

[0:00:12.4] 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. In the studio with me is Producer Katie who wants to meet for Margarita. On the show today we'll be answering your questions about money, business and life. If you have a question you'd like answered on the show visit Goaskscott.com.

In the last show I discussed why leasing a car is a terrible idea yet a lot of people continue to do it. Please go back and learn the reason why in that episode. Now how often do you get to hang out in somebody's house for the member of one of your favorite bands? Phil Collen is the lead guitar player of Def Leppard, one of five bands to sell over 100 million albums.

I had the pleasure of spending an afternoon listening to Phil both speaking, singing and playing guitar in the home of Kyle Wilson as part of a mastermind event. As a huge Def Leppard fan, this was amazing. Now, Phil is a world class mindset and philosophy in life which I want to share with you because it's very inspiring. Like many who live the real rock and roll lifestyle, Def Leppard, they partied hard in their early days, drinking heavily while on tour, so much so that Def Leppard guitarist Steve Clark lost his lung battle with alcohol and drugs in 1991.

Well Phil changed course and when he stopped being able to remember events, he started jogging and noticing how much more energy and sharpness he had in his mind. He quit drinking and turned to a lifestyle of health and exercise. Now at one time Phil could bench-press 380 which is 172 kilograms. He only weighs 155 pounds, which is 70 kilograms. He attributes his energy now to a strict vegan diet and exercising two hours per day.

One of his quotes was, "You either poison yourself or nourish yourself with every meal you eat." Now, he and his wife Helen still have an occasional splurge day, they call them "Dorito days". He says he feels terrible the next day but what I got out of that was, while we all don't have to work out two hours a day eating a healthy diet with occasional splurge, exercising, the key is to having more energy and getting more done.

He also learned how to be humble. In 2014, Def Leppard went on tour with a big band KISS, even though Def Leppard, they have sold more albums than KISS, they've had more number one hits than KISS and they were just as big of a band as KISS but they were slated to be the opening act. A slot usually reserved for lesser known bands with a smaller fan base.

Def Leppard, they hadn't been an opening act for years. So do they back at being the opening act? No. They took advantage of it, they embraced the opportunity. The result, after the tour ended, Def Leppard continued touring as the opening act, saw their ticket sales increase 20%. We might ask, "How did that happen?" Well they got their name in front of all those KISS fans. We want to take advantage of those opportunities to get in front of other people's fans and customers even if you are more accomplished or more successful or richer.

By leveraging these opportunities, you can grow your own audience and your own business. Next thing I learned is to have a plan A and B, C, D, F, and G. Phil said, he initially didn't have a plan B if the band didn't work out, he suggests people to have alternate plans because one of those is going to work. His advice is to work your plan A but don't be afraid to modify it as you go along. Next, don't settle for good, during the making of the album Hysteria, he had a famous album producer Matt Lang, what he had to say about the band's rough cut songs were, "These are good but if you want to be great, you guys need to work harder." This is to band that had already sold millions of albums from Pyromania. Well, clearly the band listened. Hysteria had some of the band's biggest hit songs. Songs that still get regular airplay today on rock stations.

Take away from that is Average is easy, good takes a little more work, greatness requires great effort. Phil also commented on how Van Halen were extremely hard workers back in the early days. They'd play at pool parties, school yards, bar mitzvah's, high school shows, tiny clubs, everywhere. They were relentless at playing and building up their fan base. They never quit.

And as Van Halen grew in popularity, they never stopped working hard, they were everywhere. If you want your message to be heard and it's worth hearing, you have to get in front of as many people as possible. You have to relentlessly work

towards your goals. Phil also described the band's music as an escape for everyone. Their music doesn't reflect what's going on in politics, you won't hear them supporting or not supporting a particular candidate or movement.

So unless you're in the business of politics, your best bet is to stay out of politics, otherwise you run the risk of alienating some of your customers if you're in business. For what purpose? Nobody ever switched political parties because of your Facebook rant or Twitter post. Next he said, "Surround yourself with inspiring people.

One of Jim Roan's famous quotes is, "You are the average of the five people you spend the most time with." When you hear about a band that's been together for 30 plus years, with the majority of the founding members still intact, it shows it can be accomplished by surrounding yourself with likeminded people.

