Ep #004: Managing Your Finances and Spending Money on Experiences with Aric Yusim

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Sahil Vakil

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Welcome to the Myra Wealth Podcast. Myra Wealth provides personal finance services to international and multi-cultural families in the United States. Each week our founder and CEO Sahil Vakil interviews highly successful international and multi-cultural individuals to uncover how they managed their money. And how they navigated some of the most important personal finance decisions of their lives.

Learn from these first- and second-generation immigrants just like you. And from Sahil himself on how to better manage your money and make smarter financial decisions. Here's your host Sahil Vakil.

Sahil Vakil: Welcome everyone. Welcome to the fourth episode of the MYRA Wealth Podcast. Our guest on today's podcast is Aric Yusim. Aric is a true global citizen, holding three citizenships and speaking four languages. His parents spent in Moscow back when it was a Soviet Union coming from Ashkenazi Jewish roots in Russia and the Ukraine. They left for Israel in the 1970s during one of the waves of Jewish immigrants escaping the Soviet regime. Aric was born in Israel and later moved to South Africa as a young child. He was schooled in South Africa and pursued his undergraduate and graduate degrees at a university in Johannesburg. After his family immigrated back to Israel, Aric began his career in financial services in South Africa and then followed his dream of living in New York in 2004, and has lived there ever since.

Aric has over 17 years of both deep and broad experience in finance, mostly in investment banks and hedge funds where he has developed expertise in risk management, financial modeling and customer analysis, corporate valuation and decision analysis. As a founder and CFO for healthcare technology company and as an angel investor, Aric has developed intimate knowledge of startup and venture finance, financial planning, project investment decisions, cash flow and funding analysis and fundraising. He also advises companies in developing business plans, pricing policy and go-to market strategies. And with that introduction, I hope you enjoy this episode of the MYRA Wealth podcast with Aric Yusim.

Welcome Aric. Welcome to the MYRA Wealth podcast.

Aric Yusim: Thank you, Sahil. It's great to be here.

Sahil Vakil: Great Aric. We're so excited to have you today. You are a true global citizen. You hold what? Three citizenships, you speak four languages. I mean, correct me if I'm wrong, you were born in Israel then you moved to South Africa and now you're in the United States. You've accomplished so much in your life. You currently serve as a Chief Risk Officer at a fund and also as a co-founder of a health tech startup. It's very exciting to have you. Before we get started, if you don't mind just introducing yourself a little bit.

Aric Yusim: Sure. Thank you, Sahil. I have to say it's an honor to be on your show and I think you're doing a great service to folks in our niche of the world of first and second-generation immigrants to this wonderful country, who have come to make their way here and integrate into society. In many ways, I think that the personal finance lessons are applicable to everyone but I'm sure that there are also a lot of ways in which immigrant situations are unique. And so, thank you for trying to tackle this fascinating set of problems. My personal story is, I feel very fortunate. My parents' story is far more interesting than mine in a sense because they left the Soviet Union in the '70s essentially as political refugees back when the

Soviet Union was allowing Jews to leave in the 1970s. And so, they went to Israel with nothing. The conditions under which one left the Soviet Union was that you turned in your passport and pretty much all of your assets and you had to go and start life again at zero. And so, something that I always carry with myself and try to keep in mind is that no matter how tough things may feel for me, I've certainly never had it as tough as my parents did, having to hit reset and restart life in their late 30s, early 40s.

So, yes, as you mentioned, I was born in Israel and then we soon immigrated to South Africa in the early to mid-80s. The early 80s happened to be a very, very difficult time economically in Israel. You're talking about inflation rates peaking around 500%, I think in '82 or '83, '82, I believe. So, really crazy times, very tough times with the oil embargoes etc. My parents were lucky enough to find an opportunity to live and work in South Africa on a temporary basis. They signed a three-year contract. And so, we moved to South Africa, again, not knowing it was the wild frontier for them, not knowing anyone or not knowing much about the country itself, but decided that it was worth throwing the dice for three years. And they ended up renewing that three-year contract twice. And so, we were temporary residents in South Africa for nine years before we eventually converted into permanent residents and then moved on towards citizenship etc.

