



Back to the Basics: What is Your Dream? What is Your Why?

Dave [00:00:00]:

All right, folks, welcome to Investing for Beginners podcast. Today we are going to start something new. Andrew and I have created a 20 part series on back to the basics. We're going to give you a guidepost, a map, a process that you can follow as you start to invest. And so every week we're going to have one episode that's going to focus on back to the basics. So with that, why don't we go ahead and dive in on our first back to the basics? So this one is going to be titled what is your dream? What is your why? So, Andrew, maybe do we want to explain why? We want to talk about what is our why or what our dream is.

Andrew [00:00:43]:

Yeah. Perfect. What is our why? Why do we, why are we going to the why?

Dave [00:00:49]:

Why are we going to the why? Yeah.

Andrew [00:00:51]:

When I first started investing, and I'm sure for a lot of people it is this way. You just want to learn, how do I make money? How can I get richer? How can I start to move towards financial freedom? And the problem is there's a million and one ways that you can make money in the stock market. But if you don't figure out why you're trying to make money in the stock market, it's going to be very hard to pick the right way for you to get started. So what's that quote with the Churchire cat? Where are you trying to go? Or what should you do? Depends on where you're trying to go.

Dave [00:01:27]:

Right.

Andrew [00:01:28]:

With the stock markets, it's very similar. You could make money trading day, trading every day, being very active. You could make money taking a very passive approach. If either of those methods are good for you, it's going to depend on what your ultimate end goal is. I think if you can define that at the beginning rather than halfway through or near the end, then you don't have to feel like, oh, I wasted a ton of time trying this and failing, or that was an expensive tuition. If you can get ahead of that, I think it can save you from a lot because frankly, there's so much with the stock market, the economy, businesses, it's overwhelming. And I have to catch myself at times and tell myself, slow down. You don't have to be on top of every single trend every single day.

Andrew [00:02:26]:

And it's not what you're trying to do anyways. And there's a lot of freedom in that because nobody can be on top of the media machine 24/7 it's not physically possible. And so what we have to do is figure out an ideal strategy for us, that has a high chance of success and that fits with our goals, which is why if you don't know what your goals are, how can you know what you're supposed to do for you? I know for me personally, I didn't necessarily have a strictly defined why straight out of the gate, but I think I had a decent idea of, in general, where I was trying to go. Was that the case for you when you first started? And how do you kind of approach this idea of thinking of your why as an investor?

Dave [00:03:09]:

Yeah, that's a really good question. I kind of had a vague idea of where I wanted to go and kind of how I wanted to do it, but I also had a bit of a fire lit under my butt because I was older and I wasn't where I wanted to be. And so that helped, I guess, give me extra motivation to try to figure out why I wanted to do what I wanted to do. And in part, I was going through some changes. I was changing a career. I had a daughter and I had gotten married recently. So all those things kind of coincide to give you maybe a little bit of the midlife crisis, early, if you will, but it really kind of lit a fire under me that I needed to make some changes and start like everybody, you want to be wealthier, but that really wasn't my primary goal. But I go back to this idea of when you're starting out, you kind of don't know where you want to go, you kind of don't know what you want to do, and you're just kind of all over the map and whatnot.

Dave [00:04:12]:

And most of us don't really have a plan. And as I got farther down the path, I realized how important that really is, not only because, what is that phrase, those who fail to plan, plan to fail kind of thing. I think that's partly true, but I think also there's a lot of motivation that comes from understanding why you're doing what you're doing. That allows you to get up in the morning and go to the gym or to invest in the stock market. If

you don't have that motivation, it's not going to happen. It's the consistency that you need to invest on a regular basis, developing those habits that you have talked about so many times, that doesn't happen without having a why and having a plan. And if you're just kind of splitting from thing to thing, whether it's day trading, to bitcoin, to altcoins, to nfts, to art, to whatever, not to disparage any of those things. But if you're not really focusing on, okay, this is what I want to do, then I think it's really hard to be motivated to continue to do an activity if you don't have a why.

