

[How My Cat Is Making \\$30,000 a Year](#)

Scott A. T.: Broadcasting from One Dallas Tower in the great country of Texas, Scott Alan Turner, the financial rockstar, high priest of the church of the financial truth, going to help you get out of debt faster, save more money and retire rich. In the studio with me is producer Katie, who doesn't avoid the sun because something is going to kill you, and being outside can't be the worse thing ever. 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, please visit goaskscott.com.

All hands to battlestations, got a red alert warning for you. Actually it's a really funny story. In a previous episode I was helping somebody find opportunities online to do employment. A couple of those websites out there include Upwork, Fiverr, Care.com, lots of different places out there. This person was contacted out of the blue by someone she had never heard of who said, "Hey, we've got some great opportunities for you, work from home, thirty grand a year, thirty grand a year."

She emailed me and said, "I don't think this is legit." I had just been kicking around on it, but I decided ... I told her I was going to report back on this. I decided I'm going to apply for this job. I'm going to apply ... Not me, but I'm going to apply on behalf of my cat. I'm going to apply on behalf of my cat and see let's see if Riker, the cat, can get hired on making thirty grand a year.

The website by the way, which you want to avoid, is called 51.com. It doesn't mean it's the only one out there doing this, but it's one of them, so be wary of these type of opportunities. I got on that website, I got their application, and I had to go way back in time to dig up an old resume. My resume is not up-to-date because I haven't worked for anybody in a very long time, so I just kind of hacked it around, moved a couple things, some personal information and right at the top I put my cat's name, Riker Turner. He is an excellent computer programmer who has not worked for some months, since 2003.

That was the resume I used, and then you include a photo as part of the application process as well. I of course uploaded a picture of Riker, the cat, laying there all fuzzy and cute. What do you think happened? Here's the email I got. "Hello Riker Turner, congratulations. Your application was reviewed and approved. Attached is your employment confirmation and your responsibilities during the thirty-day trial period. At the end of this trial, which could be shorter if we have more work, you will receive twenty-five hundred dollars."

Then it goes on with a bunch of other stuff. That's amazing. This company is based out of New York, New York. Riker, the cat, got hired on making thirty grand a year at this company. I decided I don't want to quit there. I had to keep going after he got approved. I got in contact with ... There was a couple tasks to do. One was going out and doing research in the local area. They were trying to get more leads for whatever opportunity scams that they're going after.

Another one was this person that was overseas doing this sculpture work ... Where is it? Here it is. Incoming project, no. I'm looking at my email here. Can't find it. Sculpture Task, here it is. Let me open this real quick. All right, "When traveling to eastern Europe or Russia, our client has personally purchased a gift for his European partners. It is a sculpture by one of Russia's well-known sculptors," and they call it ironically Cat, the sculpture of a cat. "Handmade, pretty exclusive gift of ten thousand dollars." It goes on "Unfortunately, this sculpture was damaged. The only photo we have is attached," so the only option is to have the sculptor recreate this sculpture."

Then it goes on, you've got to contact the sculptor, negotiate to recreate it, ask for an invoice, follow up with the

client, dah-dah-dah-dah. Anyway, I contacted the sculptor and said, "Hey, this is awesome but can you make a few changes, because my cat's brown. Can you make me a brown one or can you engrave on the base the name Riker?" They were like, "No, no, we can't do that." Years and years ago, I'd say five or six years, I read a similar story like this, but the person was based in Nigeria. They went through the whole process of the scam of trying to get this person in Nigeria to produce products and stuff. I remember seeing the picture, to produce this little handmade carving. No money was exchanged, but they were just trying to turn the situation around to scam the scammers, which I was going for here. Then I just ran out of time and kind of lost interest to it.

These people are not very nice because I didn't finish my project here. Maybe they didn't have the right to, they didn't have to be nice, because I applied for this job and I didn't do it, so my bad. The email says, "Hi Riker Turner. You were given a simple task, contact the sculptor, find out about the possibilities and cost, and request the required paperwork. It has been a while since you were given this task and no results. Our client is not happy. Please explain what is your problem."

