

Financial Detox Podcast  
Episode #131  
Advice for Multi-Generational Families (Part 1): The Youngest Generation

[EPISODE]

**Jason:** Hello and welcome to the Financial Detox Show. My name is Jason Labrum in studio with my man Alex Klingensmith and we are now broadcasting out of the official Intelligence Driven Adviser's studio, the Financial Detox studio.

**Alex:** Actually, it's got to be called the Financial Detox Studio, right?

**Jason:** Whoever did the soundproofing in here, I don't know, they weren't color. I'm just kidding. It looks really cool.

**Alex:** We spent three hours in here a couple of Monday ago, remember?

**Jason:** Yes. It was awesome. So, we have a completed studio and pretty soon I don't know exactly when our video guy is coming in, we're going to start creating some great video so you'll be able to see us in the studio making the show and then also we will not bore you with the full 30 minutes or so show but we'll cut out some clips if we happen to say something intelligent and we'll bring that to you.

**Alex:** So, it's the show because I guess we might as well just air our dirty laundry and expose everything about the show, right?

**Jason:** What are you going to say?

**Alex:** To get intimate with us and understand what we're doing. So, we logged on the radio show.

**Jason:** Yes.

**Alex:** And long ago and for several years or year or so, we said this radio show should also just be a podcast because that's just different medium to spread the same message but yet we then somewhere in my ingenious creativity decided that they should be different and so we tried to separate them and then we had the Financial Detox Radio Show and The Financial Detox Podcast and they're different and even I'm confused. So, now we have settled it once and for all. We have the Financial Detox Show.

**Jason:** Well, until the next thing comes up, but we'll see.

**Alex:** I think it just proves the point that we spend most of our time striving to pursue better for our clients.

**Jason:** We do.

**Alex:** And financial planning and investment management is going to take most of our time so we're not professional media producer people.

**Jason:** True that.

**Alex:** So, it's all learning trial by fire, which is fun.

**Jason:** But you know what else too, it is a constant pursuit of better and we do this across our firm and people who are not used to it are sometimes taken back because if you're moving forward in life and you're trying to do the best you can, you constantly learn and you constantly evolve and that evolution creates new information and then the new information gets deployed and it causes you to pivot from where you were to where you want to go. That's actually a great tee up for the topic. We're going to do a three-part series.

**Alex:** This is the first of the three-part series. No. Sincerely though because the three-part series is going to be...

**Jason:** Isn't it a four-part series?

**Alex:** I have it at three. We'll stick with three unless you can think of a fourth like a sequel or something, but Financial Detox Advice for Multigenerational Families is going to be the name of the series and then as you are talking about and as you go through life, you start as a child and then you grow up and adolescence and adulthood and then parenthood maybe if you're so lucky. And then you may even become a grandparent and maybe even a great grandparent and so we're going to attempt to address the topics as it pertains to the show and what we do this for on all different generations of all stages of life.

**Jason:** So, we're kind of, let me clarify, because you designed this, Alex, and so I'm just going to come in and help you with this. This is your show really. I love it.

**Alex:** No, it's our idea.

**Jason:** Okay, but I think it's you. But anyway, so if I understand you correctly, we're going to really help kind of each generation and then intertwine those so that they can kind of feed off of each other and this is really a template if I'm taking it a step further, which I tend to do. This is a template for what we're designing within our firm which is a multi-generational or what we call a family wealth legacy where we get multiple generations together in the same room or over the same Zoom meeting or over the same screen share to talk about what is money. Why does it matter? How do we feel about it? How do we handle it? How do we disperse it? What do we do with it? Not literally like we all know we could do a lot with money and spend it.

