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| Anjali: | 00:06 | Hi everyone. Thanks for tuning in to today's episode of Money Checkup where we take a deep dive into matters related to money, business, and personal finance. I'm your host, Anjali Jariwala, CPA and Certified Financial Planner. My guest today is Peter Kim. Peter is an anesthesiologist that lives in Los Angeles and he runs the highly successful blog, Passive Income MD. Peter, welcome to the podcast. |
| Peter: | 00:39 | Cool. Thanks for having me. |
| Anjali: | 00:41 | So I'm excited to have you on today because I feel like you're the Jack of all trades. You know, you're a physician living in southern California, you have a, a family, and then very active in real estate investing, which you've then leveraged into this really great site for other physicians, Passive Income MD. So tell us your story, what, what made you interested in the real estate space and how did you start everything that you're doing currently? |
| Peter: | 01:08 | Sure. Uh, well I guess it helps to just kind of start from the beginning. I'm, I'm from Baltimore, Maryland, and funny enough, that's where I did my undergrad and medical school. And that's actually where, you know how we got to know each other. Right Anjali. I mean I went to medical school with Anjali;s husband and we actually ran into each other randomly in an airport. |
| Anjali: | 01:27 | I think it was, I think it was at LAX and I think we were flying in for the weekend from Chicago because we were living there at that time and then we luckily got to move here, so it's been nice to catch up with you on a personal, |
| Peter: | 01:40 | I hadn't seen him for years and the is, we run into each other and finds out, obviously we have a lot of the same interests besides obviously being in medicine, me and your husband, but what you're doing as well. And then it turns out we live actually not too far away from each other now, so it's kind of cool. But yeah, we're, I mean I'm a transplant from Baltimore. I met my wife out there who is also a physician. She's an ophthalmologist and she was going to school out there and we met and she brought me out to the west coast and I ultimately ended up doing my residency here, my fellowship. And this is kind of where I found my job and I'm an anesthesiologist right now out here. And, and it's funny because I started my job and my, my goal was never to do anything else besides medicine, but it's funny how things happen in life. And next thing you know, you kind of find different opportunities and branches, different things. Just specifically what I mean is that yeah, I started |

working and it's great. I mean I, it was nice just to be out as an attending is start, right? I mean you start living the rest of your life and at that point I wanted to start a family, but there were a few political things that happened at work and in terms of, you know, the amount I was able to work in the, in the time I was getting and my income, things weren't quite matching what I, what I expected. And at that point I got a little bit worried, you know, I started seeing some other things around me in terms of some of my friends, their, their groups started getting bought out and they started having to leave their positions or get a huge pay cut. And I started realizing that, you know, medicine isn't quite as secure as I once thought it was. And I saw where, where this could end up in five, 10 ,15, 20 years. And I just wanted to make sure I wasn't there. And so I started looking around for different opportunities and yeah, one thing led to a next, and I'm sure we'll go into it a little bit, but ended up with a starting a blog, started in investing quite a bit in real estate, you know, starting a couple of different businesses and, and here I am.

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| Anjali: | 03:28 | That's great. I know one of your go to books that changed all of this was Rich Dad, Poor Dad, which I like to bring up because it's actually one of my husband's favorite books as well. I remember the year he read it, he actually ended up sending it to every member of his family and he's like, this is an amazing book. Everyone must read this. So that's probably why you and my husband get along. So how's a similar interest in that respect? |
| Peter: | 03:52 | Yeah, I mean it's a book that definitely changed my life. I mean it's a simple book. I mean I think sometimes we keep a lot of expectations on it and when some people read it they're like, oh, this is, this is it. But I think it's really a mindset book and it's not a obviously a playbook on exactly how to get to where you want to be in terms of life of financial freedom, but at least get you thinking very differently. Because I think most of us were trained or taught to think one way, which is, you know, you work, you put your time in, you study hard, and you know you make a good amount of income and ultimately you find that that stability or freedom. But this book really kind of changes the whole mindset and paradigm, which is kind of where you need to actually stop that type of thinking. Right. And really unlink your time from your income. And Yeah, that book changed it. I changed my life and it's kind of changed the life of like thousands and thousands of potential investors. So I think I'm not alone in that. And neither is your husband. |
| Anjali: | 04:48 | Yeah, he isn't, and it's something I've noticed a lot in, in my firm with a lot of the physicians I've been working with. Same |

sentiment in terms of going into medicine is great, but being able to have a little bit more flexibility, being able to work less, so being able to generate other sources of income to help supplement. Because as you mentioned it, it doesn't have the same stability as it did in our parents' generations. You know, our parents' generations, it's, it was a whole different world in medicine, a much more stability. Income levels were very different. So I think in our generation we're starting to see a little deviance from that, which is why people I think are becoming much more receptive to what else can they do in terms of generating that income on the side?

