

## [How To Stay Motivated When You're Getting Out Of Debt](#)

### **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 loves to wear her hair big as in Texas hair – the bigger the hair, the closer to God. 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**

If you missed yesterday's show I shared with you how to stop overspending. Please check that out if that's something you struggle with.

Many questions I get from listeners and readers are about getting out of debt. Some people have tried to get out of debt more than once, but it doesn't seem to work.

If you watch sports of any kind, you'll hear coaches being interviewed saying winning is 20% skill and 80% heart. It's how a bad team can beat great team on any given day - heart. Once you reach a certain level you can only improve your skill so much. But your heart, or your will, is limitless.

If you've tried and failed, you have the head knowledge. You know the skills. You have the 20%. What you lack is the will. The habits. The attitude. The drive. I'll give you the knowledge, and I'll help you change behavior. But it's up to you to meet me halfway. So how can you stay motivated when you're paying off your debts.

My first dose of debt was nine months after graduating college. My student loan bill started rolling in. It killed me each month to visually see all the money I was paying in interest.

Wasted money.

Yes, I got a great education. I wouldn't be where I am without my college degree.

But it pained me no less to see \$98 out of \$100 going to an interest payment.

And I was being given the opportunity to keep doing this for ten years? No way!

Go take out one of your debts right now and put the bill down in front of you. Stare at it and look at how much money you've just thrown away - burned, in fact, - in interest.

You will either get:

- mad
- sick to your stomach

I can't imagine any person saying 'oh, well, I'm so happy to keep paying this for the next ten years'. Can you?

No matter what emotion rises to the top for you, one thing is certain - you will be motivated.

The people who aren't motivated by their debts don't face them head-on.

They don't look at the credit card bill.

They see how much they owe on student loans this month and write a check for the minimum.

They know nothing about car loans and how bad they are for your wallet.

Look at that bill, and then react. Go use an online calculator and figure out how much interest those minimum payments are costing you. If that doesn't move you, well let's try something else.

Now if you have the mindset of 'this is a bunch of bologna', try it anyway and give me your opinion afterward.

Write down what does getting out of debt mean to you?

Write down ten ways your life will change when you're out of debt.

- Will you be able to work at a job you love?
- Will you be able to pack up and go where you want to?
- Will you be able to work less?
- Do you just want a good night's sleep without stress and worry?

Now write down ten ways your life will look if you don't.

Keep that list handy to review it as you work to get out of debt. Review it every. single. day.

Ask yourself daily:

> What's my life going to look like when I get out of debt?

When you start daydreaming of the peace, the freedom, the life you deserve to be living - you'll get a little bump to make it through another day.

What else?

Your goal is to get out of debt. But have you written that goal down anywhere? Do you see that goal staring you in the face every day? Or is it a wishy-washy goal like 'oh, I'd like to be rich someday'.

People who write down goals are MUCH more likely to achieve them. In my smart phone, I have a list of goals I want to achieve for the year. Every morning I look at the list. Doing so imprints in my mind what my life is about. What I'm living for. They are clear, they are actionable, they are realistic, they have dates.

Find an accountability partner or group. I've talked about that before.

I know you've heard this:

> How do you eat an elephant? One bite at a time!

You have a mountain of debt. You get to the top of the mountain and out of debt one step at a time.

Keep chipping away by making smart decisions each day. It's all you can do, right? If you continue to do nothing, you will continue to have nothing, and sorry - become nothing. Getting by isn't living, that's dying by a thousand cuts.

Finally, reward yourself and have some fun - reasonably

I've been a gym rat most of my life. If I were to train someone to lose weight, I would never say 'we're going to go on a diet for the next twelve months. You can have a piece of cake as a reward a year from now.'

What a great way to motivate someone, right?

But you also can't take the opposite extreme - 'if you work out three days a week, you can eat all the cake you want every Saturday.'

The person who has a cheat meal (or day) every week is a person that never loses weight.

You've paid off a credit card in full? Celebrate!

You've paid off another \$1,000 in debt? Celebrate!

You've stuck to your first ever spending plan for 90 days? Celebrate!

But don't go into more debt for your celebration. Be reasonable and use your common sense so you maintain momentum and are heading in the right direction.

Reasonable is a loose term. It doesn't mean getting to play a \$150 round of golf every month or going out for sushi (expensive).

Giving yourself a small reward no more than every 30-days is reasonable. If you want a hard number, I would say \$20 a family, or \$10 if you're single.

That's 2-5 pints of Ben & Jerry's ice cream, which is an awesome reward. Ben & Jerry's always motivates me. What motivates you?

You will never hear someone say:

> I'm glad I'm finally out of debt. But I really wish I was back in debt again!

