

[You'll Never Buy Stuff The Same Way Again](#)

Scott A. T.: Broadcasting from One Dallas Tower, it's the Scott Alan Turner show, ready to help you get out of debt, save more money, retire early, and become a financial rockstar. In the studio with me is producer Katie, who's a jamberry fan. Those are those things you put on your nails. On the show today, I'll be answering your questions about money, business, and life. This is your show. If there's a question you'd like answered, visit goaskscott.com. When Katie and I were approaching our wedding date, I started unloading most of my worldly possessions. Up until then, I'd been living in my house for 5, 6 years. I'd bought a lot of stuff. Every bachelor out there, you got to have an 8 seat dining room table, with a matching china cabinet. Let me tell you, that's a necessity, as a bachelor.

I had a full bedroom set, end tables, dresser, all completely empty, because I kept everything in my closet, what little clothes I did have. I had a few paintings for decoration, a lot of knick-knacks, and the boss, that being Katie, said, "None of this stuff was going to make the cut in the new place." I did get to keep my new loveseat and ottoman. Everything else ...

I started posting stuff for sale, and getting rid of it. In the end, I moved my stuff into her townhouse in about 3 to 4 trips, in the back of my mini pickup. Not a lot of stuff to move, and most of it was computer equipment. Up until then, I'd just been accumulating stuff, which brings me to my question. Where are you in the financial life cycle? Hold up. What is the financial life cycle? If you're rich, you're poor, you're broke, you go through this cycle, and there are 3 phases, and they correspond to the 3 phases of life.

In our first 20 years, we're in the wanting phase. I want a new red Camaro. I want a big Alpine stereo. I want 20 pairs of shoes. I want 21 dresses. I want to go on spring break in Key West, and stay on the beach, and drink margaritas all day. I want a 2-story house.

The next 20 years we're in the getting phase. Let's get a bigger house, that has 3 bedrooms, and 2 1/2 baths. The kids are getting older, need their own rooms. Let's get a 4-bedroom house with a 2 car garage, a big backyard for the dog to run around in, a guest bedroom for mom and dad, for the 2 days a year they visit us. Let's get a new car. We've had that car since the kids were born, and they made mess of it. It could break down on the highway, and where would we be then? It's 5 years old.

We got our tax refund, let's go buy some new furniture, because those kids, they've ruined the furniture we've got now. It's filthy, filthy. After all the neighbors just got new leather furniture, and that dude's just a mechanic. Let's get a pool so the kids can swim in summer, and we don't have to walk a half mile to go to the community pool. It's so inconvenient. Let's get motorcycles, his and hers. Let's get a new bass boat. If I can catch more fish, it'll save on groceries. How much fish do you have to catch to cover a \$20,000 bass boat?

The final 20 years, we're getting rid of everything. The kids are gone, I want a smaller house. No stairs, small back yard so I don't have to mow the lawn as much, or as long. I can't get around as much anymore. I've got to have some assistance, I need a smaller place. We don't need 3 cars any more. We don't need a home with a swimming pool any more. We don't ride the motorcycles anymore. I haven't been fishing in 3 years, but I might go this weekend. Do I really need it? What am I going to do when I have it? How long am I going to want it? Do I really need it? What am I going to do when I have it, and how long am I going to want it? Because when it comes time to get rid of stuff, we're giving away for pennies on the dollar of what

we paid for it. Ask yourself, how much have you spent on your life thus far on no recoverable stuff.

I just sold a \$2,200 piece of guitar equipment, which I saved up for a long time for, for \$800. Now the good thing was I sold a bunch of other stuff we had around the house, to pay the original price, but now it's gone. Did I get \$1,400 out of use of it? No. Did I get \$1,400 of enjoyment? No. I actually hated that piece of gear. It's confusing, and I never liked the way it sound, but I did talk myself into getting it. The brochures looked great, and the people who were endorsing it were some great guitarists, but I went through that phase of thinking about it, wanting it, then I got it, and then I got rid of it. I hadn't used it in 2 years. It had just been sitting around here. Someday never came.

What about art work? You buy artwork. You buy it because you like it, not because it's an investment. The same with a car. Cars are not investments. There are some exceptions if you buy a 1960 restored car, or something classic, but even then, it's not going to appreciate like something you put in the stock market. You buy it because you like it.

