

IF I WERE A RICH MAN...

August 24, 2008

OVERVIEW

- Wealth and interest
- Saving
- Spiritual nature of money management

Which of you are rich?

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COMPARISON

Lakefront! Comes with a boat!



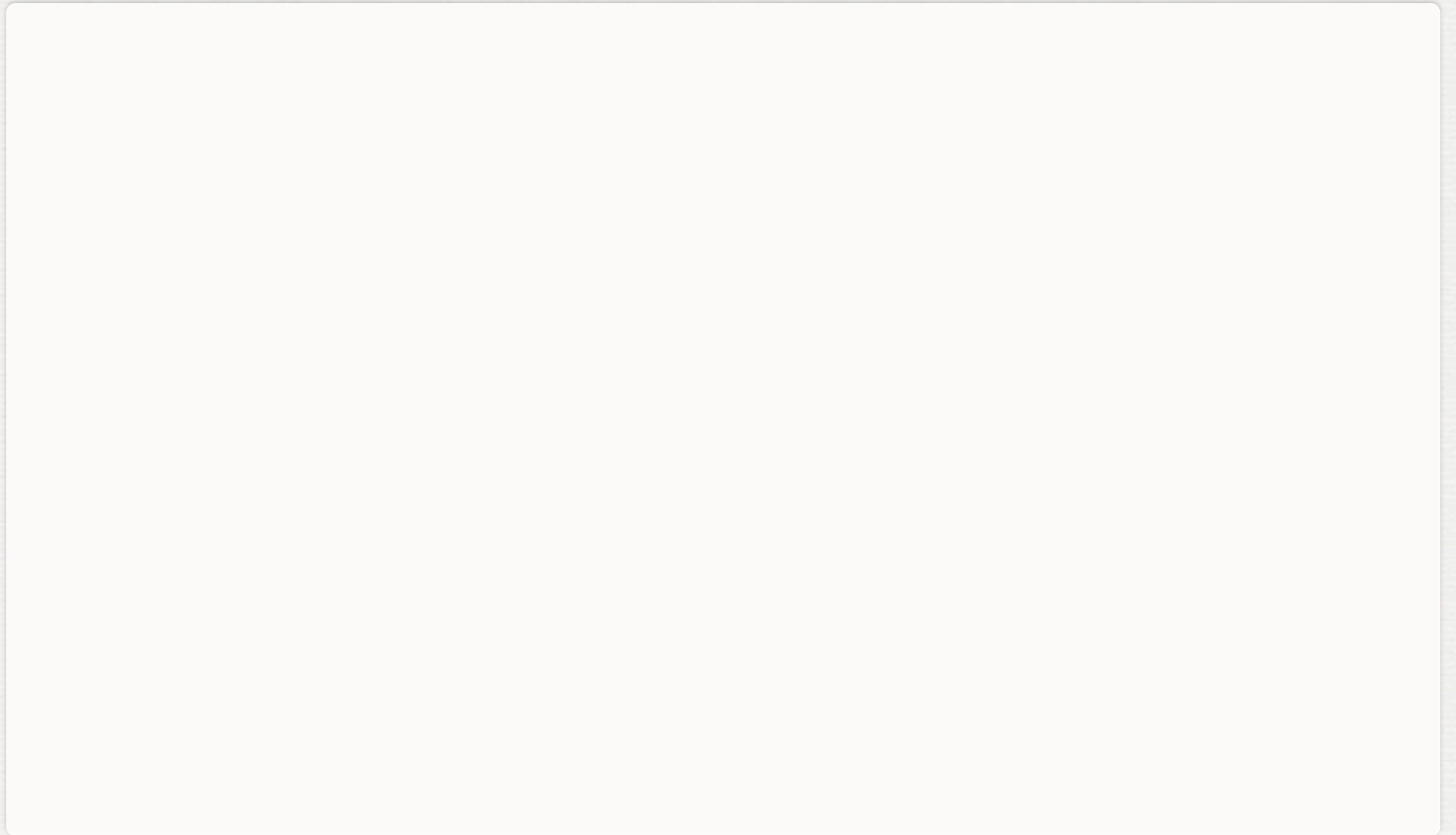
3-bedroom starter home



Which person is rich?

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BY DEFINITION



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Real definition:

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BY DEFINITION

Obama: “\$250,000”

McCain: “\$5 million”

Real definition:

“Having your needs provided for without any debt”

^s A TRUE PICTURE OF WEALTH

Debt: \$1.2 million-owns 2%



Debt: \$0 - owns 100%



Which person *really* is rich?