The sacrifices you make now to get out of debt later are well worth it. Ask anyone that has gotten out of debt.

It's simple, but it ain't easy. There are a lot of obstacles, it takes time, it's painful, but the rewards of being debt free are unspeakable. You'll find out when you get there.

At the end of the day, you need just one big reason beyond everything else to keep you going til the end.

I have a big reason to stick to my budget and not overspend - I want to work for myself, set my schedule, and watch my kids grow up at home. If I blow up my budget, I could end up back in the corporate world someday. And at this point I'm unemployable, so that's a bad thing. If you're not motivated, you haven't found big enough reasons to get out of debt yet. Find your reasons first.

Now on to your questions.

**QUESTION:** Stephanie writes I'm looking to take my boutique to the next level. I want to start blogging about fashion and capsule wardrobes. The things that I need are a kick ass website and an awesome logo. I don't have a lot of money to spend because most of my money is tied into this boutique adventure.

**ANSWER:** There are two parts to the question - the website, and the logo. Those are two different people.

First, I do not suggest Fiverr for logos. Fiverr is a website where you pay contractors \$5 for a small project. Often the \$5 is a starting point. Meaning for a logo, you'll end up paying another \$5, or \$10 to get the original Photoshop or Illustrator file. You need those files to use for printing your logo on business cards, or t-shirts, posters, marketing materials. So it's not just \$5.

Second with Fiverr my experience with them - and I've used them about 5 or 6 times for different projects - is you get what you pay for. You wouldn't go to a restaurant and order a \$5 steak and expect it to be great, right? No. Same with a \$5 logo.

Next we have Upwork.com. Upwork allows you to post a job which is bid on by freelancers. Upwork used to be called oDesk, and I've used oDesk for all kinds of projects for over five years. I can recommend them with a clear conscience. I've found some great designers, and a few bad ones too. Make sure you check the ratings of the people who bid on your project and review their portfolios. Reasonable bids will be in the \$50-\$100 range.

Ask for a referral. If you see a logo you like on a website contact the owner and ask them who made it. A graphic designer in the US should charge around \$200 for a custom logo, including multiple samples and edits.

Finally we have 99designs. With 99designs you pay \$299 for a logo contest, and a bunch of designers create designs based on the criteria you give them. Then you pick the one you like the best.

I have not used this service, but I plan on trying this logo contest out to design my honey jar logo. I have bees for the first time this year, I'm hoping to give away some honey to some listeners - if I get any honey. And I want a cool logo to put on the jar. Stay tuned to see how that experiment goes.

On to websites - for those of us who are not familiar with my background, one of the keys to my success as an entrepreneur is the ability to build awesome websites. Your website is your book cover - it's what people see first. And it's important. We judge a book by its cover and you have three seconds to make a good first impression to new website visitors.

For a non-programmer my suggestion is to check out SquareSpace. They have all-in-one packages for ecommerce. SquareSpace is known for their absolutely beautiful website templates. Their designers are top-notch. For \$18/month on an annual plan or \$26 month to month you can sell up to 20 products. SquareSpace also has a 14-day free trial. I have not used them but I did spend time checking out their product and considered using them for another website I was building.

Shopify is another platform to checkout. A lot of people use this platform. Shopify also has a 14-day free trial.

Shopify is specific to ecommerce sites, where SquareSpace has templates for any kind of website - basic business, artists, ecommerce, etc.

Thank you for the question Stephanie.

**QUESTION:** Alexandra writes I definitely need to be more knowledgeable about my different options on retirement. I was speaking to a financial accountant who was rattling off different terminology that I don't know much about ex. equity gain, guaranteed return, etc. What are the different options for different levels and what we should start looking for at different ages. 20s, 30s, 40s, 50s, 60s+

**ANSWER:** Let's not overwhelm anyone with terminology, as best as we can anyway, and get into some basics.

When you're just starting out investing at a younger age - 20's - 30's - you want to be invested 100% in stocks if you plan on working for 10, 20, 30 or more years. Why? The stock market has historically provided the highest rate of return - around 11%. And it's easy to get started investing in the stock market. I have a video on my YouTube channel where I walk you through getting started investing in less than ten minutes.

By investing heavily in stocks when we're young it gives our money the time to grow through the power of compound interest. If you invest \$375 a month for 30 years in the stock market you'll have \$1M, even though you only contributed \$135,000.

But the stock market has ups and downs. In 2008-2009 it lost 50% of its value. That's fine for us long term investors. When you stay invested you can ride out the downturns.

