

## [How To Make More Money](#)

**[0:00:11] 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. In the studio with me is Producer Katie, who raised five chickens and suffered a chicken massacre at the paws of two foxes. On the show today, we'll be answering your questions about money, business and life.

If you missed the last show, I shared the magic formula for breaking you out how much house you can afford. Avoid the mistakes I made and have your house be a blessing and not a curse. If you're struggling to meet your financial goals, there's only two things you can do. Cut your expenses or increase your income. If you've got a written spending plan and are on the cash budget, you've probably already had an eye opening experience to where you money is going.

Maybe you've cut the cable, started cooking a little more at home and trimmed here and there to spend more wisely. But while cutting cost are finite, you can only reduce your grocery budget by so much, your income is limitless. It might be time to shift gears and consider picking up a side job or a side hustle as they're now becoming known.

Me, I can just call it work. I call it work. You might have a short term goal where you need to pick up some quick cash. Maybe you want to have your first \$1,000 for your emergency fund. Maybe you want to pay cash for a vacation. Maybe you need a root canal, always fun saving for those. Speaking of which, one of my fillings is cracked. I need to make a note, call the dentist, get a crown. Call dentist.

I used to watch The Deadliest Catch on Discovery Channel. It is a show about fishing. That exciting extraordinary sport of fishing but this was about crab fisherman up in the Bering Sea near Alaska. The guys who would work out in the boats, freezing temperatures, waves 30 and 40 foot swells, the boats are rocking, freezing temperatures, which I already mentioned, and then work 30 to 40 hours straight with no sleep.

Now, old Captain Sid on one of the boats would always say, "We're just going to grind it out. We're going to grind it out, we're going to keep going until all the crab pots are back on the boat." You and I can grind it out on a side job for 30 days and pick up a quick grand if that's what you want to do. You just need to choose to.

So what can you do? It's the question everybody has. It's the same question people ask who ask me who want to start a business but they don't know where to begin. "What can I do?" Well, there is no one right answer. What can you do? There are endless possibilities. Two places to start, looking to do odd jobs in your neighborhood. I used to mow lawns and shovel snow when I was in high school and I lived in a very small town.

I could go out and mow lawns in my neighborhood right now if I needed to raising extra cash. Freelancing, consulting, tutoring, there are all things you can do online or out of your home. With those, you can set your own schedule and work when you want to. If you want some really great ideas, listen very carefully. In the show notes I'll have a link to an article on my website. 100 ways to make extra money.

Everything from being an Uber Driver, performing odd jobs, being in focused groups, filling out online surveys, being a tutor like I just mentioned. I've got a 100 ways so there is something in that list for everyone if you just need a quick bump in money. If you're willing to grind it out in a short term period to reach your short term goals. It doesn't mean you have to work 80 hours a week forever, just something to do quickly and get your little extra cash.

Now, onto your question. Stephanie writes:

**[0:03:56] S:** "I struggle with living paycheck to paycheck. I would like to get out of debt faster and create a more consistent cash flow. I have a spending plan but something will come up and I have to readjust my spending plan. When I stick to things, it does great but I can't seem to do it on a more long term basis. I do work but volunteer and take care of my children as well.

There aren't enough hours left in the day for me to work with all the other things I have to take responsibility for such as cleaning the house, taking the kids to activities, spending time with my husband, cook and a little time with a few close friends and family. I started paying down my debts. I've done it in the past and I was very successful however, at the time, I was only responsible for me."

**[0:04:39] ST:** First, it sounds like you don't have work budget yet. Now budgeting is part science. The science comes from doing it for an extended period of time and adjusting it as you learn and your situation changes. Whenever we start budgeting for the first time, they are not perfect. You lay out your spending plan at the beginning of the month based on all the financial history that you have and you try to get as close as possible as you can to direct all of your planned income to the appropriate bills and expenses based on your priorities.

But as we find out, gas price has changed, electricity bills go up and down and then as you said, stuff happens. Stuff is always going to happen. Stuff happens every month so we know stuff is going to happen just like Christmas is always on December 25th and the kid's birthdays are always on the same day every year, they're coming. But after budgeting for years, you still find every couple of month something unplanned is going to happen.

Since we know this, it's not unplanned anymore. There are expenses coming, we just don't know for what so to handle those, we have two choices. One, you either plan for them or two, you don't spend any money on them. If you plan for them which is what you wanted to do, you have enough income, what I have learned is to create a miscellaneous spending category for those one time things that crop up.

