Peter Margaritis: Hey, welcome back everybody. My guest today is gonna make you think, and make you probably a little jealous. My guest today is Rachel Richards. And you've heard in the intro, the titles of her books and everything. Got her here live with referral through my buddy Ken Wentworth, otherwise known as Mr Biz. And Rachel, I just want to thank you for taking time out of your schedule to let me interview you because I listened to Ken's interview with you and I'm even more fascinated now than I was when I got the introduction. So one, welcome.

Rachel Richards: Well, thank you. And thank you for having me on.

Peter Margaritis: And just for transparency, she lives… She used to live in the great State of Kentucky in Louisville. So, I'm even more intrigued. Two Kentuckians again on my podcast, it can't get any better than this.

Rachel Richards: That's right, the Bourbon capital of the world no better place.

Peter Margaritis: And there's only one type of Bourbon, Kentucky straight bourbon.

Rachel Richards: That's right.

Peter Margaritis: Not West Virginia, Tennessee. It's bourbon comes out of Kentucky, for one reason, one reason only that limestone shelf. It helps filter that beautiful water that goes into to make brown waters. I like to call it. So right, so you retired at the ripe old age of 27 years old. I know that you're very driven. You're very serious. And in the world of finance. I'm…my curiosity was piqued by… How did you get this interest? I mean, I grew up in Lexington, Kentucky, like I said, my dad was in the liquor business. So I have it. Well, maybe that's not a good of an example. But how did you become such a passion around the world of finance and helping people?

Rachel Richards: There are so many things that contributed to my passion over the years, but one of my earliest memories of money was in sixth grade. And I found this book called, The *Motley Fool's Guide for Teens: How to have more money than your parents ever dreamed of,* something like that. And I was like, well, that sounds cool. And I remember being in this summer camp, water park camp and all my friends were, you know, playing going on the water slides. I was sitting at the edge of this pool reading this book. Totally immersed. That's really when my nerdiness began. I've been a finance nerd my whole life. Proud of it. But there was a reason I was so interested in that book, and it's because I grew up in a really wealthy County.

Just to give you some perspective when some of the kids in my high school turn 16, they got brand new BMW convertibles, yeah. My family was not operating that way. We were always on a strict budget. We didn't go on family trips, let alone even going out to eat at restaurants.

So from a young age, I felt like I didn't fit in. And that's not the way you want to feel in middle school and in high school. I remember reading that book and then years later, you know, thinking to myself in high school, I don't want to end up like everyone struggling with money. I don't want to have to operate on a strict budget for the rest of my life.

Rachel Richards: I don't want to have to borrow money from friends and family to make it to my next paycheck. I wanted to be different. And I realized that what I did, then would either set me up for wealth or for poverty. So, all those thoughts and reading that first book that kind of kicked off my desire to just learn. I was an avid reader. I started learning everything I possibly could about finance right off the classics. *Rich Dad, Poor Dad*, *Millionaire Next Door*, and really started getting into this subject.

Peter Margaritis: So, you graduate high school with this Financial nerdiness beginning to be festered and bubbling up, and you end up going to school at Center College in Bria. And I go look this up. And you got a finance degree out of Center College, right?

Rachel Richards: Yes, I majored in financial economics.

Peter Margaritis: So, what… I mean a lot of people have that young feeling. Yeah, I was going to be an accountant. Well I am but I went a different way. I went to UK. Accounting was my major. And then I got to intermediate accounting. I said, I'm dropping this major.

Rachel Richards: Yeah.

Peter Margaritis: This is nuts. I have to find something easier to do. So, you still have that passion. You didn't run up against that wall?

Rachel Richards: I did. So, I feel you on the accounting class. I took one accounting class and I was like, No. But I actually made started out majoring in engineering or something like that, because I had taken AP Physics and AP calculus in high school. Did really well and enjoyed it. And I didn't know what else to do. But then at Center, I took my first economics class and fell in love. And it just made so much sense. It clicked, and then because I was already interested in personal finance. I was like, this is what I'll do, I'll learn financial economics.

Peter Margaritis: Those are two words you don't really hear together in the same sentence, or three, fell in love with Economics.

