

Lee Burgess: Welcome back to the Bar Exam Toolbox podcast. Today we are excited to have Jesse Mecham on the podcast to discuss budgeting and the bar exam. He is the founder of [You Need A Budget](#). Your Bar Exam Toolbox hosts are Alison Monahan and Lee Burgess, that's me. We're here to demystify the bar exam experience, so you can study effectively, stay sane, and hopefully pass and move on with your life. We're the co-creators of the [Law School Toolbox](#), the [Bar Exam Toolbox](#), and the career-related website [CareerDicta](#). Alison also runs [The Girl's Guide to Law School](#). If you enjoy the show, please leave a review or rating on your favorite listening app, and check out our sister podcast, the [Law School Toolbox podcast](#). And if you have any questions, don't hesitate to reach out to us. You can reach us via the [contact form](#) on BarExamToolbox.com, and we'd love to hear from you. And with that, let's get started.

Welcome back. Today we are excited to have Jesse Mecham on the podcast to discuss budgeting and the bar exam. He is the founder of You Need A Budget. So, thank you for coming to talk to our audience, Jesse. It's so great to have you here.

Jesse Mecham: So happy to be here, thanks for having me.

Lee Burgess: It's not every day you can find people who want to come and talk about money on an afternoon.

Jesse Mecham: At least not in the way I do, where I tell people "Hey, be cautious, be thoughtful. Let's talk about making more money all day long." But yeah, my area of expertise. I'm like, "Let's do a little work here. Let's do a little self-work." And yeah, you don't always have a willing audience. Although I will say people do feel like if they run into me out in public or whatever, they do feel like they have to confess things to me. So, that's always fun.

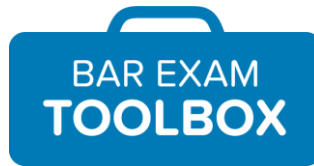
Lee Burgess: If they're holding the Starbucks, do they have to confess their Starbucks habit?

Jesse Mecham: And I'm just like, "I don't care, I love that for you. Do that."

Lee Burgess: If it's important to you, go for it. Go for it.

Jesse Mecham: That is exactly right. Exactly right.

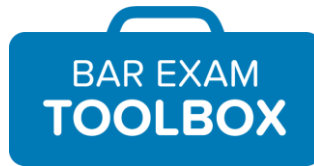
Lee Burgess: Awesome. Well, we haven't on our Bar Exam Toolbox podcast, really, whose listeners are law students thinking about the bar or folks who are studying for the bar or who are studying multiple times for the bar – we don't talk about



money a lot, even though the bar exam is an incredibly expensive thing. Anyone who's lived through it knows that it really costs a lot of money. And so, one of the reasons why I wanted to have you on again was to talk about how do you plan for an event like this period of time where you need to purchase resources to study, you need to typically take time off work, although some people do work and study. And then this is the gnarliest part, I think, is then you wait for your results, where it's also very hard to work because you aren't licensed yet. And I think nobody thinks about this until they're a few months out, and then they hear about things like bar loans, or maybe their job has given them some money, or is going to pay for part of it. But I, who love to plan ahead, think it's really important to set the stage of how you think about this period of time early, so maybe it's not such a crisis moment. So, maybe we should start with that. If you know something like this experience, which can cost thousands upon thousands... It depends on your current situation where you live, but it could be a few thousand dollars to \$7,000 to \$10,000 before you could get licensed – when do you think students should start thinking about how to handle that type of an investment?

Jesse Mecham:

Yeah. You strip away, honestly, some of the emotion around the test. I studied and passed the CPA exam back in 2006, so I can commiserate for sure. It's four different sections and some people would take it over a year, and I didn't want to stretch it all out; I wanted to just get it all done. And I do distinctly remember telling my boss at my job, "Hey, I'm quitting, so I can do this over the summer. And then I'll start at my accounting job and I'll be off to the races." And then yeah, I just would put myself in a closet and study all day long with videos, and there we go. And so, yeah, you lose the income and then it's way more expensive than it has ever been. And then you're right – you don't know necessarily, "Am I going to maybe go another round with this?" So, there are a few different factors that are in there. The nice thing I can say is, this is, except for the emotion involved and the stress, it's no different than many other expenses. What we're dealing with is an expense where we know the timing and an expense where we know the amount. And this starts to sound to me a little bit like a holiday fund that goes awry. That's how I would plan it. It's like Christmas – we can plan for it, we know it'll cost X, and then you're like, "Oh wait, half of your family's coming into town also", that kind of a thing. So, straight up, the first thing is the fact that someone's thinking about it a few months before – we're already, I feel like, ahead of the game. And then you just start attacking it piecemeal and go from there. So, we can dive into specifics if you want, but just know this is all manageable, this is all doable. We're going to plan ahead, we can get it.

