

[Are You Afraid Of Breaking Down And Becoming The Walking Dead?](#)

[0:00:11.6] ST: Welcome to the financial Rock Star Show. I'm your host Scott Alan Turner ready to get out of debt, save more money, and retire early. In the studio with me is producer Katie who can make a mean lasagna. On the show today, are you afraid of being broken down on the side road and zombies getting you. Plus I'll be answering your questions about money, business and life. If you have a question you like answer on the show, visit goaskscott.com.

Last time on the show, we covered six habits of financially successful people, which ones do you have? You're going to have to listen to that episode and find out. I went to college in Macon, Georgia, it's about an hour and a half south of Atlanta, Georgia. One evening my roommate said I've decided we're going to head up to Atlanta, hadn't been very frequently, decide we're going to hop in the car and we're going to go find ourselves some clubs and we didn't have a map or anything, we just knew the high way to head up.

So we started driving along the road, got about halfway there and I'm the one driving in my old car and we've got this big base speaker system in the back, listening to some rap music. Yes, I'm the rock and roll guy, I still like that old school rap though. The base is pumping and I look down on the dash board and I see the battery light starts blinking but it only blinks when there's this big thump of bass.

So it's like, "Boom," and the light comes on and, "Boom," and the light comes on. I think, "That doesn't look right," but we keep on going, we soldier on. Then we get up into the city of Atlanta, look over to the guys and I was like, "This doesn't kind of look right," the battery light is coming on more frequently, it's a little bit brighter so I said, "We're just going to turn around and head back in case something seriously wrong with this car."

Turned around, started heading back down the highway. Made about half way to school, about 45 minutes to an hour out and the car just slowly dies as we were coasting down the highway. So we pull over on the side of the road and we get out and this is roughly about midnight one AM at this point and we just hitch hiked back to school. Guy picked us up in the truck, there were four of us, he's got a single seat cab in his truck we're sitting on each other's lap for the next hour and we get back home.

Next day one of my fraternity brothers — Thank you Brian! He probably doesn't remember this. We got a battery from a store, we drove back up to my car, he was gracious enough to drive me to replace the battery, car starts up and drive it back. Ended up being the alternator. Alternator went out. When your alternator goes out, sometimes you can get a battery to get you to the car shop to get that replaced.

Now on — I got to deviate for a second here. On the website is a list of 50 legitimate ways to make money from home. Now how does this relate to thumping base? Just hang on a second. I have hired people from a service called Amazon Mechanical Turk, which is in that list of 50 legitimate ways to make money from home, I actually use that list to hire people and I hire people to give me feedback on the show.

Now, they've never heard of the show, I asked them some questions, I just want some first time listener feedback, it helps me get an idea of what I can improve on. Well somebody have the audacity to give me feedback and say, "I'm living in candy land in gumdrop post on lollipop lane," he said I wasn't living in reality.

Here's his words: "My only criticism there is the host Scott Alan Turner telling people to buy a used car, finance it over no more than three years, then drive the car for 10 or 12 years and telling them they're going to save \$100,000. I'm sure the math there works but it leaves out reality. The fact is, most cars begin having issues after about five years, once the warranty runs out of course.

You try and drive a car unless you're very lucky for 10 years, you're going to be investing a portion of that \$100,000 you saved in repairing the car. Possibly going so far as to replace that entire engine. Now yes," this is continuing on, "Yes, this might still be cheaper than buying a whole other car but your savings will not be the \$100,000 promised in the show."

I appreciate the feedback but let's break it down. First the statement is, "The fact is that most cars begin having issues about five years," that was the statement from the reviewer. Okay, what are the facts? Now, when I hear "most", I think majority or more than 50%. So the claim here is that more than half of all cars are going to have problems after five years. Let's be super conservative though and let's pretend that most is 10% — 10% of cars are going to have problems. So the claim is one out of 10 cars will have problems after five years even though the reviewer said half of them are, I'm giving them one out of 10. I'm giving them a big gap.

Well each year, consumer reports tracks are a liability problems by serving into subscribers and they take data from their annual auto survey from their experience with 1.1 million vehicles. So that gives them a lot of insight into what's going on with automobiles. They can see which cars are reliable, which have trouble, and which should be avoided all together.

So what do the numbers say? I have a consumer reports login so that I can use the service and check it. The survey says at the sixth year mark, 7% of survey response said they had a problem with their car. The 7% was for breaks — breaks on the car, breaks for your tires. Which after that period of time yeah, you'd probably need new brake pads after seven years.

