

EPISODE 879

“DB: *First of all, I believe that the reason people are failing financially is that for the most part, people are financially illiterate.”*

[INTRODUCTION]

[0:00:41.4]

FT: We have one of my favorite financial pros on So Money today. David Bach is here everybody! Welcome to So Money. I'm your host Farnoosh Torabi. David is one of the most trusted financial experts and bestselling financial authors of our time. He's on the show. I feel very lucky, he has written nine consecutive New York Times bestsellers with over seven million copies in print including two number one New York Times bestsellers. His latest book which is why we brought him back on the show is called *The Latte Factor: Why You Don't Need to Be Rich to Live Rich*. Check out thelattefactor.com.

This book takes a bit of a departure from David's typical approach to writing, it's a fiction book. Of course, still has a lot of David's philosophies around how to build wealth but this is a heartwarming parable that David wrote with bestselling coauthor John David Mann who wrote *The Go-Giver*, tell us a story of Zoe, a 20 something woman, living and working in New York City who is struggling to make ends meet, she's got a lot of credit card debt, student loan debt, sound familiar to anyone? Just trying to make ends meet and through the book, David demystifies the secrets to achieving financial freedom. I'm just going to cut right to the interview. It's a good one everybody.

Here is David Bach.

[INTERVIEW]

[0:02:03.5]

FT: David Bach, welcome back to So Money. I'm so grateful for your support, all of my career, you wrote the – you wrote like a testimonial for my very first books no questions asked, you wrote back immediately. I will support you. You've been my biggest champion since day one, it's such a pleasure to have you on so money.

[0:02:21.2]

DB: Wow, you give me chills with that introduction and you know, it's so cool to be here with you today. I just went on your podcast and you're almost 865 podcasts later. I mean, you were just – you're remarkable and I have to tell you, I have to give you a massive plug right now. I went and checked out the Stack House.

[0:02:42.9]

FT: My gosh.

[0:02:43.8]

DB: Yesterday. I'm in West Hollywood right now. I drove my family downtown. I said, I've got to see what Farnoosh is doing, I've got to check this out, you have created the most amazing experiential event, place for women and financial empowerment. And I was just super excited and I took James, my nine year old. He was very disappointed by the way that he couldn't go on the Bucking Pig.

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FT: We have an age limit, is that why?

[0:03:12.1]

DB: Yeah, I'm sure because he's probably insurance, right?

[0:03:14.7]

FT: Yeah, someday, we'll have a drink, I'll tell you all about that pig. It actually is going to be like – it was our best investment I think in the entire space, it's going to keep –

[0:03:23.8]

DB: Well, I'll tell you what, my wife got on there and I have a video of my wife wearing the silver cowboy hat which I thought was super cool but you know, it's really fun, it's really experiential and like the very beginning, we're at the boxing, James loved the boxing, I've got pictures of us, you know, beating down debt.

I thought that was super unique and so, I salute you. I know how hard it is as an entrepreneur to go and start another business and I think it's just awesome. Congratulations.

[0:03:50.5]

FT: Thank you, that means so much to me and I know as the author of *Smart Women Finish Rich*. That's a huge endorsement, you've been championing women since the beginning of your career and so it was really a treat to have you go through it and I'm glad that you liked it. Thank you.

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DB: I know, I hope you bring one in New York, right? In our home town.

[0:04:10.9]

FT: We're trying you know? We want to start traveling and while New York was in our heads, we thought New York would be like the final destination as we go from West Coast to East Coast, we wanted to hit up Austin and Chicago and all these places.

But we're hearing a lot from the New Yorkers about coming sooner than later. You know, that's going to cost some money, we need all the support to be able to fund this in New York. It's kind of an expensive city.

[0:04:37.4]

DB: Yeah, well, the good thing is we got a lot of major financial service companies in New York, that would be very wise to sponsor this.

Anyway, congratulations and yeah, I salute you, well done. Anybody who hasn't yet got to check out Stack House, if you're still in LA, I don't know when you're going to air this podcast but I know you guys are open through May.

[0:04:55.7]

FT: Yes

[0:04:56.5]

DB: It would be great. Go down and check it out because it really is fun.

