I did that's why I like those guys
identify with them
We had this this funny experience yesterday where another friend who also
Mega mega wealthy where we met him and we met up with this person in person
They were like, you know, I really want to like shift into like family mode
Like I'm ready to like meet somebody have a kid like you know, like I want to do that part of life now
And we're like that makes total sense good on you. You're you know, you did the money thing the business thing you you you
Scratch that it you proved you could do it now. You're in your 30s and you're saying, you know what? I'm not really I don't really have a partner. I don't have kids. That seems fun. I'm the I do see myself as a family guy
I want to do that. So that was where we left a conversation and now
My business partner Ben Ben leave you. He's like the man with like checking in on people checks in on everybody
He's always providing me the stream of updates about like what people are up to and it's great
And so he's like, you know that friend. He's like he's like doing something new and I'm like
Like not just doing one thing news. I got these like four projects. He's cooking up
And I was like, oh, that's interesting
Like what happened to the whole like I want to actually focus on like like finding a partner or start a family like
Whatever that he's like, oh, yeah, he still wants to do that. It's like we start in four companies
I mean, that doesn't seem like that's gonna be very conducive to like, you know
Put your focus on something, right? And it's like, yeah, I agree and I go, how come this keeps happening like
We have so many smart friends. I said
There's a big difference between smart and wise and I think that's what we're seeing is basically
With a lot of smart friends that are not that wise about like decision-making. So they're intelligent for sure

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But they make decisions that don't really make sense if you zoomed out a little bit how old is this person?

I don't know like my mid 30s or something like that. I think some of that will come with age

I think that we're in a weird circle of which many of the listeners

Listening to this they have a higher income than most people their age

And I think that like sometimes maybe your earning power is ahead of your brain power

That's what I'm saying like I'm not telling you you gotta go

Get married and have kids

But if you told me you wanted to get married to have kids and then instead you're spending all your time

Doing these other things that are gonna completely make you busy and if I asked you why didn't you why hasn't this happened already?

It's like, oh, I was so heads down in my company. It's like cool

So why are you getting heads down in four companies now? That doesn't make sense either and I text up and I go

Man, we're you know, I'm guilty of this in other areas of my life right because again if you spot it

You got it. So anytime I notice something other people

I'm like where in my life do I make the same stupid mistake and I was like, oh, it'd be like like yesterday

I canceled I do something I'm very rarely do I almost never do this

I canceled my workout because I was like had two doctors appointments

And I was like if I if I do this work out in the middle of the day

Then I'm just not gonna get any work done today

Cancel my workout was like but my number one goal right now in life is to get fit

I would get more value out of becoming more fit than making another dollar

Yeah, 54 days left. I think right. Oh, yeah Monday

No, I'm on 49 at 49 days left. Yep. Yeah, 49 days left to get abs

I'll meet weeks away from being that guy. So

So but I guess like the point is that's an area of my life where I make a stupid decision

That's an unwise decision to say hey

On one day I said this is my main goal and then three days later

I'm prioritizing something else above my main goal. What that doesn't make any sense

And same way this person's doing that with their relationship

Their main goal is to get married have kids, but they

Prioritize a bunch other stuff and I was like that's not intelligence. That's wisdom like that's basically having good judgment

and I realized that like wisdom or good judgment is the thing that's most short in supply and

The most valuable because it's like a lever

You don't have to be that hard-working or that smart if you have great judgment

If you pick the right things to focus on pick the right people to work with pick the right place to live you don't have to

Be like 9,000 IQ you don't have to know everything about everything. You don't have to be the hardest worker

