

**EPISODE 126**

[INTRODUCTION]

[00:00:32]

**FT:** Welcome back to So Money everyone. Thanks for joining me. I hope you're having a great day. I'm your host Farnoosh Torabi. Today we're speaking with an avid So Money listener, a real fan. He and I connected because of this podcast and just proof that if you like this show enough and you connect with me, you might be a guest on the show! He's a highly accomplished tech entrepreneur as well, not just a listener, but he is very, very successful. His name is Bill Dwight. He is the founder and CEO of Famzoo.com, it's an online and mobile banking service that's designed to help busy parents teach kids good money habits. It's been featured in the Wall Street Journal, the New York Times, Time, NPR, and it also will be featured in Money Magazine this July as I wrote about it a little bit in my July column for Money Magazine about how to teach your kids good allowance lessons. FamZoo's also featured in Ron Leaver's best seller of "The Opposite of Spoiled". Remember, Ron was on the podcast - that was So Money Episode 47. FamZoo was also voted Best of Show twice in 2011 and in 2013 at Finovate, which is the premier showcase conference for emerging financial technologies.

Now Bill introduced himself to me through social media after becoming a regular So Money listener. He kindly tweets about the show everyday. His favourite takeaways from the show and after writing a kind review on iTunes for So Money, invited him to have a free 15-minute Money Session with me, not that he needs any financial mentoring, but it was the start of a nice rapport. And I'm happy to say, Bill is now here with us to share lots of money wisdom from his life and his career journey. He graduated from Princeton in 1984 and has been building software ever since in areas as diverse as artificial intelligence, database systems, business analytics, online education, Internet advertising, online freelancing, and of course most recently, personal finance with FamZoo. He has held executive product development positions at Oracle, and two pioneering Internet startup companies. The first is Net Gravity, which was later acquired by Google, and Elance - and of course we know Elance. Bill founded his own startup, FamZoo, in 2006 - about 9 years ago - to help parents be more effective mentors to their kids for critical life skills like personal finance.

So many takeaways from our conversations with Bill - this is a rather lengthy interview, so fasten your seatbelt. Memories of growing up in Silicon Valley before it became the hotbed of modern technology. Bill grew up in Silicon Valley, and he says he's over 50 so he's been there through all the different cycles. A simple trick that helps entice your kids to want to save money, to actually want to save money. What is that trick? His biggest financial mistake, when working for big companies like Oracle, it's a reminder that for those of us working at publicly traded companies, to not make this mistake. So what is that? He shares it with us very candidly.

And just before we kick it off, I wanna say that I ended my interview view with Bill, and I'm going to post-production, and I realized, "Why does my audio sound so different this time?" And it was because, ladies and gentlemen, I forgot to connect my microphone to my laptop! So how you're hearing me is actually through my internal microphone through my laptop, which is not as smooth-sounding as this microphone that I'm using now. So I apologize. You know, you run a one-woman shop, mistakes happen. I apologize for this. It's not unbearable, but it is a difference. And so if you're wondering, "What happened?" Yip, Farnoosh forgot to plug in her mic. Yep. Okay, I'm only human.

Here is the talented, Bill Dwight.

[00:04:23]

[INTERVIEW]

**FT:** Bill Dwight, welcome to So Money, founder and CEO of FamZoo.com. It's a pleasure to have you on So Money.

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**BD:** Well, I'm a huge fan of So Money and just got out of my morning bike ride listening to you this morning in fact, so I'm very pleased to be here.

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**FT:** I'm pleased to have you. You are probably my best listener. I have to say, you tweet about the show everyday, you write to me and say, "Hey, your blog link is broken." So you're my troubleshooter.

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**BD:** Well, I'm a geek and I love helping parents teach kids about money. So, you always have this question about what's the one thing you wish you'd learn when you were a kid.

[00:05:06]

**FT:** About money.

[00:05:06]

**BD:** About money so that's very relevant to what we do at FamZoo.

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**FT:** Now I'm going to turn my questions to you soon. You've had a story background really and I've gotten to know you a little bit better over the last couple of months. I feel like I know you at this point a little bit. You went to Princeton, you immediately started working in the Silicon Valley, which is actually where you were raised – I just learned – and had the opportunity to work for some big names that we all know today. Of course Oracle cashed in on that experience as many people at that time during the 90's?

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**BD:** Well, I started FamZoo nine years ago, so that's when I sort of opted out of the standard startups and software technology companies that I have been participating in.

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**FT:** Like you're working for startups? Before that, before FamZoo, what decade was that? Might have been the 90's?

