

211: What You Need to Know About Cash Flows with Nick True, Owner of MappedOutMoney



Full Episode Transcript

With Your Host

Bonnie Koo, MD

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Welcome to *The Wealthy Mom MD Podcast*, a podcast for women physicians who want to learn how to live a wealthy life. In this podcast you will learn how to make money work for you, how you can have more of it, and learn the tools to empower you to live a life on purpose. Get ready to up-level your money and your life. I'm your host, Dr. Bonnie Koo.

Hey everyone, welcome to another episode. So I have been waiting for a while to have my friend and colleague, Nick True, on the podcast to talk about cash flow, spending plans. I know, everyone's favorite topic, but you are going to love this conversation.

Nick and I really share the same sort of paradigms in how we think about this and why we think it's so important. And how you handle your current cash flow is probably way more important than all the other things like investing your money et cetera, because at the end of the day, the reason why you're growing your money, the reason why you're managing it is so you have cashflow today and tomorrow for how you want to live your life.

Now, the budgeting program that Nick and I both love is called YNAB, or You Need a Budget, and it's the program that I recommend all of my clients use. In fact, I think it's so important that I actually bring Nick into the program when we're running it live. The next time we run it is probably going to be this fall of 2024.

And Nick has also recorded tutorials for our program too, although it's definitely in need of an update just because things have changed. The program hasn't changed that much, but just in terms of how I think about cash flow has changed. However, they're still valuable and they're still relevant.

And he's also available for one-on-one consulting as well. A lot of my clients will work with him for one appointment to really get things up and running and then they're able to kind of run with it. And so here's my conversation with Nick True.

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And if you are ready to take the plunge to start looking at the data of your spending, then again, the best program is YNAB, which stands for You Need A Budget. And if you use my link, wealthymommd.com/YNAB, you will get a free trial. I think it's like a 34 day trial. YNAB does have an annual fee, but it's very reasonable. Again, go to wealthymommd.com/YNAB, Y-N-A-B. All right, here we go.

Bonnie: Hey, Nick, welcome to the show.

Nick: Hey, thanks for having me, Bonnie. I'm excited to be here.

Bonnie: Yeah, I'm so glad we made this happen. I know we had to reschedule a few times, mainly because of my schedule. But I cannot wait for everyone to hear our episode because we're going to be talking about something that you and I both love. And I think it's both of our goals to get everyone to love it as much as we do. But before we begin, why don't you introduce yourself?

Nick: So my name is Nick True. I run a financial coaching business called Mapped Out Money, and I really kind of specialize and focus on helping people in the day to day, like week to week, month to month planning with their money. So very in the weeds, very like nitty gritty how are you thinking about spending today? How are you thinking about spending next week? How does that impact some of your long-term goals, those kinds of things?

And so that's what I do. I've been doing that for, I launched a blog in 2015 and parlayed that into a YouTube channel and blah, blah, blah. And I've been doing it for a long time. And so these days it's myself, my wife works with me and co-hosts podcasts with me and does some YouTube stuff with me. But then she kind of does a lot of the behind the scenes stuff as well. So yeah, that's a little bit about me.

Bonnie: And Nick and I both love this money program called YNAB.

Nick: Yes.

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Bonnie: Which stands for You Need a Budget. And I've mentioned it on the show a few times and we'll talk a bit more about it. This isn't an episode purely about YNAB, but you'll understand why we both love it so much.

So I don't even know how I found you, Nick. I must have just found you on Google.

Nick: I could be misremembering, but my guess is that I think somebody maybe had mentioned – I remember us connecting over email through maybe the FinCon world or through the finance world or something. But yeah, we've known each other for a little while now.

Bonnie: At least 2019.

Nick: Yeah. Yeah. For sure.

Bonnie: Yeah, I think you're right. I think it was through a mutual friend. Was it Travis Hornsby?

Nick: It might have been. Yeah, it might have been Travis.

Bonnie: Do you know Travis?

Nick: Yeah.

Bonnie: Yeah, okay. That's kind of what stuck in my mind. Okay. So one thing that I've actually just been realizing and sort of like, you know, I've been teaching money for a long time is in the world I'm in, people focus so much on growing their money investing, which is obviously very important. And I think cash flow or how you spend your money kind of gets pushed off to the side.

Nick: Totally.

Bonnie: Especially with my audience because they're high income earners. And so they're not really thinking I have a cash flow issue because the money keeps coming in. But that's actually something I've sort of had a

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renewed interest in and really like diving in, and for myself too, because that is actually, I don't know if low hanging fruit is the right term, but I think you can make a huge impact by diving into your cash flow.

And when you think about the big picture of finances, the way I think of it anyway, all this talk about retirement, investing, you know, we all have different notions of what that is, it all comes down to cash flow.

Nick: Totally.

Bonnie: And the spending that you have.

Nick: Yep.

Bonnie: And so when I say cash flow, I also mean budgeting, spending plans, whatever you want to call it. But it's not sexy, is it, to talk about cash flow?

Nick: No, it's not. It's not. People, it's way more fun to talk about how do we make more money? It's way more fun to talk about how do I take the money and invest it so it grows into more money. When I come into the conversation, I go, hey, cool, great, I love all that. And also, we should look at how we're currently managing the money that we have. It's like, well, I mean, I make plenty. It's fine. I hear it all the time.

And with your audience in particular, right? Like I've worked with a lot of physicians and folks in the medical world over the years. I think the other thing that I notice is they work so hard to get into the position that they're in and it takes so long.