Rachel Richards: Told you, I'm a nerd.

Peter Margaritis: I was always wonder that like they have that at eight o'clock or seven o'clock in the morning because they don't want to give away the secret. Apparently you found the secret.

Rachel Richards: That's so funny. I had an 8am one year and it was linear algebra, and it was the hardest class I ever took. Partially because I couldn't stay awake.

Peter Margaritis: So, you fell in love with economics. And then when you graduated out of Center College, where did you end up? What was your first job?

Rachel Richards: I became a financial advisor at first. And I did that because I actually paid my way through school selling Cutco knives. Have you heard of Cutco cutlery by any chance? It's American made knives super high quality really great product. And I knew I was gonna have to pay for school on my own. So, an American Eagle job was not going to cut it to try to pay for school. So, I sold Cutco knives. I paid my way through school. I graduated without debt. And my thinking at the time was, I love to help people with money and I know I'm good at sales. So I'll become a financial advisor. It seemed like the perfect fit. And I did love the part where I helped people with money. But when you're starting out as a financial advisor, you're spending the first 5 to 10 years cold calling. I mean it is strictly a sales job. And although I could be good at it. I didn't love it enough to see myself doing that. So, I quit that job about a year in, and then I became an assistant to a real estate agent. And I took a couple stints in real estate. Which at the time, I kept thinking I was overqualified for. I took a pay cut. I thought this was a waste of time. But in hindsight, I really did learn a ton that allowed me to later and start investing in real estate on my own. So, it's interesting how sometimes you can only connect the dots after the fact. But go ahead.

Peter Margaritis: No, go ahead, please.

Rachel Richards: And then the next job. I took was as a finance analyst at a manufacturing corporation. That's where I spent the last three years, up until I quit my job last year.

Peter Margaritis: Okay, so how many properties do you still own?

Rachel Richards: We own six buildings. It's almost 40 units total.

Peter Margaritis: Okay, and your Colorado Springs now. But you said you spent most time in Louisville. Are these properties in Louisville?

Rachel Richards: Yeah, they're all in Louisville. We I lived in Louisville for 20 years, and I had my real estate license at that time. Super familiar with the area and great place to invest. It just made sense for us to invest there.

Peter Margaritis: Okay. So most. I mean, I think you should you have six buildings 40 units. I think of the Monopoly game. You start off with houses before you get into buildings. Right?

Rachel Richards: Yeah, and that's what happens. So, my husband had owned a primary residence before we met. That was technically our first investment because once we moved in together. We kept that property and rented it out. So, we had a single family at first, but then the first one that we intentionally bought as an investment property was a duplex. So, a two unit and the next three were all 10 to 12 unit buildings.

Peter Margaritis: Okay. So, you've got six buildings, 40 units. Someone's managing it in Louisville, and you got to say that with a few marbles in your mouth.

Rachel Richards: That's right.

Peter Margaritis: I don't think we are mispronouncing the name. So, that's one bit of passive income you've developed because what are your book your second book, *Passive income Aggressive Retirement.* So, how many revenue streams of passive income do you have?

Rachel Richards: We have probably five or six at this point, but two of them are the big ones that bring in 90% of our passive income. So, at this point, we're bringing in about $15,000 a month total in passive Income. When I say that, I mean actual profit. That's what we're actually taking home. So, the rental income brings anywhere from eight to 10 grand a month in profit in a normal month. It definitely was impacted by coronavirus and I can expand on that too. Then my book royalties, bring in probably about $5,000 a month, on average, from my two books. I also have online courses that are making maybe about two to three grand a month at this point And then we are also invested in fundraise real estate syndications. We have a small print on demand business. So, there's other little streams, but the rental income and royalty income are the biggest.

Peter Margaritis: Okay. Let's start with the first book *Money Honey.* What to do… so you graduate, and you start work your financial investment company? Did you ever did you ever have the notion that should be an author?

