

EPISODE 537

[INTRODUCTION]

[0:00:34.1]

FT: Welcome to So Money everyone. Thank you for joining me. I'm your host, Farnoosh Torabi. It is February 20th. I'm a big believer in never underestimating a child's ability to learn about money even at an early age, and I think that I'm not alone.

Researchers at Cambridge University, where all the smart people go, discovered that kids can learn and take on good money habits by the age of — Guess? Seven. Meantime, a new study by Acorns, which we have talked about on this show, It's the micro investing app, the researchers at Acorn found that nearly two out of every five millennials are anxious when thinking about daily expenses especially debt. It's no surprise. More than half surveyed felt their formal schooling left them very ill-prepared for success.

Today's guest, Ted Gonder, is working to give young adults a better chance at managing their money well. He's the co-founding CEO of Moneythink. It's a national technology non-profit that helps young adults, especially first generation college students, built financial health through mentorships and mobile apps.

It launched in 2009 and since then, has trained over 1,500 college leaders to service financial mentors. If you're in college right now, this would be a great opportunity for you. They have now 12,000 teens participating across 17 states.

In 2015, ted was recognized for his work by being named to Forbes' 30 Under 30 list as the youngest in the finance category, and he also served as the youngest appointee on the US President's Council for Financial Capability for Young Americans under Obama.

He's a big under achiever. What can I say? Just kidding. Here is the lovely, the talented, the ambitious Ted Gonder.

[INTERVIEW]

[0:02:39.6]

FT: Ted Gonder, welcome to So Money. I love the mission that you're on; helping young people become more financially literate. We need more Ted Gonders in the world. Welcome to So Money.

[0:02:39.6]

TG: Thank you, Farnoosh. It's an honor to be on the show. Thank you very much.

[0:02:42.7]

FT: You have a very impressive resume, Ted, and you're only 27. I just found out that your dad, too. You are so ahead in schedule in so many ways. That's amazing, but let's talk first about Moneythink, which is your new non-profit that is aiming to help young people build financial help through mentorship programs and mobile apps.

What makes you passionate enough to start a non-profit around this? I understand that you were — I read, at least, correct me if I'm wrong, that you were all over the place when you were young.

[0:03:16.6]

TG: Yeah, I was a total knucklehead growing up. My parents came from humble beginnings. When they got together, they said, "We want to give our kid all the opportunities we never had." I had all kinds of enrichment activities in my childhood, from music to sports to boy scouts.

I was always a troublemaker, getting kicked out of class, getting into trouble, hanging out with the wrong crowds. In high school, my mom hired a tutor who ended up completely changing my life. I got in, eventually, to U Chicago for college, which is a great university where I was studying economics.

That happened right around the same time — I got into college right around the same time that the economy collapsed and went into crisis in 2008. For me, I was thinking at the time, “Wow! I have been so lucky to have been on the wrong path to be redirected and given guidance from this tutor that came into my life, to have had supportive parents.

Yet, in the City of Chicago, where I was studying and interning around the different communities, volunteering in the communities, I would see some of the poorest neighborhoods in the entire country. You would just see foreclosed houses, abandoned cars, boarded up businesses, liquor stores, currency exchanges in every corner, and wonder, “What can I do as a college kid to help?”

My friends and I started this tutoring club that focused on finance instead of normal academic subjects, and that ended up growing like wildfire all across the country and has become what the organization is today.

[0:04:57.8]

FT: Why did you decide to focus on finance as supposed to other aspects of life? What was it about money that you thought was a good foundation for these young people?

[0:05:09.4]

TG: It’s interesting. I had two formative experiences before Moneythink. One was that this tutor I had really helped me to understand that you’ve got to treat your life like an entrepreneurial venture and every decision you make as if it’s an investment in your future.

Before I even got to college or became an adult, I’ve been trained to see things through a fiscal lens. Then the second thing that happened before college, before the financial crisis even, was I had this incredible economics teacher in 12th grade who spent half the year actually teaching us personal finance in investing rather than macroeconomics.

