

MANAGING FAMILY FINANCES

8

IDEAS FOR APPLICATION

According to your own needs and circumstances, follow one or both of these suggestions.

- Make a list of items you have recently purchased. Write the letter *N* next to each item that you needed. Write the letter *W* next to each item that you wanted but did not need. Use this list to evaluate your spending habits. If you are spending too much money on things that are unnecessary, consider ways to use your money more wisely.
- With your spouse, develop a budget for an upcoming period of time—perhaps one or two weeks. Consider using the sample on page 32 as a guide. Work together to live within the budget you have set.

READING ASSIGNMENT

Study the following article. If you are married, read and discuss the article with your spouse.

CONSTANCY AMID CHANGE

President N. Eldon Tanner
First Counselor in the First Presidency

What I would like to share with you today are my observations about the constant and fundamental principles which, if followed, will bring financial security and peace of mind under *any* economic circumstances.

“Seek Ye First the Kingdom of God”

First, I would like to build a foundation and establish a perspective within which these economic principles must be applied.

One day a grandson of mine said to me: “I have observed you and other successful men, and I have made up my mind that I want to be a success in my life. I want to interview as many successful people as I can to determine what made them successful. So looking back over your experience, Grandpa, what do you believe is the most important element of success?”

I told him that the Lord gave the greatest success formula that I know of: “Seek ye first the kingdom of God, and his righteousness; and all these things shall be added unto you” (Matthew 6:33).

Some argue that some men prosper financially who do *not* seek the kingdom first. This is true. But the Lord is not promising us just material wealth if

we seek first the kingdom. From my own experience I know this is not the case. In the words of Henrik Ibsen: “Money may be the husk of many things, but not the kernel. It brings you food, but not appetite; medicine, but not health; acquaintances, but not friends; servants, but not faithfulness; days of joy, but not peace or happiness” (in *The Forbes Scrapbook of Thoughts on the Business of Life* [1968], 88).

Material blessings are a part of the gospel if they are achieved in the proper way and for the right purpose. I am reminded of an experience of President Hugh B. Brown. As a young soldier in World War I, he was visiting an elderly friend in the hospital. This friend was a millionaire several times over who, at the age of eighty, was lying at death’s door. Neither his divorced wife nor any of his five children cared enough to come to the hospital to see him. As President Brown thought of the things his friend “had lost which money could not buy and noted his tragic situation and the depth of his misery,” he asked his friend how he would change the course of his life if he had it to live over again.

The old gentleman, who died a few days later, said: “‘As I think back over life the most important and valuable asset which I might have had but which I lost in the process of accumulating my millions, was the simple faith my mother had in God and in the immortality of the soul.

“ ‘ . . . You asked me what is the most valuable thing in life. I cannot answer you in better words than those used by the poet.’ ” He asked President

Brown to get a little book out of his briefcase from which he read a poem entitled “I’m an Alien.”

I’m an alien, to the faith my mother taught me.
I’m a stranger to the God that heard my mother
when she cried.
I’m an alien to the comfort that, “Now I lay me,”
brought me.
To the everlasting arms that held my father
when he died.
When the great world came and called me,
I deserted all to follow.
Never noting in my blindness I had slipped
my hand from His.
Never dreaming in my dazedness that the bubble
fame is hollow.
That the wealth of gold is tinsel, as I since have
learned it is.
I have spent a lifetime seeking things I spurned
when I found them,
I have fought and been rewarded in many a
winning cause,
But I’d give it *all*, fame and fortune and the
pleasures that surround them,
If I only had the *faith* that made my mother
what she was.

“That was the dying testimony of a man who was born in the Church but had drifted far from it. That was the brokenhearted cry of a lonely man who could have anything money could buy, but who had lost the most important things of life in order to accumulate this world’s goods” (*Continuing the Quest* [1961], 32–35; italics added).

In the Book of Mormon, the prophet Jacob gives us some important counsel on this matter:

“But before ye seek for riches, seek ye for the kingdom of God.

“And after ye have obtained a hope in Christ ye shall obtain riches, *if ye seek them*; and ye will seek them for the intent to do good—to clothe the naked, and to feed the hungry, and to liberate the captive, and administer relief to the sick and the afflicted” (Jacob 2:18–19; italics added).

