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Dividend Paycheck Mastery: an interview with John S. Rhodes

Ryan Coisson: All right. Hey everybody, this is Ryan Coisson and I am incredibly excited that we've got a very special guest with us today. His name is John S. Rhodes, and he is one of the most knowledgeable folks that I know and have had the pleasure of meeting when it comes to investing for the long-term. Now, he uses very specific strategies that are different than what we talk about inside the PB Code. So I knew that we could spend some time together and create just an incredibly massive amount of value for you with what he's doing, how he's doing it.

Most importantly, he's been doing this now as he'll tell you for well over a decade and his experience is worth its weight in gold. Without further ado, John, thank you so much for taking the time to spend with me here today, and I know you've got a little bit of a presentation. I think how the flow of this should work for everyone is let's have you run through some of these slides to build up a base of foundation about what it is that you do, how you do it, how long you've been doing it, the types of success that you've had. Then from that point we can go ahead and run into a little bit of a Q&A and I'll barraged with questions and kind of try and pull out any additional golden nuggets.

John Rhodes: Yeah, well Ryan, first, thanks for having me on, it's always a pleasure to talk to you, work with you in anyone that you're able to attract into your world, your universe. I take a lot of what you say, as great praise. So thank you very much, it's a real honor to be here. As you had mentioned, I have been doing this for quite some time. I've been in investing actually four, I thought about it, my late teens actually.

We're talking really 20 plus years, and what's happened is over time I've gotten smarter and smarter and better and faster, and that's what happens with investors as you know, Ryan, as you are in the game, so to speak, you get better, faster and smarter, and you start to learn certain things that are maybe obvious and maybe not so obvious.

I'm going to share with you where I'm at right now and also provide something of a history and very, very importantly, probably the most important thing if you asked me, is the sort of philosophical and psychological approach or approaches that I use to really bring this all together and enjoy long-term success. I will show my screen now, should be able to do that without any problem and about maybe five seconds or so.

We will do the old share screen. It should be pretty good right here. Ryan, if you can let me know that that's showing up okay.

Ryan Coisson: You are perfect my friend.

John Rhodes: Awesome, so these are indeed investing strategies that help to protect and grow your wealth. I'm very big on not losing. The more that you don't lose, the more that you stay alive. As I've said to many of my coaching students and people that I talked to in my inner circle, the job is don't get killed, don't get killed in your investing, don't get killed in your trades, don't get killed in your business by pushing everything and don't get killed because you have one stream of income or you tie your wagon to one horse. You really need to have some level of diversity. These are strategies, there's not a single winning strategy, it's sort of a grouping and the protection is a big deal of a longer term perspective and protecting your capital is huge.

Then of course, growing your wealth, it's not all about just torching the cash. I mean, we can just take our money and we could put it into the bank, but why would we do that when we can enjoy enormous, truly enormous long-term gain? I also like to say that what I do is somewhat boring and somewhat lazy, at least to the outsider, but I gotta tell you when the money is flooding in, it's an awful lot of fun. It's really great to see the money showing up month in, month out. And I'll show you what I'm talking about with the money showing up.

This is about the stock market and it's about investing. I'm going to move forward here. We'll start getting right in. I kind of joke about this, but it's true. The question I ask people, I'm like, "Hey, do pennies matter?" Ryan, I don't know about you, sort of a rhetorical question here in a way, but do pennies matter? Well, they matter to me for every 100 pennies you've got a dollar. There you go and it starts to get interesting when you start thinking about your change jar.

I don't know if you have a change jar, but I want you to think about what happens with that. You drop the nickels, the dimes, the quarters in, you drop the pennies in and what happens is, suddenly who knows how much into the future or whether it's a week or a month or a couple of years down the road, you take the change jar and you're like, "Holy smokes, this thing is loaded with way more than you would've expected."

I'm going to show you what that looks like in my world as a longer term investor. I call this the dividend pension and what I'm getting at is stocks, obviously, you can make money with them by trading them and that's short and long-term capital gains. But I really like to focus on those companies that pay me a dividend and a growing dividend. Talk more about that in a minute, but this was back in ... I pulled up some data back in 2012 in one of my accounts.

I've got, as you can imagine, I actually have quite a few accounts, taxable, non-taxable, the retirement accounts, more of the active trading accounts and whatnot. This is one of those accounts, but a dividend pension, right? In one year, $238, not a lot of money.

Let's face that just not a lot of money. Next year, 2013, $935 the year after $6,400. I put a little bit more money in, but you can also see how the dividends are growing pretty rapidly here. Adding another 14,600, and how about another 19,915 and that was, let's see, that was 2016, I have 2017 there as well, 21,700 something. You add that up for that one account and you can see $44,000 since 2012 in dividends. Now, the thing that's very interesting as we all talk about is obviously that money's coming in and I never have taken. I told Ryan this, I've never taken money out of the stock market. The money is always stayed in the stock market.

I've never needed it, I have a business or I do freelancing, or I've worked for people. So I've never needed to take money out of the stock market. Well actually that's not entirely true. I took money out of the market once, but that was because I had to cash in a mutual fund or something and then I put all that money back in.

In effect, it's hotel California. Once it goes in, it never leaves because I don't need it yet. I just don't need it yet, but you might want to draw out some of that money, but you can see that the point is, is that zero work, other than doing a little bit of research, allowing the dividends to compound, reinvesting those as it makes sense and enjoying $44,000 there. There's just almost no work. There's just practically no work, which is great because we're going to talk about this as well.

I'm getting dividends because there are businesses that are doing the work for me. There are human beings like you and me, there are people that are doing work, creating things, coming up with ideas and inventions. They're selling food and candy, they're selling cigarettes, they're selling oil, you name it, right? It could be shoes, Nike for example, it doesn't matter.

They're doing the work, they're doing the innovation and I have the capital to invest in those companies and I enjoy the rewards of all their work. That's why it's zero work for me, but loads of work for them. 60 bucks a day and here are those pennies again, every minute that I am alive. Again, don't get killed. Why don't you want to get killed? Why do you want to survive, especially with dividends?

By the way it sounds negative I'm like, "Oh," gloom and doom but it's not, literally every minute that I'm alive, I'm collecting four cents. I showed you the change jar earlier, four cents every minute that I'm alive is just dropping in every ... By the way, that's not like 9:00 to 5:00. That's not like in one hour. That's literally while I'm sleeping. People say, "Oh, I make money while I sleep," with dividends and dividend pension, as I like to call it, I am literally every minute I'm alive collecting four cents and let me tell you, it adds up.

I love it. Blink, blink, blink, blink, that's going in. The other thing that's very interesting about dividends that I really love is that these companies, the strongest companies and if you do your research right, they keep paying dividends, they don't cut their dividends. Sometimes, they're forced to maybe freeze their dividends. I don't really like that a whole lot, but I joined the companies that I invest in, they don't cut their dividends. They really freeze their dividends and instead they actually raised their dividends.

I basically get to, sit on if I can say, I get to sit on my ass. These companies, while they're innovating in all the worker bees are slaving away in effect, they are increasing the amount of money that they make year end year out because those businesses are growing, maybe slow growth, but those companies are growing and they'll raise their dividend as a result, which is just a return of cash from the business to me.

Ryan Coisson: Hey John?

John Rhodes: The dividends go up. Yeah, absolutely. Jump in here.

Ryan Coisson: Yeah. Real quick. I just want to clarify two quick points for folks. So the first point is this is just one of your accounts, I'm assuming, and first I want folks to realize that you mentioned, over the course of, five, six years here, over $40,000, which is absolutely amazing. What somebody might not put together is that now, unless something drastically changes, like you mentioned, a company stops the dividend, freezes dividend, lowers dividend, which is abnormal. You're looking at from this one account about $20,000 plus a year coming in without having to do any work. Is that right?

John Rhodes: That's exactly right. When I say no work, I'm about as close to saying no work as I possibly can, if I'm going to buy or reinvest. Obviously Ryan, if I'm going to buy or reinvest then I might look into the company, but I'm looking for companies that I can literally invest in and they call them Swan Stocks. Where it's sleep well at night, not all, but almost all of the stocks that I invest in don't require.