She showed me one of the coolest spreadsheets I’ve ever seen, and I’m not a spreadsheet guy, which was — There was column a that was “Buy your coffee at Starbucks for a whole year

every single day.” There was column b which was “Buy your coffee at 7-Eleven.” Then there was column c that said, “Make your own coffee in your coffee pot.”

You just see that over the course of a year, you end up saving a thousand or 2,000 bucks. For a high school kid, that’s a lot of money. I ended up working on the side in addition to school and saving as much as I could and ended up saving enough money to go backpacking around Europe for a summer before I got to college.

I, from a very early age, associated money with freedom rather — Or savings rather with freedom instead of thinking of it as an uncool, boring thing that would prevent me from enjoying my life, I thought of saving as this awesome key to a really rich set of experiences.

When I got to college and started getting into the communities and working with the students that we serve who come from really distressed, challenged areas and households. A lot of these kids come from single-parent households. They are afraid to walk down the block. There’s a lot of violence and drugs and challenges in the neighborhood, but a lot of them want to have a better future. They want to go to college. One of the biggest questions they have is, “Well, how do I afford it? How do I get a job? How do I earn federal aid money so that I can have a better future and not make my zip code determine my destiny?”

That’s when my friends and I in college put the pieces together that, “Hey, actually, we’re all really interested and already know a few things about basic budgeting, saving, and investing. Why don’t we go and share this with students that could probably make even better use of it than we could?”

[0:07:45.6]

FT: What have been some of the outcomes and the case studies from the young people that you’ve been mentoring?

[0:07:54.0]

TG: For us, the goal is really to reach students at key inflection points in their lives. Whether that's during their first employment experience, whether that's as they're applying for a college aid and trying to move from high school into a more independent setting after high school; there's money at the core of all of this.

In fact, financial stress is the number one reason that low-income kids, who actually make it to college, end up dropping out. For us, overtime, what we've really been focused on measuring is can we increase the mindfulness that students spend with on a daily basis? Can we help students set up savings accounts? Can we help students learn what to do with the check when they get it? A lot of these things are missing from traditional financial literacy programs or teachers, counselors, parents, a lot of times, don't teach their kids this stuff. What do you do with the check when you get it?

We've talked to a lot of kids that, without our program, they were keeping their checks in their backpack from their job not realizing that their checks were expiring. For you and me, it might seem crazy that they would do that, but no one ever told them.

A lot of what we have been focused on is driving behavioral changes at a very fundamental basic level for the kids who need it most. Now, where we're really taking that moving forward is how does that affect downstream outcomes?

If you are able to change the way a student processes their check when they get their first job, and get them a bank account, and set them up in a financial mainstream system that's not going to be overly predatory or take advantage of the fact that they don't know a lot or might come from a low-income situation; how do you start to show that that can drive more positive outcomes in terms of the rate at which they complete college as the first person in their family ever to make it to college?

How do you show that that actually increases the chances they they'll retain their job and get a promotion rather than losing their job potentially because they weren't able to manage their cash flow enough to get a bus pass to make it to work on time? Those are the kinds of issues that we're really interested in making a difference on.

[0:10:03.2]

FT: You're doing it through, primarily, mentorship, technology, mobile applications. You're not using textbooks, which is what, traditionally, administrations might utilize at the school level to teach financial literacy, if they do it at all.

[0:10:19.9]

TG: Exactly.

[0:10:20.5]

FT: That was a very conscious decision on your end.

[0:10:22.9]

TG: Extremely conscious, and it's counter-intuitive, too, because when we first decided to explore the possibility of enhancing our mentoring model with technology, the first thing we said to ourselves is, "Ah, I don't know. Maybe the schools we served — Because they're under resourced. Maybe they don't have good enough technology resources or computer labs, or maybe our students don't have smartphones."

We didn't want to make assumptions about whether or not our students had access to technology. It turns out that most of these kids that we're serving actually have some kind of smartphone, an Android, or Microsoft, or whatever. It's actually their primary means of connectivity.

Some of the students that we serve don't have broadband or computers at home, but they have these phones that they plug into Wi-Fi wherever they can and they use this for social media and everything. What we realized was here we are teaching all of these financial concepts in the classroom when, in fact, a lot of the major decisions that our students are making are happening outside the classroom.