The foundation and perspective then are these: We must first seek the kingdom, work and plan and spend wisely, plan for the future, and use what wealth we are blessed with to help build up that kingdom. When guided by this eternal perspective and by building on this firm foundation, we can pursue with confidence our daily tasks and our life’s work, which must be carefully planned and diligently pursued.

It is within this framework that I would like to explain five principles of economic constancy.

Pay an Honest Tithe

Constancy #1: Pay an honest tithing. I often wonder if we realize that paying our tithing does not represent giving gifts to the Lord and the Church. Paying tithing is discharging a debt to the Lord. The Lord is the source of all our blessings, including life itself.

The payment of tithing is a commandment, a commandment with a promise. If we obey this commandment, we are promised that we will “prosper in the land.” This prosperity consists of more than material goods—it may include enjoying good health and vigor of mind. It includes family solidarity and spiritual increase. I hope those of you not presently paying your full tithe will seek the faith and strength to do so. As you discharge this obligation to your Maker, you will find great, great happiness, the like of which is known only by those who are faithful to this commandment.

Live Frugally

Constancy #2: Live on less than you earn. I have discovered that there is no way that you can ever earn *more* than you can spend. I am convinced that it is not the amount of money an individual earns that brings peace of mind as much as it is having *control* of his money. Money can be an obedient servant but a harsh taskmaster. Those who structure their standard of living to allow a little surplus, control their circumstances. Those who spend a little more than they earn are controlled by their circumstances. They are in bondage. President Heber J. Grant once said: “If there is any one thing that will bring peace and contentment into the human heart, and into the family, it is to live within our means. And if there is any one thing that is grinding and discouraging and disheartening, it is to have debts and obligations that one cannot meet” (*Gospel Standards*, comp. G. Homer Durham [1941], 111).

The key to spending less than we earn is simple—it is called discipline. Whether early in life or late, we must all eventually learn to discipline ourselves, our appetites, and our economic desires. How blessed is he who learns to spend less than he earns and puts something away for a rainy day.

Distinguish Needs and Wants

Constancy #3: Learn to distinguish between needs and wants. Consumer appetites are man-made. Our competitive free enterprise system produces unlimited goods and services to stimulate our desire to want more convenience and luxuries. I do not criticize the system or the availability of these goods or services. I am only concerned about our people using sound judgment in their purchases. We must learn that sacrifice is a vital part of our eternal discipline.

In this and many other countries, many parents and children born since World War II have known only prosperous conditions. Many have been conditioned to instant gratification. There have been ample job opportunities for all who are capable of working. Yesterday's luxuries for most are considered today's necessities.

This is typified by young couples who expect to furnish their homes and provide themselves with luxuries as they *begin* their marriages, which their parents have managed to acquire only after many years of struggle and sacrifice. By wanting too much too soon, young couples may succumb to easy credit plans, thereby plunging themselves into debt. This would keep them from having the financial means necessary to do as the Church suggests in the matter of food storage and other security programs.

Overindulgence and poor money management place a heavy strain on marriage relationships. Most marital problems, it seems, originate from economic roots—either insufficient income to sustain the family or mismanagement of the income as earned.

One young father came to his bishop for financial counseling and told an all-too-frequent story: "Bishop, I have been well trained as an engineer, and I earn a good salary. It seems that all through school I was taught how to make money, but no one taught me how to manage money."

While we believe it is desirable for every student to take classes in consumer education, the primary training rests with the parents. Parents cannot leave this vital training to chance or transfer the responsibility entirely to our public schools and universities.

An important part of this training should be to explain debt. For most of us there are two kinds of financial debt—consumer debt and investment or business debt. Consumer debt refers to buying on credit those things we use or consume in daily living. Examples would include installment buying of clothes, appliances, furniture, etc. Consumer debt is secured by mortgaging our future earnings. This can be very dangerous. If we are laid off work, disabled, or encounter serious emergencies, we have difficulties meeting our obligations. Installment buying is the most expensive way to purchase. To the cost of the goods we buy must be added heavy interest and handling charges.

I realize that young families find it necessary at times to purchase on credit. But we caution you not to buy more than is truly necessary and to pay off your debts as quickly as possible. When money is tight, avoid the extra burden of additional interest charges.

