[0:00:12] ST: Welcome nation to the Financial Rockstar Show. I'm your host, Scott Alan Turner ready to help you get out of debt, save more money and retire early. In the studio with me is producer Katie, who would take chips and salsa over candy any day. On the show today, we'll be answering your questions about money, business and life. If you have a question that you would like to get answered on the show, visit goaskscott.com.

We are in a series called The Seven Deadly Sins of Financial Freedom. Yesterday in part three, I talked about how I feel when I drive by the gated community and looked at the multi-million dollar mansions up on the hill — envy. Today, we're talking about how I feel when I was such an awesome stock picker that I thought I could beat Wall Street — pride. And then I lost $40,000 due to my awesomeness.

So one of my favorite guitar players is a guy named Yngwie Malmsteen, who has thus far refused my request for an interview but that's okay. He plays a musical style called neoclassical rock which can best be described as classical music on an electric guitar played at an insanely fast speeds.

Now, I read his autobiography. He talks about in his early days, he just wanted to play music. He let someone else managed his money and he paid no attention to it. Now what do you think happened? If you're into sports or celebrities, you've probably heard about people like Terrell Owens who was a football player, 50 Cent a rapper, Michelle Pfeiffer award winning actress.

Who else Katie? Yes, Katie is saying several of the housewives of all over so Beverly Hills, New York, Montana wherever they live. Bankruptcy and being taken for huge amounts of money have wiped out significant portions and sometimes all the money these people have earned and sometimes, they got good advice from people with good intentions.

The lost wasn't limited to trusted advisers just flat out ripping clients off. Pride can lead you to think you've made smart decisions by letting other people manage your finances for you. You can't rely on experts. Now some of you are thinking, "But wait a minute Scott, who am I supposed to rely on?" Well, there's really only one person you can rely on, that's a Y-O-U, you.

Now, I'm not telling you not to get all the advice you can from experts, quite the opposite. I want you to seek out all the advice you can and then I want you to make your own educated and informed decision. You should absolutely should not be just listening to my advice and taking it as the gospel. You need to read books, read financial websites, ask experts, talk to people that have made it in your eyes.

You need to fact check and then double the fact check but I do challenge you to prove me wrong at anything I tell you. I am not afraid to have you verify the stuff I share. In fact, I encourage it because you will learn more. You've got to get to the point where you are a financial rockstar, where you are in the band. Heck, I want you to become such an expert I can go on a vacation for a month and I could call you up and say, "Hey, come sit in for me on the show."

Because if you don't take the time to understand and discover, you run the risk of destroying your finances. It could cost you tens or hundreds of thousands of dollars over your lifetime. You could end up working years longer than necessary.

You don't want to wake up years down the road broke or have one of those "oops moments" where you find you worked in the best investments you could have been. How do you think that's going to feel when you've been working your butt off all that time five, 10, 20, 30, 40 years everyday trying to build a future for your family but you weren't paying attention?

Now, you might still be thinking, "Yeah, I'll get to it someday but I've got my investments with someone and he's got some fancy letters after his name" or "she's been endorsed by" so and so or one of the worst things you could do, "I'm going to let my husband" or "I'm going to let my wife handle the money." And gentleman, I'm speaking to you specifically, one of the worst disservices you could do in your marriage is to shut your spouse out of the financial conversation.

If you get hit by a bus and I say this too because men are primarily the breadwinners of the family, if the man gets hit by a bus tomorrow and your wife doesn't know where the insurance documents are or doesn't have access to the investment accounts, you sir you have failed as a husband and father if you have kids. If you are a man, you need to have that conversation tonight, there really is no excuse.

Now to clarify, I'm not telling you to go out and not get any input or advice from anyone but you need to have a thorough understanding of what you're getting into. You will either reap the rewards of the wisdom you have gained or you will pay the price by letting others make the best decisions for you. So three tips on how to get involved in your finances.