Then they've got 6% for body hardware, whatever that means. How about major engine problems? Less than 2% of those 1.1 million cars had major engine problems after six years, after 12 years, what do you think it jumps to? 5%. After 12 years, 5% have major engine problems. This is across all makes and models.

That includes the German Engineering, the BMW's and the Volkswagen which have a bad history and they're notorious for breaking down. So major engine problems, 5% of all vehicles at the 12 year mark that is hardly a majority. Major transmission issues, less than 4% at the 12 year mark. At six years, it's only 1%. Now you guys can't see the chart unless you've got a subscription online to consumer reports. They have three, six and 12 year stats for 1.1 million vehicles.

Now, according to my contractor who gave the review, the majority of all vehicles will break down and need engine repairs after five years and by majority, what we really mean is 2% because that's what consumer reports says. Now, let's move on to point number two: "It is much cheaper to buy a new \$20,000 car and pay for repairs that you have a 2% chance of needing or 5% or 10%. It's cheaper to buy a new car than repairing it."

Again, consumer reports, maintenance repair cost make up 4% of ownership cost over five years on average according to their survey. Now most major cost are going to be covered on your factory warranty under the first few years. But for some vehicles, it can still add up. They say in their survey, "On average we found the Porsche Cayenne SUV is the most expensive vehicle to own for maintenance and repair is costing more than \$4,000 over the first five years."

The Toyota Land cruiser is also luxurious and very capable of off roading and cost just over half that, \$2,000. Now, keep in mind when we're talking about maintenance or talking about these prices, this is maintenance too. So its oil changes, your schedule maintenance et cetera. I'm going to pick on Porsche since Consumer reports did so for their reference.

New Porsche Cayenne has an MSRP of \$58,000 in consumer reports says it's going to cost an average of \$7,750 over the first eight years to maintain and repair. Again, this is based on their survey data. People who have owned this vehicle and what they're paying for repairs, back to my contractor, again quoting, he says, "The majority of vehicles will break down any major engine repair after five years."

You would be much better off in five years to trade in the car, again, we're using consumer reports for data here. They say the cars, the Porsche cayenne is going to depreciate by half or just call it \$20 grand. We'll get \$20 grand on our trade in. We're going to trade in there for \$20, we're going to go out and spend another \$38 to buy a new Porsche so we're up to 58 and we're going to do that so that we can save \$7,750 in repair cost.

We've got to get that new car just in case of a two to five percent chance it breaks down. Now, nation, I will absolutely spend \$38,000 to save \$7,750 every day of the week. That is a deal. What I think is that car marketers have done excellent job in convincing us what we need, we need a new set of wheels every four years. They pray on this fear that we're going to be broken down on the highway at three AM, we'll have no cellphone coverage, it's going to be 30 degrees below zero.

The zombies are going to come out of the woods and eat us and when they're done eating us, a tow truck or a good Samaritan is finally going to show up, they're going to see that we're dead, they're going to steal our purse and wallet so we can't be identified and they're going to leave our dead carcass for the buzzards when the sun comes up.

Visit consumer reports, you can research any car for any year, look at the average repair costs, the depreciation, and the reliability. If you're thinking about getting a new ride, it's worth a subscription praise to do a little research. Do cars break down? Yes. Can it be expensive? Yes. Does it happen as often people think it does? No.

But when it happens to you, that is your perception. The marketers love to pray on that. I've been stranded in the highways twice in my life, guess what, the walking dead didn't get me. Don't let the marketing machine get you and your money. Now, on to your questions.

Sandy writes:

[0:10:03.8] S: "Two years ago my job was outsourced to India, I went back to school for web development on the government's time. However most of my savings during that time was spent towards schooling. My student loans were deferred and accrued several thousand dollars of interest. I'm looking for side jobs to earn extra money to apply to the student loans."

[0:10:22.8] ST: Well I have a web developer, which is a great career path. I've been building websites for a long time and I can tell you with certainty there are great web developers and then there's everyone else. You can look around the web to see what I mean. If you work towards greatness you can make a ton of extra money on the side. Start by looking at a site called Up Work where you can pick up freelance gigs.

Also you might consider joining Facebook groups for small business owners and entrepreneurs. I'm in several and people are always, I mean every day, looking for a good talent to help with website development. Sadly I rarely have anyone that I can recommend because there are so many bad web developers out there. You would think with all the cheap overseas talent such as India, Russia, Philippines, et cetera, that you would find great web developers. That is not the case.

