Transcript for Episode 215 - Pay Yourself First: Simple, No-Drama Wealth-Building for Founders with Tess Waresmith

Jessica Miller (00:02.146)
Hey Tess, welcome to the It's Your Offer Podcast. I'm so happy to have you here.

Tess Waresmith (00:06.149)
Me too. Any excuse to talk to you. Yeah, me too—literally anytime. It's my absolute pleasure.

Jessica Miller (00:08.910)
I know this is round two. I'm so glad you're back—you were willing to come back.

Jessica Miller (00:18.142)
My gosh. Well, I know everyone's gonna love this episode today. You have such a cool background—how you got into what you do and what got you here now. Tell everyone a little bit about your story. It's a really interesting journey.

Tess Waresmith (00:30.495)
Thank you. I started out—I've actually had many different careers—but out of college, I graduated into a recession, couldn't find a job, and ended up with one of the weirdest jobs of all time: as an aerial acrobat on cruise ships. And weirdly enough, that job was the beginning of me building knowledge around what I do now, which is teaching people the basics of investing and being an accredited financial counselor. That's what I do now—I own a financial education business.

But it all started many years ago, gosh, 17 years ago, when I was on this cruise ship. I was making money, I didn't have any expenses, and I was in this super amazing position to save and invest money—and I didn't know what to do with it. I hired a financial advisor, a fiduciary. I did all the background checking to make sure it was a responsible choice.

Long story short, I became so motivated to figure out what was going on with my money because I continued to get more and more afraid that I wouldn't be able

to have optionality and flexibility. I wanted that in my life so badly. That was something my mother didn't have. My father walked out when she was three. She was a single mom with two babies under three.

I really remember rethinking that story as an adult and realizing: I need to take control of my money and figure out what's going on. When I did, and when I dove into what this financial advisor was doing, unfortunately, they were making a lot of really bad decisions on my behalf. Selling me financial products with crazy high commissions, investing me way too conservatively for my age. The bad decisions they made cost me probably $30,000 just in my 20s—a lot of money.

It's very easy to not realize how much money we're paying financial professionals unless we actually do the math. So that was kind of the beginning of my obsession with financial literacy and investing. And honestly, I'm super grateful I went through all of that because it forced me to learn.

Tess Waresmith (02:55.659)
For well over 10 years, I've been deep in the world of real estate, stock market investing, and building my own business. I feel morally obligated at this point to help other people learn how to invest and build wealth, so I started a whole career around it. I've been running my financial education business *Wealth with Tess* for several years. I'm an accredited financial counselor, and I've had the incredible opportunity to work with hundreds of people and help them get on track.

The cool thing about what I do now is I get to educate and empower. I'm not here to tell you exactly what to do—I'm here to help you learn the basics of what you need to know to build wealth so you can retire comfortably, spend more time in your business, spend more time with your kids—whatever you want to do.

Jessica Miller (03:51.329)
Yeah. And this is a big problem for people—being educated around this. I feel like most people know enough to be dangerous, if even that. Who do you see struggling with this the most, besides everybody?

Tess Waresmith (04:05.643)
I was like, who isn't struggling? Anyone who didn't have parents that taught

them this information is struggling—which is most of us, because most of our parents weren't in the financial world. It was so different back then. A lot of our parents had pensions. They didn't have to worry about investing in a 401k—that came along later.

I will say, I'm most concerned about business owners, about founders, more than anything. At least people in corporate are sort of accidentally investing into their 401k and building some wealth that way. I get very concerned about the number of women breaking out of corporate, starting their businesses, doing consulting—and not having a plan or a strategy to build wealth in addition to whatever income they're getting.

Tess Waresmith (05:04.395)
I think it's gonna be a huge problem. It's so easy—you know when you're a business owner, you're an operator, you're a social media expert, you're doing a million different things. But one of the most important things you should be doing is figuring out how to use the money you're making from your business to further your personal goals. Whether that's to retire comfortably, spend time with kids, whatever it is—or to weather bad eras in your business. We all have ebbs and flows.

I don't think there are enough people thinking about that. And it's so easy to get caught up in the day-to-day. You don't have to be a finance PhD or stock market expert to make better decisions with your money. I see founders all the time making poor decisions when they could be doing a few things on autopilot—creating more flexibility, opportunity to pivot, and reducing anxiety about next month's revenue. With a strategy for managing money, you're better able to weather those fluctuations.

Jessica Miller (06:24.192)
Yeah, my gosh. You said a few words that are like music to my ears—"doing things on autopilot." When we put things like that in place, they just become part of our standard operating processes for our business. They become the things we do every day. We're not having to do it manually or decide, do I spend money here or there? It just becomes part of who we are and our identity.

