

[My most popular money saving tip to save you \\$1,000 / year](#)

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 never guarantees a good time at her parties. 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](#)

Segment:

When was the last time you shopped around for better insurance rates? Some people go years and years and never check their coverage or shop around for lower rates. Car insurance is very competitive. Your credit score, your education, what you do for work – they all factor into your insurance rates. The differences you can find between insurance carriers may be more than double for the exact same coverage for the same person.

You could save \$100 or more per month just by spending 15 minutes by shopping around. Just like the commercial says - you could save hundreds in 15 minutes or less.

You can shop online to compare rates and get free quotes at:

[Insure.com](#)

[InsWeb](#)

Price is important by so is using an insurance provider that has your back. According to Consumer Reports, the top insurers are

- Amica Insurance
- USAA Property & Casualty
- New Jersey Manufacturers Insurance Company
- Auto-Owners Insurance

The lowest rated auto insurers in the country are

- Allstate Insurance
- Farmers Insurance
- Travelers
- Metlife Auto & Home

If you're happy with your current insurance company but find a lower offer from another insurer, ask your current insurer to match the deal you found. You could save up to \$1,000 a year today just by checking those websites. Go get that money - it's yours!

Now on to your questions nation.

QUESTION: Stupid sent us an email

Hm???

Oh, Producer Katie says that email is from Stu, not Stupid. My mistake. I am the stupid one. I can't read clearly.

Stu wants to know if now is a good time to buy gold.

ANSWER: Yes. Absolutely. Sell everything you own today. Cash out your 401(k). Get cash advances on your credit cards. Take out a HELOC on your house. Sell the dogs and kids if you can because now is the time to buy gold. And comic books. Comic books are getting ready to take off, even more so than gold. If you want to make some money, head down to your local comic book store right now. Just, stop, what you're doing right now and go.

NO, now is not the time to buy gold. Yesterday wasn't the time to buy gold. Tomorrow is not the time to buy gold. Next month is not the time to buy gold. Or next year. Or ever. But keep asking that question because my opinion could change some day.

Thanks for the question Stu.

QUESTION: Amy writes I have fear around investing, I always want to just stash my money under the mattress so I don't lose it.

ANSWER: A recent survey by American Express found 43% of Americans keeping their savings in cash. The problem with doing that is the money in your wallet, your home safe, your sock drawer, is losing its value as it sits there.

I have a quiz question for you - how much did a pack of gum cost when you were eight years old? And how much does it cost today?

For what a pack of gum costs today I could buy six packs of gum when I was in elementary school. That's inflation at work. The same \$100 bill from ten or twenty years ago buys less stuff today.

Cash loses value if it's sitting under a mattress. Even the 1% interest it could earn in an online savings account is better than the 0% you earn by keeping your money at home.

Inflation rises about 3% a year, so keeping money anywhere where it isn't growing at least 3% a year is the quickest way for your wealth to go backwards (you get poorer).

Investing in the market has a historical average return over the last 80 years of 10% a year. Yes there are years where it goes down 25%. There are also years where it goes up 25%. But for any ten year window over the past 80 years, 10% is the average. That's great news for investors, because it means we can predict with a high degree of certainty how much our money will grow if we invest in the stock market - 10% a year.

Then the question becomes - where do I invest. I have a guide for you at <http://howtogetstartedinvesting.com>

It details where you can get started investing depending on what your situation is. If you have access to a 401(k) or not. If you don't have much money. Where to invest. What to invest in and why.

Thanks for the question Amy.

QUESTION: Brooke writes in - Long story short, I am a chiropractic student that is about to graduate and aspire to open up my own practice. My fiancé is also a chiropractic student. I have \$200k in school debt. We will have a total of about \$500k in school debt and my fiance's credit card debt and a foreclosure of a condo he had finalized in 2010.

My credit isn't bad, he's definitely isn't very good. We want to be out of debt ASAP, but also see ourselves getting into more debt via a business loan to start up our practice. Can you give us any advice on how to handle this in a knowledgeable way that will not put us another 10 feet deeper into this canyon of debt?

We already have plans to open a small practice, with very minimal overhead. But we have no sources of money or anything saved up because we have these student loans that result in us barely getting by.