**Alex:** We already do this right now for several families.

**Jason:** But we're formalizing it and making it...

**Alex:** You want to turn it into a roadshow I think is what you're thinking.

**Jason:** I just think it's a phenomenal value add, and I'll give you an example. I saw a client yesterday. Great client. Unbelievable lady. Hopefully, she listens to this because then she knows that I saw her yesterday and she'll figure it out but she's just amazing. I'll leave her name out for the show's purpose, but a great person. I met her daughter for the first time and the daughter has two kids. It's an unbelievable multigenerational story.

**Alex:** How old are the kids?

**Jason:** The daughter is a few years older than me. She's like 48-ish.

**Alex:** Okay. Does she have kids yet?

**Jason:** Yes, and the daughter has kids and those kids are 17 and 19. This show Part 1 of the series and it's for them.

**Alex:** For them.

**Jason:** It's going to be for the teenager up to like maybe young adult.

**Alex:** Nice.

**Jason:** They call that millennials.

**Alex:** The youngest generation.

**Jason:** Yeah. There's another one too. It's after millennial. I forget what those are being called these days, but XYZ or one of those letters. So, this show is for them.

**Alex:** Okay. So, let's get it on. I love to send it to that client once it gets all done.

**Jason:** We will. And they're very young boys. I think they would take well to it. And I think that a lot of times, grandparents or parents, they don't know how to talk about this stuff. They don't know how to interweave it into family dynamics, and I think we do because it's all we do every day is talk about finances. So, let's get to the point. Let's get to the weeds. And so, just to recap before we get a hold of this any way, any shape, any form you prefer, you can go to [FinancialDetox.com](http://FinancialDetox.com).

**Alex:** You can send an email to [jason@financialdetox.com](mailto:jason@financialdetox.com).

**Jason:** And always you can give us a call at 877-707-8889. That's 877-707-8889. We'd love to help you with anything that has to do with your finances, investments, 401(k)s and all that stuff so there you go. That's the commercial.

**Alex:** Cool. So, Part 1 is going to be we're calling it The Youngest Generation.

**Jason:** And youngest, just meaning like literally the youngest one in your family that where this is applicable, not the infants and things, but a little older than that. Part 2 is going to be then the parents of the younger generation and then Part 3 is going to be parents of the parents.

**Alex:** I love it. And then we're going to do these in sequence.

**Jason:** So, over the next three weeks you're going to get this show so stay tuned.

**Alex:** Pending vacations and things but yeah.

**Jason:** Do you have something planned you didn't tell me?

**Alex:** You do.

**Jason:** Mine's a bit short, man. All mine are short. Yours are like a month-long. Mine are short.

**Alex:** I've been trying. That was last summer, man.

**Jason:** Yeah. Whatever.

**Alex:** The youngest generation. So, okay, so the first piece of advice we have for the youngest generation, your client, 17, 18, 19-year-olds, get an education, get a good job. Pretty basic, right? But the question is what does it mean to get a good education? It's one of the first questions that we want answered. What does that mean?

**Jason:** Yeah. I don't think we mean in it in a traditional sense like go to school, go to the traditional college because sometimes that is the right path and for most people that builds a really nice building block and a base and a foundation to which you can launch from but I think a good education starts as young as eight, nine, ten years old with just being aware of what's going on, talking to parents, asking questions, and getting engaged. And so, for us parents, we have to help our kids get engaged. As an example, and not I'm trying to say that I'm the role model in this in any way shape or form, but I have my boys with investment accounts. They understand the difference between individual stocks and baskets of stocks and bonds.

**Alex:** And they're eight and ten.

**Jason:** Baskets of bonds.

**Alex:** They can talk about it?

**Jason:** They can legitimately talk about why you would buy an individual stock versus a basket of stocks and get diversification and stuff.

**Alex:** So, it's really cute, right? I mean, I think education starts then. That's the parents' job.

**Jason:** But then when we're talking to you, the younger generation, it does matter unless you have some really unique skill set or you have a unique situation or you have a unique business that you started in your just crazy entrepreneurial spirit and you have the capital and the wherewithal to build a business from the scratch. Bill Gates style. No college.