Now you can take area of your life, your health, business, personal, spiritual relationships to the next 10 levels if you surround yourself with likeminded people. Consider joining a master mind group, an accountability group or finding a good coach or trainer. Ping me on Facebook or Twitter and let me know who you'd like to spend an afternoon with and why. I'd love to hear who you guys like to hang out with. Now, on to your questions. Maggie has found a black mark on her credit that is an error. She wants to know how to get rid of it. So I want you to get a copy of the credit report, at least once a year and check it for errors and then get a free copy from each of the three major credit bureaus at annualcreditreport.com.

Black marks on your credit reports, they can result in higher interest rates on loans, higher insurance rates, denials of credit and potentially impacting the hiring process if you're looking for a new job. You need to make sure your credit is as spotless as it can be. Maggie, the first thing to do is file a dispute at the same time with the credit issuer that made the error at each of the credit bureaus.

You want to print out the form and send it certified mail, return receipt requested. Don't use the online forums because you have no way of knowing if they got through or not. They end up in somebody's spam folder or get lost in the ether. The problem isn't fixed, you just start to dispute process over. Do not give up.

You'll have to stay on top of the people to get things fixed, you have to look at it for yourself. If that doesn't work, you have to sue both their credit issuer and the credit bureau in small claims court. Now, the clerk courts is going to help you do this. You don't need a lawyer, to sue them, you'll have to find what's called the registered agent of the company.

Registered agent is a fancy name for the address where you need to serve the soup. There will be an office with a person located at it that can accept the summons. Each state has a corporate commission you can contact to search for the registered agent. Once the summons hits, you can expect the error to be removed from your credit report.

Not many companies are going to go over to court over this if it isn't legitimate information that belongs on your report. And if that fails, you contact the consumer financial protection bureau for help. You're going to have to be persistent and follow the process though. Thanks Maggie for the question.

Arian and her husband both work, she writes.

[0:08:38.8] A: "We have a debt with his dad, he paid off all our debts so we could stop paying interest but I want to pay him as soon as I can and also save money. Sometimes I think we don't save enough, we love to go out, no kids yet, we don't travel much, I'm sure there are more ways out there to save money faster. I never thought about percentage but I just did the math, we save about only 10% of our monthly income and we just put it in savings. Looking at this 10% didn't make me happy and working on erasing it."

[0:09:06.3] ST: 10% is actually great since most people are saving zero or less so congratulations on putting aside that much. However, if I were you, I would throw all the money you can at getting rid of that debt and just pause the savings for now. The problem with paying down debt and trying to save is you're splitting your focus. You're trying to pay down debt, say for retirement, say for a house, save for a car, save for a child's college tuition, save for a vacation, I think you get the idea. Now what would that look like? Too many goals.

When it comes to getting out of debt, there should be only one goal. Getting out of debt. When we split our focus, it takes longer to achieve all of the goals. If you had only two goals, you'll actually take much more than twice as long. You would think otherwise but life doesn't work this way. The reason it takes longer is because when you focus on a single goal, all of your day to day decisions are filtered through that one goal.

"Well, I want this new shirt but I'm trying to get out of debt. Well, I want those new golf clubs or I'm trying to get out of debt. Well, I want that new car but I'm trying to get out of debt. Well, I want that nice dinner out, but I'm trying to get out of debt." You get the idea. You have two, three, six different goals, it becomes much easier to say, "Ah, forget it, all these goals are going to take six years to reach anyway."

But if you have just the one goal with a singular focus and there's a date tied to it, say six months away maybe, that goal is much more tangible. You'll make better spending choices, you'll make conscious spending choices, did I not say this a few episodes ago? Conscious and conscientious, I told you I was going to look it up on dictionary.com. Still haven't done it.

We apply the principle of "if this, then that." If I spend the money on a new motorcycle then I can't retire for another two years. If I try to save for retirement and pay down debt then I'm not going to be out of debt for another three or five or eight years. When all of your energy gets poured into one thing, that thing will become reality faster. And when you knock out that goal then you pour all of your energy into the next one, you create your own domino effect, it's exponentially faster.

Additionally it's a bad spot to be owing money to a family member or a friend. Whether it's your parents, your brother, sister, cousin, best friend, if you have kids some day and you loan money to them, you are no longer the friend or the family member, you become the borrower. If you are the borrower, they are now the bank.