What if we're in our 60's and approaching retirement. And it's 2008. If we are 100% invested in stocks and the market crashes - which it did - we lost half of our retirement. Now the market came back. And when we do hit retirement we're not cashing out everything we have in the stock market. But we want to safely withdraw funds from our portfolio to cover our living expenses. If I have a \$1M and I need \$40,000 a year to live on, I've withdrawn 4% of my retirement. But if the market wipes half my money out and I've now got \$500,000 and need \$40,000 a year to live on, I've withdrawn 8% of my retirement. That's a huge difference and it's a huge amount. I'm either going to have to keep working or find out how to live on less than \$40,000 a year. Or else I'll run out of money.

I use that example to illustrate as we get older we need to change our asset allocation, or where our money is stored. We would move money - some, not all - out of higher risk investments like the stock market and invest more in bonds - which have lower risk.

Alexandra what I want you to take a look at is something called a Target Date Fund. A target date fund is designed to provide a simple investment solution through a portfolio whose asset allocation mix becomes more conservative as the target date approaches. It does it automatically. A target date fund is a great way to get started because you can set it and forget.

If you want to have more control over your investments then you can start doing your own asset allocation - picking what percent of your investments you want in stocks, bonds, and cash. But even with the DIY model, you still want to be invested heavily in stocks when you're young, and move slowly into more bonds as you hit the middle of your career and start to approach retirement.

Thanks Alexandra for the question.

**QUESTION:** Gabriel writes in to say. I invested everything I earned in an apartment in São Paulo, where I live. I assumed too much debt. I can't pay the mortgage and now the market is slow, so I'm not being able to sale it either, I've been trying for a couple of months already. I really need to get out of this debt, should I go to the bank and try to negotiate with them?

**ANSWER:** Sorry to hear about your situation Gabriel. Yes - it's important to meet with the bank and hear what they have to say.

The problem you may run into is if you are current on your mortgage the bank has no reason to help you. They will have no reason to think you won't be able to make the payments. If you're behind on the mortgage the bank may be willing to do what's called a 'short sale'. The lender will accept a payoff amount that is less than the loan balance and forgive the remainder. You would be required to sell the apartment still, but you can sell it for less than the balance of the loan.

A short sale agreement must include a waiver stating the lender can't pursue the remaining balance on the loan. Quick example:

\$120,000 apartment  
\$100,000 loan  
\$80,000 short sale

The apartment gets sold for \$80,000 in a short sale, the bank keeps the \$80,000 and forgives the seller \$20,000. The seller avoids bankruptcy and the bank avoids foreclosing on the apartment.

That's how it works here in the U.S. São Paulo might be significantly different. But I would start by approaching the bank and getting some advice.

That goes for anyone who is having trouble paying off a debt or things you might have some trouble. Don't delay and wait until it's too late. When your house is up for sale on the courthouse steps or the repo-man is in your driveway - you've waited too long. Make the phone call to the lender and find out what your options are before you miss a payment. And then do your own research as well. You may not get all the options from the lender or you may be speaking to an uneducated or

uninformed individual on the phone who is in no position to offer you good advice. Or they might just give you wrong information. Don't take that chance - it's your future we're talking about here.

I want to hear from you

If you have a money-related question you would like answered, please visit [GoAskScott.com](http://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.

How to save money on textbooks

Sites mentioned:

[SlugBooks.com](http://SlugBooks.com)

[TUN.com](http://TUN.com)

College tuition continues to skyrocket well past the rate of inflation. If you're a college student or you're a parent of a college student, you already know this. Compared to everything else in the economy - food, housing, clothing, college tuition is eclipsing everything. On top of that you have to cover housing, and the ridiculous prices of textbooks. Textbooks were overpriced when I went to college - \$80, 100, \$150 and up. But the power of the Internet once again swoops in to save you money. There are websites you can browse for textbooks that can potentially save you big bucks. One site is slugbooks which compiles prices on textbooks into one, convenient spot, SlugBooks provides you with the cheapest prices available - even if those prices happen to be at the university bookstore.

Another site is TUN [tun.com](http://tun.com). TUN has a search engine that will search thousands of sellers to find the cheapest new, used, rental or e-book.

Make sure you compare prices using both sites to find the best deal. You could save hundreds of dollars compared to buying books from the university bookstore.

Now back to your questions nation.

**QUESTION:** Tony writes in I'm currently working two jobs (about 75 hours per week total work time) to get myself out of debt. I am able to put some aside to save in case something bad happens but otherwise I am living check to check.

