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PROTECTING YOUR FAMILY FROM HARDSHIP

MY FOUNDATION PRINCIPLE

- Use Time Wisely

FINANCIAL PRINCIPLES AND SKILLS

1. Protect Your Family from Hardship
2. Build a One-Month Emergency Fund
3. Acquire Adequate Insurance



REPORT—Maximum Time: 25 Minutes

LAST WEEK'S COMMITMENTS

- Ⓐ Practice and share last week's My Foundation principle.
- Ⓑ Choose a budgeting system.
- Ⓒ Discuss sticking to a budget during family council.
- Ⓓ Contact and support my action partner.

STEP 1: EVALUATE WITH ACTION PARTNER (5 minutes)

Take a few minutes to evaluate your efforts to keep your commitments this week. Use the "Evaluating My Efforts" chart at the beginning of this workbook. Share your evaluation with your partner and discuss with him or her the question below. He or she will then initial where indicated.

Discuss: What challenges did you have with keeping your commitments this week?

EVALUATING MY EFFORTS					
<small>INSTRUCTIONS: Evaluate your effort to keep the commitments you make each week. Share your evaluation with your action partner. Ponder ways you can continue to improve as you practice forming these important habits.</small>					
<small>KEY: ● Minimal Effort ● Moderate Effort ● Significant Effort</small>					
Practice and share the My Foundation principle	Plan and Manage My Finances	Hold a Family Council	Contact and Support My Action Partner	Action Partner's Initials	
Example Be obedient ● ● ●	Track expenses ● ● ●	Counsel about obedience ● ● ●	● ● ●	JH	
Week 1 Self-reliance is a principle of salvation ● ● ●	Track expenses ● ● ●	Counsel with the Lord ● ● ●	● ● ●	_____	
Week 2 Exercise faith in Jesus Christ ● ● ●	Track expenses ● ● ●	Counsel about income and expenses ● ● ●	● ● ●	_____	
Week 3 Repent and be obedient ● ● ●	Track expenses ● ● ●	Counsel about tithes and offerings ● ● ●	● ● ●	_____	
Week 4 Live a balanced life ● ● ●	Build a budget ● ● ●	Counsel about budgeting ● ● ●	● ● ●	_____	
Week 5 Solve problems ● ● ●	Choose a budgeting system ● ● ●	Counsel about budgeting ● ● ●	● ● ●	_____	
Week 6 Use time wisely ● ● ●	Put money toward financial priority ● ● ●	Counsel about emergency fund insurance ● ● ●	● ● ●	_____	
Week 7 Show integrity ● ● ●	Put money toward financial priority ● ● ●	Counsel about debt ● ● ●	● ● ●	_____	
Week 8 Work take responsibility and ownership ● ● ●	Put money toward financial priority ● ● ●	Counsel about debt ● ● ●	● ● ●	_____	
Week 9 Communicate position and listen ● ● ●	Put money toward financial priority ● ● ●	Counsel about crisis management ● ● ●	● ● ●	_____	
Week 10 Seek learning, observe where you are going and how to get there ● ● ●	Put money toward financial priority ● ● ●	Counsel about saving, home ownership, education ● ● ●	● ● ●	_____	
Week 11 Become one, serve together ● ● ●	Put money toward financial priority ● ● ●	Counsel about retirement planning ● ● ●	● ● ●	_____	

STEP 2: REPORT TO THE GROUP (8 minutes)

After evaluating your efforts, come back together and report your results. Go around the group and each state whether you rated yourself “red,” “yellow,” or “green” for each of last week’s commitments.

STEP 3: SHARE YOUR EXPERIENCES (10 minutes)

Now share as a group the things you learned from striving to keep your commitments during the week.

- Discuss:**
- What experiences did you have practicing or sharing the My Foundation principle?
 - What budgeting system did you choose, and why? What features of the system are most important to you?

STEP 4: CHOOSE ACTION PARTNERS (2 minutes)

Choose an action partner from the group for this coming week. Generally, action partners are the same gender and are not family members.

Take a couple of minutes now to meet with your action partner. Introduce yourselves and discuss how you will contact each other throughout the week.

Action partner’s name

Contact information

Write how and when you will contact each other this week.

SUN	MON	TUES	WED	THURS	FRI	SAT



MY FOUNDATION: USE TIME WISELY

—Maximum Time: 20 Minutes

Ponder: Why is time one of God’s greatest gifts?

Watch: “The Gift of Time,” available at srs.lds.org/videos. (No video? Read page 91.)