Like, when you think about graduating high school and then the amount of time it takes before they're actually making that good income, there can be this sort of, and I'm not even saying it's unjustified, but there can be this sort of like, I put in the work. I put in the years. I put in the time, and I finally made it. I deserve to spend this. I deserve to live this. I deserve to sort of enjoy it.

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And all of a sudden, if you're not careful, you can ratchet that lifestyle up very, very quickly to where it doesn't really matter how much money you're making, you can still go through it.

Bonnie: Yeah. And this is also where I see a lot of the mindset work, because I think it's so easy to be like, well, more money will fix this problem. And depending on what's going on, that could be true.

Nick: Yes.

Bonnie: But what I have found, and I'm sure you see, is your income rises and your spending rises at the same time.

Nick: Yes.

Bonnie: Now, we're talking about personal finances but I've been learning a lot more about business finances, way too late in my opinion when it comes to my business, and cash flow is king in a business too.

Nick: Yes, it is.

Bonnie: And people focus a lot on increasing profit margins by making more. There's so many analogies between personal and business, but all the, I shouldn't say all but some of the people I follow and have been learning from in terms of business finances say the first thing you should do is reduce expenses.

Nick: Totally, yeah. It's a bloat thing that just sort of happens, right? Because similar to what can happen on the personal side, but on the business side it can almost even be worse because you start justifying it because you can write it off. And you go like, oh, well, I mean, it's a write-off.

Have you seen that, did you ever watch Seinfeld much?

Bonnie: I have in the past, yeah.

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Nick: There's a scene where Kramer is trying to get Jerry to write something off and neither of them know what it means. But that's kind of the bit like Kramer is yelling at Jerry and he's like, "Jerry, you just write it off." And he's like, "What does that even mean?" He's like, "It doesn't matter. You don't have to know what it means, you just do it. The write-off people know what it means." And it sounds so stupid, but it's like I hear that, you know?

But I think it's very tempting because you look at it and you go, well, this could help my business grow.

Bonnie: Everything can help your business grow, that's the problem.

Nick: And I can write it off, so let's go. I was thinking, Bonnie, let me do this real quick. I wanted to share a story to maybe frame this up. I like to share this story from time to time because I think it really exemplifies that cash flow can be an issue for a lot of different people.

This was four or five years ago now, and I was running a group program at the time that on that call in particular we had maybe 10 people on the call. And what was interesting about that group is we were focused on the emotional side and sort of the behavior around spending money.

And people on the call didn't necessarily know what other people on the call, how much money they made or what line of work they were in. But I knew because I had done individual calls or I had seen their budget. So I kind of knew what everybody's actual dealings were, but the call wasn't about income. And so other people on the call didn't know what other people were dealing with.

And we had one lady on the call who I knew her take home income was right around \$2,500 a month. Single woman living on \$2,500 a month, super tight, but she was making it work. But another woman on the call who her take home income after taxes that hit her bank account was about \$75,000 a month. And these two ladies don't know this about each other.

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And the conversation we were having at the time and sort of what we were reminiscing over around this sort of behavior around spending, these two women are talking to each other and totally connecting over it and going, “Oh my gosh, you do that? I do that. We do the same thing. I’ve been there.”

And I’m sort of sitting back laughing to myself because I’m like, this woman makes literally 30 times as much money as this one and they both have the same exact problem. Like they both are talking about the same exact behavior, the same exact stuff.

I think about that story a lot when it comes to people who make higher incomes because they often neglect this area. But to your point, it’s such a key area that if we could make just a couple of tweaks, you can see a massive change.

Bonnie: What I’m hearing from your story here is like it almost doesn’t matter what the number is, there’s just more zeros.

Nick: Totally. That’s all it is. All it is.

Bonnie: Yeah. So, okay. So I’m trying to think how we should make this episode, because I feel like you and I could talk about this stuff for hours, but we don’t have hours. So in your experience, and this is specifically what you do, what are some of the things, do you have like the top three things you wish everyone knew about a spending plan or how we want people to think about it?

Nick: Yeah, good question. So the first thing I would say is the importance of recognizing this and getting the data is one of the most important things to be able to then tweak. So the first thing I would say is like the overwhelming majority of people just have no clue how much they even spend. And that’s normal, right?

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But if you think about being a physician, I don't know anything about what it takes to actually be a doctor, so I'm going to probably butcher this idea, but I think it'll still make sense hopefully.

If you think about being a doctor and then trying to do your job, but without any data of any kind. So a patient comes in and they say, hey, these are the problems that I have. These are the symptoms I'm having. But you don't get any blood work and you don't get to take any scans and you don't get to check anything. You don't get to test anything.

All you have to go on is just like how they're feeling. That's it. The odds of you being able to successfully diagnose exactly what's going on drop significantly without data.

Bonnie: Yeah. This is actually a great opening because you just reminded me of this business book, I don't know if I told you about it. If you don't know about it, Nick, you have to get it. Maybe you've already read it. It's by Keith Cunningham, do you know who he is? It's about business finances.

Nick: Got it, okay.

Bonnie: But he actually has a similar story, so I'm going to expound on what you just said.

Nick: Please.

Bonnie: So what you just said is people don't even know the data, like they don't know the ins and outs, right?

Nick: Totally.

Bonnie: So he said, not only that, people don't know how to interpret the numbers.

Nick: Yes.

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Bonnie: So he actually has a similar story. It's like going to the doctor and they order all these labs. So we're taking it sounds like, okay, that this doctor is actually ordering labs instead of not ordering labs. So let's just say she took her blood pressure. She ordered cholesterol. She gets everything back. You're at the follow-up appointment and she's like, so I got your labs back. And I look at your blood, but like I don't know what it means, but you look fine. So you must be fine.