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| Peter: | 05:31 | Yeah. I don't think it's just for physicians as well. I think it's just everybody in general. I mean, again, it used to be that you, you just worked in a job, you worked hard and at the end of the day there was a pension. They're sitting there waiting for you that would really kind of carry you through the rest of your retirement and you'd be taken care of. Now honestly, it's not really that way, right? I mean, pensions are kind of a thing of the past for the most part. And yes you have, you've got these 401k's and things like that, but they've really put the on you to make sure that you yourself are taken care of for retirement and you have that all in place. So I think things have shifted for everyone, but it's, especially for physicians, they need to be an expression, especially cautious of, you know, what shape they're in. |
| Anjali: | 06:11 | Right? And I mean most dentists show that most Americans are grossly underprepared for retirement. And something I've brought up in other episodes is for physicians, you guys start late in terms of investing, getting retirement going. So there is catch up that needs to be done. So if you're only putting away, you know, your 401k amount of you, now it's 19,000 and maybe doing some backdoor Roths, it probably isn't going to be enough. In terms of building that portfolio. I talk about retirement as a three legged stool. So back in the day people used to have a pension, they used to have their retirement portfolio and they have social security. Now the pensions peg is pretty much gone. So, so what is that third bucket? A lot of people who wonder is social security going to be there or is it going to be enough to be that second or the third leg? So if you're only relying on your portfolio at it needs to be fairly sizable, and if not, what else? What other income streams can you have to supplement retirement because people are living longer so, so you just need to make sure that it's there. Or if you're taking care of aging parents, taking care of older kids, there's, there's a lot more responsibility I think nowadays. |

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| Peter: | 07:17 | Right? Stuff like that is stuff that I wish we had learned or at least somehow been able to learn while in medical school and residency and fellowship. It's just kind of, I mean, it's kind of crazy to think that we just get kind of pushed out into the world later in life and expect it to kind of know and how to navigate this world. And you're right, I mean really the margin of error for us does seem to be a little slimmer because of, how we start. |
| Anjali: | 07:38 | Right, right. But that's great that there's people like you and other physicians in the space doing the good work of disseminating knowledge, which I think is is the key is, is just having that knowledge to make better financial decisions. So let's start with the basics. Why is passive income important? As you mentioned, you doctors usually make pretty good salaries. Why? Why do you feel like we can't rely on that anymore and that there really needs to be that other income stream coming in? |
| Peter: | 08:04 | I mean, I think it really matters what your ultimate goals are. I think that, you know, if you call us to make a lot of money and that's it, then yeah, being a physician there are ways to do that, but if you're trying to have a balance in life where you know you make an income, you have time to spend with your family, you want to pursue other interests, you want to do all these types of different things and not be reliant on one source of income. Yeah, passive income was absolutely important for that. I mean we all know that making a good salary or making a lot doesn't necessarily guarantee longterm financial wealth. I mean there are so many examples of that, not just in medicine but you know out there like Mike Tyson, Mc Hammer, right? You know Francis Ford Coppola. These are all famous stories of, of people who have made tons of millions of millions of millions of dollars in their life, more than any physician will make. But you know, ultimately ended up down the road of bankruptcy and having financial ruin. So it's easy for physicians to kind of fall down that road too because you know, once we come out, it's again a certain amount of delayed gratification. It's easy to start piling on some of those debts and liabilities. Big homes, big cars. I mean Nice cars and that sort of thing. And what ends up happening is you end up, I heard it cause you know, I was like the hedonic treadmill or just that, you know, you kind of start racking up all these expenses so you have to work harder so you work harder and make more money. But then you create even more expenses for yourself. And next thing you know you're kind of trapped in this situation where you kind of working to the brim and the only way to really get ahead a little bit, it's just to work a little bit harder. And unfortunately where we as you |

know, we're all limited by our time and trying to balance all these things with the life that we're at. I mean really the only thing that can really help that situation or help you kind of step off that treadmill is to create other sources of income, specifically ones that are passive. And what I mean by that is I wish it was just something where you just kind of sit back and you just start collecting checks I don't think is necessarily that easy. I mean that's really not the kind of passive income that I talk about. It's the kind of income where upfront you make put in some sort of, either it's time, energy, money, something in the beginning of course it's a little bit harder to start and create, but once it's going, ultimately it starts to grow and grow. And compound on its own without you having to put additional time, energy and effort into it. And I think that's the type of income that I talk about and that is the type of income that will ultimately give you financial freedom. And what I mean by financial freedom is it's not dependent on how much time and work you put in your life is not necessarily dependent on that.

Anjali: 10:39

That's great no, I completely agree with that. So something interesting you brought up is that when you talk about passive income, it's not just us sitting back. I think there's a misconception about that in terms of passive income that it's easy. You're just kind of find something and you put your money in and then you see their dollars roll in. You know there is diligence needed on the front end in terms of identifying the right properties, finding people you can trust. I will say I see a lot as an advisor and I see it a lot in my physician client base. I mean physicians as well as me as an advisor. We get pitched all the time from various like real estate investments. And so you really have to know the space well. So I think if real estate is the one you're going to focus on really become educated in it. And I think the other thing that I think people get caught up in is there may be some sort of real estate deal, which I, I've seen this happen in my clients will send it to me, I'll, I'll vet the deal and I'll say, okay, here are my concerns with this deal. So I don't know if I would recommend investing in it. And the notion of like, well everyone, I know all my physician colleagues are doing it and I want to remind people that that's what happened with Bernie Madoff. It was the notion that, oh my, my friends are getting in all my family, everyone's getting into this deal and I don't want to miss out. So it's really important that people do diligence when they're looking at this space because it is money that you're putting in. So if you were making a big purchase or what now you would do your homework. So I think the same thing applies for investment real estate that you would do as well.

