

## **MoneyWise Workshop Module 6: Having Adequate Insurance: Protecting You and Your Loved Ones**

---

### **Introduction**

This chapter is on having adequate insurance: protecting you and your loved ones through insurance. We're going to start again with financial perspectives, then discuss insurance basics, personal insurance, property insurance, and then finish up with some employee benefits. This topic tends to be an area of great interest, especially in today's environment, where there's a lot of concern and a lot of information--some good and some not quite as good on health and life insurance in particular.

### **Objectives**

We will cover five topics in this chapter. They include:

1. Financial Perspectives: Tithing
2. Insurance Basics: Three Principles
3. Personal Insurance: health, life, and disability
4. Property Insurance: home and auto
5. Employee Benefits

### **1. Financial Perspectives: Tithing**

Tithing is one of the first financial laws of heaven. Malachi prophesied: "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."<sup>i</sup>

Some have misread this scripture to mean that if you pay your tithing the Lord will give you all the financial blessing you want. I don't think that is what Malachi was talking about. I think the key is that if we put the Lord first, as evidenced by our being full tithe payers, we will be blessed in all areas of our lives, perhaps, but not necessarily, in financial area.

Paying tithing first shows that we put the Lord first in our lives. We pay the first dollar, and not the last.<sup>ii</sup> It doesn't say that if we pay our tithing we'll get all the financial blessings we need. Rather, there is much we will learn through thought, application, hard work, and effort on our parts as we string to be more financially knowledgeable and self-reliant. There are critical and important lessons that finance can teach us if we will be humble and listen to the Spirit.

Does the Lord expect us to pay tithing? Absolutely. He also expects us to live on a budget, balance our check books, stay out of debt, distinguish between needs and wants, be modest in our expenditures, and teach these things to our children. In short, He wants us to be like our Savior Jesus Christ. He expects us to be loving and wise stewards. This principle of stewardship is taught abundantly in the scriptures.<sup>iii</sup>

## **Financial Perspectives: God Will Open the Windows**

Malachi promised that God would open the windows of heaven; however, there is no promise that it means financial blessings or that we will be free from all financial challenges. We are here in this world to be tested, to be proven, and to see if we will do all things which the Lord has commanded, even with our financial challenges.<sup>iv</sup> Perhaps the most important blessing may be that the Lord will simply look out for us during the hard times as long as we are honest and pay a full tithe.

There are, however, more commandments than just paying tithing. The First Presidency counseled:

We encourage you wherever you may live in the world to prepare for adversity by looking to the condition of your finances. We urge you to be modest in your expenditures; discipline yourselves in your purchases to avoid debt. Pay off debt as quickly as you can and free yourselves from this bondage. Save a little money regularly to gradually build your reserve.<sup>v</sup>

We know that fathers are to be the primary providers for our home.<sup>vi</sup> And that obligation, to provide financially for our family, does not end even if fathers pass away prematurely. It's an obligation that fathers have that continues on. And so understanding how to protect and secure our families against the unintended consequences and the challenges of the world we live in is part of our financial responsibility. It is something that we should take very seriously.

## **2. Insurance Basics: Three Principles**

There are three important principles in understanding insurance. They are:

1. *Don't insure the small stuff.* While you can insure almost anything these days, it is not recommended. You can go broke buying extended warranties on everything from your auto to your cell phone. So what should we be insuring? We like to look at two items: frequency and severity of a loss. First, look at the frequency of a loss. How often does it happen. Divide your risks by high frequency risks, which means it happens a lot, and low frequency risks, that means it does not happen very often. With seven children, catching a cold is a high frequency risk. Death, on the other hand, is a low frequency risk (you can only die once). Next, look at the severity of loss. A low severity risk means the severity is very low, such as a paper cut or a skinned knee. A high severity risk would be something that would have a significant impact to your financial situation, such as an auto accident or large medical expenses due to cancer. The key to insurance is to insure the high severity risks that could have a significant impact on you and your family's financial position. These are the things that you should insure against. This recommends insurance on health, life, home, and vehicles.
2. *Buy broad coverage.* Once you have determined your key areas-- we're talking about the big stuff here--buy broad coverage. Try to insure it as completely as possible and limit

the possible situations where your insurance company would not pay. Don't buy coverage for limited types of insurance, such as airline insurance or insurance on every electronic device you own.