The current specific struggle I have is my car is old like 10 years and 150,000 miles. I'm starting to worry about its reliability. The car I think I want to replace it with is much better on gas mileage I don't have quite as much saved as I would like but I'm wondering if I'd be better getting the car now and halving my gas bill and lowering my stress. Between the gas savings and the money I was saving towards the purchase of a new car I wouldn't be much worse off financially. So should I just buy now and avoid the stress of my car dying on me or should I hold and keep saving my money until my current car dies and buy when I have to?

**ANSWER:** With a car you don't know if it will die at 160,000 miles or 200,000 miles. Let's do some math:

If you spend \$50/week on gas you say you could cut that in half:

\$25/week savings.

So you would be saving \$100/month, \$1,200 a year.

But to save \$1,200 a year you're probably going to be spending \$5,000+ for a new car, right? The math doesn't make sense if you're paycheck to paycheck right now. You'll have to plug your own numbers in based on how much you spend on gas and how much you plan on getting the new car for, but no matter what you plug in I don't see the math indicating to buy now.

Ten years and 150,000 miles isn't considered an old car anymore. If I were you I would hold on to the car and drive it into the ground rather than blowing all my money on a more expensive car to save some gas money. What I hear you telling me

is you're trying to give yourself a reason to get a new car - to reduce stress. You'll have much less stress by putting the money into savings for when the car dies. If you can look at a savings account with \$5,000+ in it and say 'wow, if my car dies I can get a new one in cash tomorrow', that to me is less stress. If your car continues to go and you have your new car fund fully funded, the extra money can go towards debt. Then you'll have even less stress.

I've had cars die in the middle of the road twice in my life. It makes for a good story the next day.

Thanks Tony.

**QUESTION:** Frank wrote in I was in Best Buy yesterday, looking for a TV that I wanted to buy. I found an open box unit that was already marked down, but not very much. I remembered what you'd said about asking for a lower price, so I thought this would be a good opportunity. This TV was a floor model and was probably about \$500 new. It was marked at \$377. It was dusty, but otherwise was certified as having "no damage", and still came with the full manufacturer's warranty. I told the salesman I thought it hadn't been marked down very much and asked if he'd sell it to me for \$300. And then, yes, I SHUT UP. The salesman told me he'd have a manager come and talk to us - - the manager came right away, and the salesman explained my offer. The manager listened, looked at the label on the TV, and appeared to be doing some calculations in his head for a while. I stayed quiet and waited. The manager looked at me and said, simply, "319". I appreciated his quick decision and what I thought was a very reasonable counter so I accepted. Thanks to your advice, I saved \$58 off a \$377 item.

Thanks for the great advice!

**ANSWER:** Thank you sir proving what I'm sharing works. And congratulations Frank - you're in the band.

### Commercial break

Welcome back, everyone.

**QUESTION:** Aaron has a great story here and I wanted to share it with you. We have our emergency fund, we paid off our smallest debts and are working on \$30k to be paid off by July 2017. I increased my income by 20k this year with a part time job. I have also really enjoyed selling off stuff and have actually turned that into a micro business by going to auctions and flea markets and selling on Craigslist and eBay. I am working on digital content starting with an ebook ready to launch. I have also been helping my kids learn entrepreneurship by setting up a backyard theatre business with some equipment that we already owned. I don't spend a lot of time on that one but the kids were involved in designing a flyer and promoting it amongst their friends.

I have been an entrepreneur for many years but when I lost a multimillion dollar business and went bankrupt in 2008 I gave up. I've been miserable trying to be normal with a normal job and mediocre paycheque but I'm coming back smarter and more confident than ever!!

**ANSWER:** That was from Aaron. What a great attitude. Despite all the trials Aaron says he's coming back smarter and more confident than ever. I love you're turning your kids into entrepreneurs already. I've already got businesses planned out for my 2 year old twins when they are old enough.

Daily inspiration

Multimillion dollar business gone.

Bankruptcy.

I gave up.

\$30k in debt that won't be paid off until July 2017.

Hmmm.

So I ask - you: how does that compare to some of your lives right now? Some of you might be thinking - I'm not as bad off as that guy was. Or you might be thinking - that sounds a bit like me. Giving up is easy. Changing is what's hard.

So where do we go from here? What did Aaron change?

We have our emergency fund.

We paid off our small debts.

I increased my income by taking on a part time job.

Our kids have a little business.

In other words - Aaron planned the work. Then he worked the plan. He decided he wasn't going to give up anymore and he was going to make a life change. What a great story.

Well done Aaron, well done.

Those are the words.

### **Outro**

Coming up next time an interview with J Money of Budgets are Sexy. J has a mohawk, which is just one reason to listen to him speak.

That's it for this episode. I'm your host Scott Alan Turner. Rockstar Katie is my producer. 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. Or at least some coupons to give away.

Thanks for listening!