

Farnoosh Torabi: David Bach, thanks so much for joining us on So Money.

David Bach: Farnoosh, it's my pleasure, it's great to be with you.

FT: You are one of my first interviews and I couldn't be more honored. I don't know if you remember this David, but when I published my first book in 2008, 'You're So Money.' I tentatively reached out to you, prior to the book being published actually, and asked you for a quote, an endorsement, anything. I was a big fan, I had interviewed you years ago when one of your first books came out when I was a producer at New York One, and I thought, "Maybe he'll remember me, maybe he won't. I'm gonna email him and see if he'll be willing to endorse my book." And you were so generous, you responded right away, you gave me a fantastic quote, we put it on the cover, and no doubt helped me sell lots and lots of copies. So, I am forever indebted to you and now it's just such a nice turn of events, and now I'm here interviewing you for my first podcast, I am just really touched and this is so special, so thank you for that.

0:07:06 DB: Well, you are so welcome and I totally remember it, like it was yesterday, and I would like to think it was yesterday, but boy, a couple of years have gone by since then and I'm so proud of you and the career that you've built and the huge success that you've had. And you know what, it's an honor for me to be here with you as one of your first guests on your brand new podcast, which I know is gonna be hugely successful, so congratulations to you.

0:07:27 FT: Thank you very, very much. I'm really excited and thank you for being one of my first guests, I know that this is a completely by faith, but hopefully for those of you listening, you'll like what you're hearing and you'll wanna subscribe. So, clearly David, you're a huge role model for me, but for millions and millions of Americans, you are a guide, you are a source of wisdom. Financial freedom is not something easy to achieve, you have made it very, very simple and systematic for people. You've written nine New York Times best selling books and your career has really been so diverse from speaking, to writing books, to being on the Today Show, to courses, and now you have a really interesting partnership with Edelman Financial Services, tell us about that.

0:08:15 DB: Yeah, well gosh, I wasn't expecting you to jump right into that but... So, all the way with my background, I grew up in the investment business. My father was a stock broker, I started going to my dad's investment classes at a really young age, nine years old, watching my dad teach investment classes. I was teaching my friend's parents how to buy muni bonds by the age of 12, and that's kind of strange I know, but that's the family that I grew up in, we always talked about investing. And in my 20s out of college, I came alongside my father and worked at the Bach Group at Morgan Stanley. And in 1994 I started my career really off, by teaching investment classes for women. And that's what started everything I've done over the last 20 years, was teaching investment classes for women and that class became, Smart Women Finish Rich. And that would become my first book, that would become my first PBS show, and that was really my calling crusade, if you will, which from the very beginning in the '90s, was I wanted to teach a million women about money.

DB: And so, I spent nine years at Morgan Stanley, I was a full service financial planner, I did retirement planning and I taught classes for women and money. And then I spent the next 15 years roughly running a financial education company, which is Finish Rich Media. And I moved to New York in 2001 and I spent from 2001 till 2013, I wrote 12 books in 10 years. And I traveled I think a

million miles across the country doing seminars, and media, and really just teaching people all over the US and Canada how to be powerful over their money. And then in 2013 I took a year off, I took a total sabbatical and I disappeared. And I spent the year with my family and I had the time of my life. And I really rested and I asked myself, "What do I wanna do now with the rest of my life, at the tender age of 48?"

DB: And what kept coming back to me is that what I really wanted to do was the one thing I hadn't done, was I wanted to be able to provide a referral to a fee based financial advisor around the country, that would meet with my readers, meet with my friends, people that trusted me. I wanted a place to send somebody, that they could meet with a financial advisor that they could trust. There were a few people I had huge respect for and one was Ric Edelman, who has been a competitor of mine, really for 20 years.

DB: And Ric found out that I was looking to build a firm ironically, and he reached out to me and said, "David, rather than build a new firm, why don't you come alongside me and be my partner and let's build this firm together and go help more people?" And I became the Vice Chairman of his firm, and I've now been with him for six months and we are working on that exact plan. We relaunched the Smart Women Finish Rich seminars across the country six weeks ago. We did seminars in 14 cities and we had 74 events, we had our first 3,000 women go through the new seminars. And I'm, just come full circle, I'm back doing exactly what I did in the early 90s, only now I'm a part of running a firm that can provide those financial people around the country.

FT: And are you specifically focusing on women in the beginning, or are you broadening out throughout your campaign?

