



5 Habits to Ditch Debt & Build Wealth

Holly Reid
Author, Speaker & Educator

EPISODE 32

[Quote]

“Parents have just got to start having money conversation. In so many households money is this taboo topic, especially minority households”

[Description]

In this episode, we talk to Holly about her journey of overcoming debt, creating wealth and how she is helping other parents do the same.

Holly Reid believes that as parents, you can break the chain of poor money habits so your child will never face mounds of consumer debt or the dreaded paycheck-to-paycheck living. Holly is the creator of the The Master Playbook, a website with resources for you to create your game plan to financial freedom. She is also the author of the book "Teach Your Child to Fish", in which she shares five money habits for your child to achieve financial freedom.



[Intro]

Jaison Dolvane:

"Don't you wish someone would've taken the time to teach you money-management concepts at a young age? Think for a moment what your life would be like?" says Holly Reid, award winning author, speaker and certified financial educator.

She says "The unfortunate reality is the absence of financial literacy at home and in our schools. This creates a society filled with victims of the consumer culture, bound in debt, and working well beyond retirement age - not because they want to, but because they have to. Today's youth face similar obstacles because they are learning financial concepts and practicing ideal money-management habits too late in life."

Holly Reid is dedicated to helping adults and the next generation manage their finances. She believes that as parents, you can break poor money habits so your child will never face mounds of consumer debt or the dreaded paycheck-to-paycheck living. In her book, "Teach Your Child to Fish", Holly shares five money habits to help you get started.

Holly is the creator of the The Master Playbook, a website with resources to help you create your game plan to financial freedom. In this episode, we talk to Holly about her journey of overcoming debt, creating wealth and how she is helping other parents do the same.

[Episode]

JAISON DOLVANE: Welcome Holly.

HOLLY REID: Thank you. Happy to be here.

JAISON DOLVANE: Good to have you here. So holly, why don't we start a little bit with sort of your background and your journey that's kind of got you here.

HOLLY REID: Yeah, absolutely. So I'm a Southern girl born right in Atlanta, Georgia, have been in the south for most of my life. Attended school in Greensborough, North Carolina, but by profession I went on and became a CPA. And then my passions is actually what channeled me to the financial education space.

So today I'm a certified financial education instructor where I specifically focus on working with parents and their school-aged kids. So anywhere between 4 and 18, but my sweet spot is probably that middle school, high school, and college age groups.

JAISON DOLVANE: Got it. Okay. Tell me a little bit about sort of your sort of experience with debt because I read somewhere that, you know, you had a little bit of a journey with debt and you know, came out of school, and didn't necessarily know what to do with all that.

HOLLY REID: Absolutely. So growing up my parents did what most parents did. They told me everything, they knew about how to become successful. And by the time that I was 23, Jaison, I had met the mark. I went to college, graduated with honors, you know, I bought a house. And I was really working in like one of the top public accounting firms in the world.

And so by all measures, you know, from my family's perspective and my own, I was the epitome of young and successful. So much so that I was doing exactly what my America taught me to do. I was living above my means. I was not saving a dime. Accumulating a bunch of debt. And the debt that I was really accumulating was credit card debt, student loan debt. You know, you got to get that first car. I mean, I had a whole house.

And then what happened was the.com bubble burst and the firm, I was working with loss, some of their clients and me, little miss epitome of success, I lost my job, and I was devastated. I mean, I was not ready. I wasn't prepared. I was hurt. I was humiliated and it took everything I had to even share that with my parents back then at the time, you know, I'm still trying to live up to my parents' expectations.

And so it was really a devastating experience for me to even share that I had been laid off. And so it was in that moment, in that conversation with my parents, where more than anything else, I was really just ashamed, you know, like ashamed for being so wasteful, ashamed for being so naive and unprepared for taking on so much and then bled out losing my job.

And so it was that point that I vowed, I would never be in that situation again. I had literally had accumulated over \$30,000 in debt and again, most of it was credit card debt, me just keeping up with the Joneses, me, you

know, taking flights and trips with my friends from college or what I also uncovered when I dived a little deeper. It was also like a stress relief. Like the shopping was a stress relief, the job that I was working in. And so after I lost my job, that was kind of my first taste of rock bottom. And it's just one of the reasons why I teach what I teach now, like coming to that realization, having that reflective moment, hitting rock bottom, being ashamed and devastated, having to, you know, share something I was managing behind closed doors now in this public state, because thank God for parents, not everyone has parents or family that they can go to, but during that time, my parents were able to actually financially support me for, until I found another job.

