

12 Ways To Create A Rich Mindset

[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 likes to think she's a country girl but is a city girl for sure. On the show today 11 ways to create a rich mindset and I'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. Last time on the show in case we missed it, I talked about how to afford a \$200,000 Ferrari 458 Italia.

Today, what if I told you that anyone who has achieved great things had a different way of thinking than someone who hasn't. By great, I don't mean winning a gold medal, or Oscar, or having a million dollars in the bank. Having a great and loving family is a great thing. Doing work you love is a great thing. Living a fulfilling life and having peace and joy, another great thing. There are no dollar signs attached to any of those. What are the things you can do to have a great life and to create a rich mindset? True wealthy people, they develop habits that allow them to get rich slowly and not fall for get rich schemes. How do they do it? Let's take a look, here are 11 things.

Number one, change your vocabulary. When you hear broke people speak, they tend to use a lot of negativity, doom and gloom, "Why me?" Blame it on the man. Filter out negative speech, choose your words carefully. Successful people say, "I can do it or how do I do it or who do I know or can find that can show me how to do it?" Unsuccessful people say, "I can't." Number two, be disciplined, wealthy people delay gratification. Broke people choose instant gratification, what's the result? Short term pleasures and long term problems.

Number three, find opportunities. Opportunities do not just show up on your front door unless it's Publisher's Clearing house or the girl scouts and is an opportunity to buy those delicious cookies. Seek out what it is you want: the raise, the next job, the mentor, the better deal or the steal. Next, sense the urgency, you start building your tomorrows today, not someday. Embrace failure. People that stay broke get nervous when things turn south, they fear change, they fear new habits, they fear the unknown. It's hard to move forward, you're going to fail. News flash, so am I. I'm not looking forward to the next one but it's going to happen, you have to strike out before you can hit a homerun.

Next, to receive, you have to give. I talk back in Episode number 27 how greedy I used to be with my time, resources and money. Then when I flipped that around on its head, it did the opposite. That is when things started changing for the better. Give without expecting anything in return and see what happens. Next, clean your remind. People at the very top watch very little TV. Now, I know TV is a great stress reducer for me, I find it mind numbing, you might too but like the vocabulary you use, if it's doom and gloom, you know what else is? The media.

Nightly news, politics, reality shows, it's a constant bombardment of poison. If it were food, it would be high fat, heavily processed, choking your arteries. Flip it around, only expose your mind to positive media or none at all for the next 60 days and see what happens. I'm not saying cut TV out of your life, I still watch it, just cut out the negativity that you get exposed to. Next, get started, day dreaming is a powerful form of visualization, but successful people go one step further. They go beyond that and make their dreams become reality by writing down goals and putting dates next to them. Then they work towards them step by step.

Believe that you can do this. Money does not discriminate. There are young rich people, old rich people, people of all races, sexes and religion. People who started dirt poor showed up in this country with nothing and they made it. There are people with \$250,000 in student loans that have dug out, paid them off and done it. There are people who have gone bankrupt and did it. People who lost all of their money. Millions and millions of dollars to rise up and do it again.

Next, keep it secret, keep it safe. Sometimes you got to hide your goals because people have an inferiority complex that you're better than they are. They like the way things are and they don't want you to change. They don't want you to change. Think about it, if you start dieting and lose 100 pounds and your best friend stays 100 pounds overweight, you go on to write a fitness book, get 10,000 Instagram followers, is that friend going to truly be happy for you or secretly hoping you put all your weight back on?

I get emails from people who say such and such or who and who, they don't support me. If you want support, you can join my Facebook group or scottalanturner.com/community. You can get support in there from others with a like mindset. Don't tell your broke brother you're getting out of debt, he may not want you to.

Next, wealth is not evil. Money is not the root of all evil, rich people are not evil, the lack of money is the root of all evil. Money and wealth are just tools that allow you to do the things you want to do. Finally, decide to have a rich mindset and then follow these ideas to get it. The person you become along the journey is more important than the goals you might set. Your character, your values, your knowledge, your relationships. Over a long period of time, these are the things that are going to bring you satisfaction in life and that is a great goal indeed. Now, on to your questions.

