**EPISODE 1334**

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**FT:** So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1334, *Launching Financial Grownups,* with author Bobbi Rebell.

> "**BR:** *We're there to support them. We're there to consult with them, and give them advice, and give them feedback, and most importantly to listen. But we have to learn to let go, and that's been a tough thing for our generation because we have been so involved in our kids' lives. And to some degree, it's so much of our own identity. I mean, you're a parent of young kids. I bet you refer to some people as so-and-so's mommy."*

[INTRO]

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**FT:** Welcome to So Money, everybody. I'm Farnoosh Torabi. If you're a parent in the audience with a child who is on her way to college or has graduated from college in the real world, you want to listen to this episode because so often we do talk about raising money-savvy kids, what to do with your kids when they're 10 years old, 8 years old. But what do you do when your kid's 22? Do you have a responsibility still as a caregiver, as a parent, to guide them, to tell them about your own mistakes, your own successes, and help them open up their 401(k)?

Our guest today, Bobbi Rebell, says absolutely. Her book, *Launching Financial Grownups*, talks about how to live your richest life, you, the parent, by helping your almost adult kids become everyday money smart. Bobbi is a certified financial planner, financial expert. She's been on the show many times, and she'll admit, even with her CFP, even with her career dedicated to business and financial journalism, she had some rough patches there, teaching her kids about money and not just when they were young but when they were older. She shares her lessons learned and advice for parents on how to level with your adult children and why it's important to even let our adult children make some mistakes. Here's Bobbi Rebell.

[INTERVIEW]

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**FT:** Bobbi Rebell, welcome back to So Money. I have been waiting for this moment. Your new book is finally out, *Launching Financial Grownups*. Welcome and congrats.

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**BR:** Thank you so much. Yes, long time coming. We've talked about this, and I'm so excited to finally share it with everybody.

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**FT:** Yes, because we need this advice more than ever. My kids are still younger. They're in their elementary ages, but at what point should a parent pick this book up?

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**BR:** So the good news for you and parents of younger kids is there are tons of great books out there for parents of younger kids. One of the people I spoke to for this book is Ron Lieber, who wrote *The Opposite of Spoiled*. So there's stuff out there for you. But for me, as a parent of older kids, I found there was really nothing out there. Even though I had been a global business news anchor, I wrote a personal finance column for Reuters, Farnoosh. I am a certified financial planner. Okay, I know this stuff on paper. I was failing fabulously with my own young adult children, and I really couldn't find a resource out there. So I decided I needed to look into this.

What I did have is access to incredible experts. So I tapped into my expert network, not just money experts though and not even just parenting experts. But even people like financial therapists are in this book because so much of this is about mindset and the tone that you use when you speak to your teenagers and young adults, how you approach things, and relationships. It's not just about knowing what to do on paper because that's easier. The harder thing is actually getting your young adults to do the things in a way that brings you closer to them, not farther away. You never want to be so harsh and just sort of have these arbitrary milestones and be like, “Bye-bye.” You love your kids. You want them to grow up and be adults but have the family still be really close.

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**FT:** Well, we’ll get into some of those mistakes that you made and the lessons learned. But maybe we can take a step back and have you explain a little bit what you discovered about the parent-adult child dynamic today. Different than maybe what we experienced growing up with our parents. I was reading through the book this morning, and there's a quote where someone says, “We want to have these financially independent children. At the same time, we don't want them to make mistakes.” So there's this tension. There's like this irony. Tell us what you learned about this dynamic and the challenges that it then presents when we try to help our kids become financial grownups.

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**BR:** That is such a great quote, and it's really alluding to the fact that we have been, many of us have been helicopter parents, snowplow parents, where we kind of carved the path for them, and they go to college. We're calling up the professor and the high school teacher and saying, “Can you give them another shot at this at this grade?” As they grow older, we even become concierge parents, so I like to say, because now money gets into the mix, where we can solve a problem. Just like if you're on vacation and you want to have a special restaurant or a certain outing, the concierge can make it happen through the magic of connections and money.