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INTEREST

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What is interest?

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Is interest good or bad?

INTEREST

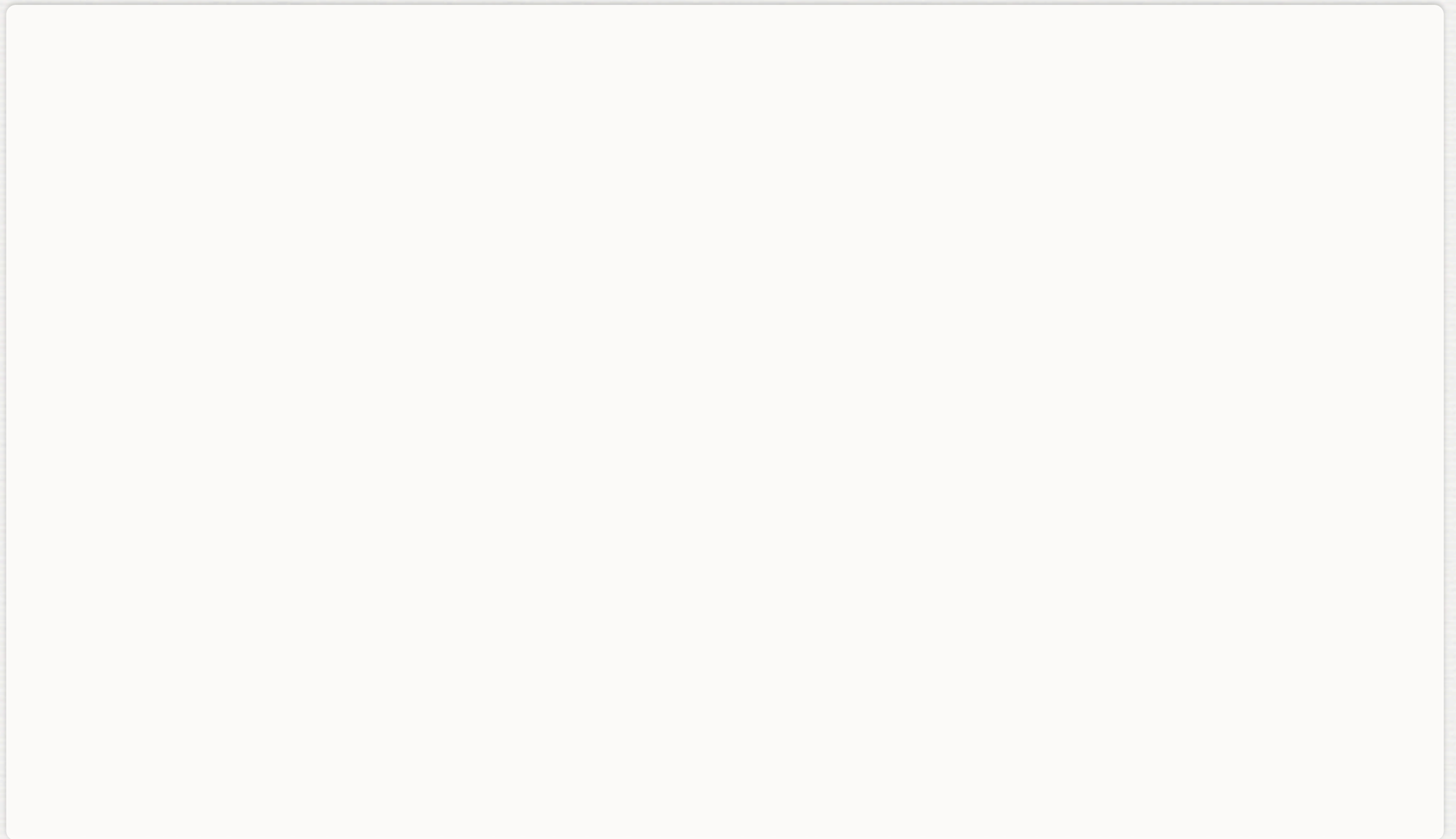
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Is interest good or bad?

Do I want to have interest?