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**BD:** Careful now, I'm an old guy. I'm over 50 which entrepreneurs aren't supposed to be anymore. I guess that's not cool. But I graduated from Princeton in '84 and I went to work immediately in a set of startups, which I actually characterized as “start downs” because none of them were successful in artificial intelligence and relational database technology. It's only in 1990 that I came to joined Oracle early on in its tenure just to see how successful companies were doing it, because to date prior to that, I hadn't experience a ton of success other than learning, an absolute ton.

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**FT:** As you said, you were there for a period of time and then nine years ago started FamZoo which is an online family banking website that I featured you in my July article for Money Magazine.

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**BD:** Well, thank you.

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**FT:** It's about allowances and how the anatomy of the allowance is kind of changing or evolving. Parents don't want to raise spoiled brats, it turns out, and so, how to use the allowance as the vehicle to raise money side of the kids and FamZoo is a great resource for parents out there wanting to better educate their kids about money.

Take us back to, if you may – really curious again – I feel like I'm obsessing over this but I really want to know what it was like to work in Silicon Valley at the time when you were and how that might compare to today? Seems like any startup, any app is getting money thrown at it. Are we

in a bubble? But more importantly, what was it like working back then for some of these startups and then eventually Oracle?

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**BD:** Well, my father was a pioneer in the valley. I think he formed his company in 1959 or 1960 just right before I was born. If you have had your items scanned at a supermarket, then you have probably used one of my father's products because it was the first company. Spectra-Physics was the name of the company. It was the first company, it has commercialized lasers. Lasers started out as something that was just in the lab and then came to be used in almost everything imaginable from surgery to levelling fields where crops are grown, to scanning items at the supermarket. It was a really cool thing for a kid to have a dad do because who gets to go in on the weekend at a little startup and look at lasers and have your dad put his wallet in front of one and burn a hole in it? I think he confused the ones. Some lasers actually burn and some don't. I think he misjudged that particular one but that event stands out in my mind.

I learned a ton about entrepreneurship and really the passion about building something. That was always the focus and I think the greatest companies in Silicon Valley are the ones that are just really focused on building something of value, something new, something innovative. It always gets a little frothy in the valley from time to time and I think we're getting into one of those frothy states where people come to town just to make money perhaps.

But Silicon Valley is an amazing place because it just continues to renew itself whether it was the hardware-based startups back then that came and when manufacturing got outsourced, and then software came in and I sort of consider myself a lucky participant in a huge software wave with a company like Oracle Corporation, and then the internet had a wonderful opportunity to participate in that two startups that I was involved in. One was Net Gravity which was the first ad serving company. Those little annoying ads that appear in your browser, you can thank my engineering team at Net Gravity for serving those up and counting them; and then Elance which is a company I think you've used. I ran the engineering for Elance for a while which allows people to post a project on the internet, maybe a website they want developed and have a bunch of people from all over the world bid on it. I think the idea is really fantastic.

I got to participate in sort of the second, even the third waves and now I think we're getting into areas that my wife is an expert in which is genetics and bio informatics. I think that's really fascinating because the ability to leverage information about genetics to solve the riddle of rare diseases and things like that. Silicon Valley is an amazing place where just tons of innovation keeps piling out. That's what I love about living here.

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**FT:** I bet the house that you were raised in is now worth a gazillion dollars. I remember watching a 60- minute piece about Silicon Valley when I was maybe 18 or 17. This is kind of a side note, but just to capture the wave, it's like 25 years ago it was like any other suburban town in the country and people lived their lives, they had modest homes, modest home prices and now people were getting knocks on their doors saying, "How much can I buy your house for?" Because there's such a scarcity of real estate for the amount of talent that's there that people who's had homes for 25, 30, 40 years basically retire off the money they're making.

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**BD:** I think it's the slightly sad thing about Silicon Valley. We were raised in a very modest house initially in downtown Los Altos which is right near Mountain View which at that time was the hub of Silicon Valley. Yes, it was very modest houses, lots of apricot orchards and that has changed quite dramatically and it is an extremely expensive place to live which is unfortunate. But I think that my hope is that through the magic of the internet and distributed work capabilities, that where you live is going to be less and less relevant. There is an incredible concentration of talent, capital and education here. So, it's an extremely stimulating place to live and I'm very thankful and grateful that I have the opportunity to do so. I think that's changing. We're allowed to leverage distributed talent and get back to the true concept of meritocracy which is so central in my mind to the best things about Silicon Valley.

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**FT:** Let's talk about FamZoo. Voted "Best of show" twice at Finovate and this is your brainchild. Why did you decide to create something in this personal finance space? What did you see lacking and what did you want to ultimately deliver with FamZoo?