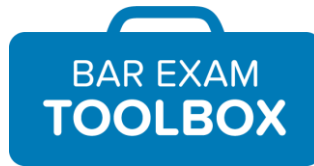


Lee Burgess:

And there are some expenses in this whole experience that do get dribbled out, so you can plan a little bit in advance. For instance, the first thing you end up doing is typically paying your state bar some sort of fee for the privilege of maybe someday being a lawyer. It's the first of many fees that you pay the state bar – that's a few hundred dollars, usually. And then you also have to file what we call character and fitness, or some places call moral character, which is another \$300 to \$500 depending on your jurisdiction. And so those are a few that you know are going to come early. So, let's say that whole bundle is around a thousand dollars. How far ahead do you think most people want to say just for that piece to start planning ahead to save a thousand dollars?

Jesse Mecham:

It really is a function of what your situation is. I remember when my wife Julie and I were first married and we were doing this whole money thing and trying to be really thoughtful, we bought a car. It was the first car I'd ever owned. So, we'd been married about a year, I get this notice from the state and they were like, "You owe us \$110 for a renewal." And I was just thinking to myself, I'd never owned a car. And I was like, "A renewal? I did this when I bought it." I remember paying them a good chunk of money. And it really set us back. Our grocery budget at the time was like \$105. And so, suddenly you have this surprise bill that's the equivalent of your grocery budget, and it really knocked us off. So, if you're one of those people where you're saying, "A thousand-dollar hit to me would be material" – and I think for many people in this situation, it is – then you need to say, "Okay, I'm going to start setting aside, I don't know, some amount – a hundred bucks a month, something, into that first little bundle", bar fees or whatever. You put that in there and what you want to do is just create a bill, a lot like monthly rent, that's for this little bar bundle package of joy. And you can name it whatever you want to feel vindicated, but you're going to name it something. And then every month you'll just put that little bit in there so that when they're due, the pile of money is just sitting there. The products that you see around, like "Here's your bar loan" and this – all that is meeting a market demand. And the market demand is, I'm in a situation where I don't have money and I need it. And the market is also, "Well, this is a pretty good loan for us, because they're going to be a lawyer, probably." So, it's sneaky. If it were one of my kids, I'd be like, "Please borrow the money from me instead." But all that being said, anytime you see a market where someone's like, "Hey, we have a loan for you" – all that means is there's a situation where we have an expense and no money, and we just want to reverse that and have the money and be waiting on the expense to happen. And this is for everything in life, not just this bar situation – anytime your car breaks down, anytime the holidays come around, anytime you want to go to Tahiti, all that stuff. Which the Tahiti trip comes after you pass the bar exam, right? I think that's when it should happen.



- Lee Burgess: Yeah, some people do take something called a bar trip, where they spend the rest of their money on vacation.
- Jesse Mecham: I did not know about this, but I could smell it in the air. Excellent.
- Lee Burgess: Yes, sometimes, but usually it involves like sleeping on a beach.
- Jesse Mecham: Yes, yeah, you're cutting corners somewhere to make it happen. I got it, okay.
- Lee Burgess: Exactly. So, when you talk about allocating money in these different buckets, do you just recommend doing that from a budgeting perspective or opening separate bank accounts to hold that money to have it hidden somewhere?
- Jesse Mecham: No, yeah, you can't hide money from yourself. It's funny, we say that a lot, like, "Well, I'll just put it in the savings account because it's hidden." You know it's there. You know it's there, you pretend it's not there, but it's totally there. The only way you could really do that is to truly have it be blind, and no one does that. So, we don't have people open up lots of bank accounts. It's tedious, you end up doing a lot of hoops. The banks get really sticky in that instance where you have a lot of accounts, and so then you have to close accounts. Nothing about it really adds value, except you're pretending that the money's a little harder to get to, and it just truly isn't. So, what we want to do is start to learn the behavior of having a pile of money sitting in our main checking account, and then looking at YNAB, or these buckets if you weren't using YNAB – just any software or any ledger system where you could look at those buckets and say, "Okay, I've got nine grand here in my checking account, but I know that's for three months of rent because I'm not going to be working. That's for these fees that'll be coming up. That's for some food." And so, you're starting to see all of that pile of money has jobs, and that's our first habit that we teach people. And when you realize that money is spoken for, you don't need to hide it anywhere, because you want to pay your rent. When it becomes very clear this is rent, this is food, this is gas for the car – it's just not very often that someone's, "Ah, that's okay. I'll just spend it on whatever." People get really smart when they're presented with really good information. And that's what a pile of money all broken up into different jobs is. It's very good information to help you make decisions on where the spending's going.
- Lee Burgess: I will confess that in our business, when banks were starting to fail a bit ago, we opened a bank account in a second bank, just in case. And we moved money in there, and that's where we pay corporate taxes and retirement funds. And



sometimes I do forget that there's money in there, because I don't see it where I pay bills and do that stuff.