The emailed me a couple more times. My problem is I don't want to be scammed out of my money and I don't want you to be either. If it's too good to be true, it's probably too good to be true. You can't just out of the blue get a thirty thousand dollar a year job working from home. Anytime these opportunities pop up, you've got to watch out for a few things. If they ask you for money right off the bat, bing-bing-bing, there's a red alert, there's a warning sign. Access to your checking account, credit card, any of those types of accounts, that's a no go.

This particular scam, they had W2 application or W2 form on their website, which they didn't ask for initially. I'm almost certain that would have come into play at some point, trying to get your Social Security number, trying to get your identity, trying to get into your stuff, trying to get your money, not legit. Those are some of the red flags you're going to look out for. You ever get a question on this stuff, is this legit or not legit, just shoot me an email. I'll be glad to vet it for you or have somebody on the team vet it for you and see what's going on. There's legit stuff out there and there's not. If it's on my website, I've got a bunch of stuff on there, we vetted those, so those are legit ways to make money. If you get an out of the blue email, thirty grand a year working from home, probably not so much. R over on YouTube asks,

R: "Can we withdraw money at any time from a robo-advisor or a brokerage?" It depends, it depends. If you've got a regular taxable account, meaning it's not an IRA, it's a Roth IRA, yeah, you can pull money out of it at any time. It's what I've got over at Betterment, because it's not a retirement based account. It's money I put in every month. I can sell it out whenever I want. They will convert it over to money market and I say, "Hey, cut me a check for it," and they'll take three, five, seven days, however long it is to send me the money if that's what I want to do.

Scott A. T.: If you are investing in a Roth traditional IRA, the IRA withdrawal rules apply, age fifty-nine and a half to avoid that penalty, ignoring the rules like you can pull out your principal from a Roth from any time and the equal periodic distributions are pulled out you can do from an IRA before age fifty-nine and a half, but not counting those, regular taxable account, yes. Any time you want your money you can get it. Thanks for the question. Omid from Camarillo, California ...

Omid: He's got a followup comment to a question he asked a while back. Omid is a high income earner, a very high income earner, which puts him out of the Roth IRA range. He makes too much money, a good problem to have. He makes too much money, so he can't contribute to a Roth IRA, and he's looking to a backdoor Roth, put some money into a non-deductible IRA with after tax dollars and convert that over to a Roth. The issue with that was because he had other non-Roth IRAs from a company 401K rollover, the IRS was computing the taxes due based

on all of the IRAs and there wasn't any way to carve out the non-deductible amount and just roll over that portion.

Scott A. T.: Omid got back to me and he said, "I just want to give you an update, maybe something to share with your audience," which yeah, that's what we're doing now. "Your recommendations were very helpful and quite accurate. After listening to your guidance in terms of additional research and talking to my certified financial planner and CPAs, I found the taxable penalty to be too much of a barrier to entry because I'm in a higher tax bracket, but we found a simple solution. My wife doesn't have any IRA accounts in her name, so we simply performed the backdoor Roth IRA conversion in her name." Thank you, Omid, for the update. That's a great tip. You're listening to Scott Alan Turner. Steve, from the barbecue capital of the world, Austin, Texas, says,

Steve: "I'm a personal trainer. Two weeks ago I left my job of four years at a large chain gym to start an independent personal training business at a local fitness studio. Things have been going great so far. I've made nearly forty thousand dollars in revenue already while securing several long-term clients. My monthly revenues will drop significantly after this month, but I have a sound financial base to start with. The owner of the studio I am training at, which has myself and six other trainers who pay a monthly fee to use the space, mentioned he has been thinking about selling the business to focus on another business he owns. Owning a studio wasn't in my plan, but I feel like this could be a great opportunity. Here's what I know about the business from my informal conversation with the owner," and Steve gives me the information.

"Since the owner wants to sell, I would rather buy the business to have control of its future rather than leave that chance with another buyer, plus I think there's potential for the operation to be run more profitably than it already is. I know that buying an existing business is much different than starting a business like I just did. What due diligence steps should I take in order to fully determine if this is a good idea? If everything works out through due diligence, I would want to work some kind of seller financing deal with him, where I can use some of the revenue I've generated through my business as a down payment. Do you have any suggestions on how to structure an offer using seller financing? I was also considering asking some of my long-term clients who I know well and trust if they would be interested in backing me if I were to buy the business, but I'm not sure I want to go that route."