And so just going through all of that and, you know, the emotions and then the logical piece about I was an accounting major, [04:43 inaudible] CPA, clearly, I should be doing better with my money. It kind of hit me and just spin me into this cycle of where I was just trying to read everything I could you know, articles, books, listening to experts back in that day during that time. And really just trying to make sure again, that I never was in that position again. And so in that reflective mode, as you're reading different things, you're like, where did I go wrong? Obviously, I know where I went wrong, but I just didn't know. I didn't have the knowledge. I didn't have the know-how, even though my parents were, you know, they tried to give me good advice, Holly, don't spend all your money, Holly, you need to save your money. No one actually sat me down to show me how to do that, how to budget, how to spend less than what you make.

So it was really a lot of trial and error. And I said, there's got to be a better way. And if I had known what I know today you know, where does that disconnect happen? It really happens in our school system. Our school systems should be teaching this.

JAISON DOLVANE: So you've talked a lot about different things. You talked about this opportunity that we have, which is there is access to everything that you can get and you don't really have to have the money. You borrow it on credit. Now more than ever before with interest rates so low, you can get credit fairly easily. You've also talked about this dopamine hit that you get from spending money and getting things is a little bit addictive.

So what do you tell parents? How do you change some of this? What is the philosophy around how we should live?

HOLLY REID: Yeah, absolutely. So my basic philosophy with parents, they have just got, we've just got to start having money conversations like, in so many households money is this taboo topic. And especially in minority households, like we don't talk, many minority families, black families, they do not talk about money with their kids. They don't want to know how much money you get. They don't want their kids to know how much money they make. There's so many conversations you can have and talk about money and money management without ever sharing how much the family makes.

JAISON DOLVANE: Can you give us some examples of what those conversations should be.

HOLLY REID: Yeah, absolutely. So you know, even as early, as, you know, four and five years old, when your kids are asking for things this is a great opportunity for you to ask them, well, why do you want the item? You know, what are you going to do with it? How often are you going to play with it? Is it really worth it? How much does it cost? How are you going to earn that money? One of the things that I've talked to parents about often is a lot of times personal finance, money management, it's a taboo topic because people don't feel confident in it. They may feel intimidated when they're talking about money because maybe either they don't feel like they know what they think they should know, or they have horrible experiences with money. So they feel like a hypocrite trying to teach their kids you know, a different way or a better way.

But what I often tell parents is just start with your own money experiences. If you don't feel like you're fully equipped, you're wrong, you are. If you just share with your tweens, your teens, kind of your money mistakes, a lot of us learn best from our mistakes. Like those are the stories that, you know, maybe they were painful then, but they could be funny stories now. They could be like, I can't believe, I didn't think this all the way through. But the stories are the things that are going to stick with your kids. And they'll remember like, oh, this was the consequence of my mom doing this, or my dad doing this when they were younger, and we want to avoid those consequences.

So just start with your own personal money mistakes, sharing that with your kids. We'll often just spring up different money conversations. It'll also share with your child, like why you manage money the way you do, right. Why

you know, why you'd rather save your money today, than spend it all on something material. Because something happened in your life where you learned that lesson, or there was a consequence for it and you say, you know what, like me, I don't ever want to be in that position again. So your [09:47 inaudible] changed.

JAISON DOLVANE: So, you know, with, with children, obviously we can kind of try to educate them, share our experiences. And it all depends upon the age of the child also. But how do you engage? How do you get them to care?

HOLLY REID: Right. So, my recommendation there is to try to talk about things that they care about. So you know, instead of turning every conversation or every opportunity into a lecture, you really want to relate to what is important to them in their stage of life. So if you have a teenager and they really want to buy a car or get their driver's permit or whatever, those are things that are kind of big deals to them, big milestones for them. And so you want to use those opportunities to talk about, okay, how much does it cost to maintain a car? You go do the research and bring it back to me. How much does it cost to you know, change a tire, or change a flat tire or fix a chip in the windshield, like common things that are bound to happen when you have teenagers driving around. Even with your younger students they may be interested in, you know, video games or, you know, just talking to them about how much these plus these consoles cost, how much the games cost. Is it better to buy the game or rent the game or buy it used? What's the difference between waiting a few months and buying it used versus buying a brand new game when it first releases.