Nick: That's perfect.

Bonnie: And he said that's how most people run their businesses when it comes to money. Because they get this P&L and the P&L seems nice, but the P&L doesn't actually tell you how your business is doing. It's kind of a vanity number. Well, the top line is definitely a vanity number.

But I see that because I think there are people who look at their money to some degree. They're like, oh, there's more money coming in than going out, so it must be fine.

Nick: There's money in the checking, yeah, it's fine. Yeah, it's fine. No, I think you're totally right. So that's the first thing I would say.

Here's the second thing that I would say. In my opinion, this is kind of my whole shtick is like, my argument for why I think this is so important is an argument for efficiency. And so the most common objection that I hear is, well, I'll just make more money. And I've literally had people say this to me, they'll go, "Well, at some point you make enough money, you don't need to budget. You don't need to plan."

Bonnie: Yes, I hear that a lot too.

Nick: And I always find that really interesting because I think about the biggest companies on the planet. Like, imagine if Amazon, Jeff Bezos comes in and says, "You know what? We're done budgeting. We're done with bookkeeping and tracking money. We're done. Marketing departments, you guys just spend whatever. Sales departments, you guys

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spend whatever. Product departments, you guys spend whatever. No more budgets. No more nothing.”

You recognize intuitively that makes no sense, right? Like you would think actually in the case of a humongous business, they have to budget even more. It’s even more important, right? Because they’re managing more. And so it’s even more important that they manage it well.

And I think on the individual level, the more that you have, the more opportunity there is for waste. And so my argument from an efficiency standpoint is I’m not about cutting back, I’m not about being frugal for the sake of being frugal. I’m about spending as much money as possible on the things that matter the most to you. But in order to do that, you have to know where you are spending money and then what matters the most to you.

And so I think maybe that the other piece I wanted to make sure we get in is like when I look at the data, right? So we talked about putting the data and getting through our tracking system. In terms of interpreting the data, the next thing that I’m looking at is I’m going to somebody’s sort of longer term vision and longer term values and saying, “Hey, what do you care about? What matters to you? What do you want to do with your life?”

And then are we using money in a way that’s going to help us do those things? And it’s not about, like I said, spending less, it’s about spending more, but on the things that matter the most to you. And I think that’s sort of the mindset shift that I try really hard to get people to see is like the spending plan is not about cutting back.

The spending plan is about going, hey, what are the things that, not what your friends at the hospital think is important. Not what would impress the nursing staff. Not what would impress your client base. Not what would impress your parents. But what does Bonnie care about? And then how do we shove as much money as possible into the things that Bonnie cares about? Like that’s the thing.

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Bonnie: No, I love that. And it's such a great way to reframe, because again, like you said, people think about cash flow, budgeting, spending plans, they're thinking, oh, Nick or Bonnie is going to tell me I can't spend money on that. That's like the most common thing I hear. They're like, I'm afraid you're going to tell me I can't spend any money.

I'm like, no, it's kind of the opposite. We want to make sure you're spending money on the things that matter to you. And to take it a step even further, and you kind of touched on this too, is like, well, first we need to think about like, well, what are your goals? And when I say goals, I don't necessarily mean like I want \$10 million in the bank because I feel like that's kind of like old school money goals at this point, you know, like how much money do you want in retirement?

It's like, okay, that's nice, but what is the point of having that money? It's like, it's to live a certain way and at different stages, because we all have different stages. And even me, I feel like I have to unprogram my brain from the traditional one career to retirement paradigm. That's kind of, I think a lot of people are noticing that that's just not true.

We're sort of in this like in-between generation where that was true for our parents and it's less true for the younger folks. It's a lot of figuring out like, what do you actually want your life to look like? And most of us haven't answered that question since we were like five years old, apparently.

And it's something I'm sure, Nick, you and I are probably similar in that we're on a regular basis asking ourselves what that looks like. And that changes faster than I care to admit. What's important to me last year is less important to me this year. And more and more, it's less about things, it's more about freedom and travel. And so what I realized is I actually don't need as much money as I thought I did, especially with credit card points, but that's a whole other discussion.

Getting back to what we were talking about. Okay.

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Nick: So here's an example to try and make something a little more concrete. I'll tell another brief story, right? So two things here that come to mind. Number one, you and I, we both are very into this spending plan thing. But as we discovered a month or two ago when I was hosting a workshop, there are things that you and I like that are very different in terms of the way that we spend money.

Bonnie: Yeah.

Nick: I can't tell you the last time I got on an airplane. I can't tell you the last time that I –

Bonnie: It was like yesterday for me.

Nick: That I spent the night at a hotel. Like those things are just not important to me. I spend a lot of money on my pets. I spend a lot of money on travel in our Airstream travel trailer. I spend a lot of money on those types of like road tripping travel. And I don't fly because I want to take my dogs with me. And we buy them the best pet food. We buy them super expensive pet insurance. We buy them super duper, whatever grooming. Like we do the whole thing. And that's where we spend a lot of our money.

Bonnie: Yeah.

Nick: And we travel with them and that's our thing.

One other example that came to mind when you were talking about retirement. I was talking with a client a couple of months ago and I thought this was really a beautiful way that he was talking about why he wanted to build his wealth.

So we were talking about long-term and I was really sort of pushing him to think down the road, 10, 15, 20 years. And his oldest kid is 14 and then he's got 14 and then he's got 10 and then like six or seven. And he said, you know, one of the reasons that I would like to have a chunk of wealth is I have not been able to go and visit my family, my parents, as much as they

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would like me to, because I have kids, they're busy, I'm working, dah, dah, dah, dah, dah. My parents are retired and they live in two different places, right? His parents live in Jersey, they live in Florida.