Rachel Richards: You know, when I was really little, it was my dream. It was my dream to become a best selling novelist. I was like, I'm gonna be JK Rowling. I wrote short stories and everything. And then when I grew up, and I started to learn about finance. I was like, I need to do something more practical. You know, most authors don't make money. I need to do something where I can make a lot of money. So, that's partially why I went into economics and finance, which is obviously ironic now because I make more money from my books than I ever did in a corporate career. Yeah. And I remember thinking when I quit my financial advising job, I still love to help people with money. I still want to find a way to do that. And so, fast forward a couple years later. I published *Money Honey* in 2017. And at that point, my friends and family were still coming to me for financial advice, which was awesome. I love to help them. And I began to wonder, well, why aren't they reading books on their own, like I did, or learning on their own. And then I had the aha moment where I realized, oh yeah, personal finance is boring. Right. For most people, it's boring. It's intimidating. It's complex. So, I thought to myself, how can I make this topic fun and sassy and simple? And that's where the idea for *Money Honey* came from. Really just taking a boring topic and making it entertaining to read. So, I published it in 2017. It definitely was way, way, way more successful than I ever would have imagined.

Peter Margaritis: Well, congratulations from someone who has two books out there. And I got to have a meeting after this. They gotta pick up their game. Those two not bringing that kind of money. So, I have a little heart to heart with my book.

Rachel Richards: Yeah.

Peter Margaritis: The underlying theme in Money Honey is?

Rachel Richards: It's really about getting your finances in order. So, I talked about the basics. It's budgeting, debt payoff, investing, saving more money. There's a little bit at the end about taxes and insurance. But it's really, you know, look, finances boring, it's hard to learn about it. Let me make this easy for you and it just shows you how to get your finances in order.

Peter Margaritis: So, when should you just start investing?

Rachel Richards: As soon as possible, for sure. Most, most people think you can't start until you're 18 but you can start earlier if you get a custodial account like a custodial IRA. You can actually start earlier. But really, with investing, it is a time game. The sooner you invest, the better off you will be. I mean, you take an expert investor maybe who waits 10 years to start investing. If you invest now, you will be better off than that expert investor guarantee because you have such a time advantage. So, a lot of people worry, you know, I'm going to make the wrong investment. I don't know really how or what to invest in. What you should be worried about is just getting started. Getting started now. The best time to plant a tree was 20 years ago. Second best time is today.

Peter Margaritis: Exactly. And I think, well, obviously there's an emotional attachment to money. But I remember having this conversation with this partner in this accounting firm. We were in New York City for meeting at the NSCPA on the way to the airport, the market had dropped, and dropped pretty significantly at the time. And I just my mom's will be on the phone talking to me here soon, because she always like flips out and I try to talk to her about risk for every instance will take this approach. The markets on sale. It’s a for sale sign there have Macy's is having a one day sale now because what goes up that will come down. And it'll go back up and you look at that linear line and you go, okay. It fell. So now, do I have any resources that I can go pick up some cheaper stocks that they were the day before and keep on investing. Unstead of thinking, oh, woe is me type of approach.

Rachel Richards: Exactly the stock market. If you look at a historical stock market of the Dow Jones, for example, and you look at it, the entire return over the lifespan of that index. It goes up. It always goes up. And then when you start to zoom in on the year or the month or the day

It goes up and down like crazy. It's super volatile, but the overall trend is up. So, I always tell people it is emotionally difficult but when the market goes down. That's a short term thing. It's not going to go down forever. And the instinct is, ‘Oh, I gotta sell. I gotta sell my stock because it's going down and I don't want to lose money.’ But here's the thing, you're not losing money until you actually sell it, because it's really only a fear radical loss. If you fell it. That's when you lose money because you're locking in the loss. The best thing to do is hold on to it and like you said even buy more when the stock markets on sale so that you can get in before it goes back up.

Peter Margaritis: Yeah, I try not to fall into that trap. But I'm also the treasurer of our local, National Speakers Association chapter, and we have a nice investment account. And when it really started going south, and we were transferred into a new Financial Advisor, who happens to be mine. I, I made a comment that, should we just get out of these positions. And he said the exact same thing you did. When you get out, you're locked into it. The markets going to bounce back and will recoup that. And five months later, yes, we went back to where we were. And good thing I asked the question is just, yeah. Well, my father on Black Monday sold everything. He grew up in the Depression.