You get what you pay for and 90% of the people do lousy work. But most businesses find that out after the fact. Then they have to go pay somebody else to clean up somebody else's mess. I've learned this first hand because sometimes I will outsource some of my projects and it really is hard to find good work. I could spend 10 lifetimes redesigning websites. That is how much work there is out there in that field.

But the best thing about it is you can work from anywhere, you can set your own rates and you can set your own schedule. What are you gonna need to do it? You're gonna need a portfolio, online. Easy to setup all the wordpress site to do that, highlighting the work and the projects that you've done. You could easily be making one to \$3,000 for every three to four week project that you do.

The key is, you better be good at what you do, and don't take that lightly. You've got to be a great web developer to get those big paying gigs and then you'll get the referrals because as I said on these groups that I'm in, I see referrals coming in for good quality people every day and there's not enough of them. Thanks Sandy and good luck. If you have a question you'd like answered on the show, the website is goaskscott.com. Please ask me a question, I'm here to help you.

[BREAK]

[0:12:54.8] ST: Been at an event a while back at someone's home, a lot of people were gathering there, I walked into the place, I didn't really know anyone, I saw this guy standing in the doorway and he was standing by himself and nobody was talking to him. And the first thing I noticed about him was one, he had nice hair. And number two he had this really cool looking shirt on, he was very sharply dressed.

So I walked up to him, I introduced myself, I said, "Hey," we chatted for a few minutes and it was a big event so I moved on to talking with other people there. Later I found out who this gentleman was. His name was Larry Thompson, he was the founder of Herbalife and he had a net worth of about \$100 million dollars. If I had known that, going in there and recognized him, I don't think I ever would have walked up to him. I certainly wouldn't have gone up there and had a conversation with him.

I'd probably be like seeing you're a famous celebrity that you like, maybe you run into Brad Pitt and it's like, "Oh my goodness, it's Brad Pitt. What am I going to say?" And then you end up not talking to him. Our mind puts us at a level compared to other people where we think someone is above us or might think someone is below us or on the same level and we get scared to go above our level and then sometimes we don't want to go below our level because we think people are inferior.

It limits us, I would have never spoken to the hundred million dollar man if I had known who he was. That's where the mind intimidates us, just need to break through those barriers. Everybody puts their pants on one leg at a time, they're just like you, they're just like me. The only difference is, some of those people when they put their pants on, they make gold records. Now, on to your questions.

Tony is up next.

[0:14:41.3] T: "I have a lot of financial dilemmas but the one I'm thinking about the most is my car, looking to reduce debt and costs. I have a vehicle with about \$20,000 left on the loan. I can probably get about 16 to 17 on a trade. I have about 28 months left on the loan. Is it worth trying to trade in the vehicle for a cheaper one.

I think with the negative loan to value ratio on the car and a sales tax I would have to pay if I purchased a cheaper car, it would not be worth the hassle. Plus I'm concerned with buying a cheaper less reliable vehicle. What's your take?"

[0:15:12.6] ST: Let me help you think of this a different way. You want to spend \$20,000 to save \$4,000. I mean, for anyone upside down on a car, that's pretty much the math. You owe more than you can get but the difference between the gap and the total loan is always going to be smaller. In business, I will pay \$1 to make \$4. But I would not pay \$4 to save \$1 like some people do on their business taxes. Doesn't make any sense.

If you have no cash on hand, you can go to a credit union, finance the difference if you unload the first car, finance yourself another four to \$5,000 for a used car and then you'll have a seven to \$9,000 loan, you can have that paid off in eight to nine months based on the size car payment you got now.

You can have no car payment and will have saved at least \$10 grand compared to if you keep the car. Plus you're going to have cheaper car insurance and you can use that money that you've saved to pay down other debts. Now, let's look at the vehicle reliability. Check consumer reports, it's free at the library.

You can find out the best use cars for each year. I'm still driving the 2007 Honda Fit, it's got 103,000 miles on it. I bought it new, I paid cash and other than tires and batteries I have yet to have a problem. There are plenty of good used and reliable cars. With the money I've saved over the years by not having a car payment, I could drive a different Honda Fit every day of the week if I wanted to.

I could have seven, one in each color. I don't know if they have seven colors of that car. I've only seen reds and blacks. But anyway, sales tax on cars, 42 out of 50 states when you trade in a car and get a new one, there's some sort of sales tax credit. You get on your trade in, so you're paying taxes on the difference between the trade and a new car.

Now, the amount depends on what you're buying, value of the trade in and each particular state. Dealer figures that out. And most, as I mentioned, most states require just a tax paid on the difference. Now, the downside when you trade in a car at a dealer is you're likely leaving hundreds, more likely thousands, of dollars on the table that's going towards the dealer.