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But if you have poor judgment
No amount of hard work or like intelligence really saves you you kind of screw yourself
And so it just really emphasized that point to me about like, you know
Smart does not equal wise and the goal is wise not smart. I think that's a good one
I like that and it's like when you're driving and you say
Everyone's such a horrible driver. It's like dude
That is you too
It's like there's like some weird emotion and logic that don't make sense there
And then my final accounts of which you can these last two you're gonna have a lot of opinions on
The last one or the second to last one is my non-liquid stuff of which it's roughly
\$3.8 million in real estate of which I have a mortgage on
My house I think my house was nine hundred and fifty thousand dollars that I bought I have a
mortgage of like
\$550 left. I own a ranch
I own some vacant lots in Austin and I'm a small owner in some storage deals a Brooklyn building
and
one or two small things and
The other non-liquid stuff is angel investing now. Here's what I do and you tell me if I'm wrong I
Reduced I value it at so the principal some that I put in
Plus I even put a large
Discount on that of which it's now that would be around five hundred thousand dollars of startup
investments
The way that I see that is I've done roughly 50. I think
40 will probably not work 10 will work of which three might pay back everything plus a little bit
And I've reduced the principal by a significant amount just in assuming future net worth and
anything above that whatever
Maybe it will work. What do you think about that? Yeah, I think basically startup investing is
It's so it's so long-time horizon, right? Like you have to
Assume that these are gonna take seven to ten years before they pay out. So even if they are worth X
They're not really worth X to you yet
They're these little eggs that are that are you know, gonna be hatching and so I'm with you basically
when I calculate
I never calculate net worth because I think that's
Kind of useless because it takes into account illiquid things that are gonna either like go to zero or
go way up in value
Like my own businesses are gonna either go to zero or go way up in value most likely
And they're illiquid. So what does it matter? I can't do anything with them right now anyhow
So I I basically only calculate liquid net worth when I calculate it
So that doesn't include any my own businesses and I also don't include any startup investments
because it's not liquid yet
That doesn't mean it's not valuable, but it's just not liquid yet
So I don't I don't even apply the discount because it doesn't matter. It's not in my calculation
And that's my last category, which is private companies

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So those include like any course I do this podcast speaking fees, which is like called par media I assume that has zero equity value
I live off that income and then the the next big company is Hampton as of today. I assume that is worth zero
I've taken zero salary from it. I will likely take a dividend at the end of the year, but until that business hits like
40 or 50 million in revenue in my head. I assume it's worth zero
I do not include any of the private businesses that I operate or own as part of my net worth
So we are totally aligned on that part like my e-commerce. I don't I don't include it in the calculation
Even though that business is doing great. You you include that as zero still. Yeah, well, I just I don't market at zero
I just I'm not calculating total net worth. I'm only calculating liquid
So if I tried to calculate total net worth that it included I put some conservative number there
But I don't even really bother because what's the point? In fact, I think the whole net worth thing is like
Not a great
Thing to like I kind of in search of a better metric
Well, there's earning so income do you
But then income is like only things that are you know, it's gonna buy us way too hard to things that are only you know
Generating cash flow today
So it's not gonna count really any like a no, I mean
Do you measure your income on a monthly basis? I measure my every month?
I like do like a report right look at like all right
What was my income this month and where to come from? Yeah, not religiously, but it's mostly like steady
I can I kind of know the one or two things that are variable. I'm like, oh, that's what that was at this month
Plus, you know, it's it's like in the same range roughly
So yeah, I know I know what it's coming in every month. I know roughly what's coming out every month
I don't really keep track of spending too much
I'll kind of calculate spending every couple months just to be like am I did I add anything significant here?
What's your spend right now? I think I spend maybe 25 or \$30,000 a month
Yeah, I think I'm at 30 30 K a month of burn life life expenses
And and and I feel that that's a lot that sounds like a lot to me that sounds insane to me
We have a friend who told us that they are currently spending
\$300,000 a month and I was like gasping
I can't comprehend that and then they listed it all out and I was like, yeah, that definitely adds up
But that's just like you do need the jet. I mean, what are you gonna do without it?
It was insane to me
I've got another friend that spends 80,000 and I'm like gasping right but I guess like everything

