Money Matters: Living Joyfully Within Your Means

E. JEFFREY HILL

Good morning. I am excited to be here today. I pray that the Spirit will bless us. The topic today is important, both temporally and spiritually, and I invite you to listen with both your mind and your heart.

Each year I teach almost a thousand BYU students in SFL (School of Family Life) 260 about family finance. Oddly enough, the purpose of this course is *not* to teach students how to get rich. Instead, the goal is to help students gain a stewardship perspective and wisely manage their money to joyfully strengthen family relationships. As a bonus, this class fulfills the quantitative reasoning general education requirement.

At the beginning of each semester I tell my class to remember three things, and I invite you to do the same:

First, life is hard, but you can do hard things. With the help of the Lord you can do anything He wants you to do—even balance a budget or invest in a mutual fund.

Second, when life doesn't go as planned, don't get frustrated; make the best of it. Most of the time things don't go as planned—especially in financial matters—and if you don't make the best of it, you will spend most of your life feeling frustrated.

And third, remember TTT: things take time. In fact, the best financial plan is the "get rich slowly" plan in which you safely and systematically invest.

Whenever I talk about finances, I am reminded of a story I heard about a college freshman who didn't budget very well. He kept running out of money before he ran out of month.

One night the student texted home: "No mon, no fun, your son."

His wise father texted right back: "How sad, too bad, your dad."[1]

I hope my talk this morning will help you avoid the plight of this student.

The title of this devotional is "Money Matters: Living Joyfully Within Your Means." To introduce this theme, I would like to get personal and briefly share some things I have learned over my lifetime about money and joyful living.

A long, long time ago, Juanita Ray and I met while attending BYU. We played racquetball together, courted for a time, and were married

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E. Jeffrey Hill was a professor in the BYU School of Family Life when he gave this devotional on 9 June 2015.

in the temple. As newlyweds, we had no money. We lived in a tiny two-room apartment with low ceilings, we bought clothes from Deseret Industries, and we ate her family's food storage. We drank powdered milk for almost a year—yuck! But we had each other, we had our love, and we had the gospel. It was a good year. We learned that you don't need a lot of money to be happy.

I graduated, I got a good job, and we started drinking whole milk—heavenly! I had been taught to pay 10 percent to the Lord, save 10 percent to invest, and live on the rest. Juanita and I did this as we created our family budgets over the years. We were fruitful, and after twenty-five years we had lots of kids who filled our mortgage-free home. We also had solid investments. We learned about the miracle of compound interest: if you consistently save a little money and invest it in a broad stock market fund, that money naturally multiplies. Children and grandchildren also multiply.

Then came the hard part. Though Juanita and I were financially set for a long life together—and we anticipated many missions, lots of travel, and lots of grandkids—life didn't go as planned. Juanita got cancer. She fought valiantly, but cancer won. I learned that there are some things that matter much more than money, and I learned the hard way that "you can't take it with you."

After Juanita died, I was a lonely, single dad. I couldn't sleep. I got angry easily. I didn't eat well. To compensate, I wasted my money. I learned how foolish it is to spend money when you are hungry, angry, lonely, and tired.

Then a miracle happened. God sent me an amazing, beautiful widow named Tammy Mulford. It was so fun to be dating again (and to have money this time)! Tammy and I fell in love and were married. What pure joy—and what a good woman! It takes a remarkable person to marry a stuffy BYU professor with so many kids. Juanita and I are both eternally grateful to Tammy.

It is never easy to join two families, but Tammy and I have learned that money is useful when you are blending a large family, especially one with twelve children, six in-laws, and twenty-one grandchildren.

One final note: When the kids were older, Tammy took the initiative to go to graduate school. She now blesses many as an excellent marriage and family therapist and as an adjunct professor at BYU. Tammy's graduate education was only an option because we had the financial resources for her to do it. We learned that money makes important things possible.

