

[INTRODUCTION]

[00:00:12] ST: Welcome nation to the Financial Rock Star Show. I'm your host, Scott Alan Turner, ready to help you get out of debt, save more money and retire early. If you missed the last show, I shared with you the best way to prevent identify theft, how to keep thieves out of your accounts and how to keep companies selling junk products out of your wallet. Make sure you check that out.

Today we have a special guest for you nation. Let's roll the interview.

[INTERVIEW]

[00:00:40] ST: My guest today is Phillip Taylor, aka PT. He's a CPA, husband, and father of three. He created PT Money back in 2007 to share his thoughts on money and to meet others passionate about managing their finances. He got rid of debt, learned to live lean, saved a bunch of money and eventually was able to leave his unsatisfying corporate career and pursue his entrepreneurial ventures full time.

Phillip's advice, fix your finances so they aren't a burden to your life and then build the life you want. Whether it's travelling more, early retirement, staying at home with your kids, or building a business like he did. Phillip is also the founder of FinCon, the annual conference for the online personal finance community. Welcome to the show PT!

[00:01:18] PT: Awesome to be here Scott, thanks for having me on.

[00:01:21] ST: Now you started out as a CPA, and you became a blogger and event planner. Tell us the story about how that happened.

[00:01:28] PT: Yeah, so followed in my father's footsteps, he's a CPA as well. Spent some time in that career trying to see if working for a public accounting firm doing taxes or auditing was for me. And I always ended up just looking at the businesses that I was doing taxes for or auditing and saying, "This would be a fun business to run." So I knew an entrepreneur life was in my future, I just didn't know when or how that would take place.

Conservative guy, so I had the CPA, so riding that track for a while. Accounting firms and corporate finance made sense for me. But eventually in 2007, my passion for personal finance, which I developed through some reading and discovering online blogs, kind of bubbled up into me starting this site called PTMoney.com. At the time I think I called it Prime Time Money, and I just wanted to focus on things that were important to me and my financial life, sharing those things, holding myself accountable to some financial goals, and just discovering a community of people out there I guess that would be willing to kind of have that conversation with me.

So I've been doing that for eight years now, still run that blog, and like you said, kind of fell in love with the community of people who also are out there blogging and sharing their information online with the world. People like yourself. And so I wanted to have an event that served that community and brought everyone together. So that's what FinCon is and we're in our fifth year doing that now.

[00:02:56] ST: Yeah, congratulations on that success with that event as well.

[00:02:59] PT: Thanks man.

[00:03:00] ST: What are a couple resources or books you found when you were starting out, learning about personal finance and money that really resonated with you?

[00:03:07] PT: Right. So when I was probably in my mid-20's I had the CPA down, I was doing some investing for my future. Let's see I was not in too much debt, so I was pretty much in an okay financial situation. I wasn't in dire straights, but I just wasn't going anywhere fast, I didn't feel like. And so I needed some inspiration and I turned to Dave Ramsey first to help me get rid of some debt. Dave, I love his message, I love his style and so that just resonated with me and I'd recommend him to anyone who's looking to get out of debt. He's got the plan down to a T.

So once I kind of cleared that hurdle in my life, I turned to thinking about investing and saving for the future. About that time I was getting married, and so David Bach's Automatic Millionaire was a book that really stood out to me. It was a book that allowed you, gave you permission to, the way I say it, give you permission to sort of stop relying on yourself so much to do better with your financial life, but rely on systems. Create these things once and once you set them in motion then you're gonna have success. And that's been true in my life and so David's book, Automatic Millionaire, has been helpful.

And then like I said, I was inspired by all their early personal finance blogs that were online. Folks like Luke Landis at Consumers and Commentary, Jim Wang at Bargaineering.com. All these sites I discovered and just really geeked out about their stories and could see myself following in a similar path. Not only with starting a blog, but in fixing my financial life like they were doing.

[00:04:40] ST: What are some of the systems of automation that you're using to help you save?

[00:04:46] PT: Good question. So it's pretty straight forward, make sure that you set a savings goal for yourself and that they're in line with your life. So my savings goals, you can go on my site and look at them, but that may be different than yours. Typically most people have savings goals around retirement, around their kids education, around short term and mid term goals like buying a house or getting rid of debt.

