Season 2, Episode 4

Alternative Investments, How LLCs Shield Assets & Retiring Well with Dr. David Yanoff

David Mandell:

Hello, I'm David Mandell, host of the podcast. Welcome to the program. I'm excited about today's episode. I always enjoy speaking with our guests and our guest today is Dr. David Yanoff and let me give you a brief high-level quick bio. We'll have a fuller bio in our show notes.

David Yanoff is an orthopedic surgeon. His practice started in the air force, then to Pennsylvania, then to Idaho, then to Connecticut. And he currently resides in Las Vegas, which he reminded me to say is also known as sin city. Originally training, let's get that up there because I know a lot of people, a lot of docs are interested. Medical school at Albany Medical College and internship at the University of Pittsburgh and then residency over at the air force, which I mentioned. So a pretty varied career path and both geographically and then we'll talk about some interesting financial things as well. So with that, David, welcome to the program.

David Yanoff:

Thank you. I am excited to be here. Thanks for inviting me.

David Mandell:

Excellent. We're happy to have you. I think it'll be a good one. So let's start as we do whenever I'm talking with the docs, from the beginning, so where did you grow up and what interested you in becoming a physician and then within that orthopedic surgery?

David Yanoff:

I grew up in Long Island, New York. The interest in medicine started, I think, primarily because my mom was a biology teacher, a high school biology teacher, and she kind of pushed myself and my sisters to head in the direction of healthcare. In fact, I became a physician, my oldest sister became a veterinarian and the other sister is a registered nurse. So I have to, I guess, credit my mom for pushing me in that direction. I kind of wanted to join the Marines.

David Mandell:

Well, you ended up kind of combining that. At least, you ended up in a military service as part of your training. So you did that and were you attracted to that part of it? Was there a financial element? I know the armed services make it pretty attractive and we've had some folks on the podcast who have started their medical career down that path because of some of the things that are offered.

David Yanoff:

Yeah, that's true. It was primarily financial reasons. Just by participating in the program, the military or the air force in my case as you know, paid all my medical school tuition. In return for them paying four years of medical school, I had a four year commitment to pay back. I did my internship at University of Pittsburgh as you mentioned. I then went in the air force on active duty for two years as a flight surgeon, which was super interesting. I basically was taking care of pilots and their families. And as part of that job, I was required to fly with them four hours per month, I was on flight duty. I got to fly in a whole bunch of different air force planes, which was fun. But I found that in taking care of this young, healthy population, they didn't need medical care. What they needed was care for injuries that they sustained. They were always hurting themselves. And that's how I got interested in orthopedics and I ended up applying for the orthopedic residency program in the air force in San Antonio. So after the two years as a flight surgeon, I went down to San Antonio, did my orthopedic surgery residency and then finished my four-year commitment by doing two more years at Wright-Patterson Air Force Base in Ohio as a staff orthopedic surgeon.

David Mandell:

Interesting. Yeah, that makes sense. And maybe that also explains your interest in fast cars because I know that as part of your thing and being in fast planes, maybe that caught your interest. That's pretty cool. So while you were in your training and the air force and even maybe the first sort of, well, I guess it would be at that time before you took your first in a private practice job, what was your interest, if any? And the answer can be zero. But what was the interest in exposure in finance or investing or wealth management in any degree?

David Yanoff:

No, I always had an interest in it. Even growing up and in high school, I was always running my own little businesses. I had a rare coin business. I would buy and sell. My mom would let me go on in New York city on the train to different coin shows. I remember my grandfather for my 13th birthday bought me five shares of US Steel Corporation. First stock that I owned. And all during that time, I just had an interest. I followed the stock market. I look at my five shares of US Steel or Pure X Corporation. I remember I had 10 shares of that I had purchased myself. So I always had that interest and it just continued to grow through my life. And as I had more funds available, I would learn, try to learn as much as I could by reading and investing.

David Mandell:

And I know that about you. I mean, for sure just in working with OJM and how we've worked with you, and we're going to get to some of the interesting things you've done in terms investing and some stuff I think the docs will be kind of peak their interest especially we'll talk about, so. Okay. So you spent most of your career in, as we mentioned, in Pennsylvania, Idaho and Connecticut and I know, I guess it's sort of timing wise. You may go sort of the back and go to forth, but I know part of your financial strategy in Connecticut was to buy the building where the practice was housed.

