

[When should you pay for help?](#)

Scott A. T.: Broadcasting from One Dallas Tower, welcome to the Financial Rockstar Show. I'm your host, Scott Alan Turner, ready to help you get out of debt, save more money and retire early. In the studio with me, producer Katie. On the show today, 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 and leave me a voicemail. Microphone's giving challenge [inaudible 00:00:30] tighten it up, falling off me, handle here. Come on you. It's still flipping around. What's going on here? All right. I'm just going to have to hold it. Hold it gently and hope I don't make a bunch of noise with it. A few times over the years, a few times over the years ... Okay. A few times over the years, I have paid a service to protest my property taxes on my behalf. The first time I noticed my property taxes seemed out of whack compared to the overall value of my home, we'll say.

I compared it to other homes that surrounded me, so my choices were: one, spend hours doing research, gathering paperwork, finding comparables, schedule the protest, showing up at the courthouse or wherever it's held, waiting my turn, presenting my case and in a clear and succinct manner, hope I get it right, hope I get a judgment for me and get their taxes reduced. I don't do that everyday. I'm not an expert. I have to rely on whatever research I found online that says, "Here's the process and here's how you're most likely to succeed and get the results you're looking for." What's this call at? Hey, it was going to take me six hours of work. It may order taken me eight I don't know. There are property tax dispute services out there though, at least in our area charge 275 bucks, 300 bucks and they all dispute your taxes on your behalf. They do everything. All you do is send them a check. Here's the address, here's the money, go. They are the experts and they know the ins and outs. They provide a service so I don't have to spend my 6-rate time, hour of time trying to figure out the system.

If I pay, I'm looking to at least break even. If it's \$275 to pay them to do it, I hope then I'm going to save 275 on my taxes to make back the money I paid them, preferably more because I'm not paying them to lose money on the deal. The first time, I think I made ... came out ahead, taxes went down about 350 so it was good the first time. This is not a discussion of property taxes, this is just an example. I'm not sure about property taxes. I think the following year when they reassess, they used last year's property taxes as part of the formula. I could be wrong but that 275 I spent that is in perpetuity goes on forever. Next year's base is going to be on this year's base which is based on last year's base and on and on into the future. Maybe. I could be wrong. Could be reading into it, maybe it isn't. Either way, I saved money in year 1.

When I pay for some type of service, for me, and you may do this too, I'm looking for a couple things: 1, I'm looking to get more free time perhaps. Maybe I pay somebody to mow my lawn so that I can do other things -- work more and earn more income, spend more time with the kids and watch more Star Trek, whatever. Same thing if I get the house sprayed for bugs, save me from buying the chemicals and going around the house spraying for bugs. If I get the house cleaned ... If we eat out, we all eat out, saving time from cooking at home, going grocery shopping. Even if you buy prepared foods from Costco, Walmart, pull paycheck. Buying your coffee from Starbucks, you're paying someone to prepare that food for you. You're going to get more free time. If you get get an oil change instead of doing the oil change yourself so that you save 5 bucks, paying money to save time. It's one of things I look for when I'm paying for service.

Another, I'm looking to save more money than I could otherwise on my own. Pay a CPA to do my taxes even if it cost me \$400 to pair a tax return. If the person saves me \$400 or more in taxes, I've at least saved my time from doing it. If they save me more than \$400 where I paid them, I've also saved money. That can vary from year to year, sometime years, they might save more, sometimes they might they save less. When you work with a realtor to buy a home ... You can be your own realtor and save 3% on the transaction costs but you choose to work with an expert, reduce your risk of getting into a bad deal and you're willing to compensate them for that. Buying a

brand new home that's being built from the ground up, you could build your own home. I've done around 2 courses, read books, I've done all kinds of research on this, you can be your own general contractor.

