

# **PTM019 Scott Alan Turner**

*(Transcript)*

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**PT:** Scott, thanks for joining me on the podcast today.

**Scott:** My pleasure. I’m glad to be here.

**PT:** All the way across town here in Dallas.

**Scott:** Yes, we’re neighbors. Just about.

**PT:** I guess we could have done this face-to-face but it’s good to connect with you anyway. The first question is, what is the one thing you do that you feel has been the biggest contributor to your financial success so far?

**Scott:** This one is a tough one for me because I had to think about what makes me kind of unique as well as something else that other people aren’t doing. The thing I came up with is—and I actually had to make up a word for it, was conservative risk taker. I’ll start with an example. My wife Katie is getting into the real estate world and getting into buying rental homes which is part of our long-term financial planning so she did some research early on. I told her to go read a couple books. Then she went out there and got some help. She came back with a property and told me about it. I saw a picture of it on realtor.com. Just the front of the building. I asked if she had run the numbers and if it looked good and she said, yes. So I said, okay. I never stepped foot on this property, never looked at it or anything. I just had that level of trust for her because we’re willing to take the risks and from what I’ve learned, at least with real estate, is that you’re going to screw up on the first one anyways so I knew this was going to bomb at some point down the road. Hopefully not, but I’m willing to take that, “not blow up the retirement and torpedo everything,” chance and have faith in my wife—that she would do a good job with it.

**PT:** How long ago was that when you guys did that?

**Scott:** Really recently. We’re actually closing on the house in a couple of weeks.

**PT:** Oh, okay.

**Scott:** So it’s very, very new.

**PT:** So that one is to be determined whether it’s going to be a payoff or not?

**Scott:** Yes. And even early on when we first got married we were combining finances. I moved into her townhouse and we had an issue where we were butting heads on money. She said she wanted a third party to help us out so she did some research on financial planners. At the time, we didn’t have a lot of assets. Normally, CFPs or financial advisors want people with $1 million net worth or $500,000 or maybe $250,000. And we were nowhere near that so I had to write a big check which I hemmed and hawed about for many, many months. Finally I decided to write the check. We were going to let this go for a year. I was willing to take that risk with the money to see how it would go. Again, it worked out. I’m a conservative risk taker and we’re still with that guy after 11 years.

**PT:** What would you say to people who aren’t necessarily completely, anti-risk? Those who may not be willing to even take that calculated or conservative risk taking step?

**Scott:** Certainly that’s common in investing. Even after the ’08, ’09 crash, there’s a lot of people sitting with a lot of cash on the sidelines because they may have seen mom and dad go through that and lose their 401k. Just learn as much as you can and start small. It doesn’t mean you have to go ‘whole hog’ into investing in high-risk stuff. Just ease into it. Be able to bear a little bit of pain too. Learn about it. Know that the stock market is going to go up and down, especially when it comes to investing. That’s how it works. So, be conservative when you’re starting to do different financial things whether it’s meeting with a financial planner for the very first time, investing or buying a rental home. You are going to make some mistakes. Just make sure you don’t ‘blow up’ everything.

**PT:** You said it was 10 years ago when you started working with a financial planner?

**Scott:** Eleven.

**PT:** Eleven years ago. Who was that person and where did you find him?

**Scott:** We did a Google search. A lot of the services they have today were not available back then. But, we were living in Atlanta then and looked for financial planners. We learned about fee-only financial planners and commission-based financial planners. We met with a couple of them and found one we liked. He explained how their fees were based and what he could bring to the table. We had a good feeling with him, so we went with him.

**PT:** Give us the high-level difference between those two things. You mentioned the fee-only and the commission-based, and which one you chose?

**Scott:** Fee-only get paid with a fee. They get paid in one of three ways. One is assets under management. That’s only if you’ve got a lot of money. So, if you’ve got $1 million they charge you one percent a year or half a percent a year. Then there are those that work on retainer where you may only pay them $200 a month or $500 a month, depending on what level of service you have. Then there are the hourly people. You meet with them once a year for a couple of hours. They will help you pick some good stuff for your 401k because that’s what you can afford and that’s what you need at the time. And then you've got people who work on commissions who want to try to sell you products and I'm just not a big fan of them. I’m always knocking them. And the reason is because fee-only financial planners have a fiduciary duty. They're legally bound to do what is in your best interest so they put your interests before their own whereas a commission-based— this guy or gal has to pay their mortgage so they’re going to sell you something whether it's best for you or not. So, I feel they have a conflict of interest.