DB: Well, I just realized, as I'm sitting here babbling away... First of all, most people don't even know what I'm talking about. The firm I became the Vice Chairman of, is a company called Edelman Financial Services, and they're what's called a Registered Investment Advisor. And that means that all the advisors are fiduciaries. They don't sell products. We don't do anything commission based. It's all holistic based financial planning for a fee. And Ric had built a firm that's one of the largest registered investment advisory firms in the country. We have 26,000 clients right now. We have 110 financial advisors, and we manage over \$14 billion in assets. So, coming along side him with a firm that's super built up already... His firm has been built predominantly working with what we call the "mass affluent". That's exactly who I like to talk to. It's the 99% of Americans. We're not talking to the person who's got \$10 million or more. We're doing financial planning for people starting with accounts as little as \$5,000 and working with people who have hundreds of thousands, and sometimes millions, but it's your average, hard working American, much like the automatic millionaire in my book that became so popular, it's the millionaire next door. And Ric really built his business on retirement planning and now we're adding to it, The Component of Financial Education for Women.

FT: Got it. What would you say right now, in 2015, is the most pressing issue for, particularly women, as many of us are becoming head-of-household increasingly, obviously we hold the purse strings. We know that. What would be your biggest, most critical advice for them?

DB: The real issue for women versus men, and this is what I say in my seminars, is that financial planning for women is significantly more important than it is for a husband, or for a man in your life. And the reason is super simple: Women significantly outlive men, on average it's seven years,

but that's a median. So, when you really look at it, a lot of women marry men that are older, and in many cases, the widowhood... The statistics on widowhood have not changed. The average age of widowhood in this country right now, is 55 years old. It's been estimated that one out of four women go through the death benefits left by the husband, or the estate, within 60 days. And I think the biggest thing that women are facing today, is that because women are living so much longer... Today a woman who's 65, has got a really good chance of living to be in her 90s.

So I think for women you just need to know, "Look, you're gonna live longer, your financial plan is more important than your husband, you need to care more than he does. If you're not married then obviously you need to be the one in charge. And no one is going to care as much about your money as you will or as you should." And it's not difficult to take charge of your financial life and it's something you should work on really every year to be improving on it.

FT: I just got goosebumps because you said something that I personally, is a mantra of mine, I carry this with me everyday. I say, "No one cares more about your money than you", and it helps me to make healthier decisions about my money. To hear you say that, to echo that makes me feel like I'm doing something right. [chuckle] What is David Bach's personal financial philosophy, something that, like for me, helps you continue to make those healthy decisions with your finances?

DB: Wow! Well, that's really a philosophical question.

FT: It is.

DB: The philosophy that's driven me, really I would say the bulk of my life since my 20s, is two philosophies and I can't take credit for either of them because they came from a gentleman named John Templeton who... And for those who don't know who John Templeton was, he was a self-made billionaire and one of the great investors of our lifetime. And I heard John Templeton speak well over 20 years ago, I think it was, and I heard him say two things that really struck me as a young kid and that was, first of all that people in life are taught to be go-getters and he said, "I really believe people in life should be go-givers. So don't be a go-getter, be a go-giver." That had a huge impact on me. And when I heard him say that, right around the time I heard him say that, I heard Zig Ziglar saying "If you just help enough people get what they want you'll always have what you want", which comes from kind of the same exact place which is just be of service. So really be out and be... Spend your life trying to be in service and that's really what I've done the last... The bulk of my life has been focused on, "How can I be of the most service?"

With the belief that if I'm of the most service good things will come back to me. That life is a giant circle of karma and that the more you give out the more it comes back. And that's really been true in my life. So I have really no regrets for living my life that way and I constantly try to remind myself, even when I'm overworked or over stressed or things aren't going the way I want, that I signed up for this attitude that I was gonna live my life in service. And then, the second thing I learned from John Templeton, and it was the same talk, was this idea of living your life with an attitude of gratitude and that which you focus on, you magnify. So when I heard this attitude of gratitude it really struck me that, you hear people say that happiness is a choice but what does that mean? And what I've done in my life consistently over the last 20 years is I have a daily ritual of an "attitude to gratitude", a daily ritual where I do a positive focus where I either... In the morning I capture what I'm grateful for for the day before or at the end of the day I capture what I'm grateful for for the day I just had and I teach that to my kids.

FT: I think to say that, you focus on the positive, you have these daily rituals. Look, some days you have really bad days and you don't wanna think about happy things. You're focused on the stress, you're focused on the assignments you have to get done, you're focused on the deadlines you have to meet. And so, how do you find it... How do you get into that behavior and into that groove?