If we don't have a way to reach them at the point at which they're making a decision, then how can we expect to change their behavior? Ultimately, our role is to change behavior. It's not just to teach students more knowledge that they may or may not remember in the moment where they have to apply it, it's how do you get kids to actually form habits that will last a lifetime?

[0:11:51.1]

FT: You brought up a really good point earlier, which was predatory lending, and there's so many headwinds in the form of, not just predatory lending, but also the very fine print, not understanding what you're signing off on.

The student loans that are just handed out like candy, "80,000, \$100,000, sure, here you go, for your basket weaving degree from such and such online college." How much of your education's also being aware of the noise out there and the pressure to almost stir you in the wrong direction?

[0:12:28.1]

TG: It's hard to find true north. I completely acknowledge your point, and I think headwinds is a good way to put it. There's a lot of messaging — Someone asked me one time, "Who's your biggest competitor as an organization that's trying to spread financial literacy, financial information?"

I was like, "The media," because everywhere you turn, it's free cash here, free cash there. All of these borderline scandal scams to poke in if you are financially vulnerable or in crisis. It's really hard to escape those jobs once they got you.

We emphasize very heavily in a lot of our programming that these are dangerous to be aware of. At the same time, I think it's worth mentioning that because of the nature of the communities where we serve and regardless of what I might think or what you might think, a lot of these students' parents rely very regularly on these quick cash mechanisms, check cashers, currency exchanges, payday lenders. A lot of the families in these communities actually do so because there's a lack of other options. They do so occasionally, or, actually, on a fairly regular basis. A

lot of families are able to depend on these institutions in a responsible way. We have to walk a — It's a fine balance. It's a line to tell where, on the one hand, you don't want to go into these classrooms and say, "Hey, these are predatory institutions. To use them is wrong. You and your family are wrong to use them," because that's not encouraging. That's not motivating. In fact, it's disrespectful.

On the other hand, you want to help students to understand that their future is their own and that they do have a range of options; that it's on them to be aware of those options, and here are the pros and cons. Does that make sense?

[0:14:26.9]

FT: It does, yeah. I'm very passionate about — I should say I'm very much against a lot of the products out there that I feel keep the poor poor.

[0:14:42.2]

TG: Me, too.

[0:14:43.2]

FT: I'll just say it like it is. Things like those — What is it called? Payday loans, and even the prepaid debit cards to an extent. I feel like when we talk about how there's so many underbanked people in this country, why not help them get a bank account as supposed to circumventing the system, and then not saving properly, and not really learning what compound interest is, and the benefits of that.

Really, undermining their ability to really actually become banked and become an audience that is catered to from the financial services perspective.

[0:15:20.2]

TG: Absolutely.

[0:15:21.3]

FT: Yeah, I'm very skeptical of new products that are catering to the lower income class or the "underbanked", because I feel like it's not a long-term vision for them.

[0:15:39.5]

TG: Yeah, I completely agree.

[0:15:40.4]

FT: I love what you're doing, basically. That's what I'm saying, is I love what you're doing. I hate what everybody else is doing. Tell me all about yourself. You said you came from a very loving family. You had resources. You had that tutor.

Talk about maybe a financial memory that you have when you were growing up that now, still a young guy, you look back on and go, "That was a really big moment for me. Maybe I didn't realize at the time it was teaching me so much about money."

[0:16:10.2]

TG: Yeah. There are two that I think are worth mentioning. The first — And this is what the disclaimer in the context that I love my dad. He was amazing. He did an incredible job to help me understand the importance of financial literacy. I don't think I would be anywhere without him.

One interesting thing that helped me to form our approach with Moneythink is that one of my earliest memories is going to a bank with my dad, and he was showing me ATMs and checks and how all of the things at the bank worked. For whatever reason, at the age that I was there, it seemed incredibly boring to me. I don't think I'm alone in this thinking that banks can be boring, but the experience was boring. He's not a particularly boring guy, but something about it made me feel bored.

