Transcript Episode 24

Wambui: Hi there, Catherine. It's so nice to have you on my show.

Catherine: Thank you very much. It is lovely to be here. And I've been looking forward to this and I'm glad we could make time.

Wambui: I am so glad you could make time. I know you are busy and so your time is so important, but I'm so glad you're here. So if you met someone in an elevator and they said, tell me a little bit about yourself, what would you say?

Catherine: I would say my name is Catherine Franklin. I reside in Dallas, Texas. I'm a mother of two boys 8 and 13. And I'm married to one Mr. G. I'm an accountant by profession, by training. I'm a CPA. I've been a CPA for over 20 years, and I did the corporate thing. And now I work for myself, I do what I call I provide concierge CFO services to high income business owners and also am a money coach, especially to women.

Wambui: I love that. I love all that because you're going to jump right into the coaching and I know you're big on helping women find that financial freedom. So let's jump into it.Why did you start a business in financial coaching?

Catherine:I started a business in financial coaching because I realised that in the news all the time these days, you hear that women, we're graduating more women than men in college. You hear that I mean, we are working more and more, you know, and more and more households have women working than, you know, ever before. So we are working, we're making more money, we're getting more educated. But the question I like to ask is, do you think women are growing more wealth? And most statistics don't say that we are. So why do we have that disparity? And that is what I'm really trying to solve. Because, there's this statement my mother used to tell me. And at the time it was meant to motivate me. And at some point in time in life I kind of didn't like that statement. But now in my late 40s, I see that statement differently. She used to say, it's important for a girl to get educated and to have a means to be able to provide for herself. Why? Because yes, you will get married. However, a husband could die. A husband could get ill. You could get a divorce. He could be disabled and you would need to chip in. Or you'd need to take up the responsibility. Now, she used to tell me that 47, let's say, maybe 45 years ago, because I heard this since I was like three years old. But, now I'm 47 years old. I look around and I see many women who are not married whether they got divorced along the way or they simply never got married.

I see women who are the breadwinners in their families, who are the majority breadwinner. I see women who are also, you know, are working as hard as their spouses. And when so, the bottom line is that three quarters of women, if not 80 percent of women, are actively participating economically.

Wambui: Wow.

Catherine: And even if they're not the main breadwinner, in many households. And in the households where there's a spouse, they are participating. But yet, If you speak to most women, what will they say to you? I'm afraid of money. I don't know what to do with it. I don't even know, I just, I don't like discussing money. How many times do you go to brunch and talk about money with your girlfriends?

Wambui: Never!

Catherine: Never. Let's be real. Never, never, never yet, take four guys to whatever, whatever they have Nyama Choma Hang out, whatever. Guess what? Money, investments, stuff like that comes up and it just comes up. They are just like, hey, what are you doing with this? What are you doing with that? You know, I'm looking for a job. I'm guys help one another and they talk about money, but us women act like it's a taboo to bring up money. And so, or if we bring it up, it's only when we are bragging, okay?

Wambui: It's on the other side of the spectrum.

Catherine: Only when we are bragging. Only when we are trying to one up the other person. But it's never really about, hey.

Wambui: Yeah.

Catherine: What are you doing? Where are you investing in your 401(k)? Do you participate in your 401(k)? What are you investing in? You know, so I want us to talk about money because as long as we're not talking about money and we're not investing in each other, we are lacking out and we're missing out on sharing knowledge that we really need to, because we need it. Because as I said, statistics say 80 percent of us are probably almost as much or at least 50 percent responsible for our financial wellbeing.

Wambui: Wow.

Catherine: Nobody else is coming to save us. So we got to get on with the program.

Wambui: We've got to get on with the program, Catherine. And so where do we start? Do we start with budgeting, investing? Walk us through. And some of us, and I'm one of those, I wasn't very good at budgeting. So where do we start so that we can have that financial wholeness or freedom, the way you talk about it?

Catherine: I think there are two things and first of all, educate ourselves as much as possible, which is the reason I got into coaching.

Wambui: Yeah.

Catherine: Because my intention with coaching is to give women a financial foundation so that they can have the be equipped and have information, the knowledge to make solid financial decisions for themselves and so that they can lean into the conversations, if you're married into those financial conversations at home. So, educate yourself. And that's step number one. The more you educate yourself, you see, anytime something stops being foreign, you get more comfortable with it, right? So educate yourself. The second thing is that we have to figure out this fear thing. We are afraid of money. But part of the reason we are afraid of it goes back to the fact that it's the fear of the unknown, because we don't know enough about it. We weren't raised to know about money because even though we were raised by parents who wanted us to be more educated, we were still raised to get married. I am 47 years old in spite of all that conversation. I was expected to get married and in a way, you know you're still expecting that somebody else is gonna come with the money. Somebody else is gonna figure this thing out

Wambui: And take care of it and by the way, you don't look 47. You look very good for 47

Catherine: Thank you.

Wambui: Yeah. So this conversation wasn't hard with us, you know, and we are both from kenya, so even though maybe my parents were business owners. But I never had them talk about, you know, financial literacy to us. I wasn't taught that. It's maybe what I saw, but you know, was not sat down and, you know, given that education.

Catherine: Absolutely. That's just not something we were taught we talked about in the home.This weekend I was at a conference and I raised that question to a panel of women. And one lady said something that was profound. And she said that we have to start showing girls at a young age that women are part of the financial discussion and they are part of the financial actions happening in the home, part of the financial decisions in the home, because, and this lady who answered this question is in her early 30s, maybe. I'm assuming early 30s, late 20s, right? So if you're talking about a woman who is in her early 30s, who is also saying that she never saw her own mother participate in the financial conversation and financial decisions of their home, I mean, I am 47. I, you would think that the next generation had it better, but even today, I think unless you, if, but this is a thing, if even women, my age and a little older, we are still afraid of money. What are we modelling? We're still modelling to our daughters that the financial decision is left to somebody else.

