

[0:00:12] ST: Welcome 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. If you missed the last show, I gave some warnings on how to avoid clever marketing tricks used on the Internet, magazines and newspapers designed to get you to part with your money.

Are you falling for any of this tricks? You'll have to the show to find out. Today we have some special guest, let's role the interview.

[INTERVIEW]

[0:00:38] ST: Mike and Lauren started their Youtube channel in 2012 to document their two and a half month backpacking trip across Europe. After they got back, the number one question they were asked was, "How did you afford the trip?" That's when they started making videos about finance and revealed their plans to retire before Mike's 31st birthday. They post videos about personal finance every Friday and DIY woodworking projects every Sunday.

Mike and Lauren, welcome to the show.

[0:01:01] M: Hi, thank you for having us.

[0:01:01] L: Thank you.

[0:01:03] ST: So tell us the story behind when you guys had your financial awakening, why are you living this semi-frugal lifestyle that I've read about?

[0:01:11] M: Well, we're very lucky to have this awakening at a very young age. Actually, the first thing that I can remember that made an impact on me is I think it was my parents listening to the Dave Ramsey Show and he made the comparison of the young guy that started investing at 18 to 26 and we've kind of all heard that story before.

If you haven't basically the end result is, you make more by investing young than, even over the long term, if you start later. So I thought I'm 17 and this story was about an 18 year old who started investing so I got into it that way and I started with the blog, Get Rich Slowly with J.D. Roth back in 2006. So I was about 17 when I first discovered personal finance so to say.

[0:01:54] L: And I was very lucky, Mike and I were highschool sweethearts so I learned about it just through him and he actually started investing in my retirement account before we were even married.

[0:02:04] ST: That's great so your first investment Mike was into 401(k)'s?

[0:02:08] M: It was actually IRA's. We got questions a lot on our channel about 401(k) and we've never been offered one. We always just have worked for smaller businesses that — so I don't have a lot of experience with 401(k) believe it or not.

[0:02:21] ST: Okay. You have a goal to retire early. Share with us the details of how you plan on accomplishing that?

[0:02:27] M: So our plan is to save a pretty high percentage of our income. When we started out, we set out for 75%. That's actually turning into more like 65 or 70% of our income but essentially, we've set the goal of saving \$420,000 and following the 4% rule, that would basically cover our living expenses. There wouldn't be a ton of luxury in our life with that amount of money but being as young as we are and when we want to retire, we're inevitably going to make money from our hobbies.

So we're kind of doing a, if you could call it an early retirement or semi-retirement or whatever, people define it in different ways. But our plan is to save that much and through investments and IRA's and our taxable accounts and then also rental properties. So I'm very hands on as you said, we have a DIY portion of our channel. So I like finding deals and I like fixing things up and so that's a good way to put our money to work as well.

[0:03:24] ST: Now are you guys on the same page about all money related topics? How do you get there?

[0:03:29] L: We have been. I kind of attribute that to just knowing each other so long, and again like I said, at 17 Michael is already reading his personal finance books. So I started hearing about it a long time ago and so it's always been something that we've discussed and agreed with each other on. So we've been very lucky that there haven't been too many arguments or disagreements with money. We're going on the same page here.

[0:03:54] ST: Is there one money topic that you typically disagree about?

[0:03:58] M: Well, not really. You know I am trying to think about it, I don't think so.

[0:04:03] L: I guess not disagree. A lot of times Michael suggests something and I'm not on board right away. When he first brought up the retiring by 31, I thought, "That seems a bit crazy." That's a lot of money to put away and before that, we saved about half of our income anyway so we were doing pretty well and I'm always a little bit slower. So it takes me a little bit longer and I warm up to the idea and I thought, "Yes, okay. It's a good idea. Let's try it." So we don't disagree. Mike just sometimes has to give me a little bit of time to get on board.

[0:04:33] ST: So nobody is saying once a while, "Hey, I really want a nice steak this weekend."

[0:04:37] M: No, that's usually the both of us. We both decide we want a nice steak so we can, yeah.

[0:04:43] ST: You have a video on Youtube on car buying tips, buying a used car is a great way for us to save money. What are some ways that we can save money on buying a used car?