We as parents need to take a step back and let our kids grow up and become the adults that they want to be. A lot of that has to do with letting them do it themselves, letting them know that, sure, we have expectations and hopes and dreams for them. But we also have confidence in them that they have the competence to do adult things for themselves, and we're there to support them. We're there to consult with them, and give them advice, and give them feedback, and most importantly to listen. But we have to learn to let go. That's been a tough thing for our generation because we have been so involved in our kids’ lives. To some degree, it's so much of our own identity.

I mean, you're a parent of young kids. I bet you refer to some people as so-and-so's mommy or so-and-so's dad, not by their first name. You might not even know their last name. You might not even know what their job is. I mean, when we've had moments on the sidelines of the soccer field where we discover like so-and-so's dad is actually this famous person or this highly accomplished person, but we've only known them as Johnny's dad because we're that closely tied in our identity to our children and their accomplishments. We need to step back a little.

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**FT:** I'll never forget when I discovered that little Ben in Evan's preschool, his mom is Laura Linney. That was –

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**BR:** Right. You might have even been talking to her in sweats and t-shirts with no makeup.

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**FT:** Yeah. She's like, "Hi, I'm Laura." I'm like, "Yeah, I know. I know. That's so crazy." This is just New York. It wasn't really a fancy school. It was just New York.

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**BR:** No, but you're corresponding with these people, and you only know them by their association with their children. As our children get older, we have to kind of be like, "Okay, we're more than our child's parent, and they're their own person. Let them be their person."

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**FT:** But, Bobbi, how about the pandemic? You saw so many college-age and even 20-something, 30-something-year-old kids moving back in with their parents out of necessity during the pandemic. So you have multi generations again in one household. How did that defeat some of the work that was in place, trying to raise these financial grownups? Now, your kid's back and not paying for food or rent or all the other things. How did that shake out?

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**BR:** Oh, my goodness. So this was a fascinating sort of social experiment, and I was already writing the book when this happened. So I'm writing the book and going, "Wait, how is this going to change things?" When they first moved back, remember those science, Farnoosh, that said, "15 days to stop the spread," right? So they were coming home. We thought it was a week or two. So your kid's coming home for a week or two. It's like a vacation. It's like they're coming home from college. Maybe they already have a job. But it's short term. So we as parents, we're like treating them as children from before they left. If your kid might be 24, but the last time they lived at home full time was when they're 17, you regress to that. That's what happened a lot. As you said, we're paying for their meals. They're not paying rent. They're not really contributing. We're doing their laundry. We've regressed.

But the pandemic went on and on and on. You know what? The relationships for the most part matured because the parents were like, "Well, wait a second. We want our lives back. Hold on. They're almost adults. They are adults. They're in the basement working 10 hours a day." A lot of parents observed that their kids had real jobs, and they had a new appreciation, by the way, for their own kids' accomplishments and the fact that their kids had developed their own lives. Remember, the kids were not moving home, in many cases, for financial distress. It wasn't that the kid – Normally, a kid moves home in financial distress. Or in our generation, they were called the slackers. They were moving home because of the pandemic, so it was a unique situation.

What really evolved over time that's fascinating is relationships matured to the point where many parents could then talk directly. Or sometimes, just because the kids were around, the kids learned more about their own finances, and seeing that the parents' financial lives had not been perfect, and that maybe the parents have their own financial challenges, and maybe the kid shouldn't be asking them to pay for x, y, and z because they have to fund their own retirement and seeing their parents as adults going through midlife and beyond and what was on their parent's plate going ahead. So it really for many families benefited them in having a much more open discussion and a much more real understanding of each generation’s financial goals, expectations, and challenges.

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**FT:** Yeah. I never thought of it that way, but that's certainly – It would be the case because these are individuals who weren't spending the daytime hours together. You saw your parents on spring break or on the weekends and not during office hours. Certainly, it gives everybody perspective and maybe even some more empathy.