Generally, you will save 20% on the cost of a house if you build it yourself and you manage all the subs but you have to take the time to manage all the subs to save that 20%. Another example is looking to make more money that I could otherwise do on my own. My certified financial planner helps me with investments. When you pay someone to manage your assets so that you take out their costs, whatever it is, they would make you more than you could do on your own. They even got a study that showed this, they've ... People work with a financial adviser make 3% more on average than those who don't. Even though you're adviser charges you 1% if you're working with him, you come out 2% ahead. Not everyone all the time but on average from the study. What are the other considerations? What does it cost? We already looked at that, what is it going to cost? What is going to save me? Is it going to save me time to use a service? Is it going to save me money if I go with a service?

What is it going to get me? Is it going to get me more money like if I work with an investment adviser? Is it going to give me more time so I don't have to do certain things? Am I going to come out ahead? I remember the first time I had to pay a CPA \$400 to do my taxes, after I'd been using TurboTax for years, my situation changed drastically. I had a home, a part time business which had a schedule k1 that need to be filed. It was a bitter pill to shell out \$400 at first time when you're used to spending 50. I don't know if I saved money back then, it was a long time ago. Why does all this matter? Get to the point, Turner. Get to the point. My friend Bill and I had coffee one day. Bill's a CPA. He works with small business owners and he told me about something called the master's tax strategy, the master's tax strategy. Here is the article he sent me. I'm going to read from it, called Rent Your Home To your S Corp And Get Tax Free Income.

Before I get to it, you might not be a small business owner but you probably know somebody who is. You might not have a side gig, you might not be an S corp, you might want to sit down with a CPA after this and start talking about that. What are the advantages of doing that? Here's the article. Your S Corp is a separate entity from you and can have meetings wherever it likes -- including at your home. You can rent your home for up to 14 days each year without having to report the income. Have the meeting at your house and charge your company for the rental of your home and you get tax-free income and your company gets to deduct the expenses. Does that sound too good to be true? Of course there are considerations.

One, you can't provide "entertainment" at your meeting. That would color your home as an entertainment facility and kill this strategy. But there are two exceptions. You can have an employee summer picnic and/or a holiday party that involves entertaining; those are allowed exceptions. Add to that great deduction the waiving of the 50% entertainment rule and for those two events you can deduct 100%. Here's an example of how this works. Betty owns Betty's Real Estate and operates as an S Corp. She has a team of 20 agents. Each year, Betty holds ten monthly all-day training sessions for her agents. She has researched competitive bids for these meetings and determined \$1,500 a day is a fair and reasonable expense in her area to rent out, say, something at a hotel. Betty can invoice her company a total of \$15,000 for the year, remember \$1,500 a day, 10 days a year and that income is tax-free to her since she is renting her home for 14 days or less. Her corporation can deduct the \$15,000 as well.

In effect, Betty spends company money she would have spent anyway going to the hotel and renting a room, except now she and not a third-party venue, the hotel, receives the income. You can too -- as long as you meet IRS guidelines. Continue on on this article. First you need to be able to document that the rent you charge is fair and reasonable for your area. Next is the "entertainment problem," which can be addressed by making sure your event is strictly a training exercise. Document the business activities that took place, maintain a sign-in sheet,

and keep copies of your training materials. Finally, have your corporation issue a 1099 for rents paid to you and you will then report the 1099 amount on your personal income taxes on Schedule E, showing a deduction under other expenses for non-taxable income. Okay. A preface of this is I'm not a tax expert, I'm just reading information shared to me. When I said, not in this episode -- a different episode, there was a different tax code for business owners and non business owners. This is what I meant.

It is not the rich versus the poor tax code. It is not the rich versus the broke people tax code. It's the business owner versus the non-business owners tax code. Old Betty here just got a \$15,000 tax break, \$15,000 that she doesn't have to pay taxes on by holding 10 training sessions at her house. Raise your hand if you know about this tax strategy. I do not. You could be running a multi level marketing out of your house, a lot of people do. If you're an S Corp and making money, you might be able to throw tax deductibles parties to the people working under you for Christmas. If you're a small business, Christmas party at your house, deducted. The team you surround yourself with, your legal team, your tax team, your investment team, your business coaching, they cost a lot of money. You will find over time as you accumulate more, which you will, the more valuable your team is going to become to help you accumulate even more on top of that. Action item, you need to decide if you need a CPA for one or if you have one, if you need a new one.