How do we feel about banks? The relationship changes and it's never for the better, you borrow money from someone and they suddenly need money, you're in a bad spot. The reason you want to pay off your father in law as soon as possible is most likely so he can get back to being your father in law and not your banker. It's great that he was able to lend money but as you said, pay it off as fast as you can. Get that relationship back to what it should be and remove the borrower/lender from the equation.

Once that debt is paid off, then you direct your focus on building up your savings. Focusing on the debt first isn't going to torpedo your long term retirement goals. It will free up your money to accelerate them. When you get to that point, try to save at least 20% towards your retirement, that's a safe number to start with at a minimum no matter what your age. Thanks for the question Ariana.

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, Twitter and you can also leave me a voice mail. Please contact me, I am here to help you.

[BREAK]

[0:13:04.4] ST: If you've been sick, you've been to the hospital for something, if you have some ongoing medications you need to take, you're paying for some type of prescriptions and those can be big expenses. Those medications, they can cost you a lot to stay healthy. Well, generic drugs, they now account for 80% of all prescriptions. Now, 10 years ago, just under 50% of drugs sold are generics. Now, we're up to 80%.

A lot of the grocery stores, the big box retailers, sometimes online you can find \$4 generics. Most of these places they've got a 30 days' supply for select rugs, sometimes you can find a 90 day supply for \$10. Next time you're at the doctor or you go into the 24 hour emergency clinic, print out one of those lists, see if there's drug that would work for you and save you some money, it doesn't hurt to ask

Now one thing, the Wall Street journal is doing some research on generic drugs, they found that different drugs have what's called a bio availability. It's how fast the drugs get into your blood. Now, pharmacist, they're going to know about this stuff.

You want to look for generic drugs which have an A rating. That means that generic drug is the equivalent of the name brand drug in its bio availability, it will get in your blood stream the fastest. If it's a B rated or equivalent, you want your pharmacist to check with the doctor to make sure that's okay.

There's a lot of prescriptions out there or places that you can get prescriptions where you can save money. A few, Walmart, I think you can get a 30 day supply of select generic drugs for \$4 bucks and as mentioned, 90 day supply for 10, Target, same thing. K mart, Publics, places located in the southeast, I get a 14 day supply of select antibiotics for free.

If you are a member of AARP, if you're over 50, they offer discounts and some mail in orders. Triple A, you've got that service, they have a drug discount card for members which is accepted by a lot of pharmacies, a lot of different places you can look for discount drugs and save money. Now, back to your questions. Jeremy writes in:

[0:15:40.8] J: "I have \$15,000 in my savings account, if I sell my new car and go underwater by two to \$3,000, I can buy another car that's \$3,000 to get by. I also have \$7,000 in credit card debt. Would you advise me to use that money in my savings account for these reasons?"

[0:15:59.0] ST: Your savings account isn't doing anything for you right now, you might feel like a security blanket but in your situation where you have no house, you don't need that much of a cushion, you always have to consider the worst case scenario. If you're unable to work, if you lose your job, for your basic necessities. We've got shelter, well nobody's going to let you live in the street. Food, very unlikely you're going to starve. Clothes, we already own clothes, right? We don't need any more clothes.

Transportation, you can always ride a bike to work if you have to, for some of us, hitch hike, walk is a way to get to work and that's kind of it. Everything else after that is a need. If you have credit card debt, it's either accruing interest or it's going to soon if you have a zero balance transfer. You're losing money currently or you will lose money by earning nothing on your savings while paying 18% or more on the credit card balance.

If you can get rid of a new car and pay for one in cash while only losing 2 to \$3,000 on your current car, I would do that every day of the week. Now why? It seems crazy to lose money on a car, right? To break even on a new car, you'll have to hold it for another two years at least. In that time, you have to pay another 8 to \$10,000 more in car payments. It doesn't make sense to pay 8 to \$10,000 in car payments in order to keep from losing 2 to \$3,000 or even to pay 5 to \$6,000 more on car payments, to keep them from taking a loss on an underwater car.

Your priorities would be number one, you cut up the credit cards, when you do that you'll spend less and never go into debt again. Two, keep a little emergency fund on hand for cash to avoid using credit cards again if you blow out your tire or something. Next, sell the car, get rid of the car payment, pay off the credit cards and then build up a three to six month emergency fund to avoid using credit cards for emergencies in the future.