DB: Yeah. Well, I think there's a bunch of things that you do. First of all, a lot of it's habit because the more you do something the more habitual it becomes. So, I'm somebody who's kept a journal since my 20s. Now, I will tell you because I'm just one of these people that tells it like it is. I wish I could keep a journal every day, I don't

But I'm very consistent with the kids about doing a positive focus. It's something that we do every dinner at night, and it's how we start our conversations. I'm very conscious of once a quarter, doing a positive focus for the past 90 days. And doing that gives me the strength and the courage to go forward in the next 90 days. And then I tell myself now... Today is one of those days where I have seven different things that need to get done. And I signed up to do, for instance, your podcast.

FT: And there are apps for this now [chuckle] There are apps to help you meditate.

DB: I'm sure there are apps. I know, but I don't use one of those apps. But meditation comes... The beauty of meditation is it's actually free, 'cause it doesn't cost you anything and you can do it from anywhere.

[chuckle]

FT: Let's talk about money memories. What would be one single memory from childhood that you think has really influenced your financial take, your financial mindset?

DB: So I think... And this is a funny... The weird thing about doing what we do, being writers or being on TV or doing all these, I've talked about this before so it's not the first time I'm gonna say this. But one of my first memories that really profoundly shaped me was my Grandmother Bach teaching me about money. And Smart Women Finish Rich is dedicated to my Grandma Rose Bach. And my Grandma Rose Bach started at 30 with nothing, and made a decision she wanted to be a millionaire. And she basically went out and self-taught, took classes, found money mentors and starting with a dollar a week, became an investor and became a self-made millionaire. And it wasn't her legacy of wealth that transformed my family's destiny, it was her teaching her family about how to build wealth that changed our destiny.

Because she first taught my father, and my dad became a financial advisor and he became a teacher. And then she taught me, and she taught my sister, and we all became... Really we became a generation of teachers around this concept of financial education. But what my grandmother taught me first happened at the age of seven. And she taught it to me at McDonald's. And what used to happen is I would visit my grandmother in the summertime. She lived in Milwaukee, Wisconsin, I was from California. And when I would visit her, she'd spoil me. She'd say "Where do you wanna go have... Where do you wanna have dinner? Where do you wanna have lunch?" And being a kid, of course, the place I wanted to go was McDonald's. And so at McDonald's, where she would take me, one day at seven, she's like "You know what? I want you to go up to the manager right now, and ask the manager if this place is publicly traded." And I'm like, "What?" She's like, "You go do

it, and I'll give you a dollar." So I'm like, "A dollar?" And I went running up to the front counter. Now, the manager came out, he had that McDonald's hat on his head, which I'll never forget.

And he came back to the table with me and my grandmother, and he introduced himself to my grandmother and he said, "Yes, Mrs. Bach..." He introduced himself and he said, "Yes. McDonald's is publicly traded," and it would trade... I think they traded on the New York Stock Exchange, and he gave her the symbol. And my grandmother said, "Oh, I know that. I wanted my grandson here to learn how to ask." And he's like, "Oh," and then he left. And when I sat back down she said, "You know, I want you to watch the people walking in here who are spending money." She said, "There are three types of people: Those who come in here and spend money like you right now, those who work here and get paid." She said, "You know, you can make a lot of money, but you can't make it if you work here." And she said, "Then the third type of person is those who own this place." And she said, "I want you to be the kid who grows up to own this place." And she said, "I'm gonna take you home today and I'm gonna teach you how to buy stock in McDonald's. And when you own stock in McDonald's you'll be an owner of McDonald's. And then when all your friends come here, and they buy French fries and they buy cheeseburgers, you'll be making money from them."

And I was just like, "Oh my God! This is the coolest thing ever!" And I... Literally, I tell this story and it gives me chills. Because I can remember going back to her house, and her opening up the Wall Street Journal on the kitchen table, and her and my grandpa were sitting down and were circling MCD and showing me how to look it up and how much it traded for, and then helping me buy that first share of stock, and then teaching me how to know... How to read the ticker symbols that came across the screen on television set. And that moment changed my life, because it made me look at the world as an opportunity.

FT: She was an impressive lady and she drives a hard bargain, a dollar, to go up and do something that, probably would have been, for me, extremely, extremely embarrassing and tough, but she knew what she was doing.

DB: A dollar back then was a lot of money...

FT: Yeah, I know [chuckle] My next question, it's what I like to ask my guests, called-"Your So Money moment".