Number one, research what every expert tells you including me. Number two, ask for help. Don't wait until you've dug yourself in a hole before you ask for help on how to get out of it. Number three, communicate. If you're in a relationship or thinking of getting married, today is the day to discuss your finances, not next year or in 20 years when it's too late.

Now, onto your questions. Vivian has a bad credit score, she wants to know if she applies to a new job, will the company consider her score in the hiring process? Now, where people get confused is the difference between a credit report and a credit score. No, employers don't have access to your credit score. Your score is based on the contents of your credit report.

Employers can pull your credit report though. Some companies will pull your credit report as part of their hiring process. When an employer checks your credit, it's called an "employment screening". Now the credit bureau each have a separate report that's used for employers screening prospective employees. It's not the same report the mortgage lender's going to see.

They also can't do it without your permission so you'll know they're going to be looking at it. Typically, a third party company does this on the employer's behalf as part of a background check. If you're going into law enforcements or you're going to go work for the government, a financial services firm, you would expect those types of jobs are going to look at your credit report especially financial services firm.

Someone who has a bankruptcy on their credit report shouldn't expect to get a new job as an accountant. Thanks for the question Vivian. Lee writes in:

[0:07:05] L: "My job is being eliminated in a few months. I am trying to find a new position within the company but at the same time, I'm looking for jobs outside of the company too. I've been with the same company for five years. What are some tips on finding a new job?"

[0:07:18] ST: Now, when Katie and I moved to Texas from Atlanta, she had a shiny new MBA from a good school. She had completed a one year internship with a commercial real estate developer. She had a corporate background from a previous employer. Dozens of referrals, dozens of good references. She had it all and she's got a great personality too. She's likeable. Still, couldn't get a job.

The economy started sinking and the commercial real estate developers all stopped hiring. The firm she Interned at ended up going bankrupt and I share that story with you to say that you can do everything right and still have a tough time finding a job but step one is to make sure you're doing everything right so you can land the job interview. Katie had plenty of interviews.

Step number one is to get your resume up to date and make it shine. I've interviewed over a hundred people back in my corporate days and was shocked at the bad resumes I saw. Even recently, I had a resume cross my path which had some glaring issues. If you have some friends that are in the corporate world, ask them to take a look at your resume and give you some feedback on it.

Then when it's cleaned up a little, it's time to turn it over to the professionals and have them review it. Fiverr is a great service to try for resumes. You pay five bucks to have your resume reviewed by an HR pro and I've talked about Fiverr before. You get what you pay for but you might get lucky and find a winner and end up paying only $5 and if you don't, it's only $5.

If you're not happy with the work there, you can find someone on Upwork.com and pay them more, $50 to a $100 including revisions. Once your resume is golden, it's time to update your LinkedIn profile. Now, take LinkedIn seriously. It's where people are networking online for jobs. Recruiters are on LinkedIn as well looking for candidates.

Now Lee, this is not your case but if someone is looking for a new job and you start connecting with a bunch of recruiters on LinkedIn, if your boss finds out, that's a bad thing. They will know you are looking for a new job and maybe you don't want them to know you are looking for a new job so be careful on LinkedIn.

Contact recruiters as well. I wouldn't pay a recruiter any money unless they guarantee to find you a job and a minimum salary you agree to. When I first got out of college, I could not find a job. I had no work history and no recruiter would even talk to me except for one who wanted to charge me $1,700 to help me find a job. Do you know what a college graduate doesn't have? $1,700, I couldn't afford the service anyway.

But recruiters work for a commission that's paid by the employer. Don't rely wholly on recruiters because they aren't working for you. They get paid by the employer and they are working for the employer. You need to keep looking for a job on your own. If you are sitting back waiting for the recruiter to find a job for you, you're going to be waiting a very, very long time sometimes and many employers don't use recruiters because of the cost.

If you work with a recruiter and don't do any job searching yourself, you are limiting your opportunities. I cannot emphasize that enough. You have to do a lot of the work yourself to find a job. In addition, you've got the job search boards like Monster.com, Careerbuilder.com, don't forget looking at the online ads of your local newspaper.