And he was going and saying, you know, we just logistically, it's very difficult for our family to like go up there as often as my parents would like us to. My parents are also not in a position to have enough money to fly and come see us as much as they would like to. He said, "so what I'm thinking about now is that I would like to have wealth. One of the reasons is I don't want to put the pressure on my kids to come and visit us. But I want to make sure that we have enough money that we can afford to fly them or we can just go visit them when they're adults and they have kids of their own."

And I thought that was such a beautiful long-term way of a very concrete thing to go, here's something that is not ideal about my relationship with my parents as an adult that I would like to shift. And that if we had more money and if we were thoughtful about our investments now, we can put ourselves in a position where that's not even an issue down the road. I thought that was a really cool way of thinking about the reason that we're doing all of this work.

Bonnie: Yeah, the why.

Nick: Yes.

Bonnie: Yeah. No, I love that. And I think getting as concrete as that is really, really compelling. Because the whole like, well, I'd like to be able to retire from my job right now. Like for some people, that is really compelling, especially there's definitely a growing number of physicians who are really unhappy with medicine. So that's one of the reasons.

But that's more about what I call reducing pain versus like –

Nick: What you can achieve.

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Bonnie: Yeah, exactly. And when I try to ask that of my clients, we just haven't asked that question or we haven't just given ourselves the freedom to even ask about that stuff.

So what are some of your longer term things that you have in mind as you're carrying out your spending plan?

Nick: So for us, a couple of things come to mind that are driving why we're so intense about things today. So number one, probably the thing that is most pressing is within the next couple of years, we would like to buy a beach condo down in South Alabama on the coast. It's an area that we've always, both my family and my wife's family have always grown up going to.

When you live in Tennessee, that's sort of like the place that everybody goes and vacations. So it's an area we're familiar with and love. And we would like to own a beach condo there. It's one of those things, too, where like the beach condo prices on that beach make no sense from an investment standpoint.

Meaning if I was just doing it for the purposes of investing, it doesn't make any sense to do that. But we want it for the ancillary benefits. And then, yeah, if it makes money, you know, a little bit to just help cover the mortgage, fine. So that's one sort of shorter, nearer term.

The next that comes to mind is we want to be able to buy a house that has the size, if you will, to do all of the things that we care deeply about. So, for example, we're planning to adopt kids over the next probably three to five years. And that's a whole other thing in terms of money and expenses.

Bonnie: Oh, yeah, yeah. I've heard.

Nick: That's another big reason. But what we envision sort of our life looking like in a few years is having a house that is large enough to have an art studio for my wife to have a kiln. If you're not familiar with what that is, my wife's into pottery and a kiln is like the fiery oven, basically, that you

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bake your pottery and more or less. That's like the most slang way to say it, but that's what it is.

We want to have a garage that can have a really nice workout gym that we care about. We want to be able to work from home and we also want to be able to homeschool kids. All of that requires a decent amount of space. We also would love to do that, we're planning on moving in the next couple of years and we are looking to do that in a very small coastal beach town. We would like to be in a walkable area.

And it's like all of those things around the home and the lifestyle and the way that we're trying to build our life, all that requires money.

Bonnie: Pretty much everything requires money.

Nick: It does. It does.

Bonnie: It's like, have you noticed?

Nick: I don't know if you know this, but it requires money.

Bonnie: Yeah.

Nick: But the point I'm making is like when I think about why we are so focused on, obviously making more, we are focused on increasing our income, but also managing that well, is like when I close my eyes and I picture our life a few years from now, that's what I see. I see Hannah with a detached art studio in the back with lots of windows that allows her to paint and do her pottery and have this very indoor/outdoor lifestyle there.

I see us having a podcast and recording studio at our house so that I'm not having to drive anywhere because we like the sort of cohesiveness of that. I see kids that we have, you know, running around doing their thing. And potentially depending on what sort of we feel led to do, some of those kids may end up needing more specific help in terms of medical needs and those kinds of things. And so that's another huge reason that we're trying to

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make sure that we are budgeting well now so that we have wealth to be able to do that and take care of those needs when the time comes.

And so those are some of the things that sort of show up in our life vision. And we sort of have a vision doc that we use and update regularly and those are the things that are on it right now.

Bonnie: Because I find that if that isn't solid, the motivation to actually work on money is very low. Have you found that too?

Nick: All the time. Yeah, it's really funny. So in marketing, I don't know if you've heard this phrase, sell them sizzle, feed them steak. People typically buy products or programs or whatever for the sizzle, for like the sexy thing that sounds cool.

But then sometimes, this is not always the case, but sometimes we have to recognize that the sizzle is not actually the thing that's going to help you. It is the hearty food, if you will, right? And so we're going to sell you the sizzle, but we're going to actually feed you what the thing is.

And so I think about that a lot with my programs and what I'm doing when I coach people. The only way that I see this stuff work is if you lock into a compelling vision for your future that you care deeply about achieving. If you don't do that, then you're not going to want to keep tracking your money because it's a pain.

You're not going to want to keep looking at it and trying to change it and plan it and tweak it and sometimes, yes, cut back in certain areas so that you can do more over here, right? You're not going to want to do any of that. It really is like the most critical piece of what we do.

Bonnie: In fact, I was really noticing how critical it is for me to be very effective in helping my clients do that, you know? So I don't know if you know, but I started doing a conference and we had our first one earlier this year and so we're having the next one in February of 2025. We're going to

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start with laying out the vision and making sure they don't leave without having one.