Where are you right now? What is the best thing you could do right now, given your current situation? Yes I can afford to buy it. Yes I want it, but should I do it? Will Rogers said, "Too many people spend money they haven't earned to buy things they don't want, to impress people they don't like, or people they never met." When you pass away, are you really going to leave a house full of stuff? Who is going to want it? If the house is on fire, right now, what would you grab, and run with? Wanting and buying stuff doesn't make you and I bad people. I like stuff, but knowing that everything you buy is going to someday end up in a landfill, will be sold, or given away, might that change your perception on what you spend your money on? Something to think about.

Now on to your questions. Jeff asks,

Jeff: "When looking to balance a portfolio, is the purchase of a condo considered a safe investment, like a bond would be, or more risky?" Well fortunes can be won, and lost, in real estate. Is a condo more risky than bonds? Yeah, I'd say, probably it's more risky, but is it something I would consider? Oh yeah, absolutely. Real estate fortunes, a lot of money is made, a lot of passive income is made with real estate. So a condo, I don't know if I'd call it a safe investment, but that depends on what your research has shown as well.

Scott: A.T.: Condos in Florida, Nevada ... I'm trying to think of the other place. Definitely in Florida, when the market tanked in 2008, 2009, if you bought on the high end, prior to that, you saw your condo lose a ton of value. If you got in on the bottom end, after the market tanked, when the prices came back up, you made a boat load of money. It just depends. One thing you have to remember, they're not building any more land, so land is fixed. If you can find a nice condo, you can even get it at a discount. Keep in mind that money is made on the buy, when you buy that property. It's not made on the rent. People tell you this over and over again. In real estate, most of your money is going to be made on that initial transaction, so you're looking for properties in distress, foreclosures, discounts, people who are just looking to unload. That's where you're going to make your money.

Do your research. Find a property in a good neighborhood. I've actually been mulling this over myself the past couple weeks, thinking about getting a property in ski country perhaps. Not a big skier, but if I can rent out a condo for 51 weeks out of the year, and have that pay for my 1 week that I go up there with the family, that's something to consider. If you like the beach, a lot of beach condos available. Yes, it's certainly a more riskier investment. You cannot get your money out as quickly. You can lose money if the market

downturns, and you're not willing to ride it out, but there is definitely money to be made in the condo market. Thanks for the question Jeff.

April asks,

April: "If I only have 15 years to save for retirement, and at this point, have nothing saved, what are the best places for me to put my money, with the best interest?" It's going to be scary, coming up on retirement, without any savings. No matter where you are on your financial journey, you define your future. It doesn't have to be scary. You want to get into your finances, and figure out what's going on, so get the budget going. Dive in, ask questions, see where your money's going each month. It might take a couple, 3 months to figure that out. That's okay. Once you know where your money's going, you can then start telling it where to go, instead of it just floating out the window.

Scott A.T.: You want to shed any debts that you have, as soon as you possibly can, so take care of your credit cards, your medical bills, other things like that, any type of those debts. Then, you want to start looking at what are your investment options? If you're at a company with a 401k match, that is the first place you want to start. You want to get that 401k match from a company. After that, you start looking at a Roth IRA. That's going to allow you to put in tax free savings that you can pull out in your retirement, and you won't be taxed on them. If you are under age 50, your max contribution per year is \$5,500. If you are over that age, they give you \$1,000 catch up, so you can put in \$6,500 per year for each of you, since you're married. However, if you max out both of those, it's not going to be enough. You're going to have to get more aggressive.

When you start factoring in Social Security, into your equation, I prefer not to rely on it, but people that are approaching retirement age already, they do have to look for that, as part of their retirement portfolio. If you can wait till have 70, before start drawing down your benefits, you'll be able to maximize your monthly payments you're getting from Social Security. 15 years, that's a long time. That's a long time, so you're getting started, which is a good thing.

I'll tell you a story of a guy who ... He's in New York City, a very expensive city, paid off \$30,000 in student loans, in under 12 months, doing odd jobs from a web site called taskrabbit. Now that \$30,000 debt he paid off was in addition to his living expenses. He probably didn't have much of a life, outside of that, but he creamed debt. What if you had somewhat of a life, and you put away \$20,000 a year, for the next 15 years. I mean, that's something. That is a good hunk of change.