Dave [00:05:21]:

And I think that's perfectly evident in exercise or weightlifting. If you don't have a why, you are not going to the gym and doing that at 07:00 in the morning every week because it's hard, it hurts and there's pain involved and most of us are lazy and we don't want to put ourselves through that if we don't have to. And so I think not necessarily to correlate investing with weightlifting, but the habit is very much similar. So I think without having the why, that's really why you need to have the why, it can be very much motivating. And that honestly wasn't something I really had a path, but I had an urgency to get it done.

Andrew [00:06:01]:

Well, it's more fun to go out for steak dinners and go out to eat for burgers every meal. For lunch and dinner.

Dave [00:06:11]:

Yeah. Milkshakes, lunch and dinner.

Andrew [00:06:12]:

Yeah.

Dave [00:06:13]:

Piece of cake. Every day. Yeah.

Andrew [00:06:15]:

So hopefully there's a good purpose to having the discipline to save, invest and put that money to work and be patient to not pull it out and spend it. Why is the stock market a good place for people who have a particular purpose that they're trying to achieve towards?

Dave [00:06:37]:

Because it's probably the best place for people to grow their wealth that we have today. Owning a business, whether it's your own or whether you buy somebody else's, I. E. Microsoft, is the best way to grow your wealth. And the stock market, if you're not of an entrepreneurial bent, the stock market is the best place that I know of. For average people like us to partake in the greatness of all these businesses and to benefit from their hard work. And it's proven over not just hundreds of years, but thousands of years that owning a business is the best way to grow your wealth. And the stock market allows us to partake in that pursuit.

Andrew [00:07:22]:

It does, and in a very passive way. If I'm buying shares of Microsoft, I don't have to go. I mean, I can if I want to, but it is not a prerequisite to go sign up for a nine to five and start putting in sweat equity in order to make my shares more valuable. You buy the shares and Microsoft, with or without you, works every day to try to make that stock price go higher over time.

Dave [00:07:49]:

Yeah, it absolutely does. So how should people look at their why and connect that to investing in the stock market or just investing in general, whether it's in real estate or.

Andrew [00:08:00]:

Anything else, you can obviously go on any extreme. I feel like if you have a really high risk tolerance and you don't mind going bankrupt, which I don't know, I mean, that doesn't sound crazy, maybe for some people, or you don't mind working 60 hours, weeks or something like that, and you're willing to be aggressive and learn a ton, then maybe real estate and getting into the debt game, maybe that can be for you. But if the idea of being bankrupt doesn't sound appealing and you don't mind being patient to grow your wealth, then the stock market is probably a lot better for you. You can have something in the middle. You could be doing leverage or options if you're more impatient. But again, the faster you're trying to get rich, the more risk that is going to be involved in that. And I haven't been able to find success on that side, and so I don't want to push anybody towards that. But that's always an option.

Andrew [00:09:03]:

I think if you can relate with the values of being patient, having a long term mindset, and letting your wealth build over time and grow on itself, then I think investing in the stock market for the long term is your most logical path. What about you? How do you kind of look at that?

Dave [00:09:21]:

I 100% agree. I think having those ingredients can help you be successful as you start to try to grow your wealth. And you don't have to. I think a lot of people, when they start investing, think they either get depressed or overwhelmed and think that they have to be the next Warren Buffett to find success in the stock market. And newsflash, you don't. And there's so many different ways that you can go about know if real estate is really your know, there's a million different ways you can invest in real estate besides actually owning the physical properties. There's real estate investment trusts, which are stocks, and there's etfs and index funds that match or follow different indexes that are related to real estate. There's companies that build houses, like construction companies and home builders.

Dave [00:10:15]:

There's so many different ways, and that's just in real estate. So if you're really into trains, you could do the same thing. There's a lot of different ways to slice the pie. And I think instead of worrying about I have to be the next Warren Buffett or I don't know enough, I think encouraging people to step off the ledge and get started, I think, is the way that they really need to go. And investing in your in index funds, buying individual stocks, if that really floats your boat, those are all different ways that you can slice the pie that can help grow your wealth and get you to where you want to be. But I think before you even start doing that, I think you need to kind of start to define why am I doing this and what's getting me up in the morning to do this every day. And every person is going to have a different why. And there's no cookie cutter form that you can fill out that can tell you, okay, this is the way you have to do it.