Discuss: What did you learn from Sister Benkosi?

Read: Alma 34:32 and the quote by President Brigham Young (on the right)

“For behold, this life is the time for men to prepare to meet God; yea, behold the day of this life is the day for men to perform their labors.”

ALMA 34:32

ACTIVITY

Step 1: With a partner, read the five steps you can take each day to use your time well.

1	2	3	4	5
LIST TASKS	PRAY	SET PRIORITIES	SET GOALS, ACT	REPORT
Each morning, make a list of tasks to do. Add names of people to serve.	Pray for guidance. Review your list of tasks. Listen. Commit to do your best.	On your list of tasks, put a 1 by the most important, a 2 by the next most important, and so on.	Listen to the Spirit. Set goals. Work hard. Start with the most important task and work down the list.	Each night, report to Heavenly Father in prayer. Ask questions. Listen. Repent. Feel His love.

Step 2: On a separate piece of paper, list your tasks. These should be important tasks for your work, for school, for church, or for family service—not just daily chores. Pray about and prioritize your list.

Step 3: Tomorrow you should set goals, act, and report how you’ve used your time.

Commit: Commit to do the following actions during the week. Check the box when you complete each action:

- Practice these steps every day to use your time more wisely. Report each night to Heavenly Father in your prayers.
- Share what you’ve learned today about using time wisely with your family or friends.

“Time is all the capital stock there is on the earth. . . . If properly used, it brings that which will add to your comfort, convenience, and satisfaction. Let us consider this, and no longer sit with hands folded, wasting time.”

BRIGHAM YOUNG, in Discourses of Brigham Young, sel. John A. Widtsoe (1954), 214

THE GIFT OF TIME

If you are unable to watch the video, choose roles and read this script.



KOFI: Hello, Sister Benkosi. How are you?

SISTER BENKOSI: Are you okay, Kofi?

KOFI: Oh, Sister Benkosi. I'm so busy. I have to work and serve and help my family . . . and then my football, too. I have no time!

SISTER B.: Kofi, you have all the time there is.

KOFI: What?

SISTER B.: My boy, God has given us a great gift—our time. We must do with it what matters most.

KOFI: But how, Sister Benkosi? You have always done so much. You have succeeded with your family, with your business. You have served and blessed many, like me. I don't know how you do it.

SISTER B.: Do you really want to know? If you will sit still and listen, I will tell you my secret.

Every morning I rise before the sun. I dress and wash my face and hands.

I read the scriptures. Then I make a list of what I should do that day.

I think of who I might serve. I pray to know God's will. And I listen.

Sometimes the names or faces of people come to mind. I add them to my list.

KOFI: Is that how you always know just who needs your service?

SISTER B.: Yes, Kofi. And I pray for strength and wisdom. I pray that God will "consecrate [my] performance." It says that in 2 Nephi 32.

I thank Him. I promise to do my best. I ask that He will do what I cannot.

Then I look at my list. I put a 1 by the most important thing, then a 2.

KOFI: How do you know the priorities?

SISTER B.: I listen when I pray! Then I go to work. I look at number 1 and try to do it first, then number 2.

Sometimes things change. The Holy Ghost tells me to do something else. That is good.

I work very hard, but I have peace. I know God will help me.

So, with my list and the Spirit, I do what matters, Kofi.

KOFI: That sounds simple and hard at the same time.

SISTER B.: You are right! When I finally prepare for bed, I pray. I report to Heavenly Father. I tell Him how the day went. I ask questions. I ask what I can do better. I listen. I often feel His love. I know He magnifies what I try to do. Then I have peace, Kofi, and I sleep.

KOFI: That is good, Mamma Benkosi. I want this peace. I want to use my time. I want to work and serve better.

Back to page 90.