**Alex:** But other than that, if you don't have that really unique set of circumstances, getting that college education.

**Jason:** Bachelor's degree.

**Alex:** Yeah. And it's more of is it that you're going to go to school and you're going to come out with these real tactical things that you can say, "This comes from school?" I don't think so, but it's almost like you pass the endurance test of college. You've proven that you have persistence and persistence is maybe the most important characteristic that I think young people could have today.

**Jason:** The next step really is once you solidify that foundation of accomplishing something difficult because you started school when you're five and you pretty much done with the bachelor's degree when you're 21 or 22. That's 17 or 18 years at school.

**Alex:** It's so important that you finish what you start in life and so that's a good education.

**Jason:** Persistence.

**Alex:** Exactly. It is persistence. I mean, when I got into a college, I'm like, "What do I really, really learn like tangible things I could go?"

**Jason:** Surfing, right?

**Alex:** Yeah. You could look at it at that. Communications degree but it was, you know, I learned how to get through the red tape, and I learned how to be persistent. I learned how to go to class and responsibility and that I was really on my own and it was up to me.

**Jason:** I think the toxic thought because financial detox and staying in tune with the theme, the toxic thought for so many of these younger folks is that somehow, it's all just going to happen quickly and easily. And I've been doing this for 21 years and I'm still going home a lot of nights, most nights probably around 6 or 7 or 8 o'clock at night and I start at 6 or 7 or 8 o'clock in the

morning and it's persistence and maybe I'm just not that smart so hopefully you're going to be smarter than me and work smarter not harder.

**Alex:** But nothing good comes easy. Even if you think inheritance is good, you inherit a lot of money and it comes easy, I don't think it is good for most kids. I think it actually destroys work ethic, and it destroys persistence, and it destroys so many good things. So, you have to be persistent and don't just think. The toxic thought process is that, "It should be easy. I should just fall into this. I'm entitled." That is nonsense. You're not entitled. You don't deserve it, or people run away in the face of adversity. I mean, some things that are harder are going to make you stronger. You're going to get through it. So, then you move on to the job part which is I think is such an interesting one for people that are in their late teens maybe early-mid-20s that are now qualified for real employment opportunities.

**Alex:** Legitimate like careers, right?

**Jason:** And there's a lot of jobs out there right now. I mean, unemployment for people who want to be employed is zero. If you want a job, you should have a job.

**Alex:** You should have a job. And then therein lies an interesting series of questions around this one that the advice we would want to give this generation would be something on the lines of...

**Jason:** Okay. So, you did the first part. You got a good education. Good job.

**Alex:** That sets you apart. It sets you in a small percentage of the population.

**Jason:** It really does.

**Alex:** Then you get a job which is not as easy. Even though there are a bunch of jobs, it's still hard to go to the interview process like what do you say. How do you even get the interviews? You know, what does that look like? There's great resources for that. We have an intern right now and she's 17 and it's an optional internship. I just found out today. So, she's choosing to do this and what she's doing right now is going to help her once it's time for her because she has real experience now. Ninety hours of her summer she's committing to being here.

**Jason:** Hang out with us. And at no pay. She's not getting paid.

**Alex:** We're not paying her?

**Jason:** I'm just kidding. No.

**Alex:** Oh, you're teasing me today.

**Jason:** No, but...

**Alex:** That's a good example. This is good advice. Do those things.

**Jason:** And I think the other part about getting a job, this is really important if you're a millennial and you're 18, 17, 20, 22, 23, get a job. Literally, get it. If it's not the most perfect job, you're probably not going to get hired as a manager or the owner or the top dog. We can come out and call it and I think just lay down some tracks. Get a track record and when you leave that job as you advance yourself in your career because you probably won't stay at your first job forever. You may. I did but you leave in a respectful way.

**Alex:** That's right.

**Jason:** Because it is amazing how small this world is and communities are particularly San Diego County is small. You burn a bridge here. People talk.