Dave [00:11:16]:

Andrew's why and my why are not necessarily the same. Some of it's aligned, but some of it's different. And that's okay because we're all individuals, and I think you just need to define your why. And maybe we could kind of give some people examples. Maybe we could talk a little bit about our whys and kind of why we're investing and why we're doing what we're doing today with the show, the investing for beginners podcast. So maybe we could start talking about that a little bit and just give people maybe an example from our own lives.

Andrew [00:11:47]:

Yeah, sounds good. Now we're starting to get back to the roots of the show, right?

Dave [00:11:51]:

Right.

Andrew [00:11:52]:

Really starting to talk about the dream, the vision behind why even wanting to be on the show in the first place. I guess for me, I don't know what prompted me to think this. I always felt that the stock market seemed like a place where if you didn't make a certain amount of money or you didn't have a certain amount of money saved, that stock market was above you. You couldn't use it. It was a place for the wealthy. I obviously don't think that way now, and I think people have been really educated to understand that that's not the case. But for me, getting people to understand that there is a big potential in putting in just a little bit of money and setting a habit and doing that consistently, it can lead to a lot in the long term. You can run a compound interest calculator and see that in action.

Andrew [00:12:51]:

But I know most people don't do that. So I try to visualize that for people as much as I can. And by living it out and doing it myself, I hope that it inspires others to do the same. Because you don't have to be making six figures. You don't have to be born and bred on Wall street started as a caddy, and now you're working at a hedge fund. It doesn't have to be that way for you to make life changing wealth. But it's not also just easy and free for everybody. It takes work, it takes discipline, it takes sacrifice, and you really need that habit, that dollar cost averaging habit that I'm going to put a set number and set a number, because if you don't set a number, how are you going to.

Andrew [00:13:34]:

Okay, I put a dollar in, right? I'm good. No, that's not what we're talking about here. So to have that in place, a system in place, something you can low effort, you don't have to have your emotions high, you can be in a low place, you can be in a high place, and you're just consistently building a wealth snowball. I think if people can start to do that, it can create a lot of financial freedom for people. And the feeling of financial freedom when you start to take control and start to build progress towards a goal that is very achievable.

Dave [00:14:09]:

What's your why? My why? Oh, boy. So I started investing because I had a goal of being able to, I wanted to, obviously, one day be able to retire. Number two is I wanted to help my daughter pay for her to go to school. And I also wanted to travel. Some of my passions, if you will. I wanted to be able to enjoy them as I got older. Whether it was traveling, whether it was playing music, whether it was reading, studying about wine, any of those kinds of things, those are all things that I really enjoy. And after working in the bank for a while, I quickly learned that a lot of people were kind of desperate to achieve some sort of financial freedom and they just didn't know how.

Dave [00:15:03]:

And some people had the economic wherewithal. In other words, they were making good money and they had the ability to do it. They just maybe not didn't have the know how to do it. They didn't have the financial education. They may have been very smart people, but they just hadn't had or didn't know the financial education that they needed to earn more than you spend, save money and invest in the market. It's not rocket science, but a lot of people just don't know those basics. And I saw that firsthand on a day to day basis. And I thought to myself, I need to try to help people learn that in some way, shape or form.

Dave [00:15:44]:

So when we started doing the podcast, that was really what inspired me, was, and continues to inspire me today, is to try to help people learn how to do better for themselves and not to get altruistic and woo woo on people. But I think the more people in the world that can find their version of financial freedom, the better the world is going to be, because then a lot of the pain and the agony and the stress and the frustrations that a lot of us experience on a day to day basis go by the wayside, and the world becomes a happier place. Andrew and I were talking about, do we think people were happier ten or 20 years ago than they are today? And I think they were. But I think we can get to that if we can all start to achieve whatever financial freedom means to you or to me. And to me, financial freedom means to me that I can do what I want, when I want, with who I want, where I want, and without having to answer to some other thing tying me down. That doesn't mean that I don't want to work. I do. I love what I do, and I love working.