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| Peter: | 12:05 | Oh, absolutely. I think doctors have that mentality where they, I mean I think it's a good thing too. I mean they tend to trust other physicians, you know, they trusted if other people are doing, especially, you know, there are others, they're smart colleagues in these kinds of things and they tend to kind of fall along. And that's not necessarily a bad thing, but I think it does leave room for, for some situations where people kind of find themselves in a decent amount of trouble. I mean, I don't talk about my dad a lot on my website. He's a physician and of course he was an amazing father. He is an amazing father. And uh, I mean he worked really hard as a physician and he did a lot of great things and he provided for us as a family myself, my sister, and, and, and my mom. I mean, he's an amazing job. But at the end of the day, what happened is when it came time for him to retire, he actually a lot of questions whether he would actually have enough to, to kind of last to retirement. And so we're going through that situation right now and I looked into his past and he, we talked about things. He actually had gotten himself in a good amount of investments that he probably shouldn't have. And a lot of those did not pan out very well. And when it came down to it, like you said, I asked them, well why did you do? And he said, Well, I mean a lot of my friends were doing it and right. Next thing you know, I mean he was in some really risky biotech type companies and you know, things like that and a bunch of real estate deals that went south. And honestly, he knew nothing about it and I wish he had spent a little bit more time up front doing his due diligence. |
| Anjali: | 13:22 | That's a great story. And, and I think an important lesson that you probably learned early on because you witnessed it in your own family. So the takeaway is you're looking at it, it's always great to have a reference from you know, a friend or a colleague in terms of investments, but also make sure you do your own homework for sure before you jump in. So to, take our conversation to a a different aspect. It's something that I found interesting on one of your articles you had probably a few months ago was it was titled I'm Financially Independent if I Move, which I loved right because we both live in southern California. It is, it is crazy expensive here. So do you think that the, the ability to achieve financial independence can happen in a state like California or another high class living state like New York, Pennsylvania, where we're hit with pretty high income taxes and high property tax and I housing expenses more or less? |
| Peter: | 14:17 | Well, let me start by saying that I started this blog, it's called passive income MD. Just cause I wanted to talk about passive income. It was a subject that I was particularly interested in |

because my goal was to reach financial independence or financial freedom where I live right now. I mean, which is in southern California and I wanted to document that journey and that's how this whole blog started. And it wasn't, it wasn't meant to be a blog of like, here's what I did, I'm here and just kind of learn. For me it was kind of like, I want to get here, this is what I'm learning and I will love, you know, if you want to learn as well like this, this, I just want to share, you know? And that's how, that's how it all started. And I wanted to prove and show that yes, it can be done in some of these coastal towns. I mean it's obviously it's harder because of the cost of living to do it in a place like southern California or northern California or in the coast, like New York and things like that. It can be more difficult because the cost of living them terms of homes and housing and schooling, you know, can be significantly higher than some of the Midwest cities and unfortunately our doctor salaries and don't really match the cost of living. It's kind of weird, right? I mean, kind of the opposite. I kind try to explain that to some people who are not in medicine. It just kind of blows their mind. I mean, people who are consulting or finance or things like that, they expect the, the salaries to kind of match the cost of living and, but we're, we're totally opposite and it just kind of doesn't make sense. So there's no doubt that it makes it quite a bit more difficult to do it in a place like this. But I think it just means you have to be a little bit more diligent. You have to be a little bit more motivated, proactive, and smart about it. But it can be done. I mean, I, I think before starting this blog, when I started learning about this whole concept and I was really concerned about, you know, the way my career was going and where it might end up as I actually started just seeking out people who actually had reached this type of thing. And I started to ask him on the hospital, I mean, I'm lucky because I'm an anesthesiologist and as an anesthesiologist, I'm in a room, we basically get our, you know, rotating surgeons kind of constantly going through or different people, right? Or different, you know, I work with GI, I work with a lot of different, you know, I worked with radiology, I work with a lot of different fields. And the cool thing is I got to meet a lot of different people and you know, we have conversations happen over over cases. And I started asking people about, you know, what their lives are, you know, or what kind of advice they might have or how they find balance in their lives. And these are the kinds of conversations that are shared at, towards. And I would find people, I mean I would find people who seem to have that kind of balanced life that I was hoping for and I would ask them, you know, what did you do? What have you done to achieve that? And they would tell me about some of the smart decisions they made. And it's Kinda funny cause a lot of them, a good majority, not everybody, but a good majority of them kind of reached that point through real estate.

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| Anjali: | 17:11 | That's interesting. |
| Peter: | 17:12 | So I kind of decided, all right, that's kind of what I will, we'll focus my efforts on. Right. Also there's possible it's out there. If you start talking to people, it can happen. You just have to be a little bit smarter strategic about it. |
| Anjali: | 17:24 | And I think it's important to note that financial independence means different things to different people. So what it is for one person might be very different for another person. So I think anyone looking for that financial independence should probably spend some time internally reflecting as to what does that really mean for like me and my husband, we live here and for us it's financial independence doesn't mean retiring early because we both really enjoy what we do. We a lot of entrepreneurial passion, so I think we'll always be doing something, but for us it's, it's more just being able to do what we want and not necessarily have to be worried about the income stream or rely on it where we can still live where we live, provide for our daughter and live the life we're currently living, which is not excessive, but there's certain things we like to do, like to go out to restaurants, we like to travel. So, and I think for you, financial independence is also similar in that respect, but for others it may be retiring by 50 or 55 or changing careers. So it can be very different for different people. So it's just having a plan around that. |
| Peter: | 18:25 | I think you're absolutely right. It is totally different. And for me it's more about having the choice to do what you want with your time. I mean, I have a couple close blogger friends, Physician on Fire and the White Coat Investor and both have reached a position where they could technically retire from medicine and live a very, very good life. But uh, they've decided to kind of go different paths. I think White Coat Investor continues to still work quite a bit. He does. Whereas the Physician on Fire, he does, but he's, his goal is to actually stop practicing medicine all together later on this year. I think for me personally, my goal is to gradually cut down my shifts and that starts with cutting out some of the weekends, cutting out some of the nights. But again, my goal is not to leave medicine altogether, but I love having the choice and the opportunity to do what I want. |
| Anjali: | 19:13 | That's great. And the passive income real estate investing is as a means for you to achieve that, which I think you already have, |