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**BD:** Well, originally it started because my wife and I have five kids and when the oldest two were getting into middle school and as mentioned, we live in a bubble-ish type area, we realized that they were approaching middle school and really hadn't learned anything about personal finance. I was very determined to make sure that they didn't confuse my resources or their neighbor's resources with their own resources. They need to respect money and view it as a finite resource that they need to manage. So, I was sort of looking around for solutions to that problem and there really wasn't much. Products that were built for adults didn't really make sense for kids or didn't have the right emphasis, or didn't line up with our values and there wasn't much in the way of software at that time.

So, I just started doing what a lot of folks do. Some people keep a paper ledger for allowance. I wanted to have the kids to have this concept of, "Hey, you have your own account. This is how much is in it and you can't spend more than you have." Mine started out as a spreadsheet. Because if you have five kids, if they're stuffing money in their sock drawer or somewhere like that, that's not particularly safe. So, I wanted to create the concept of a bank so that they weren't reaping each other off. I created sort of the "bank of dad" and I kept the accounts on a spreadsheet and then being a software nerd, I got a little tired of them coming into my office saying, "Dad, what's my balance so I can go out and get pizza or whatever." So, I built a little website on the side for them to sign in, check their balance and then on the other end, my wife and I could add money to their accounts. The accounts at that time were just "I owe you" accounts, meaning, this is how much mom and dad "owe" you depending on whether you were getting allowance or did some odd jobs around the house, that sort of thing.

That's how it all came about but then over time I started to realize, wow, we could not only teach them how to spend within their means but we could teach them about compound interest. A lot of people open up the savings account but savings account interest is not particularly interesting

right now. It's near zero. So to a kid, if they get a penny of interest at the end of the year, that's a big yawn. In fact, they kind of view that as theft. Like, "Where did my birthday check go?"

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**FT:** Right after inflation.

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**BD:** Right. So, what are you teaching in there? You're not inspiring them to save. We allow people to define an interest rate for their kids. Basically FamZoo is what would a banking system for kids and teens that was actually designed to develop good money habits, what would that look like? That's what FamZoo is. That way, when your kid gets that first job and the person says, "Do you want to sign up for 401(k) after going through mountains of paperwork from HR?" They don't say, "Oh, I'm not sure." They say, "Well, of course. I've been doing that since I was five or six. I've had part of my allowance automatically split out into saving and FamZoo since I was five. Yes. My parents have been matching."

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**FT:** But isn't it a rude awakening where you're like, "My dad is giving me 25% and now as an adult, I'm with bank XYZ and they're giving me 0.001%." I've asked you this before and I liked your answers. I want you to tell our listeners about why, even though maybe the interest that you're giving them is not real. It's out of this world, frankly, that there is a bigger point to it?

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**BD:** Yes, absolutely. The thing I'm very interested in is what creates the habit? Kids obviously operate on a much faster clock. Like a year is a really long time to a kid and I have to make it interesting for them. I would like my kids when they're very young to get a text message that says, "Oh, you just earned \$0.25 of interest this week." Because I want to set that habit that says, "Yes, saving, that's good. My money is working for me." Because a lot of kids don't even have that concept that money could work for you. Of course we don't dictate what the interest



rate is at FamZoo, we just give you a tool. If you want to create an interest rate that's equivalent to the performance of an index fund over 30 years, maybe 8%, you probably know better than I, whatever the...

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**FT:** Sounds about right.

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**BD:** ...stock market, about 8%. So you could create a weekly interest rate that match up an annual 8% interest rate for example. But I would recommend that you do it weekly so that they get that constant reinforcement, "Oh, that's why I'm saving." I have a funny story because I was giving a demo to a venture capitalist just last week and I always demo the live system. Right in the middle of the demo, a money request for \$100 comes in from my son at the University of San Diego. I go, "Oh boy, this looks really bad." Out of the blue he's asking for \$100 and there was no context. I just approved it because I envision him sitting in line for some textbook or something like he need the money right away. Then afterwards, I get this text from him that says, "Dad, I was asking you to transfer money out of my spending to my savings so I could get more interest." Then he said, "Furthermore, I canceled my WoW account." That's World of Warcraft for all you parents out there because there also had been a transaction when we were looking at his list of transactions for World of Warcraft where I go, "Oh boy, he's wasting his money."

I took two screenshots and sent that text conversation to the venture capitalist and said, "See, my kids are actually learning good lessons." Because I was mortified that this would happen in time. But the point is if you can learn those lessons early, what if every 12-year-old had an emergency fund? Sounds a little bit crazy but...

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**FT:** What's an emergency when you're 12 though.

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**BD:** Oh. Your kid is young, right?

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**FT:** "Says Farnoosh. Oh, so naive." He's 11 months almost.