You're much better off trying to sell the car yourself doing a private sale than going to an auto mall type of store or the actual dealer because they're going to give you the wholesale price because they've got to make money when they turn around and sell that car themselves. Now when you sell the car yourself, the sales tax on used car is going to be insignificant compared to the money you're going to save over the long haul by having a used paid for car with no car payment.

So for me, I'm willing to take a financial hit in the short term with a car because I'll make up for it in the long run when I start having those months with no car payment. You get an extra three, four, \$500 a month, whatever your car payment is currently, that adds up pretty quick. So you can save up and trade up every couple of years to get something newer if you want, making that kind of money each month. Or you can just keep driving your old cheap little car till the wheels fall off like I'm trying to do. That is even better for your long term wealth. Thanks Tony for the question.

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

[BREAK]

[0:19:01.8] 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 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 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, it's nutritious. I have milk every day in the form of yogurt that I make myself from milk. If I'm feeling like a big bowl of cheerios, I don't add water or soda, 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 the Scott Alan Turner sent you and if you see a black and white cow out on the field, stop and give it a little pat in the head and say, "Thanks for the milk buddy." No, better not do that, you might get arrested for trespassing.

[CONTINUED]

[0:20:06.7] ST: Welcome back everyone. If you do have a question you'd like answered on the show, the website is goaskscott.com. Reach out to me and ask a question and we'll get you on the show. Taylor says:

[0:20:16.9] T: "I feel that I am a naturally good money manager but it never hurts to get expert advice. I'm 20 years old doing my best to minimize these student loan debt I'll have after graduation. Budgeting wisely, making sure I take in more than I spend in tracking where every dollar goes.

A few months ago I unfortunately totalled my car and had to buy a new one. With the help of the car insurance provider and money I had saved I was able to pay off the car in a matter of months. I'm slowly but surely replenishing my savings. Despite my part time income, I took the advice on your website and opened up a Roth IRA.

Based on the retirement age and expected expenses per year in retirement, I inputted Betterment recommended...."

[0:20:55.8] ST: The cat also has a recommendation.

[0:20:57.8] T: "Betterment recommended a monthly deposit amount that I'm afraid just isn't fusible at this time. I figure I'll just invest what I can for now and catch up once I graduate. Taking all that into account, am I doing well thus far? Is there any advice you can offer to improve even further? Also looking to get my first credit card, I know I'm probably a little later than average on that than normal. What would you suggest for a student and how should I use it?"

[0:21:21.1] ST: Dude, if every 20 year old were doing what you're doing, I could call it quits and go back to playing guitar five hours a day. You are crushing it. I wouldn't worry how much you're investing right now. That you're investing anything is impressive. Forget about what the robo advisers tell you, you should put in as a minimum, just do what you can. Some day you're going to meet someone and they'll say, "Check out the big bank account on Taylor," you'll have to beat them off with a stick. So good stuff.

Your first credit card, it is sad that we need to take on debt to prove we can pay off debt, it's absurd, just getting anything that doesn't have an annual fee. Capital One, Chase, one from your bank that you bank at. Doesn't matter right now because you're not going to use it. The rewards are irrelevant. I would charge gas on it once a month and then pay off the gas charge that is it. That is it, \$20 in gas. Forget about the candy and the soda pop inside the station, just the gas.

Your credit score is looking at timely payments, not if you can rack up a thousand dollars a month and pay it all off. You don't want to get into credit card debt, so stay away from it. If you stick to one gas payment, use discipline, pay off the bill, don't pay for a round of drinks at the bar when you turn 21, a round of golf, anything else, you're good. If you ever find yourself with a balance then you're done. You just cut up the card. Half the people can't handle credit cards and half can. You just want to stay to the right side.

Those that have trouble with them, sometimes they turned around and later on that they can be more disciplined with them. Once you're on side doesn't mean you can't get over to the other side. Fantastic job Taylor, I am proud of you man, you are doing great. Just keep doing what you're doing. Now see how many of your classmates you can get headed down the right path too. Thanks for the question.

Elizabeth writes:

[0:23:19.9] E: "I have a private and federal student loan. I think all together they add up to \$120,000 at least. They've all defaulted and gone into collections so now I don't know what the interest rates are anymore. I have been an independent contractor, we start a company, the past five years, my debt was too much of a burden to keep up.

Yearly income last year was less than \$32,000. After the startup I was a designer at Tanked. I think the first step is for me to establish full time employment and maybe look at financial counselling for ways to negotiate settlements for loan payment and consolidation."