Kate says:

[0:06:26.9] K: "I just found your website for the second time as a result of looking into Every Dollar, a budgeting tool. I've done a bit of looking around, see you may have already written about my biggest struggle, it's staying on target when I create a goal, whether that be debt payoff, savings, et cetera. Recently I got an accountability partner, strictly for financial topics."

[0:06:44.9] ST: That's a great thing.

[0:06:45.9] K: "I'm sure this will help but reading about staying committed really helps me."

[0:06:50.9] ST: Kate, you're already taken some great steps to stay on track so congratulations. Facing the problem, asking some for help to keep you from falling backwards, that is further along than most people get. Not the people that listen to this show but other people. Here are a few more tips you can use to maintain focus on in every day basis, consistency is key.

Write down your goal on a piece of paper, stick it on a bathroom mirror, you hear me saying that over and over again, sticky note on your desk, on your night lamp, meditate on it for a couple of minutes before you got to bed, think about it. Visualize it, feel it, engrain it in your brain. When you wake up in the morning, spend five minutes again thinking about your goals, what you're going to do to achieve them, what it's going to mean to achieve them, because that's going to drive your decisions during the day.

Schedule a victory dance, it's one of my favorite ones, put it on the calendar. Once that victory dance is going to happen, what song are you going to dance to? Also important. I have songs that just make you want to get up, yell, run around the neighborhood, it's important to have those in your mind too, they give you power. You want to set a date no more than 60 days in advance of some small celebration, you're going to do to reward yourself for hitting your 60 day goal. Then after that goal, you schedule your next victory dance.

You may want to have a shorter goal set. For me, I can go 30 days without a dessert, I tried going six weeks recently, I didn't make it. The goal was six weeks and ended about the three, three and a half week mark. I'm like, "No." 30 days is plenty for that goal and I had the restaurant picked out on the counter and I looked forward to it every day and that's what got me to the 30 days. But for me, that's just the max, 30 days.

You have to pick the timeframe that's appropriate for you and your sanity. Every day, read something, do something, find something that's motivational. It can be as simple as an inspirational Instagram quote. Just remember to take 60 seconds to dwell on it. Thanks Kate for the question and good luck with your progress.

Nick wants to know what percent to invest in a 401(k). He says:

[0:08:59.3] N: "I need some help with the whole 401(k) thing. My company says they will match 100% of the first 1%, 6% of the next 4% I can contribute, and then 10% of the next 1%. Realistically, once I have in my 401(k)%? I'm contributing 8% right now, also with 2% into my Roth.

I don't have a budget. I was never taught how to set up one by my family so what I do now is just keep \$400 on my checking account, pay bills with that \$400 and every week, whatever is over \$400, I throw on to my savings account. Are there any good apps to help me become good with budgeting? I don't have many bills, gas, groceries, gym, charity, cellphone, it's pretty easy to keep \$400 in my account and save everything else."

[0:09:40.9] ST: I did a little research for Nick on his company's 401(k) plan and he's with an auto manufacturer, which has an awesome, awesome 401(k) plan administered by Vanguard, cream of the crop. The investment options available to you through Vanguard are excellent, they have ultra-low yearly fees. If you pick a target date fund, which is a simple way to get started investing, you pick the year you think you want to retire, just make up one, 2050.

Pick the target date fund with that name and your case it's the Vanguard target retirement 2050. Trust Two is the name on the plan, or it could be Trust One, the documents that they're facing that one pallet though, that's it. It's easy. I won't overwhelm you with information about investment fees because you're with vanguard, they're going to be low. Average yearly fee people pay to participate in a 401(k) is 1% and you have access to funds that charge 0.11% which is 90% less than most people.

A typical American worker earning a median salary starting at 25, they pay an estimated \$138,000 in 401(k) fees over their lifetime. Starting at age 25, average person can pay \$138,000 in 401(k) fees. Wow, fees are a retirement killer that's why we talk about them a lot. US department of labor, thankfully they're currently working on changes to the 401(k) plans to try to get those fees reduced. Again, you are lucky Nick.

I'd call the 401(k) plan administrator and get clear on what you need to contribute to get 100% company match. Sounds to me like 8% of your income, it's worth a five minute phone call to check it out. Now, regarding your finances, you are able to do what I would call the lazy man's budget. The lazy man's budget, the lazy person's budget — the lazy person's budget, if you're a woman. It's what I used to do when I first started budgeting when I was single and had a simple financial situation.