So what I try to do is figure out what that number needs to be and what I need to have that amount of money. Or make an attempt at maxing out my retirement contributions. So I guess that's the annual goal I use for myself for those accounts. Anyway, give myself these sets of goals. And then once I have those goals, I don't stop there and say, "Oh that'd be great if I hit those, hopefully magically that'll happen." That's just not how life works. And there's no money at the end of the month, I found out, to make those things happen if you wait to do it later.

So I pay myself first by creating automatic, or stepping back, once I know those savings goals I create individual savings accounts at my online bank, and then I create automatic withdrawals from my checking account over into those savings accounts or those retirement accounts. And those happen every month without me having to do it, without me having to think about it. Just an automatic savings withdrawal that dumps money from my spending account over into my savings account. And then I know I'm free to spend the rest of that money because those savings goals are being achieved.

[00:06:20] ST: Now you had some debt, which it seems like everybody in the personal finance world, myself included, had debt at one time. Tell us the story behind the worst personal finance mistake that you ever made and take us back to when that happened.

[00:06:32] PT: So you know what? You mentioned debt. It was probably the time I put myself in the most debt that I had ever been in with as low of income as I had. It was after I got my first job right out of college. And I thought I was this big deal, I got a big job at an accounting firm in town, the best one. I was on my way to get my CPA. And so I decided I needed a new vehicle, right out of college, brand new SUV Mitsubishi Montero Sport. I was in love with these vehicles and I said, "Now it's time. I deserve one." Upon graduation, "I need this, I deserve this." Right?

[00:07:09] ST: Right.

[00:07:09] PT: And truth be told, I did have a decent salary I guess, and I was living I guess somewhat lean in other areas of my life but single guy without much responsibility. But I really didn't evaluate the purchase properly. I was kind of blindsided going into the dealership, working with those guys and really not knowing what I was doing there. I didn't even check and see what kind of insurance I was gonna be paying at my age and with that type of vehicle.

And so when I got home I realized I had this big debt, this big payment that was gonna stretch my budget, and then I had this insurance payment on top of it that was gonna make it almost impossible for me to kind of keep up with things. And so I just realized that it was kind of a foolish thing that I had done. But once you have a car you kind of have a car. So I called the guys back up at the dealership and said, "Hey I really can't do this any more." And the guy cursed me out and hung up.

And me being the, I dunno why I chose to do this. But I called my dad up and said, "Dad, can you help me out with this situation?" And he calls up the dealership, and what do you know? Those guys call me back and say they're willing to take the car back. I lost my deposit of \$1,000 and so that pains me to know what that \$1,000 would be worth today. But you know I kept my old car for a while, and now I just love my old — I've bought some new cars since of course, now 10, 15 years later.

But I've kind of kept that old car mentality now in my life. And I still drive a 2002 Accord that I just love, and I absolutely love having it. It's like a badge of honor to me versus having a car payment or versus having something that I could've moved my money somewhere else and it could be doing better for me and my financial future. I'm just not a car guy really. So it's foolish for me, personally, to spend a lot of money in that area.

That's my foolish story, and I kind of carry that with me going forward.

[00:09:09] ST: Right. And even though you lost that \$1,000 you would've lost 10 times more than that, if not more, if you had kept that car.

[00:09:15] PT: Way to look at the bright side Scott. Thanks man!

[00:09:19] ST: A lot of millennials are coming out of college with tons of student loan debt. I looked at the numbers yesterday, it's \$1.3 trillion in unpaid student loans. What's one piece of advice you'd give us if we're just getting started on our careers?

[00:09:31] PT: Oh man, being a guy here that has two businesses and three kiddos, I would say use the time that you have now to do whatever you want with your life. Don't just sit back and watch TV or movies. But in terms of financial advice, I would say for me I'm a guy who bounced around a lot in my career. Every three years I just sort of got tired. I think a lot of millennials are that way, they're kind of looking for satisfaction at work and in my opinion it's hard to really find that when you're working for someone else.