If you focus on where your money goes, you can have a wicked, good retirement. Wicked, that's northerner talk. To add more time to your savings, let's do a few other things. If you've got a car with a car loan, unload it. Buy something else that's reliable, in cash that you can drive for another 10 years. If you've got a car loan, get rid of that. You certainly want to consider your housing situation. We have a big house right now, and I'm already thinking about unloading this thing in 16 years, when the kids go off to college, or whatever they do. Houses are very expensive to keep up. If you have a mortgage, you got no kids at home, think about downsizing now, instead of waiting. That will give you more money in your retirement, you'll have less expenses to maintain your house.

Another thing, keep on working. Age 65 doesn't mean you have to quit. What if you quit at 60, and you work part-time until you're 75. Nothing says you have to go from 40 hours a week to no hours a week, just because it's your birthday. If it's a job you enjoy, it's not a job. You just get paid to do a hobby, right?

You can reach your goal if you have a plan. It's never too late to start. You can start at 60, 65, 70, 75. If you're 75, you might live until your 90, so that's a long time to be sitting around watching reruns of Friends and Seinfeld. You commit to saving, creating and following a plan, and you will create your own certainty, instead of living in fear. Thanks April, for the question.

If you have a question you'd like answered on the show by me, the website is goaskscott.com.

David Bach popularized the term, "latte factor." It symbolizes the high cost of spending money on small things, over time. Starbucks, affectionately called, "5 bucks," for example. Or Whole Foods, which sometimes called, "whole paycheck." There is a new calculator on scottalanturner.com, and you can check what the long term financial impact is of certain small, frequent purchases, like eating pizza, or eating out once a week, a couple times a week. Drinking coffee, soda, ice cream, cigarettes, wine, lunch at work. It's another eye opener into your finances.

It doesn't mean if you drink Starbucks every day of the week, you should quit drinking Starbucks every day of the week. If you can afford it, it makes you happy, having that Starbucks every day, go for it. If everything in your financial lives, and your goals are in line, and you can afford the Starbucks, do it. If you find drinking a \$5 coffee every day is going to amount to \$90,000 in lost savings, after 20 years, does that give you pause? If it doesn't, move on. If it does, maybe you drink \$5 on the weekends, and brew your own at home for the rest of the week, for your morning commute, or you do like what I do, I drink tea, which is cheap. Katie hates tea. To be fair, it does taste like slightly more than nothing, but I can bury 250 tea bags, for \$40.

What is your, "latte factor"? Now you can check the math. Try it out. You may be too scared to look. A couple examples, lunch at work, 5 times a week, \$94,000, after 20 years. \$8 a day, costs \$94,000 over 20 years. What if you cut out eating out once a week. If you figure that costs \$50 a week, for a couple, going out to a restaurant, \$117,000, over 20 years. Yeah, you still got to buy some groceries for that 1 day a week, split the difference and call it \$60,000 saved if you want. Unless you have \$60,000 in your retirement account, you might want to reconsider one of those weekly meals. Check out your latte factor on the web site, it's very eye opening.

Now back to your questions. Tamara, or Tamara, it's pronounced differently in different parts of the world, writes,

Tamara: "We're struggling with student loans. The only flexibility we have in our budget is money spent on groceries. Currently trying to find ways to decrease our weekly spending from \$125 to \$95 or below. It's been a stretch, but we need the money to pay down the student loans." First, you need to look at the big box stores, the Costco, the Sam's Club. We do shopping at Costco for some things, and then Walmart for pretty much the rest, to get the cheap stuff. Also, you want to check out Big Lots for some things they have there, that you might eat, and even the Dollar Store.

Scott A.T.: If you are an online shopper, don't forget about Amazon, sometimes you can find a deal on some things. Typically not, but it's something you ought to have in your arsenal as well. How do you save money on groceries.

Number 1, You want to keep a grocery list. Write down everything you want to get at the store, before you go to the store. That's an easy way to not overspend. You also want to keep track of things you're about to run out of, so you can just make 1 trip to the store each week. It's not that time of year right now, but

consider starting a little container garden. A little thing out in the back yard, they're easy to get started, just grow a few things. That'll save you some money, and it'll add some variety to the things that you are eating. A little herb garden, tomatoes, super easy to grow. They're really hard to kill. Everything else I've found is really hard to grown, but tomatoes, easy to grow.