3. *Shop around and buy direct.* If you can avoid going through a middle man, you'll end up usually getting the insurance for a cheaper rate and will save yourself money. Online resources are great for this. Remember that insurance companies will give you lower rates if you put all your insurance with a single provider, i.e., health, auto, homeowners, etc.

### **Insurance Basics: Ned Ryerson Video<sup>vii</sup>**

One of our family's favorite movies is *Ground Hog Day*. There is a clip in there of an insurance salesman that is classic. Take a minute from your reading and watch this clip at [http://movieclips.com/watch/groundhog\\_day\\_1993/ned\\_ryerson/](http://movieclips.com/watch/groundhog_day_1993/ned_ryerson/). Do insurance agents get a bad rap? Yes. Is it warranted? Perhaps. Some have said: "Insurance is sold, not bought"<sup>viii</sup> which is largely true.

### **Personal Insurance: Protecting You and Your Spouse**

Here's the issue as far as insurance is concerned. Just like housing, or investments, or retirement planning, the key remains education and choice. First, you must find the product which best meets the needs of you and your family. Second, you must make the best choice of how to fulfill that need. It gets back getting what serves your needs and not simply contacting an insurance agent and saying "what can you sell me today?"

Joseph B. Wirthlin said: "The wise understand the importance of saving today for a rainy day tomorrow. They have adequate insurance that will provide for them in case of illness or death."<sup>ix</sup> There are three key areas of personal insurance for you and your spouse.

First, health insurance. Health insurance insures you against significant costs should you become sick or be in an accident. Make sure you have adequate health insurance to meet the needs of you and your family.

Second, life insurance. Life insurance in largely income replacement should the key wage earner die. While it cannot replace everything the wage earner does, it can ensure that there will be sufficient funds so the spouse does not have to go back to work but can stay in the home to raise the children.

Finally, disability insurance. Disability insurance protects against the wage earner being unable to work for an extended period of time. While none of us are planning on getting hurt, yet one out of every three people in the US is estimated to become disabled during some point in their lives.

### **Personal Insurance: Health**

Accidents and sickness can be devastating to a family's financial position. As such, there are specific things you should look for. Once you understand your budget and your goals, think about the needs of your family. Depending on the number of family members, relative health of family members, and family health history, these can be important inputs in choosing the best health insurance plan for your family.

Get basic health insurance. Basic health insurance covers hospital, surgical, and physician expense insurance. This is the most basic of your coverage.

Manage the big stuff. Ensure that you have adequate major medical coverage. This ensures protection against the costs over and above the basic health insurance coverage. This coverage includes:

- a. Medical costs beyond the basic plan. These normally require a co-payment and/or a deductible.
- b. A stop-loss provision. This limits the total out-of-pocket expenses incurred by the insured to a specific dollar amount.
- c. A life-time cap for the insurance company. This limits the total amount the insurance company will pay over the life of a policy

Choose your providers carefully that best meets your needs. There are three main providers of health care: 1. Private health care plans, which are fee-for-service (or traditional indemnity plans) or managed health care (HMO, PPO), 2. Non-group (individual) health care plans, and 3. Government-sponsored health care plans. Choose these carefully as there are advantages and disadvantages of each plan. Total costs for insurance is not just the monthly costs, but the monthly costs plus all deductibles, copays, and drug costs.

Watch your lifetime maximums. Most health plans have a lifetime maximum so once you hit that limit they won't pay anything else out. It is amazing how quickly with one or two major events one can hit a maximum of even \$1 million dollars. So making sure there is an adequate lifetime maximum limit amount.

