

I inherited \$7,500,000

Intro

Welcome Rockstar 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 can bake a mean sticky bun. On the show today we will be answering your questions about money, business, and life. If you have a question you would like answered on the show visit GoAskScott.com

Opening Segment: I just inherited \$7.5M (or how to avoid getting scammed)

I'm very excited today because I just got the opportunity to split \$15,000,000 in half. This is what I've been waiting for - free money. And it just fell into my lap. You should be so lucky to have this happen to you.

Mr Mehernosh Khairi of Croatia contacted me via Skype. He writes.

I believe it is the wish of God for me to come across you. I am having an important business discussion I wish to share with you which I believe will interest you because, it is in connection with your last name and you are going to benefit from it. A citizen of your country, Rayan - I think he meant Ryan, but he wrote it Rayan - had a fixed deposit with my bank in 2006 for 36 calendar months, valued at US\$15,000,000.00 (Fifteen Million US Dollars). He was among the death victims of deadly earthquake in China in 2008. He was in China on a business trip and that was how he met his end. Mehernosh includes a link to the story, that's how I know he's legit.

My bank management is yet to know about his death. I knew about it because he was my friend and I am his account officer. He did not mention any next of kin/heir when the account was opened, was not married and had no children. Last week my bank management requested that I should give instructions on what to do about his funds.

I know this will happen and that is why I have been looking for a means to handle the situation. If my bank directors happen to know that he is dead and does not have any heir, they will take the funds for their personal use, so I don't want that to happen. That was why when I saw your last name I was happy and I am now seeking your co-operation to present you as next of kin/heir to the account, since you have the same last name with him and my bank head quarters will release the account to you. There is no risk involved; the transaction will be executed under a legitimate arrangement that will protect you from any breach of law.

It is better that we claim the money, than allowing the bank directors to take it - they are rich already. I am not a greedy person, so I am suggesting we share the funds, 50/50 to both parties. My share will assist me to start my own company which has been my dream. Let me know your thoughts on this and please do treat this information as TOP SECRET. We shall go over the details once I receive your urgent response strictly through my personal Info.

Hey if you guys want to get in this action, ping me and I'll give you Mehernosh's cell phone and email address. This is it people - \$7.5 million dollars. And I appreciate Mehernosh's authenticity. He's not greedy and he's looking out for his dead friend. He just doesn't want the evil rich bank directors to keep the money. Folks this is the kind of friend we should all have in our lives. One that will protect our unclaimed inheritance and keep it from greedy bank directors. Or the greedy government. Or the greedy grandkids. Whoever it may be - we need friends like Mehernosh. He's even going to protect us from any breach of law. Not only is he sharing and thoughtful, he's an expert on U.S. estate planning tax laws. What could go wrong here?

According to Ultrascan AGI, in 2013 people lost \$12.7 billion in Nigerian email scams. Now this email comes from Croatia, so we know it's legit.

Apparently giving money out for free is big business and these scams account for \$82 billion in losses to date. And people are getting more gullible. In 2012, losses totaled \$10.9 billion. That was up from \$9.6 billion in 2011. People from the U.S., the U.K., and India are leading the pack believing these scams. Losses range from \$200 up to \$12 million.

Our best defense here is education. Talk to your parents, especially if they are older. Old people are easy to prey on if they are not Internet savvy. We can't get rich quick but we can get rich slowly by investing over the long term. I want you to keep your money where it belongs - in your wallet. Not in Nigeria or Croatia.

And remember -if it's probably too good to be true, it's too good to be true.

Now on to your questions.

QUESTION: Phil wrote in to ask I currently put money away for a house fund as I am recently out of school and living at home. I want to save now for when I'm ready a for a house and was wondering if I should make a separate account and invest it in Betterment or some location that would allow me to pull the money to buy a house tax free on top of my ROTH IRA.

ANSWER: There are two types of buckets each of us has for our money. There are short term buckets called savings, and long term buckets for investing. Investing is for long term goals like retirement.

Savings accounts are for any type of short term goal:

- 3-6 month emergency funds
- a new car
- wedding
- a planned pregnancy
- a new house
- a vacation

Short term savings need to be in liquid accounts that can be accessed quickly. What do we mean by liquid? You could get the money quickly, in about a day.

- a checking account
- a savings account
- a money market account

We want to store short term savings in cash accounts because they are low risk. The stock market is high risk over the short term. Meaning there can be big ups and downs in as a little as a day.