Now I do, but they don't require that I'm like trying to figure out if the company is going to survive. Do you think Proctor & Gamble or let's say Johnson & Johnson is suddenly going to go out of business, or suddenly going to cut their dividend? It's just not gonna happen.

Ryan Coisson: I think what would be good before you keep going, just as I've been making tons of notes to go over when we get to the kind of this Q&A part, but one of the things that I want to help define is just in case someone doesn't understand what a dividend is. Let's really quickly talk about, when you've got a company like Coca-Cola, Johnson & Johnson, Procter & Gamble, one of these big companies. What is a dividend? How does it work? Why would they want to do that? And maybe speak a little bit too kind of this idea of increasing dividends.

John Rhodes: Yeah, there's a several, several questions and some vetted there. You've got a company, we'll pick Coca-Cola, they've got many multi-billion dollar brands. If you think about what it takes to run Coca-Cola, there are going to be profit. If they make, $10 billion in a year, they will have to take some of that money and put it back into the business to maintain where they're at.

That's maintenance capital expenditures. Some of the profits are not really profits out of that 10 billion, let's say it's 500 million has to go back into plant and equipment, if you're looking at the balance sheet or whatever, right? Some of that money has to come back in to maintain the business in the next year, and then Coca-Cola says, "Well, you know, we haven't done much in China and Singapore and Argentina, we're going to go even deeper into those countries. We need more marketing money, we need it for growth."

In that case, some of the profits are invested in the future of the company. Now you've got 10 billion down to nine and a half. Let's say, now you're down to $8 billion. What can the company do at that point? What can Coca-Cola do with the $8 billion? There's really probably four things they can do, Ryan, they can pay off any debt that they have, so that it's like paying off your credit card, so they could pay down debt if they owe any. Another thing that they can do is, and this is sort of interesting, is they can buy back shares of their business on the market and reduces the number of shareholders or business owners, so they can do that. They can just put it in the bank, they can just retain the earnings and do nothing.

It's like putting it in your savings account, so those were the three. Then the fourth is look, when you own a stock, you own a chunk of a company and you are a shareholder, you own a share of the business. They're just paying out almost like what amounts to a salary in a way, but they're paying out part of the profits to you as a business owner.

So dividends are nothing more than a share or a part of the profits for you as a shareholder so you get part of that back, we can get deeper than that, but it's really cool if you think about that 10 billion coming in, and then the ways that a company like Coca-Cola is going to use that cash. Now, one last part here because you asked about the growing dividends, well I mentioned that in the case of a Coca-Cola, they might just grow sort of organically. A way that Coca-Cola can grow organically is quite simply by population increases literally more people on planet earth and more buyers of the product.

So they don't have to market the thing, there's just more people, and that means more buyers because it's go, it's liquid, it's gotta fill the body up. I mentioned the growth investing, so if they take some of their profits and invest in going deeper into a country, maybe that they're not in deep enough, they're investing for growth. The business is very likely going to grow.

If a business is growing and if that business is already paying out dividends, then what happens is, is the dividends can grow without changing, really anything with the capital structure, like how much money they owe or if they're borrowing more and messing around with the payout ratio and other sort of technical things that we could go into if you'd like to.

Ryan Coisson: Yeah, I don't think we need to go further than that. I think like what's important for folks to understand is a kind of two points, and this is how I look at it. So feel free to kind of chime in where you feel necessary, John. But one of the things that I think of is when I own Coca-Cola I almost look at it as a, if I'm owning a bunch of sheriffs, I'm part owner in this company all by, it might be a very, very small ownership. For that, I'm being rewarded when the company does well. Usually, if the company's doing really well, they might raise the dividend or something like that.

What's kind of cool in the instance of dividends, despite what the stock price is doing, whether Coca-Cola's trading for I think about $40 or so right now, whether it's at $40, $60 or $20, typically I'm earning a dividend.

The power here is that because I own shares in this company, despite whether the market goes up or down and for you, you're not actually selling these shares, or don't intend on selling these shares. In anytime in the near future, you will then still earn this almost cashflow from this company and they're doing it as a way to reward investors.

Now, why might they do this? There's many different reasons, but I again, think like as a small business owner, if I have people who have invested in my business to keep them interested, to keep them wanting to buy more of my company or just like that. It's like giving them a little bonus on top and they're excited about that business then. I'm sure you'll talk a little bit more about the whole dividend structure and how that all works, but I wanted to kind of chime in and really clarify that because that's really the power here.

Despite what the market's doing, you're making these dividends and I'm sure you'll also talk about what you can do with these dividends. Do I want to take this as cash? Do I want to use a drip? Do I want to pull these and invest in some particular company? And I'll let you get to that but, and I'm not sure if you're going to talk about this, but for folks that think maybe, somebody might say, "Well 21,000 is a lot of money for not having to do any work."

Of course, you're still a young guy, so 20, 30, 40 years from now, that number can be dramatically higher, but on the high end there's some guys like Warren Buffet and I remember reading one time just off of Coca-Cola, the example we talked about, his quarterly dividends from Coca-Cola or something to the tune of hundreds of millions of dollars, if I recall correctly, which is just kind of mind blowing to think about that someone's literally earning hundreds of millions of dollars every quarter for owning stock in a company without having to do any additional work.

John Rhodes: Yeah, imagine this, and this happens after a substantial amount of time, of course, it doesn't happen overnight or even in a few years, we're talking longer than that, it kind of depends on the stock and so on. Imagine that you put in let's say $10,000 into particular stock, imagined getting to a point and this is not like science fiction or fantasy or something that is in any way made up.

Imagine getting to a point in the future where that initial $10,000 you put in is now the amount that you get every year in dividends. Every year you're getting all of your capital back that you originally put in, that is extremely powerful. Right now, I'm going to keep going here and speaking of reinvesting, it's pretty interesting how you might decide to use the dividends that are coming in.

If you did not reinvest the money as in the dividends come in and then you buy more dividend paying stocks, you know what's going to happen is, is that if you've got a dividend paying stock that say, a dividend grower and again, most of mine are, almost all in fact. Well, what's going to happen is over a period of time you can see like, okay, the dividend is going to grow and I'm going to maybe, or I should, if things are going well, I'll beat inflation. So the dots and other cool thing is that, these dividend payers, very often their growth beats the dividend growth, that is the payouts.

They increase faster than inflation, so that means your money is actually worth more, than it was previously. Beating inflation is huge. There's not much inflation now, but man in the future, you never know. So you're doing that and then the other thing is you can take the dividends are coming in and you can buy more shares of those dividend payers.

Now, there's the power of compounding and that's what you can see, if you've got a stock that pays dividends and then those dividends are also growing and you are taking the dividends and reinvesting those, that's really what's happening with that Green Line, right? It can just see, obviously that's 31 years, so that's pretty far out in the future obviously. You can see the log rhythmic curve.

It's truly not just up into the right, it's really like a hockey stick and that happens with any amount of money. It's not like, the amount that you put into the market drives us. It's literally how the machine works. Reinvesting is huge. That's why I don't take anything out, why would I do that when I can just let it compound and actually it's compounding upon compounding, upon compounding. I don't need to go on that, but the math is really cool.

Now, if you're watching this, of course, on a video replay you might want to pause it right here, and this is the reason why. This is like crazy, like a bonus on top of a bonus. These are the 56 companies that have raised their dividends 25 years or more in a rural by 1% or more. That means that every single year for 25 years, these companies have raised their dividends, and I guarantee that there are many on here that you have never, never, never, never heard of.

I can also almost guarantee that there are at least a few on here that you do know, like there's target, you've probably heard of target or PepsiCo, so Pepsi or AT&T. You've heard of some of those you're like, "Oh, okay," a lot of these are what you would call, the widow and orphan types of stocks that have a higher dividend and maybe a lower dividend growth, but they hit it year after year after year.