[0:04:52] M: This is actually something that I've...

[0:04:54] L: This is one of Mike's favorite topics.

[0:04:56] M: Yeah, I didn't realize it if you don't ask me this five years ago if I would have been "passionate" about used car buying, I wouldn't have said yes. But basically, I've seen my friends all around me fall into the trap of thinking that car payments are an absolute necessity and that new cars are 100% more reliable than a used car even though you can get a lemon in that new car. Things go out in new cars just as much as well taken care of used cars.

So used car thing for me is big and what I try and tell my friends is that first and foremost, just know what you're buying and by that I mean, what it's worth. And by what it's worth, I mean not what the sticker price is at the dealership because that is just an arbitrary number they threw on to increase profit.

What it's worth is what someone else is willing to pay for it and what you're willing to pay for it and a good place to start is KBB or NADA. A lot of times you'll hear people say, "Oh you know the dealer had it listed for \$14,000 and I got it for 10,000. I saved \$4,000". Well, if it's really only worth \$10,000 then you didn't get as good a deal as you thought.

So first thing I would say is, know what you're buying and then as far as what cars to buy, we have personally found that cars in the six to \$10,000 range are a good bang for your buck as far as they're not a beater that's going to break down every few hundred miles but you're not paying for the depreciation as much and so we've had a 2007 Toyota now and have done no maintenance on it in the last two years.

It's just as reliable as a newer car and it's still fairly a late model, buying it two years ago is five to six years old and we got that for \$6,000. So I would say keep in that range and then I would definitely say try and buy cash because inevitably with financing a car, you're just creating a cycle of debt where you're paying car payments every month and then once two or three years are up, you're tired of that car.

Then you roll that into a new car and you're paying monthly payments for that and so the best case scenario is at the end of your five year loan, you buy a new car and you're still in debt. So if you can save up that six to \$10,000 cash and then buy a car in that sweet spot of the 80 to 120,000 miles preferably a Japanese import, a Honda or Toyota are statistically the most reliable, I think you'd be pretty well off.

[0:07:20] ST: Yeah, that's great advice too. When you bought your car, did you have to go and haggle with the sales person?

[0:07:26] M: Oh, we actually buy everything on Craig's List and I know a lot of people aren't comfortable with that. I think I would say you'll would definitely do better in the private market on Craig's List or eBay even though you don't technically know the history and I'm still working my thoughts on this because I understand that people feel more comfortable going to a public place like a dealership.

But you have to understand that they're in the business of profit. They're in the business of basically trying to cover up whatever they can to make the car look as good and appealing to you as possible whereas there is a chance with a private party, yes they might be trying to screw you over or they might be decent people who just want to have a different car.

And so I don't necessarily buy the dealership is a safer bet over Craig's List. As far as safety issues, there's ways to get around the safety of Craig's List. Go with a partner, meet in public places that sort of thing. Do the transaction at the bank, stuff like that. So no, haggling yes not at the dealership just haggling with the person.

[0:08:31] ST: Okay, when you bought your car from Craig's List, now you know stuff about cars, were you able to check out some of it or did you bring it into a mechanic and have them look at it?

[0:08:42] M: Honestly, this one since I actually get some enjoyment out of the hunt of the deal, ours particular, I knew we wanted a Prius, a second generation Prius and I knew what I wanted to pay. So this particular car that we last bought, I watched the ads about every hour. I had the app that gives you updates whenever a new posting is listed and this one went up.

We got our car for \$6,000. It was worth about eight or nine at the time and it was just an older couple who just didn't care. They just had a new car, they wanted to get rid of it and so I was the first person to call within 15 minutes. So actually on this last one, we did not haggle as much or at all and the condition didn't really matter to me as long as it ran and it felt and it drove okay.

Because we were getting such a good deal, I knew that even if I had to replace a \$1,000 worth of stuff it would still be a great deal. So generally, I would recommend yes taking it to a mechanic. If you see a screaming deal and it doesn't matter, it's two or \$3,000 under value and you can put a \$1,000 into it then just sight unseen basically.