So, I was schooled in South Africa, did my first undergraduate and postgraduate degrees at the University of Witwatersrand in Johannesburg. And my parents and sister all moved back to Israel in the early 2000s while I was still in university. But in my mind, I had a clear goal of wanting to live in a major financial center, I had dreamed of living in New York or Hong Kong or London. And New York was the one that I zeroed in on and managed to find an opportunity. And immediately after, not immediately after graduation, I found a job with a company that opened the door towards my getting to the US. It was a Canadian based company with clients all over the world.

Sahil Vakil: Before we jump into some of your professional experiences, I just want to quickly discuss some of your childhood personal stories. It seems like you had a fascinating journey. You moved from one country to the other and it seems you came from very humble beginnings. Again, to your point, your parents started at like zero when they move from Soviet Union to Israel, which is people can't even fathom what that means. So, just on that note, do you have any childhood memories or stories as they relate to money?

Aric Yusim: I think I have ideas of principles more than sort of clear stories. My parents in their minds, given the difficulties that they went through they had a sort of natural, almost mistrust of any system or political system or regime that they were living under. And so, they tended to live very humbly, save as much as possible, look to protect the assets as much as possible. I think this sort of resonates a lot with Eastern cultures I think, Indian and Chinese culture are very similar in that sense. Whereas in India people will buy and hold gold as much as possible. Then in China, people will collect as much real estate as they can. I think in some sense, my parents had a very Eastern mindset in that respect, given their backgrounds. And so, while I never really wanted for anything... I grew up, I would say, very classically middle class. Maybe when I was too young to remember, we may have been more modest but by the time I was five or six years old, we were roughly middle class.

My parents never spent lavishly on anything. But they also didn't deny us as kids anything and they certainly didn't deny us experiences. And I think that that's something I've taken away also is I remember very clearly... so I guess this is an interesting story, maybe not interesting but it’s one of the early money stories that I have, is that I was probably about eight. We had a very clear family decision to make which was we can’t afford both but we can either go on an international family vacation abroad, which we have never done, or we could buy a second family car. And the decision was to spend the money on this holiday, to see a bit of the world, to show the kids a bit of the world and that was sort of foundational for me. I think I've lived that way my entire life. So, I've tended to spend or splurge on experiences rather than things. And maybe that's far more common with the millennial generation today. But for me, it's always been something that's important.

Sahil Vakil: It sounds like you all went on that international family vacation then for the experience.

Aric Yusim: We did and I was the coolest kid in school for a couple of weeks because I was growing up in a small town in South Africa where the vast majority have never left the country. So, to say that we went off to London and Paris and New York was quite special. I ended up giving my class a presentation about it because nobody knew anything of these places. So, it was interesting.

Sahil Vakil: Right. That's great. We're seeing a lot of Gen X and Gen Y in general prefer experiences over material aspects. And that's become a more... when we have goal-based discussions with our clients and with our families, we do notice this huge trend and uptake, especially the Gen X and Gen Y, preferring experiences and experiential life that they live as a higher priority than owning physical materials like even a home or a car or whatever it may be. So, that's a very interesting point that you brought up. It sounds like Aric then you created in your mind, even though not physically, a mental budget, right? Because you're trying to track what your income was, you were trying to save as much as you could, you were trying to stay very low on your expenses. And that's pretty much what a budget enables you to do is to basically track your income and expenses. And it seemed like you just went down the strategy of like maximizing your savings and minimizing your expenses. But indirectly you were creating that budget, which was a mental budget.

Aric Yusim: Yeah, absolutely. That's precisely what I did. I figured that if I can understand what my money is worth and how much I'm able to save, then I can begin making changes to that budget intelligently and rationally. And so, yes, I can afford to spend a little bit more on entertainment or whatever it might be. I needed to buy suits because I had a job that required me to wear suits every day. So, whatever it was, this all goes into a budget, whether it's a physical spreadsheet version or just a mental one, both versions, I'm sure at different times. But yeah, I mean budgeting was absolutely what I was doing. And then you go into the longer term like life budgeting, essentially. Like, "Okay, well, now that I know how much money I'm making, and how much money I'm able to save, if I wanted to buy some property or a car or something a few years down the road, how would I get there? What are my savings' goals?" All of those sorts of things. Obviously, where the natural outcome of that.