Rachel Richards: Hmm. Ohhh…

Peter Margaritis: He sold everything. Paid off the house. Paid off the car. Paid off the kids. Paid off everything. But they gave him peace of mind, because he lived through the Depression.

Rachel Richards: Yeah, yeah. And that makes sense. If he had gone through that time, for sure.

The best thing I tell people to do is don't monitor the stock market. Don't look at it. And I know that's crazy. I truly don't. I don't look at it. And a lot of people are like, well, you're a finance guru. How can you not be monitoring the stock market? It's because, to me, that's not the point. Once I invest, I only invest with the intention of leaving it there for 10 or 15 years. So why would I look at the stock market? It's none of my business. I know my stocks are going to go up in the long run. So it's none of my business. What happens in the meantime.

Peter Margaritis: Exactly. I love that. I love that mentality. I'm gonna have to have my mother, listen to this over and over and over again. So maybe.. So, I was. It was this book. Which one did you talk about budgeting?

Rachel Richards: Money, honey. Yeah.

Peter Margaritis: I am a CPA, not a very good one, the Accidental Accountant. And there's a story behind that, but I'll say it for another time. When you say the word budget. It's like, it's like you've given somebody the finger.

Rachel Richards: I know

Peter Margaritis: That's where it's like, I and I was actually offered a job as manager of budgeting for Victoria's Secret catalog, and I turned it down.

Rachel Richards: Yeah.

Peter Margaritis: You’re the most hated person in the organization.

Rachel Richards: Right!

Peter Margaritis: But those who, those who don’t plan. What is it? Those who don’t plan, fail. Those who plan. Aww.. I keep getting it wrong.

Rachel Richards: Those who planned….Oh I don’t remember either!

Peter Margaritis: You know, so yeah. I can’t remember either.

Rachel Richards: But we know we're talking about actually about. Yes.

Peter Margaritis: Yes. So, how do you get people to go, you know, I know maybe we would change it to instead of budgeting to planning, I'd like to plan for vacation. Plan for it, do we change the vernacular? Or how do we get people to recognize it's important to budget.

Rachel Richards: Yeah, I love that. And I think we should. Budgeting is like an offensive words to people. To me too. I mean, it's who likes to budget. But I am, if you're talking about planning, then I'm a type A control freak perfectionist. So, I love a good plan. Right? Yeah.

So, here's what I tell people, though. Dave Ramsey put this really wisely and so I like to refer back to this quote. He said that ‘Budget is simply telling your money where to go, instead of wondering where it went.’ That's all it is. Isn't that brilliant?

Peter Margaritis: It really is. That's outstanding.

Rachel Richards: Yeah. And if you want to get your finances in order. It starts with making a plan. I mean, it's the same thing as if you're trying to drive from point A to point B. You have to not only have a GPS or have directions of how to get there, but you need to know where you're starting from to. Or else you don’t know where you're going. You're starting and where you're starting from is what you're currently spending your money on. So, you have to understand that, first, I always tell people just track your expenses for 30 days if you are just starting out, you don't know where to begin, start tracking your expenses for 30 days. It will be so eye opening to understand where your money is going. So, for example, the first month, my husband and I did this, and I feel like I shouldn't admit this, because I'm supposed to be a finance guru. But the first month we did this, we realized we spent over $900 that month just on groceries. $900 that's not even restaurants. That's groceries for two people. So, it was very eye opening and embarrassing. And immediately I was like, well, we got to cut this back. We could, we could cut this back by 50% and it will be very eye opening, though. Once you start tracking your expenses to see, ‘Wow, look how much I'm spending in this category.” I can make some moves here and you'll want to put a budget into place from there.

Peter Margaritis: Absolutely yes, I did hear you tell that on Mr Biz’s radio show. Yes, if she doesn't mention that I am going to mention it because… just because you said that I don't want it to my analysis on my groceries, because…

Rachel Richards: I know ignorance is bliss.

Peter Margaritis: Exactly. I'm gonna stay bliss. So, with budgeting, with and obviously when you budget, I so here's my philosophy on budgeting, I think I don't like a static budget because things change things, you know. Nobody predicted this pandemic. Right, so you don't build a budget and you leave it on the shelf and check it every now and then. You put it on the shelf. You looking at every month and you look and see what changes happen in the environment and you adjust to it.

