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3 things about finance every parent should discuss with their kids

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[Nina Lincoff](#)

Reporter- *South Florida Business Journal*

[Email](#) | [Twitter](#)

It's never too early to start teaching children the ins-and-outs of money, finance and investing.

South Florida resident [David Bianchi](#), author of the newly released "Blue Chip Kids," an introduction to the world of financing for kids and parents, started his son Trent off with a small **E*Trade** account in middle school.

"One day he messaged me from the library and he said, 'Dad! I'm up 500 bucks!'" Bianchi said.

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"Blue Chip Kids: What Every Child (and Parent) Should Know About Money, Investing, and the Stock Market" was published by **Wiley** in March, and covers 100 money and investing topics from the Eurozone to initial public offerings to the Oracle of Omaha. The 256-page book includes 165 illustrations by Bianchi's nephew, Kyle.

Bianchi hopes that by teaching children and teens about money and investing, the next generation will be better prepared when entering the workforce as adults.

"Schools think it's more important to dissect a frog than teach finance – I think that's a huge mistake," said Bianchi, a trial attorney at Miami-based Stewart Tilghman Fox Bianchi & Cain.

The book began when Bianchi sat down to write a 10-page document for his son to teach him more about money.

"I was going to put a staple in it, give it to him, he would read it, and we would talk about

it," Bianchi said. But those ten pages turned into 100 topics, and Bianchi realized his son would never read it. He reached out to his nephew to illustrate it and eventually the manuscript ended up with 165 illustrations.

Friends and colleagues wanted copies after seeing the manuscript and asked if it was for sale. To make a publishing story short, Bianchi got connected with New Jersey-based international publisher Wiley and seven days after sending off his manuscript, he had a publishing deal.

The book is available on [Amazon](#), but below are three financing points every parent should be talking about with their kids.

- **Live within your means:** One of the first lessons of the book is to spend money wisely, and save money on a regular basis. "Don't spend more than you should be spending," Bianchi said. Often times, people don't think about saving before it's too late, and being underfunded later in life is never a good thing.
- **Understand the power of compounding:** "From the standpoint of young people for saving, it is terribly important that they understand the power of compounding," Bianchi said. For lenders, compounding takes investment returns and turbocharges them by requiring the borrower to pay interest on unpaid interest. "A lot of money can be made over the long haul with compound interest," he said. It's important to understand which side of compounding you are on, the lending or borrowing side.
- **Consider the impact of loans:** A big problem facing many young people today is student loans. "There is almost \$1 trillion of student debt that is never going to be paid off. It's a terrible problem for our young people," Bianchi said. Student loans aren't dischargeable in bankruptcy and can put the breaks on other big life milestones like buying a house, he said. Before taking on student loans, it's important that students understand the implications of debt later in life.

Nina Lincoff covers banking, finance, and insurance. Get the latest banking news with our free daily newsletter. [Click here to subscribe.](#)