I think it's so easy to be like, yeah, yeah, we know that's important, but tell me how to grow my money.

Nick: Yep, 100%. It's really interesting too. Like, I think it's one of those things where I've found so often when I ask people, especially if they're business owners or they have some level of control over their income, right? So maybe they're a physician, but they own their own practice or they're a partner or whatever. And so they have some level of it's not just like they're a W-2, they have some control and see a path to growing their income.

And I'll ask questions like, well, how much money do you want to make? You know, eventually what's kind of your goal that you want to get to? And do you want to know that in all the years I've asked that question, no one has ever given me a number that isn't round. Meaning like it's always, well, I want to make 400,000, I want to make 500,000, I want to make 700,000, I want to make a million, I want to make 200,000.

Like no one ever says, for me, it would really be nice if I could make 335,800 bucks. If they gave me a specific number, that would tell me that they've thought about what that money will do for them, how it will impact their life and what matters to them and that that's the number that they calculated they need to live the life that they dream of.

But no one gives me that number, people give me round numbers. Why? Because it's an ego thing. It sounds good. It's, ooh, I made this much money. My parents will be impressed if I make this much money. Or so-and-so made that much money, so I want to. It's always a round number, right? And I just laugh so hard at that because I go like, you can tell that number doesn't mean anything to you other than it just sounds good or looks good on paper.

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Whereas if you, and Hannah and I literally, we did this. It's so funny, we literally did this. We do this once a quarter where we go over our vision and stuff. But we just went in the weeds on this earlier this week because we're talking about some big decisions we have coming up.

Basically, I started and said, if we want to have X amount of dollars per month for kids, we want to be able to buy a beach condo like this size and keep it, and we want to be able to buy a house in this location around this size, here's what they cost. And we want to be able to do all these things. And I put a little spreadsheet together.

I figured out what our take-home number needs to be. And then, because I know my business margins, I can then go, all right, cool. So here's what the business needs to make in order for us to take this home, in order for us to have the beach condo, the house, the kids, dah, dah, dah. And so now we have like a business revenue number that actually means something.

Bonnie: Yeah.

Nick: Because I know this is the revenue we're going for. And if we hit that, here's what our life looks like.

Bonnie: I just want to stop you right there, just illustrating how specific it's like, okay, I have this very specific vision. And he has actually taken the time to sit down to calculate how much, you know, the actual numbers.

Nick: Yes.

Bonnie: And then because you have a business, and I do too, reverse engineer. That's your primary source of income, right?

Nick: Yep.

Bonnie: I haven't done that in a while. And now that we're moving, there's some new numbers and data points I need to enter now. How does investing come in for you? Like, how do you think about that in respect to your current cash flow and future cash flow?

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Nick: So this has changed a little bit over the years. A couple of years ago I would have told you that we were primarily focused on real estate investing. It's not that I no longer believe in real estate investing as a thing. Like I think tons of people, it makes good sense for them to do and it's awesome. Since we bought a property and managed it and renovated it and dah, dah, dah, dah, for me, I have found that my time, energy, and effort is best put by simply growing my main business and then trying to invest as passively as possible. And the way that we're going about –

Bonnie: Are we the same person? I've come to the same conclusion too.

Nick: That does not surprise me. I massively underestimated the amount of work associated with it and the amount of focus it took away from my main business.

Bonnie: Well, it's also because you have a business too.

Nick: Totally, yes.

Bonnie: I think if someone doesn't have a business as well.

Nick: It's completely different, yes.

Bonnie: Yeah, I agree.

Nick: So that means for us, the overwhelming majority of what we're doing investing-wise is focused on maxing out 401ks, IRA, traditional in the market index fund long-term, set it and forget it type things. That being said, in terms of how we think about it, I also have done the math to figure out, because I really, really like what I do, I'm not super interested in trying to retire early. I'm interested in building the business in a way that I really enjoy and can run it for a long, long time.

And so I'm not trying to invest aggressively to hit some sort of FI number by age 40, whatever. That's not my thing. And so I know exactly how much money that we need to be investing today in order to have the amount of wealth that I would like to have at 60. And I've done that math to know,

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well, if we want our lifestyle to look like this, we need this much money by 60. And so we need to invest this much money today.

And so that's built into our spending plan. Meaning when I'm talking about these things like the beach and adoption and all these things, investing is also built in there in terms of taking the money out that we pay ourselves and then throwing it into the market and letting it grow sort of passively.

And I sort of treat that, in my mind, as almost like a table stakes or a bare minimum of going, it's very important to me to have this much wealth at age 60. And so I need to make sure that the first thing we're doing is investing this and all these other pieces come after that. That's how we do it.

Bonnie: I'm guessing that people will be like, okay, this sounds fantastic, but how do I actually start? Because I can almost hear people like, okay, this sounds great. I'm kind of on board, but what are the steps? It can feel overwhelming, especially if a lot of my clients are fearful that once they, actually, a lot of them are just afraid to even look at what's going on with their money.

Nick: Totally, yeah.

Bonnie: They're just like, you know, out of sight, out of mind. You know, they don't have collections people showing up at their door, so it must be fine type of thing, you know?

Nick: They didn't get into their line of work because they wanted to budget.

Bonnie: Yeah. So what happens when you look at your numbers and you realize that you are nowhere near where you'd like to be? Because I'm guessing a lot of people might be in that situation and it can feel not so great to be in that position.