[0:04:59.5]

FT: Thanks David. All right, well David, Enough about that. Let's talk about your latest project, your book, *The Latte Factor: Why You Don't Need to Be Rich to Live Rich*. I want to know why you decided to focus on 'the latte factor' which is something that you coined years ago and it's become really like just an expression that we all use and we, it's such a big part of the personal finance conversation, you really like kind of created history with 'the latte factor' back in the day when you talked about the importance of giving up your latte.

Which is now symbolic which is you know, making important tradeoffs in your financial life, why revisit 'the latte factor' now?

[0:05:39.5]

DB: You know, because you and I were at FinCon together a couple of years ago and of all the things I've taught, this my 13th book and *The Latte Factor* is different than any book I've done, this book is a story, it's not a nonfiction book. It's not your – you know, I've had seven million books out and they're all what I would call, how to motivational prescriptive finance books.

Here's the problem with that. Even with the fact that I've reached seven million people through those books, the problem Farnoosh, let's be honest, is that most people will never read a book on personal finance, they all – we all need it, right?

I mean, there were stats, in Stack House, again, continue to blow me away., the fact that 60% of Americans, six out of 10 have less than a thousand dollars in savings, we have such a huge problem in this country and it's frustrating to me because I've been doing this for 26 years now and it's not actually getting better for the bulk of people.

You know, when I wrote *The Automatic Millionaire*, the people who know what to do are getting richer, right? The amount of millionaires in this country have doubled in the last 15 years. There's a segment of our population is getting much wealthier because the stock market's going higher, it's at an all-time high, real estate's going higher, it's at an all-time high but the bulk of American are not just staying – they're not staying even, they're falling behind.

Truly out of like both frustration and hope, I thought, I want to write a story that will reach more people, who wouldn't normally read a financial book. I really want to reach young people so this is like my push to reach the hundred million millennials that are out there, generation Z and generation Y.

To give an entire generation, hope, that there are some simple things that you can do, there are timeless lessons that of you starting your 20s, you're 30s. You can buy your financial freedom.

I've had a dream to do this book, this is how dreams work. I've had a dream to do this book for 14 years. After *The Automatic Millionaire*, which I launched on the Oprah show. When Oprah and I did the segment on the latte factor, it was the thing that really went viral. I went back to my

publisher and I said, "I want to write a parable, I want to write a story, *Who Moved My Cheese* or *The Alchemist*."

They said, "You can't do that, you're a nonfiction writer, you can't write a fiction book." I'm like, "I wasn't even a nonfiction writer before I wrote that book, right? How do you know what you can't do." I kept going back to my publisher who I love, Random House because I've done 12 books with them and every couple of years, I go back and say, "I want to do *The Latte Factor*. I want to write this little story that can be like a hundred pages so people can read in an hour."

They would just say no. Finally, honestly, after my 12th book which was in 2011, I said, "I'm not going to write anymore books." Years went by and I was free from my contract with Random House and then I said, you know, "What I'm going to do? I'm going to write this book." John David Mann and I who is the coauthor of the book, he's the coauthor of this book.

He wrote a book called *The Go-Giver*. *The Go-Giver* is one of the greatest books ever, it's also a story based book. When John sent it to me to give him a testimonial like over a decade ago, I said to him. "I've got this idea for a book called *The Latte Factor*. Some day you and I will write it together."

I decided I would write it and part of this too is inspired by Paulo Coelho because my favorite author of all time is Paulo Coelho, he wrote the greatest book ever, *The Alchemist*. I had a chance to go have dinner with him in Geneva.

[0:09:19.6]

FT: Wow.

[0:09:19.4]

DB: I know, right? I mean. My wife goes, "You're going to go to Geneva just to have dinner with Paulo Coelho?" I go, "Yes I am." I got on a plane and I had dinner with Paulo and we stayed up all night –

[0:09:35.0]

FT: How do you get a dinner date with Paulo, do you call his assistant? How did you –

[0:09:39.5]

DB: You know, honestly, what happened was, he was putting on a book called *Delph* he had not had a book hit the – even when he was so famous worldwide, he's sold like a hundred million books, he hadn't put a book out in the US in a long time. I supported his book launch with Brendon Burchard and it became – I was one of the biggest supporters of his book.

I helped him get on the bestseller list and so he invited a handful of us to come out and have dinner with him. Brendon's like, do you want to come have dinner and I'm like yeah I do. We went out, we had dinner, we closed the restaurant down, then we went drinking, we closed the bars down, basically. Finally around 2:00 in the morning, he turns to me and he says to me only way that Paulo can say.

