

[0:00:12] ST: Welcome nation to The Financial Rockstar Show. I'm Scott Alan Turner ready to help you get out of bed, save more money and retire early. Seated with me is producer Katie who cooks with Herbs, she grows herself. I actually know what her plan is. Also in the studio, the cats on the show today we'll answering your questions about money, business and life.

If you have a question you like answered on show, visit goaskscott.com. The last time you bought a car, how much research did you do? Did you check Edmunds.com to see what options are available? Did you check Kelly Bluebook to figure out what the price ranges were for the car you wanted while taking a few test drives in different vehicles.

You probably spent many, many hours finding the perfect vehicle and about how much time did you spend shopping for your financing. Now, I'm not a fan of car financing. In fact, I recommend people buy a car they can afford in cash but 99% of people who buy cars finance them. Report by the Boston Globe found 80% of cars are financed at the dealership.

If you aren't going to get your finances set up before you head up to the car dealer, chances are you'll end up paying thousands of dollars more over the life of your car loan. Now car dealers make money in one of three ways. Number one, they profit from selling the car. Number two, they make money on the resale of the trade in and number three is through financing.

Most dealers don't make the bulk of their profits in the new car that they sell you. When you trade in your car, you usually get a low ball offer. The dealer can turn around and sell your used car and make another \$2,000 off that but the real money they are making is in the financing. When you finance a car, the dealer can easily make \$3,000 of loan and that's your money.

It is so simple for you to save money if you chose to finance a car by getting your financing set up at a local credit union or a local bank, you can save big bucks. If you go to a credit union, you might find rates up to 2.5% or lower than what the dealership is offering you. Now why is that? As I said, dealers make the bulk of their money through financing.

The dealer may be able to get you financed at 5% through one of their lenders. What they tell you is the interest rate is going to be 7%. Now the dealer is going to keep that 2% difference in their pocket as profit when they arrange the financing for you. If you have bad credit or no credit, the dealer may mark up the rate for you even more instead of offering you the 7% interest, they may tell you, your credit isn't good enough and try to get you to pay 8% or 9% or even more.

But they probably won't emphasize the percent, they're going to focus on how much your monthly payment is going to be and they will tell you how they are able to help you out and get you into that car that you've already test driven and spent hours in there looking at. What they won't be telling you is how much extra interest that you're paying over the life of the loan at that higher interest rate.

How many extra thousands of dollars. Now let's say you get approved for a low interest rate at your local credit union. If you go into the dealership and they want to offer you a lower interest rate at the same terms, hey, go ahead and take it. Just make sure they aren't offer you the lower rate and then switching you from a three year to a five year loan or something shady like that.

If the rate is lower for the same length of time as you're already pre-approved for from your local credit union or bank, go for it. Just make sure there aren't any junk fees. Go for it and take that deal. Now, how long should you finance a car? If you finance a car longer than 36 months, you could end up on what's called "upside down" on the loan.

You'll owe more than the car is worth and for some reason you have to sell that car because you can no longer afford it, you'll need to come up with a difference between what the car can sell for and the amount you still own on the loan. That's what we call the "oops moment". You don't want that to happen to you.

There are too many stories of people getting into financial trouble. Too much debt, losing a job, becoming unable to work, having a surprise child. Don't take the risk of getting more car than you can afford and the reality is, if you have to take out a car loan, you can't afford the car. Since 99% of people don't follow this advice, you might as well get the best deal you can.

Get your financial house in order first before you ever start researching cars. Decide how much you can afford to buy a car for, get approved for a loan then find a car that fits your budget or better yet, buy a cheap used car and pay cash for it. You're on your way to financial freedom with that choice. Now, onto your questions.

George or can be "Jorge" says:

G: "The bills are not really piling up but I can't seem to make progress. My wife and I have separate accounts. I have talked to her about having a joint account but she says it's too much trouble. I explained to her the benefits and ability to pay things off faster having a combined account. We have two car notes and two motorcycle notes. Credit card bills are more on her part, which she wishes to keep them separate. We both do payday loans to stay afloat and I can see this from going out to eat a lot."

SAT: So first George, payday loans they are just an absolute rip off. The lenders are located in areas where the most vulnerable population exist because they know those people are desperate and they try to take advantage of that. There are now more payday lenders than there are McDonald's and the reason for that is because they're so profitable.