That is my life story. Now let us get back to today's theme: "Money Matters: Living Joyfully Within Your Means." Finances can be perplexing for many of us, but this morning I hope to make them a little simpler. I will first briefly explore why money matters to families. Then I will share five practices to help you live within your means and thus claim blessings of joy. This is exciting—let's get started!

Money Matters

The choices we make with money are at the heart of mortality's test. Will we choose to waste our resources upon transitory pleasures, or will we choose to serve others and build up the kingdom of God? Will we choose to act on impulse and burden ourselves with debt, or will we act prudently so that money becomes a tool for family joy and not the cause of stress and worry?

Money matters to a husband and a wife and their marital relationship. Indeed, research shows that financial difficulties are often associated with marital stress[2] and even divorce.[3] Dr. Bernard Poduska reflected, "The saying 'until *debt* do us part' seems to reflect today's marital realities more accurately than does the traditional vow 'for better or worse.'"[4] A word of advice for those seeking an eternal mate (you know who you are): an important criterion for a future spouse is the way they handle money.

Money also matters to parents and children. "Parents have a sacred duty to rear their children in love and righteousness,"[5] and this includes teaching their children about finances. Elder Joseph B. Wirthlin taught:

Too many of our youth get into financial difficulty because they never learned proper principles of financial common sense at home. Teach your children while they are young.[6]

There are many ways parents can teach children about money. One practice our family adopted was to establish a family bank.[7] Until they graduate from high school, our children may invest their money in and borrow money from the family bank. Money invested earns 10 percent interest per month, compounded monthly. Wow! That's a good deal. Money borrowed costs 10 percent interest, compounded monthly. This arrangement quickly teaches our children that the smart decision is to save and earn interest and that the foolish decision is to borrow and pay interest.

Though money is important, we must view its purpose with an eternal perspective. Money is meant to be a *means* for serving our families and our God. When consecrated to that purpose, it is of great worth. However, when money becomes an *end* unto itself, it derails us from our eternal purposes. When we focus too much of our time, talents, and energy on making money, we sin. The apostle Paul taught that "the *love* of money is the root of all evil."[8]

Five Practices for Living Joyfully Within Your Means

You have seen how money matters. Now let's look at living joyfully within your means. We must build our financial houses upon the rock of the gospel of Jesus Christ. Fortunately, our prophets, seers, and revelators—Christ's representatives on the earth—have given us clear financial guidance.[9] I have distilled five distinct themes from their messages over the years:

1. Create, use, and update a family budget.
2. Minimize and eventually eliminate debt.
3. Invest early, consistently, and wisely to build a financial reserve.
4. Don't do dumb things with your money!
5. Be generous and share your resources with others.

In a recent First Presidency message, President Thomas S. Monson taught these practices succinctly:

We encourage you [to look] *to the condition of your finances. We urge you to . . . 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 a financial reserve.*[10]

And I imagine President Monson chuckled as he wrote:

Many more people could ride out the storm-tossed waves in their economic lives if they had a supply of food and clothing and were debt-free. Today we find that many have followed this counsel in reverse: they have a supply of debt and are food-free.[11]

Let us examine more closely these five practices that can help you move toward living joyfully within your means.

1. Create, Use, and Update a Family Budget

Elder Robert D. Hales taught: "We help our children learn to be provident providers . . . by establishing a family budget. We should regularly review our family income, savings, and spending plan in family council meetings."[12]

A budget is simply a plan for how you are going to spend the money that is available to you. Everyone, including you, should have a budget. To create a budget, you determine your spendable income and allocate it to different categories of expenses. Then you track your actual spending against your budget. A budget is a living document that is modified as conditions warrant. I suggest that every budget should allocate at least 10 percent to tithes and offerings, and most budgets should allocate at least 10 percent to long-term savings. You can find sample budgets on numerous Internet sites, such as the Marriott School's excellent site personalfinance.byu.edu[13] and lds.org,[14] as well as on many apps, such as Mint.[15] In my mind, the most overlooked budget category is "miscellaneous." Unexpected expenses always come up that don't fit neatly into your budget categories: perhaps a large car repair or, heaven forbid, a root canal—or, here at BYU, maybe an engagement ring.