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**BR:** Yeah. I mean, it's almost like a long distance relationship. You pop in, you have a few great dates, you use each other. But you don't really get to know the person a lot of the time when you're suddenly living with your parents. Remember what was also fascinating in my own family, we moved out of the city for a little bit in the real height of it, and we were in the suburbs with my son who's now – He was then 12 and then my step kids who were like, I want to say, 23 and 21. We suddenly didn't have activities to go to all the time. We had never really had family dinners because of the staggered schedules. I remember we sat down for dinner the first night in the suburban house, and it was so weird because it wasn't like Thanksgiving. It wasn't a holiday or Mother's Day.

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**FT:** It was a Tuesday. Yeah.

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**BR:** It was just Tuesday. It was Taco Tuesday. We’re making food on the barbecue because, God, we were terrified to go out. I mean, we were wiping down food at this point. Let's not forget. We don't know how long we're going to be there, but maybe we thought it was 15 days at the time. But we suddenly had dinner together, and we liked it. My son talked about it. He said, “This is so cool. We're all here at the table together.” The room we were in didn't have a TV that was on. There's a little TV in the corner, but it was a quiet kitchen, and it was fascinating.

I think what happened for a lot of families was they started talking because they weren't running to all these activities. We as parents spend so much time getting our kids from place A to place B, and everyone's on these different schedules. We suddenly had time to get to know each other at a different level. With older kids, that really happened. They sort of were there with their parents as adults.

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**FT:** So let's go back to you said you made a plenty of mistakes, and there were challenges. What was your biggest challenge with your adult children, as far as driving home some of the important financial principles that you wanted them to embrace? Take us to those moments or just one moment.

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**BR:** Yeah. Well, first of all, I'm sure there will be many more to come. There's always things that are sort of judgment calls. But it's important to understand that your kids, and in my case, this is what happened, they will say they're on it. They will yes you to death. They may. But in my case very often, they were not. They thought they were. They weren't lying to me. They thought they were. So an example would be my stepdaughter got this amazing job out of college, and she had all the corporate benefits. When I started a job, an HR person sat down with me in person and said, “Okay, let's sign you up for the 401(k). Let's walk through your stuff.”

Now, they get a link to a webpage, very often. I think they could, in theory, ask for a meeting. But this is what happens. They get a link, and they would have to take it upon themselves to really comb through it. A lot of the time, they're just not going to do it. They're going to do it tomorrow, and tomorrow doesn't come. But my 25-year-old, she's 22 at the time, Ashley, so she knew because she got information from me. She knew. She was on it with a 401(k). She was interested in buying her own home, so she had really planned what things would cost. So she was proactive and proudly came to me, “I signed up for the 401(k). I did put in the maximum to get the match," because she really wanted to put money in other places for a home. But she was very proud, even though it was really going to pinch her initially.

I said, "Okay, what was it invested in?" She says, "It's all set. It's in there. I told you. I'm going out with my friends." "Let me see," and she finally grudgingly opens up the computer and shows me. Of course, it's not invested in anything, and I explained to her that we have to do that. She's got one foot out the door, and I picked a fund for her. She said, "Well, what should I do?" I picked an equity, diversified, basically an equity index fund that will be low cost. I tried to explain it to her. She's nodding yes, yes, yes. I said I want you to press the button and choose it, and she pressed the button to choose it. That's important. Let them drive with the computer. You know what she chose? Not the one I picked because she said – So let's call it ABC Fund Company. She just saw that I chose a fund that ABC Fund Company. Well, there were eight funds from this company. She chose the fixed income one when I told her the equity one.

Again, she's 22. We're looking at 50 years here. You don't know that she's going back in here to ever change it. But to her, she only saw, "Well, you said to pick an ABC fund." I said no. I said to pick the equity fund. I roll. Fine, it's fixed. Off she went. But I don't know when I'm ever getting back in there. But I'm really happy that I know at least she's in something. Is she in the absolute best one? Should we have researched it more? Of course, but it's good enough, and it's really important that you – It's not about not believing them because they're telling you the truth. They do believe that they're invested, and maybe your kid did do everything to the end, but they might not.

So do a check. That's a time when it's okay to be a little bit of a helicopter parent and just do those check ins now when they're young because you may never get that password to get back into that account and check on them.