Deductibles and copays are part of the cost of insurance. A deductible is the first amount of money that goes towards a claim and comes out of your pocket, usually at some predetermined ratio after an initial amount. A copay is how costs are split after that. A simple example might be for a health insurance plan that has a \$500 deductible and an 80/20 copay. Assume I have a \$10,500 operation. The first bill I pay is my deductible. After my \$500 deductible, the rest of the bill is split according to the copay ratio--in this case it is 80/20. For the \$10,500 operation, I pay \$2,500 (\$500 copay and 20% of \$10,000 or \$2,000) and the insurance company pays \$8,000. When we get into talking about premiums and costs, you will notice that a higher deductible and higher copays means lower premiums. The more risk you are willing to take on, the less you have to pay for health insurance.

And then the last part is guaranteed renewable, a unique feature of some insurance products that you'll want to check out. If it's not guaranteed renewable and something happens you're being treated, when your coverage expires and they don't have to renew that coverage. So guaranteed

renewable is something we want to watch out for both with health and with life insurance coverage.

### **Personal Insurance: Buying Health Coverage**

The process of buying health insurance is a three-step process. First, try to get it through your employer. This is a benefit is becoming increasingly difficult to find. The rising cost of health insurance is making it difficult for employers to provide you with the same type of coverage that they might have had for your parents. For students looking to graduate and go on to look for your first job, consider health insurance as part of the overall employment package. If you compare job offers based solely on salary, you are missing other critical components.

Second, look for any specialized type of group that you may belong to where you could get into a group insurance program. Insurance is going to be cheaper when we can get into a group policy.

Last but not least is buying individual coverage. This is your last option because typically it's the most expensive. If you find you are being priced out due to high unaffordable coverage, your final option may be a high deductible health plan. A high deductible health plan (HDHP) is a form of catastrophic coverage, intended for mainly severe illness. It is a health insurance plan with higher deductibles (\$1,250 single and \$2,500 family in 2013 and a high maximum out of pocket expense of \$6,250 single and \$12,500 family) and lower premiums than a traditional health plan. A HDHP is a requirement for health savings accounts and other tax-advantaged programs.

For students who graduate and have a few months before they start their new jobs, they can go on COBRA, which gives continuing coverage for a period of time. As a student, you are subsidized with your health care. Once you graduate and go on COBRA, BYU does not subsidize your costs anymore and you must pay that full cost which tends to be very expensive. It does allow you to continue on the same plan with no change in your coverage which is an advantage, if you swing that financially for the summer.

### **Personal Insurance: Health Recommendations**

We finish up this section with a few health recommendations. The best thing you can do to avoid costly health insurance is to take preventive measures. It is a combination of diet, exercise and living the Word of Wisdom.<sup>x</sup>

*Don't drink or smoke.* These are familiar parts of the Word of Wisdom.<sup>xi</sup> Be careful of the things you take into your body.

*Get plenty of rest.* Get sufficient rest for your body. But we also have additional counsel. We are to retire to our beds early, that we may not be weary, and arise early, that our minds and bodies may be invigorated.<sup>xii</sup> This is similar to Benjamin Franklin's maxim: "early to bed and early to rise, makes a man healthy, wealthy and wise."<sup>xiii</sup>

*Exercise regularly.* Get sufficient exercise to stay healthy.

*Eat healthy foods.* Watch carefully what you eat, and eat foods that will build strong bodies.

*Make time for relaxation.* In addition to exercise and rest, it is important that you make time for relaxation. Gordon B. Hinckley said: Successful marriages and families are established and maintained on principles of faith, prayer . . . love, work, and wholesome recreational activities.<sup>xiv</sup>

*Have regular medical checkups.* Visit your medical professionals as recommended by your primary care physician.

As we do these things, you will be healthier (and happier) and you won't need to tap into your health insurance as much with copays and deductible which will further reduce your health care costs.

### **Personal Insurance: Life**

Life insurance is insurance that provides compensation to your beneficiaries should you die prematurely. It is income replacement coverage, insuring against the loss of income for you and your family. This is a high severity event. Let's review some life insurance basics.

*Why have life insurance?* Life insurance is for emergency planning and control of our lives and families. Death is not an excuse to not take care of our families.