David Yanoff:

In Pennsylvania.

David Mandell:

In Pennsylvania. Excuse me, I'm sorry. Yeah. And you held onto that building for many years before selling it recently. So tell us how in Pennsylvania, how did that come out? How did that come about in terms of was it an opportunity that a bunch of partners? Was it just you and then you ended up buying them out and what did you learn from the experience as you held it over years and maybe even decades? So tell us about that.

David Yanoff:

Right. Well, when I got out of the air force actually joined a small group in Pennsylvania, two other doctors. I was the third and I only stayed with them for about seven months. It wasn't working out, which is also something I think good for your audience to know that if it doesn't work out in the first year, maybe isn't going to ever work out and you shouldn't be hesitate to make the move. And sometimes good things come out of bad situations. So I had a restrictive covenant in my contract so I couldn't practice in Allentown, Pennsylvania where they had their practice. So I was kind of forced to open my own practice in a smaller town about 25 miles north of Allentown. And there was no orthopedic surgeon in the whole county and I was told that was because they didn't need one, but I was kind of in a bind. I didn't want to move my family again and I needed to practice. So I started the practice in a small town in Pennsylvania and it grew amazingly. There was a pent up demand that no one recognized. And within just a few months, I had been renting a small office in a little medical office building that was shared by a number of doctors.

Within a few months, I realized that I needed more space. So I started looking around and I found an existing building that at one time in the past had been a clothing factory. It was about 5,000 square feet and basically all open space. So it gave us a lot of flexibility. I purchased the building. I hired an architect to design an office for me. We renovated it. And within a year of moving to that small town, I opened that new practice with the building that I had purchased. I was still solo at the time, but that large building allowed me to expand and recruit other physicians to come join me. It allowed me to also open my own physical therapy department right in the building, which as you know, allowed me to avoid the stock lore complications.

David Mandell:

There's a couple of things I want to talk about there. One, was, I think just a really maybe because of the family, but flexibility that you were able to take a chance a bit entrepreneurially but also see some opportunity where others did it. Right? I mean, part of it, you couldn't really move so you were kind of forced to do it, but it turns out, you said there was that pent up demand that was there. And it reminds me of a couple of guests earlier. Dr. Michael Ast at HSS and he lectures on business issues. And he was talking about the first practice that he joined in New Jersey before he went to HSS. And they had a marketing person that really looked at market demand in a sophisticated way and that docs trying to think about where they can go or where they can even in a practice draw from, right?

So maybe they're not going to go set up a new office, but even if you had stayed their original office, if you had marketed there and gotten people to come, there was a lot of demand, but people didn't really realize it because no one had really sort of done the MBA, go out and do the canvassing or look at the numbers. How many orthopedic surgeons in this population? What the average amount of patients should come out of that? And maybe it was a little bit fortuitous, but also I think showed a recognition or recognizing that hey, there are all these people, there's no orthopedic surgeon. This might not be a bad bet. And it turned out to be a good bet.

David Yanoff:

Absolutely. The people who lived in that community were just going to all different places. And once the service was available in their community, they stayed in their community.

David Mandell:

And they probably told their friends about it all. Did you know there's somebody here? And before you know it, you have a pretty good sort of word of mouth in the town or in the neighboring town just because it's convenient.

David Yanoff:

Yep. That's exactly right and that's what allowed us to grow so well.

David Mandell:

So you ended up holding the building, let's talking about the building for a second, which is the second thing I to talk about. So you ended up buying the building. All of that is, I'm not going to say typical, but there are physicians who do that and it worked out well because you had to rent anyway. Why not own it and then you realize you can do some other things? But I think what's also interesting, what I wanted to talk about also, is that you kept that building for a long time after you left Pennsylvania.

David Yanoff:

Right.

David Mandell:

So how did that work? I mean, you are a landlord now, not on site and tell us the pros and cons of that and how that worked and how many years you held it. Whats your perspective on that?

