

[4 Steps To Financial Freedom Part 1](#)

[0:00:12.0] 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 buys and gives out 25 pounds of Halloween candy each year, I do not know what that is in kilograms for my international listeners.

On the show today we'll be answering your questions about money, business and life. Last time on the show, no idea. I have that note in front of me, I'm sure it was interesting though. If you want to know what we talked about, you can figure it out. Today I am breaking up this into a four part series, a few minutes each day on financial freedom and how to achieve it and then we'll be getting into your questions. Each day I'm going to have some quick action items you can take before the next show.

Today part one, big picture items, where do you want to go? Part two, we're going to dig a little deeper, how are we going to get there? Part three, what's the most efficient and effective route to take and get to financial freedom? Part four, the best for last. What is the super fuel we can put in our cars to get there the fastest, what's the nitro? Rafael emailed me a while back and asked:

[0:01:26.6] R: "I want to achieve financial freedom, I want to know how you achieved it so young and so soon."

[0:01:33.9] ST: So we're going to be addressing that as well. Tell you a brief story. There was a gentleman named Ted Johnson, he was a blue collar employee at UPS, United Parcel Service, the delivery company. He earned a pretty modest salary over his working life but he paid himself first every week. And about at age 70 I want to say his investments were worth \$90 million dollars.

This was a regular UPS employee, not a high level executive. Now he worked their way back in the day again due to 70 years old but \$90 million dollars, paid himself first every week. So what does it take to get to financial freedom? Well, let's talk about figuring out what other people have done to get there first. What other people have done, because we want to find out what they did and model that behavior, their decisions, their choices, where they put their money, where they didn't put their money so that we can achieve it.

But first, what is financial freedom? It's different for everybody. It may or may not be monetary for you. You may have a specific dollar amount in mind that you want to get to or you may not. It may or may not have some passive income streams. It might have real estate kicking off some rental income every month for you or it might not.

So how you define financial freedom is what you need to do first. What does it mean to you? Does it mean, "I'm not going to work for the man anymore, I'm going to go do my own thing. Or, maybe I want to work until I'm 50, 55, 60, 65, 70, forever and I want to leave a bunch of money to my kid or I want to work till age 40 and travel the world for 30 years." That's a lot of traveling, gonna take a lot of money to do that. Or not if you're a travel hacker, it just depends.

But there's a foundation issue we have to get through first when you want to achieve financial freedom. Number one, you got to get out of debt as quickly as possible. You can't have the student loans, the medical debt, their credit card debt, you can't have those debts dragging you down because one of the components of financial freedom is some level of wealth to give you that freedom.

You have to focus on being frugal in some areas, not living in a cardboard box but frugal in some areas and saving in as many other areas as possible and blowing cash on things that are most important to you. You'll live a life of happiness or just make cuts and tweaks where you can. Those are the foundation issues for financial freedom. Not carrying a bunch of debt, paying yourself first.

Let me give you a homework assignment for today. It's going to take you five minutes. First, figure out what financial freedom means to you because you have to have a target you shoot for. Then I want you to go out and buy the following book, which I've talked about before — maybe you already own it — called The Millionaire Next Door. It's written by an author called

Thomas Stanley, why is he called that? Because that's his name. You can get it for \$7 bucks, used on Amazon, there may even be a Kindle version that's cheaper.

Buy that book and check it out. Then I want you to sit down for five minutes a day so five minute homework assignment and just write down five things that define what financial freedom mean to you, is it working in your passions? Is it a flexible schedule, is it sitting on the beach? What is your definition because the definition determines the destination. The destination determines how you get there.

Now, on to your questions. Parker writes:

[0:05:24.3] P: "I came up on your article on investing with little money with betterment and I was about to make an account but then I was a little discouraged when it asked me which account type I wanted. I'm 19 and have very little knowledge in investing.

I have heard the Roth IRA are best at my age because I'm in a lower tax bracket now, but what about a regular taxable account or even a general investing account? Would that only be worth it when I earn enough money to max out my yearly input into my Roth and traditional IRA since you're taxed on what you earn?"