*Who needs life insurance?* Generally three classes of people need life insurance. 1. Single or married income earners with dependents or children; 2. Married single or dual income earners where the spouse has insufficient work skills to provide if the main breadwinner dies; 3. Married single or dual income earners where the family has insufficient savings to cover the costs of raising the family and retirement should the main breadwinner die. Not everyone needs life insurance.

*How much life insurance?* This depends on the income earner and a number of other expenses including, funeral expenses, transitional expenses (expenses as the family transitions from 2 parents to 1 parent), family debt obligations (mortgage, debts, etc.), savings, children's education and mission expenses, retirement expenses, etc. As you can tell, it is not an easy calculation. There are a number of different tools to help you in this process,<sup>xv</sup> but they are all estimates.

As a general rule of thumb, we recommend ten to twenty times income (20x is generally the insurance company's upper limit). If you're a personal finance or a finance student and you understand time value of money, you use your financial calculator and find the present value of your future earnings. For example, assume a young couple making \$40,000 per year. The spouse would like to ensure there is \$40,000 in income replacement for the next 40 years until they could take social security. Assuming they could get an annuity that pays 4%, and want the payments at the beginning of each year, they would need \$792,000 or 19.8x income to get \$40,000 each year for the next 40 years.

*Do you need life insurance your entire life?* There is room for opinion here. If you want to use life insurance to transfer wealth to succeeding generations, then the answer is yes. Not me. I want my children to be sad when I die. My wife and I are saving so that some point we are financially stable enough that if I died my wife and kids would be fine economically. There is a point where I no longer need life insurance.

*Which type of life insurance?* This is a debate whether term or cash value is preferred. Term is temporary coverage, similar to a lease on a home. Permanent, or cash value, is like owning the home. For 98% of those reading this, I recommend 10 or 20 year level (meaning the price stays the same for the duration of the contract), convertible (meaning this term policy can be converted to a permanent policy should you come down with a dread disease) term life insurance policy. Term is relatively inexpensive and you can get good coverage. A healthy male, age 25 can get \$500,000 in coverage for less than \$15 a month if they shop carefully. A permanent or cash value product is going to be significantly more expensive, 10 to 20 times the cost for the same amount of coverage.

### **Personal Insurance: Disability**

Disability insurance is insurance on your income stream. Disability covers you if you become disabled and cannot work for a specific length of time. The challenge with disability, different from life insurance, is that with life insurance when someone dies, the income stops and the expenses, from that individual, stop as well. With disability, even though the income stops, the expenses continue.

Disability insurance can be obtained from multiple sources. There are a number of private providers. You can go online and find the information. The best place for this insurance is likely through your employer. They offer it because it is related to your employment needs. Coverage should replace about 60% of your income: if you want it to replace more you will need to pay more. Most policies have waiting periods between 1 month and 6 months. Generally, the longer the waiting period, the lower the cost. Since you have your emergency fund, the longer waiting period is a good idea.

Realize you are more likely to become disabled than die prematurely. Research from the Social Security Administration found that a 20-year old worker has a 30% chance of being disabled before reaching full retirement age.<sup>xvi</sup> Because of this, it is something that you should look into.

### **4. Property Insurance: Homeowners and Renters**

Property insurance is insurance on your assets, including your home, apartment, or automobile. As discussed earlier, you want to protect against catastrophic losses, losses that would have a significant impact on our financial situation.

Homeowner's insurance is how you protect your property. Large losses from fire, earthquakes, windstorms and the like are things that we want to insure against. We also need to know what costs would be to replace your home and contents if you suffered such a loss. There are also additional costs, such as housing and living expenses while you rebuild your damaged home. A

good insurance provider can help, they have different metrics that can be used to help you understand the costs and challenges of rebuilding your home. Homeowners insurance protects your belongings regardless of location.

Renters insurance is insurance on your belongings as well as liability insurance against accidents caused by you or a member of your family. It also covers your contents, regardless of the location of your contents. I like renters insurance as it covers your belongings, offers liability protection, and is relatively inexpensive. For many, the discount to your auto insurance when you get your renters insurance from the same provider is enough or nearly enough to get pay for most of your renters insurance. It is cheap and it is good protection.