Rachel Richards: For sure, because with the pandemic, a lot of people's gas money was way lower because no one was driving to work, but then the like Hulu and Netflix subscriptions. Why not, because everyone's subscribing to those. So yeah, you should definitely change it. I we're constantly tracking our expenses. We're constantly reviewing our budget. The one thing to watch out for lifestyle creep because as you potentially get a raise. Make more money, then you're going to want, then you're going to justify and say, okay, well now I can afford to do these things in my life, and you will start to spend more and more money. So, that's lifestyle creep. It's so, so dangerous. So, what we always try to do is do like a reset every few months, we just did one in September, because in August our spending was just completely out of line. I was like, what have we done with purchasing stuff on Amazon was unbelievable. So, I was like, Okay, we're going to do a reset. We're gonna stick to these super strict budgets. No more online shopping. No more eating out. We went very strict and we saved an additional two or $3,000 because of that. So, I think that's a healthy exercise to do once a quarter.

Peter Margaritis: To the notion of lifestyle creep. I think we all do that. And especially, it might be a coping mechanism during, you know, a pandemic or during a downtime that and that bind spinning a new, you know, gives us that, but then again. Okay, that's $2-3,000 I could have been something else with.

Rachel Richards: Yeah. That’s a lot of money.

Peter Margaritis: So, let's talk about passive income, which is my friend, which is I think about a lot, and I've got a couple of passive income streams that have basically helped because my live speaking engagements went Bye-bye for the most part of the first half of this year. I moved to a virtual environment. They're starting to come back. But passive income, you said you had, you had the buildings, you have the books which are you to two big ones.

Rachel Richards: Yeah, yeah, and online courses is the third, and then there's several other small ones.

Peter Margaritis: Let's talk online course. Okay. Why?

Rachel Richards: So, I had been thinking about doing an online course for a while. The reason is that I felt I could help female millennials in a more hands on way in a more in depth way to really hold them accountable. Because here's the thing. We all know what we should be doing in general. Right? We know we should budget and pay off debt and even do things like exercise and eat healthy and invest in the stock market. So why don't we do it? It's because execution is the hardest part. Having the self-discipline is the hardest part.

Rachel Richards: Knowledge is useless without execution. So, although anyone can read a book or one of my books and learn and be inspired. Are you going to take action? Because that's the only part that matters. And I knew that if I create an online course, I could give people the structure support and accountability they need to actually implement what they're learning. So, that's why I wanted to do it. But here's the funny thing. Is when I decided, Okay, it's time to make this happen. It was in March of this year, March 2020. Before things went south. And then I was like, oh, well, this feels weird. Is it is it bad to create a course and charge people for it during this time? Is this going to help people? I kind of had this moral conflict of interest. So, I just went to my platform and I said hey guys, here's I'm thinking about doing. Am I a bad person? Like what I mean, would this help? Do you guys want this? And everyone was like, please make this course. This would be such a huge help right now. So, not only did I have this idea that I enjoyed. But I did the market research to validate it to ensure it truly would help people and it would sell. So, I launched the course in April of 2020. Sold it out. Sold the beta version out to 50 signups. And now I run it about two to three times a year, and it's a lot of fun. I have to say.

Peter Margaritis: So, you said the word execution. And in that, in that whole aspect of what you said I was introduced to this concept, this analogy earlier this year. And I look at it. So, you buy one your books. You take the online course. Everybody wants to get to the end quickly. So how do you eat an elephant?

Rachel Richards: How do you eat an elephant not quickly but one tiny bite at a time.

Peter Margaritis: One tiny bite at a time. And I love that analogy. You're just, you're not gonna be a financial expert, just by reading the book. You've got to do the work.

Rachel Richards: Yeah.

Peter Margaritis: You’ve got to eat that elephant one bite at a time. Because if you try to eat the whole thing whole. You're gonna get sick. Bring it back up then never want to get near it again. And I think that's what happens with a lot of people is that instant gratification. And verses one bite at a time.