which is also really great for busy working professionals because so many of us are. What advice do you have for someone who's starting off and wants to generate passive income? Where do they begin?

Peter: 19:32 Well, I think it starts with educating yourself. Like you said. I mean there's so many different ways to achieve, you know, I guess your goals and I guess actually that should be the first step. Figure out what your goals are and where do you want to be. Try to define it as clearly as possible. And I tell people a come up with the number, I mean come up with a number of exactly where you want to be. What is a number that you need to make sure that if it were coming in from outside sources, apart from medicine, it's in a place where you would feel comfortable about your life and, and it would help you achieve that time or that work life balance that you want. And so start with that goal in mind. Spend a little time that might involve you looking at your budgeting, you know, your finances, kind of where you're at and looking at your current assets and what's out there. And then after that, start educating yourself on what are the different ways to kind of create additional sources of income. Obviously I'm gonna plug my blog a little bit, but that's what we talk about quite a bit on the blog and site. I mean I have a couple of blog posts. One is called the List of Physician Side Hustles. I talk about 10 ways to generate passive income and these kinds of things because I think a lot of physicians don't know what's out there. They know real estate, they know the, the stock market, but they don't really know what other things are physicians are doing. And I'm really trying to highlight that on my site. But you've got to educate yourself on what's out there and maybe something will strike, you know, your interest. And then once, you know, once you start doing that, then you've got to kind of dive into the, The other educational part, which is kind of start reading specifically about those specific niches. I mean, they might be real estate. There's plenty of books out there. There's podcasts, you know, like this and some others. Uh, there are some courses that you might be able to take. And then also there's these crazy communities. I mean I didn't even know these things existed, but there's so many communities of people out there like who are likeminded, who are trying to achieve a lot of the same things that you're achieving. So I tell people surround themselves with these type of people. And the cool thing is today with, with the Internet and with a lot of Facebook and these kinds of things like social media, you can find those groups of people very easily and a lot. I know a lot of people that do that actually through a lot of Facebook groups. So that's why we did create our own, it's called Passive Income Docs where people who are interested in learning more about passive income specifically for physicians are able to get together and talk about these types of things and learn from each other. But there are a lot of other great groups too. I mean, again, the Physician on Fire has his own group. The White Coat Investor has their own group. And I mean they're fantastic. Groups were just communities are getting together and really just learning from each other. And that's an advantage that we have that people maybe even 15, 20 years ago do not have. And then the other thing is to find mentors in the space. I mean, there are people who have achieved what you want to achieve. And the thing I've found is that they're more than willing to share because I think people do realize they didn't get where they're at and hopefully they realize is that they didn't get where they're at ya know on their own. They got help somewhere along the way. And most people are willing to kind of pay that forward and, and Kinda teach somebody else. Cause there's some gratification in that. And so, uh, I would tell people, you know, search out those mentors, start talking to people and that will really kind of help you decide what steps you need to take to achieve what you wanna achieve.

Anjali: 22:31

No, I think that's great. And it becomes overwhelming for someone who might be starting to look at that space. But if they can find people, communities, mentors, that that alleviates the hurdles to initially get in. Because if you have collective knowledge is always better I think than trying to tackle something on your own. So I think that's all really, really great. So there's yours, there's so many communities like that that are physicians specific. So I think that's really a great way to start. So we've kind of touched upon this your, interest in real estate. So what really triggered it for you in terms of dedicating your extra time to this asset class?

