

Announcer: This is Financial Detox, helping you retire with confidence featuring Jason Labrum, certified financial planner and founder of IDA Wealth, Intelligence Driven Advisors. For over 20 years, Jason has shown people how to steer clear of toxic advice, achieve financial peace of mind, and manage their wealth for maximum impact. Join Jason and cohost Alex Klingensmith, as they simplify the complex, share industry secrets, and provide proven strategies designed to take you from financial insecurity to financial independence. This is Financial Detox.

Jason Labrum : Hello, it's Financial Detox and I'm Jason Labrum, your host. Welcome to the show. We have an exciting one for you today. As usual, Alex Klingensmith, senior... we don't use senior. Wealth advisor extraordinaire, unbelievable financial consultant at the Intelligence Driven Advisor team is in studio. But, Alex, we're gonna break it down today. It's getting real.

Alex K.: It's going to be a fun show. It's going to be awesome. [crosstalk 00:01:04] First time ever, I think for this.

Jason Labrum : First time ever. We also have in studio, and I'd like to personally welcome you guys to the studio, Dax Labrum.

Dax Labrum: Hello.

Jason Labrum : And we have Luke Labrum in the studio.

Luke Labrum: Hi.

Jason Labrum : Yep. Get it right there in the mic. There you go. Dax and Luke Labrum, two young fellows. One is about 10, I believe. How old are you Dax?

Alex K.: Are you guys related?

Dax Labrum: I'm 10 years old.

Jason Labrum : Okay. Luke, how old are you?

Luke Labrum: I'm 9.

Jason Labrum : So we have 9 and a 10 year old kid in our studio for Financial Detox because we want to find out why it is important to help our kids understand money, investing, stocks, bonds, mutual funds, 401ks and all of this good stuff.

So you guys think you can help us with this show? We need to educate the youth of today and make them great investors so that they can become clients of IDA in the future, right?

Dax Labrum: Yeah.

Luke Labrum: Yeah. Sure.

Jason Labrum : Good stuff. Cool. What do you think, Alex?

Alex K.: How long have you all known each other?

Dax Labrum: Since we were born. (laughter)

Luke Labrum: Since we were born.

Alex K.: Is this your dad right?

Jason Labrum : Oh yeah. That last name, Labrum, snuck in there, huh? Yeah. These are my two boys, so.

Alex K.: Thank you guys for coming on and you are brave for doing this, this is awesome. You don't look scared at all.

Jason Labrum : No, they're not scared.

Alex K.: I was so scared the first time your dad put me on this thing. (Laughter).

Jason Labrum : But you know Alex, he's good on it. He's probably the anchor of the show. Most people like to listen to this show because Alex, he's like the calming, cool, collected, intelligent voice and then I'm kind of the rowdy.

Dax Labrum: He's, like, the small voice.

Jason Labrum : I'm like the, I'm like the "spazz-metaz".

Alex K.: We have fun. As long as we're having fun, right, guys?

Jason Labrum : Somebody calls me The Spazz, it's one of our advisors at Schwab in Texas says, how's The Spazz doing? Cause I'm always jazzed out and he says and Alex is calm and cool. Anyway here we go. It's financial detox we're so happy to be with you today and you can get ahold of us very easily by giving us a call at 877-707-8889 that's 877-707-8889 or shoot an email right to my inbox at jason@financialdetox.com that's jason@financialdetox.com. Okay guys, here we go. Kids need to start to learn about investing even as a kid, right? So we have a question for you. Alex do you want to give him the question?

Alex K.: The first question, you guys, is, do you think the kids your age know enough about investing?

Luke Labrum: No, because they don't have enough teaching that their parents give them so I don't think they know enough about investing.

Dax Labrum: I also think because they haven't tried it out and their parents don't teach them.

Jason Labrum : But it's not that hard to try it out and get started. Right?

Dax Labrum: It's easy, it took like a day.