Rachel Richards: Exactly. And I always warn people I know passive income and financial freedom sounds sexy and glamorous. I know it does. But passive income is more of an advanced technique. You know, you have to get your finances in order first and do things like paying off high interest debts and having enough money in an emergency fund before you can start creating passive income streams.

Peter Margaritis: Absolutely. And oh, by the way. When you build a passive income stream. there's an investment in order to do that, create that passive. I mean, you write two books. There’s an investment in time. There's an investment money. There’s an investment of marketing, the online courses. But hopefully, that return on investment will exceed that cost tremendously.

Rachael Richards: Exactly

Peter Margaritis: So, I wanted to ask, over the years, over the many, many, many years, what has been your favorite win?

Rachel Richards: My favorite win? A financial win?

Peter Margaritis: Let's go financial with it.

Rachel Richards: That's a good question. I think my favorite ‘win’ is I launched my book *Money Honey*, thinking who knows if this is even going to sell one copy. And I was so concerned with not losing money that I invested less than $600 to launch the book, mostly on the editor. So, it only took a few hundred dollars to launch the book. And the win is that the ROI on that thing has been, I don't know, thousands of percent points basically. I mean I've made 10s of thousands of dollars from the book, I think I've made over 50 grand from that book at this point. So, I will say that was an exciting win for me.

Peter Margaritis: So I have to ask, What's your marketing strategy on that?

Rachel Richards: Well, at first I didn't do much, because I was working full time and I didn't have a lot of time to devote into marketing it. But I think because I had such a successful launch, it has sold organically through word of mouth like crazy. I mean, it's a true unicorn. I definitely had a strong launch in that I was involved in several Facebook groups where even before I started writing the book, I was adding value by answering finance questions. And I would say, ‘Hey, former financial advisor here. Here's what I think…’ just in random Facebook groups. But then I kind of became known as this guru or this leader and I became the go to person. So, if somebody asked a finance question, other people would tag me and be like, ‘Oh, you need to ask Rachel, or, oh, Rachel Richards is your girl.’ And I got this credibility. So,when I finally had the idea of writing that book, I said, ‘Hey, here's what I'm thinking. What do you guys think?’

And there were hundreds of female millennials that were like ‘Oh my gosh, please write this book. You make finance so easy to understand.’ So, without intentionally doing it. I had somewhat formed a launch team of hundreds of female millennials, who are ready to not only buy my book, but to review it and help me promote it and share it. And I had such a strong lunch that it really transformed into long term momentum and long term success.

Peter Margaritis: Wow. That's a great story. I love this story, listen to what's next, what's with another topic. Tell me about Women on FIRE, and Fire is an acronym.

Rachel Richards: Yeah, I'm glad you asked. This is a new thing I'm doing Women on FIRE, and Fire stands for Financial Independence Retire Early. So, it's an acronym. Yeah, I didn't make it up. It's a well-known acronym in the fire community of people who love to learn about financial independence. But I decided to form a group, Women on Fire. It's a mastermind I'm launching next year for ambitious women who wants to create passive income. It's by invite only. I am only going to have six women. I've already filled three of the slots. So, I think it's going to be filled pretty soon. But if that goes well, and we all love it and I have a great time. I'm definitely going to turn it into a year long mastermind that I do every single year.

Peter Margaritis: So small group. Define mastermind for the audience.

Rachel Richards: To me a mastermind is a small committed group of individuals who are all learning from a leader. And who have like specific outcomes of what they want to achieve within a 6 or 12 month period. So, my mastermind we're going to have an in person retreat. As long as we can with what goes on with COVID. We're going to have monthly Zoom calls. They're going to have one on one access to me, if they ever need one on one coaching calls, like unlimited. They can call me as much as they want. And the goal is for each member to create at least one new passive income stream. So, I'm going to help them take their ideas and get them going and monetize them.

Peter Margaritis: Okay, that's a good definition of mastermind.

Rachel Richards: Yeah, everyone does it differently. But that's how I envisioned mind.

Peter Margaritis: Okay. So you're just launching this now. I have, I have a feeling that you'll be launching more and more. It could be a major passive income stream for you.

Rachel Richards: Well, I actually probably will be my only non-passive income stream. An income stream nonetheless.