Wambui: Wow.

Catherine: And the problem goes back to what I was saying, do you know if your daughter is going to get married? You're going to know.

Wambui: And I have two of them.

Catherine: You just don't know. I mean, how many friends do you have of your age who are not married?

Wambui: Many.

Catherine: There you go. So we cannot bank on that. Our daughters are going to get married, right? And so, and even if you get married, I can tell you this because now I have gotten involved. I spent 10 years in the women's ministry, and now I'm having intimate conversations about money.And I can tell you that one of the biggest challenges of women and marriage is financial inequity.

Wambui: Yes.

Catherine: Inequity is real. So if you, as a woman, get married and you do not have the ability to advocate, you don't have confidence with money, what are you going to do? You're going to delegate. And that's what we do.We delegate the financial decisions to the spouse, regardless of whether they are equipped, they are educated, they have the wisdom to make the financial decisions for a household.

Wambui: Right. So where do we begin now? Tell me, where are we going to start? So that we educate ourselves.

Catherine: That's the key. Actually, that's it.

Wambui: It's key. Okay.

Catherine: It's key. It's just like health. I mean, I know you're very health conscious. If you met somebody who was, you know, 200 pounds overweight, what would you tell them?

Wambui: I would tell them, you know, I would advise them on how to get healthier, you know, let's maybe go for a run or for a walk. Let's start somewhere. Give them, you know, some tips and strategies.

Catherine: Yes. But a big part of that is just understanding what they're doing is causing them to be where they are. So educate yourself. I like to say at the heart, the foundation of money is two things. It is your mindset and it is your management. In my coaching program, I have coined money mastery for women. I teach the four M's of money and that I have a process that I teach is the four M's of money and the four M's of money include first , money mindset.

Wambui: Okay.

Catherine: You have to understand what is money because until we really truly understand what money is, then we cannot engage with it effectively. Okay. And I'll define that a little bit. The second M is money management. That is the foundation of it all. Okay. It doesn't matter how much money you have. If you cannot manage it well, you're going to have a problem. And this is like, kind of, like I said, you can exercise, you can do all that. But if your eating is terrible you're probably going to have a problem, right? You're going to have a problem with weight. So we talk about money management. I also like to say, I would never tell you not to eat carbs because you know, I always try and figure out my weight thing. And so I do it in my adulthood. So I have learned that if I say no carbs, let me tell you, I'll just do no carbs for three months, then in the fourth month, I'll eat all the carbs. in the world. So when it comes to money mastery, I tell you, you cannot go no carbs. Okay. I can tell you, I'm not going to tell you not to have any want, you need to have some want, but you need to be intentional about the ones that you keep. Right?

Wambui: Intentional. I like the word intentional. You need to be.

Catherine: Yes, absolutely. Be intentional. And then the third M is making more money. Most of us need to make more money. One of the things that we can talk about cutting, we love to talk about living below your means, minimising, saving, saving, saving, but this is a thing life is for the living. And , I believe in building a life that you love.

Wambui: Yeah.

Catherine: And sometimes to have the life that we love requires that we just have more money. So we talk about more money. Okay. And then the other thing we talk about is growing your money, which is multiplying money so that money is working for you as opposed to you being the only person who is working for money.

Wambui: Right.

Catherine: Okay. So those are the four M's of money that I teach in my money mastery.

Wambui: So that's mindset management, making more money and making the money work for you.

Catherine: Multiplying money.

Wambui: Okay. I like that.

Catherine: Multiplying the money. Exactly.

Wambui: Let's talk about Catherine, let's talk about making more money because I know you said managing the money that you have, the small that you have, which even the Bible says, if you can manage the small that you have, you can really be trusted with more. But most of my audience, my listeners, have side hustles. So what are the strategies to make more money with a side hustle? And what would you advise someone to make more money with a side hustle?

Catherine: First, I would advise them not to call it a side hustle okay. Side hustle, stay side, stay on the side.

Wambui: No, you're not hustling.

Catherine: Yes. And then not just that, the hustling and the side, both of those mean that, you know what, they will never become the main deal. And typically, this is what happens with side hustle. We put energy for three months, then we, you know, stuff happens, life is happening. We put it on the side because after all it's on the side, we pick it up after, you know, six months later, and then we hustle for a little bit and then we set it aside again. That's what happens.

There's no commitment.

Wambui: Yes, exactly. Low commitment.

Catherine: Yeah. As opposed to saying, I want to build another stream of income.

Wambui: Oh, I like that. Another stream of income that even just feels so good. Another stream of income. Okay.

Catherine: It's another stream of income, but now let me tell you the key thing about successfully having a second income stream, especially when you have a job. Yes. One of the problems with side hustles is that we never intentionally decide when it's okay, there are a few things that are important and in terms of making a successful second income stream. One, the problem with most side hustles is that they're not aligned with who we are. How do we get into most side hustles? We get into most side hustles this way. Somebody is making money. We get recruited into network marketing. We saw it on the internet. I need more money. What can I do quickly? Yeah, that's how we get into most side hustles.

Wambui: That's how we get into it.

Catherine: Yes. And I like to tell a story about myself. My employee came by and told me about her auntie, who was making all this money selling baby clothes. Okay. And so she said she would just take this baby clothes up community. My employee was Latino, right? So she would take to the Latino community, these baby clothes, and they would sell like hot cake. And of course, the kikuyu in me went ding ding ding. It's the way of making money. So guess what I went and figured out where do I get baby clothes? I found a resale and I purchased these bulk baby clothes for 1800 dollars.