Because of your savings that you've got, you can wipe out the credit cards and the car payment in one swoop and be completely out of debt, that's where everyone wants to be if they're in debt. Then, you'll start stockpiling money. Thanks for the question Jeremy. Dan Asks:

[0:18:26.8] Dan: "Is a universal or whole life policy worth the money that you need to invest on a monthly basis. Do you really need three million dollars in life insurance if your spouse passes? Why are so many insurance companies pushing this package deal as a life insurance and investment option? 49 with two grown kids, halfway through college and a five year old after a remarriage, this life insurance topic is literally on my mind on a daily basis but putting aside \$1,600 a month for a whole or universal life policy on myself and my wife has always left a bad taste in my mouth.

The package sounds good, X percent goes life insurance, for retirement. The amount of life insurance to carry sounds excessive. My father who is in his late 70's now had a term life insurance policy and outlived it. The premium keeps going and it's astronomical. This worries me about the same as not having life insurance. The way my mind works with life insurance, if I pass and my wife and five year old are dependents, my insurance policy are in the range of \$250,000 to a

million dollars, my wife could take a portion of this money and invest it into something that will provide returns that my five year old can live on.

If this is a pipe dream, please let me know. The life insurance calculator is paint a different scenario in what's needed if I pass but they also don't account for investing that pay off to make it work for survivors. All right. Whole life, garbage. You are much better off investing in the stock market. The returns are going to be significantly higher and you control the money, a term life policy is the only way to go.

Now, because of the fat commissions, these sales people in insurance companies get, that's why people are pushing it. It's good for them, it is not good for you. \$1,600 a month, that is insane. Term life, one twentieth of the cost. The whole life and universal life, you don't get back the money that you put in, all you get is the face value of the policy. Some easy math will destroy the whole life policy and argument.

I'm going to put on our math caps but only keep it simple. I visited a site, first site I found in Google. Termforsale.com, to get numbers to use for an example. Now you can check this site out and that's the first one that popped up. 49 year old male, non-smoker, prefer plan which means you have great but not perfect health. 20 year term policy for a million dollars, \$2,000 a year. For 20 years, you would pay a total of \$40,000 and you're covered until age 69. All right, everything so far. 20 year term, 2,000 a year, 40 grand total okay? Now, what you're paying, let's say you bought the term policy and then you invested the rest of the money instead. You're currently paying \$1,600 a month.

For 20 years, at the average return of 10% in the stock market, you would have \$1.1 million, with an "M", \$1.1 million dollars in investments. I just used the calculator at investor.gov to figure that number out. Simple math so far okay? If you bought a 20 year term policy, it's going to cost you \$40,000 over the 20 years. If you took the extra money that you have invested, took the extra money and invested the difference, you would have \$1.1 million dollars in your retirement account in 20 years. And on top of that, you would still have a million dollar policy for the next 20 years.

Now, on to the term policy, what happens if you die in 10 years? Well, your investments would have only grown to \$300,000. Again, using Investor.gov. Your family would get the \$1 million dollar policy and they'd get your \$300,000 in your investment accounts for a total of \$1.3 million dollars. What happens if you die one day after the term life policy expires, will your family get zero dollars in life insurance.

Remember, you invested that \$1,600 a month for 20 years. So they have 1.1 million dollars free and clear to do with whatever they want. They can continue to invest it, let it grow, they can withdraw it each year to pay for expenses, whatever they want. Now let's consider a whole life policy with a million dollars in coverage. After 10 years, you've paid \$1,600 a month times 12 months times 10 years, you've paid \$192,000 in costs.

If you die in 10 years, your dependents get one million dollars, face value of the policy. What they don't get is that \$192,000 that you paid in. No matter what the sales person the insurance company says, it is highly, highly unlikely you're going to get out the money you put in the policy. What you get is the face value of the policy. Compare that to the term policy after 10 years. Term policy, we paid \$20,000 for the 10 years, your dependents get a million dollars and they get that \$300,000 that you invested, the extra money from the \$1,600 a month you're currently paying in a whole life.

What about the whole life after 20 years? If you die at age 69, your dependents get the face value of the policy, a million dollars and it cost you \$384,000 for the privilege. Now simply you'll think, what about losing the term policy after 20 years? Well, you're what we call self-insured. When your policy expires after 20 years, if you had invested \$1,600 a month in the stock market for 20 years, you would have \$1.1 million dollars.