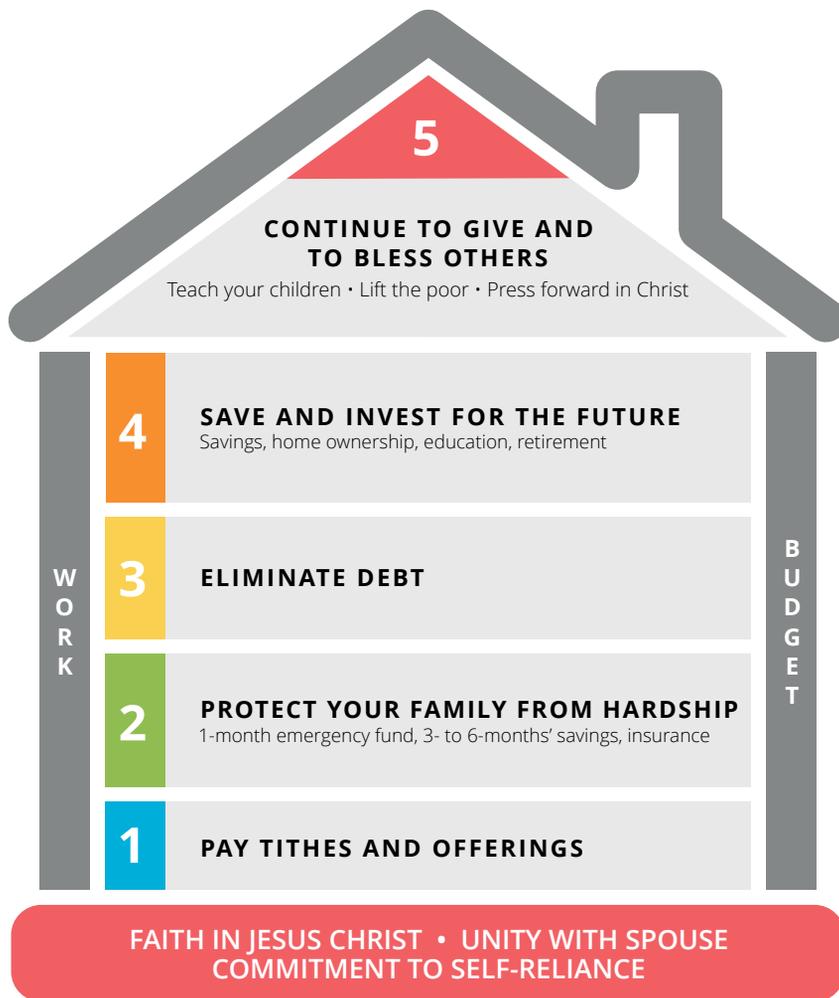
LEARN — Maximum Time: 45 Minutes

TODAY'S DISCUSSION:



2

PROTECT YOUR FAMILY FROM HARDSHIP



FINANCIAL STEWARDSHIP SUCCESS MAP

1. PROTECT YOUR FAMILY FROM HARDSHIP

Read: Preparation is a powerful gospel principle. The Lord promises that “if ye are prepared ye shall not fear” (D&C 38:30).

After our obligation to pay the Lord first through tithing and other offerings, our second obligation is to work to protect our families from hardship. We can do this only if we develop a long-term perspective. In this chapter we will learn two steps to protect our families from financial hardship:

- Develop a one-month emergency fund
- Acquire adequate insurance

Discuss: Take a few moments to look at the Financial Stewardship Success Map. Why do you think that protecting your family from hardship is the second priority after paying tithes and offerings?

2. BUILD A ONE-MONTH EMERGENCY FUND

Read: By tracking your expenses for at least four weeks, you should have now identified the amount of money required for one month’s worth of living expenses. Your one-month emergency fund should equal this amount.

For your one-month emergency fund, you should save cash in a safe and accessible place such as a bank account. Do not use this money for anything other than emergencies. If you have an emergency and must use money from your one-month emergency fund, immediately begin putting money back into the fund until it is full. Later, after you have paid down all of your consumer debt, you will begin to save enough money to cover your expenses for three to six months (we will cover this step in chapter 9).

You should work to build a one-month emergency fund as fast as possible. Put any extra money you have toward your emergency fund until it is complete. Even if you have debt, make only the minimum required debt payment until you have built a one-month emergency fund. To help speed up this process, you may want to find extra or better work, sell some things you can live without, or eliminate some unnecessary expenses.

Discuss: What blessings can come to your family from having a one-month emergency fund? Why should you build an emergency fund before paying down debt?

3. ACQUIRE ADEQUATE INSURANCE

Read: How would it impact you or your family financially if one of you became very ill or disabled, or perhaps even passed away? What would be the financial impact of something like a house fire or a serious car accident? These types of hardships happen, and if we are not prepared, they can cause major financial problems. A good source of protection against possible hardship is insurance. **Insurance** is an arrangement in which an organization (typically an insurance agency) guarantees to compensate an individual for specific hardships in exchange for a fixed payment.

