

Arlan Hamilton: I'm Arlan Hamilton. I'm a venture capitalist and this Your First Million. I started my fund, Backstage Capital, from the ground up while I was on food stamps. I have now invested in more than a 100 companies, led by women, people of color and LGBT founders. After having raised more than \$10 million, people often ask me how I did it. I created this podcast, so I could tell you my story and so that together, we could go on a journey and speak with some of the most successful people in the world from all backgrounds and walks of life to learn how they got their first million. Who knows, maybe during this series, you might be there when I reach my first million dollars of personal capital. This episode is brought to you by DigitalOcean. Let's go.

Arlan Hamilton: Liz Fong-Jones, I am honored to have met Liz in the last year or so. Since meeting her, my life has been brightened. That's for sure. Liz, you talk about people who are [inaudible 00:01:26] collaborators won't let you fall. That's what Liz is to me. Met Liz originally because she reached out because she wanted to invest in the venture fund in studio that I managed called Backstage. That was like summer 2018 I think. I remember her email, was really memorable because she said that she wanted to spend her money on things that sort of move forward the activism and actions and dignity for LGBTQ folks and especially, trans. She thought that Backstage through the work that we do, the different people that we invest in or educate in some cases or inspire in some cases that that would fit her thesis. She became an investor like right away. It was so cool and has doubled down and tripled down since. I just really appreciate her.

Arlan Hamilton: Liz is a site reliability engineer. You'll hear all about her time at Google until very recently and now, her time at Honeycomb. When I think about this interview, what I love about it is that it is one of the closest to self-made I can think of in more ways than one, not just financially. You'll hear about Liz going from not having many resources to having millions and building her way brick by brick with strategy and consistency and her own talents and then, gained talents. You'll hear that story, which is super helpful I think. It definitely helped me think about strategies and educated me along the way, but then there's the story of the person. She's one of the most successful trans people in the US by career and by capital. She wants a lot, lot more to follow her. Definitely pay attention if you've ever felt like you weren't living your full life because part of Liz's story is about yes, making the money and investing and donating and giving you really great tips about earning money, about saving money, about compounding money, but I think there will be some people, either today or a year, 10 years, listening to this, who will actually find themselves very inspired.

Arlan Hamilton: It may just help someone's life, who feels like they are not their whole selves or they're not being seen or they feel like there's no hope in their current situation and in the current body. I think Liz is incredibly inspiring when it comes to that because she's just living her full life, her full existence, the full depth and width of her life, which is incredibly exciting to me. Let's get into it, let's listen in.

Arlan Hamilton: I'm fascinated by you and first, let's do a disclosure that you are an investor and the venture capital fund that I manage and the studio that I co-founded, Backstage. You've been an investor, it's been a few months ... It's almost a year since you started, right-

Liz Fong-Jones: It's been-

Arlan Hamilton: ... with us?

Liz Fong-Jones: ... seven or eight months, yeah coming up on a year.

Arlan Hamilton: Cool.

Liz Fong-Jones: I think I first got involved in August or September, yeah.

Arlan Hamilton: Yeah, so we'll get into that. Let's start a little bit earlier. First of all, say what your occupation is again.

Liz Fong-Jones: In my day job, I'm a developer advocate, so I teach software engineers how to run software systems better. I also help the company, the startup that I work at better make sure that their products are aligned with what the market is expecting. In my moonlighting job, I am an advisor and an investor in both starts and nonprofits. In general, [inaudible 00:06:17] put my money where the impact is rather than necessarily aiming for to make money or not.

Arlan Hamilton: Right and one of the things I find so fascinating about you is how you invest your money. I think we should first talk about how you gained, earned all of that, your money and then, why you make certain decisions and what you invest in and what the big picture is because I think that's really fascinating. Let's start first, you have made your first million because you're on the show, correct?

Liz Fong-Jones: Yep. That's correct.

Arlan Hamilton: A lot of people don't like to talk about money, why is it comfortable for you to talk about it?

Liz Fong-Jones: I think it's important for me to talk about money in order to demonstrate to other trans people that you can be successful as a trans person and that there is somewhere in between the Caitlyn Jenners of the world and the trans folks who are [inaudible 00:07:15] to make rent. There's kind of a middle ground there.

Arlan Hamilton: Yeah and at one point, you told me it was both a blessing and a curse that you were one of the most successful trans people that you knew, right? Is that the case?

Liz Fong-Jones: Yeah, like I wish there were more of us.

Arlan Hamilton: Right, okay, so how did you get there? Tell us a little bit about-

Liz Fong-Jones: How did I get here?

Arlan Hamilton: Yeah because I know that your story is really cool because it's like a step-by-step guide basically. There is a lot of hard work.

Liz Fong-Jones: I'm not sure it's repeatable, but it's been-

Arlan Hamilton: Well-

Liz Fong-Jones: ... positioned to take advantage of good luck, right?