DB: Wow! Okay. My so money moment, what a cool thing to talk about. I think my so money moment was sitting on the little yellow chair next to Oprah Winfrey, launching my book "The Automatic Millionaire".

FT: Oh my gosh!

DB: Think the reason that was my so money moment was that I had been... By the time I was on Oprah, I had been on every single television show there really was across America, and literally from my college stations to local radio shows, to... I'd stayed in every Motel 6 and gone every cable channel and finally got a national TV and then done everything, and I had been trying to get on Oprah for nearly 10 years. And I didn't get on Oprah with the Smart Women Finish Rich, and I didn't get on Oprah with Smart Couples Finish Rich, and I didn't get on Oprah with The Finish Rich Workbook. And when The Automatic Millionaire was done and in a galley form and I was setup to interview, and they call it a pre-interview, with the producers of Harpo, I just said to them, I'm like

"Look, I've watched every single financial show you've ever done, and what I wanna do is different than what you've done. I wanna help 10 million people who watch your show, the moment that show is off, take a specific action. And the action I want them to take is to go pay themselves first. I want them to turn off the show, call her husband, call their wife, call their branch's department, and I want them to sign up for their 401K plan or up their contributions to their retirement accounts.

And I wanna teach these people across America how simple it is to pay themselves first. And I want them to know they don't need to be rich to do it. That if they're spending \$5 a day on little things, like their lattes, which I termed the latte factor, if they could just cut out that \$5 a day and pay themselves first, automatically, they could change their entire financial life forever". And the producers, they bought into that and they had me on for that show and I remember being on stage with Oprah and what I did on Oprah was what I had been doing for 10 years, I had done that in classes with 10 people in the room, but here I was doing in on Oprah's stage and going "Oh my gosh, 10 million people are gonna see this!" and I think that I came off the stage and I remember the producers coming up to me and just being like "Oh my God, you absolutely crushed it, crushed it." And they said "If this show does for America, what it just did for this audience, this show is gonna be a home run."

Because they always tape the shows and the show came out and and it aired and I remember they called me up and they said "David you have killed it." The show had... I think it was like an 8.6. And they're like "You're an 8.6, you're an 8.6." I'm like "What's an 8.6?" and they're like "Brad Pitt had an 8.9. It's like, it's really good!" And so that show just did so well, and then The Automatic Millionaire was the number one book in the country. It was number one on every single best seller list. And then they called me up right away and they said "We wanna do another show." And we did Smart Couples Finish Rich and about... I don't even know, maybe 30 days later or 60 days later I had four of my financial books on the top 10 best seller list: Smart Women, Smart Couples, The Finish Rich Workbook and The Automatic Millionaire. I would open up the Wall Street Journal, USA Today, Business Week, and New York Times and I had four out of the 10 of the books. And I was like, "Whoa! I can't believe it." And people said to me, "How did this happen?" I'm like, "It was easy, it just took 10 years".

[chuckle]

FT: Okay, you have to tell me. What is it like meeting Oprah? Tell me everything. What does she smell like? How tall is she? I want to know everything because unlike you I have not met her and I dream about her, but I have not met her. So tell me everything because I love her and I'm sure a lot of people listening want to know all the silly details.

DB: Well, first of all I would tell you I don't know what she smells like and I think if I had gone up and smelled...

FT: You didn't give her a hug? She didn't hug you?

DB: I think I did give her a hug actually.

[laughter]

DB: You know she's...She's remarkable. Of course she's remarkable and I think when I knew when

I was on that first show. Well, I knew it every time I was on her show. I think I did six shows with her. I knew what an honor it was and what a responsibility it was and she really knows... I don't know how... She's just... Her gift, her incredible gift. She's the epitome of somebody who's coming from a place in service. So, her gift is that when you look at the way she handles guests. She knows what the audience is thinking as fast as they're thinking it. And so, she's asking the questions that the audience is asking themselves. And so I think she really brought out the best in me because she'd say, "You know David this is a huge promise." What if I'm living paycheck to paycheck? What if I'm in debt? And she really knows her audience. And I just really, to this day incredibly grateful to her and also her team because the team at Harpo was the ultimate A plus, world class team that you've ever worked with.

FT: I remember telling my mother after it aired that I was going to interview you on New York One, my little station in New York City. And she could not have been more proud. I think she called all her friends and said, "You know that guy we just saw on Oprah? Well, Farnoosh is going to interview him...on New York One" and I was actually behind the camera so no one actually saw me.

DB: I love it.