### **Property Insurance: Auto and Liability**

Auto insurance is insurance against financial loss due to use of an automobile. There are four areas of coverage: liability, medical payments, uninsured/underinsured motorists protection, and property damage to your car.

Liability is the limits of coverage by the insurance company. This includes bodily injury, property damage, loss due to lawsuits, and defense costs in case of a trial. Liability limits may be a single limit or a split-limit coverage. Utah has split coverage. We recommend a minimum liability coverage of 100/300/50, which is \$100,000 of bodily injury per person, \$300,000 of bodily injury per accident, and \$50,000 of property damage per accident. These are the maximum amounts your insurance company will pay. Any costs in excess of these amounts are your personal responsibility.

Medical payments covers all reasonable medical and other expenses incurred by you or your family.

Uninsured/underinsured motorist's protection protects you should you be injured by an uninsured motorist. These liability limits should be the same as your other split coverage.

Finally, property damage covers property damage to your car and other vehicles and property due to an accident. Damage to your car falls under two types, comprehensive and collision. Comprehensive covers damage to your car by any accidental means except collision. This includes damage from falling objects, theft, flood, and colliding with a bird or animal. Collision is damage to the car from colliding with another vehicle or object.

Everyone is required to have liability, medical payments, and uninsured/underinsured coverage. However, you have the option as to whether you have your vehicle repaired in case of an accident. The latter is often referred to as "full coverage" while the former is referred to as "liability coverage."

Three suggestions for reducing your auto insurance. First, shop around. Ensure you are comparing the same coverage across companies. You can reduce your costs substantially by comparing costs. Second, raise your deductibles. Your deductible is how much you have to pay per accident to have your car fixed. A lower deductible means higher costs. Because you have

an emergency fund, you can have a higher deductible which should lower your costs. Third, as the cost of your vehicle drops below some limit, say \$4,000, you might think to drop full coverage insurance, and just have liability coverage. This can reduce the cost of insurance, but in case you are in an accident, you will be responsible to cover the repair on the vehicle.

Liability insurance protects you if you are the cause of an accident or injury to someone else. For example, the mailman is walking up your snowy steps that you failed to shovel. He slips and breaks his leg. It's your fault because you have an obligation to keep your property clean and orderly, and you could be sued.

Liability is all over the place, and so liability insurance protects you against that. Liability insurance tends to be inherent in many other types of products. Your auto insurance has a liability component. Your homeowners and renters insurance has a liability component. If you need more coverage than your homeowners or auto coverage, you can purchase a type of policy called an umbrella liability policy. It adds insurance coverage over and above what you already have in place with your home and auto. Look at what your liabilities are, look at the things you need to protect, and go from there.

### **Protect Yourself and Family Through Adequate Insurance: Financial Priority 6**

Insurance is an important part of family preparedness. Take out your copy of the Eight Financial Priorities. Think about possible goals in the area of insurance. If your spouse is with, talk about what goals could you set in this area? Spend two minutes and write down at least one goal for insurance.

Talk to your spouse. Do you need health insurance? If so, I hope you have it. Do you need life insurance? Do you know who is your provider for your auto insurance. Talk about renters insurance. Again, often the savings from having renters and auto insurance from the same provider is sufficient to almost offset the cost. Check it out.

## **5. Employee Benefits**

Employee benefits are benefits given to an employee over and above the annual salary. This can include benefits for retirement, health care, flexible spending, life insurance, and tuition reimbursement, to name a few. These costs should be evaluated when considering employment. Employee benefits package can be better than a 40% raise. Not every employment package is the same. As such, it is important that you understand your benefits.

Retirement is an important goal. Employers will often have a defined contribution plan. A defined contribution plan is where you put aside money for retirement with tax benefits. Your contribution can either be on a before tax basis, and it grows tax deferred (i.e., 401k or 403b), or an after tax basis, where you pay taxes now, but pay no taxes when you take it out at retirement (i.e., Roth 401k and Roth 403b).

An additional benefit of these plans is there is often a company match. Most companies will

match your contribution up to a specific amount. This is free money, and we recommend you always at minimum contribute enough so you can get the full company match.