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changed when you get when you
Get to different levels, but so anyway, that's kind of like my portfolio
I want to say that a this isn't advice, but also I basically do the most simple conservative stuff
I use tiller have you heard of tiller? I think the website is tiller hq.com
It's like a plug-in and I track this in Google sheets. What do you do you track anything like your account?
I don't use any of these apps because I'm like I'm not connecting my shit to these random startup apps
Like you know, I don't want to can I don't want to put all my stuff into these apps
So because I'm not that concerned with it in general
You know the fewer things that you're concerned about the better in general
Like surely like occasional checks and balances so every three months I sit down and by hand I write down I write out
Where I'm at with liquid stuff where I'm at income wise and where I'm at monthly burn wise every three months
I do that but there's like a there's like a logistical problem
Let's say your wife has a 401k from her job from like eight years ago
Yeah, and you have one from each job that you've had and you haven't combined them
That's like six accounts potentially or five accounts plus a checking plus a savings plus
Like let's say that you each have like a Robin Hood account or an E trade account plus
Her previous before you're married maybe checking your savings
I mean like it kind of can accumulate whether you have money or not that you have eight or ten accounts and like what happens
If you die and she doesn't know about all of them or vice versa, do you know what I mean?
Yeah, we do have that problem which is if I die
I don't think she's gonna be able to like know or find or access a bunch of stuff
Especially the crypto stuff. How's it gonna get to that?
I've told her three times. I'm like, you're not really paying attention enough to remember this
Like nine years from now something happens. It's like, I don't know what's gonna happen with that
That I am a little bit concerned about
however
The rest of the stuff again, I just do it by hand and I make a day out of it
I treat it like a spa day. It's like right. I think you talked about this concept of worry time
You're like I just schedule some worry time in the future. I said I do with this
I don't call it worry time because I'm not trying to feel worried during it
But same thing. I just schedule a little a day every three months. I'm like, oh
Today's that day. It's basically like let's have a little financial picnic. All right
Let me open up some of these baskets and see what's inside and let me take stock of what's going on
And I think once a quarter for me is the right
amount of energy I'm trying to spend on on this and I just don't really want to think about it
otherwise
Do you know anyone who's crazier than you? I mean, I have you you as being quite crazy
I've got one friend that

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Made like a hundred and fifty million dollars and they invested like the majority of it in only two things
They're next company and a house and they're like I basically don't own any like bonds equities
I've got very little savings
so I consider that person to be crazier than you right or a similar amount of crazy but potentially at a larger scale are
All of your circle of friends like you or do many of them say the same thing like I'm saying which is like man
You're not conservative enough. Would you say crazy? Do you like is this kind of like oh this bum on the streets a little crazy
Or is it like wow that she's hot, but she's crazy like which one of my my hot girl crazy or my bum crazy
more like bet it all in on black
like like tuition money or
This game of roulette right I don't view myself as that crazy. I think I have a pretty healthy view on money
I'll explain it to you in a few sentences number one
Money is a tool to enable a better lifestyle. That's what it's for. That's how I use it
So that's the first thing that includes spending on lifestyle, but it also includes learning things by angel investments
I don't view as
the
Absolute optimum way for me personally to make money
But I love them because I learn so much about where the world is going from startups and I like being around entrepreneurs
That's those are my people. So I'm using money as my tool to like make my life more like how I want
So I use money as a tool, that's the first thing money is a tool to enable a better lifestyle
I think I abide by that law the second thing is
Money's no fun when you're stressed about it. So there's basically like a strategy that just says I
Don't need to I don't need to be stressed about this
So what is my amount of money that I know is my like safety net?
So like, you know
Basically, can I have two to three years of expenses put away? That's just in like it could be a nothing
It could just be literally sitting in a bank account doing absolutely nothing, but it's not doing nothing
It's enabling me to
Be free with the rest of the money because I know that if I lost everything if somehow everything went to zero I
Would still have three years of runway and again
I'm me. I am my own safety net if I give you give me three years of runway
I'll have it all back and more by then like, you know, if I needed to
To make money a focus and so I do that so to me. I'm like if I have three years of life expenses
Put away, but what am I worried about right? So I do that the third thing is I
Know if I'm in which gear am I in wealth creation mode or wealth preservation mode?