Sahil Vakil: That makes sense. Now, thank you for sharing your story here. So, just fast forwarding, back to now you move to the United States, you've been creating this mental budget of yours, you have been saving very strongly. Actually, tell us, where were you saving? How did you learn about the different financial instruments that were available to you or the government programs? And how did you know what to maximize from a tax efficiency perspective? Did you just Google this information or did you speak to friends in that space? How did you actually learn about all these ideas? And do you have any ideas to share with our international multi-cultural individuals that move for the first time to the United States?

Aric Yusim: Well, I would say in the beginning the numbers were so small that it sort of didn't matter all that much. And so, I was just saving money and throwing it into a money market account and earning a few points on that and no one really thought much about that. But then, I studied financial engineering and I was working in financial markets so I had a pretty good handle on financial instruments and what asset classes were available to me via fixed income or equity. And then obviously, I moved to New York in the in the mid-2000, so the real estate bubble was happening all around me. Apartments were being bought. I was living in Brooklyn in a part of the city that was gentrifying, and I could see speculators all around me. Without question, all of these asset classes were apparent to me. I can't say that I was aware of any government programs specifically to help me as an immigrant.

Maybe as someone with modest assets may not have mattered but I'm honestly not sure. I think over time as you begin to accumulate a nest egg, my sort of strategy was first, build up a liquidity cushion so that were I to lose my job or some other sort of bad situation were to happen, I could at least survive on cash savings. So, I worked out in my head that I needed X dollars to live for. And people will differ as to what they think that liquidity cushion should be. I'm quite conservative so my view is that you should have six months in savings and cash. Other people will say three months, whatever it is. At first, I was focused on saving that liquidity buffer and then obviously building up an acid base from there. And given that I was in financial markets, my natural tendency was to tend to invest those extra monies into bonds and stocks essentially.

Sahil Vakil: That makes sense. I think the liquidity buffer that you're referring to in the personal finance world we call that typically an emergency fund. I think you hit the nail on its head in the sense that it's typically recommended to have three to six months of emergency funds. What we mean by that is, typically if you are like a W-2 income earner, you have a steady paycheck coming in, we recommend that you have at least three months of total living expenses. That includes your rent, your meals, any of your expense payments that go out on an ongoing basis every month. Have basically three months of that from an emergency perspective because it might take you that long to actually find another job. For individuals that are actually self-employed, we recommend a higher buffer of six months.

And again, as Aric mentioned, if you're more conservative, then maybe go down the six-month route out as well. It really depends on your personal situation. If you have kids that are dependent on you or parents, aging parents, higher emergency buffers are always a good idea. So, thank you for sharing that strategy. So, I think that's the big takeaway for folks that are moving for the first time in this country is, create a budget. If not on paper, definitely create it on paper but at least mentally and then secondly try to create an emergency fund or a liquidity buffer as Aric mentioned. So, just fast forwarding and now back to your corporate and professional life. You moved to the United States, you're working the corporate ladder, let's have you continue that story from there.

Aric Yusim: Yeah. I continued on in my finance career. I held a few roles but primarily a quant in the fixed income and credit space. And I focused mostly on marketer risk management. So, I started as a pure quantum, I then had a market risk job. I was actually managing subprime market risk for Barclays through the subprime crisis which was an extraordinary experience and certainly one that I have a ton of stories about and we could we could go into some depth depending on which direction you want to take this in. But yeah, being in the subprime market and only just beginning to accumulate savings when around me the world appeared to be... certainly the real estate market appeared to be crazy. Even though I was covering subprime, I was young and I had just started when things started melting down and so I didn't fully appreciate how interconnected the mortgage market was with general credit markets. And I didn't see the financial crisis coming. I wish I had, I would have made a lot of money. The benefit of it, for me, at least was that I was young enough not to lose that much but I did gain tremendous amount of experience and insights from that time period.

Sahil Vakil: So, for our listeners that don't know much about the subprime crisis or the real estate crash that took place, can you give us like maybe a two to three-minute overview in your mind, what went down and what were the key or the big critical pieces that led to real estate bubble and the entire crash.