Some employers have defined benefit or pension plans. These are getting fewer and fewer in number, but are wonderful retirement vehicles if your company has one. The company contracts to pay you, in retirement, an amount equal to a formula of your years working, times some company percentage, times your average salary over some time period. Assuming you stay till retirement, these plans can be great ways to save for retirement.

### **Employee Benefits: Other Benefits**

Health care benefits are important. There are different ways this health care is provided. This can be done through HMOs, a health maintenance organization, a PPOs, a preferred provider organization, or through HSAs (Health Savings Accounts). These are agreements your employer may have with doctors or hospitals to give you specialized coverage for things that you might need. HMOs and PPOs are more traditional methods of health care delivery.

HSAs are different. A Health Savings Account allows you to accumulate money in an account before tax. If you have a high deductible health plan (HDHP), you can set aside a portion of your salary before tax and put it into a HSA. You then can use this money to help pay for current and future qualified health expenses. You set aside money before tax in this account, and then you can use that money to pay for your qualified health care expenses. While the deductible is high, you are saving in a tax advantage way to cover your family's medical expenses.

Flexible spending is similar in some ways to an HAS. Flexible spending allows you to take some money out of your paycheck before tax, and then use it for qualified health care expenses, such as medical costs, doctor bills, prescriptions, etc. The maximum you can set aside is \$2,500 in 2013.

Group life insurance is another important benefit. This is a life insurance plan often offered through your employer where you are pooled together with the people you are employed with. They can offer, depending on the circumstance, some really good savings over other types of plans. Generally most companies offer a small amount of group life insurance, called basic, and employees can increase that amount at a nominal cost for supplemental life insurance.

Tuition reimbursement is a final benefit for some companies. This benefit allows employees who are improving their skills through education a reimbursement for some or all of their tuition expenses. It is something you should look for in your employment to see if it's offered.

### **Summary**

We have talked about important topics today regarding insurance.

Financial perspectives are important. We should pay the Lord first through our tithes and offerings, and be honest with Him in all we do. He has promised that if we pay our tithing, the windows of heaven will be opened. But that is no guarantee that the windows of heaven will be

financial blessings. We need to learn the lessons that finance can teach us.

We discussed how risks can be evaluated in terms of severity of the event and frequency of the event. We want to insure against low frequency high severity risks that would have a significant impact on our financial lives. We discussed the three principles of buying insurance. 1. Don't insure the small stuff. We should only cover losses that could be catastrophic to ourselves and our families. 2. Buy broad coverage. We should buy insurance that covers multiple types of losses, not just single losses. Don't buy coverage for limited types of events. And 3. Shop around and buy direct. At a minimum, check with multiple agents to see who has the best prices as different insurance companies price risk differently. Use online sources and cut out middle men if possible.

We discussed personal insurance that includes health, life, and disability. Personal insurance protects your family and makes sure that their needs are met even in the case of major life-changing risks such as accidents, death, or disability.

We discussed property insurance, which includes home, renters, auto, and liability insurance. Make sure you've got coverage there where you need it, and also add in liability insurance if needed.

Finally, we discussed employee benefits and seeing what type of packages your employers may offer. Understand the benefits your company offers, and make use of those benefits.

### **Conclusion to the Intermediate Series**

We are now at the end of your sixth chapter. This process, as you are aware, has been built and designed to do one thing, to help you set goals in eight critical areas to help you become more financially self-reliant.

There have been no sales pitches, we have avoided talking about specific companies to the degree possible. The hope here is that you can simply take the information that's been presented and that you can use it to accomplish what God wants you to accomplish from personal finance: 1. To bring us to Christ, 2. To help us accomplish the divine missions for which we were sent here to earth, 3. To help us to return with our families back to His presence, and 4. To help us be wiser and better stewards over our blessings.

Life is not easy--it's not supposed to be. It is part of the process that we work through trials and challenges that we learn and grow. And through our financial choices we truly do show what we believe and who we are following. These six chapters have been designed and presented, in our view, to give you the best perspective and the best advice that we can give you so that you can live happy, wonderful lives and be guided by the Spirit.