Postage stamps, you get invited to a new friend's birthday party. One that happened to me the other day. We ran out of batteries. Batteries are not a grocery, they're not. Especially if you buy them at Costco and you buy them at bulk and they're paying \$20 bucks for the big package. So that's a miscellaneous for me now, the giant pack of batteries. But if you're in debt and living paycheck to paycheck, then you don't have that flexibility so it's time to develop the habit of, "No. No I can't do that," or "No, we can't buy that," or "No, we need to find a way to do it for free."

You know what we'd do in the case of batteries? Well, the flashlight is not going to work for a while, if we needed to make that choice. Or we go find one of the other flashlights because there's probably four or five in this house right now and there's an easy test for these things. You just ask if it's one of your basic needs; transportation, housing, food and utilities.

If you have growing children, clothes are in there too because you can't have a kid wearing shoes that are too small or falling apart in the winter time. As an adult, your wardrobe is probably loaded. Adults don't need new clothes 99% of the time we buy them. Next, if you're waking up broke every Monday after the weekend, the money is controlling you instead of you controlling your money. You're going to have to do something different because what you've been doing isn't working.

By making an absolute commitment to controlling your money, you will control your money but you have to commit and make that the number one priority in your finances. I hope that makes sense. Don't do anything that isn't written down in your spending plan. Both you and your husband need to commit to make that happen. The way to do that is finding out where things have been breaking down and don't make exceptions to your plan of getting out of debt.

Before the month's begins, you decide where all your income is going to be spent. Then for the entire month, the only place the money goes is where you already told it to go. That spending plan becomes your game plan and then you execute it and follow it as rigidly as you possibly can. Then when the little unknowns come up, you ask yourself, "Is it in the plan? Yes it is, we've already planned for that expense, the money is there."

Or "No, it isn't. We're not going to spend the money on that because it's a want not a need and we're committed to our plan because the long term goals of getting out of debt are more important than the short term little things that are going to derail or plan." Having a purpose for your money, sending your plan and you make sticking to that plan your number one goal every day, you'll absolutely achieve every other financial goal except for yourself. Thanks Stephanie for the question.

Jeff asks:

**[0:08:46] J:** “I’d like to take a deeper dive into budgeting, specifically with percentage of income. While things can vary, I would like someone to go through percentages that can be used as guidelines. For instance, 30 to 40% for rent and mortgage, etcetera, X percent for entertainment, X percent for groceries.”

**[0:09:05] ST:** The key to getting ahead is to pay yourself first. If you paid off all your unsecured debts, credit card bills, medical bills, student loans, car loans, pretty much everything except for the house, saving 20% of your income is the next goal to work towards. Now 20% isn’t just a random number I pulled out of the air.

Financial planners for years have been telling people to put away 15% of their income for retirement because people have so much debt to pay off in their younger years, 20% is becoming the new 15% if that makes sense. Black is the new orange, right? The differences between retiring comfortably and having a surplus versus having just enough or worse, running out.

We’re living longer, medicine is getting better, it’s a reality that maybe some people may be retired for 20 or 30 years. That’s a long time. Best not gamble without living your money. Saving 20% is a good goal. After that, the next good common guy in line you might hear is to limit your housing expenses to some percent of your take home pay, maybe that’s 25% or 30%.

So if you take home \$4,000 a month, you want a most \$1,000 a month in a mortgage payment and then you have to factor in another 30 to 40% on top of that for stuff that goes on around the house. Utilities, upkeep, service calls, yard maintenance if you have a yard. But after those couple of things, there are no specific ranges or dollar amounts that work for everyone and that housing amount can be bigger or smaller depending on your personal goals. Where you live, if you live in an expensive city.

If you don’t own a car, if you’re in a place that has public transportation, your transportation cost are going to be significant less and maybe you want to put more towards the house. Everyone is in a unique situation. Every family is unique. We each have different spending priorities from the groceries we buy to where we eat out, how we get to work, where are we vacationing and especially, as I mentioned where we live.

Buying groceries in Alaska, heck of a lot more expensive than what I pay here in Texas. Peanut butter up there is going to cost twice as much than what I’m paying down here. Somebody like myself who is self-employed, I pay outrageous amounts of money for health insurance and disability insurance each month. I don’t have an employer to take care of those for me.

Now, what I would recommend instead of after the housing and the savings are carved out, you just have to figure out any fix cost you have. Your utilities, your transportation, your insurance and then you work on the variable expenses, groceries, entertainment, kid’s stuff, vacation. Your variable expenses that’s where you’re going to figure out where your priorities are based on what is important to you.

My sister, she likes running marathons and she’s about to finish up running a marathon in every state and has run on several continents. Travel is a much higher priority to her than clothing or steak dinners. For someone else who has never flown on an airplane or has never left their home state, and there are a lot of people like this, vacationing, not as important to them.