[0:05:56.3] ST: Parker, if you start investing at 19, you are pretty much guaranteed to have millions of millions of dollars in 40 years. If you invested just \$100 a month for the next 40 years, you'd have nearly \$600,000 at age 60. But you would have only needed to contribute about \$50 grand. Some of you out there are sighing now, because you know you've spent \$50 grand on other stuff when you could have had \$600,000 down the road.

That's just doing hundred bucks a month if you're young. \$100 it may not seem like a lot now, in 10 years when you've got a fat salary of \$60 grand, whatever you're going to make, \$53,000 is the average salary for couples. When you're out there you can start putting more, that's how you get to the millions quickly because you're starting early, you're going to have all that money and we don't want the tax man to take it all.

The only way to avoid paying taxes is to invest in things that grow — what? Tax free. And allow you to withdraw the money — what? Tax free. That's the Roth IRA when you put money into a Roth, it's with money for already paid taxes on. Whatever you get from your paycheck is used for taxes have already gone to the tax man. Regular IRA grows tax deferred and when you withdraw the money you will owe taxes on it.

In your retirement, you have to ask yourself, "How much do you think you're going to be paying in taxes?" The answer is: a lot. Because people who have invested wisely for decades, starting at 19, often have a lot of money and they typically pay more in taxes than the people who have no retirement funds. At 19, you're going to have a lot of money, you're going to be paying a lot of taxes and that's a good thing, unfortunately, because that means you've done well.

When we're looking at investment funds or trying to forecast what we're going to be paying in taxes decades for now. It's an educated guess, that's all it is. We're just taking a good guess. It's hard to say where we'll be financially decades from now, it's hard to say we're going to be financially a year from now. But for someone like you starting out young, it's a safe bet if you continue on the same path, you'll be in a higher tax bracket in retirement.

So maxing out the Roth, great first step. I would advise a regular investment account for the same reason, you want your money to grow tax free. 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 address, twitter and also leave me a voicemail, contact me, I'm here to help you.

[BREAK]

[0:08:51.1] ST: Where do you go to buy jewelry for yourself or for someone else? And hey, I'm sorry if I talked about this before. I've got this new organization system around here for the shows, I've got so much content spread over so many

different places on the computer. I sometimes — I don't even remember whether I've talked about a subject or not. So apologies if you've already heard about this, maybe there will be a new spin on it, I don't know?

Where do you go to buy jewelry? First, a place you may not consider and you're going to say no dude, I'm not buying jewelry from there — Costco. Costco sells a lot of jewelry, you can check on their website and you can get some great deals on necklaces, bracelets, rings and loose diamonds as well. Where should you not buy jewelry? The mall.

You shouldn't buy anything from the mall except for Cinnamon — delicious. I don't know if you can get Cinnabon anywhere else but the mall? The mall is only for Cinnabons, not for jewelry, not for clothes, go to the outlet stores and Apple store is at some malls so you may need to go there for that. But anyway, no jewelry at the mall. Why not? Why not?

They got to pay those fat rents, and how do they pay those fat rents? They've got to charge more for product. Where else? I would avoid the big chain jewelry stores, it's like a big chain bank. You ever see or maybe you have not noticed how awesome those buildings look? I mean they are beautiful on the outside and you walk in, they got marble floors, granite this, shiny mirrors, fancy art, the security guard upfront with the gun and the nice commercials of advertising on TV, you pay for that.

You pay for that. That's marketing. When you have all that marketing, that means you got to jack up the price, you know who doesn't market? Costco. They don't have to market because they get free marketing from people like me telling you how awesome they are. Try a Mom and Pop shop, small store in a strip mall, low key, not a lot of traffic, they don't always get the best deals because they're not buying in bulk but you're not paying them marketing expense either usually. I mean you do have to cost compare.

Finally, negotiate the price. We talk about negotiating a lot, never pay the listed price for jewelry at any jewelry store. Costco, you're probably not going to be able to negotiate there. But for any other place, you can negotiate for a better price. Just say, "Hey, what is the best price you can give me on this item?" That's it. That is all you have to say if you're afraid of negotiating. Those simple words and you'll get a better deal.

Now, back to your questions. Shawn asks:

[0:11:34.0] S: "How do I get my wife on board, although she's not a big spender, she is just unwilling to go onto the next level to save a higher percentage of our incomes now to have a nicer retirement later. She's okay to be mediocre now and mediocre later instead of sacrifice a little now to be better off later. We are 55 so there's not a lot of time left for us to get in better shape."