David Yanoff:

Yeah. So after I moved there and built the new office and practiced, I practiced there for 18 years. And during that time, as I mentioned, had partners join me in the practice. And in 2005, I made a decision that I was going to move to Idaho. And at that point I had a discussion with my partners and I said what do you want to do with this building? I said I'm more than willing to sell it to you or I'm perfectly fine continuing to own it and have you guys continue to rent it from me? And they made the decision to continue renting. I think, again, that's part of the entrepreneurial spirit. Some have it and some don't, or some have no desire to own real estate or step outside their comfort zone. And so they decided that they would prefer to continue to rent it for me. So we signed a new lease and fortunately, they were very good tenants. That's always a concern. It was a little difficult being a long distance landlord. But I had my former office manager kind of be my property manager for me. So she lived right there. She was intimately familiar with the building and with the practice. And so if there was ever an issue, she and I would discuss what needed to be done and she would handle that for me.

David Mandell:

Yeah. Well that makes sense... I mean, certainly you were there for 18 years. You had this manager who became the property manager -- that's a good way to do it. I guess I'm saying. Versus trying to buy a property from afar and never have that relationship and try to because I know some physicians are pitched on hey, buy this rental property, buy the company, but they're not there. They never were there. And they ended up having to pay the property manager significantly. You probably didn't, which cuts into a lot of their profits. So you kind of had the best of both worlds.

David Yanoff:

And that's exactly right. She didn't expect that a typical 10% of rental receipts that property manager may take. And it turned out... That building turned out to be one of the better investments in my career. We set it up in the very beginning to generate positive cash flow from the rent. And that was even when there was a large mortgage on the building. We got the benefit of depreciation. I ended owning it for 29 years and it was on a 30 year depreciation schedule. So I got all that tax benefit over that period of time, positive cashflow. Once the loan was paid off, it was significant positive cashflow. So in retrospect, it was a good decision to purchase the building and continue to rent it for the entire period of time.

David Mandell:

Yeah. And one other question before we move on because it's funny, at OJM we have another orthopedic surgeon client is going through this exactly right now. We brought up on their annual review... One of the docs owns it and they're one of the other two or three docs. And now the older doc who owns it is offering it up so you guys can buy it. This doctor is a client and asked every couple of years because he has been there for a long time. And the owning doctor he said, no, I'm not interested, but now -- five years out from retirement wants them to buy in-- but the issue may be the valuation. So did your partners not do it because they thought the value was too high based on where you were operating or just they just weren't interested in becoming an owner?

David Yanoff:

Yes. They just weren't interested. I mean, we never even got to the point of value. I mean, what I think what I would have done is we each would have chosen an appraiser, pick something in the middle. At the time I was moving, I kind of thought I'd really like to sell this. I don't want to be a landlord from 2,000 miles away, but as I say, I gave them the option, they just didn't want to do it and it worked out well for me.

David Mandell:

Yeah. That's great. Yeah. That's so interesting. So all right. So you moved to Idaho, you mentioned that, after Pennsylvania. What brought you there? You just wanted to get a different change of scenery or what precipitated your interested in that spot?

David Yanoff:

Yeah, I typically tell people it was the government witness protection program.

David Mandell:

Okay. Yeah.

David Yanoff:

But no, in reality I had worked very hard for 20 years and I kind of wanted a change in lifestyle because where I moved in Idaho, well, Idaho now is like one of the fastest growing states in the country. Everyone's moving there. But when I went, no one was going there and I moved to a small town. My wife's dad had moved there when he retired. He had been from Pennsylvania and we went and visited and it was a beautiful place, but it was very remote. It was a town of 3000 people, a county the size of New Jersey with about 15,000 people, about 25,000 cows and a 15-bed hospital. And I said, I wanted to semi-retire, I want to slow down and the hospital said, yeah, you can come here. We don't think you're going to be very busy. And I said that's fine. That's what I want. And within three months I was seeing 100 patients a week in the office doing eight to 10 surgical procedures a week. It was like dejavu. It was a pent up demand. People were going all over and now that the service was in town, and as I said, the town was very remote so the patients really appreciate it. If you had to run out to Home Depot or Walmart to grab something, it was 160 miles one way.