If you live in an old leaky house built a hundred years ago trying to limit utilities to 5% of your budget, not going to be realistic. If you live in a brand new energy efficient home, 5% might be. Then you have to start considering what’s going to happen when your income increases overtime? Typically, our lifestyle scales up with our income and that’s how most people end up staying broke or stuck in the middle class if they’ve never saved anything to begin with.

Bigger mortgage, bigger car payment, nicer restaurants, flying first class, on and on. If you can keep your savings in the 20% range and you want to scale up your life, as long as you keep out of debt, paying the mortgage, whatever. Go for it. Have fun! If you want to retire early, increasing your savings or creating sources of passive income like rental homes, then that makes that goal much more possible.

The 20% needs to be increased as more money flows in. For people with lower incomes, their percentage of money going to necessities like food, utilities, transportation, that might be much higher. A family that has a much higher income would hopefully have more money going towards savings and a lower percent on things like utilities. In the end, you just have to prioritize based on your priorities and your income. Thanks Jeff for the question.

If you have any money related question you'd like answered, please visit [goaskscot.com](http://goaskscot.com) to get in touch with me. That website has my e-mail address, Twitter and you can also leave me a voicemail. Please contact me. I am here to help you.

[BREAK]

**[0:13:52] ST:** I was reading an article recently about second generation rich kids in China. Kids whose parents have achieved wealth over in that society and how they're acting. The funniest thing was, they're going out to clubs and they are renting expensive bottles of champagne and putting it on the table. If you've never gone out to a club or if you haven't been out to a club in a while, they have these VIP tables, VIP suites and you can rent them or you pay a fee to sit at these special tables.

Depending on the popularity of the club, that might be more and more expensive. Some of the clubs that I went to back in Atlanta might be \$250 to \$500 just to sit at these special tables. So the second generation Chinese rich kids are getting these tables and they are renting bottles of champagne to sit on the table to look important and to look rich.

Grey Goose, if you are familiar with that brand of vodka, they have capitalized on the marketing of their vodka to people. Their vodka in taste tests not necessarily is good as any other vodka. It's kind of like Dunkin' Donuts versus Starbucks when they start doing this comparisons, you're paying more for Starbucks but are you paying for the experience or is it really better coffee? Who can say?

I watched this YouTube video where these groups of people are sitting down and they're comparing name brand liquors to the Costco Kirkland brands. What do you think happened? The same thing that happens when people sat down and compare expensive wines. They've done all kinds of studies where people will be given bottles of wine and with fancy labels on it and then they're given a bottle of wine with a cheap looking label.

Or the taste test might say, "This bottle of wine cost \$10, this bottle of wine cost \$100, taste them, tell us which one do you think is best?" Sometimes they dump out the bottles of what's in them and put the same thing in each or they swap them and the results are typically always the same, the cheap wine in the fancy bottle, people will say, "This wine is delicious!"

They've been duped by the marketing, they've been duped by the bottle and the label and what they're being told about the wine. Afterwards the surveyors, the people conducting the test will go in and say, "No, you're actually drinking the \$2 bottle of wine here and you said it was like the greatest wine that you'd ever had." And they're like, "Oh, oh." See we're fooled, our brain fools us. I have no idea where I was going with this.

Bottom line is, we might think we can taste the difference between good beer, good wine and alcohol compared to the cheaper stuff but we can't, our brain fools us. The big fool ends up being our wallets. Costco, if you want to get liquor, beer from Costco with the Kirkland brand is going to taste not too shabby. Two Buck Chuck at Trader Joes is a decent wine. Now, back to your questions.

Cynthia says.

**[0:17:05] C:** "I'm really interested in knowing if it's worth it for me to concentrate on paying down my \$32,000 in federal student loans. I have a master's in public administration and work at a state university so I'm eligible for a loan forgiveness after 10 years or 120 payments. I'm currently on an income based repayment plan and have been paying my loans back for one and a half years.

I just battle with whether to keep the debt and come out paying less or pay it down before the 10 year period is up. My rate is 6.625% and I feel like my interest is still being added. I deferred for a number of years during the great recession and now I feel like the interest is continuously making the loan more expensive since my loans started that \$28 grand.

**[0:17:46] ST:** So there's an online calculator that you can play around with, link in the show notes and it's an income based repayment calculator. I tried it myself, I was just plugging in some of your information, I had to make up the income. Now, some of the inputs on that calculator might not make sense, they've got the consumer price index in there, poverty level change rate, I'll just leave those at the defaults. Idea, just get a ballpark, get it going, start the conversation.