Arlan Hamilton: Right, so start with just getting into tech, like how was that important to the larger story?

Liz Fong-Jones: I think it was really important that I had the skills to get into tech from very early on, which was part luck. My family had multiple people who were software engineers in it. They taught me how to code from a young age. It meant that when I started having a falling-out with my family because I'm queer, it meant that I had options for earning an income that were more than making minimum wage that I could get a job, working as a systems administrator or as a software developer. That meant that I could make and save up enough money in order to be able to survive and be able to [inaudible 00:08:42].

Arlan Hamilton: Exactly what type of ... Let's say someone's listening right now and they're like, "Okay, I want to start there." What could they start to learn? What are the fundamentals and the basics when it comes to coding and ...

Liz Fong-Jones: Yeah that's a lovely question and fortunately, I think this is a company you and I have both invested in, a company called Career Karma Ruben Harris, who has a dedicated program that is kind of 21 days of work that will prepare you to enter a coding boot camp. The thing with coding boot camps that's cool is that some of them will charge you a percentage of your future income, so you have to have your own living expenses, but you don't necessarily have to fork up a lot of money upfront for the school. Instead that you can make this investment in your skills and then, pay people back later.

Arlan Hamilton: Yeah, so Career Karma gets you ready for that?

Liz Fong-Jones: Yeah.

Arlan Hamilton: What kind of age ... Someone's in high school, college right now. This is like a really great age for it, even earlier obviously, but-

- Liz Fong-Jones: Yeah, definitely. If you're in high school or college, you have a lot more options I would say as far as saying, "I want to switch my major to computer science," or "I want to switch my major to math or physics," like kind of things that are oriented towards analytical thinking, oriented towards kind of problem-solving, troubleshooting. Things like that are very, very helpful when it comes to seeking out a career in computer science.
- Arlan Hamilton: You sort of left your family, you left the house, is that-
- Liz Fong-Jones: Yeah that's correct. I wound up having to run away from my abusive family when I was 16.
- Arlan Hamilton: Then, where did you go?
- Liz Fong-Jones: I stayed with friends for a little while. I stayed with my grandparents for a little while. Then, I made the very stupid decision to go back to living with my parents, not a good idea.
- Arlan Hamilton: Oh, okay and that was like a rough time, I'm assuming it's-
- Liz Fong-Jones: It was a very tough time.
- Arlan Hamilton: ... an understatement.
- Liz Fong-Jones: Yeah, there's a lot of talk about reparative therapy as far as LGB teens are concerned, but not necessarily towards trans teens. Unfortunately, the reality is that a lot of trans children try to have their parents stop them from being transgender. It doesn't work of course.
- Arlan Hamilton: Right, so when you had those options, would you say that it kind of saved you, right?
- Liz Fong-Jones: It definitely saved me in multiple ways. First of all that when I was off living on my own that I had a bank account, I had money that I was putting in the bank account. At that time when I ran away, I had a job. I was already working as a systems administrator for a group of math teachers.
- Arlan Hamilton: Wow.
- Liz Fong-Jones: The pay was perhaps less than I would have earned as someone out in the workforce. I was making like \$20 an hour, which is pretty good for 2004.
- Arlan Hamilton: You had this discipline, where you would not overspend. You didn't spend beyond your means and kind of saved. Did you learn that early?

Liz Fong-Jones: I learned that in a couple of ways, some of which were helpful, some of which were harmful in the long term I'd say. My grandparents grew up in the Great Depression. Therefore, they instilled the kind of use every coupon, like go to the store, shop 59-cent can of corn, 57 cent can of corn. That was helpful when I was [inaudible 00:12:16] to make ends meet, but it was kind of not necessarily that helpful in the long term as far as where you prioritize your kind of mental energy. I think that the other thing was that I had talked with a lot of other trans women. The older trans woman that I was talking to really advised me like, "You got to be able to take care of yourself, no one else is going to take care of you." That kind of was very much [inaudible 00:12:42] of I had a goal. I knew that at the time that no health insurance was going to cover my medical transition. I knew that that was a thing that I wanted. That was kind of the price I was aiming for. I knew that I was going to have to earn and have saved away \$20,000.

Arlan Hamilton: The key there you think that someone else can take away from that is kind of making a way even when there isn't a way?

Liz Fong-Jones: Yeah, right like you have to think about what do you have, what can you leverage and have a goal in mind I would say. Having a goal in mind definitely helps you keep an eye on what's important and what's not important.

Arlan Hamilton: Talk to me a little bit about saving enough money to buy a home. Why is that important and why was it important to your story in getting to becoming a millionaire?