[0:09:45] ST: You guys are big do it yourselfers so let's get into that for a moment. I don't know if you guys have read the book, The \$64 Tomato or have heard of it?

[0:09:51] M: No

[0:09:52] L: No.

[0:09:53] ST: No, it's a funny story about a guy in New England who tries growing his own fruit and vegetables and everything that could possibly go wrong does and from the title of the book, you can guess he spent a lot of money to grow his own tomatoes. So you guys have tried that homesteading, gardening, having goats and chickens.

This is my first year of trying it as well. We installed a garden, which was washed away by floods in April. We built a chicken coop and all the chickens were eaten by a fox. We built some beehives and to the best of my knowledge, I think I still have these but I haven't checked on them. So tell us the story behind trying to homestead and if you found it saved you money.

[0:10:26] L: Homesteading is an interesting topic for us. The chickens, we found were definitely easy and they saved us money. Now, we did find some problems that you did also. We had some issues with different animals attacking them and we couldn't really figure out what they were but we ended up with four chickens for the most part.

[0:10:42] M: Yeah, I think we started with seven and once we got the holes patched where animals were getting in, we got four for well over a year.

[0:10:50] L: Yes and that definitely saved us money. They are easy to take care of, you let them out in the morning, you put them in at night and you feed them and we got fresh eggs every day. So that was great. Now the goats took a lot more work and they cost a lot more money and we didn't get anything out of them because we had not started getting milk from them yet.

So we had to make the decision on the goats to send them off to a friend just because we didn't have the time but goats were so much fun. If we just wanted a fun pet, I would definitely go back to goats because I really loved them and then the gardening, we just kind of failed that.

[0:11:25] M: Yeah, that was just a failure. We tried that.

[0:11:28] L: We want to try again and see how we can do it better now that we have an idea but we definitely neglected it. We planted it and then went on vacation and then it rained the whole week. So we didn't do a great job with that. We got some cucumbers and peppers but not much else.

[0:11:44] ST: You've got a video up on your Youtube channel and could you explain about buying only what you love and how that could help us save money?

[0:11:52] L: This is actually a really interesting topic that goes back to why we started our channel. When we got back from our trip to Europe and everyone kept asking, "How did you afford to go?" And I often go back to Paula Pant from Affordanything.com, that you can afford anything but you can't afford everything.

And so we've decided what's important to us and we ignored the rest. So we know that retiring early and travel are things that are important to us and so driving the newest car or having the biggest house and the fancy clothes just don't really matter to us. So we try to put our money where we want to.

[0:12:29] ST: If we're a homeowner, what are a few easy maintenance tasks that we can do to save money? Because that's one of the, many videos that you have on your channel explain.

[0:12:38] M: Yeah, DIY at home, the biggest bang for your buck is definitely going to be paint. For \$25 a gallon, you can cover a lot of wall space and completely transform a room. So as far as maintenance, people hate paint and they think they're horrible at it because they don't do enough prep. If you tape everything off, literary everything, you can make a gallon of paint go a long way.

As far as maintenance stuff, clogs in your sink or in your toilet, things like that, people are quick to call a plumber but it's not a bottle of Drain-O. You can get a snake and snake your plumbing lines and fix that stuff. Honestly, electrical work, you can't really say do your own electrical work because don't try this at home. You can electrocute yourself and kill yourself.

But honestly, electrical is not that hard for things like changing switches or changing fixtures. We have a ceiling fan at home that finally died that we need to replace. We're going to do that ourselves, we're not going to hire an electrician to hook up two wires. I can't really say do electrical but kind of (electrical is pretty easy). I would definitely not recommend doing drywall. We have done drywall before.

[0:13:43] L: You can mess that up pretty easily.

[0:13:44] M: Yeah, it's cheap as it is to have someone do it compared to the time and just mess you're going to make but yeah, those would be the ones that I'd say that are doable for people.

[0:13:54] ST: And I second you on the electrical there. I've done a few things around my own home, install a ceiling fan, put in some automated light switches to cut done on leaving the lights on which has helped out and then I've also had some failures where I've had to call in the handyman. It's like, "I can't get this wiring to work."