If you are an Amazon junkie like me, I've got good news for you. I'm a Amazon Prime junkie, let me clarify. Amazon Prime now has a special credit card that you can get 5% back on everyday purchases on amazon.com. That is huge. That is huge. It's 5% savings on everything you buy at Amazon, no annual fee. It does have this massively sick interest rate on it, 26 1/2%, so you got to pay it on time. Otherwise, you're going to be dinged big time with interest charges. I got the mail offer the other day. Link will be in the show notes if you are a prime member but I'll take 5% savings buying on Amazon with all the stuff we buy there. Note: if you've been listening to the show this far, you'll probably get a credit freeze on your account. Don't apply until you do a temporary lift. You can do 7, 10, 15-day lift depending on the credit reporting agency. I made the mistake of signing up, forgot I had a credit freeze and immediately got bounced back so I got rejected but they didn't say why I got rejected.

They just said, "No. We can't approve you at this time." I was like, "Yeah. It's that darn credit freeze." I went ahead and removed the credit freeze temporarily, applied again and got rejected a second time because I had already applied. When you go through this process, it's a nameless, faceless organization. There is no phone number you can call to get this stuff straightened out. You got to get the credit freeze removed first so my workaround at this point is I'm going to have Katie apply for it now that we know get the credit freeze removed first. She can get a card and then get me added to the card so we can get the discounts. Amazon Prime store card, 5% back on all your purchases, no annual feel, you're out of credit card get, you're able to handle your bills every month, you're not going to have any late payments so you get dinged with that massive 26.5 interest, check it out. Link will be in the show notes.

Kristine says,

Kristine:

"I would say the area I'm struggling with is being able to control cost and expenses. It crushes my budget a lot. Things the kids need and things that pop up like car repairs." I like that term "budget crushers." That's a great term -- what crushes your budget. Any time we're running out of money or we're over extending ourselves, we really need to take a hard look at what we're spending stuff on. That starts with differentiating between needs versus wants because there's a lot confusion that we may have as what is a real need. There's only a few. Car repair, like you mentioned, that's a need. You got to get to work and have income. Kids, if they got holes in their shoes, yeah, that's a need. Kids grow like weeds so if there clothes don't fit, yeah, that's a need. You gotta have clothes that fit. You got to have a winter coat, it's cold. You got to have shorts in the summertime if it's hot. The basic needs for each of us, food is always number 1 because you got to live.

Scott A. T.: You got to pay for shelter, rent, mortgage, whatever that happens to be. Clothing, sometimes. Again, if kids need clothes, yes. Mom and dad? Not usually. We usually have enough clothes. We think it's a need but usually it's a want if we want something new. Then, you've got your transportation because you got to get to work and utilities, you got to have the power on. After that, you've got debt repayments if you're carrying credit card debt, if you've got car loan, medical bills, outstanding debt so you need to pay. You want to look at paying those. Beyond that, everything else, arguable it's a want. Extra curricular activities with the kids, that is a want. I know we would think it's a need. The kids need to go to soccer practice so they need to take band lesson or they need to do after school activities. We want them to do those things, it's good for them but if you can't pay the bills and pay those other things that are truly our needs, then it is a want.

It's a matter of taking the priority order, what you spend money on and just take a critical, critical look at it. Ask if our sitting on the outside, looking in, looking at this budget if this were not my budget, with this thing that I'm spending money, is it really a want or is it a need? It's not a blame game. It's not a blame game at all. It's just an honest evaluation of what you're spending money on. Be honest with yourself because in the end, it's your savings. It's your savings that are taking a beating in the short term for non-essential spending if that stuff exists. You might be doing perfect. So? That's fantastic. Then, you just have to grind it out until you are making a greater income or your costs decrease, your expenses decrease. If you've got a line item on there that says, "Cable bill: \$150 a month," that's a want. That is not a need. Trim and cut until it hurts. It hurts because it's only going to hurt for a little bit until you get things under control, get back on track, get to where you do have that buffer, you can have some savings for some goals that you've got set up.