In marriage relationships, both husband and wife should have a say in budget creation. In many marriages, one partner is a saver and the other partner is a spender. You might ask yourself which you are. Both play an important role in the marriage. Early in a marriage it is a great blessing when the saver can help the spender stay within the budget.

Elder Robert D. Hales poignantly illustrated this point in the following story:

> *We were newly married and had very little money. . . . I saw a beautiful dress in a store window and suggested to my wife that if she liked it, we would buy it. Mary went into the dressing room of the store. After a moment the salesclerk came out, brushed by me, and returned the dress to its place in the store window. As we left the store, I asked, "What happened?" She replied, "It was a beautiful dress, but **we can't afford it!**" Those words went straight to my heart.*

Elder Hales finished this story saying, "I have learned that the three most loving words are 'I love you,' and the four most caring words for those we love are 'We can't afford it.'"[16]

The spender can also play an important role in the marriage. If, after a period of time, the family is doing well financially, the spender can take the lead in budgeting for some special expenditures that would strengthen relationships: perhaps a second honeymoon or a nice family vacation.

I invite each of you to create, use, and update some form of budget for the rest of your life.

2. Minimize and Eventually Eliminate Debt

President Thomas S. Monson recently quoted President J. Reuben Clark Jr. when he said:

> *Once in debt, interest is your companion every minute of the day and night; you cannot shun it or slip away from it . . . ; and whenever you get in its way or cross its course or fail to meet its demands, it crushes you.*[17]

So is any debt legitimate? The counsel of Church leaders on debt was summarized by Elder Robert D. Hales: "Some debt incurred for education, a modest home, or a basic automobile may be necessary to provide for a family."[18] I might add that necessary debt for a BYU education usually pays off quite well. A recent study revealed that the cost of a BYU education had the highest return on investment of any university in Utah.[19] Go, Cougars!

I would like to interject what I believe is the biggest financial mistake made by recent BYU graduates: buying a house that is beyond their means. There is a reason for this problem. When you apply for a mortgage loan, you are asked about your debts. Tithing represents a debt worth 10 percent of your income, reducing the amount you can afford for a house payment. Please treat 10 percent of your income as a debt when considering how much you can really afford to pay for a home.

If you already have debts, the key is to include a "debt repayment" category in your budget. The money allocated to this category should be applied as an extra payment each month to the debt with the highest interest rate until it is eliminated. Again, personalfinance.byu.edu has excellent advice on this topic.

The prophetic counsel is clear, but sometimes temptations are very challenging, even after being debt free for years. Let me confess and share another personal experience.

Tammy and I have committed to follow the prophet and live debt free and within our means. We don't have a mortgage or any other debt. We do make a car payment each month, but instead of paying a car dealership, we make a deposit into our own car savings account. A little while ago we took about four years of car savings and went shopping for a new car. We really liked a base model Toyota, and it fit our budget perfectly. We thought we were ready to buy, but then the salesman showed us the next model up. It was much nicer but was a little more than what we had saved. But then, and this was the temptation, we were led to a top-of-the-line model—a real dream machine.

Now, I have never been infatuated with cars, but driving that vehicle was a transcendent experience; it was so smooth and so powerful. I wanted it! I *really* wanted it, and Tammy wanted it too. We had just one problem: the car cost much more than what we had in our car savings. The sales person enthusiastically showed us that with our large down payment, our monthly car payment would be a pittance—very affordable! What would be wrong with a little debt if we could get what we wanted now? We wouldn't be irresponsible. We were so tempted!

Fortunately Tammy and I don't make a major financial decision on the spot. We talk about it, pray about it, sleep on it, and make the final decision when we're fresh and hopefully more inspired. So we went home and tried to talk ourselves into this brief excursion into debt. But alas, we didn't feel good about it, so we decided to wait.