Liz Fong-Jones: Yeah, so long story short, I got through two years of college, which my grandparents, bless their heart, paid for. Even though my biological parents were not friendly, my grandparents paid for my first few years of college, but I dropped out because I realized that I wasn't going to have the money to finish college. Then, I didn't want to go into a bunch of debt. I know that for a lot of people, it's important to take on some kinds of good debt, but in my case, I wanted to avoid being in debt as much as possible. That meant that I dropped out of school. I went looking for a job and I had a job offer from Google and from Facebook and from the game company that I was interning at for a couple of years. I had just also gotten all of my own medical transition needs done and I set my sights on what's my next goal here. I'm not just going to accumulate all this money and then, spend, spend, spend it, like what's my next goal?

Liz Fong-Jones: For me that goal was that I wanted to have a place that was my own. I wanted to have a place that I could be secure in that I knew that would kind of always be mine as long as I wanted it. I started saving the money that I was now getting from Google, which was now coming in at a faster rate, thanks to it not being a small game studio. I wound up deciding to look outside the Bay Area as well. I was living in the San Francisco Bay Area and I knew that I would never be able to afford a house there that it was just too unaffordable. I moved to Boston and actually bought a house there kind of ... I didn't rent for a while because I knew

what that city was like. I knew the neighborhoods. I knew roughly where I wanted to live, so I actually found a really perfect house.

Liz Fong-Jones: The federal government has a really interesting program, even for people that don't tend to take on kind of conventional forms of debt, like a credit card or a car loan. It's called an FHA loan. With an FHA loan, it's an interesting financial thing, where you don't necessarily get vetted on your credit score. You get vetted on how reliable you've been in paying like your utility bills or any kind of regularly recurring bill. It's not something that's limited only to people who have taken out a bunch of credit cards and so forth.

Liz Fong-Jones: The other cool thing about it was that it was 3.5% down, not like 20% down. I was able to get in on the housing market in 2009. It was actually right after the bust.

Arlan Hamilton: Absolutely.

Liz Fong-Jones: The housing was pretty affordable. It was actually about the same amount of money in total as I had been spending on rent for a one-bedroom studio in Silicon Valley. For that, I was able to get a mortgage on a five-bedroom house in Boston.

Arlan Hamilton: Wow, do you think that can happen today, maybe not in Boston, but in some city that if someone is living in New York or San Francisco or somewhere and they want to own a home, do you suggest that they move to another city and stop renting? I mean I guess it can't be across the board for everybody. Everybody has their own thing, but is it-

Liz Fong-Jones: Yeah, everyone has their own [inaudible 00:17:01]. In my case that was the path for me to be able to become a home owner because I knew that without taking out a credit card, I was not going to be able to get a home any other way.

Arlan Hamilton: Why was homeownership so important?

Liz Fong-Jones: Because I was looking at this money that was flowing out of my bank account every single month and it was going to the corporate landlord in Silicon Valley. I was like, "You know what that's \$2,400 a month, like if I took out a mortgage, then it would be maybe \$800 a month in interest, but like \$1,600 a month into my own pocket, into the principal on my house."

Arlan Hamilton: Yeah, really cool. What happened then?

Liz Fong-Jones: About a year later, I met my spouse, who was also a software engineer at Google. She and I got married a year after that. Then, we combined our finances and that really kind of accelerated things because we had no kids. We had a very stable mortgage that was not like going up in prices as the Boston housing

market started going back up again. It meant that we had a bunch of extra money and we were able to funnel that into paying off our mortgage early.

Arlan Hamilton: Do you think it was important to find someone who kind of shared the same philosophy that you had? Were you on the same page there?

Liz Fong-Jones: That's where I think it's kind of interesting, right? I think that my spouse had grown up as part of a wealthy family. For a while, we'd literally have arguments in the grocery store aisle about, "Seriously, Liz, why are you deciding between the 79 cent can of corn and the 59 cent can of corn, like just pick one, like come one, we got other shit to do." I think that's when I learned the value of valuing my time. I think that's something that I needed to learn and that I learned from her. Conversely, I think that she learned a lot of financial discipline from me in terms of thinking about roughly what does her budget look like in terms of thinking about ... Funny story, she was so madly in love with me that like she started like spending all of her time at my house like within a couple months after we met so badly that she forgot to pay her rent. She turned up at her apartment to find a notice on the door saying, "Hey, like pay your rent or else," because when she went to collect her mail and she was like, "Oh my God."

Arlan Hamilton: Wow, well, she's experienced now what I experienced many times, but for different reasons.

Liz Fong-Jones: Yeah, for different reasons, for sure. I think the thing that was interesting was that Elly also taught me to be a much more generous person in terms of like I used to be that awful person every single wait staff hated. I'd give maybe a 10 or 12% tip.

Arlan Hamilton: Why were you doing that do you think because you're cheaper or because you were scared to lose?

Liz Fong-Jones: Because I was scared to spend more money than I had to, right? I was stuck in the scarcity mentality that maybe was appropriate when I was in Thailand and had \$100 left in my bank account, having spent the other 20,000 on the surgery. It was not appropriate when I was already a half millionaire.