He says to me. "David, what is the book your soul desires to write that you have not written yet?"

[0:10:26.9]

FT: My God.

[0:10:27.7]

DB: Can you imagine?

[0:10:28.9]

FT: I'm getting such chills.

[0:10:32.8]

DB: He says this to me and I looked at him and I go, "Paulo, I want to write this book called *The Latte Factor* that can inspire young people worldwide to realize they're richer than they think. That a few dollars a day could actually change your life, that they're stronger than they know and that their dreams can still come true."

He puts his hand on my arm and he says, "Then David. You must write this book."

[0:10:53.8]

FT: David you must write this book, it's like –

[0:10:58.5]

DB: Then his assistant takes him out of the – okay, well Paulo has to go home now. Literally, he leaves and then Brendon comes over and goes. What did he say to you? I tell Brandon the story and we're like, stumbling out of this bar roll, we're all excited and I'm like, I'm cloud nine.

I mean, literally, I'm on cloud nine, I come home from the trip and my wife goes, "What did Paulo say?" I go, "I should write *The Latte Factor*," and she goes, "Well I've been telling you that for 10 years, you had to go to Geneva to have Paulo tell you that?" That was kind of like the final moment and so I just decided, you know what? You know how this is normally you go sell a book and then you write it?

I said to John, "I'm going to write this book until it's a piece of artwork. Then when we think it's done, when I think it's perfect, then we'll go sell it." That's what we did, we wrote it for two years, I literally finessed, you know, we would just go back and forth over sentences and words. I wanted this to be my final book, in this category about money and so I said, "This is it, this is my last financial book, even though it's a story and I wanted it to be perfect."

Once we felt it was perfect, we then we went out and auctioned it and now we've been working on the marketing plan for you know how this is.

[0:12:06.9]

FT: Yeah, marketing is like 80% of it. Wiring it is 20. Tell me about the characters? Zoe, Chapter One starts off with boarding the L train to work Monday morning. You know, you got in this narrative mindset, this fiction mindset, did you read a lot of books prior to this?

Obviously you had a really experienced coauthor but like how did you ultimately land on some of these people in the book.

[0:12:32.2]

DB: I knew I always wanted this character. I knew I wanted a central character to be a young woman. Because *The Latte Factor* was always based on a young woman whose name was Kim and how she had – she was 26 at the time and how she sat in my investment class, didn't believe she could save any money, didn't believe she could pay herself first. Had all these excuses.

Was sipping a latte and through that real story of her being 26 and showing her how she saved five to 10 dollars a day, she'd be a multimillionaire. It was always based on this young woman. I always in my mind visualize this being a young woman. I live in Manhattan, right?

One day, you know how this is, the story just came to me, I mean, literally. I called John Mann up and I said, "I have the story, come to New York, I'm going to walk you through it." He comes to New York, I live right by the freedom tower. I walked through the 9/11 memorial every day on the way to the office and I go through the oculus.

I said, "I'm going to take," John came we went to the oculus. I go, "Okay, she's a young woman, her name is" – we didn't have her name but I go, "She's a young woman, she's like 26, 27." In the book she's 27. We came up with the name Zoe Daniels.

"She's going to come from Brooklyn," because that's where all the kids – young people live in Brooklyn now, they don't live in New York.

[0:13:45.7]

FT: I could have helped you with this book. I live in Brooklyn, I'm a woman.

[0:13:50.2]

DB: I said, "Then she's going to come up," at the Fulton center and I took them to the Fulton center, the subway station, largest subway station in Manhattan. She's going to come up out of the oculus, she's going to walk down this corridor and she's going to see this LCD screen, this is all real.

She's going to see this LCD screen, the largest LCD screen in the world and I think it's certainly in America, it's like a football field length, she's going to see this thing on the LCD screen, it's going to say, "If you don't know where you're going, you might not like where you end up."

I walk him through this. Then she's going to come up this escalator and this is what happens in the story, she comes up this escalator and she comes up right by the 9/11 Memorial which is next door to her office at The Freedom Tower.