Nick: This is not the fun part. But the first thing that I always say is, like Mick Jagger says in his song, you can't always get what you want, honey. And I start there because I have to make sure people recognize that in life,

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there are trade-offs. There are 24 hours in a day. There are only so many years that you're going to live. And however much money you make, and I hope it's a ton, but however much money you make, it's a finite number, it could be counted.

And at the end of your life, we could say, Bonnie made this many dollars and here's how Bonnie spent them. We could look and we could count it. It is a finite number, it's not infinite.

And so even when we look back, I hope that we look back and go, wow, Bonnie, look at all these things that Bonnie did with her money, it's so cool. But we probably would still be able to look back and go, ooh, she kind of wasted money there. She kind of spent money on that that really probably wasn't her highest value and priority. And I think that if she had it to do over again, she might shift that particular thing so that she could have done more of this.

And so the first thing that we're doing is just like, I'm trying to get someone to understand that unfortunately we live in a world where there are trade-offs. You do not get everything you want all the time. And so we have to sort of recognize that and embrace it and then work within the constraints. So that's the first thing, in my opinion.

The second, then we go, okay, well, in light of this, what are the most important things to us? And now we're back at vision, right? Now we're back at like big rocks. Now we're back at what are the things that matter the most to you? And so I end up having a lot of hard conversations with clients about some of their biggest expenses.

This is not always the case, but there's many times where I'm having hard conversations where I'm saying like, okay, you say that you want to do all of these things, but you have all of these fixed things in your life that just completely drain your finances out of the gate before we can even get to any of this stuff over here. We need to look at those.

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And so we have hard conversations about moving sometimes. We have hard conversations about getting rid of vehicles. We have hard conversations about things like, do you actually need to be sending your kid to 18 summer camps or is four summer camps fine, right? Like those types of situations where –

Bonnie: Well, they're big expenses. I mean, the mortgage is probably the number one.

Nick: They're huge.

Bonnie: Have you had clients who have decided to move?

Nick: Yeah, I've personally helped at least seven people leave California at this point.

Bonnie: Well, yeah, it's such an expensive state. Yeah.

Nick: It's so expensive. So expensive. I had a widowed woman who, this was very difficult, but a widowed woman who finally decided to sell the house that her husband built with his bare hands after like 50 years. And it was very, very hard for her. But we came to recognize the fact that we had to thank that house for that season and that time in her life, and then recognize that that house no longer served its purpose in her new season.

Bonnie: Yeah.

Nick: And this idea of like, we're not saying it was a mistake. Like it was a beautiful home that your husband literally built. And then you guys raised a wonderful family. And now that home no longer makes sense for you. And so thank that season for what it was. Remember it, look back on it with fondness. And also now be grateful that the home, we can sell it and it provides for this next season.

A lot of it is mindset around training people to recognize that regret can be, I like the phrase like regret can be a road sign. So it's one of those things where we can channel this idea of going like, hey, it's not about regretting

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it. It's about going, this no longer makes good sense for the person that I'm becoming and the vision that we're creating.

But yeah, back to your question concretely. If you're looking at your numbers and you're going, holy crap, I do not make enough money to make this happen. What do you do? I think it starts with recognizing that trade-offs are part of the game. And then it starts with going, well, what are the things that matter the most to me?

And then recognizing that you do have some agency, you have control. You can take ownership over that and you can make that change.

Bonnie: Yes, I think that's huge because I think it's so easy to feel like you don't have agency over how your money goes. And obviously you and I both know, the more you think that, the more that's true for you, right? And I have to think about future Bonnie.

Nick: Yes.

Bonnie: What does she want? And what can I do now so that she is set up for the life that she wants and what I want for her, right? And so the first step is getting the data, right? And that's what I teach in my program. And so this is where we talk about our favorite program for gathering data. And so it's called YNAB or You Need a Budget. I've been using it since, actually my friend told me about it when I was still a resident, so it must've been 2014. And so I was using the desktop version. Were you using it back then too?

Nick: Oh yeah. It was, well, 2015 for me. So a little bit after you.

Bonnie: Yeah, the desktop.

Nick: Yes.

Bonnie: Yeah. And then it finally caught up with the modern age and went web-based and sync. Back then it didn't sync. You had to, well, the good news is back then I didn't really have a lot of transactions. It was just me

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and I was constrained by resident salary. Now it's like the volume of transactions is so high.

And I think people are surprised, again, going back to what we said before, like, oh, at some point you can stop doing this. And I don't see, in fact, I actually find that I look at it more often than when I had less money.

Nick: Yeah.

Bonnie: I look at my YNAB once a week, sometimes more, more now because of all this moving stuff. And we're hemorrhaging cash right now. Moves are very expensive.

Nick: But you also, how old are your kids?

Bonnie: I have a six and a half year old. And then I have a stepson who's 17.

Nick: Yeah. So like, this is what I would say too, you're sort of like in the most expensive season of your life, which is like the kids, the 17-year-old and then the six-and-a-half-year-old are getting into activities and doing stuff and money is just flying everywhere.

Bonnie: Yeah, and then with the move it's just flying everywhere. We are getting reimbursed for a significant thing because the movers are like \$18,000. I'm like, Jesus.

Nick: Oh my Gosh.

Bonnie: Yeah. But our relocation allowance is more than that. But still it's just like, it's just insane how much it is. And I tell Matt like, I don't want to move again anytime soon.

Nick: Yeah. Yeah, it's a huge shift. Huge.

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Bonnie: Yeah, it's definitely messing up our spending plan right now. I'll tell you that. But this is also part of it, doesn't YNAB say you've got to roll with the punches.

Nick: Got to roll with the punches. That's how life is.

Bonnie: Things can happen and you have to be flexible.