You are paying 300, 400, 500 sometimes 800% interest to borrow money for the short term. Now, if someone is desperate for money going to a payday lender is the worst possible choice you can make. If you are already on that cycle, it can be difficult to break out but how do you break the cycle?

First, you have to get on a tight budget. Write it down, only spend money on the necessities, you have to quit going out to eat for a while because eating out chews up a lot of people's income and you've admitted that's probably where your money is going. Now scaling back is not going to be forever but you have to get your finances under control.

If you don't, the situation is going to get much, much worse. Those loans are going to catch up with you. You will never beat the cycle and you'll never ever, never ever, ever build wealth. Just ask yourself one question, "Is this the situation I want to be in five years from now or even five months from now?"

If the answer is "no," it's time to make a change starting today. Not tomorrow, not next week, not some day, just do one small thing today to build some momentum in the right direction. If you don't, it's going to be 2016, 2017 and you'll kick yourself for not have starting this today. As far as your checking accounts, you are going about it all wrong.

When you got married and went from being "my money and her money" to "our money". Our money honey. Separate accounts isn't too much trouble. What's too much trouble is the situation you guys are in. You live like roommates and not a family. A single shared checking account, a single shared credit card, a single shared budget with shared goals, shared dreams.

Those things will get you out of this mess, probably not the credit cards. You need to put those away but you get the idea. You've got to sit down and write out your life on what it's going to look like in those five years. You need to sit down and you're going to do the budget together. You've got to sit down and figure out how you're going to cut back and you both need to compromise.

If she has a secret credit card she's not letting you see, you'll probably have to give her a mulligan. If she's got some massive balance she's built up, cut up these credit cards, get the debts paid off, taste financial freedom for the first time in your lives. If you do that, you won't go back to being in debt again.

You don't have to go back to the payday lenders. When you have a separate account, you're not facing the financial issues you have at marriage, so you're not experiencing marriage fully. You are actually robbing yourselves of intimacy and closeness. You want to grow your marriage, you've got to work as a team.

And lastly, two car notes and two motorcycles. I'm sorry but those toys got to go. Right now, it's another burden you don't need. It's keeping you up at night and it is weighing you down. You're not experiencing life, you guys are just scraping by. That is not how you intended to live. Unloading the extra stuff, the extra debt, it is one of the most freeing experiences you can have.

It is 100 times better than that feeling of air through your hair as you're riding down an open road on whatever type of bike you got or the air in your helmet, if you live in a state that has a helmet law. We don't in Texas. Now, I love me some toys but right now, you can't afford them. Some day when not if, when you got this mess cleaned up, you can pay cash for your toys.

Pay cash for the toys and then you can enjoy them to the fullest when you are riding a paid for bike down a highway and the air will feel different over your hair or your helmet, I guarantee it and your life will be different. Thanks George for the question. Keep me up to date on what you decide.

Tanya had a concern about the upcoming prom for a teenage daughter. A single mom is putting the bill for a prom. Now, on prom dresses, let me tell you, I am an expert. No, no I am not. I have no idea how much it costs but when my wife needs a dress for special events, she goes to RentTheRunway.com. I guess that's the equivalent of a tuxedo rental for guys. Only the dresses are much more fashionable.

Katie, what do you have to say about rent, Katie can answer this question. She knows about dresses.

[0:10:16] KT: Thanks for asking. I have really enjoyed my experience with Rent the Runway and the reason is, every once in a while, I will go to a spectacular party, we'll host a party, we go every year, our friend graciously invites us to the Dallas Margarita Society Ball and I don't want to be wearing the same dress every year when people take photos.

At the same time, I work from home and I don't have a ton of fancy dresses. So one year, I borrowed a few dresses from a good friend and she let me try them all on which is a great first option. Prom dresses, if you have a daughter who has friends who have older sisters you might always try borrowing a dress.

But Rent the Runway is great because you can get a fabulous designer dress that might retail for \$800 that you can rent for \$100 or you can get a cocktail dress for \$30 if you're going to go on a date night but great for prom dress options. What happens is you select your dress in what size. They always describe how long the dress is and they have tons of photos that people submit of them wearing the dress.