For a very long time as a kid, I associated all things money with boredom. That flipped when I had the experience I mentioned before with this economics teacher who showed me that, in fact, money savvy can lead to and really equate to total freedom and awesome experiences, the stuff that's really worth living for, the meat of life.

That's something that I didn't grasp until much later. I think that that's something that can be totally reinvented for people of all ages all over the world. I think your podcast is a great example of this. So often, money is boring, and it takes thought leaders, and strong brands, and analogies, and stories, and personalities to bring money to life in a way that's accessible and compelling and not too abstract.

I think that's the problem is the bank was so abstract for me and it wasn't until later that I started to see, "Hey, you put things in a different context. It can be really exciting." Some of the first lessons we ever developed at Moneythink were talking to kids.

We went and talked to kids — The first lesson we ever did was actually exactly the thing that went wrong when I was a kid. We went in and talked about all these abstract concepts that they didn't care about. We were like, "Who is Ben Bernanke? Why is the economy failing? Have you read the Wall Street Journal today? Derivatives trading," blah, blah, blah, blah, blah. These kids are like, "What are you doing? Who are you? I don't even care." We went to them and said, "How do you think about money? What do we have in common? What sports do you like? What music do you listen to?" We realized that, "Hey, we could teach a lesson on Wesley Snipes' tax evasion," which is incredibly interesting that you've got this movie star that all these kids know who's evading taxes. Now, what are taxes and how does a tax system work? All of a sudden, you've made taxes exciting. Justin Bieber's prepaid card versus Suze Orman's prepaid card versus Magic Johnson's prepaid card.

[0:19:22.4]

FT: They're all terrible.

[0:19:23.6]

TG: They're all terrible but why?

[0:19:25.2]

FT: That's what they have in common, yeah.

[0:19:26.8]

TG: Why? Because if you just say, "Let's talk prepaid cards," to a group of 11th graders. They're going to say, "No." That's one, and then the other, very briefly, is I was very lucky to have come from where I come from and to end up with a full right scholarship to college after having been denied financial aid from all of the colleges that I applied for.

I ended up getting a merit to U Chicago. I say that not to brag, because it's so long in the past, but what it did for me was really instil in me a sense of gratitude that helped me to understand just how big of a game changer a hand up can be especially for people who come from less privileged than I came from. I had a full-fledged two parents, a calm household, a safe neighborhood, and that scholarship still changed the game for me. I don't think I'll be anywhere without that scholarship. It was a couple of people in an admissions committee making a decision to say, "Hey, we want to give this kid a chance."

That needs to be done a lot more. We've worked with over 12,000 kids at Moneythink, more kids needs to be given a second eye, a real chance, a real hand up, because there's so much endless boundless potential out there.

[0:20:48.2]

FT: These kids are grateful, right? They really want more. They're not complaisant. They don't have crazy stories in their head saying, "I can't. I'm not worth it," because sometimes when you're raised in an environment where there aren't resources, you don't have role models. It's hard to really think beyond your environment.

[0:21:11.6]

TG: That's true. It is, and I think, certainly, these kids are not immune to that, but you can go to any community in the entire world and find people that have the fire inside of them and want to make something of their lives. I think that too often, people in power and people of influence forget that and forget what a positive impact they can have on these kids.

[0:21:38.2]

FT: What's your so money moment, Ted? You're 27, you're a dad, you run a nonprofit, you've been to the White House, you've given TED Talks, you've been on television. You have a lot of So Money moments, but specifically with regards to money, money, money, money. What's your so money moment?

[0:22:02.1]

TG: I think the one that comes to mind most prominently is — We've started Moneythink as this passion-driven volunteer initiative in college, and then before we knew it, we were graduating college, and I've had this deep desire to continue working on this and make it my full-time job and dedicate very large portion of my life toward turning this grassroots organization into a serious lasting institution for change in society.

That was a big idealistic dream that I had no idea how to turn into a reality. I had never fundraised before. I had never built a staff of people who were dependent on me for their livelihood. There was a lot of stuff that I had never done that it would require me to do. The first thing was actually a combination of those two. I needed to fundraise enough money to hire someone other than myself in order to run the organization while I went out and fundraised more money, and my parents were supportive, but also very clear that I had a few months to do this, but they weren't going — My runway was not long.