[0:23:55.7] ST: Elizabeth, sorry to hear about your situation. The first thing you need to do is get a handle on what you owe exactly. The different types of loans you've got and the interest rates and their balances. Student loans can't be discharged in a bankruptcy, under very extreme circumstances only.

What I would suggest is you call each of the borrowers that you've got loans from and say, "Hey, this is my situation." Your federal loans they have programs such as income based repayment, pay as you earn, deferment. If you're already in default you don't want to wait on those things, I want you to get active in those debts and see what you can do about them.

Also, Look at getting help from a legitimate source, the national foundation for credit counselling and NFCC.org, they're one of the legitimate sources out there helping people manage their credit and manage their debts, you can visit them at NFCC.org or call 1-800-388-2277 and you can find a local affiliate office near you. They offer free and low cost debt counselling.

What I would not do is pay anyone who promises to negotiate or get your loans reduced. If it comes with a price tag, it's probably a scam. There are a lot of scammers out there taking advantage of people who have high debts, high student loans, promising them, "Hey, we can get rid of this debt or we can get it reduced by X percent and they're usually charging you a fee to do it — \$200, \$300, \$400, \$500. Usually they're scammers.

Any type of repayment plan out there, you can do yourself for free. Call your school loan officers as well. Schools these days, they're providing a lot more resources on loans to students, parents and alumni to help them with this situation. It's going to

take you time, it's going to take you effort, it's going to take you discipline, you're going to have ups and downs, but you will get the loans paid off.

I just watched a film that's going to be released soon called Broke, Busted and Disgusted, the student loan crisis is what it's about. There was a gentleman there, he paid off \$30,000 in 12 months working odd jobs. Pretty impressive. Now, did he bust his butt to do it? Yeah, he busted his butt to do it, but he did it. He did it, and he's debt free now, out from under those student loans. You can do it, there is hope out there and it will just take time and persistence. Thanks Elizabeth for the question.

[BREAK]

What do you think is your greatest or biggest asset is? Is it your house? Your car? Maybe your portfolio? Do you have a bunch of rental properties? Maybe you've got a hidden Picasso in the attic or somewhere in the basement? What is your greatest asset? I'll give you a couple of seconds to think about that. Go.

I want you to think back when you had your first car, if you had a car, you might not. But this time, you're going to get the opportunity to pick it out. Any single car on the lot that you want. Unlimited budget, no car loan. Red, black, yellow. The car lot has any color you want, any make, any model, any year. If you want a '57 Chevy, they got that. Bugatti Veyron, they got that too. Monster trucks are cool, they've got one of those if you want it.

Now I need you to consider that that is the only car you will ever own for the rest of your life. There's no trade in, there's no upgrade, there is no cashing it out. How is that going to impact your decision? Because you have to take care of it, you got to pay for gas, change the oil, worry about the scratches, especially with the Veyron, the maintenance. If you've got kids or you're planning on having the kids, do you pick something with a sliding door or rear doors?

Your greatest asset is your mind. You only have one mind, one body. It's with you for life. How you treat it, care for it, use it, abuse it, that is it, it's all we've got. Your main asset is you, you can improve it, take care of it and you can change the oil figuratively. You can build your mind into something great that contributes to your overall economic wellbeing — your spiritual health, your relationships that you have.

Or you can treat it like a car that never gets washed, never has an oil change and is driving on flat tires. The choice is yours. Those are the words. Hey, what are your words? Here they are. Thank you to Penicillin Granny for this awesome review on iTunes. She shares:

[0:28:55.8] PC: “Scott Alan Turner is a straight shooter. Every person who has a question is encouraged to ask it and they will receive a response that is sensible and in simple language. Not only is the advice blunt and honest, Scott will often relate it to his own personal experience from what he calls his money moron days. If you want to be a financial rock star, this podcast is absolutely the best place to start.”

[0:29:18.8] ST: Thank you so much Penicillin granny, I appreciate that. Hey if you guys can help me out, if you're benefiting from the show, all I ask is you please take 30 seconds right now and text or email the link getfr.com to three people you think would want to save money and get out of debt or retire early. Really appreciate you helping spreading the word about this show to help it grow.

Next time, very exciting, a new, well all the shows are new. A four part miniseries on how to reach one million dollars. 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. If you have a question you'd like answered just go to Goaskscott.com and ask it. Thank you for listening.

[0:30:06.0] ANNOUNCER: Okay nation, for your free copy of the guide, “How to save \$1,000 in one week”, simply subscribe to the podcast right now on iTunes and text 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]