

August 25, 2019

Financial Preparedness

Council on Financial Preparedness (cont.)

Using Surplus Funds Wisely—Elder Richards mentions that the real test of a man (or woman) is how he views his earthly possessions.

He quoted Brigham Young as saying, “When this people are prepared to properly use the riches of this world for the building up of the kingdom of God, He is ready and willing to bestow them upon us....

“I like to see men get rich by their industry, prudence, management and economy, and then devote it to the building up of the kingdom of God upon the earth” (Journal of Discourses, 11:114-15).

Many people believe that if they have money that doesn’t have to be fit into their monthly budget, such as a bonus or tax return, they can spend it for wants and pleasures (simply play with it). While it can be healthy to have a little bit of money for pleasure, it is also wise to learn to limit spending by selecting part of the money out and setting aside at least part of any money that fits into this category. We have all heard the phrase, “His money is burning a hole in his pocket” when someone is just itching to spend surplus money instead of saving wisely for something more important later.

Years ago I taught third grade. One Friday I gave my students a challenge and told them anyone who reached the goal could have a candy bar. All of them were capable of reaching it, but I was surprised at how motivated they were. In the end, I was short one candy bar for the students who worked until they earned the reward. Wondering what would happen, I told them that they could choose either a candy bar right then or \$100 in class money and buy one

when I replenished the supply on Monday. A candy bar was usually only \$20 of class money, and I curiously waited to see what would happen. Out of several students, only Cory chose the \$100 and delayed gratification. On Monday I had a new supply of better candy bars than I’d had on Friday when the challenge was issued. At the end of the day the whole class watched as Cory, with the \$100 plus \$20 he had saved in his desk came up and purchased 6 candy bars. While the class was busy making comments and asking him to share, he tucked them all in his backpack saying, “It is my turn for family night treat, and my family will love these.”

Some of my students learned from watching Cory, but most didn’t. As our own children were growing up we often used the story of the candy bar now or \$100 for later. I have been surprised over the years how many people, fully aware of the potential of later, will choose “the candy bar now.”

How Much Should We Set Aside?

It is simply a wise practice to live within your means and set aside part of your income every month. Start where you are. Make a goal to have enough savings for one month, then two months, then three. It would be awesome to have a financial reserve that could last a year if suddenly no cash were coming in. However, if you simply have enough to pay for car repairs or new tires or a trip to the emergency room next time you need these things and can avoid going into debt for them, that is also a good start. You will be much better off than if you were catching up on interest when that happens.

Here are some questions to consider and work on:

1. Do we have the equivalent of three months’s wages set aside? (More is better, but start here.)
2. Do we have a “rainy day fund” for emergencies or incidental extra expenses?
3. Are we considering what will happen down the road when our home or car age and they need repairs or replacement?
4. What about education, missions, or retirement? Are we making provisions for these?

Setting Aside Some Cash (green money)

Many people who have been in a natural disaster and were required to evacuate their home quickly have reported that having some cash

on hand was vital. It is possible that ATM's may not be working, and finding a place to stay or get gas was difficult.

If you choose to do this, you should make an effort to stash your cash so that it will not be a temptation to anyone looking for extra money (including yourself), and it is easy to pick up in the event you need to leave quickly.

Three Kinds of Capital

Financial expert Garrett Gunderson has written that there are three kinds of capital that can help equate to financial stability. They are:

1. Money or financial capital
2. Intellectual capital
3. Relationship capital

Being deficient in any of these areas can make it difficult to have what we need economically, while all of them contribute to helping us reach financial goals. All of them take investment of time and effort, and any of them can become "overdrawn" if we do not use them wisely. While it is wise to make sure that we have prepared financially, making time and giving attention to gaining knowledge and skills and nurturing relationships pay off over time. Poor indeed is the person who only has one kind of capital, as is evidenced by the life lived by Ebenezer Scrooge in Dickens's *A Christmas Carol*.

Barter Possibilities

While this section is not part of what we normally think of as financial preparedness, history has shown that it is still wise to consider. In times of widespread financial difficulties people still have needs to be filled. Often it is possible to barter for goods and services if we have goods or services that are useful to others. What skills can you cultivate that might help others in such a situation? Useful skills are always a good idea and can leave you options.

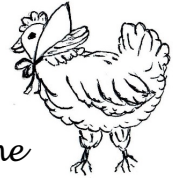
I know of a woman who supported herself and her young children by setting up a business in which she used her sewing skills when she lost her husband. Likewise, I understand that in Africa an individual made money by carrying a hand crank sewing machine from village to village and mending clothing. Home repairs, car repairs, and cooking are also helpful skills to have.

What goods might you store or have on hand to use in such an event? What would you be willing to trade for services or goods you might need?

Choose a Goal

While financial preparedness may be an area you excel in, everyone can most likely find a way that they can improve. Choose a goal that you can work on in this area this month. It could be starting a savings plan, asking your bishop to let you be included in the next round of self-reliance courses, or it may be choosing a new skill to develop.

————— Notes from Red Hen —————



Dear Silkey,

There is a price to pay for having someone else take care of you. When you are dependent on someone or something else you lose the ability to make your own choices in many matters, and you have much less control over your life. Remember just a few weeks ago when your farmer decided to quit taking care of you how frightening it was? You came to me a nervous wreck, not knowing how to cope or take initiative for your own well-being. While you may not have luxuries now, you do have freedom and you can make your own choices as to how you want your life to be. However, there is always a price to pay for what you have one way or another.

This is even more applicable for humans. I see so many of the next generation "selling the farm" their parents worked so hard to keep so that they can have luxuries. Then, when the money is spent, they are unable to keep up that lifestyle and eventually they lose it all or spend so much time just making money to maintain it that they can't enjoy it. I too am glad that we chickens don't use money. Still, if I could give those human kids some advice, I would say "Put away a nest egg." You never know when you will need to make a new start.

— Love, Red