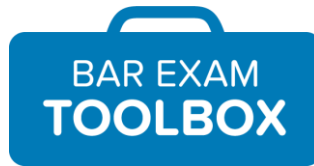
Jesse Mecham: Yeah, I do make the exception for tax estimates because I really want people to know that is not your money. So, anything to make the friction just a smidgen more for the estimated tax payment situation is worth it. Now, I personally don't do that, but I've been running this system for a long time and I understand how it works. But when people are just starting, if there was one place where I would yield the floor, it would be those tax payments.

Lee Burgess: Yeah, but it is funny how I do forget about that other bank account sometimes. Then I'm like, "Oh wait, it's there." I got nervous that I was going to have to pay year-end things. I'm like, "Wait, I've stashed money somewhere else. It's okay. It's okay." Okay, so for folks who aren't familiar with You Need A Budget, you've mentioned you have these jobs, you're putting your money to work for yourself. You can still buy Starbucks if that's important to you. So, you're a student, maybe you're living off of some student loans, you're trying to keep things pretty tight, you're seeing coming down the pipe these big payouts for things for the bar. So, if they're starting to panic, is it ever too late to start to work with a tool like yours?

Jesse Mecham: Never.

Lee Burgess: Never? So, you just have to suck it up and get started?

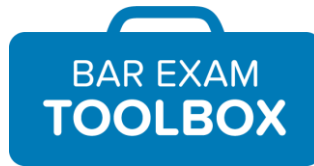
Jesse Mecham: Yeah, absolutely. We take people that are in total paycheck to paycheck, very stressful situations. They have \$18 to their name, they're waiting for their next paycheck. And it is absolutely stressful. And we would say, we have said, "What do you want those \$18 to do before you're paid again?" And they're just like, "I think I could get a couple of gallons in the car to get to work." And you're like, "That is it then. Nothing else matters. We will get you to work and get that paycheck." And then when the paycheck comes – okay, it's a little bigger, maybe a couple of grand. And you're like, "What do we want that money to do until you're paid again?" And if people are knocking on your door, they're saying, "You owe us this, you owe us that", it doesn't matter because you know what you need the money to do. And that clarity that there's this piece that comes even when things are crazy tight, like for students – and I've lived that world – and even when things are tight, there's a lot of peace when you can give every dollar a job, our first rule, and start to feel like, "Oh, all the wondering is over. This is what my money will do." And it doesn't always have to be just like tight, miserly kind of stuff. You can be like, "I'm going to be studying all day long, 12 hours a day, six, seven days a week. I'm going to treat myself a little bit. I need



to give my brain a break." And you figure out... Spend a little bit of money doing that. You'll know what's best, you'll know what's appropriate. And when you're breaking that money up into those jobs, it's interesting how the visibility of the tradeoffs starts to really inform you. And you start to feel like, "Well, if I do that, then I can't do this." And you just start to kind of line up your money with how you want to spend. And that's where that piece comes from. It doesn't mean you're suddenly making lots of money – that's going to come later. But for right now, just knowing, "I have a plan for my money. This is it" – that works great. Our second rule where we're saying, look ahead to larger, less frequent expenses... This whole episode is about one essentially very large expense that we're dealing with, and possibly loss of income as well, which is another way of saying a big expense – that second rule is just that: Look ahead, break it up into monthly amounts, start to create a little bill for yourself. And then our third rule – we call it rolling with the punches – it's really just, okay, you have a plan with rule one, you're considering the future with rule two into your plan, and now rule three is just basically, when something happens that you didn't foresee, let's make sure we adjust the plan. And that's it. If you're doing good test prep, you're going to be prepped on, okay, when you don't know this, what do we attack, what do we do here, what's a way to not burn a bunch of time? There are all these little tactics you can use when you're like, "Oh my gosh, I don't think I read this. I don't think I'm prepped for this. Okay, what do we do?" And you need to have a plan like that with your money too: "Oh, I did not foresee that. What do I do?" And you just make an adjustment and you move forward. So, the rules work whether or not you're using our software. The software is totally second fiddle to the ideas of how you're thinking about managing this precious resource that's your money.