Peter: 23:09

Yeah, I mean I think it did start really what that Book Rich Dad, Poor Dad, it opened my eyes to see that there are different ways to create income. And again, it kind of like who I was. So freeing in a way that I realized, I mean the way I'm thinking about things is totally off and so really shifted my mindset and then I started to figure out what is the vehicle, you know, for me to get where I want to be. Then and I talked about this on a post as well, like I wrote a post called My Rich Dad, My Poor Dad, and I really related to book too because you know I have my father and then I had my father in law and both our physicians both came up at the same time at the same era. Some people call it the golden age of medicine, whether it was like in the late seventies early eighties and they probably made very equivalent incomes and they both were living in relatively high costs of living areas. But the funny thing is when it came to, you know, retiring the outcomes were completely different and you know, I was wondering why that happened. You know again is we call it like very parallel tracks initially in terms of objectively looking at where they started and kind of what their goals and priorities were in life in terms of family and that sort of thing. But how do they end up such different places. And I found that one kind of just worked really hard, you know, try to establish his career, kind of took care of patients, which is great, but just really put in as much time as he could to really perfecting that and creating that. His family one did that, but also started taking a lot of his funds and started investing in real estate, started creating additional source of income and where I saw them at the end of their careers even before that one could have quit working 15 years ago and the other one's still grinding and not, you know, it was, I was worried about what their retirement might look like and so really what it came down to it, my dad was like, he's not poor, but I called him the poor dad and my father in law, you know, I call them the rich dad because honestly you could retire 10 15 years ago, is income from real estate or from these other things. Far exceeded his medical income. But you know, he chose to continue to work because he loved it. And then that's kind of the place I wanted to be at. And so that got me started thinking about real estate and you know, I bought my own home and when I bought my own home, I don't know for me, I don't know about you, but it also is a real struggle. I mean, the first one it was, it was a pain. I mean it was, we were coming out, we didn't know what we're doing. Nobody teaches you how to do this. You get out there and you're making one of the biggest financial decisions of your life and nobody teaches you how to do this. And, and honestly, we struggle and we didn't really have anybody to rely on at that point. And so once I got through it, I started trying to teach other people about it. And that's how I ended up starting my own company. That company called Curbside Real Estate. We haven't really talked about it, but

Anjali: 25:49 tell our listeners

Peter: 25:51 it it's a company that really ultimately helps solve that problem that I ran, the two, which is your physician, you're young physician, you want to buy a home, you don't know what resources are out there for you, you don't know how to navigate the loan or the realtor market and you would love to have somebody to call upon to to help you out as a resource. And so that's really what the company is curbside. And that's why I, that's why I created that company for that purpose where people can come to us and get that advice, get that extra hand, get that quote unquote curbside consult, which is why it's called Curbside and it's a free service. That's great.

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| Anjali: | 26:24 | And it does have a social mission as well, doesn't it? |
| Peter: | 26:27 | Yeah, it does. I mean, again, I created this as, as is really a passion project and it started to create some income. And even though it's a free service, you know, I, I have the network of realtors and lenders and they ultimately compensate me in some way to be part of our network, but it starts to create some income, but it's our take a lot of time too as well. So I, I told myself, look, if I'm going to do this and I'm going to create this company, I really wanted to have a, uh, a real purpose, not only for me but, but for the people who are, are helping me with this. And so we decided to really take those funds and we wanted to solve other problems and global problems and so we decided to tackle it. So it's a huge problem, but you know, serving like a lot of underserved children out there that don't have access to, to education, housing, water and simple basic needs of life. And so we decided to kind of tackle that problem and take those funds. And so we been very fortunate to be able to open up some orphanages overseas and then also create and fund academies for, for orphan children to really develop and learn a trade where they can ultimately figure out how to weight it, become, you know, economically viable on their own and hopefully break free from that whole cycle of poverty. And so, uh, that's really what our goal and mission is to help physicians buy homes and take a lot of those funds and really try in some ways help with the whole global problem. |
| Anjali: | 27:45 | I think that's great. I mean the home navigation process can be very daunting and cumbersome, especially for a first time home buyer. When I work with clients, I mean we start with the basics of home affordability, like how much home can you afford? Because I think most people don't really sit down and think about that. Right. And, and that's something you really need to sit down and think about, especially if you're in I high cost of living area. Because if you're going to have to stretch on their home purchase, you really need to know what that stretch factor is and how much can you really afford without putting yourself in a financially burdened, some situation. And then navigating the whole mortgage process is a whole different ball game. I just do it enough so it comes very easy to me. But I can, working with so many clients in this space, I can see how it can be difficult, especially doing doctor loan verse non Dr Lo and and kind of figuring out all of that stuff |

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| Peter: | [28:39] | We can do a whole show directly on that too sometime in the future. |
| Anjali: | [28:41] | I do have one already. So there was another one, I kind of did the mortgage and buying process. Yeah. Just because it can be in and just be, you know, it comes down to knowledge, right? Knowing what you can afford, knowing how the mortgages work, what the differentiation is, and then finding people you can trust. So I think the service that you're providing is so great because even sometimes finding a decent realtor can be difficult to do because I feel like real estate, it's kind of similar to to the financial planning profession. You know there's, there's so much variance. You're a physician so you will know exactly what background, what training you've had. I'm a CPA so there's some assurance that okay that this person is competent and qualified, but that's not the case sometimes in real estate and may not be the case in financial planning either. So it really helps you how that referral network and someone that you know you can rely on and trust to help you navigate cause a good realtor can make or break a deal. I've seen and that was our situation here when we bought our home. Very, very competitive situation. And I think it was realtor who really helped us get the deal because we were competing with six other offers, which is just how it is in southern California. |
| Peter: | [29:48] | I mean that's how, that's how, I mean the whole bug for real estate really started and then as things started to branch out where I, you know, you buy your own home and I want it to get into real estate. I loved the process and so naturally I started thinking, okay, how am I going to go out and purchase my investment properties in the future? And that took a little while to get there because obviously for the funds and the capital right to get there. In the meanwhile though, getting those funds together, I started finding other ways to invest in real estate. You know there's things like crowd funding and you know we can go into that if you want. |
| Anjali: | [30:16] | Yeah. Let's talk about the different types of real estate investment because people may not be aware that there is a way to get into this asset class without necessarily having to put 20 to 25% down on a home like you would with an investment property. |
| Peter: | [30:29] | When people think of real estate, most of the time they think about owning a rental property. And I think personally I believe that is the ultimately the best way to really grow and develop longterm wealth. I think that is kind of the bedrock of of real estate investment is having your own properties. That being |