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**BD:** My kids play the Cross, so if you asked our neighbors what an emergency is, it's when all the Cross ball comes crashing through their fence. My kids also played hockey so windows and fences around here have taken a beating. That's one example and when you get a little bit older and your teens start driving, you learn a lot about emergencies. My point is why wait until you're a young adult to have the concept of an emergency fund? How neat if you already know that or you know about compound interest, or you know about separating your money into separate buckets like spending saving and giving. If you know that from an early age, that's wonderful.

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**FT:** Why don't more banks have these family accounts where families can access a portal and maybe is that how you envision FamZoo exiting the market in a way? I don't know what your plan is for the future but how would you like to see this evolve and are other banks taking notes?

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**BD:** Well, I would certainly love to see this available everywhere through banks independently. The reality is that the consumer is so hooked on the concept of a free account, that banks have had to go elsewhere to get their money. In a way that they make their money sadly is on people with poor money habits. They make money on overdraft fees for example. Everyone, when they sign up for an account, they say, "Oh, I'll never overdraft. That's not me. That's the other

person.” So if you're living very close to the edge or whatnot, the sad thing is people with difficult money situations or poor money habits end up subsidizing the rest of the market.

That's why we always have this policy that we price FamZoo as a straight up flat monthly fee. People say, “You're charging me to hold your money?” Because now we actually do hold money in prepaid card accounts and we do that because there's no overdraft. Prepaid card is a great instrument for a kid and even young adults in my mind because you simply can't spend more than what's on the card. Our best deal is \$60 for two years for the entire family and that works out basically \$30 a year. If you overdraft once or one of your kids overdraft once, you've more than paid for a FamZoo subscription.

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**FT:** Right. I'm not a big fan of prepaid cards in general, the ones that charge you a sign up fee, and then a monthly account maintenance fee, there's fee, upon fee, upon fee.

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**BD:** Let me amend that. What I think I just heard is, “I'm not a big fan of financial products that charge you big fees.” Right? You should analyze as a consumer any financial product you use and ask yourself, “How do they make money? When do they make money? What are my fees?” And then put that in context.

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**FT:** Right. Well, prepaid cards, you're getting charged with that fee no matter what. You're getting charged that monthly maintenance fee and yes there are banks that charge you that too, but sometimes there are ways around it where it's like keeping a minimum balance and there are fee-free banks like Allied Bank and so forth and there are others. I'm making a sweeping statement here but I've done a lot of stories on prepaid cards in general. I'm not putting yours in that bucket because yours is a different structure.

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**BD:** Sure. There have been plenty of shady characters in all kinds of financial products. It's unfortunate, I would say, that the concept of a prepaid card I believe is a neat concept, which is here is the thing like a debit card. You spend and the money comes immediately out of your account. There's no latency there, there's no gap in time because otherwise, people get themselves in huge trouble with credit cards and things like that. Right? I'm just saying that our policy is to charge a flat rate and I remember ours isn't just a prepaid card, it's all of the software around it that allows a parent to simulate a bank. Really, what they're paying for is our customer service which is very personal. Often you're talking to me and our educational tools...

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**FT:** "Hey, it's Bill. How are you doing?"

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**BD:** Just not going to find anywhere else. Software is very expensive to build, good software. You're lucky enough to have your brother build your website. I learned that through Q&A and not everyone has got a brother like that. Unfortunately, Chris and I who are the two principals in the company build all of the software ourselves because we have been building software for 30 years.

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**FT:** What is your financial philosophy, Bill?

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**BD:** I would sum up my financial philosophy as "do the math." That's usually telling myself and my kids. I'm not talking about complicated math. In fact if you are looking in an investment or a financial transaction where you can't do the math, you probably should wait or ask someone's advice. But the reason I say do the math is just sit down and run some simple numbers. Like, "What is this loan really going to cost me? Can I really afford this? Let me just run the numbers to see what the cost are." Because it takes all the emotion out of it and it prevents you from kind

of lying to yourself. It's really easy to fool yourself and it also slows down the process. I love tips like, "Take one night to think about it." And maybe it won't be that important, that purchase won't be that important in the future. Part of what we're trying to do in FamZoo is to help kids learn some of these basic things like "just do the math," or we have savings calculators and things like that inside the tool to help kids do that.

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**FT:** You're raised in Silicon Valley and your father as you say was a pioneer in technology there, develop into a grocery store scanning items which I think I was this morning – we've used your father's technology. What was your exposure to money? I know that you had a wonderful exposure to building an entrepreneurship and starting exciting things and building. But what about money? What was your exposure to money growing up?