So just having those money conversations and helping them to understand basically the concept of opportunity costs, right? So this or that you can choose this, but you are forgoing that in which is more important why?

JAISON DOLVANE: Right. So when you're actually, is there an age that we should be starting to talk to kids about money?

HOLLY REID: Yeah. So I say as soon as they start asking for things, so usually that's around that four, five age range where they're, I've heard so many stories from parents where, you know, the child asks for something you say, oh, I don't have any money. And then they're like, oh, just use your card. Just swipe it. And you're like, what? But that's how they learn. They learn from observation. It is so cute when they dress like this or when they

mimic the way we walk or something that we're doing, that's the same way that they're going to learn about money. They are observing, they are watching, they are paying attention to your relationship with money. And if it's not you, it's going to be something else. So that's why it's really important for parents to be your child's first financial advisor before the world, before our consumer culture grabs a hold and teaches them this whole other way, this whole buy now pay later behavior.

So yeah, I would say as early as four and five years old, you guys can start talking about things like giving. So one of the money habits that I talk about in my book is just, we live in such a society where everything is so me focused, so self-focused, and we want to make sure we're raising kids that are empathetic, that are compassionate, that understand you know, their privilege and the things that they are allowed to have and not to feel so entitled. So we want to make sure we're teaching them the money habit of giving. And that's something you can do at any age, set up a donate box in your house and then every quarter or so have a purge, have a declutter session, the whole house. You go, you look at things that you aren't using that don't fit anymore. But that are still in good use that you can donate.

And then that's again, another opportunity to have a conversation about who you want to give to what causes you believe in, why you believe in supporting these groups or organizations or causes. So there are so many ways that you can start dabbling and practicing at different age groups.

JAISON DOLVANE: So you mentioned kind of the habit of giving and I think in your book teach your child how to fish. You talk about five money habits. What are some of the other habits?

HOLLY REID: So the first money habit is work hard and be rewarded. So just wanting to make sure child understands the relationship between working and being rewarded. So whether that's for money, whether that's for treats, whether that's for your, I mean, there are so many rewards. [15:05 inaudible] can be a reward, participating in athletics and sports can be a reward. Trading them to their favorite restaurant. So just understanding that there are things that you must do in life in order to receive money, to earn money, to get paid, to receive rewards. And so that's where I really talk about, you know just the encouraging that entrepreneurial spirit in your child as well.

Which is one of the things I think it's an opportunity for parents to kind of lean into a little bit more, just because so much has changed since, you know, I was growing up. Literally our kids can have a great cell phone and a YouTube channel and can start earning money on the internet. Or, you know, our kids are so skilled and talented, whether it's with coding or graphic design or song writing, whatever their special talent is just lean into that. And see if there are ways that they can monetize it and just start seeing how they can, you know, work, and earn money.

The other big thing in that chapter is just talking about chores. The way that you kind of helped them make that association is that every child should have a chore in the house, something that they are specifically responsible for. So when that task is completed, it makes the whole house run smoother. And that's a great way to kind of balance out that and teach that work hard and be rewarded. Another one is say first and consistently, spend wisely and consciously, use credit responsibly and then give generously. So those are the five of the habits.

JAISON DOLVANE: That's great. So I have a question for you about chores. You know, I find parents that are in two camps. First camp being, I will pay my child to do chores and the second camp being, I shouldn't have to pay my child to do chores. That's just part of what they need to do if they want to be in this house. What is your opinion on this?

HOLLY REID: This is the great debate when it comes to chores. I say, my personal belief, I'm old school. So certain chores that, again, I had to complete just to make the house run smoother. Don't pay your kids for those things. Find things that are above and beyond. You know, the normal household routine or the normal household activity and the way I suggest parents kind of figure out well, what's above and beyond? Think about the things that you pay somebody for anyway. Do you pay someone already to wash the car? That's one of the things you give your child an allowance for. Do you, or would you pay someone to organize your basement or clean out your attic? Okay, that's a chore that you get paid an allowance for. So think about the things that are above and beyond the routine.