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**FT:** Well, I don't know. I think that sounds like parent of the year to me to get your daughter set up for retirement. I'll tell you one thing my mother did when I was in my 20s. Actually, more like college. You call your kids every week. We had outstanding phone call every Sunday or

Saturday. I don't remember what now. But without a doubt, she would ask me, “How are you doing financially?” She would ask.

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**BR:** Oh, I love that. Really? But where was your money coming from?

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**FT:** So they gave me a budget every month, my parents. In freshman year, I didn't have a job on campus, but I later did had many jobs on campus. Because what they gave me was so little, it was like, “I need more.” Maybe that's a good tip, like get your kid on like a really strict budget so that they are inspired to go out and earn their own money. But, yeah, I remember, she would ask and just it wasn't because she was fishing to find out if I needed more money, and she was going to give it to me. It was because she wanted to keep me accountable to the money that I had gotten from them earlier in the month and just wanted to make sure that I was budgeting and that I wasn't going to call in an emergency in three days. She just wanted to –

It was a check in. It was a really good check in. It was a little bit of a guilt trip. But I think it, hey, it did its job, and so much so that the following year, I've started working. My parents, we talked about money a lot at home, but that doesn't mean that all the conversations were great. It was good. Do you have tips about how parents can let their kids feel like it's cool to be money-minded? As your daughter was heading out to be with her friends that night, I would be so curious to be a fly on the wall. Like do they ever talk about money when they get together? To be that friend who would go there, it’s kind of a cool friend.

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**BR:** This is so interesting because a lot of the financial pressures these days come from their peers and through social media, and they often feel like they should be living a lifestyle that is not even real. So that's an important thing to talk about. I mean, when it comes to my kids, they've grown up with me talking about money, so there's some eye rolls. But there's also they already kind of know a lot, especially the last few years writing this book. It's very interesting because my favorite part of the book is the epilogue, which Ashley wrote. So I encourage everyone to kind of skip ahead and read that. One of the hardest things I had to do was not change a word, even though there were things that I was like, "Oh, do you want to say it that way? Say it that way."

But I think it's really important to give them credit for probably being more interested in money than you assume. They have a lot more information than our generation did, and I think that many of them are a lot more money savvy than we were. That is different from separating financially from their parents. So they might be very savvy and understand how to budget and how to invest. That doesn't mean they're not going to hit you up for money ongoing forever, if you don't sort of stop it. They're kind of two separate things, but there's a lot of information out there. What you need to do is make sure that they understand how to put it in context.

For example, a lot of them are on Discord and Reddit, and they might get information there about things to invest in. You have to not judge that but also help them process it and put it in perspective and understand who the source is, if that makes sense. So basically, what I'm saying is I think there is interest in money out there. I think they're interested, but you need to kind of harness that into ways that are productive for them and are going to serve them and understand that a lot of the things they see on social media are rented. By the way, renting can make tremendous sense when it comes to certain things, and I've done very well with Rent the Runway and things like that. Renting your first apartment can make a lot of sense if you think you're going to move around or whatever it may be.

So I'm not anti-renting. But understand that when you see images on social media, someone might have been given that to promote it. So you have to put things into context for them. Very fun thing though that I've gotten a lot of joy from is so now that my stepdaughter, Ashley, who's now 25, she owns her own apartment. She lived at home for two years, and I talked about that in the book to save the money for not just the apartment but also the – Not just the down payment but also the closing costs, which were a big thing. We were really nervous. What do we do as parents if she does those closing costs? Because you don't want to have a problem at that moment when she's so close to the finish line. Thankfully, she did. But she will show me texts from her friends that say things that just mortified her about money, and she really takes pride in –

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**FT:** Like what?

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**BR:** Like one of her friends. So she lives at home for two years, and she had a lot of friends that lived at home for two years because of the pandemic but also because that was going to happen anyway. Because you get out of school, and this group happened to generally not have school debt, but there's a lot of debt out there. There's a lot of good reasons to move home. I mean, we were called slackers if we moved home. I think it's smart to move home and live rent free for a year or two and bank your money. I don't know why that was considered not a good thing. It's the best thing for so many kids.