Lee Burgess:

It really is. And I think for anyone who is listening to this going, "No way. I am not diving into this, because it's so intimidating" - I have messed with your tool, I think that your tool is not intimidating. But I feel like with money, thinking about dealing with it is always worse than actually dealing with it. Just like any conversation about money is always worse, typically, than the actual preparing yourself for the conversation. And then the anxiety of looking at all of it. Because there is an empowerment to it, but I think folks feel so icky talking about it that they're like, "Well, I don't want to spend time on my Saturday when I could be doing these other things, like getting my act together." But it's just a part of executive functioning – you have to be able to take care of yourself, and there are real costs to not doing that. And I think that's where the loans become icky for me, is that with high interest rates right now – they're not necessarily as high as they could be, but they're much higher than they used to be – these loans, it is not free money. And they seem to make it sound like free money, but it really isn't. So, could you share a little bit about how you



recommend people think about loans and why pinching some pennies or trying to come up with an alternative to minimize the necessity of any loans is going to make sense down the long run? Speaking for someone who just paid off the last of my own law school loans, I know that they hang out there. That was a very low like 2% interest federal regulated loan, which was great. My husband and I, when we consolidated all our finances after law school, he is like, "Well, don't pay that off; that's a great deal." He is like, "With these other ones, we've got to get rid of those. Those are going to be a nightmare."

Jesse Mecham:

Yeah, absolutely, 2% – truly, with inflation, you probably are actually making money on that one. But there's still a psychological side where you're like, "Oh, just good riddance. I just don't want this obligation." And the interesting thing, you're talking to a guy that did not want to borrow money to finish his master's degree in accounting. And I was married, had a baby, and then number two also was coming. But the original impetus was, baby number one was coming, my wife was making 11 bucks an hour full-time as a social worker. I don't know if people know the math, but that doesn't go terribly far. And I was resentful because I'm like, "Man, here we've been really pinching pennies. We've been so careful, and we still aren't going to be able to make it without borrowing some money." I just did not want to borrow. And the interesting thing about it is, I'll say why I don't like debt, basically, almost hard and fast. I think that it is a creativity killer. And I think you lose out on whatever solution your brain might come up with that's not just the easy solution. And I'm not saying that paying off debt is easy. It is not. But capital T They – the marketers of these loans – they want you to think that it's just easy, it's no big deal, you'll be fine, you'll just pay after, after pay or whatever, you'll pay in installments. Every company essentially becomes a financing company, because they all know that we can get people to spend more money than they would otherwise by pushing it out into the future, where we humans aren't wired necessarily to really think that through. And so, you're prey in that instance. And the robbery happens not from paying an exorbitant interest rate – that's on its own gross. But the robbery happens because what could you have come up with had you just said, "No, this is not an option." Where would your brain go? Because this isn't always an option for people, and they do keep going. Things keep moving. I started YNAB not because I had some grand vision of like, "I'm going to really help people love how they spend their money without the guilt and second-guessing." There was none of that. It was totally, "We're having a baby. I need to figure out a way to make rent. I don't want to borrow money." That was it. And you can say, "Well, that's not very romantic", and you are right, because it's not. But I shudder to think what life would be like for me now if I had just said, "Gosh, borrowing three, four, five grand to wrap up school – that's downright reasonable." It wouldn't have pushed me to go another direction. Now, I am



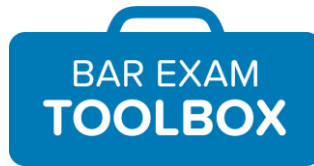
speaking generally, and in platitudes, and I would give specific advice if I knew someone's specific situation. But in general, debt is an easy out. And your brain – you smart, smart people that will pass the bar with flying colors – your brain can figure other things out. What will you not learn if you just take the loan? That's the part, it's this unknown loss that's always irked me, because I was almost there as well. So, it hits personal for me a little bit, in a weird way. So yeah, at all costs – well, not all – at almost all costs, really just say, "No, this is not an option. Not going to do it." You will thank yourself for the grit, for the fortitude, for the foresight that you exhibit now for your future self later.

Lee Burgess: I think the other thing that I've seen folks get stuck on is this idea that it's either all or nothing, right? You take the 10 grand out, or you take nothing. If you are in a pinch and you do the cost-benefit analysis and you do not have any other options, it's still better to only take two grand out than 10 grand out, because of interest. And you're right – our interests as borrowers are not aligned with the bank's interests. So, they're not doing this as a favor, and we have to approach it that way. And I think so often with credit cards and with bank loans, you've got to remember, if it wasn't a good deal for them, they wouldn't do it. They're not generous people, generally.

Jesse Mecham: I love profits. You're talking to a capitalist – cold-blooded capitalist business owner. I love profits like the next guy. How we go about getting them – sometimes that's where people really start to differ. But I don't trust burglars, I don't trust bankers. And it's really just the incentive. If you were to put me in their same position: "Hey, Jesse, you're now a banker" – what would I do? I would do the same thing. These incentives are there. Show me the incentive and I'll show you the behavior – that was an old Munger quote, right? And so, it's funny, because I have friends literally that are bankers. They don't listen to this podcast probably.

Lee Burgess: Probably not.