In my mind, quite frankly, she worked at the Conde Nast. I don't say Conde Nast asked in the book but Conde Nast is in the Freedom Tower. I said, she's going to come up at the 9/11 Memorial which she's walked by for six years, never paid attention really to it which is so easy to do when you live down there.

For the first time ever, she's going to stop and look at the 9/11 Memorial and see people mourning. She's going to sit down on this marble benches and she's going to ask herself the question. What is she doing with her life? That's going to lead into her story. Her story is one that I think anyone quite frankly, can relate to, she's now been working in New York for six years, she's making more money but she's not getting ahead and she's starting to give up hope on her dreams because she's living paycheck to paycheck.

She's questioning her whole life, why is it not getting better? By questioning what's happening in her life, she starts to say to people that she knows, "I can't afford things and like, I'm not sure if

this is working for me." And she gets mentors and those mentors start to take her on a journey of teaching her these life lessons that ultimately completely transform her life.

[0:15:44.7]

FT: It's so relatable, I remember being also 25 and having both a kind of existential crisis but also a financial crisis. I'm like, "Okay." I felt like I couldn't really achieve my goals until my financial life was under wraps. Until my student loans are out of the picture, until my credit cards were taken care of.

It's such a roadblock for especially young people. Do you think that, this is like a big question a sort of – I've been getting this question a lot with the launch of stacks house, sort of like, who is accountable. I mean, you can read this book and be inspired and you can go to Stacks House and be inspired and a lot of resources and tools out there for everybody especially women these days but what is it going to take to really get people en masse.

You know, improving their financial lives, all hands on deck at this point, right? We got to keep – the company's accountable and employer's accountable, bank's accountable especially individuals too but you know, what do you see is sort of like some of the other solutions that need to be in the forefront?

[0:16:53.4]

DB: Well, I have very specific beliefs about these issues. First of all, I believe that the reason people are failing financially is that for the most part, people are financially illiterate. The reason people are financially illiterate is the basics — what's in *The Latte Factor* is a book you can read in less than 90 minutes.

My son who is 15, Jack, he's never read any of my books, he read this book cover to cover, he even, when the book came out of the box, he's like, "That's a book I can read." Jack who is 15 read the book, got to the end of the book, he did this in two hours on a plane flight, turned to me and said, "Dad, is this chart about this IRA account thing, this \$2,000 a year? Dad, is this chart real?"

Because he couldn't believe the chart. By the way, when I saw the chart at the age of 26, I couldn't believe it either. What the chart shows is that if a young person who is 19 puts \$2,000 year away and just till the age of 26 and never save another dollar, by the time they reach 65, they have over a million dollars in savings.

DB: Which is the epitome of *The Latte Factor* because it is \$5.41 a day to save and then it shows somebody who is starting later who starts 26 and how they have to save all the way until 65 and they don't even catch up and he looked at the chart and he goes, "Dad I'm 15. I could probably have close to \$2 million. How do I go get one of this IRA accounts?"

Now he is 15 years old but he also asked other questions. He said, "I don't understand how this works." I explained compound interest. He goes, "When do I pay taxes on it?" I say when do you take it out. He goes, "Oh okay, I don't pay taxes the whole time until I take it out?" Nope, remember this Farnoosh, he's 15. These are unbelievable questions that he is asking.

Then he says to me – I go, "What is the important lesson you learned in the book?" And we can talk about this from the ground their story. But he said, "The fact that I needed to take risk in my life, dad to go for my dreams I have to take risk, and I don't want to be somebody who looks back on their life and has regrets." And my family is getting ready to move for a year to Florence, Italy, after this book is done and my tour is done. I am taking a sabbatical for a year and moving my family to Florence, Italy. And we did this intentionally. It is part of the story of the book too.

Because Zoe Daniels had learns how to take a sabbatical. We did this intentionally so that we could take my son to live abroad my whole family for a year but we decided to give a 15 year old the option to go or not because we knew he loved his school and I wasn't sure if he would do it and he looked at me and said, "You know dad I realized that if I didn't go to Florence this would be my first regret in life." And I just thought so he's learned two huge life lessons that will impact him for the rest of his life.

Now going back to what you just asked me and I said I have a very specific belief around this, I think we need to teach the basics of financial literacy in school like what is in *The Latte Factor* of

the book *The Automatic Millionaire* or *Smart*, this should be taught in school. By the time you graduate high school, you should have to pass a test that proves you are financially literate just like a math test, just like a science test, all these core curriculum things.