President N. Eldon Tanner taught, "Nothing seems so certain as the unexpected in our lives. With rising medical costs, health insurance is the only way most families can meet serious accident, illness, or maternity costs. . . . Life insurance provides income continuation when the provider prematurely dies. Every family should make provision for proper health and life insurance" ("Constancy amid Change," *Ensign*, Nov. 1979, 82).

Discuss: Why is insurance so critical? What blessings can come from having adequate insurance?

Benefits of Insurance

Read: Insurance can help protect you from the financial devastation that accidents and other hardships can bring.

ACTIVITY (5 minutes)

As a group, review the two scenarios below. Then discuss how insurance was beneficial in these situations.

Scenario 1: You were in an automobile accident and it was your fault. Your car was severely damaged, as was the other driver's. Both you and the other driver suffered some injuries and had to receive medical care. The total cost to repair both vehicles and to pay the medical bills ends up being over 15,000.

	WITHOUT INSURANCE	WITH INSURANCE
Total cost	15,000	15,000
Cost covered by insurance	0	12,000
Cost you must cover	15,000	3,000

Scenario 2: A 45-year-old father has worked as an electrician and has earned 3,500 per month. He is the sole provider for his wife and three children. He injured his back and will no longer be able to work as an electrician. He won't earn any money until he can get a different job, which may require school or other training.

	WITHOUT INSURANCE	WITH INSURANCE
Monthly income from employment	0	0
Monthly income from insurance	0	3,000
Total monthly income	0	3,000

Types of Insurance

Read: You do not need to insure all things—that is why you are building an emergency fund and other savings. However, it is critical that you protect yourself from hardship that could be financially devastating. President Marion G. Romney taught that “we have . . . been counseled [to] have a reserve of cash to meet emergencies and to carry adequate health, home, and life insurance” (“Principles of Temporal Salvation,” *Ensign*, Apr. 1981, 6).

There are many types of insurance, but the four most common are these:

- **Property insurance:** Property insurance, such as homeowners, renters, and automobile insurance, can help cover the cost to replace or repair property in the event of serious damage, theft, or destruction.
- **Health insurance:** Health insurance can help cover the cost of health care, from covering well-care visits and treating illness to paying for major medical events. Depending on your location, health care may be a government service and your need for health insurance may vary.
- **Life insurance:** Life insurance provides a family with a sum of money if an insured family member dies.
- **Disability insurance:** Disability insurance guarantees that a portion of the insured person’s income will be paid if he or she becomes disabled and is unable to work for an extended period of time.

ACTIVITY (3 minutes)

Pair up with your spouse or action partner, and share your understanding of property, health, life, and disability insurance. Discuss what types of insurance coverage would be important to have in your circumstances.

Insurance Costs

Read: Now that we have a basic understanding of insurance and some of its potential benefits, let's discuss some of the costs. The two primary types of costs or expenses associated with insurance are the premium and the deductible.

A **premium** represents the price of the insurance—or the money you pay directly (often monthly or annually) to the insurance company in exchange for the coverage.

A **deductible** represents the amount of money that you pay toward your expenses (such as medical expenses or automobile repair costs) before the insurance company will cover the remaining costs.

Cost-Benefit Analysis

Read: When comparing insurance plans, you are essentially trying to compare what the plan could potentially cost you versus what it could potentially provide in coverage. It may be helpful to compare best-case to worst-case scenarios.

Annual Minimum Cost (The Best-Case Scenario)

To calculate the annual minimum cost, simply multiply your monthly premium by 12 months ($12 \times$ the monthly premium), or look at the annual premium if you are billed just once a year. This scenario assumes that you do not have an insurable event in the year.

Annual Maximum Cost (The Worst-Case Scenario)

To calculate your annual maximum cost, add your annual minimum cost to the annual deductible ($[12 \times$ the monthly premium] + deductible). This scenario assumes that the expenses of the insurable event exceed your annual deductible.

With this information you can now compare the expense ranges of different plans. The following example demonstrates a way that you can compare plans.



CALCULATOR EXERCISE

Step 1: Divide into small groups of two to four people.

Step 2: Read through the following scenario as a small group. Each person in the group should use his or her calculator, as directed. Help each other as needed, and ensure that every person is able to get the right answer.

Note: See the “Resources” section at the end of the chapter for answers.

Read: Imagine that you are comparing two renters insurance plans: a plan with a high deductible of 2,000 that costs 10 each month, and a plan with a lower deductible of 500 that costs 40 each month.

Calculate: Each person in the group should calculate the annual minimum and maximum costs for each plan. Write your answers below.