David Mandell:

Right.

David Yanoff:

So it was a brand new experience, but I really enjoyed it. People took up talk about rural medicine. This was wilderness medicine. I mean, the hospital had no MRI, no nuclear medicine, two operating rooms and a medical staff of five physicians and three mid-levels. That was it.

David Mandell:

So interesting. Yeah. I mean, and from a business perspective, it's the same story. I mean, it's the same story twice. Oh, you go to a small underserved market and then you're super busy. So one thing in Idaho, and I know we've talked about this before, but you did something that's pretty interesting. Don't hear a lot of docs doing this and I know it's also worked well for you. And I think it's also because you had a key advisor or a key person helping you with it. Because you started doing some direct mortgage lending, actually lending dollars out to people who would use those dollars to buy a house. I mean, you really were direct mortgage lenders. So explain to the listeners what that was, how it came about and, again, what it's been good about or what hasn't been? It's just really interesting.

David Yanoff:

Yeah. So there was a certified public accountant in town and he was also involved in hospital activities on the board of directors. And he and I would speak frequently and it came about that he has a pool of investors that he uses to do private lending for housing for people in the area. And the reason why that was important there is a lot of people were self-employed. They were cattle ranchers or farmers and so they had decent incomes, but couldn't provide the documentation that a bank would need to do mortgage lending. So those people would go to the CPA and say hey, I really would like to buy this house. I certainly can afford the monthly payments. And the key thing was they needed at least 20% equity to protect our investment as the lenders.

And so the connection would be made and typically was at interest rates higher than I could get on my investments. So I basically used IRA money where it didn't matter to me if the earnings were capital gains or interest. And our interest rate returns were average around eight, eight and a half percent. And as I said, we had adequate security, but these were good people. I've never had to foreclose. They all paid their loans on time. I remember there was one man. He was a home builder and he fell and broke his wrist. I actually operated on his wrist. And then we waived four months of payments until he could get back to work. And so everyone worked with everyone to make it a win-win situation. And so for 20, almost a 20 year period of time now, I've been earning eight and a half percent on these investments, which over that period of time really adds up.

David Mandell:

Yeah. Absolutely. I mean, it's a little bit like that old movie, It's a Wonderful Life, right? So a small town and making loans to people that you know and all of that. And certainly it's good to do things that you feel good about, right? But this is also a smart thing business. It was another opportunity that was a market, right? It's not a geographic market, but it was a market in the financial space that the big banks just weren't able to because of what they required and to meet it. And these were, like you said, the 20% equity and their ability to pay on time. It was a good bet for you and it's done well.

David Yanoff:

And that's exactly right. And as you mentioned, the gratifying part was win-win. I did well on my investment, but I helped out the community and people and on a small town like that, everyone kind of knows everyone. And they were very appreciative of I got a new house because Doc Yanoff was able to loan me money to do it. I even expanded it into working with some of the contractors and home builders. I started doing construction lending for them. A little higher interest rate, but typically they pay it back in six to 12 months. They'd build a house. They were building spec homes and they build a house, pile of money for me to do it. Their equity was the land. They own the land before we do it. And I would just roll it over to... One home builder, I've done 14 homes with.

David Mandell:

Wow. It's amazing. Yeah. It's a really cool story. And that CPA was involved in -- they took a percentage to, I mean, do the amortization and the collection? You weren't involved in that, you were kind of one step back? Right?

David Yanoff:

Right. And that's what was nice too. So he did all the paperwork. He'd hook us up and tell me about a potential investment we had, we would discuss it. We would say yes or no. And if we move forward, he did all the paperwork, all the closing documents, handled the closing. He would collect the monthly payment from the homeowner and then forward it to me. And in return, he took one half of percent of that eight and a half percent. So it yielded me 8%.

David Mandell:

Got it. Got it. Yeah. Very, very interesting. Very cool. I mean, it'sopportunity knocks and you took advantage of it and again, sort of a win-win, so.

David Yanoff:

And it was a way to invest in real estate without owning the real estate. You're on the other side. Instead of the owner, you're the lender.