You can see a person who might look like you wearing the dress and then you get to pick a size and you get a second size included in your rental. If I get a four but I'm worried it might be too small, I might also get a size six and they'll send me both dresses and they have jewelry and other accessories you can rent.

They'll ship the dress to you a couple of days before your event. You wear the dress at the event and then you pack it back up into this really cool little mailing canvass bag and then you ship it back and so, if your daughter really wants, you know, I had worn a gold sequin gown for a party recently that I would have never bought retail.

It would have been almost impossible to find a goodwill, so I think it's a good choice for this one time occasions where a lot of photos are going to be taken and you honestly are not going to wear the dress again. So check out Rent the Runway and see what you think. Also, borrow if you can because that's always the cheapest and easiest. Thanks Scott.

[0:12:35] ST: There you go, rent the run way. You want to hear about that financial tidbit on other service. Rafael asked:

R: “Does a double two employ that gets paid a high salary and has great benefits. What are the best tools to implement for financial strategies to minimize taxes? I know that you have talked about 401 (k) but I work for a non-profit institution, so what are your thoughts on investing into a 403 (b)?”

SAT: If you have access to a 403 (b), you are working for a government, tax exempt group like a school, hospital, church or non-profit, 403 (b) is like a 401 (k) for the most part. 403 (b) plans usually have a very limited investing choices compared to the very limited investment choices from a corporate 401(k).

It's even more limited. If you have a 403 (b), I would really research what funds you have available in it before I would tell you to take advantage of it. If there is some type of employer match, yeah I would invest up to the amount and get that free money. If there isn't a match or you have more money to invest after you get the match, I'd set up a Roth IRA.

Roth IRA is going to grow your money tax free until retirement. Once you max out the Roth, go back and increase your contribution on your 403(b) up until the most that you're allowed to. You still even have more money to open up a separate investment account and start automatically putting money and do that each month.

In your 403(b), put that money into mutual funds. If you have an option for an annuity contract, just go with the mutual funds directly not annuities that contain mutual funds just straight up mutual funds. You want to avoid those annuities because they have super high expenses in 403(b) plan, it's really, really high.

Another thing is, in order to get the tax advantage by having a 403 (b) so the annuity inside of your 403(b) is like wearing a raincoat indoors. You don't get a double tax deferral. The only reason these plans have annuities in them is because they get pushed by people earning massive commissions on them, imagine that?

If you're young, stay out of bonds, go with the mutual funds that are 90 to a 100% stocks when you're picking funds in your 403(b). As far as financial strategies to minimize your taxes, the tax code is so complex and each individual situation is so unique. The only way that you can pay as little taxes as legally possible is by sitting down with a professional tax payer.

Have them looking over all your financials, past, present, looking ahead to the future. There are not that many blanket statements you can give to people on minimizing taxes. It depends on your investments, your tax bracket, your itemized deductions and on and on.

The tax code changes every year, it really does take a professional tax inquiry to get you in a position to pay the least amount of tax allowed by the law. You want to do this in the middle of the year, not on April first, two weeks before your taxes are due. By having a consultation mid- year, you can make any necessary adjustments and the remaining six months of the year so that you don't do anything drastic in the final days of December.

Certainly investing in a 401(k) or a 403(b) is a good idea. It's a good idea for your retirement first and a lower your current taxes as a secondary benefit. Thanks for the question Rafael.

You have a money related you would like answered, please visit goaskscott.com to get in touch with me. You will find my email address, Twitter and you can also leave me a a voicemail, please contact me, I am here to help you.

[0:11:32] ST: No we have two cats and my wife has a dog. Follow me on Periscope sometimes, you'll see Pip, my wife's dog or Riker, my cat. You might make an appearance. If you have a pet, you know they are part of the family but they are also a costly part of the family too, between the food, the grooming, trips to the vet.

Many of us give our pets medicine to prevent health issues and they can be quite pricey at the vet's office. 1-800petmeds.com is an online discount pet pharmacy where you can find preventive medicines and discounted generics, if your pet requires a description.