Jason Labrum : Took like a day, it took a whole day?

Luke Labrum: No, it took 30 minutes. [Crosstalk 00:03:45].

Jason Labrum : Well I think you're counting the time that we had to open an account to deposit money to get our mortgage, which took a cent that seemed like a whole day but how much of that time was dedicated towards you opening an account? Let's think about your online investment account.

Luke Labrum: Oh, probably 30 minutes.

Jason Labrum : Yeah, probably about 30 minutes. I think what then you're saying is you don't think kids these days really are paying attention. What are they paying attention to, then? That's what I want to know. What are kids, what's in right now? What are kids hot on?

Dax Labrum: Sports.

Jason Labrum : Yeah. You guys are hot on...[Crosstalk 00:04:21].

Dax Labrum: Sports and...

Luke Labrum: A couple of video games.

Jason Labrum : How much time do you think an average kid who's 9 or 10 years old spends a day playing video games?

Luke Labrum: Probably like five hours a day.

Dax Labrum: No, no, no, no. Probably about an hour. [crosstalk 00:04:39]. I'd say an hour and thirty minutes.

Jason Labrum : Hour to three? Okay. And then how much time do you think they spend each day researching stocks and investment strategies for their future?

Dax Labrum: Zero minutes. (laughter)

Alex K.: Do they talk about this stuff in school what grade are you guys in?

Luke Labrum: I'm in fifth.

Dax Labrum: I'm in third.

Jason Labrum : Do they talk about this stuff in school at all?

Luke Labrum: No, not at all.

Jason Labrum : Do you think they should?

Dax Labrum: They talk about video games.

Jason Labrum : At school?

Dax Labrum: Yeah.

Jason Labrum : No, the teachers and stuff.

Dax Labrum: I think the teachers should talk about it.

Jason Labrum : They should, huh?

Dax Labrum: Sooner.

Jason Labrum : But Alex, you did that one program where there was a bunch of kids for the boys and girls club and Schwab, also, was charitably involved in that. What was that called? Because Dax is doing something called "Biz Town" right now.

Alex K.: Yes, Biz Town.

Jason Labrum : Is that what it was?

Alex K.: That's not boys and girls related, but that's a program that fifth graders have across this part of the country I believe, right?

Dax Labrum: Yeah.

Alex K.: Many schools?

Dax Labrum: Yeah.

Jason Labrum : But that's sweet cause you're learning what? What are you learning about a biz town?

Dax Labrum: We're learning about how to run a town. We're learning about our jobs. Like for example, I'm running for "On your personality".

Jason Labrum : Oh, you're getting some training today. You got to take this, you got to call up your....

Alex K.: I think you're going to get a potential candidate and see how you're doing.

Dax Labrum: Yeah.

Alex K.: Or your potential employer and tell them I've got some new skills I can bring. And then when you get the job, then you get paid money, right? In Biz Town?

Dax Labrum: Yeah, you get paid money. It's not real money, but you can go to Jack in the Box, and you can go and buy food.

Jason Labrum : That's it?

Dax Labrum: Yeah.

Alex K.: Can you invest money in biz town?

Dax Labrum: I really don't know.

Alex K.: Okay. We've got to learn about it more after. Will you come back on the show later, after Biz Town, and maybe give us some of your feedback on it?

Dax Labrum: Yeah.

Jason Labrum : We need a biz town breakdown.

Alex K.: Yeah, we do.

Jason Labrum : We'll call that show the "Biz Town Breakdown". It seems like if you're going to earn money in Biz Town that, do you have a 401k or how much of that money you earn do you invest?

Alex K.: Do you use the target date fund or what do you do?

Jason Labrum : Right. Are you using a custom allocation?

Alex K.: I've got another question for you guys cause you both answered the first question Kind of the same. Like you both agreed that the kids your age are not getting enough information about investing in stuff. Right? So what do you think your parents, or parents in general, should do to help kids understand how

important it is to save and invest money? Like what should we be doing as parents? Help us.