So let's talk a little bit about that—some of the things people can do on autopilot, but also some of those mistakes you're seeing people make.

Tess Waresmith (07:07.485)
Yeah. One of the things every business owner or founder should be doing is taking 10% of your business profits every single month and putting it toward financial goals—no questions asked—at a minimum. I don't care how much you're making. Even if you're not making much yet, 10% goes into ideally some type of retirement account you can set up for yourself.

If you're working on paying off high-interest debt, that might be your priority first. But every time money comes into your business, 10% should go to you at a minimum. Ideally, the percentage is higher depending on your income. Ten is just a benchmark to start with.

And that doesn't mean every time you get a transaction you take 10%. It means at the end of the month when you reconcile, you look at income and expenses. If you're not doing that, you need to start. If you have good accounting or a bookkeeper, they should be sending you monthly reports: this is what your cash flow was. If they're not, you probably need a new bookkeeper, because that's the baseline.

If you don't have a bookkeeper and you have a simple business with something like QuickBooks, put 15 minutes on your calendar at month's end to record what came in and what went out. Then take 10% of what came in and put it into savings or investing. This should take 10 minutes.

Once you set up a simple investing account—which you can open in like 15 minutes on Fidelity or another brokerage—you can choose simple funds that hold hundreds or thousands of stocks at once. You're not day-trading, you're not guessing Google or Microsoft every month. You're just putting 10% into a broad fund.

If your business income is consistent, you can even set it up as a recurring transfer. Robo-advisors now can even choose low-fee investments for you. Literally, you just press a button to send your money. A lot of it is mindset—our limiting beliefs around money. But if you're listening to this podcast, I'm 1,000% sure you've done way harder things than what I just described.

Jessica Miller (10:23.736)
Yeah, and I think it's that basic desire and understanding: as a business owner, I'm going to do this. I'll do a little research, get information from people like you,

from trusted sources online. And you don't have to take $300,000 and put it in this account. You can just start with a tiny bit of money—wade into the water.

But the most important thing is choosing and starting, because it grows fast, it compounds quickly. And more than anything, it gets you into the habit and identity of someone who operates their business this way. That part is equally, if not more, important than whether it's $10 or $500.

Tess Waresmith (11:07.499)
1000%—and even for people that have some debt and it's high interest. When I say high interest, what I mean is anything over 7 or 8%. Yes, you need to pay that off because it will eventually catch up to you and become harder and harder to pay down. But even in that situation, I still think you should be investing in something as a business owner.

Typically, the types of accounts that are available to business owners help you save on taxes too. So it's really important to yes, pay down debt, but also to be setting aside a small amount. The habit is the most important thing—even if it's like $10 a month just to start and get the account set up. Don't wait until you're debt free to start doing this. That is the biggest mistake people make, because then it takes another few years to set this up.

And the reality is, I can hop on a call with a founder in 45 minutes. I don't give financial advice—I won't tell you specifically what to invest in—but I can teach you different places to open an account, different options for opening an account that will take you 15 minutes, and then how to set up an automatic transfer and investments that are…

Jessica Miller (12:04.173)
Right.

Jessica Miller (12:16.438)
Mm-hmm.

Tess Waresmith (12:25.963)
…basically all-in-one investments that you can invest in. We can do that in 45 minutes, guaranteed. So if you're like, "Oh, this is gonna take forever"—the

number one excuse I hear is “I don’t have time to do that, I’m running a business.” That is the worst limiting belief when it comes to your money, because the whole point of doing this is to build more wealth so you can have more time.

This is how you get your time back—by prioritizing this and making sure you’re setting aside a part of your income every single month. Non-negotiable. I don’t care if you’re making $100 a month—great, take $10. Whatever it is.

Jessica Miller (13:02.070)
Yes, totally. Yeah, right, absolutely. It’s all relative too. So yeah, that’s autopilot number one. Okay, what would be number two?

Tess Waresmith (13:06.304)
Yeah.

Tess Waresmith (13:10.867)
I guess it’s kind of like one and two, right? The prereq for that is you have to have good bookkeeping. You have to know what’s coming in and out of your business. If you can’t answer roughly what you made last month, that is your number one priority to figure out.

The other thing you could autopilot is creating a savings account. We just talked about investing, but for example, in your business, things are gonna come up. You’re gonna have crappy months, you might lose a client unexpectedly. Making sure you have enough money set aside for three to six months of weird business vibes is critical.

So same thing—you could look at your business income and expenses at the end of each month and say, “I’m gonna put 5% in this short-term savings bucket.” But all of this should be as automated as possible, unless your income fluctuates like crazy. Ideally, you’re setting up an average of what you make monthly.