When I told this story to my family finance class at BYU, one student asked, "Dr. Hill, why don't you just buy a used version of the car you want? It's better financially anyway." He was right. It is more economical to buy a used, low-mileage car than to buy a new car.

I got excited. Right after class I searched Carfax.com and found a beautiful car with low miles in Rexburg, Idaho, that fit our budget. My dad lives in Rexburg, so I asked him to take a test drive. He called back and said it was the best car he had ever driven and that if I didn't buy it, he would! I bought the car on the spot over the phone on the condition that my wife approved it—though I knew she would.

Our anniversary was coming up, so I decided to surprise Tammy. I asked her to give me twenty-four hours to celebrate with a little getaway. We packed our bags and headed north on I-15. Tammy kept guessing where we were headed, and it is impossible to get anything over on Tammy, but this time I did. I just kept saying, "You'll just have to see where we're going, dear." She had no clue.

When we neared the car dealership, I said, "Let's just stop here for a minute." We walked into the showroom, and there was our gorgeous, new-looking used car draped in Happy Anniversary! balloons.

Tammy squealed in delight and nearly hyperventilated. A few seconds later she caught her breath and got concerned. She protested, "But, Jeff, we can't afford this." When she heard that we could pay cash for this used car, she hugged me, gave me a kiss, and said I was the smartest husband ever!

That is an experience I will always remember. I can honestly tell you that when you are true to a commitment to live debt free and within your means, you can live joyfully and claim blessings.

3. Invest Early, Consistently, and Wisely to Build a Financial Reserve

Elder Joe J. Christensen said in the April 1999 general conference:

There are those with average incomes who, over a lifetime, do amass some means, and there are those who receive large salaries who do not. What is the difference? It is simply spending less than they receive, saving along the way, and taking advantage of the power of compound interest.[20]

Albert Einstein is thought to have said, "Compound interest is the eighth wonder of the world." Let's consider an example of this wonder. Imagine that there are four twenty-year-old BYU students, each with $10,000 to invest now in preparation for retirement in 2065. Let's compare different investment options, assuming returns similar to the past few decades.

The first student does not trust the financial system, and he puts the money under his bed in a strongbox. In fifty years he still has $10,000.

The second student puts her money in a savings account, which averages about a 2.5 percent annual return. Because of compound interest, it doubles every twenty-five years. When she retires, she has $40,000.

The third puts his money in a safe government bond mutual fund, which averages about a 4.5 percent annual return. It doubles every fifteen years. By 2065 the $10,000 has become almost $100,000.

The fourth puts her money in a broad diversified stock market fund, which averages about a 10 percent return. It doubles every seven and a half years. In fifty years it doubles nearly seven times, and the $10,000 has become more than $1,000,000!

That is the miracle of compound interest. When you consistently invest like the fourth student, you have the peace of mind that comes from knowing you will be able to retire in the future and that if an emergency happens now, you have a reserve.

I invite my students, and I invite you, to begin to invest now. If you don't have much to invest, that's okay. You can start with as little as a one dollar a month automatic withdrawal from your checking account through some mutual funds that cater to the small investor.[21]

In this regard, it is very important to remember that although money matters, it is simply a means to do something more important. Having a lot of money when you retire because you have made wise investments is meaningless in and of itself. Money only has value when it is used to do God's work with your family and elsewhere.

4. Don't Do Dumb Things with Your Money!

When dealing with money, use your common sense; if it sounds too good to be true, it probably is.

My first suggestion is to avoid speculation. Speculation is any investment that promises a greater-than-market-rate return. Most of these are scams or extremely high-risk ventures. In a letter from the First Presidency, members of the Church were warned about "those who use relationships of trust to promote risky or even fraudulent investment and business schemes."[22]

I know of a young widow who invested part of the proceeds of her husband's life-insurance settlement with a close friend with the promise of a guaranteed high interest rate. Though the investment paid out for several years, one day the checks stopped coming. Soon thereafter, the company filed for bankruptcy, and the widow lost many tens of thousands of dollars. She felt betrayed that the sacred funds her late husband had provided were lost in this way.