Wambui: Oh, wow,

Catherine: This was before my son was born. So you're talking about 15 years ago, 15 years ago, $1,800 was like five grand now, right? It was a lot of money. $1,800 bought these clothes. But now let's think about it. Did I even have a child? No. Did I know mommy's? Maybe I knew one or two. Did I know where I was going to sell these clothes? No, I was totally depending on what this story I was given. And okay, cut a long story short, I ended up giving the majority, like 80 percent of those clothes to Goodwill because there was no strategy. And that's how we get into small side hustles. There is no strategy. There's no, we never checked to see if this work aligns with who I am.

Wambui: Okay.

Catherine: In my coaching I teach that money. Actually, the issue of making more money is more internal than it is the thing that you do. And how you pick that thing that you do, actually, the first best place to start is the thing that you already know.

Wambui: Yes.

Catherine: What is that skill that you already know? You already have? What are you currently doing in the workplace? Can you take that skill and serve it to a different segment of people, a different portion of the market? Right. Can you consult with that skill that you already have? Build your second income stream on what you already know. So I talk about converging and building multiple income streams on the same skill set. If possible, from the same knowledge base, if possible, before you diverge and go and start something new. Why?

Wambui: Before you go and buy clothing.

Catherine: Before you buy clothes and think you're going to sell them to the people, okay? Because everything has a learning curve. Most people don't succeed on the side hustle. Why? Because of the learning curve. And so that's a big part of it. And so when you start what you already know, there's no learning curve. Yes. Or the learning curve is very small because all you need to figure out is a marketing piece. As far as knowledge, you already got the knowledge. You really have the skills because of the rule of 10,000 hours that says for you to become an expert in something, you need to have spent 10, 000 hours. 10,000 hours for most people is about 10 years. So that thing you've been doing for 10 years, how can you shift it to do something different with it, offer it to a different industry, offer it to a niche, basically augment what you already know. To make more money with it for some people. Like for me, what I did is I took my accounting knowledge out of a big corporation Accenture, which is a fabulous organisation, but I was not, never going to maximise my money there. I took that base knowledge of accounting and basically shifted it to private equity, doing tax work for high net worth individuals. And just that shift gave me a 20 000 dollar raise. Just on getting the job and from there gave me an acceleration that I would never have had if I had sat in Accenture in the big, big, great company. So part of making more money is two ways. You can make more money in the same career that you have just tweaking where you're positioned. Right. Or you can add income streams. And the first place to look to add an income stream is what you already know. Right. Before you even go and do something else that is divergent. Now, could you do this? Yes. If it's of great interest to you, if it already aligns with your personality, because there are people who have a job. They don't like the job. They went to the job because they wanted money. But the thing that makes them tick is something else. And that's where you start to build that income stream, not as a side hustle, but as a second income stream. Now, let me say one more thing. The second thing that is critical to making your second income stream successful is time. Because everything we do is a function of time.

Wambui: So true.

Catherine: And the thing, the problem with the side hustle is that it's not a portion, a place in our lives. And until you apportion a place of, for that second income stream, is it 30 minutes? Is it one hour? Is it three hours a week? What is it? And when you give it the same seriousness as your job, then it becomes a true permanent income stream because you think about your life and your work and how your life looks in the year and you start to see where it makes sense. For me to do this work, how much time am I going to give it? And then doing it, that's the only way you build a second income stream that is permanent.

Wambui: Nice.

Catherine: And then, it's something that you can actually shift to. And for some people down the road, you can maybe make it the main income stream.

Wambui: That is so good using the skills that you have. And because once you use the skills that you have, you're even able to charge according to 'cause you know what you're worth, you know what the skill is worth. So you're able to charge at that price where you are comfortable knowing that, okay, this is what I'm worth than I'm charging you know, for what I know now. That's really good. Now let's talk about making money work for you. Investing. Oh, tell us about investing. Where do we start? Do we go to Roth IRA? What are we doing here? You know, what are we investing for retirement? Are we investing for the business? Where do we start?

Catherine: Okay. Fantastic. And these are really good questions. So thank you for these questions. So in terms of multiplying money at the end of the day, it's going to require investing. Now, one of the things that a lot of women are good at saving. This is a problem with having a savings culture for savings culture sake is part of the reason women don't grow more wealth. So we can say we are good savers, but this is also what happens. We are good savers, but we are also going to give, so our savings end up going to other people. So one of the things of key things about multiplying money is the making a shift from just saving to investing, and part of it is I also want to say intentional giving that is not coerced, you know, kind of like, I like the New Testament definition of giving, giving without coercion. Okay, nobody else is compelling you, giving from the heart, deciding for yourself what you will give. Okay. And being clear about that, because the number one reason why women don't invest is because their savings go towards giving.

Wambui: Okay. But I like that.

Catherine: Especially the African woman.

Wambui: Oh yeah.

Catherine: So we need to decide how much we're going to give and set that aside so it doesn't interfere with our savings.So saving is the act of setting money aside. Okay. For later. That's saving money. Right. And then investing is basically putting that money in some type of asset with the intention of one of two things : appreciation or income generation. So I was saying that the challenge with women tends to be good savers. Yeah, more women tend to be good savers. However, That saving culture has not translated into investment, which is one of the reasons why we lag behind in terms of converting the more income and the more education into wealth, because the only way we make wealth is really what is wealth. Let's define that. Wealth is what's left over after you earn an income, however you earn it, minus the expenses, you know, that your everyday living expenses and whatever you spend, what is left over is what becomes savings and it's what is basically the foundation for Wealth, right? Because that is what you can make into wealth. That's what you can invest and grow into more wealth. It is wealth as savings anyway, because any money that that leftover piece is what is wealth. But when you just save, and then typically we put the savings in bank accounts that barely keep up with the inflation. And so therefore, really, at the end of the day, we're doing nothing. The other thing that we also sometimes tend to do, and I realise , your audience may be varied, but. For example, because both of us are from Kenya, I can say we also tend to do the merry go round thing, right? We join a women's group and we make a contribution. It is a forced savings, but there's no growth. That's not investing. That is just forced savings. It is social.