**Alex:** Industries are small too.

**Jason:** Industries are small.

**Alex:** And so, I wrote down how do you switch careers like switching careers I think that advice is almost more important than how to get the job because you can get an entry-level job like you said. Just get started but switching careers or advancing in your career path I think is a really interesting and important skill. It's an art almost and the way that you do that, you must think long term. You must not think about your emotions today. You must think about, "What is the next five years going to look like if I do it this way versus..." you're pissed off and quit or something. You can do that.

**Jason:** You don't want to do that and plus you got to think about the mark you leave on people and how you treat others and think about business owners. As a business owner perspective, I've had some people who quit or been fired in a nasty way because they were nasty and then some people who've done it very respectfully and those who did respectfully like that made me feel good. That helped me as a business owner, and I'm inclined to want to help them in the future and help them carry on their career path. Even if it's different than ours here, that's fine, and the other thing that I think that akin to or I liken it to is that just get started.

**Alex:** Same with saving which we're going to talk about in a minute, but just get started. It feels like overwhelming to try and save \$1 million, right? How do you do that? It seems almost impossible. However, if you just get started, you'll get there.

**Jason:** But the problem is most people don't get started.

**Alex:** So, if you don't get started even if it's a small step, you'll never achieve success, the right job. You'll never get if you few don't just get started. So, the next very specific and very simple advice we have for the youngest generation is just to spend less than you make. Be careful of debt. Don't just let that go in one ear, out the other because spend less than you make. What

does that mean? It means if you make \$1,000 a month, you can't spend \$1,000 a month. You need to save 10% of that.

**Jason:** Well, you can with 1,100 for sure. Well, that would be even worse which is why we wrote *Be Careful With Debt*. Credit cards will crush you. I mean, they will destroy you and once you get behind, it is just you become a slave. Think about it. The person who owes money and pays the interest rates, particularly on credit cards, you're just a puppet of that lender. You don't want to be that. You just don't want to do it. It is not worth it. We've seen time and time, story and story where people get enslaved to that credit card debt or college debt or whatever it is.

**Alex:** What's the right way for a youngest generation listener to use a credit card? What is the right way?

**Jason:** There is no right way. There's no right way. Don't use a credit card.

**Alex:** So, don't even – well how do you build credit?

**Jason:** You're not responsible. You build a credit in a lot of ways and you don't need a credit card to build credit. You literally just don't use them.

**Alex:** There's conflicting advice, right? I mean, you'll hear that you need to have a credit card to build credit. Is that true?

**Jason:** No. Well, if you listen to like Dave Ramsey and I don't listen to a lot of his shows but I know he's great and he does a good job and he'll tell you that if you have a good credit, you're basically proving to people that you borrowed a lot of money and you're unable... So, there's maybe a debate around even whether you want credit score at all. Cash in the bank is good credit. That's credit so I would say don't use a credit card. If you do, I do, make sure you're responsible with it.

**Alex:** I pay it off every month.

**Jason:** You must pay it in full.

**Alex:** You never ever don't pay it. Not one month because if one month's slipped, it's not an option. It's on auto-pay. So, check this. It's all about developing good habits at a young age. You started this show. You said education starts when you're five years old when it comes to money. Fast forward to when you're 18 or 20 or 20s. Now, you have the ability to wield more power, more money, so you have the ability to go buy whatever you want in a credit card. You know you shouldn't. So, if you set up good habits and you have money in the bank and you have three let's say three to six months of my normal monthly expenses in my bank account and then that way I'm always going to be able to pay off my credit card in full even if I have an emergency or unexpected thing come up. Then let's speed a little bit to the point here. Let's say that your first job you make \$50,000 year. The old rule of thumb is save 10% at least three of your pretax

income. So, you make 50. Before they take anything out, you're saving 5,000 a year. Automate that, right? You have to automate that.