said, it takes a little while to get there because you've got to save up a good amount of capital and depending on where you're trying to invest and you know there are some barriers to get there. So in the meanwhile also there are plenty of other ways to get involved in real estate. It's such a, a varied kind of landscape and I didn't get started my own in my own properties. I actually started with something called crowdfunded real estate. People are actually using the Internet to kind of raise funds for certain types of deals and you're able to put in small chunks as a small little investor and you have to be an accredited investor for most of these things. But it started with an investment of $5,000 and I was able to get into a deal and learn about real estate or about real estate investing a bed and I got paid interest on it, the deal closed, you know, six months later and I got a little bit of a return and I thought that was amazing. I mean that was pretty passive beyond the initial due diligence. And so there's, you know, ways to get him all the crowd funding real estate. You might be able to get involved in investing in something called syndications where people are often raising money to buy an apartment building. And you can be like a minority investor in that. You might own a small percentage of it, but somebody else puts together the deal. They kind of manage the whole thing. They keep it for, you know, whether they run it and they kind of optimize it for the next five to seven years perhaps and then sell it off. And along the way you get some cash dividends and then at the end of when there's a sale, you get a percentage of that sale. So that's syndications on invest in much of those. There are funds that go out and do syndications kind of on a larger scale. You're probably more familiar than I am with REITs, R-E-I-T's where you're able to invest in these type of, you know, accumulated funds for buying real estate. But you know, you're able to buy really shares of that like, well there's publicly in the stock market or private ones and again there man, if you really want to get into it, there's a really obscure ways to get in involved in real estate. You can buy notes, you can buy tax liens, you could fix and flip yourself. But a lot of these other things I don't get myself into to be honest with you because you know, again, you want to kind of invest in what you know, right? So probably you know, more, more of the stuff I mentioned in the beginning of what I get involved in.

Anjali: [32:51]

Got It. REIT's is going to be more like you're investing in the market, you're investing in some sort of a mutual fund or it might be a private real estate deal. The interesting thing about REITs now is the new tax law actually gives a 20% deduction on REIT dividends. So that's presented, uh, an interesting opportunity because REITs inherently have been very tax inefficient. So it's investments. I tend to put in tax deferred accounts like a 401k or an IRA, but with a slightly more favorable tax treatment. It's an interesting opportunity now for taxable money, but I mean those are all really great. I guess something that I'm interested to get your thoughts on and you and I can go through this together as well. Let's talk about direct ownership and syndications and by syndications. I view that as a private equity real estate type deals. What are some of the metrics that you look at when you're vetting a deal? And I can talk through also as well, like things I look at when I look at these deals for our clients.

Peter: 33:46 Oh, we're talking specifically about syndications, you mean?

Anjali: 33:48 Yeah, let's talk about some indications.

Peter: 33:50 Yeah. Again, this is probably deserves its own podcast.

Anjali: 33:53 I might have to have you on again for this specific topic.

Peter: 33:57 I think this is the challenge for everyone. I mean there are so many different syndications out there for you to invest in. A lot of them, back in the past you had to pretty much know somebody because a lot of these things can't be publicly kind of marketed. So it used to be a matter of kind of who you knew. Or You could go to local real estate investor meetings and you'd find out about all these private real estate syndications and things like that. But again, with some of the new laws that have come out and some of the standards have been relaxed a little bit in terms of marketing, you'll find them on websites, you know, some of these crowdfunded real estate websites that I mentioned on my site and you'll have a lot of access to it and you'll probably get pass along a lot of these things as physicians in the doctor's lounge. Your friends doing this for that. I mean, I'll be honest with you, a lot of physicians are getting into it. Um, in terms of actually running these types of things.

Anjali: 34:46 Yeah, there's one that I'm talking to the manager and a few weeks and it's two physicians who have started their own. And so I think they're in their third deal. And that's, I think that's interesting because it's probably someone similar to you. Physician practicing, that has interest in this and decided let's create a way to do it. And it only rolled out to family and friends so far. But it's a great way cause you know the person they're doing their diligence and it's specific to people in your community or in your profession.

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| Peter: | 35:14 | It's tough when you're trying to get into it to figure out who to invest with. I mean I actually find that almost every deal initially on paper looks good. And so it's, it's hard to, |
| Anjali: | 35:24 | I mean the investor deck, they pay someone to market it in a way that makes it look appealing. So every you one who's looking at these, you need to ask for more than just the investor deck because the investor deck will not give you the necessary information you need, all of the materials you need, the returns you need, past performance, all of that stuff to really get a good feel. |
| Peter: | 35:42 | Yeah, or I mean everything looks great. And so I think we really do a deep dive. Really just see, I mean there's two main categories of people or things you need to vet. I mean, you need to vet the operators or the people actually running the syndication. Actually that's the most important thing, right? And then the second thing, you have to invent the deal itself. And when you vet the, I mean, I call them operators, syndicators channel partners, whatever you want to call them is you've got to figure out who is running this thing. I mean, what is their track record? Who are they in? How do you know them? Right? And are these the people that you're, you know, willing to bet on? Ultimately that's really what you're doing. And so, I mean, I'll be honest with you, it's, they should be very transparent with you about their, their history and you can ask them. And I think a lot of people, sometimes they don't feel comfortable with it, but I mean patients who at all time to us as physicians and then they come in, they ask you, it doesn't always feel great. It feels like they're, they're testing you, but they want to know, I mean they want to know where did you go to school, where'd you go to medical school? Where is this, how many procedures have you done? They wanted to know about these kinds of things. You know, sometimes we as when we're actually going to a lot of these investments, we don't even ask the simple questions. Right. And people just invest. I mean, I think it's just start with who are you? How many of these have you done? What is your track record? First of all, one thing that I ask everybody, are there any sort of history of bankruptcies, defaults, foreclosures. So that's one thing that you guys have been involved in. Are there any legal actions taken against you guys? I mean this comes up like crazy to ask, but is there, are there anything criminal in your background? Right. And he's kind of things I do ask that because sometimes it happens. |
| Anjali: | 37:13 | Yes. And you would want to know that of your physician or your financial advisor and the other professionals. It's something you really need to, to know what the people that you're going to |