But this friend has been living at home also for two years. Ashley had moved out and bought her own apartment, but she showed me a text from a friend basically saying, “The only way I'm ever getting out of here is if my parents write me a check for the down payment.” She was like, “That's so sad. Thank you for not doing that to me.” I mean, and the friend has just been living at home but hasn't had an exit strategy or a savings plan. So the money is just going in and out the door, and it's very sad. She's sad for her friend, and she's also thankful now as she sits in her own – Her apartment is age-appropriate. It’s not a little tiny little studio with a wall.

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**FT:** Yeah. My first apartment that I bought was 400 square feet, 400 square feet. It's all I could afford. But you have a quote in your book from St. Elmo’s fire. One of the actresses says like, “I got up in the middle of the night and made myself a PB and J. It was my own bread, my jelly, my own kitchen. It was the best peanut butter and jelly sandwich I had in my life.” Sticking with this theme of parents and adult children, there are some reconciliations that had to happen. Parents need to entrust their kids a little bit more. I also feel like there is – Because I hear from audience listeners who are in the 20s cohort, 20s or early 30s, and they're like, “My parents are really pressuring me to do finance the way they did it. To buy a home and open up the 401(k).” I think that this current generation is a little skeptical of some of that old timey advice. Not to take sides here, but what do you think about how families can work better together when there are these ideological differences?

I don't blame the millennials, for example, for having this aversion in some cases to the financial system, the traditional financial system. It's not always inclusive. It doesn't always make you money, real estate, especially this generation that grew up maybe seeing their parents lose their homes, lose their 401(k)s, became 201(k)s. So there's like some built-in skepticism. What's your advice there? Or how did you maybe deal with that, if that was even the case in your household?

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**BR:** I love this question, and I love this discussion. One of my favorite interviews in the book is a woman named Tori Dunlap, who is known for her moniker as her first 100k. She's very big on TikTok. Everyone, check her out. She's in her 20s, I want to say. Maybe she turned 30, but she's young. She gave me a lot of perspective about their side, what you're just talking about. She said, "It's so important to listen to what they're saying and hear them and not judge them and let them find their own path." We have stereotypes. They want experiences, not things. Well, there's something to be said for that. There's something to be said also for giving them the space to what we think might be a mistake but maybe won't be.

I mean, so for example, in the book, I talk about – I don't know if you know Jen Barrett. She wrote the book, *How to Think Like a Breadwinner*.

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**FT:** Of course.

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**BR:** Yeah. So Jen talks about her. She told me about her son, and he literally was making investments, investments in quotes.  I guess you'd call it the metaverse, and he was buying like not – They're like things in the computer. I don't even know what you call it. This is, sorry, how old I am.

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**FT:** You could like land in real estate.

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**BR:** Right, exactly. He's like flipping it, and she's like, "I'm mortified because he's making so much money." So it's like how do you – We can't judge them. We have to say to them, "Look, this is risky. Understand the risks, right? Be honest about your ability to manage risk." Again, they're so young at this point, that if they put 5% of their portfolio into whatever we consider bananas, whether it's NFTs, people, obviously, are having different comfort levels with cryptocurrency. Let them do their thing. They have time on their side, but also invite them to learn about some traditional things like dollar cost averaging and diversification.

Most of all, I really stress risk. Understand your risk tolerance because if they win, win, win at the beginning, they may not understand that the market always goes up. What's happening now with the market, while a lot of people are not happy about it, there's terrible reason that's happening, is at least creating an idea that the past two years are not the norm. How much the market has gone up that you're not guaranteed. So my stepson who's now graduated from college, because he had more time, he put a lot of the money he earned as a teenager into the stock market, a lot of technology investments while the daughter was putting it in savings. So she wanted to buy. She really wants to own a home.