You don't need a life insurance policy at that point. You have \$1.1 million dollars, you're your own insurance company, that's what's called being self-insured. In my case, we have enough assets that if I die, my wife will be financially safe and not have to worry about the money. We don't have a life insurance policy anymore.

At age 69, if you have \$1.1 million dollars in the stock market, that is a good chunk of change. The term policy isn't necessary after 20 years and your kids are out of the house. Now, you can buy a whole life forever that's why they call it whole life because you're paying for it, for your whole life but most people end up canceling their whole life policy so the insurance company never has to pay off the claim.

Now why do you think people cancel? Because of the math, I just explained to you, they find out what garbage it is. Life insurance is out there only to protect your dependents. It's not supposed to be something you wrap investments in or use for a tax shelter, that's what people try to sell you when you buy anything but term insurance. The math never works out and people will just buy term and invest the rest.

You can get a million dollar. 20 year term for a fraction of what you're paying on now on your current policy. Invest the difference, you've got more money in the long run. You cover your bases, if you outlive your term by investing in low cost index funds over this 20 years. 20 years, kids should be out of the house so expenses will go down. If one spouse passes, the money from the investments, if you did it smartly and properly, should let the money — will you have enough money to outlive the remaining person?

Do you need three million dollars in life insurance if your spouse passes? You'll only need as much life insurance to make your dependents comfortable and worry free. If you have kids, you want to make sure there's enough to take care of them to pay for the college until they graduate. Since you are married, how much money would your wife need to live on before she had to get back to work?

How much is needed to pay off the house, which you want one year's worth of expenses. Five years? Now this question is more about peace of mind. I never had an insurance policy on my wife, I know I could get her by. We did have a 20 year term life policy on me which covered for a million dollars for several years but as I mentioned, now we're self-insured, we don't have the policy anymore. Thanks Dan for the question.

That was a real brain drain, I think I put myself to sleep on that one. Lots of math, let's go listen to a commercial.

[BREAK]

[0:26:57] ST: Hey Rock Star Nation, Scott Alan Turner here. Now, for those of you that are my long time listeners, you know I'm not one of those guys in the radio who promotes every product that shows up on their desks.

You'll never going to hear me try to get you buy wine from Texas or recommending you buy air conditioning service from some company in a city I've never lived. No, I have a name to uphold to you my valued and awesome listeners. But if I were, if I were to recommend something to you, I would tell you about public bread, if you need to make a sandwich, bread pudding, stuffing for a turkey, bread crumbs for your parmesan chicken, what else do you use bread for?

Toast, feeding the ducks. You can't go wrong with public bread, twice the yeast and half the sugar of normal bread, you can taste the difference. Public bread is made by the brotherhood of Millers and the brotherhood uses only the finest flour, true roman bread for true romans. Available in the bread section of select grocery stores. Tell them Scott Alan Turner sent you.

[CONTINUED]

[0:27:57.6] ST: Back in the corporate world when I was writing software, we were having some growth problems and systems. It couldn't handle the load from the increased business. Customers were getting mad, customer service is frustrated. We had some things going wrong and it wasn't good. We went to the boss one day and said, here's what's going on

He looked at us and I'll never forget what he said, "How do we fix it?" Now my coworkers and I looked at each other and said something along the lines of, "We don't know?" So my boss looks at us and he smiles and he says, "Let me tell you

something. Don't ever come to me with a problem unless you have a solution. End of conversation." He was very polite about it but that was the end of the conversation.

He was right, you only hear that lesson once in your life because you will never forget it. It doesn't matter if you come up with the bad solution, put some thought into fixing your problems. If you point the finger, if you yell, if you slam the door, if you complain, come up with an excuse, you've done nothing except one thing, you haven't found a solution. You can fix any problem in your life. First, you have to find a solution. Those are the words.

Next time on the show, how much money is your 401(k) costing you? That's it for this episode, I'm your host Scott Alan Turner, Rock star Katie is my producer, all the links mentioned in the show are available in the show notes on Scottalanturner.com. Today's episode is powered by Ben and Jerry's ice cream. Thank you for listening.

[0:29:38.0] ANNOUNCER: Okay nation, for your free copy of the guide, "How to save \$1,000 in one week", simply subscribe to the podcast right now on iTunes and text "with saving" to the number 33444 to prove that you did it. Subscribe now to get out of debt, save more money and retire early. See you next time.

[END]