[0:14:11] M: Right.

[0:14:12] L: When things just don't start matching up, it's better to bring someone else in.

[0:14:15] ST: Yeah.

[0:14:16] M: Actually it's funny, I completely forgot about this but I wired a new fixture in our bathroom once, do you remember when you turned on your hair dryer, the light turned on or something like that?

[0:14:24] L: Yes.

[0:14:25] M: I don't even remember what the circumstances where there but, so it turns out that you can mess it up and not kill yourself but I guess I would be safe to say, stay away from the panel. That's some high amperage stuff but if you're doing outlets and switches and fixtures.

[0:14:37] ST: Yeah, I tried installing a second automatic light in our bedroom closet and that one just, it would not work right. You would turn the light on the bathroom and then the light on the closet would go on.

[0:14:47] M: Yeah, that was exactly what happened in the bathroom, I don't know what happened there.

[0:14:52] ST: What about car maintenance, what are some easy maintenance task that we can do to save money?

[0:14:55] L: Well Mike has actually taught me how to change the oil in our car and I also changed the brake pads on our Prius. So I definitely learned those are a lot easier to do than you would think. It's sort of just figuring out how to take it apart and then repeat the steps in reverse. It's not too bad.

[0:15:14] M: And then anything at your quick stop oil change place will do, you can do it yourself. The filters, air filters, light bulbs, wipers, things like that, there's no reason to pay someone else to do that. You can do it in just a few minutes by yourself.

[0:15:28] ST: What are you saving on an oil change because I can go to Walmart and pay I think \$25 bucks maybe.

[0:15:34] M: Yeah, you are probably saving 10 bucks and then where it comes down to is all the little things. The filter, they'll charge you maybe \$10 to install filter. Honestly, I don't really know. I just know it's a few dollars here, a few dollars there, a few dollars here and that adds up. I would say if you're walking out of an oil change place after filters and wipers and bulbs and oil for \$40 or \$50 bucks, you could do it for \$25 or \$30 at home.

[0:15:56] ST: Okay, other than the drywall, what are some of the do it yourself failures that you've had that you wouldn't recommend people try?

[0:16:02] L: We really like drinking soda water and so, we tried to make a carbonation machine at home and we were going to have a whole tap system and everything. It's going to be really cool and we didn't put enough research into it. It needed to be cold so it needed to be chilled before coming through the tap, it was just a mess. So that didn't work out.

[0:16:23] M: And then we also talked about gardening that was probably our pretty big failure as well. Not a whole lot else. I mean I guess I just don't really remember the failures because we have figured out the solution along the way.

[0:16:35] L: Exactly, yeah.

[0:16:36] M: But as far as thing that we've tried and just straight up quit, that carbonation machine, oh gosh, because we used brass fittings and it turns out, carbonated water on brass makes poison.

[0:16:48] L: And we definitely didn't look into it before doing that.

[0:16:52] M: Yeah, so it's on my to do list but that one didn't work.

[0:16:56] ST: And I saw another, I don't remember what was the website but it was another personal finance blog where someone had actually installed one of those in their home and talking about how much money they had saved by doing so, so yeah other people are doing it.

[0:17:07] M: We have a tank underneath our sink so we still make it ourselves at home with just a CO2 tank.

[0:17:12] L: But it has to be, you have to fill up a two litre jug and then connect it and then shake it up and it's would be much easier if you just...

[0:17:20] M: So we wanted it on tap.

[0:17:21] L: Yeah, that's what we wanted.

[0:17:22] M: We were close, but didn't get it.

[0:17:25] ST: You post videos for your woodworking projects every Sunday on your Youtube channel, what's the latest project that you work on?

[0:17:32] M: This weekend, I'm going to be making some really cool benches. They're like triangles flipped upside down but they're in a radius. It's hard to explain but basically, it's like a triangle with the tip on the ground but since it's a circle, it doesn't tip over and so, I'm going to attempt to make this so we'll see how that works and then what did we make it last week?

[0:17:53] L: Last week, Mike actually helped his sister make an island for her kitchen. It's a lot of used butcher block put together, which is pretty cool.