Dax Labrum: I think that they should set an account up for their kid and take a little bit to teach them about investing in stocks.

Luke Labrum: I think that's, [inaudible 00:07:00] when you get older, and you have money saved in case you're in a money situation and you need money.

Alex K.: Right, so you mean if you got in a bind or something, like you had an emergency?

Dax Labrum: Yeah, and you'll already be knowledgeable about it and you'll know how to do it. So later in life, you already know.

Alex K.: Right, but doesn't the government just take care of you when you get older?

Luke Labrum: Not really.

Dax Labrum: No.

Alex K.: No? Have you guys heard about social security?

Dax Labrum: Yeah.

Alex K.: Do you know what that is?

Dax Labrum: Not really.

Alex K.: Okay.

Dax Labrum: I heard it before.

Alex K.: Right, when you're working in real life, you put money into a program called "social security". They take it from your paycheck, the government does, and they put it into this program and then when you hit a certain age, 62 or 65, they give it back. The problem is, it only accounts for a little bit of people's income. It accounts for about 15-30% of a retiree's average income, give or take. Where does the other 70% come from? If I'm retired and I'm not working anymore, where am I going to get my money from? Some social security, the rest is...

Dax Labrum: You have to save.

Alex K.: Right!

Jason Labrum : Save and invest, right?

Dax Labrum: Yeah.

Alex K.: What kind of account, by the way? Because you said something really important, I think that most listeners actually don't even know what that.. So like when your parents opened accounts for you, what kind of account is that?

Dax Labrum: It's an investing account and Robin Hood is where they set that up.

Alex K.: Is it your name on the account or is it your dad's or both?

Dax Labrum: It's kind of both. All the information about the account is my dad, but the name, kind of, is under me.

Jason Labrum : Let's keep this going because I think you guys are bringing up some really good points and we got to go to a quick break, but we're going to come back. We have some more questions for you and we want more advice from you. We need advice from you kids to tell us what parents should be doing to help get their kids on track financially. All right, stay with us. It's Financial Detox. How and why you should educate your kids on investing. I'm Jason Labrum. I'm your host. We'll be back in just a minute.

It's Financial Detox and welcome back, I'm Jason Labrum, your host. We have a great show for you. We have the Labrum boys in the house today as our special guests for Alex and I here at Financial Detox. It's Dax Labrum and Luke Labrum. Guys, welcome back to the second segment.

You can say hi Luke.

Luke Labrum: Hi.

Jason Labrum : So we're talking to these kids because these are 9 and 10 year old kids who are starting to learn about investing. They have some investment accounts and we're trying to figure out, from them, what us parents should be doing and we're trying to help you, our listeners, think about getting your kids indoctrinated into investing and to understand it. It's fun to have the kids on the show, but it's also a really important topic, I think, that can change the trajectory of your children's future and potentially multiple generations to come just by being engaged and getting kids involved. When we left the last segment, Dax, we had asked you about an account that you have because your brothers came in to get his account opened up today and come on the show and you had already had an account opened up and...

Luke Labrum: We're not really liking it.

Jason Labrum : Well, we're going to shift it over, right? Well we don't not like it, I mean you've made some money!

Dax Labrum: Yeah.

Jason Labrum : Okay. So, but we're going to move it from... you had opened it up, you said you'd opened it at Robin Hood, right? That was pretty cool. Why did we do that? Do you remember why we did Robin Hood?

Alex K.: It was a long time ago. Because it said it was good for kids.

Jason Labrum : We googled searched "best account for kids". Yeah, good memory. And then it was going to allow us to trade stocks for free and we didn't have a lot of money at that time to put in there for you, but now you've been saving more money and so now we said, "all right, this has become the real deal. Let's get that account with the Financial Detox team at Intelligence Driven Advisors", right?