I would say all bills too—business bills should be on autopilot. Ideally, this is another reason why bookkeeping is so important. Whether you use QuickBooks on your own or have a bookkeeper, you need to look at your expenses every month and just do a gut check.

It’s incredible how many people I’ve worked with in financial counseling who have no idea what subscriptions they’re still paying for. And it doesn’t matter how much money you’re making—it matters what you’re keeping.

Jessica Miller (14:40.803)
Yes.

Jessica Miller (14:56.440)
Totally.

Tess Waresmith (14:58.921)
I mean, I know we were talking about this earlier, Jess—just how much stuff you see online about six-figure and seven-figure businesses. I don’t care about that at all. I wanna know how much money they’re putting aside. How much of that is profit? How much are you using to buy your life back?

Jessica Miller (15:05.358)
Mm-hmm.

Jessica Miller (15:11.084)
Yes. Yep. Yep, yep.

And those choices that people make—there are two things that really affect profitability. One is if their business is too complicated or not optimized. They’re working too hard for the money they’re making, so they’re not making what they could for the effort they’re putting in. That’s one piece.

The other, sometimes in spot number one, is the amount of money they’re spending in the name of growth—in the name of investing in their business. I mean, big businesses, where they’re eating up 55, 60-plus percent of their revenue with headcount and God knows what subscriptions, multiple things they have no idea about.

They’re just chasing their tail doing that, and they have no idea.

Tess Waresmith (16:13.011)
Yeah. It’s pretty important that there is this multi-step process. And again, before you’re like, “Multi-step process, more time…” everything you and I are

talking about is stuff that can easily be outsourced. You, as the founder or owner, just need to look at it regularly—and not be afraid.

That's another issue. A lot of times we're moving along in our lives or businesses and it's so easy to not look at how much money we've spent. That's avoidant behavior. And it's easy to justify in the name of growth—"I have to reinvest every dollar back into my business to grow it." Because a lot of the marketing messaging we get says that's the only way.

Jessica Miller (16:46.952)
Yeah.

Tess Waresmith (17:08.701)
It's really important that as business owners, we decide what we're reinvesting from an ROI perspective. We need to make sure we're really thinking: if I spend money on this, what's the return on investment for my business? And look at every transaction that way.

And frankly, this is something you could do in half an hour. You don't need to calculate the ROI of every single thing. But if you get your monthly income and expenses and glance over what you're spending on, you might see, "This thing—not helpful anymore" or "I'm not using this much anymore." It's that simple.

It's about taking responsibility for your business expenses. And the good news is there are tons of people that can help you do that and set up a system so it's not an arduous process.

Jessica Miller (18:00.918)
Yeah, yeah, yeah. And I know you and I were talking about this before we got on the call, but the other thing people need to be careful of are these sort of heroic, super risky decisions around expenses.

We've all heard the story of the person who invested three times what they were making, and it was just a slam dunk, huge success. That happens. And I'm not here to suggest that if everything lines up and the math makes sense, don't take that risk. I'm not above taking risks. But they need to be calculated risks.

A lot of times, people just jump off a cliff in the name of investing in their business. And I'm laughing nervously, because I just watch people nose-dive…

Tess Waresmith (18:43.403)
Yeah.

Tess Waresmith (18:49.675)
…through.

Jessica Miller (18:58.304)
…into doing these things. And a lot of times, that's when customers come to me. They're in this downward spiral and need a voice of reason to find opportunities that aren't going to light their hair on fire.

Tess Waresmith (19:08.680)
Yeah. This is so important. Before I elaborate, I just want to say: this is why I gave the audience a specific percentage in the beginning. At a minimum, you should be taking 10% of what you're making and putting it into investing or savings. You should be doing that first before you even consider investing back into your business.

I don't care how awesome the opportunity is—you have to pay yourself first. That's the whole point. Now granted, if you're in a growth phase, sure, you might reinvest the rest into your business, maybe take a smaller salary. Of course we make tough decisions to build businesses.

But regardless of where you're at, you have to get in the habit of paying yourself first. That's how you start to avoid and pause on some of those other big decisions. If you're in this mode of "I'm going to invest in my business at all costs," you're losing yourself in the process—and the whole reason you started your business in the first place, which was to gain your freedom.

So if we want freedom, yes, we can do it with our business income—but why not also make sure we're leveraging the opportunity to take some of our business income, make sure it's growing for us, and create another…

Jessica Miller (20:24.419)
Mm-hmm.

Tess Waresmith (20:37.835)
…passive stream of income. And so when you get in the habit of paying yourself first, even if you do make a bad investment, at least you're in control of your money and you're making decisions in an order that makes sense.