For you I'd sign up with an account at Mint.com because it's free and just start tracking what you spend. They have some nice reporting features, nice pie charts, you can look to see what your spending patterns are over time, your budget is just going to have a few items, like you said, gas, groceries, gym, charities cellphone. Shouldn't take you long to setup a new budget in Mint and you can find a YouTube video, showing you how to do that using Mint, there's some out there. I'll include a link in the show notes about that.

It's just good to get started early and in the habit of using a tool like Mint to track stuff. I used to use, prior to Mint, I used Quicken. Quicken is what I used, and then I switched over to Mint when the online software started rolling out. Now I'm using Every Dollar, I'm also evaluating You Need a Budget, but this cost money. Mint is free, you're in a simple situation, save your money.

Every Dollar is probably overkill for what you're doing. You can setup a simple budget in Mint, get in the habit of using it, use that lazy man's budget where you're just keeping enough in your checking account, a buffer as I call it to pay your monthly expenses, take the extra, throw into savings, that's perfect., that's a perfect way to get started. If you're paying yourself first which you are, you're saving, you're golden. Thanks Nick for the question.

[BREAK]

[0:13:14.4] ST: I've got a red alert warning from you, if you're a homeowner or maybe you know somebody who owns a home. If you have my guy, you're on my newsletter list, you signed up for that "How to save a thousand dollars in one week", I update that periodically so I'm going to start sharing some of the things I put in there, this is from that guide. If you don't have it yet, you can text the word "rockstar" to the number 44222 and you can get that guide.

Here is something different though you might not be aware of. If you're a homeowner and you have an alarm system that is monitored by a central monitoring company, either a big company or a small company. You need to be aware that if you are

on some type of contract, a one or two or three year contract, those things auto renew. They auto renew and when they do, you are locked in for another one, two or three years.

Not only that, if you ever wanted the big boys like not I'm not going to mention them by name, you're one of the big national brands, you are probably paying two times as much as you could be if you were with a smaller local company, which does just as good of a job or one of the newer companies like Simply Safe out there and I'm not going to promote Simply Safe, you can go to a local company as well.

When I first bought my first home — first bought my first home — one of the first things that happened when we were doing the walkthrough is they invited the alarm agent out. This is a new construction home so this is another tip. If you're buying a home that is new but they're building it from the ground up, meaning you're the first owner to live in it. There's probably going to be an option for you to have an alarm system installed for you and they're going to say they're going to give it to you for what? Free, we like free don't we?

We do like free but you don't want this for free unless you're super going to pay attention to it very closely, which I'm about to share with you. So I was like, "Yeah, I want a free alarm system and they're like great. You just need to sign this contract here, we'll go ahead and put it in," and what did I end up doing? I just signed a two year contract with one of the big boys in the industry, paying \$30 a month for those next two years.

So \$720 I paid over the first two years. Right after that, I started learning about personal finance, learning how to save money and I realized that's not a good deal to get locked into those contracts. What happens with those contracts is when they come up for renewal, they don't tell you they're coming up for renewal, they just roll them over to the next two years and you keep on paying for them.

They don't send you a notice, they don't give you nice little phone call saying, "Hey, do you want to renew?" They just roll it over and it's a huge profit center for these companies. If you're in a long term contract with an alarm company, you want to get that contract that you signed. Put it on the calendar when you can cancel that contract and follow the cancellation policy to the letter.

A lot of them have you require you to write on a piece of paper. Send it in through the mail with your signature to cancel that policy, there are certain hops that you have to jump through to do that. You gotta follow it to the letter otherwise you're going to be renewed. And you've got to do it within a certain amount of period, certain amount of time before the policy renews, usually 90 days or 60 days but it's not something you can do the week before, you're going to be 60 to 90 days out.

Otherwise you're locked in for another two years at the exorbitant prices that you're going to be paying with a national company as opposed to a local company which usually charges half as much and they're doing the same job. Doing the same work for half the cost. How do you find them? Look in your local yellow pages, look under alarm monitoring services and then you flip to the back Start with the Z's, don't look at the A's. Give them a call and say how much do you charge? You're looking for a 15 maximum \$20 a month for monitoring service with no long term contract.