Wambui: I think that's community, more social, like you're saying.

Catherine: It's more social. Exactly. It's more social. So you had asked me a question about What prevents women from growing wealth? So one of the things is just a lack of knowledge. Fear is so afraid of losing it. So we are really afraid of losing it. And so we don't invest because we are afraid we're going to lose it. But this is a problem when we don't invest it, especially if you don't put it In an account that will beat inflation, you are losing it.

Wambui: You're losing it already.

Catherine: Losing it to inflation. What is inflation? Inflation is that thing that erodes the purchasing power of money. So that's what 100 dollars could buy, Five years ago. It's not the same as what it would buy today, right? I like to say that you know what we used to say $100, 000 was a thing. You wanted to make $100,000. Today, $100, 000 is not what it was. And when you look at the studies that I've done, you find many cities, you need way more than 100,000 dollars to live comfortably, right? In some cities, it may be $200,000, $300, 000 in a household to live comfortably. So, Inflation is working on your money regardless of where you are in the world. So if you keep your money and you put it in an account where it's not growing more than inflation then you're doing nothing, right? You're losing money regardless or you think you're protecting it, right? So fear is one of the things. Part of it is fear, but we struggle with believing that we can do it, but we are worthy of wealth and we can do it and we can handle our own wealth and grow it. So we tend to believe somebody else can do it. We tend to invest in other people, other people's ideas, other people's ability to grow money and disregard our own.

Wambui: So we don't redoubt ourselves.

Catherine: Yes. We doubt ourselves. Yes, we do. And the other thing is , we have to believe that we are worthy of wealth ourselves. Not necessarily somebody else who's related to us, but you know, you and I, right?

Wambui: Right. Believe that abundance is our birthright.

Catherine: Yes. Abundance is our birthright. Absolutely.Yeah. Actually, one of the things that you find is that and I don't know whether you, I think you can agree with me, women find a level of confidence from like 50 something, you know, late forties, fifties, you come into us confidence. And part of it, I think, is also realising that we don't have very much more time. So then we come into a confidence and you know what you start to get sorting your money, but this is the challenge of that.

Wambui: You are reading my mind,

Catherine: But the problem with that is we lose the benefit of the time value of money. So now we have to invest more. To catch up or to have enough saved. We want to retire versus if we had started early, if we had found this confidence at 25, we would have required so much less. It would have been much easier for us to invest for that future. And so, and that's why I'm saying intentional giving cause it takes maybe $200, $300 when you're a 25 year old, right? Per month to put away, to put away a significant nest egg. So 200 dollars, $300 blown or given away without intention, you know, is basically losing your future, right? It is losing future income because that is a true opportunity.

Wambui: So now let me ask you when someone is like 20, cause I have two 20 year olds, is this a good time to start saving more?

Catherine: There's a theory that says that between 20 and 30, if they, if a person puts away 200 dollars buckskin a year its about $2,000 is. Less than 200 dollars a month, right? So we're talking $2,000 a year.

Wambui: A month?

Catherine: A year. $2, 000 a year, which is about less than 200 dollars a month. And so let's call it 200 dollars a month between 20 and 30. Yeah. And never put away another dime. Take 200 dollars every month between 20 years old and 30 years old and just invest in basically an investment that grows in line with the S. &. P. 500, which is about nine. Let's even say 7 to 10%. Return on investment, put it there for basically investing between 20 and 30 at 30. Do not put another dime that money at 65 will be over a million dollars.

Wambui: Oh my gosh. Okay. Now we are talking.

Catherine: Yes. So we ought to start investing. as early as possible. Yes. And the best thing we can do is teach our children. Because of the time value of money, basically. You have the younger you start. You have the advantage of time. Okay. So that's why By the time we women get it together, you know, in our late 40s in our 50s you have lost advantage of the time value of money so now we have to put away a lot more to grow a significant nest egg it's cost us a lot more to invest to grow enough of a nest egg. If we do want to retire and have basically get to a point whereby we are not necessarily actively working. We have investments that are producing income for us.

Wambui: And what would those investments be for people who have caught up too late, like some of us here? I'm asking for a friend.