ANSWER: Brooke you are not alone - doctors, dentists, lawyers, chiropractors - these professions come out of school with hundreds of thousands of dollars in debts. And banks are more than happy to give you a loan to startup your practice because they know these professions are good credit risks. Doctors usually don't lose their jobs, and they have the potential to make a lot of money. That's the trap - you have a bunch of debt and you have this nice loan officer over here willing to give you some more.

You have to consider when you're going to put an end to the debt cycle. Because what happens is after the small business loan to open up a shop, then comes the car loan because we need transportation. Then we need to get a house. Ooops, we want kids, we need a bigger house. Before you know it you're 50 years old and you finally have your student loans paid off. Let's break that cycle.

For any small business owner - if you're opening a plumbing shop, or a dentist's office - you not only have to work in your business, you have to work on your business. Marketing, sales, finding customers, looking for space to lease, furnishing the office, if you're in the service industry you need a vehicle, equipment. It's no different than buying a house. You don't just buy a house - you have to furnish it. Except with a business - you have to find clients. It may take 6 months, 12 months, 24 months to build up your client base. But the rent is due and the loans are due in the second month.

For anyone looking to start their own business what I would recommend is going to work for someone else for a while to learn the ropes. Find an expert that's done what you want to do and learn from them. If you want to open a pizza place, go work for a pizza place for 6-12 months. If you want to open up a chiropractic office, go work for another chiropractor for 6-12 months. Learn how the office works. Learn what marketing strategies work. Learn how to spend your income efficiently and effectively. Learn how to pick a good location - which is really important for a brick and mortar store. You pick a location that has a lot of foot traffic or drive-by traffic - your marketing and advertising costs just went down because people will see your store sign every day when they go by. That's free advertising. Compare that to this hair salon my wife goes to - it's buried in the back of this office park. You can't see it from the road. Nobody knows it's there.

There is another benefit of working for someone else - you build up a clientele. When you do branch out on your own - some of those clients are going to go with you. From day one when your business opens it's doors, you already have paying customers. That's a huge burden that's relieved. You don't have to spend as much time working on your business. Marketing, advertising, networking.

And you said your fiance is in the same field. When you both graduate and the first thing you do is open up your own practice, you both have to go find clients. You've put all of your eggs in one basket.

If you both go work for somebody else for 6-12 months, you can both be building up a client base.

Remember - you can't get out of debt by taking on more debt. Be working for someone else, learning the ropes, and building your client list, you'll be much better positioned to have a successful practice.

QUESTION: Rachel from Des Moines, Iowa wants to know where the 3 to 6 month rule comes from for emergency funds?

ANSWER: Emergency funds are very important to your financial blueprint, but 50% of people don't have one. For most of us we rely on the credit card to handle the emergencies. But since many people already carry a credit card balance and are throwing away money on interest each month, using a credit card for an emergency just compounds your debt problem. You can't get out of debt by creating more debt.

HelloWallet has a free emergency fund calculator you can use to get a more accurate answer to how much you should have in your emergency fund. I'll include a link to that website in the show notes.

Thanks for the question Rachel.

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: 006

It's time for Deals & Steals. I've got a place for you to get a great deal you probably don't know about.

U.S. government offers the general public the opportunity to bid electronically on a wide array of federal assets. Surplus, seized and forfeited assets are sold to us.

Each year approximately 300 public auctions are conducted throughout the U.S. and Puerto Rico to sell property forfeited as a result of violations of federal law enforced by the Department of the Treasury or nonpayment of Internal Revenue Service taxes.

A wide variety of merchandise is available, including automobiles, aircraft, boats, real estate, jewelry, electronics, wearing apparel, industrial equipment, and miscellaneous goods. Property includes both new and used.

Some of the auctions require us to mail in a bid, others are online auctions where we can bid over the Internet.

Looking briefly I found a blackhawk helicopter for bid, several lighthouses, boats, and a really nice necklace. You may not want your own blackhawk helicopter, but there are more practical items.

When you start digging around in these auction websites you'll end up finding links to schools, universities and your local government. Your local region also has auctions where they sell off old automobiles and office equipment.

If you're a small business owner leasing your first space or moving into a bigger space this is a great opportunity to buy used office equipment - chairs, desk, cubicles - for much less money than new equipment.

Do you know what else you can get a great deal on? Land and homes. When a government agency seizes a property it can end up getting auctioned off. That's a potential deal for you.

I did a quick search of homes here in Dallas and found a home seized by the US Marshals listed for \$55,000 less than same sized homes on the exact same street in a very desirable neighborhood.