Scott A. T.: How do you evaluate the value of an existing business? It's a little bit subjective and there's different ways you can do it. Assets, that's easy ... If a business has a bunch of assets, that's just a hard number. You add them all up, pretty easy to find. You mentioned that company had some assets already, somebody appraised them. I'd find out who did the eval, find out how accurate that number is, if it's inflated or on par. You mentioned in your email revenue, but not the net revenues. Unless you're an internet company with zero assets, using the income approach of something called EBITDA, earnings before interest, taxes, depreciation and amortization, that is frequently used to determine the value of business and some multiple of that. Typically three times EBITDA to five times. This business is kicking off, make up a number, fifty grand a year in net profits, the owner is looking to make a hundred and fifty grand on the sale, so it's three years of that profit. Not all the time. That's a very crude, two second response to that, but sometimes that's used.

Smaller companies like this one are typically valued by the multiplier three X to five X. Not always, but it's just a quick way to check on the deal. If an operation is kicking off fifty grand a year and the owner says, "I want to sell it to you for five hundred thousand dollars," ten X multiple, the guy is insane, runaway. That doesn't sound like the case with this place, so let's move on. The biggest red flag I see in the whole thing is just the lease. It's up in a year and what's the landlord going to do? Are they going to raise your rent? Are they going to kick you out because they want to rehab the building and turn it into something else? What are their long-term plans?

Maybe they want sell the building to a developer. You don't know. If it takes six months to close, now you're down to six months left in the lease. That doesn't sit well for me anyway, so I'm probably not going to do that deal without an extended lease as part of the contract, at least three years out, because you want to be able to recoup your investment if this business has to close its doors essentially. You've got to find a new place to move.

If you seller finance, which is actually kind of good in this case ... Seller finance, something happens, you just hand the keys back to the original owner. People who do seller financing, whether it's a business or a real estate rental deal, they often like that idea too, because they get money from the sale of the business and then if something does happen they get the business back or the real estate back, so they're kind of covering themselves in that way. That's not a bad thing in my mind. It beats having going to the bank and get a small business loan or whatever, friends and family or whoever, private money lending, and they come after you if they default on the loan, so seller financing sometimes can be a win/win.

I'd avoid having the clients as business partners, because they're going to question every move you make and the relationship is going to change. "Why is Steve drinking Gatorade? Did he buy that Gatorade with my money? Why isn't he drinking water and making sure he pays me back on the loan?" This is what's going to be running through their minds. Or, "Gee, the facility looks quiet today and Steve is reading the newspaper. Why is he reading the newspaper? Why isn't he on the phone hustling, making sure I get my payment back, my investment back?" It's just the weird things that go through people's minds. That's some of the stuff that goes through their heads, much different than an outside investor, who's not going to be shadowing you at the place.

Here's what I would do. It's going to cost you some money, but it's going to cover your fanny. Hire a business broker to evaluate the deal. You're not a business buying expert. I'm not a business buying expert. No amount of reading on the internet, seminars, books you're reading in the next sixty days is going to make you able to evaluate this deal without making a mistake, even if it's a small one. Not because you're not smart, not because you can't learn it; because you've never done it and you don't know what you don't know. It's liking to buying your first house. Always use a real estate broker when you're buying your first house. You pay a hundred grand for a house, brokers are going to make six grand, but that money is kind of like hidden from you. That's their commissions, but it's worth it because they know the market. They know about real estate. They know about negotiating. They know about contracts. They know the legal push through.

You want to buy a fifty thousand dollar business, is it worth paying three grand or whatever it's going to cost to have someone evaluate the deal? A hundred percent yes. You get greater certainty if you're making a good decision or a bad decision, and that's worth the price. Then on the flip side of this, for reference I paid a third party twenty-five hundred dollars one time to evaluate one of my own businesses so that I knew what the value of my business was. I did that because a company made me an unsolicited offer to buy the business and I had more confidence going into those negotiations knowing what the value of my business was. I was able to know whether I was getting a good offer or not a good offer. It turned out to be not a good offer, so we turned it down, but twenty-five hundred dollars, even though that was a lot of money, it made me from making a very, very costly mistake and underselling my business.