Money should be a part of that and the reality is it probably will never happen and so what happens is the rich people teach their kids how to continue to be rich but the middle class and the poor don't know these stuff and you can't do better if you don't know better. So again that's why I decided to go and put all of this energy into this book. You've got to teach people how to know better so they can do better.

That's number one, one is people don't do better because they don't know better and system is set up for people to be broke and it's worse that it has ever been like the fact that kids get out of school today and they are a \$100,000 in student loan debt and in many cases never pay back, they can't even go bankrupt and get away from it. We are trapping an entire generation of people in debt from the moment they get out of college and it is wrong.

And you had it on your wall, the debt statistics and the \$1.5 trillion and that's the first trap. The second trap is the banking system with credit cards and the way people borrow money to buy things that go down in value like cars, right? People go out and they buy, the average American has a car that costs \$533 a month and I just talked about this with Lewis House and his podcast. By the time you factor in insurance and gas and maintenance of the car.

That car costs you in some cases seven to \$10,000 a year. The average American works three months a year for a new car. That is a joke, right?

[0:21:48.4]

FT: Yeah and you know that people are now behind on their car payments more than they have been since the recession if that is an indication of really the health of the economy.

[0:21:59.0]

DB: Well it is a total indication of everything that happens right before a recession, right? But the sad thing is that people don't realize what they are doing. They actually don't know. It is marketing and so instead of being marketed and save \$533, which by the way would make the average American financially secure for life. If the average American didn't go spend \$533 a month on a new car and put it into a 401(k) plan.

And you attach the match that your 401(k) plans have they'd be saving seven to \$8,000 a year and if you did that in your 20s you would be a multimillionaire by the time you retire.

[0:22:35.0]

FT: Incredible.

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DB: It is incredible, right?

[0:22:37.9]

FT: It is so incredible but you are right, it is not packaged to be sexy or exciting and \$533 times 30 years compounded that is abstract you know? It is one thing to say well you will retire a millionaire. That is pretty compelling but we are just hardwired to want instant gratification unfortunately.

[0:22:58.9]

DB: Well I think that we are also hardwired, it is just like the giant head thick. Paul thinks it is a giant head thick. So you have a whole group of people that focus on telling you it is not your fault you are poor. It is the government's fault. The government should help you and they are not helping you. Well, let me tell you something, the government is never going to help you. So let us just be honest, it doesn't matter who is in office.

I don't care if you are a republican or democrat. Nobody is coming to save you. Zoe Daniels learns this lesson in the book. Her mentor teaches her. He says to her flat out, "Nobody is coming to save you. It doesn't matter who is in office and no man is coming to save you." There is a whole thing in here about women's financial empowerment where her ultimate mentor is also a woman who is a self-made millionaire.

And she says to Zoe, "You need to be your own prince charming. No one is coming to save you." You need to be in charge of your own finances, no one is coming to save you and it goes through the statistics. 80% of women die widowed. 80% of men die married and she walks her through the stats and says, "I don't care if you do get married. You still need to be in charge of your money." And she goes really what happens to her, her transformation is she goes from being a financial victim to being her own financial hero.

And you know that is what people have to learn how to do. That is why they listen to your podcast like learn how to be your own financial hero. Be your own financial superwoman, your own financial superman.

[0:24:18.0]

FT: Well I will tell you, I am with you. I believe, I think a lot of people believe that and I think that there is just like this school of thought that believing that it should be the individual's responsibility is somehow an unfair prescription like what about the system? And I'm like yeah, but I get it you know? The system is broken you just pointed out all of these issues, what we have with credit system and the false bill of goods that we sell students.

Oh yeah, take on \$200,000 worth of debt and you'll be fine. No, we are not saying that that is good or should continue but I think that there is something to be said about giving people the motivation and we underestimate people like you just talked about your 15 year old and he gets it, you know? People think that money is too abstract, too complex, people don't get it but we have to give ourselves more credit where it's due. I get you.

[0:25:08.3]

DB: And also this is why I go back to why did you latte factor because people get it. They go, “Oh you’re right. I spent \$5 drinking coffee. If I stop doing that I could probably have some money.” A bottle of water, cigarettes and these lessons you have to teach this to your kids. I was in Alta, Utah skiing with my son and I gave him his \$20 to go get his lunch. So I was expecting change back by the way and I was on a call.