Aric Yusim: Sure. I'm probably not the international expert on this but I’ve certainly read enough about it and I feel like I can give you a quick overview. The US had gone through an unprecedented period of rising home prices to the point where a sort of mass hysteria had taken over and no one believed that house prices would ever go down. And at the same time, it was a confluence of several factors that caused all this speculation in the housing market. On the one hand you had Alan Greenspan keeping interest rates very low for arguably far too long and that caused, obviously, an incentive to borrow. And when people find borrowing to be easy or money is “cheap”, that tends to drive the prices of assets up, obviously, and house prices being primary among those that tend to go up because that typically is where the average Joe retail investor is able to get the most leverage. So, they get the most benefit from borrowing and the housing market. So, low rates were one of them.

There was a set of policies that were put in place in the 1990s during the Clinton administration which were incentives for homeownership, which also contributed to this. Certainly, there were a couple of points there. The large mortgage agencies, Fannie and Freddie and Ginnie, allowed to begin stockpiling, mortgage backed securities on their balance sheets. So, Congress allowed them to become investors in the mortgage market rather than facilitators and so they created demand for those mortgage assets, which was, again, a contributing factor. And then you had a set of laws that made it more straightforward for subprime borrowers to get access to finance. I'm certainly not one to argue that that is a bad thing. I think that giving people access to this financial letter is a good thing but it needs to obviously be done with controls, and the right incentives need to be in place.

And then when it comes to incentives, that word is very important in the subprime crisis because within the value chain of the housing market, there were several players whose incentives were out of line. First of all, you had mortgage brokers who were getting paid on volume. I'm sure if you've read *The Big Short* or you've seen the movie, all of this is possibly redundant. If you're a mortgage broker and you get paid by volume of loans that you get out the door, your incentive is to get as many loans out the door. So, you tend to overlook problems with loan applications because there's a financial reason to do so.

When you are a rating agency, one has to argue, have a significant part of the blame in this entire debacle. When you’re a rating agency and you get paid again by the banks who are putting together the mortgage backed securities, you have an incentive to cut them as much slack as possible and to give them the best ratings possible. And so, we had an enormous demand for these assets. They were being rated far too optimistically by the rating agencies. And then you had this machine creating an enormous supply of loans from the brokers. And so, it ended up creating this huge speculative bubble, and we saw it in housing prices, in the early to mid-2000s, particularly after the interest rates came down as we recovered from the tech bubble.

Sahil Vakil: I think this is a fascinating explanation. I don't think I ever heard of an explanation this concise before of the entire real estate bubble and subprime crisis. I think also in addition for our audience, you mentioned the movie *The Big Short*. That actually would be a very interesting watch for a lot of people as it pretty much walks through all the different aspects that Aric just spoke about and all the different players whose incentives were misaligned. And the low interest rate environment etc. So, I think we'll definitely put that in the show notes. Aric let me ask you this, you saw the real estate bubble crash, at that point, you have a very strong understanding of the reasons. Did you think becoming a real estate investor at that point was a good idea? Actually, did you get into the real estate market at that point?

Aric Yusim: I did not. In hindsight, I wish I had become one after the crisis. I still do not own real estate. Although, I don't have anything against the asset class. I was probably, not probably, I would say, I was definitely too conservative but let me back up. So, before the bubble popped, it was clear to me that housing was overvalued particularly when you looked at it, when you zoomed out and took the long view and said, “Well, where are housing prices relative to affordability metrics?” You take mean house price to mean income or median house price to median income actually is a better metric. That sort of ratio was out of whack, it was too high. So, it was clear to me that housing prices were frothy and it wasn't the right time to be buying. However, I did not make a purchase.

After the crash, which is an unfortunate regret of mine. I think that that was probably a case of me being too conservative, maybe being a little bit scared out of the market after I saw things crash. But certainly, as someone living in New York, as a real estate investor, I felt that if I was to buy property as an investment the yields that I was going to see New York didn't justify the investment. Although, I'm sure more sophisticated real estate investors would disagree with that.

And there have been pockets, even in the single-family area. If you look at Harlem and other neighborhoods within Manhattan where there's been tremendous capital appreciation, I didn't feel that the rents made sense in New York for the size of the check that I had to write. And I was a bit afraid of buying real estate in the rest of the country where the yields were much better and that's really where people made a lot of money in that 2010 to 2012 period, doing sort of multifamily type real estate investments in the second-tier American cities or even in first-tier cities, let's say like Los Angeles that had a significant correction, people do pretty well.