And so if you know you're gonna be bouncing around to maybe some gigs here and there trying to figure out your career, or wait till you can start a business or something, then I would say just make sure you're taking advantage of the 401(k)'s and the stock plans and everything that your company's have to offer. Don't have that short term mentality when it comes to saving through your company's plans. I made the mistake early on of doing that.

I waited too long to get started with my 401(k) and maxing that out. I didn't even get the company match that the companies were offering in those areas. And so I would just say, as soon as you get those jobs, those first few jobs, regardless if you think you haven't found what you need yet, just save. Save as much as possible. Do that for your benefit.

[00:10:48] ST: You have three young kids. The oldest is six, is that right?

[00:10:51] PT: She is. Six, four, and one. Yep.

[00:10:53] ST: Six, four, and one. When are you gonna start teaching them about money and what are their first lessons gonna be?

[00:10:58] PT: Yeah so I love this question because last year my little daughter was in Kindergarten. She got all great marks, except for one in one area. And believe it or not, it was in personal finance. She apparently was having trouble

distinguishing between needs and wants. So I feel really bad about that. Here I am, the personal finance dad, and that's the one thing she didn't do well in. And that maybe have to do more with our lifestyle we've created for ourselves here.

But anyway, all that to say I love the act of helping your kids with their money. Me as a kid, we went through some financial ups and downs, and so I think my parents spent a lot of time sort of sheltering us from financial stuff just because it was so influx a lot of times. And they just wanted us to be peaceful, happy, and I understand that. But there was probably some things in my life where I wasn't as equipped, leaving college, or whatever, as I needed to be.

And so what I've discovered, the philosophy I wanna give to my kids is that as much as possible, I want to let them start controlling their finances as soon as possible. So within the next couple of years we're gonna start giving our six year old, so I guess she'll be seven or eight by then, but we start giving her a salary, a pretend salary. And that she can use for all her school needs, for all her extracurricular activity needs, any types of gifts she needs to buy. And so basically start putting her in control of that.

And so I think as parents we spend a lot of time probably sheltering our kids from money, and afraid that they'll make mistakes. And so I think it's actually, we should be doing the other thing, which is giving them money and allowing them to make mistakes, to learn the lessons now when it's safe, when it's only a few hundred dollars versus when it's a few thousand once they're making that kind of money.

So that's kind of some of the things we'll do. Something I've already started doing with my six year old is when she wants something and I can tell she wants a toy or something we'll say, "Okay, well you can save up money in your piggy bank." And then over the next couple of weeks we'll give her a few extra chores to do to save up money to do that. And we'll maybe meet her halfway or something to buy up that special toy. So we'll use those moments of want to create the habit of saving.

[00:13:15] ST: Very good. It sounds like they'll be well situated as they get older.

[00:13:20] PT: Maybe she'll make an A in that next year.

[00:13:21] ST: One of the popular articles on your website PTMoney.com are "Things We Should Never Pay For". Share with us some examples of things we might be paying for, but shouldn't be.

[00:13:32] PT: Yeah so you know, I think when I wrote this I was just going through this hardcore frugality period of my life where I really wanted to reduce my expenses as much as possible and just make sure I was spending efficiently. So some of these things my be a little hardcore, but some of them I think truly are things you really shouldn't pay for, like your credit report. Unless you need it very quickly or unless you've already used your free ones for the year, your credit report is something that is freely available.

And I actually forget, they may have changed the rules now since. But back when I wrote this article you could get one free report from each of the three reporting agencies every 12 months. And so there's lots of offers out there to buy your credit report, but that's something you should be getting for free these days. So that's one.

Another in the financial area is checking and savings. So there's still some banks out there who wanna charge you to hold your money, alright? And so that's ridiculous to me. And even with my business banking accounts, I try to avoid those monthly fees as much as possible. So even if that means jumping through a few of the hoops that they require, I do that. And so I don't pay anyone to hold my money.

A few others areas are, I've suggested credit cards. So unless you have a really swanky credit card that's earning you rewards that you're using like aggressively, I would say avoid cards that have annual fees. Because we tend to forget about them, we tend to move on and start using a different card and just throw them into the back of a drawer and there you are charging the \$99 bucks every year because you had that annual fee set up initially. So avoid those credit cards with annual fees.