If we're saving for a downpayment on a house and we've saved up \$40,000, we don't want to risk the stock market dropping by 10% the day before we close on our house. That's called an oops moment. Oops. Now I don't have \$40,000 for the down payment, I only have \$36,000.

When we put our short term savings into account types that are low risk, we know when we go to withdraw \$40,000, there is going to be \$40,000 there.

For long term investing the stock market is the best way for the average person to build significant wealth if you invest early - meaning starting as soon as you can - and investing often - every month, from now until you retire. The big ups and downs don't matter because we have plenty of time - usually decades depending on your age - to recover from any big market crashes. And big market crashes will happen. That's ok. Smart investors stay in the game and continue to buy stocks when the market goes down, because the stocks are cheaper to buy. While everyone is freaking out and selling, we're swooping in getting sweet deals month after month. Studies and research show if you try to time the market based on emotional selling, you'll never beat the people that stay in it for the long haul and don't worry what the nightly news reports every day about which stock went up or down that day. Leave that to the broke people.

Phil what you should be doing is investing in your Roth IRA for retirement, and putting your short term savings into an online bank like Ally where you can earn 1%. It's not much but it's way better than the next to nothing percent you get from brick and mortars like Bank of America, Wells Fargo, etc.

Thanks for the question Phil.

QUESTION: Mauricio asks the one thing I need help with is mindset. It seems that I am hyper-motivated (and therefore productive) only when things get really pressing. I have a good life, make good money, and so I find I need to fabricate urgency to get things more quickly. If you have any guidance on gaining sustained, daily, positive motivation to reach goals (a good retirement, losing weight, being a more patient parent) then I would find that really helpful.

ANSWER: I love this question. Do you know more than any other factor the one thing that impacts every aspect of our life?

It's our mindset. Our beliefs. Our attitude.

Our finances, our relationships, our spiritual life, our health, our careers - our mindset plays a critical role in all of these. It's the common thread that weaves them all together.

If we're in debt, our relationships suffer.

If we have poor health, our careers suffer.

If we have a weak spiritual life, our health suffers.

On and on.

But when you wake up in the morning - what do we feed our brain?

Is it 'oh, I get to go to work today.' Or is it 'oh, I get to go to work today!'

Is it 'oh, I get to go to the gym today.' Or is it 'oh, I get to go to the gym today!' I have two legs. I have my arms. I can walk. I can breathe. I'm alive. I'm not in a hospital.

Let me tell you what you need for sustained, daily, positive motivation.

The answer is - sustained, daily, positive motivation. I want to share two resources with you.

The first is a book called the Miracle Morning by Hal Elrod. It's a fantastic book - it's a quick read too - on how you can jump start your day. Entrepreneurs love this book. But it's for anyone. You can spend as little as six minutes in the morning doing a few things that will set your mind right for the day. We can all wake up six minutes earlier, right? Everyone who I've heard from that bought this book and tried it - including me - said it was a game changer. Productivity - better. Health - better. Mindset - better.

Go to ScottAlanTurner.com/morning and you'll be linked to it on Amazon.

The second is called the five minute journal. Most of us think journaling is dumb or a waste of time. I agree, I used to be that guy. But a life worth living is a life worth recording. I started journaling with the five minute journal earlier this year. I tried it for two reasons. One - people smarter than me and more successful than me, swore by journaling and how it transformed their lives. If you want to achieve a goal - find someone who's done it, and do what they do. So journal. And the other reason I tried it because it said it would take five minutes. I can commit to that. And it does. We can all spare five minutes a day to improve our lives, right?

The Five Minute Journal is one of the simplest ways that I have found to consistently ensure improving my well being and happiness. Both in terms of achievement and actual measurable, quantifiable results. - Tim Ferriss, NY Times Best Selling Author

Go to ScottAlanTurner.com/journal and you'll get linked to the five minute journal.

Try those out and get back to me in 30 days and tell me how much your mindset has improved.

Thanks Mauricio for the question.

I want to hear from you

If you have a money-related question you would like answered, please visit GoAskScott.com to get in touch with me. That website has my email address, twitter, and you can also leave me a voicemail. Please contact me, I'm here to help you.

BUMPER MUSIC

Segment: Super Shopping Savers

It's time for super shopping savers. Today, I'm beside myself with excitement and he's elated too.