You want it month to month that way if you move, you sell your house, it's easy to get out of, you don't like the service, it's easy for you to cancel, there's no hoops to jump through, that's how you're going to save money on your home monitoring service. Now, more of your questions. Nida writes:

[0:17:45.9] N: "I do not live in the USA, my homeland is Serbia."

[0:17:48.6] ST: Serbia, another pin in the map.

[0:17:50.8] N: "Our country does not have any predictable plans for its citizens, that's how it stands for us and our kids. If you are familiar or not, Serbia is under some wars of each of the past 50 years and in the 90's, has suffered an embargo and bombing by the USA and NATO in 1999. It does reflect on our lives. Anyway, I would like to pick up the best practices from people like you.

I've been working in a multinational corporation for 11 years due to optimization, I have stopped working. I'm a mom of two small kids, opera singer by education and musician by soul. I would like a solid base with music and live and earn safely with my work and enjoy each day, spend wisely, invest wisely for my family and education, my parents' travel and enjoy life with the family more often outside the country rather than just once a year.

Ever since I was young, I was not spending money often wisely, I have that philosophy inside that you should enjoy the moment and the future will take care of itself somehow. Still, there is this lack of confidence saying that for instance, I'm not capable of earning money from music since I did not want to commercialize it. Therefore I'm struggling with that issue. Not to mention that I would like our kids to have a good example of allocating finances wisely. Can your example be taken for Serbian citizens as well?

[0:19:08.5] ST: When I got this email, my first thought was drawn to a musician by soul. I read that and wow, that is such a great way to put it. I do a lot of research for the show and can be evident sometimes by the extremely long and sometimes boring, maybe all the time boring math examples that I give.

I could not find out about Serbian retirement options despite my research. Unless you were an ex pat. It does appear there's a voluntary pension, fund which invest in stocks, bonds and T Bills and I'm going to stop right there. That is my level of expertise with the Serbian retirement investment options. The principles of managing money successfully, they're universal, doesn't matter your age, sex, race or your location in the world.

It's just the principles of believing in yourself, striving to improve your life and carving a different path for your family and making plans to get ahead. You start with a simple goal of setting aside so many dinars, that's the Serbian currency, I found that in my research. So many dinars each month for your future.

You pick an amount you can consistently save month after month. If you can automate that by having a bank take out a fixed amount, putting into a savings account even better. Each you try to increase that little by little so that you don't miss the difference. Spending wisely, starts with tracking on what you spend money on, deciding in advance what you're going to spend money on each month.

You get your needs, shelter, food, clothing, utilities, transportation also important because people have to get to work and everything else after that, we categorize as a want, entertainment, vacations, gifts. You can have a fulfilling life now and in the future by making spending choices that prioritize what are important to you.

You spend more on the things you love, less on the things you don't. I don't spend much money on clothing, I wear shorts and t-shirts, 350 days out of a year, allows me to spend more on vacations. With a spending plan, you just write down at the beginning of the month where you're planning on spending your income for that month and you follow the plan. I love that you want to make a living in music. There's an old saying, "Do what you love and the money will follow."

What that saying doesn't imply, "Do what you love and you're going to get rich." Music is like any artist endeavor, it is a pursuit of love. You might be able to only get by but there are people out there who live a much more fulfilling life doing what they love and just getting by than people who have plenty of money, work in obscene hours at a job they hate and never get to see their family.

For you, seek out people in your area who have succeeded doing at what you want and ask them how they did it. I'll give you an example about five years ago, I flew to a guitar conference in Chicago. Now, people flew in from all over the world for this conference, it was a one week long class by a very famous guitar teacher. There are people from south Korea, there was a couple of guys from Australia, Ireland, many people from Europe, Canada, South America, I don't remember if anybody came from Africa?

But all over the world and I remember one guy, he was either from Serbia or Croatia, I don't recall. The important point is he traveled halfway around the world, he spent \$2,000 just to attend the class. That was the price of the class, that doesn't

include the travel expenses and he needed to learn from the best and that the time, this guy, he was playing in a big band. He had just played before 20,000 people at a national event in his country.