A couple websites you can check out are treasury.gov and gsaauctions.gov to find a deal you might be interested in to save some big money on your next purchase.

It's important when you are searching for sites with government surplus or seized goods for sale to make sure you're visiting a site that has the .gov extension in the domain name. That's a key indicator the site is legit. You should never have to pay a fee to sign up for a website or register to bid. That's a sign the site is a scam.

Also, remember just because something is up for auction doesn't mean it's a good deal. Do some online research to find the value is of the item you're bidding on. If you're looking to buy a car, check out [Kelly Blue Book](<http://kellybluebook.com>) and see what the vehicle is selling for in the market.

Good luck and happy bidding.

Now back to your questions rockstar nation.

QUESTION: Phil asks - I am 26 years old. I am very ambitious with everything that I do but I have been saving only in my checking account and know I need to invest my money to make the most out of it and to gain as much wealth as possible. A few years back I did open a Roth IRA with Charles Schwab. Being in school, I didn't have much money to invest but have since obtained a good job where I can start really investing. I want to make the best decisions to make as much money as possible. Recently, Schwab started the Intelligent Portfolio automated investing program where they claim they charge nothing for. With a quick google search I found Betterment and read an article ranking Betterment much higher than Schwab's Intelligent Portfolio. I don't know much about investing but do know that I need to get on it and that a Roth IRA is a good choice for young adults.

My question is, what should I do from this moment on. Should I continue with Schwab and allow the Intelligent Portfolio to manage my Roth IRA? I'm not even sure if I can invest in a Roth IRA with Betterment or if it just invests in the stock market separately.

ANSWER: I love these long, well-thought out emails. There is a lot going on here so kudos to you Phil for taking the time to dig into the details.

First, yes, a Roth IRA is a fantastic choice for young adults. After, after - you have maxed out your employer's 401k up until the match. That's key. If the match is 3%, you automatically invest 3% of your paycheck. If it's 5%, you automatically invest 5%. The reason you do the 401k match first is because it's free money. Then, and only then, do you fully fund a Roth IRA. Because the Roth IRA grows tax free. It's the best thing going. Once your Roth IRA is maxed out, you go back - if possible - and increase your employer contribution up to the maximum allowed under the 401k plan - 12%, 15%, 20%, whatever.

So that's part one.

Next, where to go for our Roth IRA? You already have one at Schwab. No matter where you have a Roth IRA, you can transfer it to another brokerage. I like to keep all of my investments at the same brokerage. It makes it easier come tax time. It also keeps you from making mistakes. For example with the Roth IRA the maximum contribution in 2015 is \$5,500. \$6,500 if you're age 50 or older. If you had a Roth IRA at Schwab and for some reason opened a second one at Vanguard, and invested in both over the course of twelve months. It's just messy. If your Roth IRA is at one place, it's easy to see how much you've put in to make sure you don't go over the limit.

You can have a Roth IRA at Betterment and the other robo advisors. That's not an issue.

Now to the RoboAdvisor Showdown. Schwab Intelligent Advisor vs Betterment and Wealthfront. Vanguard now has one as well.

The guys at Schwab are saying Betterment costs more. The guys at Betterment are saying Schwab costs more.

Betterment's pricing is simple. It's on their website. You pay one of three management fees depending on how much you have invested. That's it.

Schwab is a bit harder to nail down. Their allocation invests in multiple ETF - exchange traded funds - and each of those funds has their own expense. So the cost will vary depending on your portfolio. If you have conservative portfolio vs. moderate vs. aggressive.

You can visit the Schwab website and they have twelve questions in their FAQ addressing how they can charge a zero advisory fee. It takes twelve answers to answer that one question.

Here's where the other players have a problem with Schwab. Schwab will keep some of your money in a cash reserve, earning the same amount of money you would get on a bank savings account. Right now that's pretty much zero. But they keep 6%-30% of your investment in cash. Schwab makes their money by taking your cash and investing it elsewhere.

I have a problem with this. I can manage my own cash. As an investor if you have cash lying around in a brokerage account, it's not doing anything right now. Unless you're nearing retirement put that money to work for you in the stock market, right?

Phil if I'm where you are, I'm transferring my Roth IRA out of Schwab somewhere else. Then continue to be aggressive and invest in your Roth IRA. All of these brokerages have services that will help you with your transfer. Just place a phone call and ask for help.