Another I like is Tax Preparation, most young people should be able to do their own taxes through the free software out there. Of course when situations get complicated with real estate investing it may be wise to bring in a CPA. I'm one myself so I can appreciate the services they offer, but I think most people should be using the free services out there. I'll give you one more here.

[00:15:33] ST: Yeah, long gone are the days that I'm able to use TurboTax. [Laughs]

[00:15:36] PT: Yeah, [Laughs], that's right man. Oh, I would say, the landline, I haven't had a phone landline since 2001 and it's never been an issue for me. So, if you're still holding onto one of those out there, here I am the case that I've never encountered a problem by not having a landline, I only have a cellphone. That might be something you're paying for that you don't need to be.

[00:16:00] ST: Yeah and another tip that goes along with that is if you do have a landline, typically they are running \$35 or \$40 per month, but if you call up your telephone company and you can ask for the POTS, the plain old telephone service and that will knock your bill down to about \$25 per month. Most of it is just junk fees and it gives you really just basic connectivity. It's almost like basic cable, but they don't advertise it on their website and not many people know about it.

[00:16:26] PT: Nice tip, I like that.

[00:16:27] ST: So you've come up with some psychological tricks that you've found that can help us spend money more wisely, what are one of those?

[00:16:36] PT: Yeah so, certainly establishing a waiting period, I think is a good thing. Establish a wait period for yourself to try to really evaluate whether something is worth purchasing. So, maybe something that is over \$500 for you for instance. Just give yourself either a week to think about it or a month to think about it and see if that's something you truly want. Another thing I see people do is they break the price of something down into a wage.

So, they take the price of whatever they're going to buy, let's say the flatscreen tv that you're going to buy and they figure out how much of your salary, how many hours of your salary or your job it's going to take to earn that tv. So once they calculate that, they can put it into perspective to see that this tv is X hours of me sitting at my job doing this. I think that if we can evaluate our purchases in that way, I think it sheds the light on the true need of them or the true want of them.

Let's see, I just think in general as you get older it's a little easier because you've sort of had everything or you had access to purchase things typically because nowadays things are so cheap, we can all have a nice cellphone, we can all have a nice car, we want a payment. So, I don't know, I think to a certain degree Scott, just kind of clearing that hurdle for yourself and figuring out that things, purchases, ultimately are just not going to satisfy you is really critical in this.

You can do all the tricks you want behaviourally I think, but until you get to a point in your life where you say, "You know what, it's not going to make me anymore happier to have another tv or to have another computer or whatever it is in your life, another pair of shoes. What I need to focus on are the things that are important to me, my family, my security, my future." So, I think it takes time to kind of get to that point and we all get there sooner or later eventually, hopefully you didn't screw things up too bad.

[00:18:40] ST: [Laughs] Right.

[00:18:41] PT: Before you get there and I don't know, so yeah, that's my advice in that area.

[00:18:46] ST: I agree with you on that, toys over time you find that they don't have as much enjoyment for you as you thought they would when you initially bought them. Then you look back and you think, well I wish I hadn't bought this other guitar [Laughs]

[00:19:01] PT: [Laughs]

[00:19:02] ST: You have a well trafficked website with a lot of great articles and information on it. What's the number one question you get asked by people who are visiting your website?

[00:19:11] PT: I get a lot of folks asking how to make part-time money. How to make money on the side, and we have an article that's our most popular one, "52 Ways to Make Extra Money on the Side." I know there's lots of people out there who are looking for, either they are unemployed or their employed, but not making enough money or in debt and they kind of want to fast track getting out of debt or saving more money or they are just looking for maybe an entry way into entrepreneurship and so they're looking for these kind of side hustles to get going with and so that article on the site kind of lists several ways to do that.

The idea is to just get the brain thinking about ways to kind of generate income, so we talked about spending and there is only so much you can do there right, to reduce spending. So you're spending \$5000 a month on monthly expenses, you can only reduce that by \$5000. You can't reduce that anymore than that, but on the income side of the equation, say you're making \$5000 a month, well that really is unlimited in terms of what you can make. At your job it may be limited, but in terms of owning a business, creating something of value for people, lots of people, I've discovered is a way to really grow your financial situation quickly. That's kind of what that post is answering for folks.