	ANNUAL MINIMUM COST	ANNUAL MAXIMUM COST
High-deductible plan		
Low-deductible plan		

Calculate: How much money will the high-deductible plan save you in the best-case scenario (assuming you pay only the annual minimum cost)? Write your answer below.

Answer: _____

Hint: (Low-deductible plan annual minimum cost) – (High-deductible plan annual minimum cost)

Read: Notice that in the best-case scenario, the high-deductible plan will save you 360. This means that even if you have to cover up to 360 in renter property-related expenses out of your own pocket, it is still less expensive to go with the high-deductible plan, for this situation. However, this is not true in the worst-case scenario.

Calculate: How much money will the lower-deductible plan save you in the worst-case scenario (assuming you had to pay the annual maximum costs)? Write your answer below.

Answer: _____

Hint: (High-deductible plan annual maximum cost) – (Low-deductible plan annual maximum cost)

Read: In the worst-case scenario, where you had to pay out the maximum annual cost, you would save almost twice as much (over 1,000) by choosing the lower-deductible plan. As you try to decide between insurance plans and options, consider your situation or that of your family in order to choose the plan that best fits your needs.

Considering Other Benefits

Read: In the activity we just completed, we were evaluating one type of property insurance plan (renters insurance). We can use the same kind of process when comparing other types of insurance. However, there are often other factors to consider, beyond just the potential minimum and maximum costs. Here are some additional questions to ask when analyzing different insurance plans:

- What services or events are covered?
- What are the types and limits of the coverage?
- What is the reputation of the insurance provider?
- Are there discounts you might qualify for?
- How likely is it that you would pay close to only the minimum out-of-pocket expenses?
- How likely is it that you would have to pay the maximum out-of-pocket expenses?

DISCUSS THE EMERGENCY FUND AND INSURANCE IN YOUR FAMILY COUNCIL

Read: In your family council this week, discuss ways to build your one-month emergency fund. Also determine which insurance plans are important for your family, and investigate insurance policies. You may want to use the “Sample Family Council Discussion” outline below.

SAMPLE FAMILY COUNCIL DISCUSSION

Be sure to begin and end with a prayer to invite the Spirit.

Part 1: Review

- How are you doing on following your budget?
- Do you have adequate insurance? What insurance policies do you need in your circumstances?

Part 2: Plan

- If you don't have adequate insurance, which insurance coverage should you obtain? Conduct a cost-benefit analysis of the plans available (see pages 97–98).
- What can you do to quickly build your one-month emergency fund?



ANNUAL CHECKUP

I used to sell insurance, and I know that rates rise over time. I don't sell insurance anymore, but I compare rates across insurance plans every year to make sure I am getting the best deal. Every November I review my plans and get quotes from other companies. This keeps my costs as low as possible.



PONDER—Maximum Time: 5 Minutes

Individually think about what you have learned today and consider what the Lord would have you do. Read the scripture or quote below and write responses to the questions.

“Prepare thy work without, and make it fit for thyself in the field; and afterwards build thine house” (Proverbs 24:27).

What are the most meaningful things I learned today?

What will I do as a result of what I learned today?



COMMIT—Maximum Time: 10 Minutes

Read each commitment aloud to your action partner. Promise to keep your commitments and then sign below.

MY COMMITMENTS

- Ⓐ I will practice and share this week's My Foundation principle.

- Ⓑ I will begin building my one-month emergency fund and research applicable insurance options.

- Ⓒ I will discuss my emergency fund and insurance plans in my family council.

- Ⓓ I will contact and support my action partner.

My signature

Action partner's signature



RESOURCES



CALCULATOR ACTIVITY ANSWERS

Calculate: Each person in the group should calculate the annual minimum and maximum costs for each plan. Write your answers below.

	ANNUAL MINIMUM COST	ANNUAL MAXIMUM COST
High-deductible plan	$12 \times 10 = 120$	$120 + 2,000 = 2,120$
Low-deductible plan	$12 \times 40 = 480$	$480 + 500 = 980$

Calculate: How much money will the high-deductible plan save you in the best-case scenario (assuming you pay only the annual minimum cost)? Write your answer below.

Answer: $480 - 120 = 360$

Hint: (Low-deductible plan annual minimum cost) – (High-deductible plan annual minimum cost)

Calculate: How much money will the lower-deductible plan save you in the worst-case scenario (assuming you had to pay the annual maximum costs)?

Answer: $2,120 - 980 = 1,140$

Hint: (High-deductible plan annual maximum cost) – (Low-deductible plan annual maximum cost)