I was talking on the phone to a guy named Jim who I was introduced to via email from someone in my mastermind group. Jim is a professional speaker - he travels around talking to companies on how to improve their corporate culture. His style is very rock-n-roll and in the course of our conversation I asked him, hey - where do you get your clothes from? I was expecting a boutique shop or something. One of the places he mentioned which surprised me was Macy's. He said they have a personal shopping service. You can setup an appointment, tell them your style, and you go in and try on clothes. The service is free. Jim has good style, I figured I'd give it a shot. I had a conference coming up and I wanted to make sure I had some decent looking clothes to wear. I showed up and walked into the dressing room and my shopper had all these clothes she had laid out in advance. In about five seconds I said, no, no, no, no, no, no, and no. No blues. No greens. No brown shoes. No dress jackets. No dress pants. That's great if that's your style, but that's not my style. We then walked through the men's department, I'm pulling out stuff I would wear, she's making more recommendations. This is going pretty well. I spent an hour trying on clothes, she would go out and find different sizes or look stuff up online if the store didn't have it in stock. This is my kind of shopping. Once or twice a year, get in and get out.

So she rings up everything, and gives me the total. I said is there a discount for first time shoppers using the service? She looks at me like I'm kidding for asking the question. I smiled and after a few seconds she said I don't know let me check. She tries to phone her manager who doesn't answer. Then she starts shuffling through a filing cabinet. 'I don't know if we have any discount like that, let me see what I can find.' Finally she pulls out this 10% off card for something. Boom. 10% off, just for asking.

Had I said nothing, I would have got nothing.

But the story doesn't end there. We then have to go out to the main checkout counter in the men's department to remove all the security tags. Another employee mentions this sale that's coming up in a few days where everything is 25% or something. My personal shopper says if I wait to pick up all my clothes in a few days, I can get 25% off instead.

Sweet!

All I had to do was return in a few days to pick up my clothes and I save 25% off.

If you like to shop at the mall or department stores, always ask for a discount. If you get a response along the lines of 'you can get 10% off today if you open a charge card.' I want you to respond 'I'd like the 10% off without opening a charge card.' And if the clerk won't give it to, ask to see the store manager. The worst they can tell you is no. The best that can happen is you'll keep more of your hard earned money.

Now back to your questions.

QUESTION: Colleen writes in to say I do the budget, but I don't stick to the budget. How do I keep myself accountable and stay motivated to become debt free?

ANSWER: Colleen you haven't yet found big enough reasons to make the change in your life. Nobody does a budget for fun. I hate budgeting. So why do I do it and why have I continued to track my spending for fifteen years?

I was afraid of going broke. I still am today. It's always in the back of my mind. Your reasons have to come first as to why you're doing something. I budget because I don't like the idea of going back to having debt, or not being able to feed my family. For me, fear is a good motivator and my big reason.

What's going to happen Colleen if you don't become debt free? What's your life going to look like in five years? In ten years? Really picture it. Paint a bleak picture because that's what it's going to be. Are you going to be living paycheck-to-paycheck still? Are you going to be staying awake at night? Is worry going to be consuming your life? Are you going to be thinking about how you have no idea if you'll ever retire?

Now picture your life if you stick to your budget and get out of debt as fast as you can. What does your life look like then? Are you laughing and dancing around in an open field? Are you rolling on a bed of \$100 bills? It's whatever picture of the future works for you. Are you starting to save up for a trip around the world? Everyone has different goals. Thinking about what's going to happen long term though, that has power to influence your decisions today.

On the practical side.

Go digital. Use a product like Mint.com, EveryDollar, or You Need a Budget. Software tools make budgeting easier, and less time consuming. If budgeting is hassle to keep updated, we won't do it. Nobody is going to spend 2 hours a week updating a budget. With a piece of software you can spend fifteen minutes updating it while you're watching TV.

Move to the cash budget. If you don't stick to a budget you're probably not on the cash budget and the envelope system. People who fail to stick to a budget typically use credit cards and have a greater problem of controlling their spending. Cut up your credit cards if you have them. The envelope system will kick that habit. When you run out of cash it's hard to buy stuff. Visit my website for information on the envelope system.

Join an accountability group. You can search Facebook for a group that will hold you accountable. You'll find like minded people who want you to succeed and will celebrate your successes on your way to becoming debt free. Have a good team to cheer you on is a great motivator.

Thanks for the question Colleen.

QUESTION: Andrew asks - my job is being eliminated. How can I get out of my car lease if I can no longer make the payments?