There's going to be a link in the show notes to a website I found. It's the first one that popped up in Google, so I didn't check it out thoroughly, but it looks like a good place to start. It lists business brokers, and I found one in the country of Texas that has open listings. Some are in the range of your situation, in the price range, so dealers doing small deals like that, and they have brokers who are dealing with big companies as well, big deals. It's always worth the phone call for some guidance, picking somebody's brain. What's this going to cost to evaluate this? What are my next steps? It's a little expensive for me, do they have any other options for you if you don't

want to shell out the fees that they're going to charge? No idea what they would charge you.

This website is pretty cool. It's also got thousands of businesses for sale, so anyone looking to become a business owner ... There's also other gyms for sale. None in the barbecue capital, but for somebody who's looking to buy a gym or ... There's thousands of businesses. If you're not looking to build a business from scratch, it's an opportunity for you to get in on an established business. Thanks, Steve, for the question. J.P. from Oklahoma says,

J.P.: "I'm thirty-one, have a beautiful wife and a four-year-old gift of a daughter. I'm a musician and songwriter that used to make money off traveling and touring with bands and then had my daughter. I wanted to spend more time with them and decided to move here to Oklahoma, where life is cheaper. I worked my way up the corporate ladder here at a big chain hotel from a janitor to assistant front office manager in three years in going through five promotions." Nice work dude.

"I have a good chunk of money saved now from savings and from an amount my godmother left me. I have no experience in accounting. I really just aspire to spend more time with my family, whether that be giving guitar lessons or opening a business with my wife so we can all spend our time together. Like I said, my main goal is really just to not waste twelve to eighteen hours a day working for someone else's dream, when we have dreams of our own and possibly the means to be living them out. Where do I start? You make me feel like it's possible." It's totally possible, JP, totally possible, and anyone can do it. That's the great thing about living in our modern society. I'm going to give you a few examples of what worked for me and then I might deviate here and there for things I learned along the way.

What I found was most important when I branched out and did my own thing which helped me sleep better at night, and I was single at the time, is just having a safety net. You've got a four-year-old at home. You may or may not be on a single income. Having a twelve to eighteen month buffer we'll call it, just savings in the bank for something that might come up, hopefully not, just helps you sleep. It helps your marriage. It helps your relationships. It takes the edge off. You're not sweating it, waking up, getting sick, feeling terrible, getting headaches. There's other people that don't subscribe to that and that works for them. That's not what I subscribe to. I don't have the stomach for it. I'm kind of risk averse. I like sleeping at night. I don't like the worry that comes along with that, and I don't like the risk of bankruptcy in the worse possible situation.

Twelve to eighteen months of savings set aside works, and I give that number for you because you've got a four-year-old and a spouse. I was single. I had I want to say six months set aside just for myself. My worse case scenario was I'm going to walk away from the house. That's all I had. It was not a big deal for me. I didn't have dependents on me. You can get there by first striping down your costs to the bone. That's all the money that you need to make to pay for your basic needs. It's easier to strip down to twenty-five grand a year we'll say and make that and keep your current standard of living at fifty grand a year, I'm making up numbers, and try to build a business that makes a hundred thousand dollars a year so you can just keep fifty of it and keep your living standards the same.

You live a frugal lifestyle, you cut all the extras, the vacations, the super nice dinners. It doesn't mean you can't go out. It doesn't mean you can't have fun, but if you get that down to your basic necessities it's a lot easier to get up and going and pay for those and then work up from there, than trying to make beau-coup of money right off the bat, which takes a lot longer. It'll take you a lot longer to get to where you want to go. I didn't have any experience in accounting, but I knew two things. I knew how to track my expenses in Quicken, write them all down, where is

my money going, and what is my income. That's all it takes. You stay on the plus side.

Spend less than you earn, and as long as you're doing that, that's the accounting that's necessary to get going, not hard at all. Really everybody should be doing that, whether they want to be a business owner or not, because it's one of the ways you build wealth and get ahead. I'll finish up this question after the break. You're listening to Scott Alan Turner.

