

Spin Cycle: More on Money

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investing, money, parenting, kids, saving, episode, teaching, starting, spend, credit card, talk, deana, important, compounding, burrito, child, work, mention, thayer, great

SPEAKERS

Deana Thayer, Future Focused Parenting, Kira Dorrian

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- K** Kira Dorrian 00:04
What happens when two parent coaches, one a Christian and the other an agnostic Jew, sit down to talk about parenting?
 - D** Deana Thayer 00:10
I'm Deana Thayer,
 - K** Kira Dorrian 00:11
and I'm Kira Dorrian.
 - D** Deana Thayer 00:13
Welcome to Raising Adults, a podcast about Future Focused Parenting.
 - K** Kira Dorrian 00:18
Today, I am super, super excited because we are actually going to spend a little more on money. Deana did her amazing episode on money. And we got such great feedback about that. And then she realized that she had more to say, and I was like, please, please, can we do a spin cycle on that? So she's gonna just take the reins, and share some more

information on money, and we'll go from there.

D

Deana Thayer 00:39

Well, it is such an important topic, but I was not convinced we needed a whole extra episode about it. And also it can be a little dry for some people, especially if you're parenting younger ones, and you're maybe not in the thick of this yet. And all you have is a jar for saving and it's still pretty basic, but we actually got a listener comment about this, and I wanted to at least follow up and say, that was a great comment and unpack that. So in that episode I talked about 10/10/80. So giving 10%, saving 10% and then you are spending 80%. So it's still a lot that the child has to use, but they're automatically learning that principle of living below their means and not spending every penny they get. And one of our listeners, Mel, commented, well, have you heard of 10/10/10/70. And I have, and I'm so glad she brought that up. And I, the reason I mentioned 10/10/80 for kids is just for simplistic purposes, but definitely as they get older, I love this. And different families do different things with that third 10. So you still have the giving 10% and you have the saving 10%. But then the third 10% is either to teach them about taxes, because we really don't bring home all of our money anyway. It's not like we're working with 100% pot and divvying it up. You're already working with your net once you're dealing with a paycheck and so for kids to learn about taxes can be great. Another thought that can help your kids later. And, and this is a great tip and suggestion, is that third 10% can be to teach about investing. And obviously, when your children are younger, and even in their formative years, I don't know that I'd really put a 14 year old in charge of a mutual fund. But you could take that third 10% and invest it for them. And then what a great gift to give them later, either toward college or toward just getting a start in life, hey, you're ready to move out on your own. We'd love to help you put down that deposit on the apartment. All that time, you've been just saving that little 10% and investing it for them and it's earning a return. So I love that she mentioned that because you could also look at 10/10/10/70 not only because maybe you have older children, and that would make more sense, but maybe it just really resonates with you to start teaching about investing or taxes. So with that being said, little segue to the next thing with investing. It is a great thing to think about teaching your kids as they kind of come into their own, maybe when you're first thinking about getting them a checking account or something, about the beautiful value of starting early with saving and compound interest. Let me tell you, this is an amazing thing. And it seems so silly. But I just wish I'd known. If you start saving at 20, say, and you're putting in 500 bucks a month, it's not even a lot, but you're working and saving 100, 500 bucks a month. And you're investing it somewhere where there's at least a return. We can even go lowball and say 8% and say you don't ever invest again until you're, after 26. So you only did it for six years. So amazingly, that person can be a millionaire when they retire. Whereas the same person putting in \$500, but not starting until they're 40, they're