And I went and got my lunch and he comes back to the table and he’s bought bottled water, which is like \$4 and on my table sitting next to him is my free glass of water because I asked for a glass and filled up the water myself.

Now here is the thing Farnoosh, I can afford all the water bottle in the world but it’s stupid, right? And so I start taking a picture of him with his bottle of water and my free glass of water. And he goes, “Dad what are you doing?” “I am going to post this right now and make an example of you.” And he’s like, “No you’re not.”

[0:26:07.9]

FT: Social shame.

[0:26:09.5]

DB: Yes, I am and then I started going, “You just spent \$4 on that. What are you doing? You know first of all, your dad is *The Latte Factor* guy but more importantly we don’t buy bottled water unless you are absolutely positively have to and you didn’t have to and that is a lesson for you.” And so you know, those are the kind of things that again, \$5 a day people go, “Oh it doesn’t add up.” No it actually adds up and so does \$10 a day.

So there is all the charts in the book that show you what it adds up to. Somebody said to me yesterday, “You know what? I don’t want to be 60 and retire.” I go, “Great, when do you want to retire?” And they were on their 20’s and they said, “I want to retire by 45.” I go, “Okay let us focus on getting a million dollars first because 99% of people in America don’t have a million dollars. So let’s just focus on what would it take you to have a \$1 million in 20 years.”

And I go, "Here is the answer, it is called the 50-20 formula. You need to save \$50 a day for 20 years. In 20 years if you have a rate of return of over 10% you'll have over \$1.1 million, \$50 a day." And he goes, "Really?" Oh yeah, he's like, "I could figure out how to save \$50 a day." He's like, "I don't have a now." But he said, "I could figure out how to make an extra 50 bucks a day and save it." And so that is super specific, right?

50-20 formula, save \$50 a day for 20 years, put it in the stock market, in an index fund, leave it alone for 20 years if all goes right you got over a million dollars. That is a great simple sense to more people to think about but you got to chunk it down to daily amounts because it always becomes overwhelming if you don't chunk it down to daily amounts.

[0:27:52.6]

FT: Yeah, I want to go back in time a little bit David. This is a question that I am asking guests the month of May in partnership with our sponsor Chase. It is graduation month, the perfect time for your book, *The Latte Factor*, to be coming out but when you were graduating college what would you say is the one thing you wish, the financial advice that you wish you had gotten upon graduating because a lot of us make our biggest mistakes in our 20s when it comes to money.

So was there something you wish you had been told or advice you weren't given?

[0:28:24.8]

DB: Oh my god, completely and Chase will want to hear it. So the single biggest mistake that I made is I went to USC for college and you can't do this anymore but it used to be when I went to USC there was three people lined up right next to you when you came into your dorm. There was a guy giving out dictionaries that tells you like my age now because they really were giving out a dictionary. There was a guy giving out a bike lock and there was a guy giving out a USC t-shirt.

And what they were doing is all you had to do is hand them your – it was called a valid ID card, it was your student ID and they give you an instant credit card and so for signing up for the credit card they gave you a – instant meaning like a week later right? You were approved on the

spot so everybody is picking up literally like their dictionary, their USC t-shirt and their bike lock and then we all got our credit cards a week later.

Literally the whole dorm, right? And those credit cards were like \$500 to a \$1,000. So now because I'm dumb, because I am 18 years old and I never had a credit card before I'm just like, "Well I will just use this in case of emergency purposes." Well guess what? The first day we were all at the bar playing credit card roulette who is going to pick up the bar bill and you know, which is true, which is funny when I think about it because we're 18 but we were.

This is exactly what we did, right? So I start using those credit cards and then as soon as I max them and it was fine because I was again dumb, I would get these bills and I would make the minimum payments, no big deal and then as soon as I maxed them out the credit companies came back and increased. "Oh thank you so much for using your credit cards. We have extended your limit." So by sophomore year I was \$5,000 in credit card debt.

I came home, I will never forget this because it was Christmas time. I brought the bills to show my father. I said, "Dad you know I got to show you something. I don't know how to tell you this but we have a problem."

[0:30:19.0]

FT: We have a problem.