Buying in bulk is another big thing. I just went out to a store, which I typically do not shop at a lot, it's a nutrition store. It's like a smaller Whole Foods, but I bought a bunch of oatmeal in bulk, and it ended up being half the price of what they were selling it for at Walmart. You can get some good deals on these, normally what you would consider an expensive store, even Whole Foods, if they're running a sale on something.

Cooking at home, an easy way to save money. Making things yourself, and just make giant batches of stuff, and then throw it in the freezer for later on. Give you an example, we in our container garden had a bunch of basil from this last year. I love tomato basil soup, eat a lot of it in the winter time. I went out and bought I don't know how many tomatoes at Walmart, 6 or 8 pounds of tomatoes. I cleaned them out, but for the price we got for the tomatoes, some olive oil went in, the basil in the back yard, \$10 total, made about 3 to 4 gallons of tomato basil soup. Just throw it in the freezer for later on. You buy that stuff at a grocery store, at that little soup counter, it's usually about \$4 for a pint, so you got to think about ways you can do stuff like that.

Another cheap one. Do you like cookies, peanut butter cookies? They are cheap to make at home, especially if you want a cookie now and then. Most people have peanut butter, a little butter, flour's cheap, sugar's cheap, baking soda. Cook up at big batch. Then you eat 10 at a time, like me, all right, 20 at a time. All right, just to be honest, I eat the entire batch in 2 days, by myself. I'm a loser, I know. I like peanut butter cookies.

Something else, you can go to Costco, or Whole Foods on a Saturday morning, you walk around and you eat all the little samples, that's a meal, that's a free meal right there. You eat all the little cheese, all the little chocolate things they've got laying out. That's a good time. You bring the kids, you walk through, look at all the things, need to buy a couple things, but it will fill you up pretty quick. You do what you got to do to say afloat, if you're in that situation. If you need to go to Costco, or Whole Foods, and pick up all the free samples for a meal, you do what you got to do. Thanks Tamara. Good luck with those shopping attempts.

Back in 30 seconds. You're listening to Scott Alan Turner.

Hey nation, Scott Alan Turner here. 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 supplements to make your skin look better, or recommending you pay for commissioned broker services, designed to leave you "broker." I have a name to bowl to you, my wonderful listeners, but if I were to recommend something to you, I would tell you about ... That my friends is the smell of money burning. Just one of the fine scents your olfactory system can enjoy from Kim Courtney Candle Company. Dozens of great scents to burn your nose, and your wallet or purse, such as mint julep, old spice, purple is a fruit, and pepperoni paparazzi. Don't just be seen, be smelled. Available at overpriced stores, everywhere.

It almost sounds like AC/DC, doesn't it? How I wish we could have some AC/DC on the show. Jeremy

says,

Jeremy: "I need to get caught up on paying back taxes. Any tips?" Well the tax man cometh, and he's not going to quit until he gets paid, so you don't want to mess around and delay getting something worked out. A couple things, if you fail to file your tax returns, and you owe money, the IRS is going to charge you a huge penalty rate, and it can work out to 60% a year, which is massive. If you file, and you can't afford to pay, the penalty is much less, only around 6% a year. Even if you can't pay, you should always file at the least. If the amount of taxes you owe is so large, you can't even think about beginning to pay it, you still got to file a return, because the option of not filing, those penalties are so big, you just don't want to even think about it.

Scott A.T.: If you owe \$50,000 or less in back taxes, you want to fill out Form 9465, Form 9465 at the IRS, and I'll include that link in the show notes. That is called an installment agreement, if you don't have all the money right now to pay it. If you owe less than \$10,000, your installment agreement can't be turned down under a few conditions.

1. During the past 5 years, you would have had to file your tax returns, and paid any income tax due.

Next, if the IRS determines you if can't pay the tax owed in full when it's due, if you've given them all the information they need to determine if you can or not, that's a requirement.

Also, if you agree to pay the full amount you owe within 3 years, and you comply with the tax laws, within the agreement as in effect.

