

Finance 101 for Kids Podcast - Transcript

Financial Wellness is just like anything else: It takes a little discipline, and some good advice. At Golden 1 Credit Union, we're here to help. As a not-for-profit, member-owned credit union, our main goal is to help you reach your goals. Providing financial advice and education is another way of doing just that. Whether you're trying to make a major purchase, start an investment fund, or just have some peace of mind, Golden 1 is your financial partner and together we can be golden.

Welcome to the Golden 1 Credit Union Financial Wellness Podcast. I'm Martin...

...and I'm Rebecca!

In this podcast we would really like to emphasize the “literacy” in “financial literacy” and talk about a book that we think will help you and your family discuss finances in a way that everyone can understand.

That's right, Martin. We believe it's important to get your whole family together and talk about money, and this book will be a great way to start that conversation.

The book we're talking about today is *Finance 101 for Kids: Money Lessons Children Cannot Afford to Miss* by Walter Andal, spelled A-N-D-A-L, and illustrated by Richard Peter David.

Rebecca, I love this book. In the foreword the author says that he was motivated to write this book because students are only introduced to the concept of finances in school. They never actually take a class that goes into the mechanics of it. So, this whole book is written as if it's a teacher giving a lecture about finances.

This really speaks to me, since one of the reasons we have a financial education department at Golden 1 is to help fill the financial education gaps.

This book presents itself like it's a class. The author even takes on a character named Mr. Buckingham.

While we can't show them to you on this podcast, the illustrations are hilarious. One of my favorites shows the teacher at the front of the class saying "Money does not grow on trees!" and a student responds with "But my dad says his bank has a lot of branches!"

Ba-dum-tss. Martin, this book begins with how money started. When people exchanged goods rather than paying for things with money.

It's like getting a financial lesson and a history lesson all in one place! Another neat thing that the author has done is highlighting key words in each section and providing definitions for them. I think that makes the sometimes complex topics a little easier to learn. It's like writing financial literacy flashcards for your kids!

I really wish I had something like this when I was younger. There are things in this book that I

didn't know about until it was too late. There's a whole chapter on the pros and cons of credit cards...

...and a section on the importance of saving money early to take advantage of compound interest. I didn't even know what compound interest was until last year!

I especially liked the section in the Dealing With Credit chapter that explained how lenders, the people giving you credit, determine who they should give credit to. We usually think that our income and our credit score are the most important factors when it comes to credit decisions, but the author talks about Character and Capacity.

When he says Character he is talking about your credit history and your credit score. If you have a messy history and a low score a lender may assume that you don't have the Character required to handle a credit card or a home loan.

That's right. A credit report, which shows your credit score and your credit history, is typically a lenders only glimpse into your life so it's the only thing that they have in order to judge your Character.

Capacity, has nothing to do with a credit score, it has everything to do with the amount of credit you have and the amount of credit that you have available to you.

Let's say you have \$10,000 of credit available to you, but you're using \$9,000 of it. You really only have \$1,000 available, which is just 10 percent of your total Capacity. Make sense?

Capacity also refers to the number of different types of debt you have. It can be credit cards, home loans, student loans, car loans, etc. The more you have, the lower your Capacity to take on more debt.

Martin, this book covers so many important financial topics, many of which we have talked

about in previous podcasts, so we won't go into too much detail.

One example is from the same chapter about credit: Cash advances on credit cards. We could go on and on about the dangers of cash advances; higher interest rates, false sense of financial security, etc., but the book does a great job of sharing all the pros and cons.

What makes *Finance 101* so unique is the way in which these topics are delivered.

Yes. Hilarious drawings, “funny” dad-jokes, and relevant information for the whole family.

But one of my favorite things comes right at the end. The author, Andal, writes that although money can be easy to come by for people with jobs, there are a lot of people that are less fortunate.

I love the idea of reinforcing the idea of giving back to your community by donating to deserving non-profits if you have the money to do so.

That's so important, Rebecca. The book ends with another important message; "What you do with your money is totally up to you. In the end what matters is not the goods and services you bought to make you look and feel good, but how you used your money to make you a better and smarter person."

So true! Well, Martin, since this is the first time we have reviewed a "Financial Literacy" book is it one you would recommend to our listeners?

I am so happy you asked, Rebecca! I cannot say enough great things about this book, obviously. I mean, we devoted an entire podcast to it! And, with a lot of families at home, I highly suggest gathering everyone around the table reading this book as a family. It is a really quick and easy book to read and can lead to some great discussions after each chapter!

Well let me tell you, Martin, that is music to my ears because I did just that with my kids! They learned so much and we had a ton of fun. It even led to discussions about careers! It got us

away from the TV and devices and we were able to have some quality family time!

Thank you so much for joining us today. This has been Rebecca...

...and Martin!

...wishing you financial health and happiness, and as always, reminding you to...(both)...Stay Golden!

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