Now, even big chains like Target are getting into the pet med game. Including \$4 generics and Target also has free flavorings like tuna and beef which is a plus I guess. Next time you need some medicine for Fido or fluffy, shop around online and even at the local pharmacy to see if there are cheaper alternatives for what your vet is offering you. Chances are, you can save some money. Now, back to the questions.

Dylan asks:

D: “Does a bankruptcy stop wage garnishments? If you’re currently having a wages garnished by a creditor, once you file for bankruptcy, what’s call a stay goes into effect and that prohibits and stops most collection activities by creditors.

SAT: An automatic stay will stop wage garnishments as long as the bankruptcy is in effect. Creditors can ask the court to lift the stay if they want to try to resume garnishments. A stay can be lifted if the creditor has a legitimate reason, if you have unsecured debt from credit cards, the creditor can request the stay to be lifted just so they can keep collecting the money, that’s not a valid reason to do that.

If you’re paying alimony or child support, those garnishes would continue, stays don’t apply in those cases because it’s considered a priority debt, child support alimony also won’t be discharged during the bankruptcy process. If you have children, you’ve gone through a divorce, you have some child support, those payments are going to keep on keeping on. That’s a good thing for the kids.

At the end of the bankruptcy process, your case will be discharged or dismissed without it discharged. Discharge means your debts are history and you get to start over. If your debts were discharged, any waived garnishments like credit cards that were included in the discharge, those are now gone. Creditors cannot resume garnishing your wages to collect on your discharged debts.

Your bankruptcy is dismissed without a discharge, holy cow this is so many D’s. Dismiss that, discharged, creditors can start garnishing your wages again. To get the garnishments stopped as soon as possible, you need to tell your payroll department about the bankruptcy. Additionally, most wage garnishments are handled by the local sheriff’s office. Work with them or the loving officer of your bankruptcy so they can stop the wage garnishments. Thanks Dylan, another D, for the question.

Marnie has been out of work for six months, How do I make changes to my resume so that it doesn’t look like I’ve been unemployed for so long. I still don’t have any interviews on the horizon.

SAT: The HR person or whoever is interviewing you is going to ask, what’s been going on since your last position?

Why are you looking to leave your current job? That is the dagger you don’t want to hear right? For anyone that’s been let go and plans on going back to work, there are some things you can do to make yourself look like a candidate and employer needs to hire. First, stay connected with your old co-workers. Facebook, through LinkedIn, make an effort to stay in touch and keep those relationships alive. You’ll never know when someone’s going to know someone, who is looking to hire someone just like you.

Meet up with old associates for coffee too, a \$2 cup of coffee at Starbucks, that is a good investment to stay networked. Something else, seek out volunteer opportunities in the same or relevant field. If you’re an accountant who is out of a job, you can provide financial counselling. If you’re a teacher that’s out of a job, you can substitute or tutor.

If you’re a middle manager and your company downsized, you can get a group of college kids together and mentor them. Anybody can be a mentor. You’ll get more out of it than the people you mentor, you can trust me on that. When you get in for the interview and they find out, hey, you’ve been mentoring people for free, they will be impressed. Shows you’re a leader, a teacher and a giver. Every employer wants those qualities in their employees.

Next, you can work on your continuing education. Find some free online classes to further your knowledge in the field. There are opportunities for writing, find a blog or an online journal to write an article. Then you can add to your resume that you're a published author.

Might be a stretch but you can say you've written for various websites in your field at least. Again, you're showing initiative and teaching skills. Seek out industry groups in your area or even online groups in your field, get involved and get your name out there. There are memberships you can look in to, organizations, volunteer opportunities at events, these are all places you can network too.

You'll be able to add those memberships to your resume. It's a time commitment to do all of those things but if you're out of work, you have the time. If you're working, you should be doing them anyway to help build your career. You never know when the next job opportunity is going to come from. So you'd better be prepared. Thanks Marnie for the question.

Okay, quick break back in 30 seconds, I'll be answering more of your questions, you're listening to Scott Alan Turner.

[COMMERCIAL BREAK]

[0:21:56] ST: Hi folks, Scott Alan Turner here. Now folks, for those of you that are my long time listeners, you know I'm not one of those guys in the radio who promotes every product that shows up on their desk. You're never going to hear me to try and get you to buy a juicing machine or recommending you buy some accounting software, since I've never done any accounting a day in my life.