Arlan Hamilton: Yeah and you're out ... My thing is if you're out, no matter what, like even when I was my brokest, if I'm going to go out and use the services of a waiter, waitress, wait staff, you tip and that's part of it. You were able to learn that over time with your spouse?

Liz Fong-Jones: Yeah.

Arlan Hamilton: That's great.

Liz Fong-Jones: Yeah, so she taught me to be more generous. I think that that was kind of a really cool combination of kind of getting on the same page over time by getting to know each other and like-

Arlan Hamilton: Yeah, so you were able to pay off the house much faster than you would have if you hadn't been so disciplined and strategic with it?

Liz Fong-Jones: Yeah.

Arlan Hamilton: Really excited about our sponsors for this episode, DigitalOcean. I spoke at their employee lunch a few months ago in New York City at their headquarters. I was just blown away by their team, by their diversity in the room, by the community that they've built, curiosity of thought there. It was really, really fun and they are some really cool people. When we partnered to sponsor and launch this podcast, I was stoked. Let me tell you a little bit about what they are and who they are and what they're offering us. DigitalOcean is a cloud platform that makes it easy for startups to launch high-performance modern apps and websites with simple predictable pricing, no gotcha pricing and a UX that developers around the world love. You can stop worrying about your cloud hosting and storage bills and have more time to just focus on your business. We all need more time. That's not all. They want to make it even easier for new businesses to launch apps in the cloud. If you're a startup, don't miss out on applying for their incredible Hatch Incubator Program. Over 2,000 startups in DigitalOcean's hatch have received amazing perks like a year's worth of free cloud infrastructure credits, special events, prioritized support, technical training and more. Learn more about DigitalOcean's global startup community and apply for Hatch at do.co/backstage. That's do.co/backstage.

Arlan Hamilton: You are still at Google at this time?

Liz Fong-Jones: Yep, I'm still at Google, although interestingly enough during some of that as I mentioned before, I dropped out of school. I knew I didn't want to incur a bunch of student debt, so I waited until I had the money, my spouse and I had the money for me to afford to go back to school. I went back to school for two years and worked part-time at Google, which was a rare thing, but we managed to make it work. That was another place that we invested money was in my education once we had the ability to pay for it.

Arlan Hamilton: How important do you think that was sharpening your skills, investing in yourself in that way?

Liz Fong-Jones: I think that it's hard to put a number on it. I was definitely a software engineer who's making six figures, but I think that definite the network of people that I met at MIT when I went back to school was really, really important. I think that having name on your resume really, really matters as far as getting subsequent job positions. I also knew that I wanted to do it for my own needs. There were bits of computer science I knew that I was not being as effective as as if I

actually understood it. I knew that I wanted to go back and learn that. I think that that kind of gave me confidence in a lot of ways to kind of reach up for those higher levels, whereas before I felt like I was imposter, I didn't really belong that I was just skating by this person without a degree, like how did I get here? I think that was holding me back in a bunch of ways that I think that actually getting that piece of paper solved.

Arlan Hamilton: At Google, you started climbing the ranks, is that-

Liz Fong-Jones: I did.

Arlan Hamilton: ... how it worked? With those new positions came higher and higher salaries, I'm assuming. See I'm going to get all in your business.

Liz Fong-Jones: Yeah.

Arlan Hamilton: This is what this is, so became higher and higher salaries.

Liz Fong-Jones: Not just salaries, stock, the stock part is really, really important.

Arlan Hamilton: Talk a little bit about that.

Liz Fong-Jones: At Silicon Valley companies, at lower levels, the stock that you get is maybe 15 or 20% of your salary per year. Over time, it winds up becoming a larger and larger number. The longer you stay at a company, the higher your rank. It's not a thing that goes up at the same rate as your salary. It goes up even higher. By the time I left Google, my stock was easily double what I was making in salary.

Arlan Hamilton: It started as something like 15 to 20%-

Liz Fong-Jones: Yeah.

Arlan Hamilton: ... and it became over a few years 200%?

Liz Fong-Jones: Yes.

Arlan Hamilton: For anyone who isn't familiar with how that works, why was that a game changer?

Liz Fong-Jones: That was a game changer because they tell you regardless of [inaudible 00:25:25] that's on [inaudible 00:25:25]. You shouldn't count on the money that you get from your stock. That you should only live off of what your salary is. That means that all of that excess money that you're getting from your stocks, you wind up figuring out, "Okay, where am I investing it, where am I saving up, where am I storing it?" In our case, it wound up being into our home initially,

using the money from our salaries to put the maximum into our 401(k)s. Then, starting to think about how do we give back to the community.

Arlan Hamilton: Let's talk about 401(k)s for a second. How important is it to ... A lot of us know about 401(k)s if we're in startup world or if we're at corporations. I've known about 401(k) since I was probably 16, 17. Sometimes, you have that option to put ... For your employer to match or to-

Liz Fong-Jones: To match, yeah.