Right after college, I'm living on something like a thousand bucks a month and sleeping on the floor, spending all of my waking hours trying to fund raise to grow this organization and making a strategic plan, and a business plan, and pitching everywhere, and cold calling everyone I can.

Everyone's saying no. Everyone was saying, "No, you're too young. You're too inexperienced. What we don't know what this volunteer model is. We've never seen anything like this. How are you funded? Who else is funding you?" I'm saying, "Nobody. Nobody."

Finally, after hunting for the entire summer, basically, in Chicago, it was just smoldering hot out. I'm in the post office and this lady at the post office is so mean, and I'm sure she was having a bad day too, but I was having a bad day. I just felt like punching through the glass. It was this raged filled image in my head, because I've been rejected so many times that week and was like — I'm really on my last leg. I'm like, "This is impossible. We're not getting anywhere."

Finally, I walked out of the post office to cool my head and I sit down on the curb and I opened my phone and carried it on, and the first e-mail that comes in is something along the lines of, "Congratulations, you just won \$50,000 from the Blackstone Foundation." It's a huge private equity company in New York decided to take a risk on us and gave us \$50,000 to hire a program director. That was this hugely catalytic turning point, because then you go back to all the naysayers and all the maybes and they all turned to maybes or yeses. That was what enabled us to raise this seed funding for us to ultimately get this thing off the ground and make it what it is today. Just a huge windfall moment at a point of desperation.

[0:25:12.8]

FT: Wow! It just goes to show you you just need one yes.

[0:25:16.8]

TG: Exactly. Exactly.

[0:25:18.4]

FT: What a great story. I hate the post office.

[0:25:23.4]

TG: Ugh! Don't you?

[0:25:24.7]

FT: It's so dark.

[0:25:25.0]

TG: No offense, but they got to do a design.

[0:25:28.5]

FT: I know. The one near me is like I have to go through a metal detector, because it's a in federal building. It's just — Already, I'm like, "This is going to be bad. This is going to be bad."

[0:25:41.3]

TG: It takes so long.

[0:25:42.4]

FT: I know. All right, talk about your worst money moment, like your biggest failure. What's something that you've really failed at?

[0:25:52.3]

TG: I think — This is going to sound crazy, but I don't actually have anything in particular at this age. Again, I'm pretty young, right, and I haven't been...

[0:26:14.4]

FT: Come back in 10 years.

[0:26:15.6]

TG: Yeah, that's my honest answer. It's not to say like, "Oh, yeah. I've done everything perfectly," but I don't have a huge fail. I was thinking about this before our call. I think that — You know what? If you can edit this or even if you can't, let me redo that, because I think that the — It's not one single moment, or one single fail. I think that the issue I lost sight of what I learned about coffee.

For about three years, right after we got funded at Moneythink, and I spent way too large of a portion of my tiny salary on airport coffee and on the go food, and I didn't make my coffee at home, I didn't pack instant coffee. I didn't do anything, and I ended up spending several hundred dollars a month on just like totally overpriced coffee and lunches out and stuff, because my job was to meet people all the time, but our business wasn't big enough to ever think about expensing a lunch or a coffee.

I blew way too much cash on coffee and food. I think that's — It doesn't sound that terrible, but that's honestly what it was. I'd probably spent a fourth of my salary on coffee or something.

[0:27:35.2]

FT: I'm glad you figured out something that you failed at, because it's better to fail when you're young than when you're my age. It hurts less. That you can make up for those hundreds of dollars you'll never get back as a 20 something year old. You have time to make up for that. Especially airport coffee, anything at the airport is 10X.

[0:27:59.7]

TG: It's gross.

[0:28:00.9]

FT: And it's gross.