**Jason:** Best way through your 401(k) probably. And then never touch your 401(k) for anything. Leave it there. Let it be 59.5 money or if you retire early, you can do a 72T and take it at 52 or whatever, 55, but leave that money and put it away.

**Alex:** And maybe a good idea, if you're saving for a home or something, is to split that. Save 8% of your 401(k) or save seven or six or five in your 401(k) and put five in an investment account which we also wrote down here as a topic.

**Jason:** How about not even split though?

**Alex:** How about do the 10 because that's the long-term goal and say if I really want to buy a house, I'm going to sacrifice things that I want today. One of my best friends, I'll say his first name, Tim, this guy lives so below his means for the first five years of his career, five, six years or so, I mean, to the point where he was literally eating bean and cheese burritos like Dave Ramsey would tell you to do. The guy saved an incredible amount of money for someone who probably was 26 or 27. He got lucky with the real estate market in terms of it just had shifted down and he happened to be sitting on a pile of cash. Never sacrifices retirement savings and this is the kind of person who developed really good habits early on and he's working life too and then had the good luck on his tailwind and bought two or three properties and now he's in his late 30s and the guy's already kind set in a way because he had those good habits early on.

**Jason:** Propelled himself years forward.

**Alex:** That's right. Decades maybe. And he has good habits because he's not the guy that goes and buys a brand-new car. He's not the guy that goes... It's just good habits.

**Jason:** Well, you know what, this brings up and I've kind of been on this tangent. So, forgive me if I said it on another show, but when we think about who we are and what we have in American culture and American society, we're all so filthy rich. We have so many things that we don't need. We have so many things we don't need. I mean, how many times have you had bread go bad in your cupboard or if you had leftover food. That's like an essential to life like food and water. And then the other one that I talked about the other day is we shower in water that we sit there and take these showers in water that is so clean and so fresh it's drinking water where the half of the world or some large population of the world, I should get intelligent about that, but some large population of the world doesn't even have access to good drinking water. So, if you say to yourself, "I need this, these shoes, this," you do not need it and you can save and if you do, then the reward will be down the road that you can have those luxury items that you want because you did like your friend, Tim, and saved and were prudent.

**Alex:** And then let's talk about investing because we only got a minute or so here. So, how do you get invested? Where do you get invested? First of all, we want to help you and we can so

you're welcome to reach out to us. We have an online full technological solution technology-based easy-to-open accounts that will help you get set up. It's very low cost. It's an awesome investment strategy. So, if you want help with that, we'll give you help. Just shoot an email to [jason@financialdetox.com](mailto:jason@financialdetox.com) or call us at 877-707-8889.

**Jason:** Also, one of the things we'll do is we'll set you up with our planning tool so you can start doing some of your own planning and diagnostics. If you're going to invest otherwise, I would say don't go chase hot stocks. If you really want to own individual stocks, buy at least 15 or 20, get diversified across the sector and then leave them. Don't touch them but I still would recommend you'd be better to buy indexes or even better is intelligent indexes. So, again, we can help you with that. You can check out our website and learn a lot about it too. But get invested. Get money going into accounts. Establish those accounts. So, you have your 401(k), you have an investment account. You may have an IRA or Roth. Get that stuff set up.

**Alex:** Don't be afraid to ask your parents for advice even if you don't want it because that's kind of the point of the show is that they did raise you.

**Jason:** They probably know what to do but we are also a resource, 877-707-8889. This is for the youngest generation. We want to help you get started. It's a multigenerational story here of Financial Detox. We're going to go through a series here. This was Part 1. Hope you enjoyed it. I hope it was helpful just hearing some of that advice. We will help you. We want to help you. So, again, don't be afraid to reach out. Check us at [FinancialDetox.com](http://FinancialDetox.com). I'm Jason and...

**Alex:** Alex Klingensmith.

**Jason:** Thanks for listening. As always, we'll check you next week...

**Alex:** On the Financial Detox Show.

**Jason:** Bye

[END]