Arlan Hamilton: ... double to, whatever it is. A lot of people, especially younger people, especially I early on didn't understand how valuable that could be because it just looks like you're taking some of my money and I need that money now. How does a 401(k) work? Give me an example of how it works a few years in.

Liz Fong-Jones: Yeah, so I think that for people who are making a software engineer salary, it becomes less daunting to put the maximum for your 401(k). If you're making 50,000 a year, of course you're probably not going to be able to afford to put \$17,000 into your 401(k). If you're making a 100,000, then yes that looks much more feasible. Your employer may or may not match it, but either way, it comes out of your paycheck before the taxes are taken out. Then, it grows without the capital gains tax. It's kind of this huge thing if you start on it early, 5,000 here, 10,000 here, it may not seem like a lot, but after 10 years of doing that it's kind of a way of forcing yourself to save. It can also help you, like when I went to buy that house in 2009, I had some money in my 401(k) already saved up just from a year working at Google. I took a 401(k) loan and then, I just paid it right back within a year.

Arlan Hamilton: Because you're borrowing from yourself-

Liz Fong-Jones: Yeah, you're borrowing from yourself.

Arlan Hamilton: ... [inaudible 00:27:54] way and the employer who maybe matched it.

Liz Fong-Jones: Yeah, you're borrowing from yourself and as long as you pay it back promptly, there's no penalty on it. It's kind of you can use it under select circumstances as a emergency relief if you need it. It's not just for your retirement only. You can use it to kind of fast forward a bunch of other things.

Arlan Hamilton: That's right. I know Christie Pitts at Backstage did the same thing. She used it to put the down payment on her home, her first home that she bought. That's a big deal when you're starting and I think the difference between the two of us, I remember we talked about this is that her father insisted on it when she was 18 or something like that. He insisted and she didn't understand it. I just didn't know it until very much later in life, but the good news is I'm 38. I'm now contributing to the 401(k) at Backstage and it isn't too late. It's not too late. If

you're 50, it's not too late. If you're 20, it's really cool actually how much it has accumulated.

Liz Fong-Jones: Yeah and I think the message that I would send is like this is not just for ... If you're 20, this is not just for years down. It can help you in other ways along the way. Even in the worst case that money isn't gone. You can still get it. You'll just pay an IRS penalty. If the difference is that and going bankrupt, I would pay the penalty in order to get access to that money. Don't do it unless it's emergency, but it's there.

Arlan Hamilton: Let's shift gears a little bit because at this point, I'm not going to get way into your business, we'll assume you've reached the million. You're probably well beyond that because of really strategic saving and then, compounding your assets basically with the decisions you've made and then, sort of becoming power couple, joining forces with another [inaudible 00:29:45]. I don't know if that's okay to say, but like joining forces. People are taking notes. This is how you do it. Now, you're young. You are wealthy. You're successful. There's a couple things going on at this point. Now, you're deciding about how you're going to spin that money or gift that money or invest that money, but you're also having a very public fight with your employer. Give me a little indication of the timing of these two things.

Liz Fong-Jones: I think it was really interesting that part of how I got to the place where Google was giving me twice my salary in stock was because at the time in 2015, Google appreciated what I was doing in terms of channeling dissent within the company and helping Google's leadership hear about things earlier than they otherwise would have. That was a thing that they wanted to reward and then, four years later, they no longer wanted to reward that.

Arlan Hamilton: Wow

Liz Fong-Jones: That was a very staggering change that in 2015, Google's leadership saw that I was having an outsized impact in the company and they wanted to recognize it that even though I hadn't formally gotten a job title that said I was a senior staff, something [inaudible 00:31:10]. They were paying me like I was one because they recognized the value to the company, but then somewhere along the way, I think two things happen. Google's leadership decided to stopped listening to employees, but also that because of the earlier decisions that Google's leadership had made to reward me for the work that I done, I was in that position to be able to speak really knowing that I wouldn't have to work unless I wanted to. I kind of had the freedom to walk away and I ultimately did.

Arlan Hamilton: Yeah. You can do a lot of research on Liz's work, advocating ... Give a synopsis of what you were advocating for at Google and other places.

Liz Fong-Jones: I think in a sentence or two, what I was doing was advocating for the needs of marginalized communities, whether it be marginalized employees, whether it be

marginalized customer or [inaudible 00:32:05] in terms of this big artificial intelligence bus is coming, who's it going to run over?

Arlan Hamilton: Yeah, exactly.

Liz Fong-Jones: How do we stop that from happening, right? I was trying to be that voice of saying, "Hold on a minute, what do we need to do differently in order to not further hurt these marginalized communities that don't necessarily have that same seat at the table I do, right?"