going to be really needing to invest all the way till they're 70 just to like, live. So the power of compounding interest is something worth talking about. Now. Usually, especially with teenagers their eyes glaze over. Let me be honest, I am not a finance person. I'm not into like, accounting nerdiness. Some people love that stuff. I will even admit my eyes will sometimes glaze over. But just the simple idea of start early and let compounding interest work for you, because then your money is just making money. The fun thing you can do is take my kids on websites and even show them the pie chart. If you did this, and you invested only for this little time look how much you put in and the whole rest of the pie is just money your money made for you. So it's really motivating to them. And actually my oldest is starting to be really interested in that and thinking wow, if I start now I have such a head start. And teenagers often don't even think that's important. But if they wait even a decade, it's a way different picture and you can really retire in spectacular fashion just by starting early and letting that compounding interest work for you. So I was really glad Mel brought that up. Because if you want to start teaching just some little basics about investing or do it for them and giving them that gift. What a great way to start showing them in a real demonstrative way. Look what the power of starting early and compounding interest did for you. So I just had to say that. The other thing is I didn't mention this, but there's a it's I mean, I don't know I would venture to guess one of the most misquoted Bible verses of all time. Most people will say this verse as money is the root of all evil. And almost everyone would at least that say, well, I've heard that before. And I didn't say in the episode, but that was one of the things I taught my kids is the correct verse, which is the love of money is a root of all kinds of evil. So when you're way prioritizing money over all else, that can be a root of all kinds of evil one of many, it doesn't mean it's bad. I often, like remembering in my own mind, too, that being wealthy or being well off or having money is not bad. That is a-okay. It's about teaching our children to manage their money well. And so that one kind of it's like you with Hanukkah, when that verse gets misquoted, it gets under my skin, because that's not what it says! Money is not the root of all evil. Money can be great. And there's nothing wrong with having it. But I want my kids to be hopefully in a position someday, to not just be well off or doing well in their money management, but to be able to be extravagant givers. And you can't do that if you don't have any to give. So that was another thing I wanted to mention. And then last thing, and this one is really important is, that it's important when your kids ask you for something, and they don't have the money, to decide in advance. We're big into deciding in advance Kira and I. Decide in advance how you're going to handle that. Because one of our family values around money is we don't do debt. And I did mention that in the episode but I didn't get to talk about what happens when your child wants something. They don't have their money with them, or their wallet, or their spending, and they ask you, and then tell you, I'll pay you back. So, I like to parent a lot around this idea of family values. And since one of our values is being debt free, and we don't use credit cards, the, I thought about this in advance, you can think about it in

advance, and you might choose a different way that you want to handle that. Maybe you will let your child pay you back. But think about this because it will happen. Oh, I don't have my money, but I'll pay you back. And the way I handled this is because my kids know we don't use credit cards, and that we're big on not being in debt is I said, you may not use me as a credit card. This is the same thing. You are buying something when you don't have the money to buy it and hoping to pay me back later. You may not use me that way. Now some parents choose to let their kids use them as a credit card and then tack on teaching them about interest. You may use me that way but I'm gonna charge you extra on top of what it costs. So that is a way you could do it. But if you have really savvy little askers you'll have a lot to keep track of. So I was always really cognizant about don't make a policy that actually makes a ton more work for me. Right. So I usually just said, you may not use mommy as a credit card. And that's been really helpful because I still get asked, I mean teenagers, how often are they "oh, but I didn't, oh, my wallet wasn't in my backpack." It happens. "And I, and I just really need that Chipotle burrito." It's amazing the things that become important to kids. It's like food, coffee, just funny little trinkets. I don't know. It's wild. So I tell them they may not use me as a credit card. And on, on that note, we talked about in our prioritization and decision making and critical thinking episode, about how do you make choices, and I think it really applies to money too. So I just wanted to mention that it's an important skill to teach your kids to think about their choices around money. And that there really is an opportunity cost just like with anything else. You, by saying yes to this over here, you are saying an implicit no to something over here. So when you spend your money on the burrito, which is fine. But let's be honest, you're literally flushing your money down the toilet by tomorrow. Cuz you're gonna poop it out. So you spend your money on the burrito, your saying yes to that might mean, you said no to saving up for this thing you wanted more, or you have at our school, we have protocol. It's like a formal event, they go to a dinner and a nice show maybe at the Fifth Avenue. Maybe for my daughter, you choose the Starbucks, you don't have money now toward your protocol dress. So getting them to see that saying yes over here is almost always saying no to something else. It doesn't mean you've said a bad yes. Right? You just have to be aware that the yes means this is also a no. And the same is true for adults, right? We can save up for a family vacation and that could be a really great thing that we need. And it helps us unplug and helps us bond as a family. But when you put that five grand over here, now you said an implicit no to investing it over here or having it for your kids college fund or what have you. So I think that was just an important point to kind of circle back around and remind our listeners that as you're parenting and being future focused and being proactive in this area of money, this decision making piece can play in as well.



Kira Dorrian 10:12

Totally.



Deana Thayer 10:12

So just some additional thoughts.



Kira Dorrian 10:15

Love it. Love it. Awesome. If you have any thoughts you want to write in with questions for Deana about money, please don't write in with questions for me about money. I will answer them badly. If you have any questions, you can email info@futurefocusedparenting.com. For more information on us go to futurefocusedparenting.com or follow us on Facebook and Instagram @raisingadultspodcast. Raising Adults is produced by Kira Dorrian and Deana Thayer and recorded in my laundry room. Music by Seattle band Hannalee. Thanks for listening.



Future Focused Parenting 10:44

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