Then, once you get there, then you you can introduce the other things back into the equation; the wants and the getting of more stuff or whatever else that it is you're going to spend your money on. The trimming and the cutting, it's temporary. It's temporary. You gotta keep that in mind. We've got a long life to live. There's lots of time. There's plenty of time to buy stuff, there's plenty of time for the kids to play sports, plenty of time for Sally Sue to take dance lessons on the weekends. It's okay of she takes 6 months off because if you don't do now what you need to do to get ahead, you're always going to be living from behind. The thing is, you can do it, you can do it. Thanks Kristine for the question. Time to pay the bills. Back in a few seconds. You're listening to Scott Alan Turner.

Hey, nation, Scott Alan Turner here. Now, for those of you that are my long time listeners, you know I'm not one of those guys on the radio who promotes every product that shows up on their desk. You're never going to hear me trying to get you buy supplements to make your skin look better or recommending you pay for commission broker services designed to leave you broker. Now, 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 ... 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 water purse such as metal up, gold spice, purple as a fruit and pepperoni paparazzi. Don't just be seen, be smelled. Available at over priced stores everywhere.

Celeste form Alabama wonders if her business is worth pursuing. She writes,

Celeste: "I opened a private counselling practice about 2 years and even though I've kept the cost as low as humanly possible, I'm still not turning a profit, only breaking eve. It's a little hard to explain but the lack of profits has been fine for the last 2 years because the business actually paid for me to earn a higher level of licensure in my state and that's extremely costly. Plus, I was able to do this while working part time so that I could administer to my family. However, not that I've got that highest license, I'm wondering if my business is juts a self-funded hobby

that's not worth continuing to pursue." My friend Rebecca, she started as a counselor for at-risk kids in the low income neighborhoods of Atlanta and she did that I think for 2, maybe 3 years.

Scott A. T.: Maybe it'd been part of some government program but then 1 or 2 or 3 years is up, got out of that, got into private practice, kind of like what you're doing and just started banking money -- setting her own hours, achieved a great amount of success. You're only 2 years in, so it think it's too soon throwing the towel just yet. There is a grind when starting a new business and you're just getting in the beginning phases to here you're planning on going. Breaking even for you, most businesses are breaking broke by now, 2 years in, so you're winning. You're above water and you got to be proud of that. Ask yourself, do you love what you do? Yes or no, do you love what you do? Do you think about it 24/7 figuratively not literally? You got a family, you're playing with the kids, whatever, doing stuff, cooking, going out to eat but when you got some free time, were you thinking about it? Do you jump out of bed in the morning excited to go to your job? Do you annoy your friends and family with all your great ideas?

If your answer those questions are yes, well then you're on to something. The people that are passionate about what they're doing, the reason they succeed and the reason they make money is because they think about it all the time . not all the time but pretty much all the time. When there's a free brain cycle, it's like, "What do I need to grow my business. This is cool over here, let me read up on that and figure out that. Let me go get an education on this particular topic. I think I can apply that to my business and grow it. Let me go see this speaker. Let me take this course." Always thinking about it and that's where the success comes in in the long term because you're learning these things. You're passionate about it, you apply it in your business. The end result is it makes money over the long term. Now, thankfully, I did check out your website before answering your question because unfortunately, for me, you have implemented all the good ideas that I thought I had. I [inaudible 00:21:07] at your coaching page.

Every product that I would've recommended that you go out and build in this niche, you've already done. You've already done it. You got the coaching program for people coming into the industry, how to start a business with a brick and mortar. You've got that product, one on one coaching, different types of coaching, those are all excellent services. You've got the products, you've got the base to build on, you've got the foundation, you've spent the time working in the business. Now, you need to spend the time working on the business, selling stuff, networking, learning how to get these products out to the masses so you can generate more income through it. If you love what you're doing, I would not give up on it. You've already done the hard stuff -- building it out. Now, it's just time to figure out ways to grow, grow, grow, get more customers. That's the next phase. It's just a phase that you're going to go through getting to exactly where you want to take your business.