Depending on your industry, you might find a job listed there and checking the Sunday paper, that is something to try a couple of times. Check and see if your jobs in your industry are close to there. It's where I found my first programming job, in the newspaper. Granted, Monster.com didn't exist back then but companies still post jobs in the paper. Thanks for the question Lee and good luck on finding a new job. These tips should help you out.

Erin has saved up enough money to pay for his daughter's college tuition. She is currently a junior in high school. Says:

[0:11:09] E: "I've got a 529 plan with all of the money needed for the full four years of school. Should I be worried about the market tanking and losing my daughter's college money?"

[0:11:20] ST: So when you invest in a 529 plan, they usually have two options. You have an age based option and a static option. The age based option acts like a target date fund for retirement. As you approach the target age, the fund manager moves you from more stocks which have higher risk in return to more bonds which have lower risk and lower return. This is the set it and forget it approach.

The other type of 529 plan is called a static option. The strategy is an investment option that remains the same until you change it. You could pick a 100% stock when the child is one years old and you keep that until they finish college if you want or you could pick a 100% cash. Now, that would be silly because the money you would keep pace with inflation would go down in value.

Well back to Erin's question, what happens if the stock market drops 50% when your child has two more years of college left? We call that the "oops moment". "Oops, we don't have enough money to pay our college anymore." "Oops, our 529 plan is now a, you'd better get a full time job to pay for the rest of your school plan son or daughter."

You can avoid those oops moments with the age based option where your kids account balances automatically reallocated to be waited more and fixed income funds as he or she gets closer to going to college. If you go with the static option and you're in charge of moving the money, remember as that date approaches where little boo-boo is leaving for school, you want to think about reallocating some or all of that money to lower risk investments.

They'll be fully funded 529 plan covering all four years like you do Erin. There isn't a good reason to be invested in a 100% stocks unless your kid is thinking about going to graduate school. Then you might want some not all, some of that money to continue to grow over the next four years. Hopefully four year's right? We don't want one of those five year professional students.

Call your 529 plan and administrator and see what your invested in and ask them for their advice on what you should be doing based on your situation. Thanks Erin for the question. If you have a money related question that you would like answered, please visit goaskscott.com to get in touch with me. That website has my e-mail address, Twitter and you could also leave me a voicemail. Please contact me, I am here to help you.

[BREAK]

[0:13:39] ST: Sean has a deal for me and if you live in Dallas, he has a deal for you too. Really, no matter where you live even if you're in another country, there is a deal waiting for you right now. Sean sent me the following e-mail. He writes:

[0:13:54] S: "I am in charge of vehicle acquisition at the car dealership name and I want to buy your Highlander."

[0:14:01] ST: It's the car my wife owns. You nation can insert whatever vehicle you own right now into that sentence and you could insert whatever car dealership is nearest to you. He continues:

[0:14:13] S: "In exchange for your help, I am willing to put you in a brand new Highlander and keep your payment similar or possibly even lower than what you are currently paying now. If you're interested, please give me a call."

[0:14:27] ST: That was the end of his e-mail. So I e-mailed Sean back. I said, "Dear Sean, thank you so much for your amazing offer. I appreciate your enthusiastic e-mail in trying to convince me to go get a brand new Highlander with a lower payment than what I had now. Unfortunately, I don't have a car payment. I bought my highlander in cash.

My wife and I started a side business to make some extra money and we saved up for it and then when the day came where we had saved enough, we walked into the dealership and wrote a check of the entire amount. There was no financing and there was no car payment. There wasn't thousands and thousands and thousands of dollars wasted, wasted in interest payments.

Now, it wasn't always this way. When I was younger, I did the same thing 99% of car buyers do today. Sadly, when I bought my first vehicle out of college, I did exactly what you're suggesting. I looked at how much vehicle I could afford each month and I bought a vehicle that was the maximum amount I could afford at the time and I repeated this way buying a car on my next vehicle too.