To circle back to what you were saying—you know, I'm an accredited financial counselor, right? I work with a lot of founders, and they'll come to me and we'll look at their expenses and what they're spending on their business. And a lot of times, before they're even making significant revenue, I'm seeing people invest in these very shiny masterminds.

Not all masterminds are bad. Some masterminds can be incredibly powerful for your business. But when you're looking at the shiny marketing of a mastermind and you're hearing things like, *"The way I built my business is getting in the right room. You need to be in the right room. This is the right room,"* you have to ask: **Is it actually the right room for you?**

Jessica Miller (21:13.698)
Hmm. Mm-hmm. Mm-hmm.

Tess Waresmith (21:32.869)
It's not just any room with any celebrity business owner. And there are a lot of "celebrity" business owners right now selling $20–30K masterminds. If you're making half a million in profit and you want to invest in that, fine. But there needs to be some scaling of where you're at in your business versus how much you're spending on these things.

Jessica Miller (21:36.110)
Is this all you have?

Jessica Miller (21:42.723)
Right.

Tess Waresmith (22:01.631)
Because the truth is, if you're not really making enough money in your business to afford that mastermind, it's probably the wrong place for you. It's probably not the right people to help you get to your next level.

And with social media, there's so much really well-done marketing in the entrepreneurship ecosystem. It's easy to think, *"This is what I'm supposed to do."* Everyone is leaning into that messaging. It doesn't mean it's bad—it just needs to be the right investment for you.

I can't stress enough the importance of that order: pay yourself first. Your savings, your investments, your debt—and then think about investing in your business.

Jessica Miller (23:01.186)
Yeah, I can't agree more. And I think one thing I want to add is that I had a similar journey to you. I came from a great family, but there were a lot of kids and money did not grow on trees.

When I was growing up, I wanted control over my money. I wanted to have a lot of it. I wanted to help people create a lot of it because I thought that bought me options and choices—and I still do. I think it's the best thing.

But I think we sometimes grow up believing we need some sophisticated mindset to make this happen. Well, I'm here to tell you that when you do simple things like you're talking about—where you sequester money in a place where it works for you—it's incredibly powerful. Don't discount how powerful even a savings account is that you cannot touch.

For example, I saved my first five figures, which became a down payment on my home, way back when HSBC launched one of the first online savings accounts. You'd get an ATM card in the mail, but there were no branches, and it took five days for transfers in or out. It was forever. I got the card in the mail and I never activated it.

I would just sequester money over there—$200, $25 from a birthday, whatever. $75,000 later, I had a lot of money. Not only did it create that nest egg so I could buy a house, but it changed me. I became someone who was wealthy, who could make money and keep money. That identity and habit set the foundation for everything.

And the awesome thing for business owners is you have one of the most powerful vehicles on the planet to make whatever money you want, however you want. It's such an opportunity—if you set the groundwork like you're talking

about. Do the simple things, make good choices, invest in your business and yourself—but do it with the right vantage point and lens so it sets you up for that return on investment of your time and money.

Tess Waresmith (25:27.131)
Yeah, that's super powerful. And there's a huge argument to be made—I think this is what you were saying, I'll phrase it a little differently: when you're building wealth outside your business and you become a person who can control your money, it gives you flexibility and freedom to live the way you want, and the power and confidence to feel in control.

It also helps you make better business decisions if you're not anxious about money. No secret, y'all—Jess is my favorite business coach of all time. And when we worked together, one of the things I was grateful for was being able to make smart decisions that were in the best interest of my business.

Because I had money set aside, I didn't feel like I had to do crazy things to build the business I wanted. I was able to build it in a way that made sense, build strong foundations. We did that together, and since then my business has done really well—because I didn't feel pressured to go sign a bunch of high-ticket clients just to pay the bills.

It created a completely different mindset about how to build. And I'm so grateful for that. You put yourself in a much more powerful position to make better business decisions when you're also controlling your personal finances.

Jessica Miller (27:12.438)
Yeah, absolutely. And you become someone who sees themselves as someone who can make money—and do it in a way that feels good and empowering. To your point, it impacts every part of your life.

Whether you're saving for shoes, wanting to join a mastermind, or just believing you can do it—you've created the skills and framework to make it happen.

Tess Waresmith (27:41.287)
Yeah. And here's a great story. I had a client about two years ago. I have this beginner investing program that teaches entrepreneurs the basics of setting up an account and choosing investments. She used to say, "I'm terrible at money.

I'm bad at money. I don't know anything. I'm bad at math." (None of those are excuses, by the way—there's a calculator for everything!)