[0:11:58.8] ST: A big thing generally to women is security, it's important to them. Not all of them but generally the most. Every race, social class, sex, age group, you'll find the people who don't give a hoot about anything and have no thought whatsoever for the future. Well this advice is the same, you just have to dig deeper and find your hot buttons. Retirement, it's a fuzzy concept for most people, it's kind of like goal setting, most people have no idea how to set a goal and achieve it.

It's like, "I want to lose weight." Well, it's not a goal, it's just something you say. "I want to lose 10 pounds in 10 weeks by following the paleo diet, tracking the calories, go in the spin class four days a week, I'm going to wave myself a week and make adjustments as necessary, I want to lose all the weight because we're heading at the beach for vacation and I'm going to rock it at the pool, post a picture to Facebook and show that jerk Dan what he missed out on having."

That is a goal. Since you're approaching retirement age, it's important to discuss what your big shared goals are, you're planning for in retirement, you're a couple, you should have some. Is it traveling for a year in an RV, is it taking a three month trip around the world, hosting fabulous dinner parties every month, that's what Katie would like to do.

Eating out at the early bird specials five afternoons a week. I don't think anybody wants to do that. Whatever you like, you get the idea, the key is the goals must be one common for the both of you to be shared goal, two, it's got to have a price tag and a date. If you don't have a price tag and a date, you can't do the next step. You have to ask yourself, "Can we afford this?"

Until you know how much it costs, how much you have, how much you'll need to live on each year in retirement, you don't know if you can reach those goals, you don't know how you're going to hit them. If you can put it on paper like, "It's going to cost us \$25 grand to travel the world for three months. But if we do that, we're not going to have any food to eat for the next 18 months."

Well, that's a pretty strong argument you can make. Numbers, they don't lie, they aren't fuzzy, they aren't nebulous like feelings, you can't argue numbers they just are what they are and that's what you're shooting for, you're presenting information. Here are the numbers, this is what they say and you listen for some feedback.

You're going to get, "Oh my goodness, I never realized that." Or if you're with someone who sticks their head in the sand, you might get that too. If you get the former, you're good, you can move forward together, make a revised plan, if you get the latter, you need to take a break.

You've got to regroup, figure out a different plan of attack, come back later on because you can't argue someone into spending less. I use the word "attack" because you're attacking ingrained and a destructive way of thinking and behaving. It's not an attack on the person. You're not going to attack the person and get in a fight and throw disses and call them an idiot. No, we don't do that.

But you haven't gotten to the root cause of how you can reconfigure your spouse's values. You may have to try a different approach. In the end, you're going to have to find out what motivates your partner. We all have something that will motivate us just got to nail down what it is. Thanks Shawn for the question.

Jordan is following up from the last time we spoke. He writes:

[0:15:22.7] J: "As far as networking, it's something I'm working on, I'm very shy and quiet with a bit of social anxiety. It's difficult for me to approach people, I had a difficult time sending you this email. I'm used to having a close friend or my mom speak for me about finding work.

In the meantime, I don't know exactly where to look, I want to find some odd jobs that I don't want to get up and do. I feel like if I don't have some enjoyment or the willpower to do it, it will never get done, any suggestions on where to look online or types of things I could do?"

[0:15:55.5] ST: You may or may not remember Jordan. Jordan is from small town Arkansas looking to get to La-la Land Las Angeles and be like an awesome dancer. Whatever dancers do, work in a big show, choreographer, whatever. We're following along on Jordan's journey here and he had a follow up question.

Now, being labeled shy for a very long time myself, I would guess that you are an introvert, not shy. Now I did not realize this myself until I was older than you. Shy people don't get on stage and they don't perform, they don't dance for others and they don't teach. They are definitely afraid of those situations. Introverts, however, do. They get up on stage, there's a big difference. At least on my opinion.

I have my own definition, I've come up with over the years, it's "Introverts don't know what to say, shy people are afraid to say it. Introverts don't know what to say, shy people are afraid to say it." The good thing is introverts, we can learn what to say. Shy people and I know some people take medication for social anxiety — I'm not recommending that — they have a little bit harder time.