It wasn't until years later I learned how rich people get rich. They do it by figuring out what the total cost of a vehicle's going to be not what they can afford each month. They do it by paying for a car in cash. They don't lease a car and they don't finance them and hear me on this, rich people don't get to buy cars in cash because they are rich.

They get rich by buying used cars they can afford when they weren't rich and the used the money that would otherwise be wasted on interest and do car depreciation and a car they can't afford to invest. They invest in the stock market, they invest in their education, they invest in rental homes, they invest in their own business. That's how they get rich.

Then years later when they can afford an even nicer car, they go out and buy a really nice car but again, it's typically a couple years old and they pay cash for it. Instead of getting instant gratification when they are young like I did, they saved and invest and get the nice cars later on if they get them at all. If I had that mindset when I got out of college, I would probably have another 50 to $100,000 in investments right now.

And that 50 to a $100,000 will be worth another million dollars in 30 years with the right investment strategy. You see rich people do things differently than everyone else that's why they're rich. It's how they got to be rich. 90% of millionaires are first generation millionaires. They earn their wealth, it wasn't given to them. They didn't inherit it, they didn't steal it at the expense of others.

So thank you Sean for your e-mail but I will pass on your offer. Instead, I'll pass along my offer of building wealth to anyone that will listen. The offer of financial freedom of being out of debt, of not having a car payment that offer is free and it doesn't come with a monthly car payment. Good day sir."

Okay, so that's not drag and send him that e-mail. That would have been very rude of me wouldn't it? And we're not rude over here at Turner Solutions, not usually anyway. I do yell at the computer sometimes when it misbehaves but are you with me nation? If you have a car payment, how much is it? It's costing you more than you know.

You can change your life by selling your car and getting rid of that loan for something less expensive you can buy in cash. I've done this. It's a huge wealth builder. If you're coming up on the end of your loan, you just make the decision to keep that car until the wheels fall off. Other than cutting up the credit cards, it is the single biggest choice you can make to live the life you deserve. It's what worked for me.

Now, back to your questions. Dana is graduating from college and getting ready to shop for an apartment. She says:

[0:18:26] D: "I don't own much beyond some clothes, a laptop and a few odds and ends, do I need to get renter's insurance?"

[0:18:34] ST: So if you're renting or thinking about renting, you may think that you do not need insurance at all. After all, the landlord has insurance for the building, right? But, the landlord's insurance policy for the building doesn't cover any of your stuff. Without renter's insurance, you've got no coverage for personal property loss or damage.

You might think you don't own that much. If renter's insurance is a couple hundred bucks a year, you might wonder if you even own that much stuff if you're just graduating from school. Now when I graduated from school, I had a single car load of stuff. That was it. No furniture, no TV, no bed, some clothes, a computer, some books, some knickknacks. Not a whole lot.

Now I think it's the way most of us end up graduating from school. So it makes it's sound like a renter's policy isn't worthwhile. If you just got a car load of stuff but when you take a minute or two and look around at what you own, you might include clothing, furniture, television or entertainment system, computers, smart phone, musical or sporting equipment, jewelry and that's what you start with after you get out of school.

You're going to accumulate more stuff after you move in. You do need a bed, you'll have some pots and pans, so what would you want to look for in a policy are a couple of things. The first is relocation expenses or loss of used coverage. If you can't stay at your place because of an incident, rental insurance is going to help you pay for a place to stay.

A loss of use coverage is also known as relocation expenses or additional living expenses. They can help cover your living cost. You also might want the policy to include replacement cost coverage. With replacement value coverage, when you file a claim you'll be paid for replacing your items instead. That's much better than what's called actual cash value which pays you based on the age or wear and tear of the item.

With actual cash value, I'm not trying to haggle over the depreciative value of a two year old computer. It's not worth it. Get coverage for the full replacement cost. Now where should you buy your renters insurance? You can get quotes from renter's insurance from the same place you have your auto insurance. Even if you don't own a car, pretty much all auto insurance companies offer renter's insurance.

And you should shop for your own policy because you probably get a better deal than through the leasing company at the apartment complex. The leasing company has big, big markups for renter's insurance. You can find cheaper purchases elsewhere. Thanks Dana for writing in.