[0:18:02] ST: Now, do you sell some of these projects that you do or you just do it for your home and friends?

[0:18:06] M: Yeah just friends and our own home, yeah.

[0:18:09] ST: You guys spent two and a half months travelling Europe, what are some of the travel hacks you used to save money?

[0:18:14] L: For Europe, we purchased train passes in advance and we have calculated how many days we would need them for and so that definitely saved us money over just walking up to the train station and buying a ticket the day of. We thought that we would do a lot of hostel stay and we did not. We ended up really liking Airbnb.

[0:18:33] M: It ended up being cheaper.

[0:18:34] L: It ended up being cheaper because there were two of us and it was just nice to be able to stay with a local usually in a neighborhood kind of off the beaten track and they could give us advice and help us find things. So that turned out to be really cool. We really enjoyed using Airbnb and we traveled light. We each just packed one backpack. So only what we could carry that we didn't want to check bags.

[0:18:57] M: They were 28 litre bags so like your average Jansport bag is 25 litres so ours are 28 litres that we used for two and a half months is everything that we took with us. So we definitely traveled light and the reason we did that was because all the discount air, because I don't know if you know and you're up, the airlines are super cheap for \$20 or \$30 often you can get from city to city but they have a very strict carry on rules so we have to keep our pack really light and really small and that saved a lot of money.

[0:19:27] L: We definitely could have saved money if we'd planned in advance. I actually had a friend who just spend a lot less than we did but we wanted the flexibility of being able to say, "We want to go to this city tomorrow," and not have to try to change anything.

[0:19:41] ST: Yeah, Lufthansa they're pretty strict on their weight limits, 22.5 pounds for a backpack.

[0:19:46] M: Yeah, they have that.

[0:19:47] ST: I found out. Yeah, when I travel overseas as well, I agree. Just packing the one backpack, you can bring it whenever you want. You don't have to check a bag and never have to worry about losing your luggage.

[0:19:57] L: Yeah.

[0:19:57] M: Exactly.

[0:19:58] L: That makes it much easier.

[0:19:59] ST: And Airbnb as well, I went to Switzerland last year to visit a friend. We stayed in Airbnb places and \$50 bucks a night each so it's great, yeah.

[0:20:08] M: Yeah.

[0:20:09] ST: Mike and Lauren, thank you so much for being on the show. Those were some great tips you provided on how to save money and we appreciate your time in sharing the information with us.

[0:20:17] M: Thank you.

[0:20:18] L: Well thank you for having us.

[0:20:19] ST: Where can we go to find out more about you?

[0:20:21] M: Mikeandlauren.com.

[0:20:22] ST: All right, that's easy and we'll include that link in the show notes as well as the other links Mike and Lauren talked about, KBB, the other site about cars and a couple of other sites that you guys mentioned is where you can find information.

[0:20:37] M: Cool.

[0:20:37] L: Yeah.

[0:20:38] M: Well, thank you so much for having us.

[0:20:39] L: Yes, thank you.

[0:20:40] ST: Thank you.

[FINAL MESSAGE]

[0:20:42] ST: Lots of great tips in there from Mike and Lauren. I wish probably as you do I knew more about money when I was coming out of high school and college but we are where we are. That's one case in my life I'll admit I was lucky. I was lucky to stumble upon a guy talking about money in the radio when I was 25, 26.

From that point on, it wasn't luck anymore. It was the decision to implement what my ears were hearing. You may be well past your 30's, 40's, 50's but the information from younger people that are achieving their dreams apply to you at any age. The choices are simple. It's the execution that can be hard but you can get there.

As my good friend Dori says, "Just keep swimming." Hey, can you do me a favor please? Take 30 seconds right now and text three of your friends the link getfr.com and tell them to check out the show. I really appreciate you listening and would love it if you could help me spread the word. Super simple, just text "getfr.com", tell them how awesome my cats are and the advice is okay too.

Next time on the show, how the rich get richer and the broke stay broke. 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 on the show notes on Scottalanturner.com. Today's episode is powered by Ben & Jerry's ice cream. Thank you so much for listening. I appreciate you.

[0:22:06] 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 the word "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.

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