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So well, I view myself still as in wealth creation mode, you know when I sold my company
It wasn't for as much money as you sold your company for I think if I had sold my company for as
much as you did
I might do things slightly differently, but I
Still view like most of my investments as like more on the aggressive side more concentrated bets in
Things that I believe in and I know I'm gonna make mistakes. I'm gonna have some things that go to
zero
I'm gonna sell some things at the wrong time. I would say the only leak in my game is really just that
I sell things at all
I really just shouldn't sell like the the only investment mistake. I've made is just selling
Okay, but are you actually gonna you've just acknowledged and we'll go we can make fun of me after
this
But you've acknowledged that so are you making that? Yes, exactly. So I made that but okay
So you're not gonna sell ever or often. I'm buying things. I basically default to say this is
Only you have to break glass if you're gonna sell this
so basically like you have to really have a reason like either you need the money and you got to sell
the thing or
Something in the world has changed that caused you to like re-underwrite this now
I would argue I kind of did that with the last time that I sold when basically like the post COVID
Kind of like what's money printings going on? What's going on in the economy? Everything all the
stocks crash. I
Thought okay, we've had a 13-year bull market
We're probably not just gonna have six months of bad times and then back to the good times again
Like I still kind of believe that that's true
But I should say I
Wasn't in a place to re-underwrite that that those investments because I was now thinking about
macro stuff where like
If I'm studying 30% of my time on Wikipedia
That means I'm not informed enough to be making an intelligent decision about this, you know
I'm like I'm learning about it
But where do you get the information from do you get it from current people?
So for example, I like to I prefer to get information
I try to read books that are at least 30 or 40 years old and to figure out like I try to learn about stuff
What's it called like the Lindy effect where it's like I try to learn about stuff that as is has been
repeated many many many times
And isn't exactly new for and and the counter example that is when biology said all the crazy stuff
about what was his argument?
That bitcoins going to a million because this reason dollars gonna have that shit scares me and I'm
like, I don't understand that
That's so new and it legitimately scared me where I do
I don't try to do that because with what I find happens with that is I already have an opinion in my
head
And then I just go find evidence of it, right?

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I already want to hold the stock forever

So then I go find the Lindy effect that says ah Lindy effect says that this thing's it to stay valuable because it's been valuable and

I'll like cling to that evidence, but it's really just reinforcing some bias. I already had in my head So instead what I do and you can't learn everything right like you can't just say I'm gonna go learn the world of like

Finance like this is too broad. It's impossible to do. So here's what I do I

Go through and I say what are people that I consider to be smart saying and thinking right now and I go try to line up

Contenders it's like here's theory a about where the world is going right now about what yeah, here's thesis a here's thesis

B here's thesis C and then I basically say

Inherently does one of them just intuitively make more sense to me does it really does it resonate in my gut that one of these

Just feels more true than the other. Okay. Let me that's the first test second test

What evidence do they have that backs up their belief? Let me now stack the evidence

Okay, now which one appears to be the strongest thesis. So instead of going to try to learn about the topic

I take people who already

Like have strong opinions about this topic and I go try to find what is the spectrum of opinions about this?

So on one end you have biology who's like you actually talk to them or just consume

Not always sometimes but like not always like you know like biology for example, he's just very public about his thesis

So you don't need to like talk to him, right? It's like he's publishing every day what he believes to be true

He's like I moved out of America

I got out of the dollar and here's the sources

I'm citing that I'm tracking that basically says that the banking system is insolvent that the you know the money printing is

You know is out of control inflation is higher than they're admitting and that this is what what is the result of this?

It's X right they have Ray Dalio that says look I've been studying empires and all empires come to an end

Here's the cycles that they go through and I think that America's at the tail end of the cycle

So you go read that book you go watch his talks. You're like alright. That's one another thesis. You have some people who say

No, you know what this is gonna bounce back because even with all the problems America has the dollar is still the best thing

We got out there and that when all the all the countries in the world get weaker

They'll actually flee to the whatever this relatively strongest currency is and maybe that's the dollar and the dollar's gonna drink the whole milkshake basically

It's like all right cool

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That I didn't make there's some something I forgot it's called like the straw that drinks the shake or some shit like that

People talk about it from there will be blood because if I had a long straw all the way over there I drink your milkshake. So I drink it up

So you basically line up a bunch of arguments and then you kind of like you litigate them like a lawyer

You're like what evidence do you have that supports this?

What examples do you have and then you basically say look okay? Even if I don't know what's totally true

Can I hedge so it's like, you know, I don't think this guy's right

But he might be and if he is what hedge would I wish I had in place just in case and like you know

This is the most likely thing to be true. So then let me like allocate things that way

So that's generally how I try to approach things. I do like that. I would say

However, I know my my Achilles heel in this is that I do get drawn to the to a bit of the sexy underdog opinion

The conspiracy opinion the kind of like this is the country the most contrarian opinion appeals to be inside because I'm like oh

Shit, there could be a mystery that we're on to that nobody else really fully like people don't believe it

That makes me want to believe it more and I think that's led me to make too drastic of a decision in the past of like selling all of

My Tesla or selling, you know 70% of my stocks or whatever like, you know, it doesn't have to be that dramatic