Jesse Mecham: But those incentives are just so strong, just absolutely so strong. And this big afterpay kind of installment plan explosion we've seen over the last year or two, where you can buy a pair of \$50 jeans with eight payments – it exploded. And you had a CFO on, I don't want to say which company, come on and basically say this is great for consumers. And then you see him in another conference talking to the merchants saying, "Hey, we've shown through our data that they buy 42% more if you offer this option." Well, now what's better for the consumer? How could you say both? He literally was speaking out of both sides of his mouth. He was talking to a news reporter about consumers on one side, and he was talking to the merchants about how you can make more money on the



other. And you just can't have it both ways. So you just have to go in eyes wide open and be like, "They are incented to have me spend as much as they can reasonably convince me to do." To borrow as much. I shouldn't say "spend". To borrow as much as possible and to have me stay on that loan as long as possible. And they don't really care about anything else. You just have to know that going in. And then you'll have the poor counselor that's supposed to give you good advice that maybe works for the school or whatever. And bless their hearts, they are trying so hard. They're like, "Well, you have to read this pamphlet." You're like 19, 20, 21, you're like, "Okay, I'll read the pamphlet." It's so lacking. And so, you're making these big decisions that last for sometimes decades with just absolutely very little education. So, if people want to borrow money, they've got to use YNAB for six months. At least we could get their mindset shifted right. And it's free. I say six months because if you're a student, it's free for a year. So, they use it and they get to know their spending and realize what they could fix, what they could change. Not about spending less, just spending different. Spending so they love how it's going. And then at that point, if someone was running YNAB pretty true for six months, nine months, and they're like, "Hey, Jesse, I've been doing this. Here's my situation" – I would be a lot more inclined to be like, "Okay, yeah, a tiny little loan might be okay to skirt you through. A little bridge loan to get you there." But all this stuff where they just take 10, they spend seven on the actual thing, and then the three grand is for who knows what else – that's the kind of thing we've got to nip in the bud. Your future self will be like, "Thank you for doing this."

Lee Burgess: It's true, yeah. I worked before law school and then I went back to being a student, which was a bit of a shock to the system. And then I did go work for a large law firm, where I did make a very nice salary. But then I had pushed every expense I could until I got that first paycheck, and then I just watched it all get gobbled up.

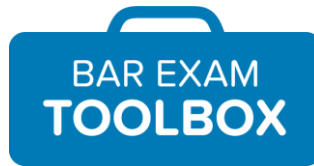
Jesse Mecham: Yeah. Happens just immediately.

Lee Burgess: Just like, "Bloop!"

Jesse Mecham: But at least you didn't have any time to spend your money, because you were working so much. So there was a silver lining there.

Lee Burgess: That is the silver lining, that is true. I did buy a car eventually. I had to pass the bar, that was my deal. I said I needed a new car, but I wanted to make sure I wasn't going to lose my job. So I went the weekend...

Jesse Mecham: A car for the bar. I like it.

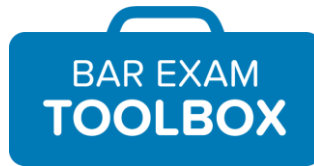


Lee Burgess:

Yeah, exactly. So, when we think about giving your money jobs, which I love this idea, and thinking ahead a year out at least, six months to a year about what's coming down the pipe – then I think it really allows students to be creative. And so, when I think about money, sometimes I try and think about your community – your community that is going to ask you during this challenging time, almost everybody gets asked, "What can I do to help?" That's almost what everybody asks. And one thing that I have learned from a very dear friend of mine who actually does end of life counseling work... She went through a family crisis and she handled it in this way that I feel like you would really appreciate, where she basically sent an email. Her husband was in a nasty motorcycle accident. He's fine now, but she sent this email that was like, "My husband has been in a motorcycle accident. I believe he's going to be okay. He's going to be in the hospital for this many days. And here is what I need. I need food for my family. Please sign up, and then I'm going to put this friend in charge of collecting who's going to feed us on what day. And then I need somebody to go visit my husband on these days when I can't be there." She had this whole list. And then as a friend, we were like, "I am here. I will deliver food that day." I drove her husband from the hospital, because I knew this is how you need me to step up and I'm going to step up for you. We felt good because we were helping in the way that she needed to be helped. She got the support she needed, we helped carry them through. I've used this in my own personal life whenever I've had a baby or something challenging has happened. I'm just like, "This is how I need your help." So, when I think about money, sometimes folks will have people in their family that could help them, sometimes they don't, but almost everyone has a community, whether it's friends or whatever, that says, "What do you need?" And I think if you know how your money's being spent, and especially if you know how you're pinching pennies, I think that answer can get creative: "I need frozen meals." And then that's going to reduce your grocery bill, but you're like, "I need frozen meals. I need X, Y, Z." Maybe it's, "I need a donation to my bar fund." But whatever it might be, I think that you can pull from your community, and then use your budget to empower yourself in a different way.