If you're an introvert, here's some books you can go out and read and these are critical. Critical — I use that word way too much. These were important. Important in changing my life. Number one, How to Win Friends and Influence People, Dale Carnegie. That's just a great book all around for business and life. Number two, a book called The Introvert Advantage, it's by Marty Olsen Laney.

Number three is *The Fine Art of Small Talk* by Debra Fine. Check them out from your local library for free, if you're in a small town, library might have them. Some libraries have a book exchange service with other nearby libraries, another awesome tip you learned on the show. You go online or request the book be transferred for free to your local branch or you can just buy them used on Amazon.

Now, the *How to Win Friends and Influence People*, that is one you want to own for life. Whoops — knocked over the Burt's Bees there. That book I've gone to over and over again over the years. Other two, I've read them once, I've never read them a second time. My wife Katie, she can work a room like an expert. I've had to acquire and work at those skills to mingle.

I did not come out of school with them and I was just horrible and social situations, very, very horrible. Now I know how to do it because I learned to do it. It's not something I necessarily enjoy doing it but those books gave me the skills to do it comfortably and to know what to say.

"Hello, my name is Scott, where are you from? Oh what brings you to this event? My Madame, what a lovely golden brooch you're wearing, from where did you acquire it?" That one doesn't usually work too well. Odd jobs, check your local paper and then the papers of towns in 20 or 30 mile radius. There's odd jobs everywhere. I grew up on a small town, you can find them, just got to be willing to work for them. You can find jobs on job boards at grocery stores, community colleges, the laundromat, deliver pizza on the evenings and weekends. It's pretty flexible.

Yeah, you're going to get passed over for some jobs, it happens. If you have the opportunity, you know you ask people, "What can I do to improve on myself?" Get you better prepared for the next one. People talk a lot about Colonel Sanders, he's the founder of KFC, Kentucky Fried Chicken. Tried starting it at age 65 when he was broke and he was turned down 1,009 times before finding someone who would back his recipe. The rest as they say is history. Never give up, always stay hungry.

Okay, quick break, back in 30 seconds, I'll be answering more of your questions, you're listening to Scott Alan Turner.

[BREAK]

[0:19:51.5] ST: Hi folks, 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 crochet needles, because I don't sew. Or recommending a pool cleaning service from someone that's never cleaned my pool, if I had a pool.

No, I have a name to uphold to you my Rock Star Listeners. But if I were, if I were to recommend something to you, I would tell you about milk. It's delicious and nutritious, I have milk every day in the form of yogurt that I make myself from milk. If I'm feeling like a bowl of Cheerios, I don't add water, I add milk. And once a week I'll have a bowl of Ben and Jerry's ice cream which is made with, you guessed it, cream. Which is a form of milk.

Next time you're buying groceries and you're at the checkout counter, when they ring up the milk, tell them Scott Alan Turner sent you and ask for a discount and if you see a black and white cow out of the field, stop and give a little pet on the head and say thanks for the milk. Better not do that, you might be arrested for trespassing.

[CONTINUED]

[0:20:58.9] ST: Welcome back Nation, Christie says:

[0:21:01.0] C: "I sold my last two houses for sale by owner — FSBO. I'm determined to sell my current home the same but it's a little more challenging because it's in the country. Everyone thinks I'm crazy for wanting to do it myself and keeps telling me to just put it up with a realtor but I hate to let go of the possibility of losing so much money to an agent — thieves."

I know what personal finance experts think about this issue but I think they're just trying to help realtors out, I'd like to know what do you do? Do it yourself or list it? Right now I have listed it on Zillow and I've only had two calls which were realtors wanting to list it?"

[0:21:33.7] ST: Yeah, I am with you, real estate agent fees are ridiculous. If the property is in a remote location, yeah, it's going to be more challenging to find a buyer. But that is going to be true if you use a real estate agent or not. We have a lake house, it's in a very remote location, I've seen properties on the market for up to two years. And the owners used a real estate agent.

The owners used multiple real estate agents because the prior one couldn't get the house sold. What does the owner do? Finds a new agent. Now, on the FSBO side, if you don't actively market the property in multiple places, it will take much longer. I live in a neighborhood with over 3,000 homes. This isn't a town or city, it is a neighborhood and there are at least 10 realtors that live in the neighborhood because there's so much business.