Peter Margaritis: There. Yeah. Soon as the word came rolling off my tongue. But that's not passive. Yeah, it's an income stream. Exactly.

Rachel Richards: Yeah.

Peter Margaritis: So I wasn't asked what's next? But I think I've already uncovered that.

Rachel Richards: Yeah, I think I'll focus on that next year. And then the other thing is my platform has definitely voiced their opinions to me of what kind of content they want to learn more about, and a lot of people are excited about real estate investing. I get a lot of questions a lot of excitement. So, probably, if I write another book or create another online course next year it will be about real estate investing.

Peter Margaritis: So, we're talking residential type of real estate.

Rachel Richards: Yes, strictly residential rental property, because that's what I do.

Peter Margaritis: Know corporate rental aspects.

Rachel Richards: Mm hmm. No, I'm not. I don't do commercial so I don't feel qualified to teach it.

Peter Margaritis: I mean I'm with COVID everything that's happened. I'm real interested about the commercial real estate market moving forward and…

Rachel Richards: Yeah.

Peter Margaritis: The type of demand for it. I used to be commercial real estate lender in the Florida market place back then, a long time ago.

Rachel Richards: Yeah.

Peter Margaritis: Okay, so I asked you about your favorite win. Talked about Women on Fire. What's your favorite failure?

Rachel Richards: Okay, good. I was hoping you'd ask that. There's so many. There's so many failures, so many, so many mistakes and I still make them. But my favorite one, which we can laugh about it now for sure it is funny. At the time, though it was horrendous. We got to the point, Andrew and I were, we were working full time. I was writing books. We were managing our real estate, and we couldn't do it on our own anymore. So, it was time to hire a property manager. The mistake we made is that there had been this couple working for us, a husband and wife. They had already been working for us doing things like cleaning common areas, doing the lawn care, doing some minor maintenance stuff. They were truly the hardest working people I had ever met, and always went above and beyond. So, when it came time to hire a property manager, we thought to ourselves, well, and they expressed interest. We thought, well, we can make them employees of our company. We could probably save money doing it this way and be more hands on with the way we're managing them. So, that's what we did, and it started out great. And then about six months in Andrew went to the rentals one Saturday to collect rent from the drop boxes on site, and notice that a lot of rent was missing.

Rachel Richards: And it was not just the typical late tenant, you know, tenant paying late. It was a significant chunk. So, of course, we're calling our employees, what's going on? There totally M.I.A, and we never heard from them again. It turns out they stole $6,000 in rent, just that weekend. And we found out that they'd been living in vacant rooms and units in our properties for almost a year. So, wow, what a wake up call. What a violation of trust. I mean. Definitely, it was awful at the time, and it's even embarrassing to admit it now, but I love to share the story because hopefully other investors can learn from my mistake. The moral of the story is, we never should have been trying to cut corners here.

Rachel Richards: This is not where you you're cheap and you try to save money. You need to find a qualified licensed bonded insured property management company. Because if we had done that and one of their employees had stolen rent from us, they would have been liable for the damages, not us. So that's my favorite failure.

Peter Margaritis: Wow. Wow. That's, that's, that's, that's, yeah.

Rachel Richards: It's fun.

Peter Margaritis: It's fun. It's fun.

Rachel Richards: Fun now yeah but

Rachel Richards: The way I look at it, because I know that's awful and it scares other real estate investors from getting started, but truly, I think if you can just put a positive spin on it. It really helps. And so I just like to tell myself, you know, I paid $6,000 to learn a very important lesson. That was my tuition payment, and now I'm better because of it and I'll never make the same mistake again.

Peter Margaritis: Well, if you take the word fail and turn it into an acronym. Do you know what it stands for?

Rachel Richards: What?

Peter Margaritis: First attempt in learning.

Rachel Richards: Oh my gosh. There you go. I've never heard of that before. I love that.

Peter Margaritis: I wish I could. I wish I could take claim to coming up with an acronym, but someone told it to me. And I went, I love that. So, to your point, that was a $6,000 tuition payment.

Rachel Richards: Yes.