Sahil Vakil: For our listeners, typically, as Aric's mentioning, there are two types of investments here. One is your primary home and the other one is a rental investment. There're different metrics that we typically recommend that folks look into. So, when you're purchasing your primary home, we suggest have it at about 2.5 times your annual household income. So, if you make $100,000 a year, 2.5 times that is about $250,000. However, if you live in a city like Manhattan, or San Francisco or Boston where $250,000 will get you 10 by 10 studio, we do suggest that you go to 3.75 times your annual household. And so, again, the range is typically comfort zone is 2.5 times annual household income, that's an ideal space to be in. At maximum, you should go 3.75 times your annual household income.

To Aric's point, during the real estate bubble, you were seeing individuals buy homes that were maybe 6, 8, 10 times their annual household incomes and all of a sudden it was creating this very artificial bubble in the environment where individuals that couldn't afford expensive homes were actually being approved by banks, take on mortgages for them. The other concept that Aric mentioned was around yield. That is typically something that our rental investment individuals look into. That's pretty much calculating like a rate of return on their investment. We won't go too deeply into that piece. But thank you for sharing again, Aric. If we can recap maybe your professional experience, because I know we went down this new route of the subprime crisis and real estate bubble which is very interesting. Let's bring us back to, Aric’s in Manhattan, working in a financial services space. Just talk a little bit about how your career progressed and where you are today.

Aric Yusim: Sure. Having survived the crisis with Barclays, I should say, I ended up on a trading desk at the bank that was managing principal investments, meaning investments of the bank for its own account, essentially, and mostly in the mortgage space. So, it was primarily a set of non-prime mortgage assets that were housed in this large warehouse which was a combination of both Barclays and former Lehman Brothers assets. If you recall, Barclays purchased Lehman Brothers North America in the crisis. So, I was on a desk managing this stuff, the heads of the desk they came up with an innovative new structure for a fund whereby we would spin out, I should back up and say this was in context of the Volcker Rule discussions that were going on and taking proprietary trading capabilities away from banks.

So, the writing was on the wall to get these assets off of the Barclays balance sheet anyway. But back in 2009, the guys running that business came up with this idea to spin off and form a hedge fund and then to buy the assets off Barclays balance sheet and to go and manage those assets. So, we did that. We spun out. We were an interesting case because we were a startup hedge fund but significant size, over $12 billion in assets. We were managing this portfolio that we had been looking at for a long time. And then also launched a multi-strategy hedge fund kind of global macro hedge fund with strategies covering equities, credit, FX, rates, all the way across the board. We traded everything but commodities. So, it was a fun environment to be in. I worked both on the risk management side and then also on the research and strategy side. So, part of the strategy group there was helping the portfolio managers come up with great ideas and investments.

So, yeah, that was an interesting period. I was there for a couple years due to some regulatory changes with the British regulators. The structure between Barclays and its hedge fund needed to be unwound and so the fund size essentially collapsed and most of us left the fund. And I decided to take a little bit of a break. But before going back to the professional world, I went off and did some traveling for six months, maybe seven months, and then came back and started afresh in 2012. By chance, I ended up actually back at Barclays in my job search. Obviously, I still had good contacts there. And my original hiring manager from 2006 actually brought me back in 2012. So, I rejoined Barclays.

At that point I was covering the emerging markets, credit business from a risk management perspective again and then I held several roles there from 2012 until last May, 2018 in risk management from emerging markets through to credit trading more generally. And then a portfolio risk job looking at market risk across the America's portfolio. And then I left in 2018.

I left to pursue more entrepreneurial avenues. And so, you and I, for your listeners, you and I met each other in business school. We were both in the Wharton Executive MBA program from 2014 to 2016. And I'm sure we took away a lot of lessons in common and certainly one of them was, for me at least, judging by your moves since graduation, it seems to be the same for you, is that, I decided to be a lot more aggressive about my entrepreneurial aspirations and to kind of take more risk while I still can.