And so this is really important because this is where parents can begin to set those expectations of, you know, this is you being a contributing member of the household, and this is you going above and beyond making my life a little easier, things that I would normally have to take care of.

JAISON DOLVANE: Right, right. Makes sense. Okay, that's actually a really good way of thinking about that, which is, you know, if you're going to go spend money somewhere anyways, then you could spend money on your time. That makes a lot of sense. So Holly, tell me, you know, on your journey obviously you talked about sort of you know, digging yourself out of debt and then you know, figuring out how to make money. But what are the challenges that have you sort of faced in terms of you know, your mission?

HOLLY REID: Yeah. So not only, you know, so once I kind of started reading and getting into things, you know, it wasn't like, oh, all things are clear because then it takes practice, right. It takes discipline. And that's why I believe it's so important that we start far sooner so that they can start mastering these money habits now, while they have a safety net of your parents' guidance or a safety net of maybe not making \$20,000 or \$30,000 mistakes, maybe you're making \$50 or a \$100 mistakes. So one of the challenges that I see in a lot of households even is that they don't have the money to, for their child to practice with, right? So they don't have the extra income to participate in an allowance system.

So in those cases, you know, you got to get creative, right? You got to, it has to, you can allow your child to participate and include them in your everyday household decisions. So include them in the grocery shopping, where they are helping you do some comparison shopping. For the little ones, pretend and create a store in your house where you make your own money, or you use monopoly money. And then each snack in the house, like certain snacks are worth different values and allow them to use their play money to make choices in the household.

So you have to be creative, but the most important thing is parents just really have to be intentional. Money is everywhere. We make millions, hundreds of thousands of money decisions you know, every day, every month, there has got to be something that's going on in your household where you can include your child. And it's not like a breach of privacy or confidentiality.

JAISON DOLVANE: Got it. So your challenge has been actually, you know, the fact that you actually deliver some of this to parents that might not have some of that sort of, you know, free income to basically pay their children or whatever it might be.

HOLLY REID: Absolutely. And so, you know, they're like, well, I don't have the extra income so that they can practice with. And, you know, that's where I'm, you know, I'm always trying to think of new ways to help them answer that problem because we didn't have, I mean, I grew up, I have, I'm the youngest of four. My parents didn't have, we didn't have an allowance system. So, you know but I also didn't have a lot of practice with money, but we can change that, you know, there are online games and just the goal is really just to increase your child's financial fluency.

So just so when things are talked about, when things are discussed, when they see things on the news, they can relate to it, but not only relate to it, but be able to apply it to their lives, their situation, you know, their households.

JAISON DOLVANE: Makes sense. Makes sense. So Holly, how has all this changed you at a personal level?

HOLLY REID: Oh, wow. It has changed me and becoming a consistent learner. Innovation happens so fast Jaison. I'm always like reading, trying to figure out, okay, now what are these non-fungible tokens and the Bitcoin, because listen, these teenagers, let me tell you, they know all about it. They tell you more about cash app, than they can tell you about a fidelity brokerage account. And so we've got to switch that up a little bit, right? Like cash app is spending money. You're literally spending money, but how are you going to grow your money? How are you going to invest your money? So just making sure I'm really on top of all the latest and greatest things that are going on in the fintech world.

To me, that's been probably my personal biggest transformation because we get settled. Like, you know, it, it's very easy to just become really complacent with, this is what has worked for me. And I'm just going to continue to prod along on this path. But a lot of this new innovation can really spark next generation of future millionaires. Can really create and help, possibly close the wealth gap that we see across America and across yeah, across the world.

JAISON DOLVANE: I mean, that's really interesting. So I guess in terms of like a change, it's really allowed you to sort of continue to evolve and determine that you need to keep doing that if you're going to kind of stay current.

HOLLY REID: And if I want to stay relevant, right.

JAISON DOLVANE: But what you kind of mentioned is that you know all these different things that you just talked about around you know, trading and cryptocurrency or Bitcoin and NFTs, which is like this brand new thing. I mean, are they recipes to make up the next millionaires or are they recipes to create a whole new bankrupt generation?