Arlan Hamilton: You're sounding the alarm. It's funny just recently Ev Williams, he tweeted something to the effect of, "Had I known-

Liz Fong-Jones: Yeah, I saw it and I was just like, "Oh my goodness, you had people telling you-

Arlan Hamilton: Yeah, exactly.

Liz Fong-Jones: ... and you refused to listen."

Arlan Hamilton: For context, you probably have heard it by now, it's probably blown up by at this point, hearing this-

Liz Fong-Jones: Yeah, I've seen it.

Arlan Hamilton: ... but for context, he tweeted just very recently, "Had I known that people who didn't look like me were going through some tough things at Twitter, the people that were on the platform, we probably would have done a better job at protecting them," or something to that effect. It was part of a long thread of a lot of interesting, thoughtful words and sentiment. That's the tweet that's like really sticking out because so many people are calling foul on that and saying, "You were told, how could you not [inaudible 00:33:23]?"

Liz Fong-Jones: Exactly right, it's not about whether you're [inaudible 00:33:25] or not. It's whether you give marginalized people a seat at the table. They think that's what happened in my case. I used to have a seat at the table and then, they take me up from that [inaudible 00:33:36]-

Arlan Hamilton: They [inaudible 00:33:36] table out.

Liz Fong-Jones: ... and they said, "You know what, we don't need you here anymore." I was like, "Okay."

Arlan Hamilton: Yeah, so let's talk about then the work you do now with that wealth that you have built for yourself. First of all, what do you invest in? What is your thesis?

Liz Fong-Jones: Yeah, so I think there are a couple of themes to this. One of which is no one becomes a multi-millionaire without choosing to. You can choose to give away your money before you become worth \$5 million or \$10 million. I think that it would be horrendous for me to accumulate a bunch of wealth and just keep it all to myself, rather than using it for the good of the community because for every person like me, there're plenty of people who are struggling. How do I effectively help people who are struggling, who are from the trans community and especially from trans communities of color? That's what all of my investing and donating is about is how do I both help cultivate kind of the next generation of trans folks to survive, but thrive as well who also would be able to kind of give back to the community.

Arlan Hamilton: We want to give a couple of examples of what you've invested in. I guess you are philanthropist as you said earlier and an investor, so maybe a combination of ...

Liz Fong-Jones: Yeah, so I tend to aim to spend my money in order to maximize the impact. Sometimes that means giving donations in the six figures to organizations like the National Center for Transgender Equality, which I sit on the board of, where they advocate in Washington D.C. to legislative bodies, to the executive branch in order to ensure that trans people's rights are protected. I think that that's a voice that's very important to have because if you're not being heard in Capitol Hill, then people are going to be making decisions about you without knowledge of who you are.

Arlan Hamilton: Right, you might as well not exist if someone's not representing you-

Liz Fong-Jones: Yeah, exactly.

Arlan Hamilton: ... is their eyes [inaudible 00:35:38].

Liz Fong-Jones: Yeah, so kind of in the nonprofit world, I focus really on three things with regarding to defending trans people. The first of which is legislation. The second of which is lawsuits, where the law is treating us unjustly. No amount of arguing before a deadlocked Congress and executive branch is going to work. Legislation, litigation and then, finally, I also focus on direct aid. I focus on organizations like Trans Lifeline which is both a suicide and crisis hotline for trans folks. Then, in the litigation front, I give a lot of money to the Transgender Law Center, which funds litigations, for instance, get trans people who are detained by ICE released from custody.

Arlan Hamilton: You look at that every year and say, "There's this portion of budget that's going to go into philanthropy and there's a portion that's going to go into investing."

Liz Fong-Jones: I don't necessarily look at it that way. I instead kind of set a total budget for all of those projects combined and then, I look to see what's going to have the most impact.

Arlan Hamilton: That's really important to you, the impact-

Liz Fong-Jones: Yeah, the [inaudible 00:36:52].

Arlan Hamilton: ... the waves, the ripple effect.

Liz Fong-Jones: Yeah, like I think we're at a very critical moment for trans communities of color and I think that yes my spouse and I and other trans folks really step up and allies really step up. If we spend anywhere between like not a large amount, like maybe \$10 million, like I think \$10 million is the amount of money that we need to spend over the next five to 10 years in order to really change the progress of trans rights, really drive it in the right direction.

Arlan Hamilton: \$10 million over the next five to 10 years you think would completely change the trajectory?

Liz Fong-Jones: Yes.

Arlan Hamilton: Wow that's really important and you're contributing a great deal of that but you don't want to do it on your own and you can't do it on your own.

Liz Fong-Jones: We don't want to do it our own and that's why a lot of our giving has been structured as matching campaigns because we really want to encourage people to chip in.