FT: I suspect this is not going to be getting a latte at Starbucks, but what's your financial fix that's perhaps daily, weekly, monthly, sporadic. In other words, something that you do that may or may not seem like a financial habit, but in the end helps you save money.

DB: Well, okay, so it is pretty much daily, and it's weekly, and it's monthly, and it's annually, and how do I track my money? So I have a financial dashboard and all of my accounts, which there are like 17 different accounts for our family, from investment accounts, to retirement accounts, to credit card accounts, to mortgage accounts, I track everything online on a dashboard. And I don't want to say what the dashboard is because there's so many of them out there right now and I don't want to give anybody a plug, but I use a dashboard that a lot of other people use. And the ability to see where all the money is going, and how it's growing, allows me to track my progress. And it allows me to make tweaks, if tweaks are needed, and it allows me to catch mistakes.

FT: Okay David, last kind of fun part of the interview, if I dare say fun from a financial interview but, I'm gonna ask you a series of questions. First answer that pops in your mind we wanna hear it. This is really more of like a knee jerk part of the interview. So, are you ready?

DB: Sure!

FT: If I won the lottery tomorrow, let's say a 100 million dollars, I would...

DB: I would call my accountant. [chuckle] Okay, this is a funny... I'm gonna give you more of a detailed answer for this one because... So a hundred million dollars, the first thing would be is do you take the lump sum, or do you take an annuity payment? I'd take the lump sum, which means the lump sum would be 50 million which means after taxes it would be 25 million. So now 25 million is a lot of money but, what would I do with that money? Very little in my life would have to be changed. I would give more money to charity, and I'd put more money in investments, but there's very little that I would do in my life that's different than how I'm living right now because I'm very blessed right now and there's not really a lot more stuff that I want.

FT: Good answer. The one thing that I spend on that makes my life easier, or better, is...

DB: The answer Farnoosh 'cause I have two kids, is babysitters!

[chuckle]

FT: What's the rate these days by the way?

DB: Oh my God! It's \$20 an hour here in Manhattan.

FT: Plus dinner, plus cab ride home, right?

DB: Right. So I'm just talking about the babysitter right, because it takes a babysitter in order to be able to go out and have a date with my wife, Alatia, so it pains me that every time we go out on a date it's an extra \$100 to \$200, but that I will say, it's probably the best investment I make is on that babysitter, because it's really important to keep having date nights with my wife, and I'm really grateful that we're able to do those date nights.

FT: My biggest guilty pleasure that I spend a lot of money on, more than I'm probably willing to admit, but you'll admit it here on my show is...

DB: Well, it's definitely eating out, because again, I live in Manhattan, and eating out is an entertainment. I definitely spend more money eating out than I would practically say that I should, but it is a big part of our life.

FT: When you donate money, who do you like to give to and why?

DB: Okay, well, I'll give a bunch to the charities I like to give to and why. It's changed over time because in different times in my life I've had different passions. But I first started by giving to charity to Make-A-Wish Foundation. That's where I started as, really out of college, was the Make-A-Wish Foundation. That's a great charity. And then, after Make-A-Wish Foundation I really became passionate about housing for people who couldn't afford to have a house. So, Habitat for Humanity was a charity that I became very involved in. I've given proceeds from different books to different charities. A book I wrote on home ownership, I gave money to Habitat for Humanity, and we built a building for 12 families, contributed building to building. And I ended up joining the board of Habitat for Humanity in New York for a while and that was a great charity I got involved with.

FT: And finally, David, answer this. I'm so money because?

DB: I'm so money because I have two amazing little boys, Jack and James, who are the light of my life, and I'm surrounded by a lot of love. I have an amazing wife, Alatia. I have an incredible family. I'm really so money because my mom and my dad, Bobbi and Martin, are still alive. They have been my biggest supporters and cheerleaders and just incredible mentors to me, and I've just been really, really lucky to be surrounded by incredible friends. Gotta mention my sister, Emily Bach, too. I'm really lucky. I'm so money because I've had amazing people around me from friends to family, my whole life, and they have cheered me on and supported me through the difficult times

and cheered me on in the good times, and they're what make my life special.

FT: Well, I'm grateful to you, David Bach, for spending your morning with me and all of us, and we wish you continued success in the new year. We know you're gonna do so well, and we're really excited about your new partnership.

DB: But this has been a lot of fun. Again, I'm super proud of you and excited for you, and I'm sure your mom will be cheering you on listening to your podcasts. Tell your mom I said, "Hi."

FT: I will. She'll love it.