Are you sick and tired of spending your valuable time on the weekends mowing your lawn? Can't fight the crabgrass, clover and dandelions? Now you can cover your entire outdoor landscape with attractive Weed Seed, so you can finally give up the fight. The Weed Store has Weed Seed for every type of lawn, Bermuda, fescue, Kentucky blue grass, even the Cadillac of grasses, emerald zoysia. Replace your tiresome monoculture grass with beautiful flowering weeds that grow no higher than four inches in height, eliminating both your mowing and complaints from those pesky neighborhood associations run by power-hungry board members who have nothing better to do than send you nasty-grams, threatening to take over your house by force if you don't mow. In your face, Wisconsin. The Weed Store. Mention promo code Czechoslovakia and get ten percent off your first order. Never mow again.

Scott A. T.: Welcome back. Finishing up J.P.'s question on getting out of the corporate world. Let me speak specifically to guitar lessons for a moment, because one of the things you want to do, first you've got to narrow down what it is you really want to do, whether it's teach guitar lessons at home so you can be home all the time, or do some other type of business. Let me speak to guitar lessons. Tomhess.net, I'll put the link in the show notes, has the largest online guitar teaching company in the world and he teaches people how to build up their teaching business. That's an investment in yourself and your business if you want to go that route. I've taken online courses with him to learn the guitar. I've been to master classes he has taught, so I've been with him in person. He knows the business inside and out, so it's a great resource for anybody who wants to learn how to grow a guitar teaching business.

If you want to be successful at something, go find somebody who's done what you want to do and do what they did, and that's what he's doing. It costs money, but you're paying for that experience. You're getting all the shortcuts; here's what works, here's what doesn't work, let's make money as fast as we possibly can. Let's not worry that there's fifty other guitar teachers on the street that we live on, we're going to go learn from the best and we're going to do it better than all the other forty-nine people on the street, and we're going to make more money at it at the same time because we're going to do it right. We're going to learn from the best, and that's going to allow us to beat the competition. You could say that about any business you want to get into. Find somebody who's doing it great and do what they do.

I'm a fan and proponent of starting a business on the side that you grow in the evenings and the weekends. Guitar lessons is perfect for that because your students are in school during the day. You really don't have a choice there in that particular business. It may really not be possible for you, because I don't know if the hotel controls your schedule, if you've got to work every weekend or not. If that's the case, maybe you don't do guitar teaching. You look at something else that would allow you to do that and grow it on the side.

Start slow, and then when it gets to that point where that revenue can cover your basic necessities so that you have strip down, you've got your safety net in place, then you can say I quit. I'm resigning. I'm going to do my own thing. I've got my safety net. I got my business up and running now that I can focus on it full-time, forty hours a week or forty-five, whatever you want to do, thirty, whatever you want to do, then with that focus you can start

making more money at it and getting your cost of living back up to where it was before you dropped it down in order to pursue that dream.

One small action every day is going to get you to where you want to go. At the end of three hundred and sixty-five days you'll have done three hundred and sixty-five tiny little things that add up to one big massive moment, which is going to be spending more time with your family, working for yourself, living the dream. Thanks to you, P, for the question. Adam writes,

Adam: "After not being money wise in my early twenties I decided a while back it was time for change. With help of a podcast and resources like yours, I've decided to turn my financial life around and get my act together. This year I will receive a settlement of about a hundred thousand dollars from being hit by a car while bicycling." That's terrible. Sorry to hear about that. "I'm thirty-five years old, married, no kids, just a dog. Sorry we are not cat people." That's okay.

"My lawyer states the settlement is not taxable. Our adjusted gross income was ninety-five thousand dollars in 2015. Our only debt is a nineteen thousand dollar mortgage at two percent interest and this will be paid off in September 2017. We've been contributing at the max match to each of our employer's 403B plans and for the last two years maximizing our contributions each year to our individual Vanguard Roth IRAs. We plan to maximize both every year until we are at a minimum of sixty-five. The total of our time in right now is almost a hundred grand between the IRAs and 403Bs. Our worth is around three hundred and fifteen thousand dollars excluding the settlement.