Arlan Hamilton: Yeah, it's actually really brilliant and awesome. I think we rarely ... The reason I'm doing this podcast is because I haven't reached my first million yet and this is the journey that I'm on, I will soon. I'm on that journey. Sometimes when we hear about philanthropy, we think "Okay that's money and it's really nice and it's going somewhere and it's going to be helpful right now, but what does it mean in a year from now, what does it mean?"

Liz Fong-Jones: Yeah, exactly. That's why I don't give to ACLU. ACLU is plenty of people that ... It is plenty of name recognition. They have plenty of money. I think much more about organizations, where giving them even \$5,000 or \$10,000 has a huge impact. It's kind of the incremental change by my dollars. That's what I measure by.

Arlan Hamilton: Do you think people who are contributing to the ACLU should still do so? Do you think that they don't merit investment?

Liz Fong-Jones: I think that if it's choice between not giving at all and giving to ACLU, people should continue giving to the ACLU. I think that if you're looking for places to put new charitable contribution money, I think there are a lot of places that are far better impact per dollar spent.

Arlan Hamilton: Yeah, just a little googling as it were. I mean yeah [inaudible 00:39:07].

Liz Fong-Jones: I think that's the thing, like if you're going to search for one thing, I would search for something called effective altruism. Effective altruism is kind of a thing that really shaped my thinking about how I both invest and make donations. That's how I've been looking at it is like these trans orgs, both the Transgender Law Center and the National Center for Transgender Equality, each of those orgs has a budget of maybe like anywhere between \$2 to \$5 million dollars a year. That's all they run on. They run very, very lean. You can imagine that just an increase of 10% in their budget, like that's not very much money and yet, it would have a huge impact.

Arlan Hamilton: Wow, okay, so you do that and a wonderful [inaudible 00:39:53]. I think we'll all go look those up too because \$5 can help if thousands of us do it.

Liz Fong-Jones: Yeah, although I think one interesting thing there is that for people who don't benefit as much from tax write-offs, the 501(c)(4)s are more interesting to give to because they're less restricted in what they can do. A 501(c)(4) can engage in much more political campaign based spending in a way that a 501(c)(3) can't. If you are taking the standard deduction, give to the (c)(4), not to the (c)(3) because the (c)(4) is the one that can actually support political candidates, whereas the (c)(3) can only do issue advocacy, but not actually advocate for someone who goes against the issues that you care about to not get reelected.

Arlan Hamilton: Then, on the investment side, would you say that there are two prongs to what you do or is there a third that I am missing?

Liz Fong-Jones: On the investment side, I'm looking for things where my money is right ... It's similar to matching in the sense that I think about given that I'm not getting a tax deduction for it, how do I multiply [inaudible 00:41:07] with my money because when you give to a charitable or a 501(c)(3) organization, you kind of get that built in whatever your marginal tax rate is. In my case, it's like 45%. My money goes 45% further even if no one else is donating along with me. I have to look harder at the for-profit sector. I think in a lot of cases, I'll talk about Tall Poppy for instance. Tall Poppy is a startup that was founded by my friend Leigh Honeywell. She is focused on solving the problem of online harassment. The way that she is doing it is interesting. She's solving it by getting workplaces to think about harassment online as a workplace safety issue that they are at legal risk, unless they support their employees and that therefore, in the same way that they take out workers comp insurance, they should also take out insurance against their employees getting harassed.

Liz Fong-Jones: I looked and I saw that and I was like, "The business model makes perfect sense and if I put in, I wound up investing \$200,000 in it because this is an issue that's very, very personal for me, where I know this space well unfortunately and I know that Leigh and Logan are in the right position to solve this. I looked and I said, "You know what, my \$200,000 here, ready, it's not just going to get

matched once-over, it's going to get matched many times over because corporations are going to pay for the service that I can get corporations to wind up usually like tripling this amount of inflow of money into solving this problem.”

Arlan Hamilton: When you look at the big picture and the future, again I like this idea of over five to 10 years, spending X amount of money to do Y. What does that look like if you had to summarize it, what will you continue to do? What will success look like to you as an investor and philanthropist?

Liz Fong-Jones: I think what success looks like to me is I look forward to the day that I don't have a trans crowd fund crossing my Twitter stream every five minutes, where I don't wind up having to see trans people struggling every single day, where there is a sufficiently strong social safety net. One of the things that the executive director of NCTE says is that like the number one issue facing trans people in the US today is poverty. Anything that addresses poverty is going to help a tremendous number of trans folks and help them focus on the things that are more important to them.

Arlan Hamilton: To start to wrap up, if there's someone listening who kind of reminds you of yourself at a different age, what can you tell them that'll help them get to where you are do you think?

Liz Fong-Jones: I think part of why this is such a tricky moment is that this is an inflection point. I think that things are both better and worse than they were for me 15 years ago. I think that it's important to take advantage of the things that are working in your favor. I think that it's important to go to your Planned Parenthood, go get whatever treatment you feel is going to help you if that's your thing. Take advantage of that while it's there. Instead of focusing your energy on like, “Oh my God, I hope I don't get busted for ...” I'm not sure I have a more coherent message. I'm just trying to think this through.