Okay. So tell me why you love YNAB. It's probably the same reasons I do. And why we think it's the best program and getting everyone on board, because there is a bit of a learning curve, right?

Nick: There is a learning curve. I have built a reputation around YNAB, but I try to keep myself honest and so like every year I try to take time to test out new budgeting apps, see what's coming on the market, see if there's anything out there that I like better and really do an honest look at it.

YNAB does some things, sure, that I think could be improved upon. Sure, absolutely. But overwhelmingly it does a couple of things that I think are just so fundamentally key to actually creating behavior change and helping people really, really make progress towards their goals.

And honestly, probably the number one thing that I think it does that most other tools don't do, which I think is so goofy, is YNAB doesn't let you budget money you don't have.

Bonnie: And people are pissed when that happens.

Nick: They're so mad. They're so mad. They're like, I'm going to get paid next week, why can't I just put that money in here? Bonnie, it's funny, have you ever counted calories or macros?

Bonnie: Oh yeah.

Nick: Okay.

Bonnie: Not anymore, thankfully.

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Nick: I was telling somebody this the other day, they were personal training in the fitness space and I was trying to connect this idea of like YNAB doesn't let you budget money you don't have. You have to physically have the money in order to use it. And it's the key thing that creates behavior change.

And so here's what I said. I said, okay, let's pretend that I'm counting macros and that I can eat 2000 calories a day. That's my eating plan, 2000 a day. Well, next week I'm going to get 14,000 calories. Why don't I just go ahead and eat some of those today? Why don't I just go ahead and eat 10,000 of those today? I'm going to get them next week.

And you immediately go like, well, hold up. That doesn't make sense. You're going to need calories next week, unless you're planning on fasting for the week. And also, I don't think eating 10,000 calories in a single day is good for your health. And you go like, yes, but that's what people do with money. They're like, well, I'm going to get paid next Friday, why can't I just go ahead and use it now?

Bonnie: Just over broke.

Nick: Just over broke, I see it all the time. So if I had a selling point for YNAB, it is that forcing you to come to grips with your actual cash position that creates that sort of trigger that we have to have.

Bonnie: Yeah. And we should probably say what YNAB means because sometimes I say it and people are like, what are you saying? You Need a Budget.

Nick: You Need a Budget, yes.

Bonnie: An acronym for You Need a Budget, yeah. Every client that does get on board with it and get it working there, when they hit that sweet spot, they're like, oh, now I get it. And then they're like, whoa, it could be in a good or a bad way. Like, whoa, like I can't believe all this money is going out on things that I really don't give a crap about.

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Nick: Yep.

Bonnie: It's just, it's too easy to buy things right now.

Nick: It's so easy. So easy. Well, on Amazon, you're just like one touch, one, you know, I mean, it's ridiculous.

Bonnie: One click.

Nick: One click.

Bonnie: They have that one click purchase feature.

Nick: But yeah, so get the data. That's the starting point, right? And I tell people too, the other thing I would say the starting point is, this is very hard to do, but try very hard to bring no shame, no judgment, no anything. We want to almost treat ourselves like we're a scientist in a lab that's just observing the data as if it's not yours.

Bonnie: Yeah.

Nick: And so for the first month or two, I'd always tell people, don't change a thing. Just track it and don't really think about like, oh, that's too much or that's too little. Just track it. Start collecting the data, we'll worry about analyzing it later.

Bonnie: That's what I teach too. When we first look at spending, it's like you're just collecting data. And even that phrasing, it's like we're neutral. It's like we're not making judgments. We're just collecting data. But this is obviously where a lot of like, oh, ooh, or shame. Like, I don't want to, I don't really want to know. Like, I know I'm spending way too much on Amazon. And they're like, holy cow when they see that number. There's a lot of self-judgment. But again, as you were saying, everyone that I work with is in the same boat to some degree. We all have, I'm sure you have clients who are the extreme opposite and they're afraid to spend money.

Nick: Yes, 100%.

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Bonnie: And that's a different type. It sounds like maybe a "good" problem, but it's a bad problem because they're not enjoying it.

Nick: Totally.

Bonnie: What's the point of having money if you can't enjoy it, you know?

Nick: It's a huge problem.

Bonnie: This could become a two-hour episode easily, but let's just quickly walk through. Okay, so number one is data collection. And then what do you do next?

Nick: The next thing that I do in my process is, well, I typically start with like, step zero is almost like I do a little bitty why statement framework thing, right? And so we don't go deep into the vision at the beginning for us, but we start with like, why are you here? What is that? And we come up with a little framework. And I use the framework, "I want to manage my money well so that blank, if I don't blank."

So we get that. Then we go into data collection. Then while they're sort of running the data collection in the background those first couple of months, no judgment, no changes, just data, then we shift gears and that's where we go deep into the vision piece. And that's where my job comes a little bit more life coaching because I'm having them look at what's your vision, what's your values?

We create a vision plan that has the next few years laid out with the things that matter the most to you and some of the bullet points of the high-level stuff that you want to accomplish. And then at the bottom we have sort of a future dream section, which is kind of like a bucket list in that it's the things that you want to make sure that happen before you die. And we get very clear on that.

The third step then is now if we've got a couple months of data and we have the vision document, I like to say we put our money where our mouth

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is. If we know where your money's going and then with your mouth you tell me this is important to me, my only job is going, all right, are you putting your money where your mouth is? Are you using your money to do those things? And almost always we go, no.

And then we go, great, so let's look at the vision and let's tease out the items on here that are financially related, right? The travel you want to do, the things you want to do for your kids, the places you want to go, the stuff you want to buy, the whatever. The things that are money related.