invest your money with. Some of this indications, you know a lot of the ones I've seen, the minimums are not small. You know the minimums are usually like 50 to 100,000 there's ones that are smaller than that, so that's a good chunk of money. So you really need to do your homework in terms of that. And most, you know, most of these, I call them managers, they're happy to do calls. I always suggest doing a call. So even with my clients who want to get into one of these, I'm like, I want to call the manager and I want to have a phone conversation with them because you really need to know the history. Something. I also always ask if it's a newer syndication, so they haven't been around that long is what are they doing in terms of housing busts? If there was another 2008 situation that happened again, because post 2008 outside of what happened in Q4 the markets have been doing really well, not only equities but also the real estate. So is there mechanisms in place, what do they do for things like that? Because you really need to know because it's, it's great to be in an upmarket, but if you're in a down market, you want to make sure that there is some sort of mitigation of that downside risk, which I think people also get caught up in current and not anticipating what may happen in the future and what may happen to the investment that they're in.

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| Peter: | 38:29 | Right. I mean, I think everybody kind of looked like a genius. So last years, I mean it's, it was, it was really almost impossible to go wrong. |
| Anjali: | 38:37 | Yes. It was like idiot proof. I have people who I talked to and they're like, well, I did my portfolio, did really well. And I was like, yeah, everyone's portfolio did really well. I mean, unless you are living under a rock, like I mean it was, it was almost impossible to not do well because we consistently had every asset class have positive returns, which historically doesn't happen for as long as it did. So when we had the drop, I mean I was somewhat expecting it and I think it scared a lot of people, but that's more normal to have that cyclicality in the markets including the housing market. |
| Peter: | 39:06 | Yeah. So I think it's important for people to spend that time upfront, really vetting the sponsor and spend a good amount of your time and energy doing that. And then after once they've kind of passed, passed that stage, then you can start looking at the deal. I think that a lot of people don't know, you know, you might say, oh, I don't know how to look at a deal. Well that's what takes time. So kind of learn and you don't need to know every single nuance about the deal. I mean there is always going to be an aspect of trust in the sense that some of these numbers that they're bringing you and some of the things that |

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| | | they could, they're saying they can do in the next five, seven years is something that's achievable. I mean, I don't think you'll ever know yourself whether the 100% whether that's true or not, but you know there is going to be some element of trust, but you want to make sure that some of those basic metrics are that they're kind of touting or things that they're basically, their projections are realistic. |
| Anjali: | 39:54 | Right. |
| Peter: | 39:55 | And the only way you do that is by educating yourself too. I mean, you've got to learn about some of these basic terminology that they use. Like what is the cap rate? What's the cash on cash return? One is IRR, internal rate of return, these kinds of things. What are these terms? What does it mean and is what they're saying possible. You know, I think sometimes we get a little bit starstruck by the, you know, our eyes Kinda grow big when we see a number like 25% returns. You know, these kinds of things, and I'll be honest with you, I mean there were a lot of deals like that back in 2010 2011 and 2012 again, people were having these massive, massive returns. But when you start now seeing where people are in the market, those types of returns are, I don't know, I won't say impossible, but |
| Anjali: | 40:38 | not likely. I would be concerned if I saw that in a projection in, in, in the state we're in right now. Exactly. I think I would really do due diligence on that. You want return assumptions that are realistic, not exaggerated. And for our listeners, there's another podcast episode on real estate investing where we actually go through all of these terms of people are kind of interesting. Yeah. She's not a realtor who does a lot of these types of deals. So she broke it down and including how to get tax efficiency by doing 1031 exchanges. You have direct investments, so that's a good one. I think all of those things are really important. The other thing that I always look at is how, how are they being compensated? Because if you're directly owning your own property, you are taking home most of the profit. But if you're using a syndication or even crowdfunding, there is a manager, the general partners who are running the deals are, they are gonna take a cut. I've been seeing one and a quarter more so in the markets now I think back in the day it was more 2% |
| Peter: | 41:34 | Do you mean an acquisition fee, correct? |
| Anjali: | 41:35 | Like the management fee that they charge every year. So no matter what, and then usually there's a preferred rate that they want to give all of their investors and then if they exceed that preferred rate than the, the, the manager is going to take |

anything above that, a certain percentage and then they're going to give the rest of it back to the investors. So I think that's important to look at and understand how they're compensated.