Some of these companies in fact have paid out dividends for 35, 40, even 50 plus years, or those who like the true dividend kings that have paid out, but 25 years. Now, the other way to think about this is that there are only let's flip this around, there are only 56 companies that have done this.

Now, the obvious, the captain obvious question here is, do you think that these companies are strong or weak? Do you think you can sleep better at night because of these stocks or without these stocks? I mean, I look at this and it just gives me the warm and fuzzy. It's not too hard to have a bunch of these stocks in my portfolio enjoying the growing dividend stream.

Again, some of these down you can start doing some of your own due diligence to see if they're a good fit for you as well. We've talked about dividends, dividend growth. So the dividends are coming in, you're getting a share of the profits, you're a business owner and effect that cashflow is wonderful and effect, it's cashflow investing. It's not just investing or not investing, I think about it, like Ryan said, it's really cash flow investing, cash goes in and then I enjoy the growing stream of cash coming back to me. Then I compound it on top. That's the dividend reinvestment here.

Just to put things in perspective, and I'll just touch on a few things like this very quickly, but history is on our side. History is on our side in general for long-term investors. Again, this is kind of a warm and fuzzy type of chart, but you can see back there to the early 1800s, the normal return on stocks. Now, this is for the growth of the stock, the stock price, as well as the dividends.

Really, you make money with stocks in two ways and only two ways. In fact, it might even be one way if you look at the underlying engine of growth and profits instead of a company. I generally think about it in two different ways. You make money with the stock because the stock price goes up. That's capital appreciation, your capital improves, your capital increases, that is, and dividends. That's money that's given back to you. The capital appreciation as the engine itself, the business itself keeps growing and growing.

You're making more and more and then there's money that they don't keep and don't grow the business out and said they give it back to the shareholders. That's where the 6.6 real income, a real return comes from. All right? It's really the real return. By the way, the reason that that word real is there, is that's after inflation. That should be 6.6% after inflation, by the way, inflation, traditionally as run right around 3.2%, 3.3% so stocks give you about 10%, but then inflation choose up about a third of that.

In any event, you can look at this and say, "Wow, what about gold dollar bonds?" You name it. What we're looking for are the strongest of the strong which drives our returns that much higher, and the way I like to sort of almost joke with myself is man, if I can find a stock that pays out 4% or 5% like a higher yielding stock, and it's like a safer stock because it has been paying out dividends for a while.

I mean, right now, for example, and this is not a recommendation or anything else, but right now AT&T pays out somewhere around a dividend of about five and a half percent, only needs to grow 1% or 2%. It only needs to grow 1% or 2%, and I've matched that 6.6%, if not higher. Lots of juice here, lots of fun there. I'd like to talk about what stocks are.

So if you're going to invest in stocks in any capacity, if you're going to trade stocks, you're going to use options, puts and calls. We're going to be a long-term dividend investor. It's like, "Well, what are stocks?" A lot of people kind of think about charts and graphs and ticker tape or they think about the Stock Exchange itself and people screaming out.

There's like a quiz here. I throw these tickers in front of people. I'm like, "Well, do you recognize these?" Several of them are really easy, right? IBM and maybe FB for Facebook and DIS for Disney. What about like MO? I mean, do you know MO or DEO or BF or BRK, do you know these? Many people don't. One of the things is you're sort of up against people like me. If you're going to be a trader, then you need to in effect partner up with an advanced coach or trainer or a partner.

Very much like Ryan, which is really, really, really big because otherwise you're up against people like me and I'm just an arm chair guy. I've got my business and I'm really intense into this. I mean, I bet you that Ryan could either name all of these or almost all of these, because he's in it, like a guy and he trades so you can see. It's like, "Oh boy, okay," anyhow, that's like just a quick thing on, I'm getting coaching and training from the right folks.

I mean, look at this like Diageo. Even if you knew DEO was Diageo, right? What the heck do they sell? All they sell alcohol, right? You've got Guinness and Smirnoff and Bailey's there or how about there's another alcohol, one right there, it's Brown Forman, right? So Jack Daniels and you're like, "Ah, of course. I know Jack Daniels." Another thing that's really interesting is that, the companies that I like best are going to have, they're going to have moats around them, they're going to have things that give them advantages.

One advantage for example is like with the Altria, Marlboro addiction, right? Not really addiction, that's kind of like, ha-ha that's not it. It's really regulation. It's regulation. So regulation like utilities, it puts a moat around the business, and then with Brown Forman, you've got Jack Daniels, Jack Daniels, incredibly powerful brand and like with IBM, you've got certain network effects and entrenchment, and also some regulation there as well.

That's something that you can sort of start taking notes on as well, it's like what makes this company unique or strong. What makes it stand out, that can help you as a trader, that can help you to identify certain trends. If you're gonna actually trade right, you can go, "Oh, okay, well this is how their moat is getting stronger," or like with Facebook network effects, like if you don't know what a network effect is and you're investing in Facebook, it's that there's a disconnect.

You should know Facebook has a crazy advantage because of the network effect. Okay, so some little tips there, whether you're a long-term or short-term trader or something in between. Now, we've already talked about stocks and what they are. I've talked to about brands and moats, like really like here at P&G, Procter & Gamble, it really is a pieces of a company.

I mean, literally, I should've put the comma there, 2.5 billion, 2.5 billion shares. So if you buy one share of Procter & Gamble, 60, 70, 80 bucks, somewhere in that range, you're buying one, 2.5 billions of the company. So yes, you're a shareholder, but a little teensy-weensy shareholder, always remember that, that you're buying your capital, gives you the right to that capital. So you're getting a little tiny piece of the profit of every single one of these units sold, whether it's Bounty or not Duracell anymore, that's Berkshire, but Scope and Crest and ... Every time one of those boxes cells, you're getting like . 0001 penny, and the pennies and the partial pennies add up.

Now, we're going to shift gears here for a minute because you might be thinking, "Should I pick individual stocks?" I go back and forth on this, back in the day, probably the smartest thing that I did and I'll talk more about this in a minute, and what Warren Buffet suggest as well. You buy the index, you buy into the index and we'll get to that in a minute. Here we have a Dilbert and this is a Dogbert.

We'll start with 10 mutual funds, chosen stocks, advertisers, which one does the best? Then boom, you've got 10 funds, nine of them die because nine of them don't beat the market. The one that beats the market is the one that they advertise. The joke here is that, if you spray enough garbage out there, you're likely to get a winner.

Then the mutual fund companies are going to try to sell you what looks like a winner, and it just one out of statistics or by the law of numbers. That's why I don't like actively managed mutual funds. The fees add up big time, so not only is there a survivorship bias, look that up, survivorship bias, it's a great thing to understand.

I'm not going to talk about it here, but on top of that, in addition to sort of the shenanigans, about the 10 to one and the one survival on top of that, the fees kill you. You can see all the fees there. I don't even need to go into it. You can see three, four, five, 6% that the fees that you pay, and remember, you're only making, not only, but you're only making, six and a half to eight, 10, 12%, and a third to a half of your money or more in some cases is chewed up with fees.

You'll never see that money. The fees go right into the Wall Street fat cat pockets. So this is a driver for why, the low-cost index funds can make sense if you're just starting out because they do pay dividends right here, that's kind of built in, and you get the capital gains, or why you want to pick individual dividend growth stocks like I do.

Here's just more about the fees on top of the fees, if you want to pause it and read that and get a laugh. It's kind of funny, but that the fees are just, they disgust me. It's one thing I hate about Wall Street and if you want to think about friction in a business, like your overhead or your costs well, there's overhead and cost for your investments as well.

If you're not thinking things through properly. In this case, for every $1 gain in the S&P 500, if you're with an actively managed fund. Again, you might want to pause and kind of of take a look at this, but if you're trying to work with a mutual fund provider and it's actively managed, 20 cents of every dollar goes right in their pocket immediately, and that negatively compounds on you, just like compounding works on the upside to improve.