Those are some of the criteria. The IRS, they want you to pay with a credit card, but you don't want to do that, because if you put what you owe on a credit card, you're going to pay a convenience charge from them of 2.75%. That the typical credit card convenience charge. On top of that, if you don't have the money, you're going to pay any interest charges to the credit card company, if you carry a balance. That rate is going to be much, much higher than what you would pay the IRS. If you owe more than \$10,000, or if you defaulted on a agreement you had with the IRS in the past, if you've gone through this process before, you still want to fill out an application, because you won't know if they're willing to negotiate with you or not, unless you apply.

If you can't afford the installment plan, there's something that you can call, called "an offer and compromise." This is from the IRS web site regarding the offer and compromise that allows you to settle your taxes for less than the full amount you owe. It's an option if you can't pay all the taxes that you owe, and you've got some kind of financial hardship. They're going to look at your ability to pay back the money, your income, your expenses, the assets that you own. Generally they will approve an offer and compromise, when the offer represents the most that they can expect to collect out of you. They're also going to look at all the other payment options available, before they give you that compromise. It's not for everybody, but it's something to consider.

There is a big checklist of rules, if you want to go that route, on the IRS web site, but it is a way to get out from your back taxes, by making a lump sum and paying it to settle. There's also a nonrefundable \$186 application fee just to be considered for an offer of compromise. Really, anything tax related, it's worthwhile to pick up the phone, call a local CPA, get a reference or referral to somebody who deals with this stuff day in, and day out, somebody who's been filling out these forms in the past. They can give you some good

advice as to what the best course of action is based on your current financial situation, your income, your debt obligations, and everything else you're going on, any amounts that you owe to the IRS. It's definitely worth a phone call for some assistance. Thanks Jeremy for the question.

Another tune that sounds like AC/DC, Giving the Dog a Bone. Aren't we lucky on this show today? What's going on in the Facebook community? Cory says, "he renewed our mortgage and brought our interest rate down from 4 1/2% to under 3%. This reduces our monthly mortgage payments by \$300." That is nice work Cory, \$300 extra a month. Real people, real results, scottalanturner.com/community if you want to join and get inspired. It's free.

Here's a challenge for you. For the next 10 days when you wake up, the next 10 days, take 1 to 2 minutes, 1 to 2 minutes, and write down either in a notebook, a journal, computer, on the notepad, on your smartphone. You can do this if you're driving to work, well at at stop light, open the smart phone, get that voice recorder going. Write down 3 things you could do today to save more money, pay off more debt, or make more money.

Here's the thing, they don't have to be good ideas. I've got a notebook full of bad business ideas, but it only takes 1 to 2 things to make a difference in your life. If you've never clipped a coupon in your life, you might write down to visit a coupon website, and print some coupons. If you've never asked you boss how you can get ahead in the company, or earn more money, write that down. Do that each day, for the next 10 days, and you're going to be amazed at what happens. You will, over time, condition your mind to be in tune what it is you ultimately are looking for. You build a habit of being in the moment, when it comes to make a decision on, "Should I buy this, or should I not? Should I invest in this, or should I not? Is going down this path getting me closer to my goals, or farther away?"

Your brain is a muscle, but a lot of people they don't exercise it. They go through life like, "Yep gotta get up in the morning. Got to go to work, pay the bills." That's not life, that's just existing. By taking this challenge, you wake up, and boom you break out of the that cycle. Oh I'm sorry, BOOM, you break out of that cycle. You got to be a little more enthusiastic, and then the next day you wake up, and BOOM, you break out of it again. Pretty soon, BOOM, you break out of that paycheck to paycheck cycle, if that's where you're stuck, or BOOM, you break out of that cycle of not being a consumer, and switching into a saver, and a builder.

To make that habit stick, you've got to be aware of where it is you're trying to get to, and coming up with constant fuel, and ideas, so that you can get there faster. This challenge is going to stretch your imagination. At the end of 10 days you'll have 30 ideas, and you will have narrowed your focus of getting from point A, to point B, in your life. Yeah, maybe you've got 29 or 30 bad ideas, but at least you're making progress. Laser focus is what burns a hole through a 3" piece of steel the fastest. Go build the laser.

Those are the words. That's it for this episode. I'm your host Scott Alan Turner, rock star Katie is my producer. All sites mentioned in the show are available in the show notes, on scottalanturner.com. If you have questions you want answered by me, visit goaskscott.com. Thanks for listening.

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