We said at the beginning of these chapters that personal finance is a five step process. It is educate, decide, commit, believe, and achieve.

1. Educate. Our purpose in writing these chapters was to help educate you to your available options. We brought in a lot of information—there is a lot out there. We have given you some good basic information in each of these areas. It is now up to you to learn more and to apply this material in your daily lives. It is not enough to know something—we must do it.<sup>xvii</sup> I hope you will continue with your education and learn more about each of the topics we have discussed. The website at <http://personalfinance.byu.edu> has more detailed information about each of these topics, and we view them with a correct perspective.

2. Decide. Once you know what, I hope you had time to decide the “why” behind why you are doing this? I hope the “why you want to learn personal finance” is not so you will become risk, but because it will help you to be more kind, charitable, giving, thoughtful, and most importantly more like our Savior Jesus Christ. There are likely more “Why’s” behind this question. I hope you take the time to think about them.

3. Commit. We have shared the “what” that we need to do and the “why” of our actions, and it now comes down to the “how” and choice. You need to determine the goals that will most likely take you to where you want to be. We have given you the Eight Financial Priorities sheet, which gives you key areas where you should set goals. We have stopped in each area throughout the chapters to give you time to think about and set goals in each of these areas. The question is how do you commit to the goals that you have set on this worksheet? Let me share four ideas to help you as you work to commit to righteous goals:

a. Set personal and family goals.

Someone said that to say “no” to a current temptation to spend requires a bigger “yes” in the future.<sup>xviii</sup> What is this bigger yes? These are your personal and family goals. Decide on what is important to you and why, and write it down. Work with your spouse and children to determine your individual and family goals. You have made a start with your Eight Financial Priorities worksheet. Ideally you should have at least one goal in each of the eight areas. Keep working on these

b. Share Your Goals with Others

Want additional incentive to accomplish your goals? Share them with your children and friends. Let your children know what goals you are working on and enlist their help in accomplishing your goals. For example, I have a goal to not watch TV except with my children. My wife travels a bit, and sometimes I get lazy and bored, and will turn on the TV. However, all it takes is a child to come in and say “Dad, what about your goal?” and I will turn it off and grab a book.

Seek the help of your spouse, your children, and your friends as you strive to accomplish what you desire. Children and friends can give wonderful additional help to attain our personal and family goals.

c. Change Your Vision

Choices become easier as you change your vision. The Lord has commanded “Let the solemnities of eternity rest on your mind.”<sup>xix</sup> If we will think long-term we will make better choices, and life is all about the choices we make. Make your choices with your eternal goals in mind.

Say you want to buy a new car on payments, but you know it will put you into debt and keep you from saving for retirement and your children’s education. Don’t think of it as I am going into debt. Think of it as: “I am spending my children’s education money,” or “I am disobeying the prophet’s counsel to stay out of debt,” or “I am not following my Savior.” You will do better if you frame the questions correctly and change your vision. Tad R. Callister commented: “You leaders can give them a greater vision—the Lord’s vision. And why is vision so critical? Because with increased vision comes increased motivation.”<sup>xx</sup>

d. Understand doctrine and seek the Lord’s help

David A. Bednar said:

In Relief Society, priesthood, Young Men's, and Young Women's we sometimes have lessons on topics such as self-esteem, self-worth, and goal setting. Such instruction indeed can be good and valuable. But you can get the same information at the Rotary Club. However, at the Rotary Club you cannot get the pure, simple doctrine of the Atonement of Christ. And self-esteem and the ability to effectively set and accomplish goals ultimately comes from understanding doctrine, not just the mechanics of application.<sup>xxi</sup>

Want the best possible help in the world to achieve your goals? Understand doctrine, seek the Lord’s help and be willing to do what He requires. Prayerfully seek his help as you decide and commit to your personal and family goals. And as you seek His help, be willing to do what He requires. I promise you it will be the best thing that you can possibly do to help you become wise financial stewards.