David Mandell:

Yup, exactly. Yeah. Well, look at all the big buildings have lender names on it, so they must be doing something right. So, very cool. I don't think that opportunity will pop up for everyone because it is kind of a small town opportunity and obviously different day to day. There's rocket mortgage and other things, you do it on your phone.

David Yanoff:

Absolutely.

David Mandell:

But you know maybe there's an opportunity for some listeners in other contexts to think about being a lender on that side. Especially if they have a key advisor who's doing kind of all the gritty paperwork, which you don't want to get involved in.

David Yanoff:

And he was also doing the qualifying, which was very important. He knew these people. They went to high school together. And he knew what they did and how much they earned and knew that they were going to be able to make these payments.

David Mandell:

Right. I mean, it's no good for anybody if you take clients on who can't do it. It's not good for them, it's not good for you and it's just a mess. Right, so.

David Yanoff:

Right. Good. He didn't want to foreclose on his football team buddy.

David Mandell:

Exactly. Yeah. Everybody knew each other, so it's a different story. So some really cool and positive stories. Now I want to get to an interesting story, especially, but it's not so positive in that it kind of a frustration on your end, but we talked about it and I really wanted to share it.

So you were involved in another venture outside of medicine where you forced to sue somebody and you were successful in that claim, but had difficulty collecting your judgment. So now we're talking about everybody knows my world asset protection, right? Specifically because of the protections that LLCs can provide, which again, I've talked to you, I write books, speaking constantly on asset protection and LLC is being a tool about that. And I'm always talking with physicians about protecting what they've got. I don't often get to somebody who is a plaintiff and it actually worked against them. So it's like [crosstalk 00:26:01] asset protection, but frustrating for you. But I really appreciate your willingness to talk about it because I think it'll be really valuable for people listening to say hey, this does work in real world ways. So give us an overview of what happened there and so we can learn from it.

David Yanoff:

Yeah. So besides, and when I lived in Idaho, besides this mortgage funding, I also did buy some real estate. Typically it was ranch land and I bought it just as an investment thinking would go up in value over time. But some of that actually subdivided into home lots and this individual purchased a 12, I think it was about a 12 acre lot. He was going to build a home there and I made a couple of mistakes and that's how we learn in life, but he was an acquaintance. And so I told him that I would finance it for him with 10% down. So he was agreeable to that. And as we moved along with the process, the first red flag was he, he called me one day and said Dave, we're about ready to go but I'm not going to be able to come up with the 10%.

I said, okay, what are you going to be able to come up with? He said just a couple of thousand dollars. But again, I knew him, I knew his family. I was friends. I said okay, we'll move ahead with that. So we sold the real estate. So I did own a financing with minimal down payment. And so basically as I learned, no security, nothing to really give him second thoughts about walking away. That's what happened. After about six months, he changed his mind. I don't want the property anymore. And I said, well you've purchased it. You can't really do that. He said, well I'm just going to stop making the payments and you can take it back. So this was right around 2007 and 8 when the real estate market dropped. So in reality, the value of the property even six months after I sold it to him was significantly less than when I sold it.

So not only was the deal over, but the value of my land of the property went down. So I foreclosed on it, I got it back. And then he sued me. He wanted even his payments back and he sued me for fraud and how I represented the property. So I counter sued him for the loss of value of the property. And these are the nightmares you hear about. And ultimately lawyers and fees and expenses and hourly billing and depositions, ultimately it went to court and to a jury and I got a jury verdict 12 to zero in my favor that not only didn't I owe him any money for fraud, but the jury awarded me over almost $150,000 -- $75,000 for loss of value and then the judge awarded me my legal fees because he felt that the whole process was inappropriate from the beginning. Judges don't often award you your legal fees. So I had about $150,000 judgment.

He had all his assets in a business and an LLC. Now we started the process of trying to collect on that and it was very difficult. Well, ultimately it turned out being impossible, but now you have to hire more lawyers and people to find where he's got money hidden because I knew he had money. And so the LLC protected him. Just an interesting thing we found out, in some states, if you're a single member LLC, you don't have the same protection. And Idaho was one of those states. So ultimately, we determined that we could go after him individually. He filed for bankruptcy and my judgment was wiped out in that bankruptcy.

