

MoneyWise Module 1

Understanding Financial Principles: Setting Priorities

Personal Finance Essentials:
8 Financial Priorities

III MoneyWise Workshop

Understanding Financial Principles:
Setting Priorities

Module 1

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INSTITUTE OF FINANCIAL
SERVICES

PLAN
PROVIDENT LIVING
ABSOLUTE NETWORK

BYU
MARRIOTT SCHOOL
OF MANAGEMENT

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Seminar Introduction: The Provident Living Advocates Network (sponsored by the Marriott School)

- Unpaid Credentialed Professionals (PhDs, CFPs, CPAs, CFAs, and others)
- Nothing for sale—it is all free!
- Our mission is to help individuals and families become *spiritually* and *temporally* self-reliant through *faith* in Jesus Christ and through *unified* and *consecrated stewardship* of resources

"To help others become financially self-reliant so they can help others"

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Seminar Introduction: All We Ask of You

- Give us your next 3 Thursday nights
 - Try not to miss a single night
 - You can watch the video if you missed something
- Attend each night and ask questions
 - Determine your take aways from each presentation
 - Mentors are available each night to help
- Fill out the "Eight Financial Priorities" sheet
 - They will help you set goals in key areas
 - Bring this with you to each of the presentations
- Share what you learn with others
 - Provide us with suggestions for improvement

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Seminar Introduction: Topics

- Our self reliance building plan:
 - Day 1
 1. Understanding Financial Principles: Setting Priorities
 2. Financial Freedom: Living Beneath your Means
 - Day 2
 3. Saving and Investing: The Road to Financial Independence
 4. Tax and Long-term Planning: Key Issues
 - Day 3
 5. Making Major Purchases: the Home and Auto Decision
 6. Having Adequate Insurance: Protecting you and your Loved Ones

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Seminar Introduction: Our Building Plan

8. Teach your children and family, and serve and bless others

3. Eliminate unnecessary mortgage and education debt

5. Save and invest for short- and long-term goals

2. Manage your money and use a budget

3. Eliminate unnecessary debt

6. Protect yourself and family through insurance

4. Prepare for Emergencies and build a reserve

7. Open communication about finances

1. Pay tithes and Offerings

The Foundation: Faith in Jesus Christ and unified in their commitment and approach to self-reliance

■ Day 1 Topics – Financial Principles and Financial Freedom
■ Day 2 Topics – Saving and Investing and Tax and Long-term Planning
■ Day 3 Topics – Major Purchases and Having Adequate Insurance

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Tonight's Discussion Topics

1. Perspective: Whys and whats
2. Set Goals: What do you want out of life
3. Communicate Clearly: A critical skill
4. Budgeting: Key to financial success

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Understanding Financial Principles: Setting Priorities

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1. Perspective: Doctrine (the Whys)

- We all have lists of what we could and should do in our [**priesthood**] responsibilities. *The what is important in our work, and we need to attend to it. But it is in the why of [**priesthood service**] that we discover the fire, passion, and power. The what of [**priesthood service**] teaches us what to do. The why inspires our souls. The what informs, but the why transforms* (italics, color and brackets added, Dieter Uchtdorf, "The Why of Priesthood Service", *Ensign*, May 2012).

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Perspective: Doctrine (the Whys)

- We all have lists of what we could and should do in our [**personal finance**] responsibilities. *The what is important in our work, and we need to attend to it. But it is in the why of [**personal finance**] that we discover the fire, passion, and power. The what of [**personal finance**] teaches us what to do. The why inspires our souls. The what informs, but the why transforms* (italics, color and brackets added, Dieter Uchtdorf, "The Why of Priesthood Service", *Ensign*, May 2012).

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Perspective: The Whys

- What are the "whys" of personal finance?
 - I believe God wants us to learn personal finance to:
 - 1. Bring us to Christ
 - "This is my work and my glory" (Moses 1:39)
 - 2. Help us accomplish our divine missions
 - "Our divine nature and destiny" (Family Proclamation)
 - 3. Help us return with our families to His presence
 - "Families to be united eternally" (Family Proclamation)
 - 4. Become wiser stewards over His resources
 - "Thou shalt stand in the place of thy stewardship" (D&C 42:53)

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Perspective: Principles (the whats)

- 1. Ownership:** Everything we have is the Lord's
 - The earth is the Lord's, and the fullness thereof; the world, and they that dwell therein (Psalms 24:1).
- 2. Stewardship:** We are stewards what the Lord has given us
 - It is expedient that I, the Lord, should make every man accountable, as a steward over earthly blessings, which I have made and prepared... (D&C 104:13).
- 3. Agency:** Agency is among God's greatest gifts
- 4. Accountability:** We are accountable for our choices!
 - We control the disposition of our means and resources, but we account to God for this stewardship (Elder Christoffersen, "Come to Zion", *Ensign*, November 2008).