4. Believe. Believe that we can accomplish the things we set out to accomplish. We must have the vision to know that we can accomplish these things if we are willing to put in the effort, work, and prayer to seek God’s help. I believe that those who believe in God have an added benefit. If we seek God’s help in setting and committing to our personal and family goals then trust His promises to us, He will help us accomplish them, and we will accomplish the goals that are most important for us. Not only will we accomplish our goals, but they will be the right goals for ourselves and our families.

5. Achieve. Finally, work to achieve the goals that you have set. You must be willing to work to make the necessary sacrifices to help us to accomplish our goals, even if it means turning off the TV, playing less video games or golf, getting rid of cable, getting to bed early so you can get up early, attending the temple more often, etc. But we must also be sure that we keep balance in our goals, ensuring that we accomplish our spiritual and temporal goals in a consistent and balanced manner.

## Teach Your Children - Financial Priority 8

This brings us to our last of the Eight Financial Priorities, teaching your children. It is not enough that we know and apply these things ourselves—we must teach our children as well. Work with them, help them, and show them by your actions that you believe and live

Work with your spouse to set a goal in the area of teaching your children. This could be something like teaching a lesson on finances in your weekly Family Home Evening lesson, or sharing the family budget (consistent with the children’s age and abilities). You do not have to be an expert on finance to teach your children, just as you do not have to be an expert on charity to teach your children about charity.

### Series Summary

Thank you for your diligence in reading this material and living the things you are learning. Thank you for your trust in us as we choose areas to teach and emphasize. I testify that personal finance is simply living the gospel of Jesus Christ. It is as easy as your ABCs, well backward. It is Educate, Decide, Commit, Believe, and Achieve. Know that God has commanded us through our leaders to be modest in our expenditures, discipline ourselves in our purchases to avoid debt, pay off debt as quickly as we can, and save a little money regularly to gradually build a financial reserve.<sup>xxii</sup> And I testify that he will not give us a commandment, including financial commandments, without being willing to give the necessary help to accomplish “that which he commands us.”<sup>xxiii</sup>

---

<sup>i</sup> Malachi 3:10.

<sup>ii</sup> Matthew 6:33.

<sup>iii</sup> D&C 70.9, Luke 12:48, Matthew 25:14-23, D&C 42:55, and D&C 104.

<sup>iv</sup> Abraham 3:25.

<sup>v</sup> All is Safely Gathered In: Family Finances, Intellectual Reserve, 2007, p.2.

<sup>vi</sup> Gordon B. Hinckley, “Proclamation on the Family,” General Relief Society Meeting, September 23, 1995.

<sup>vii</sup> See [http://movieclips.com/watch/groundhog\\_day\\_1993/ned\\_ryerson/](http://movieclips.com/watch/groundhog_day_1993/ned_ryerson/)

<sup>viii</sup> Anonymous.

<sup>ix</sup> Joseph B. Wirthlin, “Earthly Debts, Heavenly Debts,” Ensign, May 2004.

<sup>x</sup> D&C 89.

<sup>xi</sup> D&C 89.

<sup>xii</sup> D&C 88:124.

<sup>xiii</sup> Benjamin Franklin, *Poor Richard’s Almanack*, 1735.

<sup>xiv</sup> Proclamation on the Family, 1995.

<sup>xv</sup> See the Learning Tools at <http://personalfinance.byu.edu/?q=node/310>, particularly Learning Tool 29: Calculating Life Insurance Needs.

<sup>xvi</sup> Social Security Administration website at <http://www.ssa.gov/dibplan/>.

<sup>xvii</sup> Mosiah 4:10.

<sup>xviii</sup> Discussion with Anne Sudweeks, January 2013.

<sup>xix</sup> D&C 43:34.

<sup>xx</sup> Tad R. Callister, “The Power of the Priesthood in the Boy,” Ensign, May 2013.

<sup>xxi</sup> David A. Bednar “Teach them to Understand,” Ricks College campus Education Week Devotional, June 4, 1998, Rexburg, Idaho.

<sup>xxii</sup> All is Safely Gathered In: Family Finances, Intellectual Reserve, 2007, p.2.

<sup>xxiii</sup> 1 Nephi 3:7.