Catherine: Okay, let's talk about multiplying money. There are many ways to multiply money. Bottom line is basically anything that will give you two things: appreciation or income. Okay. So let's talk about what appreciates assets typically appreciate. So you're talking about stock market, real estate real estate, including whether it's a built out property land. So those are investments that would appreciate. Then income producing again, real estate like rental properties are income producing business are income producing and which goes back to that conversation of that second income stream where you do it with seriousness. It is a true business that can give you income. Then you also have an even stock market that gives where you have dividends, right? You also have interest income also can be in dividends, interest, or like rental income or income that is like for from the operations. So anything that has high interest savings accounts, treasury bills, treasury bonds bonds in whether they are treasury or municipal bonds or different kinds of bonds, right. That you would get country bonds, you know, like Kenya has country bonds. Yeah. So basically it's, the investments are a range. I mean, there are things like silver and gold, right? There's so much, there's so many things you can put. The bottom line is something that will give you either appreciation or income. That's the bottom line in terms of anything you can invest in. Right. And so now in terms of as you get older, the biggest question you have to ask yourself is two things, because for you to truly retire, You need income replacement. That's the bottom line. I make so much money. I want to stop working. Where would that money come from? Right. And, and in terms of these are my expenses, okay, maybe my expenses are 70 K a year. Okay. That's, those are the expenses that will move. What do I think my expenses will be in retirement and how do I cover those expenses? That is a place to start. Because then you figure out, okay, I need $70,000 or $100, 000 or whatever. And obviously, well, you're earlier in retirement. So let's say when you're 60 something, your cost may be different from when you're 80 something. Because when you're 80 something, you may now have major medical bills. Yeah, right. So figuring out what those income needs are, and then the concept of basically putting away money for retirement is how do I replace that income?And there are two main ways of replacing that income. There is a way of investing in assets that can produce income. For example think about like, for example, the one that most people think about is rental property,

Wambui: Rental

Catherine: That rental property. The goal is it needs to be cash flowing. It needs to be paid off by the time you retire so that you're collecting rent from, right? So that is the one example that people think about, but the standard US retirement process for the majority of let's especially talk about the baby boomers who are retiring now is you grow a large nest egg in the stock market. That nest egg continues to grow. It's giving you a return on investment of about seven to ten percent. You want to grow enough, so you want to grow a large enough nest egg so that seven to ten percent per year is more than your needs. So the rule of thumb is you want to draw about four percent. out of your retirement so that if it's growing between seven and 10 percent So you never exhaust that nest egg. So for example, let's say two million Let's talk about a two million dollar nest egg, which is basically if it's growing at Let's even give it a conservative 0.07 because as you get older, you may want to be, especially at the point of retirement, you may change your investments to make them more, a little bit more conservative. So let's even use 0.06, right? On $2 million, meaning that you'd get 120%. The rule of, I mean, $120,000, the rule of thumb is to draw 4% of your nest egg. So 0.04 is about 80K. So you can take 80K. So look, so you have 2 million of a nest. Yeah. It grows 120, but you're only withdrawing 80. So there's another 40 that goes back to be reinvested. And if you structure this right, the idea is that this nest egg never gets exhausted. Like literally you could eat fat, pass on and leave enough of an inheritance. Okay. Yes. Okay. That's the ideal. So that you have saved enough that that 4 percent is less than the growth. So think about it. So if my needs at retirement are $60,000 and so here's the next. So let's do that. So point zero if 60, 000 is my, is what I need, then I need at least 1.5 million. Okay, and I need a little bit more because remember, we want it to have a cushion between how much it grows and how much you withdraw so that it doesn't you don't exhaust the money, right? So don't start eating into it. But at a minimum, we need 1.5 because if I have 1. 5 million You Invested, let's say for example, in the stock market, then, and it gives me a return of investment of at least four to 5%. I'll be able to withdraw the $60,000 and I'm not even touching the principal.

Wambui: Wow. That's amazing.

Catherine: That's the goal. So, which then goes back to. Why do we need to start earlier?'cause accumulating 1.5 million from 25. Remember how we said between 20 and 30? Okay. If you put a hundred, 200 dollars bucks away.You put 200 dollars bucks away Yeah. From 20 to 30 mm-Hmm. , you'll have put away enough that would turn in , is enough to turn into $1 million. So think about it. So how old. We're looking forward to it. What do you say?When is it turning to a million dollars? What is that? What are we looking at?Sixty five.

Wambui: Sixty five. Okay. All right.Very good.

Catherine: So the older you are, the more you have to put away per month. Yeah. Wow. To get to that 1.5 million. Right. And so that is a concept. So whether it is using the stock market, whether you're using a rental property, the bottom line is I need 60K at retirement per month. Where does that 60K come from? Where does it come from? So I need to figure out how to put away enough, whether I am buying rental property, building rental property, whether I'm putting money in the stock market, whether I'm buying treasury bonds. You know, we're just pushing out, let's say, Kenyan style tertiary bonds that are giving me 12 percent or 14%. There's one that was paying 18 percent recently. Oh, wow. So whatever that is, and that I need to be able to produce if 60 K is my expense, I need to produce 60 K per year in a manner that doesn't require me to work.

Wambui: Okay. Wow this is great

Catherine: That's the whole concept of retirement.I don't have to work to live. Now I may choose to work, but I don't have to work.

Wambui: Okay. Now tell me. Is it wise to invest in Kenya when you are here? We are here in the US and you're, I know you've talked about treasury bonds. How does that work? Is it a good idea to invest there or should we be investing where we are?

Catherine: I think there's nothing wrong with investing anywhere. 'cause after all I used to work for the rich and the investments were not just in one one place, right? So the key thing is a return on investment. That's the bottom line. What is my return on investment? So I don't invest because it's my home country. I don't invest because other people are investing. I'm investing because will I get a return on investment? Is my investment safe, right? So those are, how will I be able to exit this investment? How do I get cashflow out of this investment? Those are the things you answer for yourself. So regardless of where it is in the world, I mean, you have clients who invest all over the place. I mean, hey, buy an apartment in Dubai. You can buy an apartment in Mexico. I mean, you can invest anywhere. The key thing is we like it. What's my return on investment? Is my investment secure? How do I exit that investment? What is the cash flow? When do I start to cash flow out of this investment? Am I cash flowing immediately or not? So for example, I think treasury bonds in Kenya are probably the easiest way to invest. I'm actually going to be running a class. I have an expert in treasury bonds who I'm working with. Together with, to set up a class so that we can teach people here in the U. S. who want to invest directly without going through a medium, without going through a bank and you can invest directly into treasury bonds because they are now apps and there's, there's a way to do that. So I am organising that class because there's a treasury bond that is coming up in the future. Towards the end of June, I believe either June or July, this is a new issue that's coming up. And so we want to prepare people for that now.