Jesse Mecham:

Yeah, absolutely. You know what you need, instead of just having someone lending you money, telling you what you might need. It's probably a 200%-300% difference, honestly – what you think you will need, and then after some creativity, what you actually will. And that margin of difference is real, it's material. There's a little bit of a faux social community, so we feel like we have it when we actually don't. That's too big of a deal to go into. It's not so much like a GoFundMe campaign for all your Facebook friends that aren't friends, but it's just this very intimate, "Hey, we're going to do this." It is the person that would bring you a meal. That standard actually is a really nice lens through which you



could be like, "Oh, I can count on two hands, the number of people where I can be like, 'Hey, y'all, here's our situation.'" If it's anything from, "We need a babysitter. Things are now tight. Can we cut back on daycare?" This or that. Who knows? I'm just making things up, but that's what you would start to do.

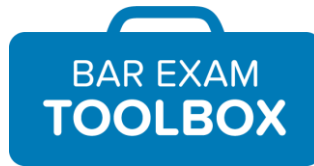
Lee Burgess: Dog walkers.

Jesse Mecham: Yeah. Your little community could come together and be like, "Oh, we can do this. Hey, did you even think that maybe you'd want this or that?" So, I love the idea of community, just that intimate help. It's perfectly allocated resources, and that makes my heart sing to have that happen.

Lee Burgess: Yeah. And I think that even if your community isn't a community that can loan you money, by releasing you from some of these responsibilities, like how many people are going to find themselves having to pay someone to walk their dog? If you can get a friend to walk your dog, that is money that can be allocated towards a different expense. And many friends would be happy to walk your dog. They might go for a run anyway, or whatever it might be. So, I do think being honest with your community and not seeing it as any sort of judgment that you need help. What I learned from my friend in her own crisis management was, there is no embarrassment about asking for help. It helps the community if you will just say, "This is what I need, please show up for me in these ways." And then typically they will, because everybody has people that loves them around them who're going to help.

Jesse Mecham: It feels good to help people. It truly does. And I'm not talking about paying for someone's Chick-fil-A behind you. That's fun, but helping people that you love – it's very gratifying for the giver. That's the great magic of generosity. One of our taglines is to have people be able to spend, save, and give joyfully. And "give" is in there on purpose. When you can give away time or money, it's empowering. So, the giver benefits so much. It's just a secret in life – the giver and the receiver both win. There's wealth, there's value created in the world like that. That's just super unique. I love it, yeah.

Lee Burgess: Yeah. Alright, so we've talked about you need to think ahead, maybe try and use some budgeting tools, get a window into how you're spending your money, and then ask very hard questions before you take any loans. So, see if you can come up with another solution. And then I think it's getting creative about the expenses you are incurring at the time. So, on our podcast, we talk about various ways that you can prep – all of them have different price tags, and all of that often is dependent on an individual's needs and situation. But then there can be living situations. You can choose to change your living situation to save



money. You can change your location. You can stay at a friend's house when you go sit for the bar instead of getting a hotel, which is like an exorbitant amount, because the bar hotels are incredibly expensive. So, there's a creativity. And so with your tool, if you're looking out to the future, you're saying, "Okay, I'm going to have to spend X, Y, Z to just go sit for the test. I've got to get a hotel, I've got to rent a car, I've got to do whatever. And then I'm going to be without work, and maybe I do want to go sit on a beach somewhere." How does your tool help someone look ahead and plan for the future?

Jesse Mecham:

Yeah, so there were two ways we attack it. One is you can attack how long you have until you need to start paying for the thing. So, obviously we can't control it. They say the best time to plant a tree was 20 years ago and the next best is today, that kind of idea. So, you look ahead and you say, "Okay, I've got 10 months." It would have been better to have 20; it's okay. You got 10 months, you got six. So that's a known number – that's our denominator in this fraction. The numerator, what we're dividing, is how much it will cost. And so let's say your first estimate, you're throwing darts and you're like, "12 grand, and I've got six months." Easy math – that's two grand a month. And for a lot of people that's like sticker shock. You're like, "Two grand a month?" And suddenly you're like, "Hey, we're going to issue a bill. It's called the bar bill and it's two grand a month." And people are like, "I'm barely getting by now. How's that even possible?" So that's the first bit of very useful information – 12 grand is a non-starter. And then you chip away at that future pile, and you get it down to where maybe you can cut it up. The lodging, honestly, is a big one. Using Turo instead of traditional rental cars, it's a big one. Drive around in a very weird car, you can save money. It really works. Go to a grocery store and get your food, instead of eating out. There are these ways that you can just cut and cut, and we could get that 12 reasonably probably down to six. So then suddenly you're like, "That's a thousand-dollar bill. Man, thousand-dollar bill is still a lot." So, can you do anything else there? Maybe you can't, maybe you can't. And you just say, "That's all I've got, Jesse." And we say, "Okay, can you make a thousand?" You're like, "I could set aside \$400 a month." So we set aside \$400 a month for six months, we get \$2,400. We needed \$6,000, so we still need \$3,600. Borrowing \$3,600 versus \$12,000, we're light years ahead of where we would have been. And so, that kind of math where you look ahead, you try and look as far ahead as you possibly can, and then you attack that number and you get it as low as possible, you see what's reasonable for you to start setting aside now. The cool thing is, as you start to pay for that bill, where you're like, "I can only do \$600 a month" – as you start working the system and spending your just normal money every day, you'll start to feel like, "Well, wait, if I spend this money here, if I don't, I could throw it toward my bar bill. Maybe I could bump it to \$660 this month. Maybe I could bump it to \$700 this month." It starts to be