And so, in 2018, I left the bank to join another startup hedge fund which I helped build from the ground up and I'm still involved with. Originally, on the team full time, really building up all of the financial models and the automated trading models for the fund. And now I’m involved part time as a chief risk officer. It's not a role that requires my full-time engagement. And I didn't want I a full-time trading role there. So, I'm involved only part time there and I divide my time between that and MegesHealth which is the healthcare startup that I co-founded with a couple of other individuals in late 2016. So, that is slightly more than two years old now. And that's been a tremendous adventure, being a CFO of a startup.

Sahil Vakil: That's a very fascinating professional journey. You went from a stable corporate American job earning, potentially a larger cash compensation structure, low equity to a complete 180 where now you work in the startup space. Equity compensation is a lot higher as compared to your cash portion. Pretty much in that sense, you have gone up the risk curve and your risk appetite seems to have increased after Business School. Where do you see yourself in a few years? And maybe before we even go there, what's your personal definition of success? Clearly you are very successful in corporate America and clearly, you are very successful in the startup space today. But personally, do you feel like you've achieved success?

Aric Yusim: That's a loaded question. My short answer is no, not even close. My definitions of success are certainly not necessarily financially motivated. Obviously, financial success is important to me, obviously ultimate sort of dream in that respect is financial freedom and not having to hold on a permanent corporate job in order to meet my day to day obligations. What I define success may be a little bit more broadly than that. For me it's about building something, being part of something bigger than just myself. And so, working in smaller, more entrepreneurial context, while it's an incredible, as I'm sure as you well know, it's an emotional roller coaster and it can be very, very stressful at times. It's also incredibly rewarding and it's a lot of fun getting into the nuts and bolts of things and building a project from the ground up.

So, that has been tremendously satisfying. And then I think over the long run success is more about the person you are and the kinds of relationships that you build with people. Hopefully over the long run, I am moving in the right direction in that respect. I think your question was with regard to financial success. And so, I guess, financially, the important thing for me is to build up a sense of financial freedom and then sort of career wise it's about building something and having ownership over my success.

Sahil Vakil: Now, that that's a great response. And I think it also goes back to some of your childhood experiences and some of your roots. You mentioned you would always take on experiences over material aspects. And it sounds like your definition of success is also around experiences, experiencing life with people around you and not focusing on the material aspects. So, I think that that's fantastic that some of your roots and some of your childhood experiences are now shaping the way you define success for yourself.

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Aric Yusim: In some sense, seeing what my parents went through and also growing up in apartheid South Africa, these are very sort of foundational memories for me. If anything, I think that they instilled a deep appreciation for opportunity. I saw the difference in my parents' lives when they went from a place where they did not have opportunities to one where they did, in the Western world. And again, I saw the impacts of restrictions on the opportunities that people had under the apartheid system in South Africa. So, for me, it's quite important to give back. And I think I would see the latter part of my career as sort of more focused on investing in areas hopefully back in the developing world where I can help improve the opportunities for people. This comes back to being part of something larger than oneself. I think that's very important. When we think about the immigrant experience, it's always about creating a better opportunity set for the next generation than the current generation has. And so, we all grow up with this very, very strong sense of the need to create opportunities for others. At least that's been my experience. How about you? Is that something that resonates with you?

Sahil Vakil: Absolutely. And I think, we've had several international and multicultural families, immigrants from all over the world. And literally, that's exactly how each of them thinks. They feel like they didn't have the opportunity in their lives as first generation but now they want to create opportunity for that next generation that has come in. And it's been amazing to see this mindset of trying to build a life for your loved ones, your friends and family, sacrificing yourself. So, I think, your experiences have been aligned with what I have seen in the past as well. Clearly, you're not motivated by money. Your definition of success doesn't have that anywhere. So, what is the one or the most important thing that money gives you today then?

Aric Yusim: Well, today money gives me the freedom to pursue these crazy projects, may blow up and result in complete failure, which it's not that uncommon in the entrepreneurial world. I obviously hope that they don't. And I'm going to work my tail off to try and make them successful ventures. But sometimes or maybe often there are variables that we cannot control. So, the savings that I have built up over the years in a sense they have afforded me the opportunity to take a swing now. So, I've been dabbling in this entrepreneurial world for about a year now. And that has been a tremendous adventure and adjustment, to be honest, because I've only ever known a very structured corporate world. And so, to have that freedom is both a blessing and a curse. And it's required me to introduce my own discipline, have to know myself much, much better and like I said, introduce my own sets of disciplines which are sometimes successful and sometimes not so. Right now, what money has given me is the freedom to pursue my goals, my dreams in the short term. And I'm still young enough to fall back on my experience and go back to the corporate world if these things don't work out.