David Mandell:

So interesting. I mean, first comment was really surprising that it went to trial, right? Especially a 12-0. I mean, it seems obviously the people who finally looked at the facts, i.e. the jury and the judge were pretty clear that no case on his end and slam dunk on your end. I mean, both sides. You wonder about his attorney. If they were just billing him just to keep things going and not giving him good advice, because the good advice should have been to settle this thing beforehand.

David Yanoff:

Right. And that was attempted. The judge told us we're not going to trial. You guys got to sit down and settle this and I don't need to go into detail, but we were unable to.

David Mandell:

Yeah. Well, it didn't sound like he had the interest. I mean, he would have tried to do a deal beforehand to say, listen, this isn't working out for me but let's do something that's fair. So you win. It the classic kind of nightmare in the US system, right? You win, but you lose, right.? You won clearly but, you can put that up on your wall somewhere. That's about all it's good for because you still had to pay all your lawyers. You got awarded the legal fees, which I think you're absolutely correct, it doesn't happen often. You often ask for it but you don't often get it. And then you had to try to execute on it, which when I was the asset protection, and again, I like representing physicians because they're not doing this to screw people and then hide behind an entity. They're just trying to protect and do the best they can practicing medicine, but things happen.

But again, good news for those listening who are interested in asset protection is the LLC actually worked and worked actually terrifically in this case. Not for the right person, but the tool itself. And it is also finally interesting that you bring up the single member LLC because if the people who've listened to my webinars, who have consulted with me, at OJM or as an attorney, we're often trying to use LLCs in the best states when we can. It doesn't apply to real estate. I mean, if you're going to buy a piece of property in Pennsylvania, you're going to need a Pennsylvania LLC, right? But when you have your personal portfolio and I say all the time I'm in Florida. OJM manages my money. They're based in Ohio, but the money sits at Charles Schwab who's worldwide. And where's my actual funds? It's hard to answer that question.

So you can use an entity in Ohio, which I think is maybe the best or Nevada or Wyoming or Delaware. And especially for those who are single or unmarried physicians, physicians who are divorced, et cetera, you want to use a state that has specific rules on single member LLCs because there are a lot of states that don't, right? You saw that opportunity maybe to get some satisfaction before bankruptcy, unfortunately, but for my physician clients who are, especially those who are single member or want to create a single member LLC, you really have to be conscious of what does your state say about that specifically. Florida, where I live, very good law for multi-member LLCs but under a Supreme Court case in Florida very poor for single member LLCs. You got to know. Yeah. So it's really interesting, fascinating story to me. I appreciate you telling it because I'm sure it builds up, it can elicit a little stress because it was one that got away.

But now let's end with some positive thoughts. Okay? Which is now you live in Las Vegas and you'll retire at the end of this year. For the last couple of years, you've worked in what you have told me, we talked in alternative practice model. So tell the docs about that and how you've kind of eased into retirement in a successful way?

David Yanoff:

Right. So I was practicing in Idaho and this episode with this real estate deal gone bad really, really kind of soured me. It really affected me because I felt like I was doing my best for the community and this happened. So anyway, I was reading one of the orthopedic journals one day and there was an ad for a job that said orthopedic surgeon needed. 240 days of vacation per year. So I said I should check that out. And what it was one of these new alternative practice models for surgeons where you're basically an orthopedic hospitalist. What they were doing was setting up a program at a hospital near Hartford, Connecticut to hire three orthopedic surgeons and each of us would work 10 days per month. So we'd go to Connecticut work 10 consecutive days and our job would basically be to cover the emergency room and to cover the hospital for orthopedic issues.

Thus, we would see all the orthopedic injuries that came in the emergency room, do all the surgeries that were required, to close reductions that were required, the non-operative treatment that was required. We would then follow those patients in our own office in the hospital. We would do the orthopedic consultations in the hospital. And the local orthopedic surgeons had pushed for this because they were busy. They didn't want to have to come into the hospital nights and weekends and oftentimes questionable insurance coverage. And in return, I got paid a daily stipend and they covered my malpractice insurance. I covered all my other expenses, travel and rental car and lodging. And again, it was another win-win situation.