Investment debt should be fully secured so as not to encumber a family's security. Don't invest in speculative ventures. The spirit of speculation can become intoxicating. Many fortunes have been wiped out by the uncontrolled appetite to accumulate more and more. Let us learn from the sorrows of the past and avoid enslaving our time, energy, and general health to a gluttonous appetite to acquire increased material goods.

President Spencer W. Kimball has given this thought-provoking counsel:

"The Lord has blessed us as a people with a prosperity unequalled in times past. The resources that have been placed in our power are good, and necessary to our work here on the earth. But I am afraid that many of us have been surfeited with flocks and herds and acres and barns and wealth and have begun to worship them as false gods, and they have power over us. Do we have more of these good things than our faith can stand? Many people spend most of their time working in the service of a self-image that includes sufficient money, stocks, bonds, investment portfolios, property, credit cards, furnishings, automobiles, and the like to *guarantee* carnal security throughout, it is hoped, a long and happy life. Forgotten is the fact that our assignment is to use these many resources in our families and quorums to build up the kingdom of God" ("The False Gods We Worship," *Ensign*, June 1976, 4).

By way of testimony, may I add this to President Kimball's statement. I know of no situation where happiness and peace of mind have increased with the amassing of property beyond the reasonable wants and needs of the family.

Budget Wisely

Constancy #4: Develop and live within a budget. A friend of mine has a daughter who went overseas with a BYU study-abroad program for a semester. She was constantly writing home for more money. His concern was such that he called her long-distance and questioned her about the need for the additional funds. At one point in the conversation the daughter explained, "But Dad, I can tell you where every penny you have sent me has been spent."

He replied, "You don't seem to get the point. I'm interested in a budget—a plan for spending—not in a diary of where the money has gone."

Perhaps parents should be more like the father of the college boy who wired home, "No mon, no fun, your son." His father wired back, "How sad, too bad, your dad."

It has been my observation in interviewing many people through the years that far too many people do not have a workable budget and have not disciplined themselves to abide by its provisions. Many people think a budget robs them of their freedom. On the contrary, successful people have learned that a budget makes real economic freedom possible.

Budgeting and financial management need not be overly complicated or time-consuming. The story is told of an immigrant father who kept his accounts payable in a shoe box, his accounts receivable on a spindle, and his cash in the cash register.

"I don't see how you can run your business this way," said his son. "How do you know what your profit is?"

"Son," replied the businessman, "when I got off the boat, I had only the pants I was wearing. Today your sister is an art teacher, your brother is a doctor, and you're an accountant. I have a car, a home, and a good business. Everything is paid for. So you add it all up, subtract the pants, and there's my profit."

Wise financial counselors teach that there are four different elements to any good budget. Provision should be made *first* for basic operating needs such as food, clothing, etc.; *second*, for home equity; *third*, for emergency needs such as savings, health insurance, and life insurance; and, *fourth*, for wise investment and a storage program for the future.

May I comment on two of these elements. 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, particularly those for premature births. Life insurance provides income continuation when the provider prematurely dies. Every family should make provision for proper health and life insurance.

After these basics are met, we should by frugal management regularly save to create funds for investment. It has been my observation that few people have been successful with investments who have not first developed the habit of saving regularly. This requires discipline and discriminating judgment. There are many ways to invest. My only advice is to choose wisely your investment counselors. Be sure they merit your confidence by maintaining a successful investment record.

Be Honest

Constancy #5: Be honest in all your financial affairs. The ideal of integrity will never go out of style. It applies to all we do. As leaders and members of the Church, we should be the epitome of integrity.

Brothers and sisters, through these five principles, I have tried to sketch what might be characterized as the true pattern of financial and resource management.

I hope that each of us may benefit from their application. I bear my witness that they are true and that this Church and the work we are engaged in are true.

From an address by President Tanner in the general welfare session of the October 1979 general conference of the Church (see Conference Report, Oct. 1979, 117–21; or *Ensign*, Nov. 1979, 80–82).

Budget from _____ **to** _____
 date date

INCOME	PLANNED	ACTUAL
Wages or salary after taxes		
Other income		
Total income		
EXPENDITURES	PLANNED	ACTUAL
Tithing		
Other Church donations		
Long-term savings		
Savings for emergencies		
Food		
Mortgage or rent		
Utilities		
Transportation		
Debt payments		
Insurance		
Medical expenses		
Clothing		
Other		
Other		
Total expenditures		