No, I have a name to uphold to you, my brilliant listeners. If I were, if I were to recommend something to you, I would tell you about the geek desk. Many of you are sitting right now listening to this mindless dribble at your office. Sitting is the new cancer and standing is the new black. Who wrote this? That makes no sense whatsoever. Someone is fired.

A geek desk is an adjustable desk that lets you sit or stand at a touch of a button. You'll increase your productivity, reduce your back and neck pain and you'll be healthier because you won't be sitting on your butt all day long. Visit geekdesk.com and watch the geek desk in action, tell them Scot Alan Turner sent you.

[0:23:01] ST: Welcome back everyone, Mark says:

M: "I'm so excited to sending this email, but a little embarrassed at the same time. I am 44 years old and never learned how to manage my money properly and spent most of my life living paycheck to paycheck. Frustrated that I didn't have a job that paid me enough to be debt free. It took me 44 years to figure out that it wasn't my employer's fault for not paying me enough but my fault for being ignorant to how I spent my money. Since my wife and I are both middle aged, it saddens me that we are still living paycheck to paycheck with little or no savings. I am now working on changing this.

While online last week, I came across your blog and was very excited by what I read. I made a commitment to sit down with my wife this weekend and create a budget. We just finished and while it was a little scary acknowledging our poor spending habits, I feel like we are on the right track, we feel that our 12 month, three year and five year goals and also discuss the potential obstacles that may derail our plan. This week we'll create a spending plan that will help us to start paying down debt. I want to thank you for inspiring me to look into some of the reasons why I've never done this and I look forward to sticking to these new plans and to become debt free."

[0:24:12] ST: That email was awesome and it's these emails that inspire me and got me on this track of doing this. I look forward to hearing more of your journey Mark. In fact, to help you stay on track, I want to hear back from you the first of every month so I can celebrate your progress with you. Put in your digital calendar, email me once a month. People need to be inspired from not only people that have made it, there are people like you who are making it happen step by step.

If I can share your wins with others, you will inspire others, which is going to inspire you to stick with it even more, everybody wins. Congratulations Mark, you're in the band. So sometimes I'm sitting around here and I'm asking myself, "What the heck

am I doing this for?" I could go be a bum at the lake chopping fire wood all day long, creating some smart phone app, make a million dollars or not smartphone apps, just a gamble like any other business.

I could wind up with another scoop more, no more that hardly makes any money but then I get these little gems from a listener or reader and I have to do this but that I get to do this. I get to wake up every day and reply to emails with people wanting and needing help. People like Mark who arrived in the middle of life, took a look around and said wow, it is not supposed to be this way.

Thank you nation for your ears and your eyes, for your time for letting me into your home. You inspire me with your kind words and now I appreciate all your feedback, the good and the bad, it's your show, it's for you. It's one of my great pleasures to serve you and try to inspire you to do more and to be more.

Average is broke and normal is broke. I have always managed to be slightly above average at everything I've done in my entire life and slightly abnormal too. So we don't want to be average, we don't want to be normal. We want to be the dudes and the dudettes riding to work in our paid for beat up, pickup trucks, eating lunch at our desks every day.

We're friendly but we're different, we are rich in spirit and we'll be rich in our finances. We do not make excuses for wanting a better life for ourselves by getting out of debt and saving more money. Freedom from lenders, freedom to do what we want, when we want to, not being bound to a job we hate but we can't leave because of the burden our lifestyle keeps us under the thumb of the man. This is not a life I wish for you. This is not a life you'll have if you listen to the wisdom of the people who have accomplished exactly what you're trying to accomplish. Those are the words.

Next time on the show, what you need to know about market timing and why it doesn't work. That's it for this episode, I am your host, Scott Alan Turner, Rock star Katie is my producer. All the links mentioned in the show will be available in the show notes on Scottalanturner.com.

Today's episode was powered by Ben & Jerry's ice cream. Thanks for listening! [FINAL MESSAGE]

[0:27:19] ANNOUNCER: You're not alone on your journey to live a financial rock star life. That's why we put together a free eBook just for you. Go to Financialrockstar.club to receive your free guide on how to save \$1,000 in one week and start getting out of debt, saving more money and retiring early.

See you next time! [END]