Peter Margaritis: But you've learned a lot from that it was a very expensive and but you still learned a lot and you better for now than you were but…

Rachel Richards: Yes.

Peter Margaritis: But at the time, it just felt just absolutely terrible.

Rachel Richards: I'm writing that down because I love that so much first attempt in learning. That's perfect.

Peter Margaritis: So as we begin to soon as we begin to wrap up. What tips do you have for my audience?

Rachel Richards: A big tip is I think we tell ourselves excuses of why we don't, why we can't start doing something or where we can't get started. And I did this, too. When I was young and I wanted to invest in real estate, I always thought, well, I need to wait until I have more money, or I need to wait until I have more knowledge or experience. But in hindsight, if I knew then what I know now, I could have gotten started even earlier. And don't get me wrong 24 is not

a bad age to get started investing in real estate, but there are so many techniques you can use to get started without having a lot of money or even knowledge. So, there's house hacking where you can buy a property and live in it as your primary residence and either fix it up and flip it or if it's multifamily you can rent out the other units and offset your mortgage. There's wholesaling which is where you go find deals on investment properties and basically sell those deals or contracts to other investors who want to pay for it. Because finding the deals is the hardest part. And you can make money just being that sort of middleman and bringing those great deals to other investors.

Rachel Richards: So, there are definitely ways around having, you know, needing to have a 20 to 25% down payment. So, I would say look those up. Start learning. Definitely like know when to pull the trigger in terms of going from knowledge to execution. And the last thing I would say is there's this quote by Zig Zigler that I love. And he said, you don't have to be great to start, but you have to start to be great.

Peter Margaritis: Perfect, yes. I love that quote, but I have to… There's one tip that you gave, and Ken’s interview that he missed it by that much and it has to do with a penny.

Rachel Richards: Oh, the penny example. Oh, I love that one. Okay, so here's what I love to ask people. It's a fun experiment. So, if I gave you a penny and I told you to double it every day for a month. How much money do you think you'd end up with at the end of the month? And what's your… I know you cheated. But what's your guess?

Peter Margaritis: I did. I did. I did. Because I would have probably said something similar.

Rachel Richards: Yeah.

Peter Margaritis: What Ken said. He said around 50 bucks. But I also use that almost that similar analogy as a talk about technology and the growth of technology to begin with. Right? So when you said the, the amount which was which is?

Rachel Richards: Yeah, so a penny doubled a day for 30 days is not $50 it is $5,368,709

Peter Margaritis: Exponential and the additional interest.

Rachel Richards: Yes, the power of time the power of compounding can do truly magical things and that's what illustrates the importance of investing now. It’s an urgent thing. Get invested now.

Peter Margaritis: If you're young, start now. Just I would advise… I'm working with my son on this. Take 100 bucks out of your paycheck, if you get paid on a weekly basis. And just put it into an account, and when it gets to be let's say 1000 then let's get you an IRA and we'll just keep feeding it. You’re not missing 100 bucks. But when, so when you're 50 years. How did this happen? Wow. But it takes that discipline still to make that deposit to invest into that to have it continue to grow way and beyond. And I know some folks who are just a little bit younger than me that have not taken that approach, but have become very concerned and have started even at a late age 5-6-8 years until they retire, but they went somethings better than nothing.

Rachel Richards: Exactly, exactly. And you're not…The only regret, you'll have later is that you didn't start sooner. That's the only regret, you'll have so get started now. And you can avoid that.

Peter Margaritis: Rachel, I can't thank you enough for being on the podcast. I've enjoyed this conversation so much and having a fellow Kentuckian on is just was the cherry on top of this. I wish you all the best. I'm going to check back in with you at some point in time and see how things are going, especially on your Women on Fire. I, I love that concept. I love what you're doing with it and I have a feeling that after this first Mastermind is over. You're going to go. We're going to add this, and this, and this, it's going to take you into higher realms. And give my best to your family. Stay safe, stay healthy.

Rachel Richards: And thank you.

Peter Margaritis: Is it the weekend? Today’s Monday. Have a great weekend.

Rachel Richards: Thank you. Thank you so much for having me on. This is a lot of fun.

Peter Margaritis: Oh, you're welcome.