For the patients, I was there. If someone came with a broken hip and I had it fixed -- before previous to this program, they would even have been seen by the orthopedic surgeon. Patients got fast care. The hospital got a reputation of hey, if you go to that hospital with a broken arm, they're going to take care of you right away. I received a great stipend. I no longer had any responsibility for employees of practice management. I had no overhead. And I had 20 days off every month and they allowed me to live in Las Vegas. My other partners there, one lived in Florida, one lived in Cape Cod. And when you were off, you were totally off. The next guy took over. You never got a phone call "hey, I know you're not on call, but...."

David Mandell:

Right.

David Yanoff:

And then, so I did that for about five years and then I switched it to five days a month. And then last year I switched it to five days a quarter. So one of the difficult things I think for people retiring is going from a 100% to 0%.

David Mandell:

For sure.

David Yanoff:

And this has allowed me to phase myself out of work and into retirement in a much more psychologically comfortable way. I went from 20 days, 25 days a month in private practice to 10 days a month to five days a month to five days a quarter. And it's been another home run for me. I've really enjoyed the practice and good income from it, no hassle, no overhead and transitioned to retirement very smoothly.

David Mandell:

Yeah. I really think this is a huge one because I see it. Again, and I don't know medical economics like docs who've lived it, but I see this as the future. I mean, I think there's a real problem. I read it all the time as a financial professional of the difficulties of retirement. I mean, everybody sees it as their goal and that's part of OJM work for clients ... Okay, we're going to get you to whatever financial goal you're aiming for -- , but you're right, going from 100 to zero, that doesn't work for most people now. And even if it works financially, it just doesn't work. People aren't happy, especially surgeons are used to being the person everybody looks to, being in control, having a lot of influence. And then they just going to play golf every day. I mean, that doesn't work for most people.

I've talked about my father who's approaching 80 and he is still doing some locums work. Still does it because he's got great energy and eyes and can do it a couple hours a day or a week. And radiology lends itself to that because you don't have patients that you follow so radiology has always been a little bit telemedicine and all of that been a little bit more tech and surgery isn't like that, but I could see this being a good model for physicians of all types of, especially still have the ability to do what they do, but don't want to do the grind of the 100%. Because they should be a lot of elements in between that and what you've done. I think it would be attractive to a lot of the listeners to get there.

David Yanoff:

Yeah. And not only does it transition from working full time, but you get to see hey I'm only working part-time and I'm still good financially. I'm only working five days a month and I'm still good. I'm only working five days a quarter and I'm still in good financial shape because intellectually many doctors know I have enough money saved up when I see the spreadsheet that OJM did for me, but it's still hard to tell yourself that it's real. And then when I made the final decision earlier this year to say okay 2021 is it and I'm done and I've been super comfortable. I'm really happy with that decision. I'm ready to be done. Healthcare has become way more difficult in many ways and I'm really happy with my decision. I'm ready to move into full retirement with no regrets.

David Mandell:

Yeah. I think that's right too. I was talking about sort of psychologically, but the financial part and I remember working with you on this, it is a difference between seeing it on a spreadsheet and being okay with no more income, right? You're used to working since whatever age it was, 30, 32, whenever you guys start your first job and now it's it. I'm not going in and getting a paycheck anymore. That is scary. And again, it's 100 to zero, but if you do from 100 to 50 and then 25 and then 10 as you've done it, you start to realize, hey, a couple things: One, the spreadsheet looks even better because you're not fully retired. So every dollar you're earning, it allows your other dollars to grow for another year. And that income that you have can often cover a lot of your expenses, right?

David Yanoff:

And you get to see that hey, the spreadsheet's right. I'm still fine.

David Mandell:

That's right. Yeah. That's right. Everything's sort of matches up. The plan is looking like we thought it would. So you do it in baby steps. So I think that's great. So last sort of questions, the two things that come together and then we'll do the final question. So other than this model, and I'm saying other than the most important thing that you've done, but from a psychological perspective, what have you done to kind of prepare for retirement? Maybe hobbies. I know you'll talk about travel, but that you think that other docs should hear? So you did the practice model, but aside from that, the other 20 days a month, what have you been doing to get comfortable in retirement? And what do you think you would tell somebody who's five years behind you that they should be thinking about outside of the practice model?