[0:28:02.5]

TG: It's gross. You know what I have to say is I'm really so lucky to have been exposed to the financial guidance that I was even before I got to college and got a scholarship to college. I feel like my entire life is built on locking that sense, because — And that's exactly what we're trying to do for the students that we serve is preventative work. You're saying, "What's your biggest financial fail?" I talk to a lot of people that work with adults on financial literacy. Adults usually only seek financial help once they're in crisis, "Oh! I racked up too much credit card debt," or "I can't pay back my student loan debt," or "I'm in over my head on mortgages, or I took out an auto title loan on my car."

These are things that you — Yeah, you have to deal with and if they happen, but it's always reactive. I think what I've come to believe is you can actually get to the point where spending too much on coffee is your biggest failure if you reach early enough, like I was.

[0:29:06.4]

FT: Right, as supposed to have \$200,000 in student loans, no job, and \$40,000 in credit card debt.

[0:29:14.7]

TG: Exactly. Where was your counselor when you were 16?

[0:29:17.3]

FT: Right. I think coffee would — It's the least of our problems at that point.

[0:29:22.2]

TG: Yeah. Totally.

[0:29:24.4]

FT: All right. Ted, let's do some So Money fill in the blanks then I'll let you go back to saving the world. If I won the lottery tomorrow, let's say 100 million bucks, the first thing I would do is _____.

[0:29:37.2]

TG: Set up a donor advised fund. The tax advantages are huge and I have nothing to do with 100 million. I might keep a few million, but I would set up a fund to give strategically to organizations that are helping people in need, and I might also set up a VC fund to help for-profit companies that are doing interesting work.

[0:30:04.1]

FT: Let's skip ahead to this one. When I donate, I like to give to _____.

[0:30:12.2]

TG: When I donate, I like to give to organizations — This is going to sound kind of funny, but I like to give to organizations that help pets. I love the ASPCA. I love this organization in Chicago that's a dog and cat shelter. I really have a soft place in my heart for pets. I think that if my job wasn't building a youth nonprofit, I would also donate heavily to organization that help kids. With the limited money I do have, I usually give donations to animals.

[0:30:53.6]

FT: Do you have pets?

[0:30:54.8]

TG: I had a dog growing up, and he was my best friend, because I'm an only child.

[0:31:00.0]

FT: All right. One thing I spend on that makes my life easier or better is ____.

[0:31:04.8]

TG: Healthy food, all the way.

[0:31:06.5]

FT: Yeah? Are you big health nut? Do you workout a lot?

[0:31:09.6]

TG: I do. Every day, and also a gym membership. Yeah, healthy food is none — Cannot compromise for — I also have food sensitivity on healthy things.

[0:31:26.0]

FT: Isn't it great when you're forced to eat well?

[0:31:28.5]

TG: Right.

[0:31:29.6]

FT: I don't wish it upon anyone, but it's like that's when you — Unfortunately, it's when you have to. A lot of times it's the wake up call.

[0:31:38.7]

TG: Exactly. I used to feel so almost ashamed of myself, "Oh, all my friends can have milkshakes, and burgers, and bread," and I would always just like — It would make me feel so

bad. Now, I'm like, "Oh, cool. Those are all the things that are associated with death and cancer."

[0:31:56.8]

FT: You'll be around a lot longer, probably. All right. One thing I wish I had learned about money growing up is _____.

[0:32:08.0]

TG: I think that — I really wished that I had learned it's a tool that you used to express your values. I think there was a lot of financial education for me from teachers and my parents that was like, "Here's what to do with your money to be safe and responsible." It was missing the philosophical element of like, "Money, just like your time, just like your words, just like your vote, is a way to express your values as an individual and member of society."

You have a limited amount of it and it's up to you to allocate that in a way that authentically expresses who you are. I think that I probably wouldn't have bought so much coffee for those few years if I was — What I was thinking about.

[0:32:57.9]

FT: You have a great way of putting money into the context that we can all relate to. I love that. Rock your vote, rock your money.

[0:33:04.9]

TG: Exactly.

[0:33:05.9]

FT: I like that.

[0:33:06.4]

TG: Yeah. Rock it.

[0:33:07.2]

FT: Ted Gonder. Thank you so much for stopping by. You're awesome.

[0:33:10.9]

TG: Thank you. You're awesome. This is so fun. I'm very grateful. Thank you.

[END]