Dax Labrum: Yeah.

Jason Labrum : That would be what you call a shameless self plug. A shameless plug for yourself. That's what I did.

Alex K.: Charles Schwab might've helped us too with some of the decisions they made recently. Like fractional share investing, which is what Red Robin had an advantage on and they eliminated trading costs for a stock for many of the things you can buy. Which is kind of cool for you guys to be part of that. That didn't happen 20 years ago or even a couple of years ago.

Jason Labrum : I want to ask you though this Dax, cause there's something that I think is fundamentally going on and, Luke, this is starting for you. Actually, it's for both of you because what are we doing to help you guys prepare for college?

Dax Labrum: You are putting it in an account. The account is called a 529 and it helps us know that we have money saved for college and now we're excited to go to college and know that we have some cushion.

Jason Labrum : Yeah, right. Do you think it's pretty important that I've been showing you the balance in that account so you guys know there's some legitimate money in there?

Dax Labrum: Yeah. [crosstalk 00:12:10] It makes it more comforting to know that we want to go to college.

Jason Labrum : It's almost like it's a foregone conclusion. Of course you're going to college because dad's been saving money for college and if you don't, I'm going to hang you from a tree outside in the yard or something. Not really.

Alex K.: By your feet, upside down.

Jason Labrum : For a long time.

Alex K.: So that Maverick can lick your face.

Jason Labrum : Then Maverick is going to lick your face.

Alex K.: That makes you excited about college, huh?

Dax Labrum: Yeah.

Alex K.: Knowing that there's going to be like, it's okay...

Jason Labrum : Motivated. Motivation is the right word, right?

Dax Labrum: Yeah. We're motivated cause, yeah...

Alex K.: Do you know what kind of colleges you want to go to yet, and 9 and 10?

Dax Labrum: Well, I think that I want to go to TCU.

Luke Labrum: I want to go to SDSU.

Jason Labrum : Sweet.

Alex K.: Like your dad, nice.

Jason Labrum : Aztecs. We've got to make sure that we craft a good message for our listeners, right? Our listeners are parents, like me and Alex, and older grandparents and stuff. I think the message that we want to get to you here, that we're seeing some success in our own kids, because we do this for a living, is to not make finance and investing a taboo subject and to not assume that 8, 9, and 10 and 12 year old kids are too young to get it. I'll tell a story about you, Dax, that is pretty funny and sorry to talk about you while you're here in the room. One of our friends was talking about buying a stock and as Dax went into a description, which maybe I'll let you tell again, what's the difference between buying an individual stock or what's another alternative as to an individual stock?

Alex K.: You can buy a basket of stocks is what I like to call it. It has multiple stocks in it. Let's say you wanted to buy Under Armour, you can go to a basket of stocks and

get Nike, Under Armour, like a bunch of different stocks, except there's a smaller percentage, but you're getting multiple stocks.

Jason Labrum : Right? Which is good. Then if one of the companies, like Under Armor, had a problem with it...

Dax Labrum: Then you'd have more that might be up.

Jason Labrum : Totally. You have diversification, right? So you don't lose all your money because one pick was bad. That's what we do at the Financial Detox team and Intelligence Driven Advisors. We think people should get massively diversified rather than try to pick one hot stock.

Dax Labrum: Because then it goes down in the next month.

Jason Labrum : You never know. You're not as diversified and I think you take on additional risk with no extra known gain or reward. Again, I think a take home point for you and our listeners, for you as our listeners, is that it's never too early to start talking about this and I think it's also really to show the kids the darn account balances. Don't be afraid. Talk to them about how much college costs.

Talk to them about what savings is. We have a program where, in our family, for every \$20 the kid will take from either birthday money or chore money or whatever, and they put it away. We'll put \$5 away to match them and I just actually started that recently because I learned it from somebody. Do you remember, were you part of that Alex?

Alex K.: Yeah, I was in the conversation.