[0:30:21.0]

DB: This is the key, "We have a problem." I handed him the bills and I said, "I am having a hard time making the minimum payments. We really have to do something about this." And he handed the bills back to me. I will never forget it. I was in my dad's office. He handed them back to me and he said, "Son, we don't have a problem" and I go, "Dad, what do you mean?" he's like, "Do you see my name on this credit cards?" I go, "No."

He's like, "It's because my name is not on this credit card bills. You, son, have a problem and all I can tell you son is if you don't make this payments on time you are going to ruin your credit

report, your credit score and if you ruin your credit score you are going to ruin your life financially.” And he walked out of the office and I was like, “Whoa talk about a financial grown up moment.” Your buddy Bobby ripped hell.

That was my grown up moment and so I was like I am going to have to get a job, right? So I go back to school, I go to USC the bookstores always have job offers. So I’m going to get a job. I will go get it you know? And then I realize that they paid minimum wage. So the first lesson I learned was I have to work 25 to 30 hours now a week on top of school at minimum wage to pay these credit cards off. That is never going to work.

Which by the way, this is exactly why Americans get trapped. So you know my lesson was the hard way what credit card debt can do to you and it was horrible. That has a major psychological impact on me as a sophomore and a junior in college. They had a huge financial pressure to me. Now it inspired me to become an entrepreneur because I learned how to make money faster to pay those credit cards off but that was a huge life lesson.

And I don’t think the credit card companies are allowed to so blatantly push credit cards now in front of the dorms anymore but you know, you got to teach these. I wish I have known. I wish I had known about the trap of credit card debts before I got to college. I didn’t know.

[0:32:20.3]

FT: But kudos to your father for putting the fear of God in you. I had a similar story with my mom and it was scary in the moment but I think it was important and it happened when it should have. I appreciate that it happened when I was in my early 20s as oppose to launched later when I had higher stakes and like you said, it taught you entrepreneurship and the importance of working jobs. I think that sometimes parents are –

You know I don’t know how to have the financial literacy conversation, I am not that good at money myself and I am like, “You know what? Just start by encouraging your children to work because that is how they are going to learn value of a paycheck, how taxes work and having to live off of that for some of their expenses is going to be a great lesson.”

Because they'll overspend sometimes and just learn at a young age, which is why you should learn it.

[0:33:12.5]

DB: Yeah I totally agree and I think also like you said, that was a gift actually that my dad didn't save me. It forced me to learn how to save myself and you know I do hope the latte factor is going to be a graduation gift book because it is the perfect graduation gift book, high school or college. *The Latte Factor* should be the perfect gift book to give to graduates and by the way, let me just tell you the website people could go to.

[0:33:39.6]

FT: Yes please.

[0:33:40.3]

DB: We will be running a special promotion right now. It is running, it's at thelattefactor.com. We have over \$500 in bonus programs when you just buy one copy of the book and one of the most amazing bonus programs that you get, it's all free, is that I have created an all-day course called start late finish rich, which is 19 videos and it's one of the most popular online financial courses ever. We've had 32,000 people go through it.

And it is there, sitting there for free. So you go to thelattefactor.com, you buy one copy of the book, in addition to that, all these goodies you are going to get will also help feed another family in America. We have a partnership with Brandwizz who is sponsoring my brand new podcast. It is going to be coming out next week called The Latte Factor and Brandwizz is for every book order that we get on our website and if you send us your receipt, all with thelattefactor.com Brandwizz is going to feed a family for every book order. So that is super exciting too.

[0:34:42.8]

FT: I love that. Just eternally inspiring David Bach, thank you so much. TheLatteFactor.com for all of those freebies everybody. Don't miss out on that, a great book for graduation, great book for anybody who is just having – they're at a crossroads right? A financial crossroad but also like a life crossroads because money, managing your money is managing your life.

[0:35:04.6]

DB: Completely. I mean it's a book for anybody who's got dreams and if you're like, "I don't have any dreams." Then let us go get you some dreams because when you fix your finances you fix your life and you free yourself to go for your dreams and that is my whole goal with this book is to free people to use their God-given gifts to go for their dreams.

So Farnoosh, I am so grateful to you for dropping everything to do this podcast quickly before the book comes out. Thank you so much, I appreciate you and I appreciate your audience for listening.

[END]