Dave [00:16:58]:

I love spending hours studying the stock market and creating and learning and all those things. It's infinitely fascinating to me, but it also gives me the freedom to do the things that I want to do. And that, to me, is worth more than a paycheck. It's not about getting rich. It's about being able to do the things that I want to do. And that's, to me, what financial freedom means. And people can take that as a blueprint. If they want.

Dave [00:17:26]:

They can take that as a guidepost. They can take it as. That's crazy. I don't like that at all. Everybody has a different way of working it. So I guess to you, what does that mean to you?

Andrew [00:17:37]:

Yeah, I think all of those things. Hard to argue against. That sounds like a pretty ideal life.

Dave [00:17:43]:

Yeah. So, I guess, how would we suggest people go about trying to create their own why or define their own why?

Andrew [00:17:54]:

Yeah, I think that's the key, right? To have some sort of thing to follow. I mean, to be a broken record again. I go back to this idea of setting a number that you say you're going to invest and you pay yourself first, which means you take that number, and even when you're struggling, commit to invest that number into the stock market. And that's really the most important step. I mean, everything else after that is noise. To do that first, whether that's in a 401 or whether that's in a Roth IRA, if you can do that, I think it sets you up for a lot of success. And everything else is icing on the cake.

Dave [00:18:34]:

I agree. Yeah, I agree. So instead of worrying about whether you should buy Amazon or Google this weekend, if you don't know what your why is, we have some homework for you. So we want you to go out there and think about what it is. What do I want, and what do I want to achieve? Where do I want to go? What do I want to be? And write them down. Find someplace. Whether you have a journal, whether you have notes on your iPhone anywhere, write them down. And for further extra credit, share them with your partner.

Dave [00:19:09]:

Share them with a special person, somebody that you're close to, you're friends with, your spouse, just somebody you're close to. And share them with them, because the simple act of doing that starts to make what you're putting down real. And in some small way, it holds yourself accountable. So when you start putting those things out into the world, it starts holding yourself accountable for doing those things. And if you can find an accountability partner or somebody that can kind of hold your feet to the fire, more the better, but it's not necessarily a have do. So I think figuring out what your why is and spending some time thinking about it, and then also spend some time thinking about the number, the number that Andrew was talking about. I think that's very important, too, and including that in your why and starting down that path. And it doesn't mean you got to start with \$1,000 a month, or I can't do this.

Dave [00:20:04]:

If you can only afford \$50, then do \$50 with the understanding that you can grow that over time. And if you're 22 and you just got your first job and you're kind of tight on the budget and finding a place to live and student loans and all that fun stuff, I get it. I've been there. I understand. But find \$50, find \$25, whatever it is. If you can find more, that's awesome. But start with something and put that down as part of your why and

start creating that habit. Because, like Andrew has been saying, can't build the mountain until you start with the anthill.

Dave [00:20:36]:

So you got to start somewhere. And even if you start with \$50, by the end of the year, that's \$600 that you've put in the account. And if you grow that at 10%, that's an extra 10% on top of the \$600. I can't do the math while we're talking right now. Sorry. But I think is the perfect way to get started. That's what I would do. All right, folks, well, with that, we'll go ahead and wrap up our back to the basics today.

Dave [00:21:01]:

I hope you've enjoyed our discussion of why and why you need to start and figuring out your why. Please follow your homework. It'll be a great thing. It'll be a great exercise. It'll be a lot of fun to share it with other people, and it'll really help you get started and it'll help keep you motivated when things are tough. And so with that, we'll go ahead and sign us off. You guys go out there and invest with a margin of safety. Emphasis on the safety.

Dave [00:21:25]:

Have a great week, and we'll talk to you all next week.

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