**PT:** Yeah, so you obviously chose the fee-only?

**Scott:** Yes.

**PT:** Which model?

**Scott:** At the time it was a flat-fee because we didn't have any assets or had very little. After a period of time we were writing a check each year. Then our assets grew. And one of the reasons they grew was because we were working with a financial planner. That’s one of the benefits of working with them. They can help you make good decisions. Good investment decisions, good business decisions, good insurance decisions. We went with a comprehensive group. They do everything estate planning, wills, insurance and all that stuff. Now it’s assets under management. Whereas, when we started, it was writing a check every year.

**PT:** Were there any other times in your life where you used this calculated or conservative risk-taking approach, because I know you’re a business owner as well. Can you give me another example?

**Scott:** Sure. When I was single I was working a corporate job and a side job for a number of years and the time came when I was beaten down. It was a bad time in my life. I was working 80 hours a week between the two jobs and I had just had enough. I wanted to go do my own thing but I was wondering if I could do my own thing. Can I give up the corporate world? And what was it going to take to do that? So I had to sit down with my calculator and spreadsheet or whatever it was at the time and figure out, what's my mortgage? And, what's my car insurance? How much money do I need to eat? What are my monthly expenses? Can I strip it down to the base necessities? And can my business support it? At the time, the answer was yes, it did. So I had a good 6-month emergency fund, my nest egg which is my cushion, my safety net, my feel-good-about- this and I can sleep at night if I go make this decision and something doesn't work out. About one week later I went into my job and said, “Alright. I’m out of here!” I gave them six weeks’ notice because I wanted to wrap up a particular project we were working on. Then I said, “This has been great, but it's time to move on. I want to do my own thing.” And it was one of best decisions I made my life.

**PT:** Amazing. You broke up a little bit. What was the company you were starting in?

**Scott:** It was a wireless networking training company. I had a couple of business partners. We started out as a side business. I worked on that for 3 years in the evenings, on weekends and on vacations before I actually made my first penny from that.

**PT:** Wireless networking? How does that work?

**Scott:** It’s similar to when you get Microsoft certification. You get some training and take a test. Then you can say you know Microsoft Word or how to manage a Microsoft Internet server or whatever. We started our own business where people would learn how to go into hospitals office buildings and install wireless networks and prove that they had that knowledge.

**PT:** Oh, I see. I was thinking something totally different. I was thinking network marketing for wireless sub-network or something like that, but you cleared it up for me. Let's take it back even further. Take me back to that moment you realized— because obviously at that point you had fixed your finances enough to be able to make that kind of leap. So, take me back further to the moment you realized you wanted to take hold of your finances and become a master of your money.

**Scott:** The first point was, I had purchased a new home—way too much of a home than I should have. I purchased as much of a home as the bank would allow me to. My boss at the time said, “You should buy as much of a home as the bank will let you,” which I did because I didn't know any better. And I had this massive mortgage. I had a massive car payment and an empty bank account. I went out bought some furniture on a credit card and charged that up too. And I was looking around thinking, “I don't like this.” I didn't have an emergency fund because I had no idea what an emergency fund was at the time. I had no idea about budgeting or anything like that. I had some meager savings, I think, in a 401k just because I knew enough to save for the future. (That’s one of the things my parents taught me). I was single and I got kind of worried. Then one day I was riding down— I think I was commuting to work or somewhere and Clark Howard came up on the radio. He’s one of the greats out there in the personal finance space. I started listening to him and just learned everything—all the mistakes I had making all along and I said, “I’ve got to fix this.” I unloaded the car and bought a really cheap, beat-up old pickup truck which allowed me to get rid of my car payments and help out with my emergency fund. Then I beat down my mortgage at the time. Every extra dollar I got, I knocked it down. I refinanced a couple times so that helped out as well.

**PT:** Wow! That was what year in Atlanta?

**Scott:** That was 2000.

**PT:** 2000, wow! Clark had a huge impact on you.

**Scott:** He did. He was the guy who got me into this space and I still listen to him to this day. Without him I’d probably be in a really bad financial situation, that's for sure.

**PT:** Clark’s stuff is very consumer protection oriented. Oftentimes I listen to his show and I don’t necessarily get the basics of personal finance. Did you pick that up from his show or did you have to dig deeper into his material?

**Scott:** I bought a number of his books and you're right, he talks about computers and iPhones, extended warranties so he’s kind of all over the place. But, he talks about investing and beginning investing as well. He has a very broad personal finance show. There was some stuff outside of that I had to learn so I went out and learned about investing on my own. I was a terrible investor. I got the wrong source of information from that. I ended up buying a bunch of individual stocks and kind of doing some day-trading and stuff. I was losing a bunch of money. That was not the right way to invest but it was a lesson that I get to share with people now... here’s how not to invest.