It choose a way your earnings as well. Again, don't get killed. Don't slit your own throat here. Don't murder yourself. I know it's kind of like, I mean like really don't do harm to yourself. It's way, way, way better if you're going to just tip toe into this, tiptoe into dividend growth, investing and investing in stocks and John's way, my way. You can get a really low cost, at Vanguard, S&P 500 index and that's still chewing up a little bit of cash, but it's about 1% which is still, to me like, ah, but it's only 1% not 20%, 20 times worse the pain and agony.

I'm going to throw that out there, but don't throw the baby out with the bathwater, stocks are still smart. You know how to trade them the right way. Ryan knows how to do that. Ryan knows how to trade, trade the right way. If you're going to go long-term and sort of build things up over time like I have as well. Stocks still are a huge winner.

Again, the active versus passive, if you want to look at the shenanigans here, you can take a look at that and managers lose all time. It's incredible how poorly they actually perform and how much money they take from you for their poor performance. Warren Buffet said it best. He's like, he's put this in his will put 10% of the cash over and bonds and then 90% of his money.

When he's gone for his family, he's like, "Take 90% of my personal money that's left and put it into a very low cost S&P 500 index fund, and there's the Vanguard advice and that's from ... This isn't like, he's not telling people this on the slide. That was in the Berkshire Hathaway, Warren Buffet's company. It was in his annual report. That's the advice that he gives if you're going to be a long-term investor. Now, he's saying this for the masses, he always says things in terms of the masses because he knows who's going to consume this. You know better. You know that there are companies out there that dividend growth investment companies, some of the ones that I pointed out earlier, go back and look at those if you want. You can do better than this.

Again, Warren Buffet's saying this sort of for the unwashed unknowing masses and it's great advice. Now, Ryan, if you don't mind, and you can jump in and stop me from this, but I want to point something out is that you are a business and tracking your investments and your net worth as it relates to those investments is something that's worthwhile to do.

12 years ago, 12 plus years ago, I got married. I had already been tracking my net worth, but I was doing it in a different way than this and I decided that when I got married that what I was going to do as I was going to track our household net worth almost like a business. You can see back in 2006, there were less rose and less money

there. Then 2018, I got more sophisticated color coding of what's going up, what's going down, other kinds of factors and variables there, but that tracking of net worth, it works like this, what you focus on, grows.

By focusing on my net worth as it relates very specifically in this case, to stock and investing in dividend growth investing, it's done a whole hell of a lot of goodness just done me so much good to track on a month to month basis where the money is coming from, what accounts are doing what. It also helps me, from the point of view of throwing up those red flags.

If something isn't quite making sense or I see a downward trend after a few months, I might go into one of my accounts and really spend some time trying to figure out what's going on. Definitely, this is a great way to talk to partners, it's a great way to talk to husbands and wives, and even a great way to talk to your kids.

Again, if you're a little bit older talking about money, it can be difficult. Like, well, how do you do that? Well, this is a way of doing that. If you track your net worth in this way, month to month, you can also do charts and graphs. This is super cool now. Now Ryan, you know the power of this, the percent seems pretty low in inconsequential. If you trade with Ryan, you might make 50% in a matter of few days. It's like, "Whoa!"

If you follow what he does and what he says you can do really, really well. The 2.5% seems pretty ridiculous. However, that is my monthly average of compounding of my net worth by tracking it, by reinvesting my dividends, by putting money in from my business occasionally, right? Kind of pulling it over into my personal net worth, 2.5%. That's just compounding and compounding and compounding over time.

You can actually look, down here in the lower left-hand corner, because I'm so conservative, I count certain assets against me but not for me. I own a house and at the time as far as what I owed on the house and my net worth, I was underwater but not, I mean not really, because obviously there's value in house, but I wasn't counting that as part of my net worth. You can see, over the course of about a year, I'm bumping along and then boom, and then 2008, 2009, financial collapse.

I mean look at that too, think about the dividends that are coming in, think about the dividends that are coming in for me month in, month out and that collapsed. You can see that that I probably got cut in half by 50%. I probably got cut in half by 30%, 40%, 50%. I got really cut down, but I was able to sleep well at night because of the money that I was investing properly in the market with the right kind of companies. I didn't pull money out, I didn't freak out. There was no fear.

My dividends were increasing and you can see that here and then since then, I don't want to talk about that, that I had a dip here, moved money from one account to another and that was an anomaly. Basically, I've pushed everything down somewhat artificially. In any event, you can see the general up into the right and growing somewhat log rhythmically improving, money there.

Another way to think about investing and putting your money in the right place and the right kinds of stocks is imagine the best possible car you could possibly get. That's my dream car, but now imagine it's the only car you'll ever have. Treat your stocks that way. Treat your stock as if you can only buy that one stock.

It's like that each one that you buy, of course, as you're adding to your portfolio, if that was the only stock you could own, is it the best possible stock? Is it the safest? Does it pay a strong dividend? Does the dividend grow over time? Does it have a good moat? Does it have a good story? Is there a good story about that particular company? What about the management? These things, this filter right here, it's like whoa. If I use the car analogy, like, wow, I don't have a family now, but if I have a family I'm going to, I can't just be a two-seater BMW.

I needed to have the room and the space, it needs to be reliable. The maintenance cost need to be low and so on, so it's kind of fun. Warren Buffett has investing punch card. If you could only make 20 investment decisions your entire life, what would they be? If you could only invest in 20 stocks ever, what would those 20 stocks be?

Well, I've given you a list of 55, so you could actually say, well, I'm only going to pick, 10, 15, 20 out of these 55 stocks and you know that these are all dividend growth companies. You can start looking at those and filtering on that filter, I love that. It's like a double filter. 55 companies and then pick 15, 20 out of that. That makes sense, make sense.

Another thing that I want you to keep in mind is, we all have our own expertise. We all have our own knowledge, obviously we have our own biases and blind spots as well. You identify those, you identify your weaknesses and you identify your strengths. Who's this guy, looks like a bunch of old time baseball players and that's exactly right.

It happens to be Ted Williams. There's a jump in Joe, Joe can Joe there too. We've got a Joe DiMaggio and Ted Williams. Ted Williams, absolute crusher, last player to finish a season hitting over 400. Just an insanely good hitter. While he wrote a book called the science of hitting. You don't have to get the book, I recommend it. You don't have to.

The idea that he puts out there is, look, there's this strike zone and if I wait for the pitch that's in my strike zone, I'm going to hit over 400. If there is a pitch that's in the strike zone, but it's not in my sweet spot, my batting average will go down. Even though I could hit the ball, it's still in the strike zone, so I'm going to be call it the strike.

The balls that are over here for him in the lower outside corner, he knows they're going to be strikes, but he can let them pass. He can let those strikes go, because in investing there's no imperative. There's no way to strike out. You can just wait to the fat pitch comes over the plate, so to speak. For him, he knew exactly where his highest batting percentage was going to be. I see that you popped, popped back on the screen there, Ryan.

Ryan Coisson: Yeah, I popped in. Yeah, I just wanted to say a couple of things. One, I've picked up this book previously per your recommendation when we were hanging out down in Queenstown, New Zealand, and a love the book. I think one of the key things here that I've found in this ... I'm glad you have this chart on the right hand side because what's so powerful for people to understand, it's like Warren Buffet mentioned with the punch card, but you have to realize that when you're looking at the market, whether it's using the style of trading that I do with the short term style of trading or long-term investing is there's going to be trades that are okay. There's going to be trades that are good, there's going to be trades that are great and there's going to be trades that are kind of like awesome. What Ted basically explains in the science of hitting is the same thing with pitches.

You're getting these pitches and while they're an okay pitch, it's still a strike. You should just let it go because you need to wait for that great pitch or that awesome pitch. When you get those, the odds of your success, when you just swing it those are astronomically higher.