Bradley, not necessarily as much for different reasons, he did really well on the market. Now, he's like, "Oh, wait. It's not up every time I look at my account." So let reality solve the problems. You don't have to go in and lecture them that, "Oh, no. Don't." Let it play out. Let them live the experience. I once had the opportunity to invest in an IPO, and I always thought I had a higher risk tolerance than I did. When you start seeing that stock soaring on the first day, and I did sell some at the top, and then it crashed, and I basically came out even. But I learned a lot about my risk tolerance not being as strong as it was. Let them learn that. Step back a little.

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**FT:** Right. Let them make those mistakes in a relatively safe way. They're betting their whole portfolio. Basically, advice that I follow, right? I mean, I tell people, if you want to invest in Bitcoin or the NFT of the day, fine. But let's also be thoughtful about how we're doing it, realizing that there's a lot of risk, more risk in that way than an index fund. So just mix it up. Make sure you're mixing it up because you don't – Why would you throw the baby out with the bathwater, right? This is a startling statistic. I'm sure you came across it where it was like CNBC or somewhere. They said the majority of millennials that are what you call like millionaires, like I guess their net assets are in the millions, they're in crypto. They're not in 401(k)s. They're not in real estate. They're not in index funds. They're in crypto.

I don't care what the investment is. I don't care if it's the hottest tech stock. I'm not going 100% in. I had a guest on the show who said that's even worse than gambling. Gamblers are even smarter than that. They don't go all in on one thing because they know that you have to diversify. Even if you're really optimistic, put a little bit in.

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**BR:** Yeah, I totally agree. But, look, let them learn their mistakes. Also, realize the stakes are very different for them at this point. I mean, look, we have all the math that we can show that if you put in a very small amount when you're very young, and you let it just grow, it's going to be a lot easier for you. But at the same time, the stakes are usually very low. If you're talking about these young adults 16 to 26, they often do not have people that are dependent on them financially. So it's a good time to take a risk. They're paying down student debt in some cases, but they don't have overhead that they might have in midlife. So let them live their lives and learn their lessons for themselves.

By the way, they might be right about some things. I don't say it. You should never put 100% in any investment. That's diversification that we're going to teach them. But one of those investments can be crypto. I mean, look, Warren Buffett for years, I don't know if it's still true, he said he didn't invest in technology because he didn't understand it. Well, he missed out on a lot of things, and he's Warren Buffett. I mean, he's pretty smart. It doesn't mean he’s not super smart. But that's us with crypto to some degree. That doesn't mean crypto won't be a very mainstream investment when their children are coming up. So we have to give them that space and also realize that their values are very different.

I mean, my stepdaughter happened to really want to own a home when she was a teenager, and she worked towards that goal. I have not heard a peep about it from my stepson. We don't know. We'll see what he wants to do. You have to really help them do what they want to do. It's their goals. I mean, they are the main characters in their story, and you are a supporting character. You have to learn to step into the scene when it's appropriate. But also, take your leave. Walk off stage when you – Not off stage completely but be in the background.

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**FT:** You’re the stage director. That is your line. You're forgetting your line. This is your line.

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**BR:** Exactly. Be there with a little prompt when they need it.

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**FT:** Setting up the props. Exactly. But they have – You have to – I love the quote that you gave from St. Elmo’s fire. I mean, it's just really true. They want to be adults, and it's up to us to let go. We're so identified with our kids that we aren't letting ourselves see them as the grownups that they are.

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**FT:** Bobbi Rebell, thank you so much. I'm keeping this book in a nice safe place. I'll reference it over the years. Congratulations. Your book again is called *Launching Financial Grownups: Live Your Richest Life by Helping Your (Almost) Adult Kids Become Everyday Money Smart*. Foreword by our friend David Bach.

 

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**BR:** Yes. Yay, David Bach. Thank you.

[END OF INTERVIEW]

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**FT:** Thanks so much to Bobbi for joining us. Her book again is called *Launching Financial Grownups*. She's giving away some free copies of the book, if you go to bobbirebell.com. That's B-O-B-B-I-R-E-B-E-L-L.com. You can go to enter for that giveaway. Stay tuned for our Friday episode. We'll be talking about all things investing and women, as our month-long partnership with Prudential continues. Thanks for tuning in, and I hope your day is So Money.

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