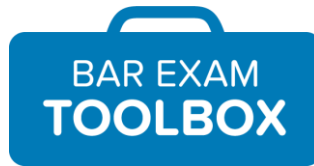
this game where not only have you lowered your future expense of what the bar is going to cost, but now you're also looking at your other expenses with a critical eye that you had not used before. And it's not just, "I should spend less" – that's such a weak argument. I don't want to spend less. I want to spend different maybe, but we're not spending less. You're just like, "Would I rather go out with friends tonight or throw 80 bucks toward my bar bill?" And you might be like, "Well, I actually want to do both." And then you tell them, "Hey y'all, I'm saving up for the bar, but can we do something at my house?" Get creative again. You're not just getting creative on knocking down the bar exam bills, but you're also getting creative on how you're living now in order to contribute to that future fund and get you even closer. And I tell you, you do those things, you will take what was an insurmountable \$12,000 bill and you will knock it so far. It's just unbelievable. People don't realize how much money they are accidentally spending on things they don't really care about. So when you can find something that you care about a lot, that's what drives the spending. Spending that we care about a lot is like a good black hole – it attracts all of the money that was being spent wherever for whatever. And you can start to really focus it on the things that matter. That's when the magic happens. So, it gets me fired up every time, yeah. I've never been able to walk through on a podcast such a concrete scenario like this and deep dive it. So that's been quite fun for the nerd in me on this one.

Lee Burgess:

Well, I enjoy good data too, and I enjoy visibility through data. So I think that's what kind of gets me excited about these exercises, is I don't love spreadsheets per se, but I do love what data can teach us. And I've seen students who, let's say they fail the bar, and you can only take it twice a year, so they now have to plan ahead to take it again. It's brutal, there're opportunity costs, there're prep costs, oftentimes they have to hire a tutor, and we're not super cheap, and so they have to plan ahead. But I think when you have this visibility, it allows you to make solid choices. So, I have had students who have come to me and said, "I have failed, and I financially cannot take the next administration. But I have a job, and I'm going to work, and I'm going to save, and then I'm going to hire the help that I need, and then I'm going to take time off", and then they're able to be successful. But you can only do that with visibility. To me, the visibility allows you to make that decision instead of, "Well, I'm going to try and study on my own, but I have this learning difference and I should get help, but I can't afford help." So, then you're going to fail again. And that is worse, because also statistically, the more times you fail, the harder it is to pass, because you get the mental fatigue...

Jesse Mecham:

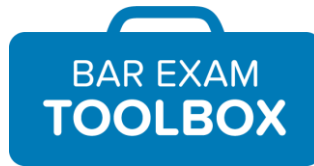
There's like a psychological side to it, yeah.



Lee Burgess: There's a psychological side too, right? And so this visibility is just a gift because it allows you to make thoughtful choices. And we get so caught up, I think, in law school and with the bar of just get through, and then getting through being saddled with a lot of debt, you can find yourself in job situations where you feel the golden handcuffs – you don't like your job and you feel like you can't leave, or you get yourself in so much debt and the pressure of that, that you're not even enjoying the job that you're working really hard at.

Jesse Mecham: Yeah, that you felt a calling to do. It's absolutely tragic. The debt itself just ruins everything. I don't meet someone that's just, "Before, when I had all this debt, I just was so much happier." You just don't hear people say that. What you're saying about being able to decide, our four rules, these habits that we teach people just around spending, specifically – they really are just a decision framework. It's a way to have you think to where you can make better decisions about how you want to spend. So, when you do go out to sushi on a whim on a Wednesday night – I'm speaking from literally yesterday when we went out to sushi – it's so fun because you're just like, "The money's there, this is great." Versus having it be where you're reacting and it's not part of a plan and you feel like things are loose. And it's not like you're going to be bankrupt or like you're going to be without food, but there's this low level hum of like second guessing and anxiety. And money should be imaginative. It is a tool, and people say money is power, and that is absolutely true. So, if it is power, and it's your own power in your own little world, let's have it be more of you expressed, the best kind. And having the world be more purposeful with their spending, I think would materially change the world. And so, I just don't think I'll ever be done telling people, "Hey, that's a really precious resource. You went to high school, college, law school, you did this whole bar hoopty hoop thing, and then you work for a boss you maybe don't like. And it's fun because you are working 90 hours a week." I don't know when this gets super fun, but you're pouring all this effort and time into earning this dollar and to have this super smart, accomplished young attorney then say, "Oh, I'm just not good with money." Wait a minute, that money is a representation of all of your expertise and effort and experience and education. Let's show it the respect it deserves.