He still made the trip despite being successful. You don't have to spend \$2,000 or \$2 to learn from experts, they're everywhere on the Internet. Most of them are going to reply to an email and give you some guidance. If you have the will, you will find the way. Getting back to investing, again I'm not familiar what you have available in Serbia, it looks like there is a voluntary pension fund, so that's one option to look into.

You're going to have to get educated on that subject though but that's a good thing because it's exciting to learn new things and how you can take that knowledge and change your life and your children's lives forever. Investing? It's not scary, it's not difficult, it's just new. Most people shy away from it because they take advice blindly from people or they try to get rich by following the latest investment fad.

You can build that slowly over time by saving and investing consistently month after month, year after year, decade after decade because patience and education are the keys to building wealth. You do have available over there at the Belgrade Stock exchange. Thank you Nida and thank you for reaching out from Serbia. I'm going to put another pin on the map of people I've been able to connect with on this show.

Okay, quick break, back in 30 seconds, you're listening to Scott Alan Turner.

[BREAK]

[0:24:01.4] ST: Hey nation. 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 desk. You're never going to hear me trying to get you to buy snow plowing service from some company in Florida or recommending to buy neck ties 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 gold, no, I would tell you about helium. Helium if you don't remember from high school chemistry class is a rare earth element. I think it's periodic table number 1 or maybe 2. We're running out of it. We're running out of it on the planet. Why? It's all going up in the atmosphere, 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 in those balloons they give you and watch your investments rise. Tell them Scott Alan Turner sent you.

[CONTINUED]

[0:25:05.7] ST: Welcome back Nation. Jason writes.

[0:25:08.3] J: "We sold our new car and had to pay \$7,000 to pay off the loan but we don't have the \$400 payment anymore. Our insurance also went down from \$150 a month to \$85 a month. We are now back to three older cars that are all paid for."

[0:25:31.6] ST: [Beep, beep, beep] It's the sound of my calculator makes. [Beep, beep, beep] It's \$780 on insurance, you're saving each year. [Beep, beep, beep] \$4,800 savings in car payments, [Beep, beep, beep] \$5,580 a year you are now saving. Jason and his family just got a \$5,580 raise and they didn't have to work to do it. If you read the book The Millionaire Next Door, you will see that the majority of millionaires buy used cars in cash. They don't have car payments.

They're able to pay cash for cars not because they are millionaires, they are millionaires because they started buying cheap cash cars. This is how you change your life. I've had those big car payments and the big insurance payments and their income sucking leeches. So congrats Jason, you are in the band. Thank you for your story and inspiring others, that is awesome. Awesome, awesome.

A couple of other tips. With all those savings, make sure you check on raising your deductibles on those older cars. You can pick up some more savings on your insurance if you bump up the deductible, just make sure you've got it in your emergency fund to cover it. With your extra coin, consider paying your insurance two times a year or even one times a year. Most companies or insurance, they charge you one to \$3 a month extra for monthly billing. You're saving \$12 to \$36 a year if you pay them in a lump sum either twice a year or once a year. Not a huge source but every dollar adds up. Congratulations again.

Hey, if you want to be in the band, shoot me an email. Tell me your success story or your win.

"Two roads diverged in the yellow wood, I'm sorry I could not travel both and be one traveler along I stood and looked down one as far as I could to where it bent in the undergrowth. Then took the other as just as fair and having perhaps the better claim because it was grassy and wanted wear. Though as for that, the passing there had worn them really about the same.

Both that morning equally lay and leaves no step had trodden black, I kept the first for another day, yet knowing how way leads on to way, I doubted if I should ever come back. I shall be telling this with a sigh, somewhere ages and ages. Hence, two roads diverge in the wood and I. I took the one less traveled by and that has made all the difference."

Those lyrics are of course Ride the Lightning by Metallica. No, that's the road not taken by Robert Frost. I took the one less traveled by and that has made all the difference. If you want to have different finances, have a different life then you appear the Joneses, your family, your friends. You must do something different and take the road less traveled. Those are the words. Next time on the show, seven money management tips no matter where you are in your financial journey.

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 at Scottalanturner.com. Today's episode is powered by Ben and Jerry's, thank you for listening.

[0:29:10.1] 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]