ANSWER: There are a lot of reasons you might want to get out of a car lease. Buyer's remorse, maybe you have a new child and need a different vehicle, job loss, you just don't like the car anymore.

There are a few choices for you.

1. First you can transfer your lease.

The easiest and most popular way to get out of your lease is to use a website like LeaseTrader.com or SwapALease.com to find a qualified person to take over your lease.

Most leasing companies will allow you to transfer a lease. But you'll be on the hook if the other person doesn't make a payment.

2. Sell it

If you can find a buyer for your car an option is to sell it. You can buy the car from the leasing company at any time. You don't have to wait until the end of your lease term.

Contact the leasing company and find out what the payoff or buyout price is.

The downside is you're going to have to come up with the difference between the payoff amount and what you can sell the car for. For example if you have a car with a \$22,000 payoff amount and similar cars are selling for \$18,000, you need to come up with \$4,000 to cover the difference. But sometimes the \$4,000 is a small price to pay to get out from the lease.

Make sure you are dealing with the leasing company and not the dealership. The dealership is usually a middle man. You want accurate information on the payoff amount and the transaction process and you're only going to get that from the leasing company.

3. Return the car and pay the penalties

This is usually the worst option. You can return the car to the leasing company and pay all the penalties listed in the leasing agreement. What will happen is the company will sell the car at auction. You will have to pay the difference between what is owed on the lease and what the car sells for at auction. And it's typically a huge amount. You're much better off selling the car yourself.

4. Ask the leasing company for help

If you can't afford the lease reach out to the leasing company and see what assistance they can offer. Sometimes they might reduce your monthly payment temporarily or even suspend your payments.

Thanks Andrew for the question, and good luck unloading your car lease.

Commercial break

Welcome back, everyone.

QUESTION: Anna writes in. Can you help me with the social/emotional difficulty of living very close to the bone, while raising children. Saying no to things that they really care about. Especially with slightly older kids and teens. Things like, fewer trips to grandma's because it's \$50 in gas. Crappy/few shoes. They are growing up poor just like I did (but in a family with no debt and working toward building security!) and it sometimes just breaks my heart.

ANSWER: First off Anna - take pride in what you've accomplished so far. You have a family with no debt. You have a family that will have security. You have a family that will have a future. And you have kids that will have character and will grow up to be responsible adults.

They're learning from you. They're watching. They're seeing the sacrifices you're making and why you have to say no, probably most of the time.

You're saying no to society.

You're saying no to stuff.

You're saying no to debt.

You're saying no to keeping up with the Joneses.

But you're saying yes to freedom.

You're saying yes to security.

You're saying yes to a better future for you and your kids.

There is no price you can put on that.

Poor is a mindset. And I know you're not poor. Because you have no debt. And you live in a rich nation where we get free access to roads, and libraries, and parks.

The doctor or lawyer making \$500,000 a year, who is up to debt to their eyeballs, who has a negative net worth, and wastes all their money, that's somebody who's poor. They have a bunch of stuff that the bank owns. No, you're not poor.

You mentioned having teenagers who have some wants. As a good parent your only job is to provide for their needs. It wouldn't hurt them to go out and find a job and start contributing to the family. They can have new shoes - but they can work for them. They can have new clothes like their friends have - but they can work for them too. I've been working since I was ten years old when I had a paper route. There's nothing wrong with a little hard work like mom has to do to keep the family running. Maybe help them start a little business and teach them some entrepreneurial skills. They would probably enjoy it.

Stay strong because you are making the right choices. And yes, it's hard to say no, I understand that. But it's right. Remind yourself everyday that you are doing what is right. You're also doing what is hard - to change our family's future for the better. Today, you are making the right choices so tomorrow your kids, and your grandkids, will live rich lives. Focus on how awesome that's going to be.

Thank you Anna.

Daily inspiration

Hey don't just count the days until you reach your goals - make the days count.

Those are the words.

Outro

Hey, I really appreciate you guys listening to the show. I'm just a regular guy trying to make a difference in the world by helping people achieve financial freedom and getting to experience real life. Worry-free, stress-free, debt-free. And loving it. It's awesome. I love helping you out. You guys are awesome.

That's it for this episode. I'm your host Scott Alan Turner. Rockstar Katie is my producer. Today's episode was powered by Ben & Jerry's ice cream. We won't quit until we get a flavor named after the show.

Thanks for listening!