Sahil Vakil: Great. So, if i recap this accurately, it sounds like you went about corporate America and you really enjoyed those experiences that allowed you to build a large nest egg but now because you built that nest egg you feel you have the financial freedom to pursue your goals and dreams. Let me ask you a question, if you had an unlimited amount of money would you ever have started in corporate America? Would you have done anything differently in your life?

Aric Yusim: I think corporate America has a lot to offer. Certainly, in terms of the relationships that I made, I've worked with wonderful people over the years and made some great friends. It can be a great training ground for people to pick up the skills and experience they need in a very safe and structured manner. So, I have absolutely no problems with being in corporate America. I have friends who have never worked for anyone but themselves and they've taught themselves what they needed to learn. And I am very impressed by their success in many cases. But I think that for me personally, it was better to have spent time in the corporate world to learn some of the skills I needed to learn in a sort of a safer environment, I should say and also to build up the experience and the confidence and my inner abilities to execute what I needed to do.

So, I think that the corporate environment has somehow helped forge my thinking and my processes in many beneficial ways. It's an interesting question. If I never had to work for anyone or certainly not for a large company would I have done so? I don't know. I think that I did get a lot out of the experience. So, I don't necessarily regret it. Yeah, it's difficult to know for sure whether I might have done that. I probably would have if I had to guess. But that's more of a statement about my personality and the sense that I needed a few more miles under my feet before I could go out and run for myself.

Sahil Vakil: Right. Thank you for sharing. I echo the same sentiment. I came from corporate America as well, and then moved to the entrepreneurial space. And I feel those experiences were just invaluable. It helped you learn a lot of items, aspects in a very safe environment to your point. And along the way it allowed you to build a nest egg. It's kind of the best of both worlds. So, now I'm going to ask you a series of rapid-fire questions. If you could give us maybe just a couple of words or a sentence for response, I think that would be amazing for our listeners. Are you ready?

Aric Yusim: Yeah, sure.

Sahil Vakil: All right. So, what personal finance topics are you curious about today?

Aric Yusim: Tax.

Sahil Vakil: Tax, okay. So, we are in Q1 of 2019, so that makes complete sense. What are your chief information sources regarding financial decisions or personal finance information?

Aric Yusim: Newsletters.

Sahil Vakil: Newsletters. Can you tell us a little bit more, like expand on that so we can actually put in our show notes for our audiences? Do you subscribe these newsletters?

Aric Yusim: Yeah, I read a couple of market commentators. Most of my investments are in financial markets. And so, no one is sort of super esoteric but there are a couple of commentators that I like to follow quite closely. John Morgan is probably the godfather in financial newsletter writing. I think he has the largest following in the world. I've been reading him for, I don't know, almost 15 years probably. I think he's very thoughtful, always worth a read. And there are a couple others which I would be happy to share with you. But yeah, I would say, financial newsletters to get a feel for global macro. The other thing nowadays is Twitter. There is a tremendous amount of financial information available on Twitter if you follow the right people, just some great investors. Again, if you have that mindset where you're interested in what the most successful investors are doing, Twitter is a great resource. There're some amazing conversations that you can be privy to.

Sahil Vakil: Can you name a couple of Twitter folks that people should follow?

Aric Yusim: Yeah. I like Tobias Carlisle who wrote Deep Value; Mark Yusko he's a tremendous investor; 13D Market Research, I think he's amazing. I'm sure I'm forgetting a bunch of them. You find a couple of the top investors and you look at who they're following on Twitter and you quickly build up an interesting set of individuals from there.

Sahil Vakil: Excellent. We'll put these in our show notes. And if you have more after this podcast as well, Aric, please do send those across to us and we'll put them in our show notes for our audience. Going back to the rapid fire. So, the best financial decision you've ever made.