**PT:** Obviously, you’ve proved your financial life since that point and we sort of touched on some of those moments, working with the advisor, taking conservative risks. Tell me, is there an area of personal finance that you are just not good at?

**Scott:** Probably, when it comes to Social Security and retirement planning. When you start figuring out you’ve got Social Security benefits and some retirement accounts and maybe some extra sources of income, when should you retire? When should I pull out Social Security and try to figure out the calculations for all that? Because, the longer you delay Social Security, the more money you can get but should you do that or not? That’s really one-on-one, and it takes a lot of math in order to get that type of stuff right. There’s not really a broad answer that you can give or blanket answer or any type of cookie-cutter information that you can give to say, do this because that’s the best way to do it. That’s probably some of the hardest stuff I’ve come across.

**PT:** Are you going to rely on your financial planner to help you out with that part, assuming you're still working with that person?

**Scott:** I am, because of my age, not counting on Social Security at all.

**PT:** Okay.

**Scott:** And I encourage younger people to do that as well. I think 20 years from now, especially 30, 40 years from now, if somebody is just getting out of college Social Security is just going to be so much different. They’ve got to do something and they just keep bunting the ball right now. I don't count on it. I think it's the icing on the cake. If it’s around when I get to that age, great, but I don't put it into my retirement plan at all.

**PT:** But you are still with the planner?

**Scott:** Yes, yes.

**PT:** And now, assets under management type of fee?

**Scott:** Yes.

**PT:** Through the years, tell us about one of the big financial goals you had, then walk us through the process you took to achieve that.

**Scott:** After I got married— I’ve been married for 11 years now to my wife Katie who was working in a corporate job back then. I had my business going on side. Then we got married, combined finances and started building businesses on the side just as a little bit of fun. Through that, one of her big goals in life was to move back to Texas. We were in Atlanta at the time so we moved back. We moved in with her parents for a year. We thought we were going to be there for a month but it didn't work out that way just because of the job market during 2008, 2009. She had a degree in commercial real estate development and that whole market tanked. At the time, we were like, “All right. We're living here and we're living here cheap. We can stay here for a while.” My in-laws are great so that worked out fine. We ended up saving a lot of money. We put a contract on a house. They had to build it so we had a bunch of time to save up money for that. We ended up putting half of that money down on the house. Then, after being it for a short period of time I thought, “Wow, we've really saved up a lot of money. What if we just wrote a check tomorrow and paid off the house in full?” We could pull some investments out because the business was doing well—her business, the one we had started for her. How cool would that be? I was about 35 at the time. She was younger (*laughs*). She doesn’t like me to share her age. It was such a cool experience. We could go and pay off our mortgage and not have a mortgage ever again! Back then we didn't have car payments either so that was probably one of the goals we set out early on after we realized we could achieve it.

**PT:** Right.

**Scott:** And we’ve been debt-free since 2009. No mortgage, no car payments. It’s amazing.

**PT:** My goodness. She eventually went back into commercial real estate for a little while there. So you had two incomes going. You had been saving previously, living with the in-laws and that kind of stuff. Did anything else help you achieve that goal?

**Scott:** Definitely the cost of living and not having a car payment. When we got married I had my big old house and she had a small town house so I sold my house and moved in with her. From there we moved into a rental house for a period of time in Atlanta because she went back to school full-time (and the rental house was super cheap). Then we moved in with the in-laws where we were just renting a bedroom which was super cheap because we didn't have to pay utilities. And, we were in this really small town which didn't have anywhere to eat out or do anything so that helped out. Your entertainment budget goes to zero when you have no entertainment in the area. That allowed us to bank a lot of money during that timeframe. So, really, the cost of living when you have very, very low expenses and you're saving up a lot of money, gives you a lot of options in your life compared to someone who is just out of college. They want to have that that big house (which is exactly what I did) and then they oversubscribe their finances. Maybe they've got a car loan. And, they’re stuck in that position for a very long time. It’s tough to get out of. Tough to break the cycle.

**PT:** Would you mind sharing how much the mortgage was?

**Scott:** The mortgage on our house was $500,000. We put half of that money down and saved up a bunch, then we pulled some out of the stock market to pay off the balance.

**PT:** Was it painful to take the money out of the market and out of the opportunity to work and earn more money just pay off that debt? How did you finally make that decision to pay off the house versus continuing to let that money invest and appreciate?