I think there's a shift in what's going on in our economy, I mean this is nothing new now, but lots of people are needing to depend on some kind of side hustle or side gig. Like I said, either because they just aren't getting the raises they once were at work or because they are unemployed, and they discovered they kind of need to become their own boss and move into something that they are doing. And I think that's great, I think we should all be in a position of, I mean it's painful maybe for a little while, but I think we should all be in the position of looking for the value that we can bring to society as an individual and producing that on a daily basis and then using that to provide for our family.

I mean it's the old school mentality of, "Hey, I'm the baker down the street and everyone in the community come buy bread from me and I'll make better bread than the guy down the road." I mean it's just a simple concept that we should all have. It's a freeing mentality that we should all be moving towards and I'm glad to be apart of that with this blog post.

[00:21:33] ST: What's one nugget of financial wisdom you can share with us, that most of us wouldn't know about?

[00:21:40] PT: Oh man, I thought I had a good answer for that one — that most of us wouldn't know about — oh yeah, I do have a good answer for this one and I think you and I talked about it at lunch the other day. It's that, if you align yourself with people who are doing radical financial things or you're reading people who are writing about the radical lives they're living, like I did back when I started reading these personal finance blogs online. I discovered that it inspired me and motivated me as where before I wasn't this type of person who would say, "You know what, I'm going to max out my retirement accounts every year, I'm going to save 50% of my income, I'm going to get rid of all my debt this year."

Doing these radical financial things. When you see other people doing them, it motivates you. If you just exist in the standard, if you don't immerse yourself in this type of radical financial thinking, you won't make radical changes in your own life. So, I think for me it's been valuable to immerse myself in this radical online personal finance community of people who are doing awesome things quickly with their financial lives. And so, if you exist in culture of the normal world, go to your church, listen to the nightly news, go to your employer, go to work, go to the park with your neighbors or whatever.

You will never experience that radical kind of change. Because all that you see is the house, all you see is the fancy clothes, all you see is the surface, but once you get underneath, there's a lot of problems in our society. So when you can see online what people are actually sharing, the radical things that they are doing like I said to change their financial life. It's so inspiring and it's been life changing for me, motivating for me to do the same.

So I've only followed in their footsteps, I haven't done something that was original for me, I've decided to change my stuff after reading others. So, I would say the nugget of wisdom is this, "Find the people out there who are doing awesome things with their money and get inspired by them and do that stuff."

[00:23:40] ST: That's great, that reminds me of that Jim Rohn quote that's been spread around a lot, "You are the average of the five people you hang out with the most," and I think that applies online as well. You can spend your time...

[00:23:55] PT: Yeah, because of the internet we've been able to find those five people we really want, versus the five people that are just physically around us, right?

[00:24:03] ST: Right!

[00:24:04] PT: And so, that's the beauty of what we're doing here on the internet.

[00:24:10] ST: PT, thank you so much for this conversation and all the tips and information you provided us, where can we go and find out more about you?

[00:24:17] PT: Yeah, check me out at PTmoney.com, I'm also on Twitter @PTmoney, you can also see what I'm doing with FinCon at finconexpo.com and follow us on Twitter @FinCon.

[00:24:27] ST: We will have those links in the show note. Thank you again for joining us on the show today.

[00:24:33] PT: Thanks Scott, this was awesome man.

END OF INTERVIEW]

[00:24:35] ST: PT is a super nice guy, really had a nice chat with him. He lives nearby me and we had him and his family over one evening for the infamous Rock n' Roll burger, the recipe you can get on my website. With the mass of children we had together that evening they all got along, and that is what's important.

Next time we're gonna hear about how to break the paycheck to paycheck cycle, a place many people are stuck. And of course, answering your questions. 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 at the show notes, Scottalanturner.com. Today's episode is powered by Ben & Jerry's Ice cream. Thanks for listening!

[00:25:19] ANNOUNCER: You're not alone on your journey to live a financial rock star life. That's why we put together a free eBook just for you. Go to financialrockstar.club to receive your free guide on how to save \$1,000 in one week and start getting out of debt, saving more money and retiring early. See you next time.

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