Lee Burgess: I think that's such good advice, and I'm thinking too about the time in your life that most folks are taking this test. Folks become lawyers at all different points in life, but oftentimes you're in your late 20s – I was 28 when I graduated from law school – and you're on the cusp of the next thing. Oftentimes, not too far down the line, you may partner up, you may have a family. And if you already have your finances well in hand, all of that is much easier, because as a lawyer who knows all of my rules about divorce and all of that kind of stuff, you need to understand your own financial situation and share it with somebody else. And if



you can come into a relationship, if you're going to pool your lives together and say, "Here's my situation. These are the choices that I've made", and then feel good about them – that is also really powerful. So, you're really laying the groundwork at this time of your life for most folks who are sitting for the bar for these next chapters that are coming, and it is just such an investment in the future.

Jesse Mecham: Yeah, absolutely. And don't let anyone tell you that money is not right up there with health and relationships, as it relates to things you should try and be better at over time. It really is. I love money. And I don't mean that I love having more and more of it – that's taken too far, but I love what it does. I love that it allows people to express themselves. It allows people to do the best things in the world. It allows invention and creativity. It moves everyone. It's something that we should at most tolerate, and we don't have to have it be that way. It can be something where you're like, "No, I love what money does for me, my spouse, my kids, my community", whatever it is. Think about that person that you help with the bar where you're like, "I'll give you 400 bucks, yeah. Let me Venmo you. No questions asked, end of story. Don't ever talk to me about it again. I already forgot." That kind of a thing – money can do that. That's really fun. That's really good. And so, let's not ever forget that it can be such a tool for good in life. And we want to be good at it. Be good at doing that.

Lee Burgess: Yeah. And if you want to build a life with another person, that is a huge part of it. My husband and I have been together for almost 17 years, I guess now, which maybe makes me sound even older. But we always talk about how we are business partners, we are co-parents, and of course we are romantic partners. But you notice the romantic partners is one of those three things that we are in life. Because sometimes I come home and I'm like, "I need my business partner to show up, because we have life business decisions." And so, if you are a good part of that business partnership, I think it makes all of those other major life decisions a lot easier.

Jesse Mecham: Absolutely. Well, thank you so much for letting me come on. It was great.

Lee Burgess: I know, Jessie, it's such a treat. I love to talk about this stuff, I think it's so practical. For those who haven't heard of You Need A Budget, how do they learn more? You mentioned that students can get a trial for a year.

Jesse Mecham: Yes, yeah. I think the URL is maybe ynab.com/student or something like that. But Google it. And yeah, it's a year free and we are totally going to hook you for that free year. So, just go in eyes wide open. You won't be able to let us go.



- Lee Burgess: You add it to the line item, right? It's like, "How do I pay for You Need A Budget in the future?"
- Jesse Mecham: It's a hundred bucks a year, so start saving now. The turnaround we see, it just doesn't get old. I've been doing this for, this is our 20th year, and it just does not get old having people be like, "My marriage is better", "I quit smoking", "I'm drinking less." They're just kind of like, "Well, if I can control money, what else am I capable of?" And voila, it has this great halo effect on life. And so I love being able to be a part of it in some small way with the company.
- Lee Burgess: Yeah, I love visibility. Visibility allows us to just appreciate what choices we're making, whatever choices you want to make.
- Jesse Mecham: Absolutely.
- Lee Burgess: Well, we'll have to do another conversation sometime soon, because there's just so much to talk about in this space. So, I appreciate the time. I encourage our listeners to check out your tool and make thoughtful choices when planning for your bar prep.
- Jesse Mecham: Excellent. Thank you.
- Lee Burgess: Thank you. And with that, we're out of time! If you enjoyed this episode of the Bar Exam Toolbox podcast, please take a second to leave a review and rating on your favorite listening app. We'd really appreciate it. And be sure to subscribe so you don't miss anything. If you have any questions or comments, please don't hesitate to reach out to Lee or Alison at lee@barexamtoolbox.com or alison@barexamtoolbox.com. Or you can always contact us via our website [contact form](https://www.barexamtoolbox.com/contact) at BarExamToolbox.com. Thanks for listening, and we'll talk soon!

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