Same thing that we're talking about here with investing that you can look at okay, pretty good, great, awesome. If you let the ones that are okay, good, pretty good, go, your odds, your returns, it's like Warren Buffett's kind of punch card. You're focused on just the few key things and I think this does a lot of different things for you, but the biggest in my opinion, and John, maybe you can relate to this, is it helps you keep emotion out of the trades, because fear and greed are typically the two biggest drivers of the market.

For a long-term investor, if you can be confident and comfortable in the company that you're investing in, no matter what happens, whether it's like the crash of 2008, whether it's their price gets cut in half for some unbeknown reason, market reactions or whatever it is. You're not panicking and you're not wanting to sell. You're looking at it as this is a sale, this is an opportunity for me now to get the bat up again and swing again and pick up more of that particular company. Is that a fair assessment?

John Rhodes: Yeah, and actually there are several ways of driving the point home even further, right? Who doesn't like a sale? If you bought a hamburger yesterday that was five bucks, like a premium hamburger, you love that hamburger, it's the best hamburger. Then today I'm, fresh one is cooked up and they say, "Look, that same hamburger, it's $4 today," did the hamburger get better or worse, it's still the same hamburger, and it's still juicy and wonderful and you still would love that hamburger, except today it's only $4.

It's the exact opposite of fear, it's the exact opposite. It's like when the price goes down, you actually gain an advantage, especially when it comes to the kinds of trades that Ryan knows how to make and especially with getting a higher dividend yield. What happens is, and this is some people miss this and I understand.

A company isn't going to keep the dividend, they're not manipulating the yield up and down. The yield get some manipulate up and down like once per year, right when they increase, in many cases, the actual dollar value of the dividend going up. What happens is the yields go up and down like crazy because the price of the stock goes up and down.

In other words, to make it very mathematically simple, when the price of the stock goes down, the yield goes up because that means for every dollar that you put in, you're going to get the same amount of money back, except in this case of the stock going down, you can buy more and more and get the same. It's really, really cool. You're getting a better and better and better bargain.

I'm a little bit insane that, when the market goes down in general, when the market goes down, because I'm a net buyer of stocks. When the market goes down, I'm happy because I'm a net buyer. I'm getting greater and greater yield. When the stock market goes up, I'm not as happy. I liked that my capital has improved, my capital appreciation is there, which was part of the equation, but my yield for any reinvestment goes down. That's kind of profound if you think about it, but you can actually be happy when the stock market or your stocks go down, especially if you are a net buyer. If you're a net seller of stocks, meaning you buy and then hold and you want the stock price to go up, because then you can have the, you can make money on the fact that the stock went up. Again, that's a lot of what Ryan shows you exactly how to do.

Yeah, there's Ted, right? He has the happy zone and the avoidance zone. This tells you very much about your personality, tells you very much about the opportunity. It's something about, you, know your sweet spots and what companies you understand, less or more about. If you have an engineering background, maybe you gravitate more to those technical stocks.

If you have experience with chemistry or chemical degree or whatever it happens to be, you can start to look, you can start to look at stocks that match up to your happy zone. That match up better with your knowledge and experience. The other thing too is, it doesn't always make sense to have a portfolio that's just crazy diversified.

You don't want a diversification where you get so much diversification that you can't concentrate on strengths that you've got. By the way, with Ryan, it's not like, "Hey, I'm going to have a thousand positions open. I'm going to have a handful of positions open. I'm gonna watch them very closely. I'm going to swing for their fences." Maybe we have a few that don't do quite as well as you want, but then you make a disproportionate amount based on making those smart bets in effect.

Or in the case of my dividend growth stocks, a lot of times I'll be looking at them and I want to keep writing the winners. I'll keep writing them and writing them and so on. Too much of a good thing, right? Yeah, so invert the problem that you've got and whatever the problem happens to be with your investing, like, "Where do I put the money? How do I put the money there?" Flip it around, flip it around and start looking at how to win more.

Flip it around, how do I win even more? Partnering up with the right people, looking at the right trades in the happy zone. Okay? Circle a competence idea here. That's comes down to. I really love this, right? There's this picture. This is on CBS, I think it was 60 minutes or one of those shows, right? Warren Buffet literally has this pile. He literally has this pile and it's the two hard pile. This goes back to what Ryan was saying about letting certain opportunities, even really good ones, even phenomenal opportunities. You can let them pass you by.

You don't have to be right every time. If someone tells you that, "Oh, this is really great," and you're not quite sure about it, even though it might, you might be told it's a perfect winter. You don't have to swing, you don't have to do it. It might feel to you, that's important. It might feel to you to be too hard.

You don't understand the company well enough, you don't understand the trade enough. Something doesn't just doesn't seem right, no big deal. You drop it in the too hard pile and whoosh, nothing to worry about. You just wait for the next pitch to come along. You wait for the next opportunity to come along. You wait for something that's more in your circle of competence.

Remember the punch card, you can really focus on what matters, especially over the long-term by just keep throwing things in that two hard pile until you have nothing but an easy pile. You have a few choices and go, "Ah, eeney meeney miney just from these small set." This is about the emotion, get your emotions out of the way.

I tell people all the time, I'm only really world-class and like three to five things and Ryan will probably tell you the same thing we're not good at everything, but what we're good at, we're damn good at, and we don't try to make our weaknesses stronger. We just make sure we're not going to sink and die. What we do is we focus and we concentrate on our strengths.

This applies our investing and applies to working with the right people like Ryan, and by having me here, you're getting my expertise and what to do and what not to do, and this is how I deliver that. I don't know much except about these things. This happens to be an area of a real strength and power for me. Philosophy and psychology, very, very important. How you feel about things. Get your emotions out of it. Take the step back. Use the tools that I've provided to take the step back from the pre-screening to tracking your net worth, to seeing the numbers for what they are, knowing the stories but not getting so wrapped up on the story that you get so involved like I'm going to lose, right? Long-Term perspective helps.

Again, philosophy and psychology is going to take you a long way. We're not gambling, right? We don't ever want to feel like or act from a gambling point of view. If we get sucked in and we know when that happens, we all know that when you feel that way, you need to go, "Oh, I'm actually feeling that way," and that's not a good thing. I need to take a step back and go back to principles, go back to the right people to model and go back to your portfolio, go back to your account and say, "Okay, this is what's worked and what has not worked." So that's a really, really good thing.

Dividend growth investing, a lot of what I've gone through is dividend growth investing. There's some great research out there about this as well. I love dividend growth investing where you have the reinvestment kicker on there as well, because it's compounding upon compounding, upon compounding. Trading, I say trading is stupid, what I mean is if you're trading without the help of someone who knows how to trade, if you're just going out there, and you're trading in the normal sense, you're gambling, you need to have the right trainer, the right guru to follow, the right approach, a disciplined approach, and not emotional approach.

So that's where trading and the traditional sense is stupid. You don't want to just go, "Oh, I'm going to place my money on black," I'm going to roll, or the roulette wheel, you don't want to do that. Remember that investing is hard in general, until you get smarter about it, until you align yourself with exactly the right people. Ryan is A-plus.

When in doubt, as far as long-term investing and sort of capturing gains and allowing them to compound over time, invest in individual stocks over a long term. You want to dip your toe in the water or toes or more body parts into the water. Then low-cost index funds are the way to go. Not actively managed funds. Treat your savings and yourself as a business. Know that you have a certain philosophies and biases.

Make sure the psychology is clear in your mind. You know yourself. A lot of investing. That number five, I didn't think I actually said this other than sitting on my ass. A lot of investing is doing nothing. A lot of the most intelligent, again, investing here, I use the air quotes.

A lot of investing is doing nothing. It's reading, it's researching, it's checking things, it's monitoring, taking a pulse on things, but that's about it. It's just sitting there and allowing the dividends to come in and not feeling compelled to do something. I think it was Warren Buffet that might have been Charlie Munger who says, "Look, a lot of inventing and goes down the drain. A lot of your money goes down the drain, like a bar of soap," the more you handle that bar of soap in the shower, the more that the bar of soap disintegrates, that's your money. That's your capital flowing down the drain. Use that as a great visual. That's why doing nothing, just like bar of soap, nope, not even going to touch it. I'm just going to leave it over here and I'll leave that thing alone.