Like I should just put into place smaller hedges in those and track them and be like cool

If that's true then six months from now, I might be seeing more of this

Let me check in at that time and see if the signals have grown stronger or or faded

right now you're in a little bit in advice giving mode because

I'm asking you questions

But to swap it

Who do you look up to where you're like I need to be more like them when it comes to?

personal finance

I

Wouldn't say there's somebody on the personal finance like managing your own money

But there are a lot of people that I look up to or or find I talked to to get ideas on

What game are they playing to generate more money? So I

Don't I don't really seek or I'm not that interested frankly in like well who are those people

You obviously like Andrew our friend Andrew Wilkinson tiny tiny calm

He took the company public so you can actually go and see the numbers. So you like Andrew. Yeah, I like Andrew like Xavier

I like a Xavier. Yes, Said bulky. I think had really had really interesting things to say about what he does

I give you just a funny example. So Said by the way, he owns this thing called WP

Well, it's called awesome Corp. He started as a blog called WP beginner

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Which was a blog on how to use WordPress now he owns tons of WordPress plugins
I don't know how big it is
But I bet it's worth half a billion dollars of which I bet he owns most of it
And it probably does many many many tens of millions in revenue and probably tens of millions in profit, right? Yes
And yes as in directionally. Yes, I don't know the exact numbers, but he basically has a business
That's amazing. That's a monopoly it prints cash and then he does interesting things with this cash
Like he owns like, I don't know 40 gas stations or some shit like that. It's like, why do you own gas stations?
Dude, is that a good idea bad idea? Does that take up a bunch of time or not? He's like, no
These are triple net leases. I just own the buildings that the other people operate in and they pay for all the maintenance
So I was like, oh, okay, interesting
So I did a call with him once and he's like my mentor taught me one thing which was
Okay, you want to you don't spend it's kind of like I don't know the math
I'm gonna say a math term even though I don't know math
He's like, you don't spend like the first derivative money
He's like basically what most people do is the cash comes in from the business
Then they spend that money on life expenses. No, no, no, you only spend the second derivative. It's like
Cash, let's say a million dollars comes in from your business
You don't get to spend that million is not spendable
The million has to be invested into something and that the income from that investment, that's what you get to spend
You do that you'll never grow broke and I was like, oh, that's interesting
He's like, yeah, so like I wanted to have a kid before we had a kid
I bought a gas station gas station makes six grand a month that pays for this kid
And that's how he's brilliant work and I was like interesting again
Decese line it up say does that does that seem like a way of life? I'd like to do maybe maybe not but like I
Want I find it interesting because he says different things than most people
He does different things than most people and how he runs his life and how he burns his businesses and what he does with the money
You know, he was the one who was like, you know what? I love buying businesses
They put there's another strategy I do where I buy he's like 30 to 40 percent
Minority stakes and businesses that I can help in these two specific ways and they're they're gonna keep running it
So they get a little liquidity
They get to retain control and I'm gonna help them break through the plateau to get to the next level
He's like I love doing that. I look for those deals and so
When I invested in shepherd, it was exactly that was I exactly that mindset
I was like, what's a great business that I already believe in him a customer a customer of that I can buy a minority stake

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Let them keep running it

but then help them get to the next level by doing these two things and

Has your contribution to that already? Do you think that your contribution has paid dividends in their business yet?

Yeah, of course

Yeah, we're last two months have been the highest two months of the business and the history of the business

So it's great and for me. That's great, too, right? Like I'm already I'm already paid back

I don't know 33% of my money or something like that on on that investment. So like, you know, wow that thing's gonna

You know in terms of oh, could I put my money in the stock market?

I try to get 8% or this thing's clearly this thing's gonna do 200% a year basically

I don't know unless something bad happens. So that's like, you know, a great use of okay

Yes, I maybe I sold my whatever Amazon stock or whatever stock HubSpot stock whatever it is

And I missed the kind of like a little bit of the bounce back

but I put that money to work in a place where I felt like I had a little more control and and

Could see a path to a much greater return

With with more risk, of course

This episode is like the personal finance episode. I'm very curious to see if you listeners actually enjoy this stuff

Next time we got to get back to like the business building stuff because I think that that is interesting to more people

And it's also interesting to me and you but I'm very curious to see if this is useful for people