Or in some ways, the things where we could use money to improve them, right? So if you have health related goals, great, can we hire somebody? Can we hire a coach? Can we hire a trainer? Can we whatever. And we start creating new categories for them. And we start working those into the budget.

And then that's almost always when we realize, now I really don't make enough money to do these things. And that's where we have the hard conversation about trade-offs and whether or not we do need to focus on increasing income or if we just need to focus on reallocating the income we have.

Bonnie: Yeah, or a combo of both, right?

Nick: Yes. And that's often what it is.

Bonnie: Yeah. I mean, that's, I think, ideal if you can do a little bit of both.

Nick: Totally.

Bonnie: Yeah. So I guess the question is, well, how do I get started?

Nick: Yeah.

Bonnie: And what's your answer to that?

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Nick: I was going to say the first thing is to start tracking your money, but it's almost like a prerequisite for that. And I know this sounds like me and Bonnie are just a broken record today, y'all, but the prerequisite is almost like you just have to decide that this is so important that you're going to do it.

And so that means you have to have a strong reason for why you're going to actually start collecting the data and start paying attention and start trying to manage your money better. And so the prerequisite is you need to have a very, very strong, compelling why. And then the first step is to start tracking the data.

Bonnie: So, yeah, first it's like deciding that you're going to do something about it.

Nick: Yeah.

Bonnie: Because what I see with higher income earning, which is my clientele, is it's so easy to delay because there isn't like an emergency.

Nick: Yeah. This could just be my clients, my client base for who often hires me and stuff. This is not always the case, but I would say 80% of the time, the overwhelming majority of my clients, something has just happened or something is about to happen that has finally created enough urgency that they're like, all right, I'm going to make a change.

And so it's like they just got married or they just got divorced. They just had a kid. They just changed jobs. They just moved. They're about to retire. They're about to move. They're about to change jobs. Like it's some major life event has occurred or is about to occur, and that's the thing that actually pushes them over the edge to go, all right, I need to get serious about this.

And so to your point, the higher your income, the less urgent things can feel.

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Bonnie: Yeah. I know that's kind of where I'm at, like how do we convince, and when I say convince I don't mean convince them to pay me money. But it's like, how do I convince them to work on it now when you don't have an urgency?

Nick: The urgent thing, yeah.

Bonnie: You know, how do I convince the person who actually feels great, I'm talking about physical health wise, to work on it now versus waiting until they get like a cancer diagnosis, for example.

Nick: Yeah. It's interesting. It almost goes back to like, do you learn by having to go through things yourself or can you learn from others' mistakes, right?

One of the things that I'm really so grateful that for some reason just clicked with me early was when I decided I didn't want to pursue the career path that I went to college for. So I have a degree in mechanical engineering. And in particular with that industry, so I looked down the road and I was able to see other guys who were 15, 20, 25 years ahead of me. And I looked at their lives and I realized, I don't want my life to look like that.

And that industry in particular, it was like constant travel. I was constantly getting called out for clients to fly across the country and work long weekends and work holiday weekends and be away and all these things. And I knew even back then, I was watching the guys ahead of me and watching the stuff that they were going through and watching the divorces that were happening and watching all these things and going like, I don't want that life, and so I need to figure something else out.

And that's when I ultimately decided I needed to change either industries or change fields completely. But to your point, maybe managing your money well doesn't feel urgent to you right now, but can you look at someone in your life, either a coworker or a family member or parents or an aunt or an uncle who's maybe 5, 10, 15 years older than you who hasn't managed money well and then now is reaping the consequences of that?

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Bonnie: I think everyone knows someone like that.

Nick: Yeah. Can you look at them and go like, all right, it doesn't feel urgent to me right now, but I'm looking at them and not being hateful, just saying, I just don't want that life.

Bonnie: I think it's, actually, I don't know what people think about me, but I'm just presuming people probably think I have a shitload of money and I probably have a lot less money than people think, but I'm able to do the things I'm doing just because of the way I've, a combination of managing money and choices I've made about how I want to live.

Nick: Yes.

Bonnie: Like I don't have a huge house. We also love renting. I think at some point we will want to buy and that's something I'm gonna have to really think about. I don't think buying a home in Florida is the best idea with the weather.

Nick: Weather and home insurance down there is very expensive.

Bonnie: Exactly, yeah. So I'm just like, I kind of like renting because the place that we found that we signed a lease for is bigger, it's nicer, and it's cheaper because it's Florida. Because where I live right now is very expensive, I live right outside of New York City, Northern New Jersey, which is not California expensive, but it's not far. Also making sure we're not gonna just suddenly increase, fill that up with something. Although we did just buy a new car.

Nick: You all have a lot of life changes right now, and it's a good time for you to get reacquainted and reconnected with your vision because what you think life's gonna be like in Florida versus what it's actually going to be like are probably somewhat different.

Bonnie: Yeah.

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Nick: And so you can create a vision now, but then it's going to be good to reassess that vision in three to six months once you get down there and are like, all right, well, what does life actually look like now? And what does that next season look like?

Bonnie: All right, Nick, this has been great, not just for me, but I'm sure for everyone listening. How can people find you?

Nick: Yeah, so the easiest thing is probably just go to YouTube and search Nick True in the search bar. And depending on when this comes out, we will probably have some new YNAB tutorials coming out here shortly as well. So if you're looking to get started with tracking the data, go to YouTube and search for Nick True and you'll find it.

Bonnie: Awesome, thank you so much for your time, Nick.

Nick: Yeah, thanks for having me.

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