What I found is if you did IBR for 25 years starting at a \$30,000 salary and have the balance forgiven after 10 years, you'd end up paying \$25,000 out of pocket and you're forgiven \$27,000. Not too shabby. But remember, if you want to figure it out if it's better to knock these loans out faster. If you want to pay the loans faster, I just picked a basic loan amortization calculator, there's one on credit karma.

\$32,000, refinanced at 5% through one of the lenders that are doing re-fi's now in five years you would have total payments of \$36,000. That's still more than the public loan forgiveness. Even if you paid off the full \$32,000 today, it's still more than what the IBR and public loan forgiveness calculator have you paying out over 10 years in the example or have you making \$30,000 a year in household income.

Those are just quick and dirty calculations, thought I'd give you an example. The actual amount you end up paying over 10 years, it's going to depend in your salary, how much your salary is going to grow each year as well as if you were married; married and filing jointly or married in filing separately. So it's going to benefit you to sit down with a loan counsellor at the school, have them run some calculations based on your income.

They have the experience, they can look at your specific situation, show you how to compare the numbers more precisely. Once you're armed with that information, you're in a much better position to make an educated decision. I will leave you with this, some financial decisions we make in life don't make sense on paper, we make them because the value of our sanity is more important than dollars and cents.

Paying off a mortgage early doesn't make sense on paper. Putting money in the stock market, earning 10% for 20 years is better than using the money to pay down a mortgage that costs 4% a year. To me, I'd rather have the paid off house, another example, taking a 20% pay cut to work at a job you love instead of a job you hate where you have a boss that you can't stand.

There is a price for emotional stress, health, relationships and well being that you cannot quantify with math. You may decide you'll just be happier in life, throwing all your free dollars at the student loan over the next couple of three years and get out from under it, you get out from under that mental burden. Even though on paper it makes sense to stick with it, ride it out until you can get the public service loan forgiveness and save money. Myself, I follow the financial philosophy that the price for sanity is priceless. Thanks Cynthia for the question.

**[0:20:51.1] ST:** Okay, a quick break, back in 30 seconds and I'll be answering more of your questions, you're listening to Scott Alan Turner.

[BREAK]

**[0:20:56.1] ST:** Hey 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 on the radio who promotes every product that shows up on their desk, you're never going to hear me trying to get you to buy snow plowing services from some company in Florida or recommending you buy neckties from some company in Little Rock, Arkansas. No, I have a name to uphold to you my wonderful listeners.

But if I were, if I were to recommend something to you, I would tell you about helium. Helium if you don't remember from high school chemistry is a rare earth element and we're running out of it. Which means the price of helium is set to take off like a

hot air balloon. Helium is going to be worth more per ounce than the price of gold. You can buy helium today at any flower shop or grocery store. Store it in the attic and those balloons they give you and watch your investments rise. Tell them Scott Alan Turner sent you.

[CONTINUED]

**[0:21:51.1] ST:** Reid writes:

**[0:21:53.3] R:** “Is it worth to get a credit card from the airlines in order to get frequent flyer points or is it better to get a non-airline credit card and get points?”

**[0:22:02] ST:** Well, let’s talk about points in general. I’ve talked about this study before and I’m going to talk about it until I’m blue in the face. Credit cards are good for convenience, consumer protection, building credit, if you want to build your credit that way and perks like extend warranties and rental car protection.

Don’t go into the mindset of “a credit card is a great way to build wealth” because they aren’t. The McDonalds study that they did when people go in and spend cash versus credit at McDonalds, consumers spend eight to 12% more when they’re using plastic. But if you’re going to spend the money anyway, and if you don’t have problems paying the bills, let’s get some perks.

Sometimes having miles is like having fool’s gold. Redeeming them can be very difficult but it’s not impossible across the entire industry. Some airlines do a terrible job with their loyalty programs, others do a great job. There’s a couple of airlines in particular that are very easy to redeem their miles on. Those are Southwest and Jet Blue. If you go with Southwest, they have a 100% redemption rate with their Southwest rapid rewards Visa card.

Southwest rewards change periodically, but if you sign up for one of their cards, sometimes you can get the equivalent of two free round trip tickets just for signing up. It’s not a bad deal. Then you’ve got the terrible airlines the Delta’s, the American’s — this is not my opinion, these are studies that have been done on these airline points. They’re trying to make improvements but still, they’re just difficult to use.

American, they’re slightly above Delta as the worst in the industry. Out there you can find travel hackers as they like to call themselves, they travel around for free with all kinds of deals. They sign up for tons of these cards, have all kinds of tricks that you can do to double your rewards, triple your rewards and that’s a great idea for them, you can find some of their websites out there and figure out how they do it.