From the 30 seconds of looking around or 60 seconds, however long I spent in your website, a few minutes, I think you're on to something. I would not throw on the towel. I'd encourage you to keep going. Thanks Celeste for the question. Wes, from Moscow, Russia, is debt free and looking to create passive income. He says,

Wes: "My family and I are stationed abroad for the US government on permanent assignment. We've been here for 5 years already and have 4 to 8 years to go depending on the program. We're on a position that I never thought we would be in. We are debt-free, maxed out our Vanguard IRA and Roth IRA annually and have savings totaling over \$200,000. Also, we enjoy an employee stock program provided by my company and that currently sits at \$45,000 in value. Just to keep credit going in the United States, I keep an American Express Skymiles card which I use once or twice per month. Last time I checked, my credit score was 790. Here's the question: now what? My goal is to start generating passive income and get the cash working for me but I have no idea how to do it. Any advice you can offer will be greatly appreciated."

Scott A. T.: Moscow ... Hello, Wes. Another pin in the map on the show. Living in Moscow sounds super fun. I would due to be stationed in Tuscany if I had my choice, amongst the vineyards in the countryside. Way to go. That sounds like a great time and you've got an awesome credit score to boot. You're doing it right. Just use it a couple times a month, pay it off, keep the score up for whenever you decide to come back. First thing that immediately jumps out at me is your way overweighted in company stock, 25% of your savings. I'd highly suggest you drop that down to 10% if you can just because of the huge risk of being so concentrated in company stock. If something ever happens with that company that you're with or even just the stock market in general, is a big tanking and that company goes down even more than stock market if that were to happen. Just way overweight, not well diversified in my opinion and a lot of people as well who look at these types of thing, looking at proper diversification within a portfolio.

If that's possible, I don't know if it is, you may have to have a certain vesting schedule for that stock that's in there and if that's okay, you just got to ride out by the look at ... Switching some of that over to some more diversified index funds if you have that option. Let's talk about passive income, what are the easy things that you can do to get started, what are some of the more complex things based on the money that you've got sitting around. Number 1, for a lot of people, rental properties. It's a little bit more challenging abroad where you are but plenty of people do it, it's possible. Plenty of people have vacation homes in Europe that they rent out whether they live here in the United States or in another country. They have vacation homes in Europe. You can get one back here in the States and have a property managing company handle it for you and they have those abroad as well. There are people in Florida that have condos in Colorado, people in Boston that have beach condos in Florida. You just have to be willing to be hands off.

One of my brothers, he lives in Connecticut, he's got a rental in Orlando but he lived in Orlando for 10 years, he's familiar with the city. You don't want to go into a situation blind and let someone else just feed you information while you're overseas. You need to have some knowledge on that. Get hands on in the get go and then you can go hands off, maybe 99% after the closing sale and the renter's in place. This is my opinion. Some people are going to say, "Don't have rental unless you can get to it in 90 minutes." That works for them and they like that. Me, personally, I don't have a problem buying a home overseas or far away and the reason is, I look at the worst case scenario and I ask myself, "Can I take the hit? If the worst thing happens, can I take the hit? The absolute worst, what's my risk level?" Maybe that's well the house burns down. The insurance pays for it, I'm covered there. Maybe I have to fly out to some place and spend a couple weeks there if something goes wrong, if there's black mold or something in it.

Ask yourself, would your work let you do that? Can you get away for a couple of weeks if that was the situation? You may just walk through all the what ifs, have a plan b, have a plan c and think things through what you would do. Online businesses, I talk about those a lot, a great source of passive income, had a number of those, talked about them before, generating ideas, getting those up and running. Certainly an option, it's a long term thing, it takes a big time commitment and it can take 1, 2, 3 years to get those up and running and kicking out some cash and yeah, you get the crazies out there that say, "Yeah. Start up my business a month ago and it's already making a thousand dollars." Those are fringe cases. That's the rare few who actually do that. It's a grind doing online business. Those are the 2 most common, those are the 2 most easiest. Again, by easy, I mean there's a lot of information out there and it's a low barrier to entry. It's a low cost of entry to get into either of those.