Jason Labrum : It was a friend of mine, Andy Kafka who does that for his kid and I'm like, that's the coolest idea ever. So now, because I said that Luke busted out... What did you do? Tell them.

Alex K.: He's wanting to save all this money all of a sudden.

Luke Labrum: So my dad, he started me off with \$100 for my account and I added \$80, so I got an extra \$20, so now I have \$200 in the account.

Jason Labrum : Right. Because, [crosstalk 00:15:46]

Alex K.: What a great motivation to save, which is the first step, right? You guys save, earn money, save it, and then invest it. Right?

Jason Labrum : Right. Luke is a phenomenal spender. We've declared him as the best shopper in our family. He crushes shopping. He started at 2 on Amazon and stuff would

show up into our house and we'd be like, what is this? And he'd be like, "oh, I've been waiting for that." It was amazing. We had some of the funniest signs with you doing that.

Luke Labrum: One time we bought a trampoline.

Jason Labrum : Right (laughter)

Alex K.: A whole trampoline? Did you keep it?

Jason Labrum : No, I think we did the return on that. It's Financial Detox and it's the "kid" Financial Detox. We're talking about how to help your kids get involved in investing AND how some steps you should take to educate your kids, get them brought up to speed and just take that leap of faith, get them going and get them invested.

It's a fun show. We have some special guests in here. We have Dax Labrum and Luke Labrum. Dax is 10, Luke is 9 and they are crushing it. They're telling us all about investing from a kid's point of view and the things that we've been fortunate enough, being that I've been in this business for 21 years, to start to do for them and we're seeing success some rewards with that. We're trying to pass the information on to you, our listeners, and help you help your future generations, whether it's your grandkids or whether it's your kids, make a serious difference.

Dax, good job. You guys like being on the radio?

Dax Labrum: Yeah, it's fun.

Jason Labrum : Pretty cool. Radio podcast.

Alex K.: Really good at it, yeah.

Jason Labrum : Yeah. You guys are doing great. Thousands of listeners. You've got to find the person you interviewed for Biz Town for your on-air personality job and you've got to send them a clip of this.

Dax Labrum: Yeah, she works at the school.

Jason Labrum : This is part of your resume, so you can send her this and say, "hey, as part of my resume, I wanted to send you some additional previous work I've done." I think you'll get the job if you do that.

Alex K.: This is going to be on the radio show on Saturday. Do you know that?

Jason Labrum : Yeah, live on KCBQ right there, it'll be answer San Diego. It is great. Saturdays at 1:30 that's where you can catch us. That's AM 1170. You guys are also going to be on FM 96.1 Saturday at 1:30 in the day.

Alex K.: Yeah. Awesome.

Jason Labrum : Then you're going on our podcast to about seven thousand, ten thousand, 7-10,000 different people.

Dax Labrum: Cool.

Jason Labrum : Yeah, that'll be fun.

Dax Labrum: That's exciting.

Jason Labrum : It is exciting. Cool. We have a last question for you guys because we've talked about that, I think we can all agree, that it is a good idea for kids, for parents to start a 529 for their kids because it gets the kids thinking about college. You said it's motivating you to know that you have money for college, and that you're for sure going to college.

Dax Labrum: Yeah, because if we don't go to college...

Jason Labrum : You don't get a scholarship too.

Dax Labrum: Yeah and if you don't go to college then [cross talk 00:18:35] you'd be frustrated and you'd just take the money and buy.

Jason Labrum : What did I tell you I'm going to do with the money if you don't go to college?

Dax Labrum: You're going to hang us in a tree.