Arlan Hamilton: Yeah, sure.

Liz Fong-Jones: When I was a teenager, I had to think about how am I going to get my hormones, ordering them through the mail-order pharmacy from a foreign country. I think that it's great that that's a problem that trans people don't have to face today for the most part. I think that in some ways, things are better and in some ways, things are worse. The curse of having people know about trans people is that there's a lot more discrimination, but there's also a lot more awareness. I'm not sure what got me to here is going to help other people get to here.

Arlan Hamilton: It seems to me that you were driven by first advocating for yourself and then, advocating for others. If I listen to your full story, if there weren't others for you to advocate for, you may not have gotten to this point of success. You would have gotten very far, but I think that that in itself is really inspiring and that's

what I'm trying to get to is that sometimes, it can feel hopeless at different ages and not just super young. It can feel hopeless at a lot of different places, but what I found is that once it clicked in my head that everything that I do is about others is a certain service to others and in order to do that I have to take really good care of myself, so that I'm [inaudible 00:46:25].

Liz Fong-Jones: Right, exactly. Okay, I'm really liking what I think of that idea of putting on your own oxygen mask first and making sure that you are able to take care of yourself and not necessarily take care of yourself by yourself, but like building the right support network and community for you.

Arlan Hamilton: Yeah and this is why I think it's so fascinating that some people don't like to talk about money or making money. Some people feel guilty about making money or being wealthy. I've had people apologize to me for being white. I'm like, "Use your privilege, don't apologize to me, use it. As long as you're using it for good ..." This is a wonderful example of that is that you now have this wealth, this personal wealth and like you said, you could have gone a different way. You could have just been like, "Let me get a bunch of toys and let me just play," but you said-

Liz Fong-Jones: Right, exactly, I could have chosen to become worth \$5 dollars, I'm not because I choose to give my money away to be invested and spent in the community.

Arlan Hamilton: Yeah, so [inaudible 00:47:20].

Liz Fong-Jones: I do expect to see a return eventually, but I know that returns are measured in the five to 10-year time frame.

Arlan Hamilton: Yeah and in my view, you're worth far more than \$5 million by doing. I really appreciate what you're doing. How can people follow you on social media, learn more about what you do, which websites etc.?

Liz Fong-Jones: I am at lizthegrey, spelled with an E, as opposed to an A, sorry Brits-

Arlan Hamilton: Lizthegrey, yeah.

Liz Fong-Jones: ... on Twitter and also at lizthegrey.com.

Arlan Hamilton: What does lizthegrey mean?

Liz Fong-Jones: It's an old Lord of the Rings reference to Gandalf.

Arlan Hamilton: Oh, okay, cool. Were you like a game of Thrones fan?

Liz Fong-Jones: No, not Game of Thrones.

Arlan Hamilton: Are they different? [inaudible 00:48:03]-

Liz Fong-Jones: They're completely different.

Arlan Hamilton: [inaudible 00:48:04] Star Wars and Star Trek, people get mad. I don't know. I'll learn. Cool, so lizthegrey on Twitter and where you're very active and where you can learn and then, the website. Do you have some sort of application process? If someone is running in a non-profit or is it you kind of look out and you find it yourself?

Liz Fong-Jones: I tend to look and find things. However, I also tend to talk to a wide range of people. Just feel free to Tweet [inaudible 00:48:32]. I'll take a look at things.

Arlan Hamilton: Awesome that's really cool. Thank you so much for being here and for talking to me about this.

Liz Fong-Jones: Yeah.

Arlan Hamilton: Hey, so I'd love to talk to you and keep the conversation going. Find me on Twitter and Instagram @Arlanwashere. That's Arlanwashere. Stick around too because I will let you know when my new book is going to be in pre-order. Now that's coming out in 2020. It'll be out. That's the real book. Oh my goodness and you'll be able to pre-order it most likely this year, so stay tuned. I'll let you know all about that on Twitter, on Instagram and on this podcast. Thank you again to DigitalOcean for sponsoring this episode. If you are interested in sponsoring an episode of Your First Million, get in touch with me right now. It's easy to do so. You just email me at arlanhamilton@gmail.com. That's arlanhamilton@gmail.com. Put in the subject that you're thinking about sponsoring and I'll give you some more information. This is a really highly engaged audience, really, really educated, either through traditional means or through grit and tenacity or a little bit of both. Yeah, these are the people you want to be talking to. You got aspiring founders. You've got in the trenches founders. You've got aspiring angel investors and active angel investors. You've also got a venture capitalists. You've also got limited partners. Then, you have people who are listening in to learn all about what all that means. It's a really interesting group of people. Check it out. Thank you again DigitalOcean for sponsoring.

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