"We also have six to eight months of emergency cash. At first we planned to invest the money in Vanguard and plan to contribute every year at least ten thousand dollars on top of the IRAs and 403Bs. Then we started to think about the future. I might want to return to school, but the residual from the accident might make that too difficult. It would increase our income by about sixty thousand dollars a year after spending eighty on the degree for two years where I won't work. We're also considering moving in the next two to five years to a smaller house, and finally I like the idea of investing in a rental property, although we don't really have any handyman skills. What are your thoughts?"

Scott A. T.: Again, sorry about the accident. That is just terrible that you're in that situation. Aside from that, you guys are doing awesome. You did the turnaround, thirty-five, net worth soon to be over four hundred thousand dollars. You're going great. Emergency fund in place. You've got a plan. You've got three very distinct goals, very different, and all short-term. You guys are high income earners, so you've got a lot of flexibility, and again you've got a great start.

The best investment you can make considering this new money coming in would be in your career. Some people might argue no, no, no, rental is the best investment. I would say it's going to be your income and here's why. Rentals, yeah, they're also a very good investment; however, if you can bump up your income an extra sixty grand a year after going back to school for a couple of years, you can buy more rentals over the long-term with all of the extra money you're going to be pouring in. If you indeed wanted to get into real estate, think about that. If you took the hundred grand that you got from your settlement, you went out and bought some rentals, that's kind of it for what you can do based on your current income. Yeah, you can add some more over time, but if you increase your income by sixty grand a year how many more rentals can you get over the long-term with that added income from that? That would be my thinking. Then if you didn't want to get into rentals at all, you'd still have the income from your increase from your career.

What about the smaller house? That's its own goal. It's not really dependent on anything else, so we can kind of carve that out and not put that into as big of a factor with everything else. Along with that though, what about renting out your current house when the time comes and you want to get into a smaller house? Another opportunity to get into rentals. Me, I started grad school twice in my twenties, realized I didn't need to do it to advance my corporate career, which I eventually got out of the corporate life anyway, so those degrees certainly didn't help me. I don't know what your specialty is. If you're talking about advanced nursing degrees, just as an example, because that's something I can say our income is going to have this massive increase, up to sixty grand a year, a nursing degree can certainly do that. Something like that, that's a great investment. That's a great investment.

Even though you're in a world of physical hurt, maybe hopefully you're out of that by now, you've been given an opportunity with this settlement ... All right, I can go back to school, I can bump up my income, I can get a degree if that's something that you want to do. I think that's a great investment in yourself. Along with that do rental homes as well if that's something that you want to get in. Please don't let not being a handyman be a roadblock to getting into real estate investments. No one should let that be a roadblock.

It's like starting investing in the stock market, people don't do it because they don't understand it and they can get afraid of it. Same thing, people don't get into rentals and real estate because they're afraid of these things. "I'm going to get a phone call Saturday night at 2:00am because the toilet is clogged up." Yeah, it's going to happen. You just need to have the number of a handyman in your cell phone so you can call them, or the number of the plumbing company that you've built a relationship with so that you can call them. It's just a phone call. We don't have to do these works and make those trips out in the middle of the weekend.

I am somewhat handy. I can't rewire an electrical box, but I know a guy who can and I can call him on the phone and say, "Go fix this." If I'm in your shoes, I'm in a place where I really like my career, what I'm doing. I'm going to stay with this. I'm going to take that money and I'm going to pay cash for school, take the time off, where my income is going to go down since I'm not making that income from my regular job, get that education to invest in myself, increase my career outlook for the long-term so that I can make more money, and at the same time start thinking about how am I going to get into rentals if I want to pursue that path as well. Thanks, Adam, for the question. The most difficult thing is the decision to act, the rest is merely tenacity, from the great flyer, I'd guess you call it, Amelia Earhart, the woman who flew the plane.

Sandy says she paid off two credit cards, which allows more ... Pilot, that's what I was looking for, pilot, Amelia Earhart, famous pilot. All right, Sandy said she paid off two small credit cards, which allows more money to go towards the rest of her debt. Nice work. Kill that debt, kill it. Those are the words. That's it for this episode. I'm Scott Turner. Katie is my producer. All 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 to get in touch with me. Thanks for listening.