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**BD:** My parents weren't very explicit. All the focus was on building things. We had a workshop and my brother and I did wood working and stained glass. It was a very hands-on build-something approach and my father, though very successful and my mother and father, both very understated. It was kind of an anti-bling culture. You think of folks in Silicon Valley or a lot of the entrepreneurs being very casual-looking, wearing blue jeans et cetera. So that wasn't a lot of focus on money. I think I was just very fortunate to be kind of naturally frugal. I think I was a little bit embarrassed. I know I was a little bit embarrassed by our wealth even though we weren't very demonstrative of it. I just sort of felt like, "Wow, it's so cool that dad was a completely self-made man."

In effect, he robbed me of that opportunity which is kind of funny. It's one of the great ironies because we always talk about really "giving our kids the things that we couldn't have" mentality in America which is wonderful, but then how do they become self-made people? Right? It's kind of this irony. I had a strong sense of wanting to prove myself and certainly not be the demonstrative about my wealth. My dad was great. We would go to the store and shop and he'd be like, "I can't believe they're charging \$0.5 more for this can of corn." You're like, "Dad?"

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**FT:** “I think we can afford it.”

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**BD:** We're okay, we can afford it, but that's a great message. It's like take things seriously, do the math, do the comparison. Then the greatest message from my mom was she was all about the dignity of work and the dignity of labor. No matter what that labor was, if someone was doing it with flare or passion – Joe Kawaguchi, I remember him like yesterday he was our gardener and he was like a member of the family. This great proud Japanese guy and my mom was always baking cookies, bringing refreshments to anyone who is working at our house. I love that about my mom. That instil to me that work is all about dignity.

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**FT:** What would you say was your greatest failure? Much of your life has comprised of success – not all of it. What would you say though is a failure that you are willing to admit, that was financial in its nature?

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**BD:** Well, on paper, actually FamZoo is my greatest failure but that's kind of a joke because it's one of the most rewarding things I've ever done. But I've worked pro bono for nine years for example.

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**FT:** But you have investors. Right? No?

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**BD:** I'm the venture capitalist.

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**FT:** You are the venture capitalist. Okay.

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**BD:** That is why FamZoo can be designed the way it is.

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**FT:** It's a passion project?

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**BD:** It is but it's important for it to be successful. So I just have a very, very long term view on it but I'm not willing to do things like if I had outside investors, they'd probably be telling me like, "Bill, you should really charge \$10 for a replacement card because kids lose their prepaid cards all the time. Right?" It's like, "No. We're going to charge the cost of shipping. That's it." The neat thing is why I feel that while I've put money in and had to work for free for nine years, I actually think that our families love it and I think it's just a matter of time. It's very difficult to build a consumer brand so it's just a matter of time for that word to get out there.

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**FT:** How much time are you giving yourself? Do you have a time lined in your head?

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**BD:** I have set aside – going back to having buckets – I've set aside quite a bit of funds for FamZoo. It's going to be around hopefully for my lifetime. I'm not giving up and actually, we've been growing 40% year over year. It's still a small number but we're doing great. Just the neat thing is I don't have to rely on outside investors and I'm very fortunate to be in that position and I'm very fortunate that I'm kind of naturally frugal because that allowed me to have the funds to

do that. If I were to look at it like a true financial failure – because I don't consider personally FamZoo a failure at all because it's helping families all over the place.

But my biggest financial failure was I was very concentrated in the stocks of the companies that I worked for. When the bubble came and crashed – the late 1990's bubble and that crashed in 2000 or so, I was extremely concentrated in just the companies that I worked for, primarily Oracle, but Net Gravity as well. On paper, lost a tremendous amount of money and that was a foolish thing to do in a sense that I wasn't really paying attention, didn't understand diversification and so I could have weathered that much more intelligently had I been more careful about that.

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**FT:** Are you talking to any of your kids about maybe having them succeed you in keeping FamZoo up and running? Or perhaps in your lifetime as well, helping you coming on board and working with you on it?

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**BD:** Well, I'd be delighted to have them but I really don't like the notion of dictating or influencing what they would work on. I don't have any explicit plans in that regard. If one of my kids came to me and said, "Dad, I'm really passionate about this. I love to do that." Great. But we'll see. They are so diverse. I would say my dumbest purchase ever was when I was about 23 or so. Selena and I've just been married for a couple of years and I bought this Jeep Cherokee. It was a used car and I bought it because I thought it was cool-looking. As soon as we drove it off the lot, the salespeople were waiving at us and winking and saying, "You got a great deal." Right then I knew...

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**FT:** Oh no, oh my God.



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**BD:** Until we flown it.

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**FT:** Like elbowing each other like, "This guy..."

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**BD:** That's like, "You took that?."

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**FT:** One less lemon on our lot.

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**BD:** That was a good lesson about doing your research. That was when we were living in Southern California because my wife got her PhD at UCLA and we're driving up to Northern California, and sure enough it broke down halfway there.