Wambui: When is this class? Can you please tell us?

Catherine: You don't have a specific date yet, but I'll put it out. Once I have it specifically it should be within the next. Three weeks or around the end of the month is when I expect it to be at the end of this month or early June is when I expect us to hold it. So treasury bills, bonds and bills are okay. I mean they have a good return on investment. However, you have to think about If you're moving money from here to Kenya, then you have to think about exchange rate, right? You have to think about the exchange rate, especially if you're going to bring the money back. Now, I think one of the most important questions a person needs to answer even before you decide where you're investing is where are you going to retire?

Wambui: Where are you going to retire?

Catherine: Yes, that is a critical question to ask yourself. You need to know that you need to know, even if that decision changes over time, but at any particular time, you need to make that decision. Why? Because it starts to guide a lot of what you do, especially with investments. Right. So because if I am thinking I want to retire in the U S then I may shift. What I do, right. It may not make sense to get. a rental Property in Kenya, maybe, right? That may not make sense. And unless I know how to make sure that I can cash flow and get that money back here, right? So, We have to know what the return on investment is. That is really, really critical. I think the other thing that we have to not assume is, which I find that we do a lot, sometimes as an immigrant community, because we understand back home, we tend to assume back home is better.

Wambui: Oh, okay.

Catherine: And that's not entirely true.

Wambui: Okay why so?

Catherine: Because when you do the numbers, you may be surprised that the U. S. stock market is a pretty good place to invest. I know for sure that the majority of the baby boomers who are retiring now are invested in the U. S. stock market. And Which basically means, you know, when you buy shares into a company, you're basically buying a little piece of an American company, basically. Right. So the U S stock market is a great place now, this is what I tell people you can trade and make an income trading is making an income.

Wambui: Yeah.

Catherine: But I'm not talking about trading. I'm talking about small, consistent investments over time in the stock market, small, consistent investments about time. That is $200, $300, $500, $1,000 over time,

Wambui: Over time,

Catherine: Over time, taking advantage of the time value of money because not trying to time the market. But being consistent in investing in the market that has served people very well and a large population of people in this country. That's how they grew their wealth. There are two things that grew wealth in the U. S. Number one, home ownership. Okay. Home ownership is key. Most generational wealth in the U S is home ownership. It is that house that parents leave to their children. Yes. It's the biggest middle class wealth builder.

Wambui: Okay.

Catherine: And really the second thing is the average US person is investing in the stock market and home ownership and stock market. I worked for the ultra wealthy and the 1 percent of the 1%. And this 1%, a very large portion of their money was not in business, was not in real estate, was in the stock market.

Wambui: Really?

Catherine: Yes. So, I mean, yes, it is totally passive. You don't have to work for it. You put in your money. Yes, they may have wealth managers that are managing their wealth, but any one of us can do it. Right. Any one of us can invest in the stock market, even besides your 401(k). And the bottom line is it's the most passive income you can get, especially if you do that small investments over time, put it in the SMP funds, SMP stock market index, right. Whether it's ETFs, whether it's mutual funds without pulling it back. I say, I say it consistently, okay. That money grows. And because it's compounding it is truly a lot of that is just compounding and so yes I will tell you actually the ultra wealthy that I used to work for as we got older, one of the things I started doing is liquidating all that equity. And putting all that money in the stock market, it's the easiest way to live.

Wambui: That is amazing. Now, do you have a class on this?

Catherine: Actually, yes. I launched Money Mastery at the end of last year. The second class I'm launching this fall. Is wealth mastery for women and we are going to talk about how to build wealth because money mastery is about understanding money and getting a foundation on money. Wealth mastery will be basically doing this practically looking at different asset classes, what are the different things you can invest in, but coming up with a plan to create your own portfolio because you don't necessarily, you can be your own asset class. investment advisor.

Wambui: Okay. So we don't need to be that ultra rich hiring.

Catherine: You don't need to be ultra rich. Actually every day people can go and have a brokerage account and really once they understand what they're doing. And I'm not talking about day trading because there's a lot of lessons about day trading, but day trading is also another side hustle. And there's nothing wrong with it, but most people treat day trading as a side hustle. So it ends up having the perils of a side hustle.

Right. And day trading is not investing. Day trading is earning an income from the stock market.

Wambui: Oh, so day trading is not investing.

Catherine: It's just not investing. Okay. Because what do you do? You buy and sell an asset just like you'd buy and sell oranges. It's just that you're using the stock market in this case, whether you're trading options, whether you're trading stock, you are buying and selling, you're treating the stock market as a commodity, right? So what you earn is income. And that is why income from day trading is treated as ordinary income, it actually gets taxed at the same rate as your salary.

Wambui: Okay. I did day trading for about six months and then I left, I guess I didn't have the perseverance.

Catherine: And this is the thing about day trading and I'm not knocking day trading, don't get me wrong. I'm just saying most people who are very successful day trading treat day trading as a job. It's a job. They do it consistently. They do it as a job or that second income stream. The problem with doing day trading as a side hustle is that it's the same thing as everything. The disadvantages I talked about every side hustle, right? You do it when you can, when you think about it, when you want money and then you quit, right? Because it's a side, it's a side hustle, right? That's what it is. And people who are really successful with day trading do it consistently and do it like a job. And the other thing is, but Besides that they understand they make their living day trading basically instead of having a job day trade right so the taxation on that day trading because typically you're not holding your assets over over a year right it's short term capital gain short term capital gain is taxed the same as interest the same as your salary

Wambui: Oh, this is very good information.