If you like airline trips that take five days and take 18 stops to get there, Southwest, that’s a very nice airline to take and get their rewards. That’s how I feel like anytime I’m looking at a Southwest flight, it’s gonna take me eight hours to go someplace would be a three hour drive. If the main hub near your home is one of those worst airlines on the list, for example, Delta that’s based out of Atlanta, American, they’re based out at Dallas here, I’d say, “Forget the airline cards.”

Me, I use a Capital One venture card. I get reimbursed for travel expenses, hotels, rental car, resorts, flights, there’s no hoops. I just spend money wherever on whatever if I do some type of travel, I can use what’s called the purchase eraser. There’s just no hassle for me, I go on their website, I fill out a form and I say, “All right, use my account balance to pay you for that flight I just took,” and it’s done, it takes me two minutes.

There’s no blackout dates, there’s no jumping through hoops, no upgrades or any of that stuff. You can do that stuff, to me it’s like looking for coupons, you might save a little money but you’re spending your time to do it. I just want to save the money and move on. Figure out how to use your miles, you can check out Award Wallet, that is a website that keeps track of your reward programs such as your frequent flyer miles or hotels and your credit card points.

Another website is Traxo, that’s an app. You can receive free flight alerts by SMS, push or email, you can track your points in miles and balances across a bunch of loyalty programs. What is best? Well, if you fly southwest or Jet Blue a lot, consider one of those airline cards. Flying anything else, you might skip the airline card and just get some other type of reward card.

Remember, credit card points don't expire, they don't have blackout dates, they don't have limitations, you just redeem them when you want to. Airline cards, not so nice, again, that's my opinion, travel hackers would argue against me but they're obviously getting a lot of free flights so they know what they're doing. Thanks for the question.

Melanie writes.

**[0:26:31] M:** "I'm graduating from college soon and will be looking for my first job. What website should I post my resume to look for a career in computer programming?"

**[0:26:40] ST:** I don't know if I would start with the websites like Monster and Career Builder as my first choice. You don't want to look over LinkedIn. LinkedIn, it's a great place for networking. People are now using that site to host videos on themselves, post the resumes, there's a better way out there now. In the past, people would find jobs through word of mouth, through their coworkers, friends that are working at other companies, colleagues who have moved on to new jobs.

Here's a story in business week that came out that says, "Technology has hurt job candidates, chances of finding a job online because now you can submit your resume to hundreds of places at a time." And what happens is when employers receive them, they go through the filtering process automatically, no human eyes ever see them so your resume just get filtered out without anyone having ever have looked at it. And so that's an issue.

That's why networking is so important. Most jobs are filled by someone who knows someone, who knows someone that's looking for a job. Not through the online job posting services. One way you can do that is take people out to lunch, past colleagues, friends who are working at other jobs and just ask for some advice. Now, why would you ask for advice? Because no one likes to be asked for a job. "Hey, can I come work for you?" Or, "What job's available?"

When you say, "I'd like to find out more about this industry, can you tell me about it? How do I get into this industry? Can you tell me about it?" People love to help and give advice. They're more apt to do that and respond positively to those request than if you call up somebody on the phone and say, "Hey, I'm looking for a job, can you help me out?"

Internships, also an opportunity to grow your network that way if you're just coming out of school. Your career placement office at your college, another good place to look. Volunteering in places where you have an opportunity to interact with people who may be in a position to hire you. Any kind of initiative that you can do which is going to get your face in front of somebody who might be a decision maker or know somebody who is going to help you out.

You just need to get in front of the people that is going to work for you to your advantage. I'd stay away from the electronic applications, you never know what's going to go that way. Networking is core to finding jobs in today's economy and that's how it's getting done. Thanks Melanie and welcome to the wonderful world of code.

[FINAL MESSAGE]

**[0:29:27] ST:** When I first learned about investing, I went out and bought one of the most popular investing books available at the time. I shall not share the name because it's not a book you should read. It's just geared towards buying individual stocks. I learned a lot of the investing terms that you'll come across when you start reading into this stuff. Dividend reinvestments, shorting stocks, buying on margin, math formulas, management analysis, on and on, and on.

Not much that I would teach someone new to investing or stuff that I use now in my own investing as a seasoned investor. You can read, read, read until you've read as many books as I have on the topic. You can listen to the radio or hundreds of podcasts or the nightly news cast until your ears bleed and your mind is numb. If you want to master your money, stop sitting there and listening to me. Just get busy. Those are the words.

Next time on the show, financial planning for generation Y with Sophia Berra, certified financial planner. 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 was powered by Ben and Jerry's ice cream. Thank you for listening.

**[0:30:48] 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.

[END]