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**FT:** God forbid you're in an accident. It doesn't seem like there will be any protection. It's no wonder like a Kendall drives a Jeep Cherokee.

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**BD:** Okay, this was a little more stayed. It was a Jeep Cherokee, the SUV-type thing. I didn't do any research to realize that these things at that particular year was notorious for having all kinds of issues and stuff. I just didn't do my research.

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**FT:** They recently had some recall issues as well.

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**BD:** Well, I would never touch a Jeep Cherokee again in my life. I don't pay attention to them anymore.

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**FT:** And as a result of this podcast, Jeep Cherokee will never be sponsoring my podcast, but that's okay.

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**BD:** Sorry about that.

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**FT:** That's all right. It's a risk I'm willing to take. What about a So Money moment, Bill? You could also call FamZoo while you're not profiting from FamZoo but it's pretty So Money. What else?

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**BD:** Yes, definitely. When I get fan letters from parents who say, "I just want you to know that this has completely changed how I interact with money with my kids. We're so proud of our kids for what they're doing." That is like vitamins. That just keeps us going.

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**FT:** It's like vitamins, I like that.

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**BD:** But I would say that if I look back on my very fortunate life that my most So Money decision was ditching my tennis racket for a computer keyboard back in 1982 because I went to Princeton because I thought I was going to be a pro tennis player. At the time, Princeton was actually number right in the nation. As soon as I got there, they dropped out of the top 10. I'm not sure what that says but I was choosing between Stanford who was number one in the nation and Princeton because of my tennis. Then I took computer science course and it was the first course in my life that I got a C. That made me so angry. I'm a very competitive person. Actually my colleague, Chris, here at FamZoo was one of my early roommates and he helped me understand how to program and so forth. Through perseverance, I was able to turn that around.

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**FT:** Yes, that's not even a failure. That was average that turned into your future.

[00:36:26]

**BD:** Yes. For me it was mortifying and I just couldn't get it. I was struggling so much. Over time I just think it's a really important lesson. It's like the playing field levels very quickly if you really put in the effort. I just have never seen a computer before Princeton and I was really coming from way behind if you really put in the effort. I was tremendously inspired by this visiting professor. I'll never forget him, his name was Greg Nelson and he was actually visiting from Industry. He taught the next level programming course I took. Instead of just running your program to see what the answer was and whether you got the right answer, he never ran the programs. He read them. He read every line of your program and he coached you on how to write beautiful code. That guy completely turned around for me. I just think it's so wonderful to have a mentor like that. That's our hope that we can help parents be mentors to their kids with FamZoo if we get a bunch of Greg Nelsons running around, I think that...

[00:37:35]

**FT:** Yes. I had a number of great teachers but for writing, it was Nancy Purchek. If you're listening, thank you. I don't know. I just had so many great teachers. I think someone said to me,

“Your life is really a series of moments and it's a compilation of people that inspire you.” It's true. You really appreciate it now as an adult. You look back and you're like, “Wow, that's when things happened for me.” You're lucky if you can realize it in the moment.

[00:38:10]

**BD:** Absolutely. Mentors can make such an enormous difference. I would say that was the seat of it because that created my passion in software and I just fell in love with software. Just the ability to create something from nothing is so extraordinary. That became a passion and I never went into software for money. I just did it because I loved it. I'm like, “Wow, I get paid, too. Bonus.” I would say the next biggest money moment was meeting my wife and getting married June 30th 1984, the summer after we graduated. I've come to realize now that I'm a seasoned post-50 guy, that that was the most important decision of my life. If you can find someone that shares your core values – not this identical, we have very different personalities in many ways. But we share the same core values. Talk about So Money. If you're on the same page about your values and how you manage money, is very intertwined with values.

[00:39:19]

**FT:** And you found that at a very young age. I have to say I tell people to wait to get there. Not that I'm a marriage expert by any stretch but I think these days, getting married in your early 20s, it's hard to know who you are at that point and to identify yourself and somebody else. You might be identifying the wrong things.

[00:39:38]

**BD:** We were very lucky to run into each other but it's different for everybody because I still remember right before the wedding, this woman came up to me and she said, “Are you sure you're doing the right thing?”

[00:39:51]

**FT:** What's wrong with this person? What?

[00:39:52]

**BD:** “Really? Geez, that's up-lifting.”

[00:39:54]

**FT:** “You understand how this works, right? You're a guest at my wedding. You have to be happy. I'm feeding you.”

[00:39:58]

**BD:** “Geez, thanks for the pep talk.” But everyone is different and especially is a parent of five. I've come to realize the kids are also different and so forth. It's often a mistake to project your experiences on somebody else. I think it's very helpful to give advice and so forth but people have to be careful to think how they experience something or the experiences in their lives. You can't project those on somebody else. Try to keep an open mind. It was actually pretty unusual to get married right out of school then, too.