The reason I like Betterment is because they invest only in Vanguard funds. Vanguard pioneered the low cost index fund and continue to be a leader in low cost funds today. That means more money for you in your retirement. You can look at moving directly to Vanguard as well.

Competition is great for us as consumers. Betterment and Wealthfront are disruptors. They are causing Schwab and even Vanguard to roll out similar products. That's great because it means you and I will pay less as they compete for our dollars.

For some of us the investing choices aren't about Wealthfront vs Betterment vs Schwab vs Vanguard. Our choice is about all of the above versus not investing, chasing the next hot stock, trying to time the market, buying mutual funds with high management fees or huge front loaded fees, being sold life insurance that isn't appropriate for our situation, etc.

As always, make sure you do your own research. Check out the Schwab website and articles written by others and see what they have to say. For me it boils down to - I want my cash invested in stocks and bonds if I deposit it with a robo-advisor. Leaving it sitting around not working for me does not grow my investments.

Thank you Phil, for the question.

Commercial break

Welcome back, everyone.

QUESTION: Robert writes in for help with staying focused and engaged in the debt snowball process. I am on my last debt, the dreaded student loans and they are quite large. I just don't want to get overwhelmed and depressed.

ANSWER: Robert first of all congratulations on wiping out your other debts. That's a huge win and you should be proud of yourself. You're way ahead of so many other people. People are listening and thinking - man, I wish I was in his shoes. I'd love to just have some student loans left. That alone should encourage you - you're going in the right direction. Most people are going nowhere.

Student loan debt is \$1.2 trillion in the United States. You are not alone in your situation.

Here are a few things I want you to think about. These are true for anyone with student loans.

Throw any extra money you can at your loans. Sell stuff. Get an extra job for a while if you can. If you get a raise, bonus, tax refund - throw it at your loans. Be aggressive because the faster you get out of debt the faster you get to freedom.

Next I want you to consider is refinance your student loans. Not so you can stretch the payments out longer, but so you can get the interest rate down. Then you apply the same payment amount as you have been. You pay down your principal faster if you can get your interest rate down to 3-4% compared to federal rates, depending on what type of loan you got or private loans which can be much higher. Some companies to consider are

- Lendedu
- CommonBond
- SoFi

- LendKey
- earnest

Those links are available in the show notes on my website.

Those are the practical things. Now let's look at the mental game. Where you are right now - zero is a date. You should be able to calculate out a day in the future for when those loans are zero. Look at how your life is changed already getting out from those other debts and embrace that. Keep laser focused on all the good stuff coming down the pipe your way. You're going to be free, man - free from debt. The debt chains will be broken. Put that calendar up on your fridge, and check each day off as it passed until you're debt free date. You'll slowly see the days, the weeks, the months that have passed, and you'll get encouragement from that. Focus on the wins. Avoid looking at the days you have to go and fill yourself with dread. Their just days. They pass. Have as much fun as you can every day, because we only get so many. Celebrate the little wins - I'm 10% there. I'm 20% there. I knocked out another six months. It's just time. For me it was seeing each month the principal balance going down. From the first bill I paid when the principal went down by a measly \$2 - that was depressing. Then I got mad, kicked it into gear and attacked my student loans like a starving bear. The more extra I threw at them the more I saw the principle go down each month. It took a while, but seeing the new lower balance each month was a motivator for me.

There is an app called ReadyForZero that charts your progress towards your debt free day. Check it out. It's free and you may find some motivation seeing your debt being reduced month by month.

Thanks Robert and please let me know when those loans are paid off so I can celebrate with you.

Daily inspiration

Hey if you want something you've never had, then you've got to do something you've never done. And you might already be doing it but it's taking a long time. Financial freedom is a marathon, not a sprint. And anyone can finish a marathon if they go through the proper training. But you have to put in the time, the hours, and follow the training plan to do it. You can achieve whatever you want in life - getting out of debt, saving more, and retiring early. You just have to put in the time, the hours, and follow the plan. It's nothing more than having the proper mindset and waiting for the day on the calendar to arrive. Do that, and you will arrive. In style.

Those are the words.

Outro

That's it for this episode. I'm your host Scott Alan Turner. Rockstar Katie is my producer. Special bumper music today provided by the Hyenas. All the links mentioned in the show are available in the show notes on ScottAlanTurner.com 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!