HOLLY REID: I think it can do both like, like right now, this whole crypto currency, Bitcoin platform investing platforms, exactly democratize, best thing, these things are creating or, you know, creating opportunities, basically for people who have often been left out of the game to now have a voice, to now come in, to now participate in investing. And so this is why we got to watch it closely because you know, old school traditional we're like, oh, risk. We don't know enough about it. Even your tax professionals don't know how to account for it, the tax laws don't account for all of this stuff yet. And so that's why we have to stay so tuned in, because things can change at an instant.

Like I said, the innovation is happening so swiftly, the future of it all is unknown. But I think, you know, it is the future, it's the wave of the future. And so knowing what, you know, how things are developing are only going to help us in the future. Because if we don't know how it all started, we don't know you know, how this spun up, how it occurred, then this could literally become a cycle that repeats itself. And you want to be able to say, no, you know what, 20 years ago, there was something called Bitcoin that looked just like this, either I'm in it or I'm out of it.

JAISON DOLVANE: Maybe the takeaway from that is that you know, it makes the case for everyone to accelerate financial literacy, right. Because there's actually far more complexity today than there ever was before. And likely our kids are going to face more of that. And so, you know, getting around the topic is probably very, very important sooner than later.

HOLLY REID: Absolutely, even think about like we were kids, or we were younger and I'm guessing we're in the same age range somewhere, but you know, when we had dollars and cheques or dollars and cents cheques moved to debit cards, debit cards, and now go into apps, things you can swipe and dip. I mean, you know, there are now countries, I know at least in the Asian regions where they are wearing devices, where they just, you know, buy scans and, you know, pays for whatever it is that they're consuming. So this

generation could possibly be the first generation of a cash society. And so, you know, we know research has shown us that people spend two to three times more when they're paying with a credit card than if they were actually exchanging cash. And so I almost feel like there's a sense of urgency to make sure our kids know what it's like to, that psychology of spending your own money versus someone else's, handing it over saying goodbye to it versus all of this swiping and dipping and tapping. And you never really see the exchange. So then you're just spending very freely.

Whereas you would be more conscious of it if there was just a little bit, if you had, if there was more education, more you know, more of a personal connection to it.

JAISON DOLVANE: It makes sense. Makes sense. So tell me, you know, I ask this question to others also around just as a parent or, you know, [28:19 inaudible] whatever it is. You know, is there a feeling that you have that you would rather not feeling?

HOLLY REID: Oh yeah. I think all parents kind of worry and are concerned that whether or not they've done enough, you know, like, you know, whether it's having your kids be prepared for disappointments or closed doors or, but the life skills, right? Every parent wishes they had a blueprint or a checklist to say this, this, this, I now have a wealthy, compassionate, loving genius that will solve biggest problems of the world. And that will leave my name in shining lights with the legacy. I could be so proud of.

I think every parent wishes, they have that blueprint that what they have done is enough, [29:15 inaudible] take that away from parents. You know, I wish I could take that away. I don't think parents ever stop worrying about their children.

JAISON DOLVANE: So what is your hope for your audience Holly?

HOLLY REID: So my hope for the parents is that they will continue to be intentional, you know, be intentional about helping kids practice and master these healthy money habits before they leave the nest. Because they will return, and we don't want that. We want them to be the independent rock stars we know they can be. Now, my hope for the kids, my hope for the kids is that I guess that the seeds I'm planting, that they will actually take root,

that they will grow, that they will, you know, help them as individuals like collectively, you know, close that wealth gap.

My hope is that they will increase their financial fluency so that this is no longer kind of information or a skill that's only reserved for a certain few, right. That it levels the playing field. And they can rock it out.

JAISON DOLVANE: That makes a lot of sense. I like the first thing you said, which is, you know, take this seriously parents, otherwise your kids would come back [30:46 inaudible], I love it. Okay. Holly, tell us where the audience can get ahold of you and how they can reach you.

HOLLY REID: Absolutely. You can find me at the www.masterplaybook.com and everywhere across social media at the master playbook.

JAISON DOLVANE: Awesome. Well, thank you so much, Holly. It's been great having you here.

HOLLY REID: Thank you. I enjoyed our conversation.

[Outro]

Thank you for listening.

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