[00:40:36]

**FT:** What's your number one money habit, Bill? Something that you don't practice necessarily everyday but it is conscious and it certainly helps you with your money?

[00:40:46]

**BD:** The biggest thing for me is partitioning funds into separate buckets. You said, “How long are you going to keep at FamZoo?” Well, the neat thing is I sort of got a bucket of my finances lined up for that. So, I don't have any anxiety over that and we have a bucket for kids' education. Again, I've been very fortunate but I think a lot of people just manage everything as one big thing, one big hairball. Each of those different buckets whether it's an emergency fund, your Roth IRA hopefully, or your 401K, they each have different purposes. To me, you don't need to have a million buckets but I love this idea of having separate buckets. Maybe if you're going to take a vacation, you create a sub-account. I love the banking products that allow you to easily set up a sub account and you fund that in advance.

That notion of separating things in the buckets, and of course we're trying to teach kids do that very early with spend-save good buckets, and ideally they're filled automatically by taking a bit out of your paycheck or whatnot. That combined with reviewing those buckets, I do it every quarter and I've started doing that with my older kids now where we sit down on Skype which is nice and just go over the buckets. That repetition is very helpful to get people mindful about where they're putting their money.

[00:42:26]

**FT:** Like I always say, it's not about how much you have, that's how you manage it. You can be somebody who is paycheck to paycheck or like you, done very exceedingly well in their career and still, you have to pay attention to your money. Just because you have a lot of it doesn't mean that it's going to just take care of itself and that you can spend however you like.

[00:42:45]

**BD:** I think they're aware. I think that awareness is critical and not kidding yourself. I think that's helpful. Then my absolute favorite habit, which I have to promote here has nothing to do with FamZoo it's when your kid gets that first W2 paying summer job or part time job, convince them to set up a Roth IRA if you can. Hopefully you'll also teach them about maybe using an index fund or something like that, but it's a very long term investing strategy. You can possibly offer to match a little bit into that Roth IRA. I'm not an expert on this area but I've done this for each of my kids and I think it's such a powerful message because think of all the messages there. One is work and you will be rewarded. You're rewarding work. The other is that you are thinking long term for your retirement. I know it's really hard to think about retirement when you're a teenager. But believe me, people are only becoming more and more responsible for their retirement. So as a parent, I think that's one of the greatest things you can do.

Now if you can't convince your kid to hold some money back while they're working, maybe if they have had some withholding from their paycheck, you can convince them when they get their tax refund to seed it with that. Just start early because if you start early, the compounding is unbelievable.

[00:44:13]

**FT:** Yes. Bill, are you ready for some So Money fill in the blanks?

[00:44:16]

**BD:** I am.

[00:44:17]

**FT:** Okay. The first one – a small story for our listeners. If you won a lottery tomorrow, what's the first thing you would do? But you've already won the lottery as you've told me in your own way, in your own life through the fortune of working in Silicon Valley. But let's say you still won an insurmountable amount of money. I can't even count the dollars.

[00:44:42]

**BD:** I don't have a hundred million dollars if that's what you're saying.

[00:44:44]

**FT:** No, I know.

[00:44:45]

**BD:** You can go with your standard hundred million.

[00:44:46]

**FT:** Okay, you want hundred million? Okay then. That was my indirect way of finding out just how wealthy you are.

[00:44:51]

**BD:** Don't confuse me with my neighbors from Google and Apple.

[00:44:51]

**FT:** If I win the lottery tomorrow, say \$100 million, the first thing I would do is?

[00:45:02]

**BD:** I got to go with my three high level bucket. On the spend side, I would become a Net Jets member. The reason is I would love to be able to have my wife and I jump in a plane in a moment's notice to go visit our son at Texas A&M, or our son at UST, or our daughter who lives in San Diego, or our son up at Portland. So just to be able to get together with the kids at a moment's notice, that would be awesome. Spending that would be it. I'm generally very frugal but if had \$100 million -

[00:45:35]

**FT:** It's for a good cause.

[00:45:36]

**BD:** That's what I would go for. On the savings/investing side, I would definitely get more into angel investing. I do a very little bit of angel investing now but I would create an angel investing fund. I would focus a lot of those efforts with my wife on bio informatics of rare diseases. Like if you go to a site called [Gracewilsey.org](http://Gracewilsey.org), it's this fellow whose beautiful daughter has a very rare disease and my wife is currently doing some work with them to try to help identify the genetics behind that disease. So that would be a place where I'd invest.