David Yanoff:

Well, first of all, I think it's very important to be educated and take an interest in the financial side of both your medical practice and your personal finances. As you know, David from working with me, I mean, I was knowledgeable about a lot of the things that you guys helped me with. And we worked together. I think it's important to have an expert no matter how much knowledge you have working with you in that last five-year transition to make sure you are where you need to be. So education is super important. You're taking an interest in your own finances and your business finances is very important. I think, and you drill it into people. If you've just start doing this when you're going retire in five years, I mean, you have to be doing it for 30 years. I mean, it has to be a really long time horizon, even with the higher incomes that physicians earn to make sure to get to where you're comfortable. So I think those are all key points.

I think also one other thing I learned in all these years of doing it is invest in what you know best, meaning your medical practice, yourself. My real estate office building turned out to be a good investment. I think in general, real estate is probably good for physicians, but I also invested in this Pennsylvania. There was no movie theater in the town. So no orthopedic surgeon, no movie theater. I liked going to the movies so I built an eight screen movie theater, not a good investment. There was no place to get good bagels. I opened a bagel store. Not a good investment. In Idaho when I bought that investment real estate, one of the cattle ranchers said to me hey doc, you know what you should do? I said, what? He said you should get some heifers. I said, okay, what is that? So he sold me 60 heifers, which are one year old cows that had never been pregnant. So we bought 60 heifers. We bought two bulls. I thought you put them out in the field and a year later, you sell a bunch of calves, make a lot of money. No, it's hard work. That was another venture that maybe made a little money, but I'm better off doing my day job. So the other advice would be stick with to what you know or use an advisor who can advise you on what you don't know.

David Mandell:

That makes sense. First of all, it's interesting you did those other things. We hadn't ever even talked about that. So I have a smiling face listening to that, so that's great. So what you just answered kind of answers the last question, but you can add something on there because we were talking about really docs towards the end, but what you just talked about, understand what you know, invest in what you know, have a good advisor that really applies to the whole career. So if you were going back and speaking to David Yanoff at age 32 or fellows today, what's one thing that you would tell them to take away from a conversation with you? What's one lesson?

David Yanoff:

Yeah. So, as I said, I think education. Educating yourself. I mean, before you go into doing an operation, you educate yourself so you do a good job. Well, why don't we do that with our investments? And a lot of time we physicians, including myself, just jump into something without really knowing about it. And so I think that's important. The long timeframe is important. You can't say I have high income, I can have the $2 million house and the vacation home and the his and hers Range Rovers. And then when I'm 50 or 55, I'm going to start saving for retirement. It doesn't work. It doesn't work. It's the dollars you invest when you're in your 30s that grow to the big numbers. You can get the vacation home and the Range Rovers when you're 55 and you have the assets to do it.

David Mandell:

Well, that really makes sense because I think there are, with a financial plan, you can maybe get one nice car early, not spend as much as you want to perhaps, do some more savings, because I tell people all the time, the 50-year-old you will thank the 30-year-old you for doing that. And same with the 60 and the 40 and the 70 and the 50. Right? So if you think about you're only helping yourself, right? You're saving for a reason. It's yourself and the future, you'll be very glad you did. So I think that's good advice. One last comment before we conclude.

David Yanoff:

Yeah. And it's part of what you just said. My entire career, I lived below my means. I lived a very nice lifestyle, but I never bought a house that cost more than $400,000. Until a year ago, I never bought a car that cost more than $50,000. And I was focused on saving and investing and traveling the world in the future. And that's what I'll be doing.

David Mandell:

Yeah. And that's a topic for our next time we have you on is all the different places you've gone. So you're a traveler, you go to a lot of great places. So David, I really appreciate you being on. I think we did well for a Red Sox fan and a Yankees fan. There was no acrimony, so that's good. And I think there's some great stuff for people to learn, really interesting material. So thank you for that.

David Yanoff:

Thank you. I've enjoyed it.

David Mandell:

And to all the listeners, thanks for listening. As always, we will have another episode in a couple of weeks, so thank you for being on.