Catherine: It's basically treated as earned income, right? Yes. So that's why I say trading is really not investing. Yes, it really is not investing. You're not compounding your money.

Wambui: Awesome.Tell me as we wrap up, because I know you have to go and take care of your family. You worked for the ultra rich. You worked in a wealth management firm. But you'd left your job. And decided to start your own entrepreneurship. How hard was it? How easy was it to leave your job to do what you do? Because you, a lot of my audience, again, we have this. multiple streams of income. I'm not going to call it a side hustle again, but they're going to feel like, okay, why did you even leave this job? I'll not have anything to rely on. How, how was that journey of entrepreneurship?

Catherine: So a couple of things. Yes. I worked for the ultra wealthy in private equity. I worked for one multi generational, very wealthy family. And our company managed their wealth, and we took care of their books. We kept books for all the different identities. They had multiple companies. They had Obviously, lots of different funds in the stock market, they had all sorts of different investments. And so we took care of all the accounting, all the taxation, whether it was done in house or whether it was with an outside firm. And we also did all the wealth management. Yes, there were fund managers that did the trading and managing the money in the stock market. But what we did was the research, the evaluation deciding where the money goes, what to invest in. I sat in that space as I left as a tax director and my job was yes, to make sure that compliance was happening in the taxation, but also to have a conversation on tax strategy and planning. As far as their wealth and as their, as far as their money is concerned. So why I left, I left for two reasons. One, I have two boys and I felt that I did want to become more available to my children. So that was one of the driving factors too. I felt like I'd done a lot. I mean, I'd been in this job for over 15 years and I felt like I was not going to see anything else. There was nothing much else to see and I'd make good money. And so I, and I looked at my bosses and I thought, Oh, they make pretty, they make pretty good money, but I wasn't sure that's the lifestyle I wanted to aspire to. And I wanted to do more with my life. I had gone to school intending to use my accounting to help small business That was my intention. And obviously when I say small business owners, small business owners, I mean, in the US range all the way to a hundred million dollars in sales, that's all small business. So small business in the US is not necessarily that small. Right. So, and so that had been my intention because my parents were entrepreneurs and had watched How they run their businesses. And I thought, you know what? I wanted to get this accounting education and become a resource to business owners. So at some point in time, I felt like, you know, it's time to go. And I was in my forties and I thought it was going to get out. I needed to get out, give myself time to figure it out before I was 50. So my thing was get out at 45 and get my app together, figure out my money. By the time I'm 50, because by the time you're 50, you've got to get it together because then you're thinking about you on the last leg before retirement. I also wanted to have what I kind of call a second wind career that can take you to the twilight, you know, finding that thing that you can do and do it till you're 80. Because I feel like work, so that was the other thing that was motivating me because I knew the job that I was doing. I could only do it really till I was 65. I mean, you know, 65, 68. And then you're like, you know what? I don't want to do this. I don't want to go to this job anymore. Yeah. So I had different things that were motivating me. Now, one of the things that was essential that that was, it was that really helped me be able to make that move was that multiple strips of income. My husband had started a consulting practice to help business owners In lending. And so what I was able to do was plug in, especially during the COVID years and really help with that business. So basically I was working two jobs. I was working at my job, you know, because we were working from home. So I was working my job and I was working with other, you know, business. And so that is what allowed me to see that I could generate an income outside of my job. Truly. The other thing is it also gave me. My first clients because these clients were the same clients that I ended up serving with taxes and books, you know, when I first got out of the job. So we developed a, you know, second stream of income. It was not a side hustle. It was work that, you know, we did very seriously. And as we did that, it took us. It was a thing that really assured me that I could actually quit my job and make money, that I had the capacity to find clients and talk to clients, present myself, build systems to run business and all that, which is the value of creating that second income stream with seriousness, because to generate money. You have to develop your systems, you know, how do you bring in a client? Where does your product come from? How do you sell it? Where do you sell it? Right. Who do you sell it to? Where do you find your customers? Those kinds of things you, when you're doing that side hustle, you're learning all that and you're developing not side hustle, when you're building a second income stream, you're developing all that you are developing all that. And that's what gives you the confidence to leave. Now, I heard one theory that said, there's a lady who I listened to who said that if you can replace 30 percent of your income consistently, then you know that one, you have a product or a service that can actually bring you income. And so at least 30 percent of your expenses. So, you know, if I'm working this job, part time 10 hours a week, five hours a week, or whatever the case may be, and I'm doing this business and I am making 30 percent of my expenses when I work it full time, I can replace. The income that I need, you really need to know what your income needs kind of like with retirement, you need to know what your income needs are.

Wambui: Yes,

Catherine: Because what your expenses are, what's your budget, how much do you need every month, because that is what you're going to be looking to replace when you leave your job. Right. And so you need to get very clear. And so I tell someone who is thinking about leaving, give yourself about a couple of years, develop a second income stream, tighten your belt, get clear on what you're spending on large purchases, for example, you want to purchase a home, you want to purchase a car, you want to purchase something that requires that having that W 2 is helpful, do it. While you're on the job, strategize your way out, right? Figure out the things that you need to do and take care of them while you have that W2, get very clear what your expenses are and, and figure out whether this second income stream has the potential to be able to replace that. The one thing I'll tell you is that there's a lot of opportunity. You see, when you're on the job, you only see the job but when you get out, you start to see all different ways of making money.

Wambui: Oh, wow.