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Perspective: Becoming Provident Providers



<http://www.youtube.com/watch?v=fC7pPAyrSSg>

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2. Set Goals: What do you want out of life?



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Goals: The Hows—Eight Financial Priorities

- We want you to set at least one goal in each of these 8 areas:

1. Pay the Lord first
2. Manage your money and use a budget
3. Avoid and pay off debt
4. Prepare for emergencies and build a reserve
5. Save and invest for short- and long-term goals
6. Protect yourself and family through adequate insurance
7. Open communication about finances
8. Teach your children and family




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Goals: Other Topics

- Starting a family
- Charitable giving
- Owning a business
- Recreation and vacations
- Children's allowances
- Helping children during high school and college (missions, down payments, weddings, etc.)
- Saving for your own missions!
- Saving for a big purchase (car, a trip to Germany, etc.)
- Goods and services priorities (cell phones, cable, etc.).



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Goals: What bishops want you to know!

- Learn how to live on a budget!
- Don't expect to have everything right now.
- Don't blow through large amounts of cash coming (e.g., grants and scholarships) and going (e.g., tuition and rent).
- Use government help only when appropriate.
- Don't automatically turn to your parents to "bail you out." You need to learn that there are consequences to irresponsible spending.
- Learn to manage credit cards and insure yourself to avoid debt.
- Don't bring lots of debt into a marriage.
- Don't take on debt without considering your future earning capacity.
- Don't be afraid to work part-time. Most recruiters prefer a working B+ student to a non-working A student.

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3. Communicate Clearly: A skill

- In a recent survey conducted by *Worth* magazine:
 - Couples admitted to fighting about money more than anything else
 - Most couples agree "In every marriage, money eventually becomes the most important concern"
- Why do you think this is the case?



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Communicate Clearly:

Do money issues affect your marriage?




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Communicate:

Reasons Money Can Be an Issue In a Marriage

- Top 3 reasons
 - Poor communication
 - Poor communication
 - Poor communication
- General lack of knowledge
- Financial personalities and family "baggage"
- Lack of shared financial goals



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Communicate: Weekly Stewardship Meeting

- Discuss finances early and often
 - Set a time to discuss at least weekly
 - Resolve misunderstandings before they escalate
- Set lifetime financial goals *together*
- Implement processes that promote trust and mutual discussion
 - Budgeting and planning together are the best ways to communicate regularly about finances!

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Communicate: Family Baggage and Financial Personality Types

- What family rules (implicit or explicit) shaped your attitudes and beliefs about finances?




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Communicate: Extreme financial personalities

- Miser
 - Dad paid cash for everything
 - Mom paid the bills and kept the books
 - We never talked about money
- Spender
 - Somehow things will work out
 - If the shoe fits, buy it in every color!
- Sleeper
 - "Disasters and crisis only happen to others...and you'll probably have advanced warning if they are about to happen to you."
 - "Paying tithing is like paying a guaranteed income insurance premium."
 - "We are good people, so only good things will happen to us."



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Communicate: Financial Priority 7

- Take 30 seconds to talk as a group or couple
 - What things will you do to help communicate better?
 - Meet at a specific meeting time for your stewardship meeting?
 - Write down and share your personal and family goals?
 - Understand how your family did things?
 - Write these on your "Eight Financial Priorities" sheet
- Remember
 - Always assume your spouse is doing their best
 - Always remember you are equal partners

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4. Budgeting: Key To Financial Success

- "Every family should have a . Why, we would not think of going one day without a in this Church or our business. . . . And one of the successes of the Church would have to be that the brethren watch these things very carefully, and we do not *spend* that which we do not *have*."