Then the circle of competence as well, and this relates to the Ted Williams story and really having a clear vision about what your goals are, what are your short, medium and long-term goals, what kind of money do you need? Like I can look up my money that's coming in from my dividends month by month, by month. I just had a conversation with my wife yesterday about the dollars that are needed, where zero work is required.

This is what's coming in, this is what we make, these are our expenses month by month, do we adjust the expenses at all? Maybe, and maybe not, or this is what we need to have coming in to be like totally passive, 100, 10, 20, 50, 200% passive where the money's coming in, it's being reinvested properly, and then really zero work is required because you own businesses that are paying out and paying out and paying out and it grows every year as well.

It's a great conversation to have with loved ones, whether it's a spouse, partner or it's your children or even your parents in some cases, it's like, "Hey, kind of keep this in mind that circle of competence and you and who you are knowing that goes a long way in relation to your goals." You might have very modest goals by the way, where you might have grandiose huge world changing ideas.

Well, if that's the case, then think about what kind of money would need to be coming in to make that happen. Yeah, it's kind of interesting here because this is, as I think about this as I look at the material, the training material here, it's interesting because much of this is more like psychology and philosophy.

It's much more about who you are and what you want and how to plug in short-term and medium-term and long-term gains, the cash flow, immediate cash, cash returns or longer term cash flow investing or dividend growth investing. However, you want to look at that and then saying to yourself, "How do I need to do? What I'm doing here to get to that point?" So point A to point B, it all starts to line up here.

Ryan, that's what I had. I wanted to make sure that everyone had the opportunity to sort of revisit the key lessons. We can do Q&A on anything here or beyond. If you have any questions for me, I'd love to yabber, yabber on about it. I love this stuff.

Ryan Coisson: Yeah, totally. I wrote down a couple of things. First, I just want to say thank you so much for the transparency, being so open and honest and sharing stuff. Guys, this is incredibly actionable and it is incredibly valuable for you because, again, thinking long term, the amount of money that can be coming in per year for really having to do very little work is something that's amazing. That brings me to one of my first questions and points is you talked about Warren Buffet and how in the annual letter to Berkshire Hathaway shareholders, he mentioned when he passes away in his will, he wants to have 10% into bonds in 90% into say the Vanguard S&P 500 index.

Well, let's talk about legacy for a second. How does that work? Imagine for a moment that someone has, they're married, they're in their retirement or they're wanting to prepare for retirement. They're wanting to help take care of their kids in the future. Talk, maybe speak a little bit to it. I don't know if this is part of your philosophy, but the ability to actually pass on some of that net worth into a vehicle that is kicking off kind of this cashflow that dividends do.

John Rhodes: Yeah, there's two things I want to talk about here, remind me about insurance. It's almost like a dirty word, but I want to talk about insurance for a moment. But first, yeah, so this is kind of cool. So if you pass away, goodbye, see you, very often with ... I mean, you can even do this from what I understand and certain other pieces and parts, you can set things up so that when you're gone and the assets move over to a loved one or even an institution, a charity, whatever it might be, what happens is, is that, it moves to a stepped up basis. You might have bought the stock when it was $10 and now it's worth 100. It's like, "Wow, I'm going to get taxed on 90% or a $90 gain, $10 to 100 to a $90 gain, massive crushing taxes." Although, the changes in US taxes not as crushing, still you're paying that tax that is long-term, not short-term, so that's good as well, if long-term taxes to pay.

However, when it moves on from you to another individual or another institution, it's very cool that they set the cost basis, they spent up to the current market value and then it kind of continues on from there. So that's one thing. Another thing that's kind of related to that, Ryan, related to that so that tax consequences and the estate planning is that, if you're never selling ... well, there's two parts to that as well before the insurance thing.

One thing is that, these dividends, they just keep paying. It's not like when the stock transfers, when that dividend paying stock portfolio transfers over, it's not like the dividends stop or go away or start back at zero. They are at the same level that they were at when you were among the living. It's still there, so that does not stop, which is a beautiful thing. There's no need or requirement for the person or the institution who acquire those shares to have to sell a thing.

They can just take that and enjoy the same cashflow, the same dividend stream that was coming in before. You can really do very, very cool things as a result of having your portfolio structured. Now, another part of this too, it's not quite related to like wills and trust because we can start getting into the real weeds here.

One of the really cool things is, I've got multiple taxable accounts and I've got multiple non-taxable accounts. I have my, in fact, my retirement funds or retirement accounts, funds within accounts even. What's kind of interesting is, I'm in my mid to getting late 40's, so I mean, I'm not gonna retire, like in the retirement sense, typically retirements whatever, 15, 20 years. So that money in effect is locked away,

I could withdraw money out and then pay penalties, but that's not my plan. It's kind of interesting in that, when I was younger I was piling way more money into my tax free long-term retirement accounts to allow that to compound knowing that I'm not going to be taking it out for 20, 30, 40 years, I knew that. So that's kind of how I started to think about the tax structure of things. Well, I've done well in my business, well with my investments.

So now here's what, I mean, again, I just talked to my wife about this in the last few days. By the way, every month on the 15th of every month, that's when it's like a little thing we do. Every single month we look at the net worth, that's why, recently I've taken a look at this just a few days ago.

What I was talking to her about it was I said, "Well look, uh, we need to be looking even more closely at the taxable accounts." It's going to make sense for us to plow even more money into the taxable accounts, which sounds crazy, right? But the reason for that is that I want that income now, I'm going to start looking at the place in time where I'm starting to take money out of some of that money, out of that account. If it's blocked into a retirement account, I can't easily do that and the tax consequences and other stuff. Yeah, now I'm at a point where I've been starting to really get serious about plowing way more money than I have in the past into my taxable accounts.

We'll get to the insurance thing, the one last comment here. I never really let the tax tail wag the investment dog.

You're gonna pay taxes, it's going to happen. I just want to do it intelligently enough where I'm not getting taken to the cleaners or I'm doing something that's just plain stupid. I'm not going to totally rework my entire investment portfolios, plural. Not going to rework all of that, my entire structure just to avoid X thousands or tens of thousands in taxes, and I'm not going to do it, instead of looking more at the longer term.

Ryan Coisson: I think a key point with that is obviously we're not trying to provide any tax advice or anything like that, everyone's situation is always different based on where you live, how much money you make, how much you're investing with. What you need to understand is, really what John's saying there is, you don't want to bend over backwards to try and always mitigate a little bit of tax in the short term.

You need to think long-term, bigger picture. Of course, when there are things that make sense for you to take advantage of, when it comes to certain tax situations. That's a great idea and we always recommend you speak to a financial adviser, speak to a good accountant, speak to your maybe fiduciary, to help you figure out what's best for your situation. Maybe, if you've got a massive net worth and you're wanting to build a really good legacy, that might include something like a trust, if you're doing smaller numbers and stuff like that, maybe that's simply just a Roth IRA, whatever it might be, you might have a self-directed account, but we don't want to get too deep into that, but the key here is like what John Lynch in, you don't want the tax, the tax guy basically to wag that tail of the dog for you. You want to think with your long term, bigger picture and realize that it's part of the game. If you look at this as a business, businesses pay taxes. That's okay.

The more you usually pay in taxes, if you're working to reduce them as much as possible with the educated help that you can get out there, that's a good thing. That means you're making more and more money. There's nothing wrong with that. If you believe it's your moral obligation to reduce that as much as possible, by all means, go out there and do it. There's a lot of things you can do, you can move to Puerto Rico, and the incentives that they there for capital gains and et cetera.

John Rhodes: That's right. I want to mention insurance quickly because it can be transformational for some people and it is related to investing and sleeping well at night and the long-term. Figure out the dollar amount that would totally take care of the most important things in your life. So you might have some debt you'd want that paid off, you might. If you have wife, husband, partner, family members, kids, maybe even your parents as well, what amount of money would really take care of them? Guaranteed take care of them, if you were not around. Then that's sort of the dollar amount that you want to lock up an intelligent way. You lock it up with an insurance policy. I know that's kind of crazy, but it's something I learned a while ago once I did that, it just removes so much pressure and stress to have to go or strive for bigger gains, reach for yield.