She took the program, learned how to set up her own investments on autopilot. She didn't go above and beyond, but she did the basics and put them in place. Two years later, she told me that about six months after she started, she went through a horrible breakup. They were under contract on a house for her business—she designed costumes and the house had a studio space. She lost the house, lost her relationship, and it cost her a lot of money.

But she said: in that year of complete upheaval, I was able to keep my business going and use the money I had saved. Somehow, at the end of the year, I ended up with a higher net worth—and I wasn't doing anything extra. I was just automatically taking that percentage we talked about and putting it aside.

She said, "It wasn't my best financial year, but without that bucket of money, it would have derailed my entire business."

Jessica Miller (28:45.590)
Yeah, they do.

Tess Waresmith (29:04.113)
So there are things like that. Unfortunately, a lot of people only come to me after something like that has happened. That's why I urge you—if everything's good right now, do it *now.*

I don't wish divorce, death, or big life events on anyone, but they happen—and we don't talk about them enough. They will derail everything if you don't have enough money set aside to give you the flexibility and options to weather it.

Even if you lose a family member—as a business owner, you're grieving.

Jessica Miller (30:02.754)
Yeah.

Tess Waresmith (30:03.689)
…and you need like a month off—you need that money. And that's not

something you plan for, right? So I think we have to step out of our businesses long enough to realize that part of being a business owner is understanding personal finance as well. Doing it now can save you so much grief and heartache later.

Jessica Miller (30:25.748)
Yeah, your client was so lucky to have you, because it's really worth its weight in gold. This is so good. Tess, if you could give one piece of advice for the listeners of this episode right now—like they are where they are—if there's one thing they could do right now for their financial literacy or to help their financial standing, what would you tell them? One piece of advice.

Tess Waresmith (30:50.347)
One is tough—it depends on where you are. But I'd say the first thing you need to do before any fancy investing or goal setting is really understand how money comes in and out of your life. That's the key to everything.

And it might suck. And I mean that. As a business owner, you need to do two things: know how money comes in and out of your business, and how money comes in and out of your personal life. If those things are intertwined right now—please email me, I will help you with that. The first thing is you need to separate them. The second is you need to understand what's going on in both.

Don't use AI for this. Print out bank statements or open your QuickBooks and go through it line by line.

Jessica Miller (31:04.685)
Yeah.

Tess Waresmith (31:20.619)
The nice thing is—you don't have to do this forever. But in the beginning, if you don't feel 100% in control of your money, the first thing you need to do is look at what's going on. Sit with it. Ask, *"How does this feel?"* Things will come up just by doing that.

Am I spending too much on things I don't care about in my personal life? Is my business making enough money to support the life I want? You might not be able to answer right away, but you'll find the right questions. Whether it's me or another financial professional, if you can figure out what's going on with your

money and what questions you need answered, that will help you take next steps.

And then it's just step by step, baby steps. Before you know it, you'll be in a much better place. The hardest part is just doing that honest review.

Jessica Miller (32:37.440)
Yeah, this is so good and I could not agree more. Education—understanding your own numbers in your business and your life—is key. Tess, this is so awesome. We could talk about this for hours. People listening are going to want to know: where do they find you? Where should they go for more information?

Tess Waresmith (32:55.947)
Sure. The first thing I'd do, if you're motivated, is check out my free mini-course that teaches the basics of investing as a founder. If you go to **wealthwithtess.com/founders**, that will bring you to the mini-course. It walks through some of the steps we talked about today in more detail. Totally free, and you'll get value out of it.

And if you just want to take a first step and get inspired, I share tons of free (and sometimes funny) content on Instagram—you can follow me at **@wealthwithtess**. Those are the two best places to start.

Also, please feel free to reach out if you have questions. Like I said, I feel morally obligated to do this work. If I'm not the right person to help you, I'm happy to connect you with someone who is. Please reach out—we can drop my contact info in the show notes. A lot of times I can help quickly or point you in the right direction.

Jessica Miller (34:01.262)
Yeah, we're gonna link all that. Run, do not walk, to check this out. I work with Tess, she's amazing. The thing I love most about you, Tess, is you make it super easy to understand. It's very on point, not overwhelming.

And for everyone listening—you know how passionate I am about this: every awesome person I know should make as much money as they want and feel comfortable and empowered around it. If we could all do that, the world would be an awesome place.

This was so awesome, Tess. Thank you so much for coming on.

Tess Waresmith (34:32.284)
Thank you for everything. I so appreciate you, and I'm so glad to be here.

Jessica Miller (34:36.908)
You're the best. And everyone, have an awesome week. Until next time, see you then.