It is important to realize that the only way to get greater-than-market-rate returns is to take greater-than-market-rate risks. This means that if you put money into investments that promise large returns—get-rich-quick schemes—you likely stand to lose much. It is much better to take the get-rich-slowly approach and invest wisely for the long term.

My next suggestion is to avoid home equity loans. When property values go down, home equity loans can leave you upside down in your home. This does not mean you are standing on your head in your living room; it means you cannot sell your home for what you owe on it. When that happens, you become a prisoner in your home because you can't sell it. Worse yet, many in this situation have lost their homes because they couldn't afford the payments when financial challenges occurred. Be very careful when considering a home equity loan.

Another suggestion is to avoid impulse purchases. I recommend you make a policy to never make a major purchase on the spot. Go home, have dinner, talk about it with your spouse or someone else you trust, pray about the decision, and decide later whether or not to make the purchase. You can remember this advice with the acronym HALT: don't make major purchases when you are **h**ungry, **a**ngry, **l**onely, or **t**ired.

5. Be Generous and Share Your Resources with Others

The prophet Jacob provided some excellent counsel about riches and how they should be used:

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.[23]

We have a special responsibility to bless the poor with our resources. Elder Jeffrey R. Holland eloquently taught that we are "to do what we can to deliver any we can from the poverty that holds them captive and destroys so many of their dreams."[24] Contributions to the Church beyond tithing can be helpful. Elder Holland also said, "Be as generous as circumstances permit in your fast offering and other humanitarian, educational, and missionary contributions."[25] There are also many ways to use your means in anonymous and ad hoc giving.

Here is one example: Tammy has taught me to be more generous when we go out to eat. She was a waitress earlier in life, so she is very aware of how much work servers do to make ends meet. She has encouraged me to stop being stingy and to be generous in my tipping. I have to tell you, it feels so good to give an unexpectedly large tip. I appreciate Tammy's generous spirit.

I invite you to be thoughtful and prayerful as you find ways to be generous and share your resources with others. I promise that you will feel joy as you do.

Conclusion

Let me conclude with a quote and my testimony. Elder Robert D. Hales taught:

We must practice the principles of provident living: ***joyfully living within our means,*** *being content with what we have, avoiding excessive debt, and diligently saving and preparing for rainy-day emergencies.*[26]

I have a testimony that when we understand that money matters and when we take the time to budget, eliminate debt, invest wisely, make smart financial decisions, and share our resources, we receive both material and spiritual blessings. I testify that we must build our financial homes upon the rock of the gospel of Jesus Christ. If we do this, when the rains of recessions descend, the floods of layoffs come, and the winds of high interest rates blow and beat upon our houses, our houses will not fall, for they will be founded upon the rock of Christ.[27] I invite you to live joyfully within your means for the rest of your life so that on

Judgment Day you can give a good report of your earthly financial stewardship.

In the name of Jesus Christ, amen.

Notes

1. Adaptations of this humorous and fictional story have been used by numerous speakers and writers in many contexts; see N. Eldon Tanner, "Constancy Amid Change," *Ensign,* November 1979.

2. See Clinton G. Gudmunson, Ivan F. Beutler, Craig L. Israelsen, J. Kelly McCoy, and E. Jeffrey Hill, "Linking Financial Strain to Marital Instability: Examining the Roles of Emotional Distress and Marital Interaction," *Journal of Family and Economic Issues* 28, no. 3 (September 2007): 357–76.

3. See Jeffrey Dew, Sonya Britt, and Sandra Huston, "Examining the Relationship Between Financial Issues and Divorce," *Family Relations* 61, no. 4 (October 2012): 615–28.