Peter: [41:55] Exactly. Looking at the compensation and fee structure is absolutely important because it also kind of tell you how aligned the operators or managers are with the investors, right? You kind of want to know are they putting money into the deal themselves? Right? And then ultimately, are they incentivized to help the investors do even better? Or is it kind of regardless of what happens with the investors, are they going to make their money? And so these are the kinds of things you you'll learn by doing, but it's something that it's important to look at.

Anjali: [42:25] Right? And I think for most of these types of deals, at least once you get into like syndication and private equity, you do need to be accredited. So you know you need to have income of at least 200,000 if you're a single person, 300,000 if you're a couple for the last few years or a million of assets in order to get into the deals. And if there's minimums involved. I've seen clients pool money together with other friends and family. If it's a $50,000 deal, if they don't necessarily want to do the 50 they'll create the LLC and do 25k a piece. So that's, that's something that's also pretty typical. You just have a little bit more compliance in terms of an extra return that your CPA needs to prepare, but very manageable and doable. Okay. So how do you make time for everything? You know, I feel like I'm always drowning more or less running a business. I have a toddler at home and then just keeping up with spending time with family and friends. How do you make time? Like how do you keep all the balls up in the air? Juggling and managing it?

Peter: [43:22] This is, it's not easy. I think it's always a constant work in process. I started all of this because I want it to have more freedom with my time. I want it to spend more time with, at that time I didn't really have a family beyond my wife, but now I have two children. I, well, I have two dogs too, but I want it to be able to spend time with them, especially on weekends and things like that. And so I noticed that as I started bringing on a lot or doing a lot of these ventures, sure I was having a lot of fun. It was bringing in other sources of income. Uh, but I, I find myself swinging. I found the other extreme where I was pouring so much time and energy and effort into these things. Actually my family time was reduced at the end of the day, but the whole point was just have more time with them. And so I figured out that I need to do something I need to figure out a different system. And that's when I really started outsourcing things. And that's kind of something I talk to people about all the time too. I mean, I think as physicians we're so used to doing everything ourselves. I think it's, it's just kind of part of our nature. We are perfectionist and a lot of way and if we want it done right where you said doing it again ourselves, but I started realizing that my, my time was worth a lot more than a lot of the things that I was doing. For example, you know, I found myself doing a lot of these repetitive tasks for my businesses. Whether it was simple things like for the website I was, you know, not only editing but of course putting it up on the website, making sure the ads were correct and doing a lot of different things on, you know, doing all the social media and doing all these types of things, which you know, is kind of fun in the beginning. But at a certain point I realized, wow, you know, I could find somebody else to do this for me. Not Again, possibly not do it exactly as well as you know, I wanted or exactly how I want it. But it would free up so much of my time and with that time, what else could I be doing in? And I think it was kind of like an opportunity cost type of thing where sure, you know, I may be paying someone else to do some of these other things, but what else could I be doing with that time in? So I found out that, yeah, I got to be spending more time with my family or I could be focusing more on my business on higher level stuff. And really I figured out that it's a really always a tradeoff between your time, your money, and your energy. And so I started really making concerted effort to say, look, if there's something that I don't really truly enjoy or I could possibly outsource it to somebody else, that's what I really focus on doing. And that's really given me a lot more time and freedom to do what I want to do.

Anjali: 45:41

Okay. So this was really great discussion. There's always personal questions I like to ask each of my guests. And then the first one is what's a financial goal that you're currently working towards?

Peter: 45:52

Financial goal. It's kind of, I guess I shouldn't be more specific, but I'm trying to turn a lot of this business income into a little bit more passive income. So I've been fortunate to be able to replace my medical income altogether with some of these businesses and passive income things. But I'm always trying to make it even more passive. So there's a lot of these things I'm funneling until some more, real estate projects. Probably one big financial goal I'm moving towards is buying another rental property. And if I can do that by the end of the year, that I would reach my goal.

Anjali: 46:17

That's great. And then what's one piece of financial advice, good or bad that you'd like to give our listeners?

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| Peter: | 46:23 | I think it's, I think that one of the most important things I've learned is that this whole journey, it's not about money, that it's really about your time and that's the most precious thing. So figuring a way to maximize your time is the most important thing. And money plays a part in that. And so really I find that dictates the way I completely spend my money, the way I earn my money and really make sure that everything is kind of moving towards that, that right goal, which is more time to spend with my family, friends loved ones. |
| Anjali: | 46:55 | That's great and I love that advice. So tell our listeners how they can learn more about you. |
| Peter: | 47:00 | Sure. I I'm out there a little bit on, on some of my websites and my companies was, the first one that you mentioned is PassiveIncome md.com that is a website that helps physicians worked with their way towards financial freedom to passive income. And then the other one is the other company that I run is called Curbside Real Estate and otherwise people can reach out to me personally through I, I guess I put myself out there through Instagram at Dr. Peter Kim. |
| Anjali: | 47:25 | And we'll have all of Peter's information in the show notes as well if people are interested. Well thank you so much. This was really great. I think our listeners are really going to enjoy hearing all of your great advice. |
| Peter: | 47:35 | Cool. Thanks for having me. That was fun. |
| Anjali: | 47:38 | Thanks for tuning in today. If you enjoyed today's episode, please leave us a review on iTunes. If you have a burning question you'd like my expertise on, please visit www.fitadvisors.com and submit your question on my podcast page. |