**Scott:** We worked with our financial planner on the decision as to what to do so he helped us out with the numbers. With financial planners, their goal is to help give you all the options. They never just say, do this. His philosophy was that we could pay off the mortgage if that's what we wanted to do— to have that feeling of not having any debt or we could keep investing it which we chose not to do. We made the decision and knew we were going to lose money over the long-term because we were not going to let this money grow for 10, 20 or 30 years in the stock market. We just wanted to be debt-free. We wanted that feeling associated with it. We were willing to make the financial sacrifice and have less money during retirement so that we could have that freedom now.

**PT:** Amazing. What’s it been like living without that mortgage?

**Scott:** It’s very hard to describe to people who haven't been there because most people have got car payments or they've got student loans. It’s hard to visualize. It's like air. You know, air is blowing by—the wind is coming by and you can explain it but, you can't necessarily grasp it until you're finally there. It’s amazing. That’s the only way to describe it. You’re not writing any checks every month for the mortgage. If you’re in a position where you are working for somebody and you're in a bad work situation you can resign because you don’t have to pay a mortgage. You don't have that binding thing that you need to come up with every month in order to keep finances in order.

**PT:** What would you say to someone who looks at your situation and says, “He’s different. I couldn't do that.”

**Scott:** I don't buy that at all. There's nothing unique about what I have done or what I did because we all start with a lack of financial knowledge. Very few people come out of high school and college knowing about credit cards, credit scores, interest rates, investing or any of this stuff. I certainly didn't listen. The only lesson I got from my parents was, save money. They never owned a house. They rented their entire lives so I didn't learn about mortgages. They never had car payments or credit cards so I learned none of that, other than, you should save some money. They helped me with that part of it. I made all these money mistakes coming out of college just like everybody else does. I’d go out and buy a new car and get a car payment. I’ve got student loans but I go out buy a bunch of stuff on a credit card. Then I go out and get a mortgage on top of that. That’s normal. That's our society. But, then when you start learning there is a different life, a different way to do things. You realize you don’t have to live like that. I don't have to live like this—I don’t have to have a $400 a month car payment dragging me down. I can drive a less expensive car, like my beat-up pickup truck. I still managed to get a good looking wife even driving around in that thing. There is another life over there that people can get. It’s not out of reach. It’s just a matter of learning what you don't know and making a plan to get to where you want to go.

**PT:** Did you use any tools or services along the way? I know you mentioned the financial planner helped but, were there any other tools or services you can recommend to folks?

**Scott:** Since I started getting into personal finance and learning, I always tracked my expenses. I started out with a program called, Quicken. I don’t even know if that’s still around. Then I moved onto Mint. Early on I didn’t know anything about budgeting. I would just track my expenses. For instance, if I bought a Starbucks, I’d put that in as a line-item so I knew where it was. And those were in my single days. Then when I got married and we moved into more budgeting and combining of finances. She had a monthly allowance. I had a monthly allowance. And we had money for different other things. So, Mint was a big one. We’ve been using that since they rolled it out. Budgeting software is really all I’ve used over the years.

**PT:** Yeah, I think Quicken is still around. In fact, I was interviewing someone else for a show and they mentioned they still use it.

**Scott:** Oh, neat!

**PT:** So let's talk about now. You mentioned a future goal earlier, investing in real estate. Let’s talk about that or another financial goal you have for yourself and your family. I know you have to kids, so let’s talk about future goals and how you’re going to achieve those.

**Scott:** I've always been fascinated with real estate. Probably for the past 10 years. I've read books on it. I think in early 2000, I took a home building course to learn how to build homes. Back when I was single I had this great vision, “I don't think I'm ever going to be able to afford these homes. But, I know if I can hire all the contractors and do some of the work myself, I can build a home for half the price as to what they're going for on the open market.” So, I started learning all about construction and the different things going on, the different trades and how to manage them. I've never built my own home, by myself. I got the subs. We’ve had two homes built for us where I would work with the contractor, so I’ve got this fascination with real estate. Then the kids came along and we've had several other businesses which have tied us up. Now the kids are a little bit older. They just turned three and they're in daycare 3 days a week so Katie has got some free cycles to go out and learn the stuff—to drive around and work the real estate agents. So we're ‘empire building.’ That’s what it comes down to. I want to build this massive real estate empire just because I think it's a great opportunity to invest and build some long-term wealth.

**PT:** What inspired you to do that? You said you’ve sort of always had that in you, but you don’t own any real estate now? What inspired that?