Jason Labrum : No, that was (laughter) [crosstalk 00:18:46] No, but I said, "if you don't go to college, I take your money." I said, "your mom and I are going on vacations, we're going to go party around the world and celebrate that we have all this extra money instead of having to pay for your college." You don't get it. I don't think it'll be a quite enough for a private jet, but we will look at that. We will consider that for sure. All right, so we talked about that, and then we also talked about, not only a 529, but show them the balance. We also talked about how get them an investment account and talk to them about the difference between: A, a stock, where you have ownership in a company. B, a bond you lend it money, but also should you be buying individual stocks? Is that really what we want to teach our kids to do? Is there an advantage to buying an individual stock? Do I have an opportunity to increase my rate of return and/or

diversify my risk? We would argue that you don't. So instead we do what, Dax or Luke?

Luke Labrum: We buy a basket of stock so if one stock goes down, the others are up, then you won't lose as much money.

Jason Labrum : Totally diversified. So good. What a great answer. Okay, awesome. So now what do you guys like about this? Maybe it's an obvious question, but what do you like about investing and saving your money? Cause you're taking money you could go spend on toys or footballs or whatever and now you guys are actually taking that money and voluntarily putting it in your account, which, I think, as a financial advisor and investment consultant, that that's pretty cool. So what do you like about it?

Dax Labrum: I like that your money grows and, let's say you put \$100 in you can, over time get it to 1\$20 over time if the stocks go up. I also like that you can buy baskets and stocks so that you can actually buy things. You're buying things in a sense, so you're not buying it because you're basically buying money.

Jason Labrum : Then what happened when you put your money in the bank for a long time and left it there? How much did you make in the, with when it wasn't invested?

Dax Labrum: Oh 1 cent.

Jason Labrum : 1 cent, literally. You had how much money in there to earn?

Dax Labrum: Over a year, about one penny.

Jason Labrum : You made a penny and how much money was invested?

Dax Labrum: There was \$510.

Jason Labrum : You saved \$510? I know I didn't give you that money.

Dax Labrum: I did. Yeah.

Jason Labrum : That's pretty impressive.

Dax Labrum: Over a lot of birthdays.

Jason Labrum : Lots of birthdays. You saved it and you put it to work cause you don't spend any money. Your little brother's busy spending all the money, but then you literally earned a penny.

Dax Labrum: Over a year.

Jason Labrum : Okay, would you say that that's a good strategy or a bad strategy?

Dax Labrum: A pretty bad strategy, knowing that you can go buy stocks and your can earn thousands more times that money.

Jason Labrum : Go ahead, Luke.

Luke Labrum: In his Robin Hood account, he only had \$100 and he earned \$25.

Jason Labrum : In six to eight months.

Dax Labrum: Yeah, in six to eight months.

Jason Labrum : Right, we bought baskets of stocks in your Robin Hood account, which we're now moving over to IDA. We want to make sure and talk about Intelligence Driven Advisors here, right, on the show. But we did that and you literally put in a hundred and it went to \$120 in about a year. That's 20% return.

Dax Labrum: Yeah.

Jason Labrum : That's pretty awesome. Nice job. You must've picked some good baskets of stocks.

Dax Labrum: Yeah. Maybe from the help.

Jason Labrum : Yeah, [crosstalk 00:22:09] you might have had a little bit of help. Okay. Luke, do you want to talk about what you like about investing? Because you're making a change, you're becoming less of a spender and more of an investor now.

Luke Labrum: I like it how you could buy stocks also and then you could also save money for when you're older. Like I said, when you're in a situation and you need money so you just take it out of your account.

Jason Labrum : Right? Because it's liquid, right? Meaning you can go get it if you need it. I want to say thank you for being so brave and coming on the radio and being so well spoken and having just, that was very, by the way, very un-coached. That was a pretty much 100% impromptu an free speaking, so it was a great job. Alex, thanks for the questions. Will you guys come back on the show again?

Luke Labrum: Yes.

Dax Labrum: Yes.

Jason Labrum : Okay. It's Financial Detox, the kid version. Thanks for listening. You can catch us on Saturdays, 1:30 AM 1170 96.1 that's KCBQ. The Answer, San Diego. Also,

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