Then on the giving side, I would love to start some form of a financial Big Brother program that was a non-profit. Ideally using FamZoo's products but the trick there is to figure out a way not to have that system gamed. You don't want parents somehow taking the money from their kids or



whatever is left to think through how that would work, but I would love to have basically a network of financial mentors for at risk kids.

[00:46:52]

**FT:** That's great. Yes, I agree and I'd like to be a part of that. I'd like to be a mentor.

[00:46:57]

**BD:** Well, you dropped that hundred million on me.

[00:46:59]

**FT:** Yes and we'll work something out. You mentioned you're frugal but if there is one thing that you spend your money on that makes your life easier or better, it is?

[00:47:11]

**BD:** Wendy, our housekeeper.

[00:47:13]

**FT:** I thought it was Wendy's Burgers.

[00:47:15]

**BD:** She treats her job like a craft, she reminds me of our gardener from when I was growing up, Joe Kawaguchi. For example, she's very proactive. I found her in the kitchen polishing the silver from our wedding. I was like, "Wendy, I don't think that's been polished for 30 years." She was so proud of it and it was beautiful. My wife, she walked, "Oh wow, that's awesome." It just reminds me when we first moved into this neighborhood. You appreciate it all the more when you used to do all that stuff. So when we first moved into this neighborhood, I have this old push mower and I was out mowing the lawn. The neighbor came by and said, "Are you the owner or the gardener?" I said, "Yup."

[00:48:01]

**FT:** Yes, exactly. Both.

[00:48:05]

**BD:** As you get busier with kids, entrepreneurial endeavors like you're doing – I know you're a big fan. If you can afford to have a housekeeper that's a great investment.

[00:48:17]

**FT:** One thing that you splurge on that you spent a lot of money on – maybe too much but it is your saying – it is what?

[00:48:27]

**BD:** This would be my guilty-pleasure kind of thing?

[00:48:29]

**FT:** Yes, your guilty pleasure.

[00:48:31]

**BD:** That will be my \$4+ triple grande latte at Starbucks every morning.

[00:48:36]

**FT:** Triple grande? Can you go through the descriptions here? What is it exactly?

[00:48:41]

**BD:** It's just three shots and a latte. No fancy stuff. Straight up but I need all three of those shots and I have that right after my bike, right after I've been listening to your podcast and Stacking Benjamins. I'm a big fan.

[00:48:56]

**FT:** I love Stacking Benjamins.

[00:48:59]

**BD:** That's when I read my Wall Street Journal. My father gave me a gift subscription to the Wall Street Journal the year I graduated from college and that's how I collect my thoughts for a day. My mitigation strategy is that all of those are purchased with credit card rewards points.

[00:49:16]

**FT:** Nice, and you need that triple shot to keep up with all that reading, listening and biking and get one day.

[00:49:22]

**BD:** Yes, the real guilty confession is I go to Pete's in the afternoon.

[00:49:26]

**FT:** I knew it. One thing I wish I have known about money growing up is?

[00:49:34]

**BD:** Diversification, absolutely. I think that index funds – I'm not sure when they're invented. They may have been invented in the 70's, maybe at the Jack Bogle or whatever. But just the concept of diversifying and how important that is, and then the added kicker bonus would be the concept of dollar cost averaging versus trying to time the market. Investing in a regular pace in a

fairly regular amount so that no matter what happens, you don't really have to time the market, you're going to catch it in some of its good times and some of its bad times. So it takes all the emotion out of it.

[00:50:11]

**FT:** All right, real quick. When I donate money, I like to give to \_\_\_\_\_ because \_\_\_\_\_.

[00:50:15]

**BD:** East Palo Alto Tennis and Tutoring. It combines all of my passions about tennis, exercise and East Palo Alto is a very disadvantaged neighborhood right next to Palo Alto and serves [inaudible 00:50:29] kids and so forth. That exemplifies the kind of thing we like to give to.

[00:50:36]

**FT:** Last but not least, I'm Bill Dwight, founder of FamZoo. I'm So Money because \_\_\_\_\_.

[00:50:42]

**BD:** I'm Bill Dwight. I'm So Money because I'm helping insanely busy parents teach their kids to be So Money so they can earn diligently, spend wisely.

[00:50:53]

**FT:** We'll be subscribers.

[00:50:55]

**BD:** Give. Most importantly give thoughtfully as well.

[00:50:57]

**FT:** Well, I'm sure it will still be around when Evan is of age. He's not even a year yet but I would say when he's getting an allowance he'll have to see how it's growing and how it's doing. So I look forward to testing it out when that day comes.

Bill, thank you so much for not only being a guest on the show but being such a big fan and avid listener. I really appreciate it.

[00:51:18]

**BD:** My pleasure. Thank you for having me.

[00:51:23]

[END]