**Scott:** I think it’s just fun. When you hear the stories about people building wealth through—I built my wealth owning a business and investing. Those are two things that I'm very familiar with and I've had great success in. And really, when you're talking about the different ways you can build wealth, real estate always comes out. It’s investing in the stock market (if you get access to your 401k, Roth or whatever your employer sponsored plans is) or real estate. That’s the other one. For me, I've just been fascinated with it but have never had the time. Now that I've got the time, I realize this is pretty cool stuff. We get to go out and look for properties. Can we get a deal? What can we do with this? We looked at a property a couple weeks ago that was for sale by the owner in a little town Carrollton. It’s a smaller town. The house was built in the 1950s. It’s got no air conditioning in it. The floors are kind of torn up. It has single pane windows. It’s a handyman special. We walked in and lights are just going off my head. I’m like, “All right, I can do this work. We can fix this up.” We ended up putting an offer on that house and they accepted so now I’ve got a handyman special that we’re closing on in January.

**PT:** I love it. This is exciting for you.

**Scott:** Yes, it's pretty cool stuff.

**PT:** It’s the new frontier. I've got a little bit of that in me as well. We have an older home as our rental property so I’ve done a little bit of the work on it. Like you, I’ve been itching to do a little more. So maybe when some cycles free up for me, I think I'll look into something like that. But right now I am starting a podcast so I think I’m sabotaging myself in that regard. You mentioned some of the businesses. Maybe just give us a flavor of some of the businesses you’ve started and worked in and how that's affected your financial life?

**Scott:** Sure. Let’s get into the worst one we ever started. This was with my wife when we first got married. She had this idea to toilet-train our cats. Now, my brain is always thinking of ways to make a dollar out of things, so we documented the process. I learned how to produce a DVD and we sold a bunch of DVD's in pet catalogs and at pet shows. I spent one of my worst birthdays ever at the cat show.

**PT:** That’s hilarious.

**Scott:** Anyway, we were sitting in a booth trying to sell these DVD's to crazy cat people. I'm the crazy cat guy so I had to deal with all the crazy cat people that day. It was a learning experience. One thing I've learned from my financial planner is that you never fail at anything you get an education from. And that's what that was. That was the first business Katie and I started. We started a green building training company too. She had this idea of learning some green building construction stuff. There are no products out there online for studying this particular exam she had to take, but she had the domain knowledge that architects and general contractors were looking for and I had the ability to deliver products via the Internet because that was my background so we kind of put our strengths together. And, when the commercial real estate market tanked and she couldn't find a job that business took off. We looked at it and said, “Well, you’re earning a little bit of money from this. Maybe that can be your job full-time.” And it just kind of blew up from there. We just kept building more products and became more and more successful at it.

**PT:** Is that business still going?

**Scott:** It is but we ended up selling it to one of our friends a couple years ago. That's one of the reasons I have the free time today to do work on my personal finance stuff because I don't have that business anymore.

**PT:** Gotcha. Would you say that's one of the biggest financial wins you guys have had—that business?

**Scott:** Yeah, that was definitely our biggest windfall. We owned that business for 7 years. That’s a long time.

**PT:** Nice. Can you give people a flavor of what you sold it for?

**Scott:** Unfortunately, I cannot because of the contract we signed.

**PT:** Oh, okay. But it frees you up to start your own podcast and financial brand and potentially start investing in real estate.

**Scott:** It set us up for life. That’s what I can say about that.

**PT:** Looking back over the past 15 show years for you, the tough times, initially, with some financial win-falls along the way, how do you feel about it all now?

**Scott:** It’s been a great ride. It’s been a wonderful learning experience. I had a little growing up and my wife had very little growing up. When we got married we weren’t in a different situation—we didn't have a lot so we've learned to be very content with the little stuff we had, like living in the rental house where squirrels were running through the ceiling and cockroaches were running everywhere. When we were looking at that rental house a couple weeks ago, its 1950s, 1,400 square feet where everything's falling apart, Katie said, “You know what? We could live here.” And I agreed. Even though we have an amazing life now—we get to travel, stay home with our kids... We have wonderful homes. We’ve got a vacation home. Even with all of that, we could go back to that in an instant and still be happy.

**PT:** That’s awesome. And that's probably what's allowed you to have success. Well, thanks for being on the show with me. Where can people find out more about you and what you do?

**Scott:** My website is scottalanturner.com. And my show is, *The Financial Rock Star Show*, available on iTunes.

**PT:** Awesome, Scott. Thanks for being on the show, man.

**Scott:** My pleasure.