Once I had that in place, I'm like, whoa, all I need to do is my thing, man," because if, if I happened to kick off, my family is totally taken care of it. No matter how much I made last week and a trade or how much I have with my dividend growth. I mean, it's like boom, so insurance really can do that. Figure out what that balloon, that giant number is, whatever it is that takes care of it and cleans the slate totally and gives you a total peace of mind and boom, start thinking about that. That in an emergency fund as well.

Boy, if you have the emergency fund, then you've got that insurance policy that covers everything and closes the books and makes everyone happy and all good and takes care of college educations and in healthcare and retire ... Boom, then you can do whatever you want with your trades and you're investing from there.

Ryan Coisson: I think the key with that is the release of stress, stress can be a total killer, like not only literally, but when you're working on investing, if you're trying to remove emotion and a fear and greed, if you've got a scenario where no matter what happens with this, I know that my family and loved ones are going to be taking care of.

It gives you the ability to come into any trade, whether it's short-term or long-term with a much clearer mind. You're not always thinking about like, "Well, what if this were to happen? What if I were to lose 10% of my account," and I somehow needed that money in an emergency scenario, you don't want to be there. That's an added stressor, instead of being, you need to look at this, especially long-term investing as something that is not a stressor, but it's something that is causing more and more kind of freedom into your life, more and more happiness or ease or relaxation because you're seeing the growth that continued a kind of opportunity of what's going to be there for you in the future.

John Rhodes: That's right.

Ryan Coisson: So kind of switching gears here a little bit, one of the things that I want to talk about is, you have these six key lessons and I almost look at this as sort of like the quick start, right? But if someone is new to long-term investing, what would you say are the one, two, or three kind of quick start steps for them to get started? In that kind of process, maybe talk a little bit about does somebody need tens of thousands of dollars to really get started with this or could they get started with a few hundred or a few thousand dollars?

John Rhodes: Yeah, so we'll go through those. The first thing is, I had mentioned this, I had mentioned this earlier, but I would really take it to heart is you want to get some money in the market as a whole. You want to get money in the market as a whole so that you start to understand that you're owning either a piece of a single company or many companies. Probably the easiest way to do that, and I've recommended this to many, many, many people, is to look at a super low-cost index fund and then the S&P 500 Vanguard's perfect choice for that. Then look inside that mutual fund.

So you know that the S&P 500 in that case, we're talking about 500 companies, just start looking at those companies, literally kind of take a look at the companies that prize the S&P 500 and go, "Oh, I recognize those businesses, or I don't," but sort of absorb this idea that you own a very small piece in the case of S&P 500 and you put money in, you and a very small piece of each one of those companies and you are an owner.

Start thinking about the shift from being a consumer to a producer. Make the shift in your mind as well from being, someone who works for those companies to work and make money by being an employee to you, being a business owner. That mindset will help you become well on your way to being a better investor, maybe for starting a business, it can help you better drive your way forward with the business.

Now as far as the amount of money you can get started for $1,000 or $2,000, you can get invested in one of these funds for $1,000 or $2,000. Now, that's for someone who's really, really conservative, really risk averse. They're like, "Hey, I don't really know." Well, if you want to be more, if you want to be more aggressive. If you want to be more aggressive then I would say, "Hey, look, go back in this training and take a look at those 50 plus companies that have paid out dividends for a long period of time, 25 plus years."

Then look at those companies that you resonate with, either because you know the name or maybe you don't know the name, but you start investigating and kind of poke at them, and see what the yields are. See what a thousand dollar gets you.

Right now, you're looking at with AT&T it's about $35, so you can buy about 25, 30 shares of AT&T for a thousand dollars, and you know that that thousand dollars you put in is going to pay you 50 bucks in a year. Now, you might kind of laugh like, "Oh geez, $50 in a year." But remember the compounding, remember what the purpose of that first $1,000 might be.

Again, I'm not recommending AT&T I just know that you've heard of AT&T and it pays a high dividend and it's a dividend champion. So it fits that mold, but there are plenty others where it does not take much. I personally, I mean for where I'm at, and actually even going back many, many years, I would typically wait until I had about

$1,000 before I bought my next chunk of stock and I even do that with my dividends like I have all these accounts.

So I wait until I have at least a thousand dollars and then once they have the thousand dollars, I start looking around, am I going to reinvest or not reinvest? Sometimes, I wait until two and five and you know, beyond $10,000 and beyond that I invest, but a thousand dollars single stock, if you want to be more aggressive, pick something like, not necessarily this is the choice like an AT&T, like a Johnson & Johnson, and then I'll get you well on your way, and then it start cherry picking.

By the way, as part of that, Ryan, I would also say, look for those stocks at this point in time that are beaten down for some reason. Maybe there's a controversy, maybe there's something going on. Some legal proceedings, like in the case we'll use AT&T. One of the reasons why AT&T stock has been suppressed and they get, this again is me knowing stories about what's going on with the stock, is that they're trying to buy Time Warner and there's the Department of Justice, it's going after him and I trust and Trump was against it.

Trump was kind of going after, a Time Warner because of news and fake news. Anyhow, that's kind of pushed down the price of AT&T. But guess what AT&T has been doing? Chugging right along, cranking out the profits and increasing their dividends. That gives folks some meat to chew on there. If you want to ask further refining question or a deeper question, we can go deeper from there.

Ryan Coisson: Yeah, I think that's good. I want to piggyback on something you said there regarding, you've used this uniform position size of getting back in, it's a thousand dollars, sometimes 2000, et cetera. With that though, my question is, are you sort of looking on a monthly basis to kind of dollar cost average in so that you're trying to get specific prices averaged out over time? Or do you just look quarterly bi-annually or maybe even just yearly and say, "All right, here's what's going on. I've got now a $5,000 in dividends that have come in. I'm going to go ahead and look." There's nothing that I'm too interested in waiting. I'll wait until next quarter, or how does that work for you?

John Rhodes: Yeah, there are few things that go into that. One is, is that because I love this stuff, I'm looking constantly, but I'm not taking action, which sounds kind of counterintuitive, but I'm looking and reading every day because I love the business of business. I love to sort of keep on top of the stories.

I, myself, am an analyst, meaning I analyze this stuff and I actually write about this. I distribute news about this and recommendations of a sort to people, right? I'm doing analysis for myself, for my own portfolio on a daily basis, just kind of taking a pulse on things, and I'm analyzing and distributing a certain news out.

I'm an anomaly that I'm really, really, really in it. Another factor here is that, I'm definitely gonna wait until I have in any particular account, at least a thousand dollars, but if I'm not seeing like if the market has been up, like the overall market is like up and up and up, I'm not likely to take action until I see drops in the overall market.

I love to see when the market as a whole, as having a down day. It's not required, there could be some great updates for like 90% of the stocks and like 10% are dropping. There's that factor as well as I don't like updates, I never liked to buy on, on updates, but I do, I do, I actually have. So that's another factor. Yet, another factor is, and this struck me a while ago, I do not have an equally balanced portfolio. I am more of a focused dividend and growth investor. What I mean is, is that my number one position is, it's twice as big as my number four or five position and my number four or five position is about twice the size again is like my 14th, 15th position or so.

My heavyweight is at the top, I think I have about 40 stocks right now, right around there. Out of the 40 that the top, I think five or six comprised like 25%, 30% of my entire portfolio so it's heavily weighted. Now, the reason I was like, "Well, okay, I'm still diversified but I put my money into ..." It's kind of like the Ted Williams' idea, right? Is that when I was able to buy those docs, I got extra special bargains. They were on sale and they were especially strong when I was buying them. So that's another factor is that I happen to not be equally ... I don't rebalance my portfolio for the sake of rebalancing, I don't dollar cost average for the sake of dollar cost averaging.