Okay, a quick break, back in 30 seconds and I'll be answering more of your questions. You are listening to Scott Alan Turner

[BREAK]

[0:21:14] ST: Hey Rockstar Nation, 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'll never going to hear me trying to get you to buy an expensive name brand memory foam mattress because the Novaform from Costco is better.

Or recommending you buy a New York style pizza when Chicago style is clearly the best, Lou Malnati's! No, I have a name to uphold to you my rockstar listeners but if I were to recommend something to you, I would tell you about the Dancing Pony steak house. I can't get enough of that flowering onion appetizer and what about that honey wheat bread? It's so delicious.

Forget paleo and the chocolate volcano for dessert is to die for. The steaks are okay too. The next time you're hungry and looking for a place to celebrate, visit the Dancing Pony. It's not only a great place to eat, each location has a tiny inn above if you get stuffed and want to spend the night. Give them a ring and tell them Scott Alan Turner sent you.

[CONTINUED]

[0:22:16] ST: Welcome back everyone. Now, Outback doesn't support this show or they are a paid advertiser. I hope you know that that commercial is some satyr to lighten the mood around here. I do love Outback but I do get solicitations every week for something to promote in this business and I did get one recently from a steak company.

Now, I've changed the name to protect the innocent but here is an example of what I get pitched routinely. It says, "The great steak company is the premier provider of gourmet steaks, seafood and desserts and our products are very popular gifting items during the holidays. We are currently offering an 8% commission rate. I'd love to have the opportunity to connect to learn how we can best partner together to promote this coveted steaks and maximize your commission."

That's the end of the e-mail I got. I have never heard of this company or ever had one of their steaks. I hope you realize that when I recommend a product or service to you even in jest like Outback, it is in fact something I believe in and stand behind. Some people, they receive massive amounts of money, they get kickbacks presenting you with one option as if it's the best option out there and everything else is inferior.

Now, I will always give you all the options so that I have a clear conscious and there is no conflict of interest. It's why I tell you about Vanguard every time we talk investing. Vanguard is never going to pay me a dime but they are one of the best options out there for you and if you're going to buy a car, you certainly can't go wrong with a Honda fit.

In my former life, I was a software developer and the adoption website I developed for nrfa.org in 2004 was written in an advanced programming language so I could keep my skills sharp. Now if you're familiar with my background, you might have heard I love writing code, I love working on websites and helping people to make their websites better and I can write code for hours without getting up, without eating, without drinking and without going to the bathroom.

And when I say hours, I mean three sometimes four hours straight of sitting in a chair and working at a computer. Oblivious to the world around me. Metallica can be blaring in the background and I won't even hear it. When you focus, when you have a plan, when you have passion and drive, then you can just sit back and do the work, the laser is already sighted.

The target is already been aimed at. The other stuff going on around you it all becomes blurry. You won't even pay attention to most of it, it's just noise that will be drowned out by your unrelenting desire to attain whatever it is you have set your sights on. Now, what are you focusing on in your life? Are you focusing on how your boss sucks or how you can become a better employee so you can get the heck out of that company?

Are you focusing on how you can't get ahead or are you focusing on the plan you've created to get ahead? Are you focusing on how will we ever retire or are you focusing on what steps can we take so that we can retire? Bruce Lee said, "A successful warrior is the average man with laser like focus". I love that quote. Focus creates freedom, freedom creates more focus. Put more focus on the things that are important so you can block out the things that aren't. Those are the words.

Next time on the show, we continue in this series, The Seven Deadly Sins of Financial Freedom, covering sloth next and of course, more of your questions. That's it for this episode. I'm your host, Scott Alan Turner, Rockstar Katie is my producer. All the links mentioned on the show are available in the show notes on scottalanturner.com. Today's episode is powered by Ben & Jerry's ice cream and maybe the Great Steak Company? Thanks for listening.

[FINAL MESSAGE]

[0:26:20] 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]