Catherine: And if you really, truly believe in abundance, which is what I teach a lot about abundance in my money mastery classes, if you truly believe in abundance, the truth of the matter is that we live in an abundant world and money is not scarce. One of the myths I like to dispel in my courses is this. We grew up thinking money is scarce and whether it's because of family or even school, you go to school, economics tells you money It's a limited resource. It is not, it is finite, but that's not true because if you really think about what money is, money is the thing that you exchange for value. Okay. So I will let me see. This is cleaner for my eyeglasses, right? Yeah, and go buy this. I give them money. They give me this. Somebody produces this and they exchange this product in the market for money. So money, all money is a medium of exchange. So as long as there's exchange happening in the marketplace is money. And as long as there's humans, Living on this earth, there will be an exchange. Yeah. Therefore, truly money is infinite.

Wambui: Wow. I have never had a talk that way. Catherine.

Catherine: Money is infinite. Yes. There's no limit to money.

Wambui: There's no limit.

Catherine: We have not even discovered the things we need. I mean, I have, there's an iPhone 15 20 years ago, did I know I needed an iPhone 15? And now I'm thinking, Oh my God, I can't live without an iPhone 15. Yeah. Think about it. So as long as they are humans, there's unlimited needs. It's unlimited wants. Okay. These are limited ones. And therefore people are going to come up with more solutions to different needs, right? We didn't know we needed electric cars. 20 years ago, it was a very big deal to be driving an electric car. Today, a lot of people drive electric cars. Why? Because all of a sudden we decided we do not want to be so dependent on oil. That was a need that was not discovered until maybe 30, 40 years ago. 30, 40 years ago, somebody started to think oil is finite, right? So we haven't discovered the needs we have yet. Yeah. And truly. When you look at 20 years ago, the richest man was worth about 56 billion. Today, the richest man is worth a hundred and something. That's like three fold, three fold in 20 years. Where did that money come from?

Wambui: It came from an exchange.

Catherine: Money's in the air. I like to say money grows on trees. I'm telling you, money grows on trees. So money does grow on trees. Kids, money does not grow on trees. Stop saying that.There's a lot of money and there's a lot of opportunity, but you have to go to the marketplace with an abundant mindset.And the truth of the matter is that. Everybody has come into this world already equipped with aptitudes, capacity, the ability to learn and the ability to make enough money in the marketplace for all your needs and your wants truly.

Wambui: Oh, that's amazing. Tell me, where can we find you? We want to find your classes. We want to find where we can reach you. Please. If this is, this is such a good conversation that we can talk all evening.

Catherine: Yes. So I, the best place to probably catch me two ways. If you want to engage with me, Whether you want to engage with me because you have a tax issue, for example, you are paying a lot of taxes and you're trying to you're thinking, Hey, you know what? I need to look into this. I need to see how I can reduce my taxes or you need any of my services. The best place to catch me is askwebcpa.com, that's A S K W E B C P A dot com. That will bring you to my landing page. You can put in your, it will ask you for your name, your number, your email. It will bring up my calendar and you can book a little free consultation with me. That's one of the best ways, especially if you're looking for me from a business perspective. We're going to link it.

Wambui: Oh, askwebcpa.com. Okay.

Catherine: Then the other alternative is to find me on social media. I am Catherine Gathuka Franklin on Facebook. And then on. On Instagram. I'm CatherineFranklin CPA. Okay. So actually, even if you do Frank Catherine Franklin CPA on Facebook, you'll find my business page. I'm not very active there, but you'll be able to find me. I'm more active on my personal page. You can message me in those two places. You can follow me on Facebook and Instagram. I do share, especially on Facebook. I do share money. I do have a money conversation on my Facebook. And so, and you can follow me because then that's the best way following me on social media is the best way so that when I put on my classes, you can be informed. So yes, so that you can be, you, you can be on the note as far as what I do now. If you're interested in future classes, I usually will put out a link on Facebook to join my wait list. But if you do, if you're really interested in a class, you can also go to AskWebCPA, putting your information and just on the note, just let me know you're interested in my classes.

Wambui: Okay. Classes, are they eight weeks?

Catherine: No, those are, the money mastery for women is 12 weeks. But the wealth class money wealth mastery is probably going to be about eight weeks, eight, maybe at the most 10 weeks. But that would be in the fall in the summer. I'm going to spend time. I want to have a retirement conversation. I'll probably run a retirement class. We'll do treasury bonds. And because our biggest cost to money is taxation. Taxation takes a lot of money. So really, as you grow your income, you really have to have a tax strategy. Without a tax strategy, you basically just lose a large chunk of your income. And so especially for business owners, I do teach tax strategies. One of the strategies that I'm looking to teach is about hiring your children. Because hiring your children, especially when you have a small family. Side income, side hustle you have business income is a great way of reducing your taxes and it allows you to give your children tax free money, not give, you hire them, they get tax free money that they can turn around and invest. In the Roth IRA they can invest in the stock market or even invest anywhere. It is tax free money that can be invested and if you invest it in, for example, a Roth IRA, it's growing tax free. So it is tax free, tax free, tax free.

Wambui: Wow. Very informative conversation. I appreciate you, Catherine. Thank you so much for spending the time with me. I'm going to link your information in my show notes and we will get in touch. And I'm so happy that I'm in your world. I feel like, oh my gosh, I have had a master's degree in the last one hour in money mastery.

Catherine: Fantastic. Thank you so much for having me. I really appreciate it. I know we've worked hard to make this happen and I thank you for your patience. And this was great. I've really enjoyed myself. Thank you for wonderful questions. I do appreciate your time and your podcast as well.

Wambui: Anytime. Thank you so much. You have a very good evening and we're going to catch up soon.

Catherine: Alrighty. Take care.

Wambui: Okay.