What I will look for our bargains, I'm always looking for, and this is like the key concept. If you think about it, there's only ever one best, there's only ever a number one stock for you to be buying right now. You might already own it and you want to reinvest into it, or it might be a net new position, but there's only ever one best position to put money into or buy into right now. That's not, I'm lying a little bit here and here's why, but not much.

There's only like two or three stocks that are like the best possible investment right now. What I might do is I might have a stock that's run up. It's gone way up in price. Yes, it's a dividend growth company, but it's run way up in price, well by selling that stock. I'm not going to sell out and then take the money, I'm going to sell out of the stock. By enjoying that capital appreciation and selling out, what I can do is I can take those gains and that can buy a higher dividend stock at the same quality, if not, higher quality.

I call it, and this is based on an IBM principle, I might remix, I might remix to higher value or higher dividend for the same quality and the same market, same ... I might remix for that purpose of increasing my overall portfolio yield and it might not be my number one stock, it might be number two or number three. My number one might have a low yield, but the one that I just sold out of has a higher yield. So I go, "I want to keep my dividends at the same level or higher. So I might do my number two or number three pick, because I always want a month to month basis my stock, my dividends to be increasing."

I'm willing to pick number two or three to keep the dividends the same or higher, but really this weird principle is there really only is one best doc right now. On a day to day basis for me in some cases, there's like ... they might be doing, but over like a month or two, some of those are going to drop or some are going to increase because the market is fickle. The market does its thing, prices drop, prices go up. Situations come up, the story changes. So that's how I look at it, I'm not rebalancing that dollar cost averaging and makes sure I have enough money to invest.

I might hold off, and there was a time, I think when we were talking just recently, Ryan, I said I hadn't put money in and about, I think it was about five months so I was planning on like, the market's so high it's been going up, up, up, up, up.

But I did actually have made a couple of recent purchases because those particular while the market was taken ahead a little bit, a little bit of a dip, and a few of my stocks had dropped down enough where it made enough sense for me to put some of my dividends. Oh, and actually from a tax perspective, I was able to put money in as well, we do our taxes and talk to the account and he's like, "Oh you have a catch up. There's a certain amount of money that you can put in, to catch up from last year a buffer." We ended up putting extra money as well into some of our retirement accounts as well, because it made sense from a tax perspective. So there's some of that going on as well.

Ryan Coisson: Wonderful. Yeah, and I think one of the key takeaways there is like, again, you're sort of cherry picking out the time, if I'm going to reinvest, I'm not just okay, I've got Coca-Cola, I'll reinvest into Coca-Cola. If there's five companies that I'm looking at getting into what's the very, very best deal at the time, whether it has to do with the yield, it has to do with the underlying stock price so you can acquire more of them. What is that? Don't be afraid to wait for that deal, they use this term, keep your powder dry, and you're looking for that opportunity. That's the right one at the right time.

Patients here is the key. The last thing that I want to say is, I think like everybody should be looking at this, whether whatever kind of business you run, whether it's an online business, options trading business like I do, freelancing like you talked about working a job, doesn't matter. Using these strategies can create true long-term wealth no matter where you're at.

I know Tony Robbins has talked about this before and he's got a great book that talks all about fees and stuff like that, and why they're bad and how to basically avoid them and understand them. One of the things that I love that he talks about is think it's a FedEx driver or maybe it was like a UPS driver. He talks about who for his whole career, he was just this driver had a regular job, but he ended up with.

John, maybe you know the story, I can't remember if it was tens of millions or like over $100 million in net worth just by investing a good percentage of his monthly take home into kind of long term investments like we've been talking about today. I'll pull up the story in reference it here in the notes, but it's a great example of what a small amount of something can turn into. The longer the timeline that you have, the more powerful it is.

If you're in the later years of your life, it's okay, if you haven't gotten started now, there's no better time to start than right now. With that, we can wrap up. I don't know, John, if you've got any last kind of words of wisdom or one kind of final statements for folks regarding, I guess your overall strategy and system, so to speak here of long-term investing, but I do appreciate your time and everything that you've shared.

John Rhodes: Yeah, thanks Ryan. Just a couple of final points and really to reinforced central concepts here. You are not going to be, you are not going to be an effective and happy investor, satisfied, more than happy. You will not be pleased if you do not first understand yourself. You have to understand who you are, you have to understand how you operate. What's your personal operating system? If you can't handle risk, if you can't handle price volatility. If you are not a long-term thinker and so on, you have to know who you are.

Once you know who you are, then it's much easier to stay in line with and stay in tune with whatever investing approach or philosophy that you happen to be utilizing. The mechanics, the actual stock picking mechanics, they start to take care of themselves as long as you're true to yourself, to I know in self be true.

You've gotta be true to your own operating system. If you deviate from your operating system, even if you can sort of reconcile or come to terms with it, ultimately what's going to happen is you will serve regressed to the mean, you will get back on track with who you are and usually what that means is that you sell too soon, or you invest in the wrong place, so you have to know yourself.

The foil to that, the other side of that coin that's so important is, what do you want? What are your goals? What's your vision for the future? What do you picture for yourself? I would also sort of combined with that, your reason why, what is your reason why? Obviously we all want more money, right? We all want more power prestige, where either there's degree, there's the ego, there's the Alpha data, there's all of these different psychological components.

But moving outside of that, what's your driver? What's your wives, your families, your legacies with the community? Is it to empower black women in your community, whatever that thing is, whatever your driver, your reason why is, then look at your personality, look at who you are. Then you take those together and the investment sort of approach, all starts to come together, it all starts to resonate. It all starts to work and you're able to really treat it somewhat, emotionally for being involved, emotionally for having the energy to look to the horizon, but you're able to sort of separate yourself from the wild gyrations in the market or losing sometimes or having something fall out.

You take those together and boom, that can change everything. Not just about your investing by the way, but about your business, your job, even the communication with loved ones and so on. Those are the two sort of twin engines of making any approach, any kind of investing approach really, really work.

Ryan Coisson: I think you mentioned something very key there, and then we can wrap up. I just want to emphasize this because you were talking about understanding your personality, your goals, et cetera, your reason why, and that's going to lead you to your style. In the graph, and I don't know if you want to pull this up real quick, just so we can show it on the screen, where you show that you took a hit of about 50% during 2008, et cetera.

I think what people miss with this is, especially when you're investing long-term, is that no matter if you take a hit, look at where that hit is and look at today, this graph has gone up dramatically. You only ever lose in a trade if you sell. One of the things you said at the very beginning is that you are not a seller, you are constantly aiming, I think you used the term, you are net buyer of stocks.

You look for those opportunities when there's buying to be had and more millionaires were made during the depression, people build fortune during these times of like when there's blood in the streets, that's the time to buy. That's power of keeping some of that powder dry, some of that capital dry so that you can take advantage of those opportunities. When you understand your personality, you understand all this stuff, you can create kind of a framework for how you want to invest. You also start to see that, look, if this market goes down, I don't see it as a bad thing anymore.

I solely see it as reframed, I solely see it as opportunity because over the grand scheme of things, what's going to happen over, if you're in your 20's, what's going to happen over the next 50, 60, 70 years? If you're in your 30's the next 40, 50 years, et cetera. You think that way and I'm about longer timeline. These little bumps in the road or just little blips on the radar, you pull back the S&P, you pull back the DAO, you pull back the Nasdaq and any dip on a long enough timeline is just a little tiny blip in the radar over the course of time.

That's the good news for you. Thank you again, John. I just appreciate everything that you've shared. Thanks for being so generous with your time. I know folks are going to get action packed value from this. I'll connect with, I'll have a link below so you guys, if you want to see some of John's analysis and writing and stuff like that, how to access that and follow more along with what he's doing. Thanks again, John. I really do appreciate it and have yourself a great day.

John Rhodes: Yeah, thanks, Ryan, thanks everyone and had a great time. So take care.

Ryan Coisson: Bye-bye.