Another option, you just hand over your money to someone to invest in their business if they have a business idea. That's an option. It's a huge risk but it's got a much potential bigger return than, say, the stock market or real estate. You could lose it all. Never invest more than you're willing to lose. Those opportunities, they come through friends, relationships, networking. You have to be on the lookout for those and put the feelers out to get involved of those. You wouldn't just go online and look for somebody who's got this great idea and buying to

something that you know nothing about and have no relationship with the person. That'd be a terrible money. Loaning money is something people do and I'm not talking about being a loan shark because you don't want to do that. Peer to peer lending websites, you can make some returns on those. Katie's grandfather, getting back to real estate again, he used to finance rental homes and hold all the notes so he would hold the mortgage. If the renter bailed, which occasionally happens, he's keep the house and all their money, so that's an option.

Buying an existing business, hiring someone else to manage it. That is very time consuming and you really have to know what you're getting into. We're getting into the least risky to the more risky and higher returns here as we go through these. It's easy to go bankrupt if you go that route especially if you finance it and take on debt. Mark Brunell, he is a famous NFL football, made 50 million dollars over his NFL career, he lost it all in bankruptcy. He made 9 bad business investment. That is very hard to do but he managed to do it including every penny in Whataburger franchises. He bought out 9 million dollars into several burger stands and he just made a bonehead move and knew nothing about running a restaurant. You don't do that. You don't buy what you don't know. You don't invest in what you don't know. You get into what you don't understand and certainly, you don't buy 9 of what you don't know. Katie probably spent more time researching what breed of cat to buy than this guy spent on learning about hamburgers. Isn't that right, Ryger? Yes, he says meow. Ryger the cat in the office.

First step, Wes, figure out how much cash you have to play with. Make sure you're putting away 15 to 20% for retirement, which looks like you're doing that. Then, maybe the extra, is your play money which you can have a risk of losing or maybe all that. That's okay if you only sleep over it. You want to figure out your time commitment and then get educated on what path you decide to take since you have a family. If you all you scrape together is 3 extra hours a week, that's enough to start on real estate, not really enough to start in building a business in an reasonable amount of time. Then, when you decide a course of action, head on over to Amazon and you buy a bunch of books and you start reading. Read, read, read, read, read and then you make a plan. Easy peasy, right? Anybody can do it though, it's just time and priorities and sometime, a little money. Thanks, Wes. Please keep me up to date on what you decide to do.

If you want to achieve success in any single part of your life -- finances, health, relationships, spirituality, what else is these? It's usually 5 big groups, I'm forgetting one. Anyway, any part of your life, you got to figure out what are the best strategies for those improvements and you just keep repeating them over and over and over again until they become habit. You're looking to lose weight, you're looking areas in your life where you can trim a few calories each day and then repeat that habit day after day after day, week after week after week, month after month after month, year after year after year and you will most likely, lose weigh. You want to work on getting healthier heart and you decide. "I'm going to start walking or I'm going to start running." Take your time everyday and just keep doing it and doing it, doing it, doing it and doing it and then suddenly, it becomes habit and you don't even think about it, you just out. It's 6 AM, time get out and go out and walk around the neighborhood 50 times or whatever it is.

Money, finances, same thing. Save, save, save until it becomes a habit. Budget, budget, budget becomes a habit. Ask for the discount, ask for the discount, ask for the discount until it becomes a habit. Relationships or self-improvement, smile every time you answer the phone until it becomes a habit until you don't have to think about it anymore. Your starting point, wherever you are right now because we are where we are or nowhere else. Can't fix the past, the present is what it is. All you can do is make small and commit to changes, sometimes massive changes but small income ones eventually the massive changes to get us where we're going to go. Where you are, whatever your situation happens to be, that is okay. Your current status is okay. We didn't know what we know now and we wish we had known back then. We're learning. Turn the learning into a motivating factor and a strategy and not an excuse to keep you from going to where you want to go. Those are the words. That's it for this episode. I'm your host Scott Alan Turner. Rockstar Katie is my producer.

All the links mentioned in the show are available in the show notes on scottalanturner.com. If you have a question you'd like answered on the show, visit goaskscott.com. Thank you for listening.