4. Bernard E. Poduska, *Till Debt Do Us Part: Balancing Finances, Feelings, and Family* (Salt Lake City: Shadow Mountain, 2000), ix; emphasis in original.

5. "The Family: A Proclamation to the World," *Ensign,* November 1995.

6. Joseph B. Wirthlin, "Earthly Debts, Heavenly Debts," *Ensign,* May 2004.

7. See Linda Eyre and Richard Eyre, *Three Steps to a Strong Family* (New York: Simon and Schuster, 1994), 105–10.

8. 1 Timothy 6:10; emphasis added.

9. The following are excellent references for a gospel perspective of family finances:

- Tanner, "Constancy Amid Change."
- Marvin J. Ashton, "One for the Money," *Ensign*, July 1975; see also Ashton, "One for the Money," *Ensign,* September 2007.
- Robert D. Hales, "Becoming Provident Providers Temporally and Spiritually," *Ensign,* May 2009.
- Wirthlin, "Earthly Debts."
- "Principles of Financial Security," chapter 13 of *Teachings of Presidents of the Church: Heber J. Grant* (Salt Lake City: The Church of Jesus Christ of Latter-day Saints, 2002), 119–28.
- Dieter F. Uchtdorf, "Providing in the Lord's Way," *Ensign,* November 2011.
- L. Tom Perry, "If Ye Are Prepared Ye Shall Not Fear," *Ensign,* November 1995.
- Ezra Taft Benson, "Prepare for the Days of Tribulation," *Ensign,* November 1980.
- J. Reuben Clark Jr., *CR,* April 1938, 102–9.
- Joe J. Christensen, "Greed, Selfishness, and Overindulgence," *Ensign,* May 1999.
- Franklin D. Richards, "Personal and Family Financial Preparedness," *Ensign,* May 1979.

10. *All Is Safely Gathered In: Family Finances* (Salt Lake City: The Church of Jesus Christ of Latter-day Saints, 2007), 1; quoted in Thomas S. Monson, "First Presidency Message: Are We Prepared?" *Ensign*, September 2014.

11. Monson, "Are We Prepared?"

12. Hales, "Becoming Provident Providers."

13. The personal financial plan templates are among the learning tools listed under the "Helping Others" tab.

14. See "Family Budget Worksheet," lds.org/bc/content/shared/english/pdf/callings/welfare/72727_FamilyBudgetWorksheet_pdf.pdf; see also *All Is Safely Gathered In,* 3.

15. See also "Free Budget Template: Easily Track Your Finances," Mint, mint.com/budgeting-3/keep-track-of-your-finances-with-a-free-budget-template.

16. Hales, "Becoming Provident Providers"; emphasis in original.

17. Clark, *CR,* 103; quoted in Thomas S. Monson, "Constant Truths for Changing Times," *Ensign*, May 2005.

18. Hales, "Becoming Provident Providers."

19. See Emma Penrod,"BYU Offers Highest Return in Educational Investment in the State of Utah, Rankings Say," *Deseret News,* 8 May 2013, deseretnews.com/article/865579636/BYU-offers-highest-return-in-educational-investment-in-the-state-of-Utah-rankings-say.html?pg=all.

20. Christensen, “Greed.”

21. See Homestead Funds (homesteadfunds.com) for an example. This does not imply an endorsement of their services.

22. Letter from the First Presidency, 27 February 2008; quoted in Ben Winslow, “Leaders Warn LDS Against Money Scams,” *Deseret News,* 13 March 2008, deseretnews.com/article/695261200/Leaders-warn-LDS-against-money-scams.html?pg=all.

23. Jacob 2:18–19.

24. Jeffrey R. Holland, “Are We Not All Beggars?” *Ensign,* November 2014.

25. Holland, “Are We Not All Beggars?”

26. Hales, “Becoming Provident Providers”; emphasis added.

27. See Matthew 7:25.