There's a guy up the street for me, he's had a FSBO sign in his front yard for over a year. He isn't doing something right because there are houses, they're being bought and sold left and right all over the place in this neighborhood. His house is either overpriced, it's not listed properly or maybe the extent of his efforts are all he do was stick a sign on the front yard and hopes someone calls. I don't know?

You can succeed at doing a for sale by owner. What do you gotta do? You've got to have a personality to be a salesperson, because you're the agent. If you can put together and execute a great marketing plan for the property, you got to be able to take people giving you low ball offers and telling you the kitchen is ugly. So you've got to have thick skin, you got to be able to drop what you're doing and drive out to meet the buyer any time of day, any evening, any weekend.

And you got to price the home based on what the market value is. Can't overprice it. Let's go back to our lake house. We have a neighbor doing a for sale by owner. Their asking price is absurd. It is absurd. I know this because I want that property. I asked them what they're selling it for. They either have a secret oil well or a gold mine on it because they have a price 50% higher than what our property three doors down sold for two years ago.

I would buy the property today if they had it market value. These guys are smoking crack, so you got to price it right. If you go that route where you're the selling agent, you can list your property on the MOS free of charge. Owners.com is a website, you can get more information on listing your home there, owners.com.

Yourigloo.com is a website that has a flat fee MLS listing service and you can save thousands in commissions by using their service and getting your house listed. Something else you consider, Redfin, Redfin.com. They are trying to redefine the real estate industry and disrupt this old way of high sales commissions. That is good for you and that is good for me as consumers.

With Redfin, you pay fees on much lower commissions for package services or individual service, it's like a hybrid and it's a step up from doing everything yourself. They're in unlimited areas so you'll need to check if they're in your area to use that service.

So since you've done two FSBO's already, you got the experience, you're ahead of the game, you know what it takes, how the process works. With your current property, you'll need to put your marketing hat on, pound the pavement a little more country towns, they always have country papers, no matter how small a town. Consider placing an ad in the paper. People do read those small country papers.

List your property on Craigslist, list it on a Facebook group to get the word out, find websites that are specific to that type of home. If it's relevant, see if there's listing opportunities there. For example, there are websites out that are specific to Lake House properties. There are websites out there that are specific to farm properties, mountain properties, ski properties, beach condos, on and on.

Just Google “country properties for sale” if that’s where you are. Oh here’s one, in my notes, Landandfarm.com is one that popped up. Oh look at this, I can buy 267 acres with a home on the water in Texas for \$5 million dollars or I can buy one acre in Arizona for \$900. So there’s lots of variety. Then you decide on a timeframe how long you want to have the home on the market.

We tried a FSBO on our townhouse on Atlanta right after we got married and we tried it for a month before we switched to an agent. We just didn’t have the time to play real estate agents ourselves and we needed to sell that place because we’re moving out of the state. Your circumstances dictate whether you’re going to switch to a professional or not.

If it’s two months, three months, six months, you did everything you could, if I were on your shoes, I’d probably hand it over to the professionals. Agents, they used to have a 90 day contract to sell the property and if they can’t find a buyer in that timeframe, you kick them out, you go back, try FSBO again. Thanks Christy for the question.

[BREAK]

[0:26:33.8] ST: In the stock market I get a lot of comments from people who say, “I don’t want to lose money.” Do you like to lose money? Do you think I like to lose money? Do you think anyone likes losing money? If you’re not making money, it could very well be because you’re choosing to not risk losing money.

Instead of realizing the stock market is one of the easiest and most powerful ways to build wealth, you get scared. Rightfully so if you fall prey to the people who are not smart investors or try to invest by taking advice from uncle Bob or your sister’s husband’s third cousin or worse, some guy in a suit who claimed he can beat the market. Fear is a wealth killer. When you invest right, you’ll do right. Those are the words.

Next time on the show, take a wag, it’s part two of the financial freedom series, see you then, that’s it for this episode, I’m your host Scott Alan Turner, Rock Star Katie is my producer. Special bumper music today provided by the Hyenas. Thanks guys for the audio tracks. Find out more about them and all the links mentioned in the show in the show notes at scottalanturner.com. This episode is powered by Ben and Jerry’s ice cream, thanks for listening.

[0:27:43.6] 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]