Aric Yusim: Best financial decision I ever made. It's boring. And probably a couple of good stock picks. Probably moving to the United States, that was the best financial decision.

Sahil Vakil: Okay, that's fair. The worst financial decision you made.

Aric Yusim: Also, a couple of terrible stock picking decisions. The worst financial decision I made was being overly conservative after the financial crisis, not investing anywhere near as aggressively as I should have 2009 through 2012, in both the equity and the housing markets. I think there was a golden opportunity there which I at least partially missed out on.

Sahil Vakil: What's the happiest moment or story you've had as it relates to money?

Aric Yusim: The happiest moment as it relates to money? Yeah, it's funny because probably my first bonus check in my first job. Not because of the amount of money was in any way material because it was sort of laughable to hear because I was earning South African Rand back then. But I probably had the same emotional feeling when I first came to the US and got my first bonus check. My first job here, the actual amount of money is not relevant but when you're young and you're just starting out, it seems like a lot and it's just this tremendous validation for the work that you've been putting in. So, in some sense that it was sort of an irrationally happy moment due to money which passed very quickly.

Sahil Vakil: What has been your most unhappiest moment as it relates to money?

Aric Yusim: Yeah, I don't have a good answer for that other than making a couple of boneheaded decisions. So, I think the important thing is actually what did I learn from those instances? So, there were a couple of pretty poor or pretty awful investments that I made. I can think of two off the top of my head they're last year buckets 80%, 90% of their value. And the important thing is, if you want to move forward in life, I guess, is to take something away from these situations. So, what did I learn from them? Probably, that I do like to invest in single name stocks and again, that's not for everyone. They're philosophical reasons. Some people prefer to be in diversified indexes versus active investors and I respect both views. Anyway, as an individual investor, those two are both, I think a similar mistake in the sense that I bought things that were quantitatively cheap, statistically cheap, based on quantitative metrics, and didn't spend enough time analyzing the businesses and to understand why they were so cheap. One of them was a business that was just turning bad. And I didn't do enough homework really to fully appreciate how bad things were getting and I felt the market was overreacting.

The other one was a Chinese company that on paper looked tremendous generating great cash flows, statistically cheap. Everything looked good. It was in an area that I thought was a growth area and certainly was a growth area in China. However, it was a giant fraud and I learned the hard way that a lot of the Chinese NASDAQ listed stocks that were listed in that frenzy period, like 2008 through maybe 2010 were complete frauds. There is an amazing documentary I recommend about that also called the *China Hustle* which is terrific. It really describes a lot of these frauds and I would say that was an important lesson to learn—don't take for granted the quality of the financial statements that you read in the United States and in Europe. And I should say, in South Africa too where we have quite high standards for financial disclosures. When you're looking at a Chinese company, buyer beware, certainly be very, very careful in the smaller ones. And the larger ones but the smaller ones even more so.

Sahil Vakil: Right. It's been an absolute pleasure, Aric, speaking with you. I think your experiences and insights and the guidance you've provided our listeners has been invaluable. If you had to leave our listeners with one final tip or just one final comment in managing their personal finances, what would that be?

Aric Yusim: Well, again, I would say that it would probably be not to make the same mistakes that I did. So, maybe when the opportunities are ripe certainly be more aggressive. And also, something that we didn't really discuss was optimizing taxes and the judicious use of debt. As somebody who hasn't owned any real estate, that's something that I've, in some sense, missed out on. I missed on the tax shield of interest payments. I would say that that's definitely something to consider. And then now, as someone who is in the entrepreneurial world, thinking about all of the tax implications of being self-employed, it's fascinating. It provides a tremendous incentive for people to move into the equity side of the equation. I would encourage people to be mindful of their financial positions but also to go for it and try something entrepreneurial if they have it in them.

Sahil Vakil: Great. Thank you so much, Aric. It's been an absolute pleasure. We look forward to hearing from you soon again.

Aric Yusim: It was great talking to you. Thank you.

Thanks for listening to the Myra Wealth Podcast. Now it's your turn to better manage your money and make smarter financial decisions. Just remember, you're not in this alone. Myra Wealth is here to help. Visit us at MyraWealth.com to learn more. That's M-y-r-a-Wealth.com and get started today.