—Spencer W. Kimball, April 1975

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Budgeting: The Old Way

$$\boxed{\text{Income}} - \boxed{\text{Tithing}} - \boxed{\text{Expenses}} = \boxed{\text{Available for Savings}}$$

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Personal Goals

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Budgeting: The Better Way

Income - Pay the Lord - Pay Yourself - Expenses = Other Savings

Personal Goals

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Budgeting: Pay the Lord First

- If everything we have is the Lord's, then we should pay him first
 - Set a goal to make tithes and offerings the first part of your budget, not the last part
 - Bring ye all the tithes into the storehouse, that there may be meat in mine house, and prove me now herewith, saith the Lord of hosts, if I will not open you the windows of heaven, and pour you out a blessing, that there shall not be room enough to receive it (Malachi 3:10).

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Pay the Lord First: Financial Priority 1

- Take 30 seconds to talk as a group or couple
 - What goals will you set to help you do better with your tithes and offerings?
 - Always pay a full tithe?
 - Pay a fast offering of \$___ per month?
 - Write these on your "Eight Financial Priorities" sheet

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Budgeting: A Team Approach

- A *unified* stewardship will take time and commitment (START SLOW!)
 - Decide who manages what expenses--BE A TEAM
 - Identify current spending (this can take 2-3 months)
 - Draft your first budget together
 - Track spending against your first budget
 - Prepare second budget together
 - Track spending against your second budget
 - Communicate daily at first, then weekly, then monthly (*set the dates before you start*)

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Budgeting: The Envelope System

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Budgeting: The Twelve Month Budget

- This is to help with known but irregular expenses
 - Birthdays, Christmas, auto and life insurance, car registration

January	February	March	April
B-day \$30			Spring Break \$200
May	June	July	August
	B-day \$40		
September	October	November	December
	Car Registration \$95		Christmas \$150

- \$515/12 = \$45 a month
- May want to include extra for weddings, baby showers, etc.

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Budgeting: Tips


- Don't drive each other nuts!
 - Find and concentrate on expenses that need to be controlled
- Remember you are equal partners
 - Assume you both are doing your best
- Watch out for ATM leakage
 - Keep better records
 - Write more checks
 - Use online banking and debit cards
 - Record credit and debit card transactions in your check register (if necessary)



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Budgeting: Tips



- Software can help
 - Quicken, Mint.com, Mvelopes, YNAB.com
 - Other financial software
- Several websites, such as Mint.com, YNAB.com and Mvelopes offer FREE ways to keep track of your Budget electronically
 - Syncs with your bank accounts, helps you keep track of loans and other payments
- Make saving easy ... Make spending hard
- Re-evaluate spending needs as life changes

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Budgeting: Financial Priority 2

- Take 30 seconds to talk as a group or couple
 - What goals will you set to help you do better with your budget?
 - Will you/we live on a budget?
 - Will we write down all expenses each day?
 - Will we/you use a budgeting program?
 - Write these on your "Eight Financial Priorities" sheet

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Setting Priorities: Take Aways

1. Perspective: Whys and whats
2. Set Goals: What do you want out of life
3. Communicate Clearly: A critical skill
4. Budgeting: Key to financial success

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FHE Suggestions

- Work together to develop individual and family goals
 - Write them down and review them often
- Discuss ideas on how you can improve your budget
- Decide what your immediate financial priority will be (e.g., emergency fund, debt elimination, down payment, 401(k) or Roth IRA)
- Discuss how much money you would like to save each month after school

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Resources

***All Resources are Online at <http://personalfinance.byu.edu> (Tools and Resources, MoneyWise Workshops)

Readings

- Reading 1.1. Richard B. Miller, For Newlyweds and Their Parents, *Ensign*, Jan. 2006, pp. 26-31.
- Reading 1.2 Sudweeks and Hill, "The Why's What's and How's of Personal Finance, unpublished manuscript 2015.
- MoneyWise Reference Manual 2015-2016, 8th Edition (online)
 - Chapter 1: Another Perspective on Wealth
 - Chapter 2: Creating Your Personal Financial Plan and Setting Goals
 - Chapter 3: Budgeting and Measuring Your Financial Health

Tools

- Exhibit 1.1 Eight Financial Priorities and Goal Setting Worksheet
- Exhibit 1.2 Key Questions on Money and Family

Websites

- BYU Personal Finance Website: <http://personalfinance.byu.edu>
- Videos: Lessons 1-3 (Tools and Resources, Videos)

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