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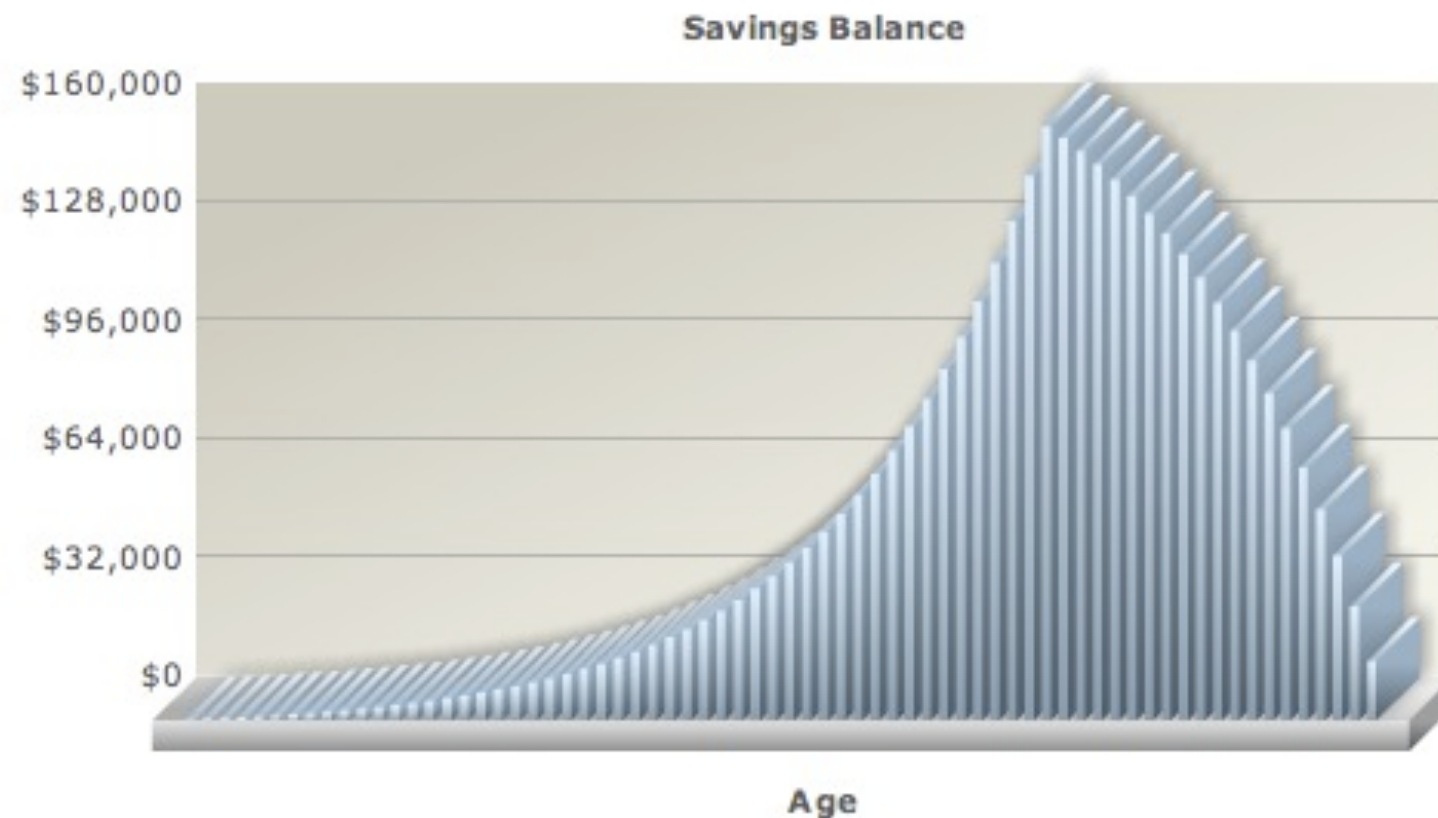
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COME AGAIN?

Results

With your current savings plan, you will be able to withdraw an annual income of \$194,651 for 20 years starting at age 65.



see financial calculators at providentliving.org

MAKING \$ WORK 4U

- Three things impact how money grows with compound interest:
 - Amount invested
 - Length of time
 - Interest rate

DEBT VS. SAVING



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DEBT: A TRUE PRISON

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Your estimated monthly payments are \$1,101.97 and you will pay \$9,118 in interest over the life of the loan.



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Hummer: \$57,000,
6% interest

Your estimated monthly payments are \$1,101.97 and you will pay \$9,118 in interest over the life of the loan.



CREDIT CARDS: THE WORST TASKMASTERS



\$8,000 at 18% interest

Results

By only making minimum payments it will take 194 more payments or 16.2 years to pay off the remaining balance. Interest will amount to \$5,450.

Credit Card Payoff

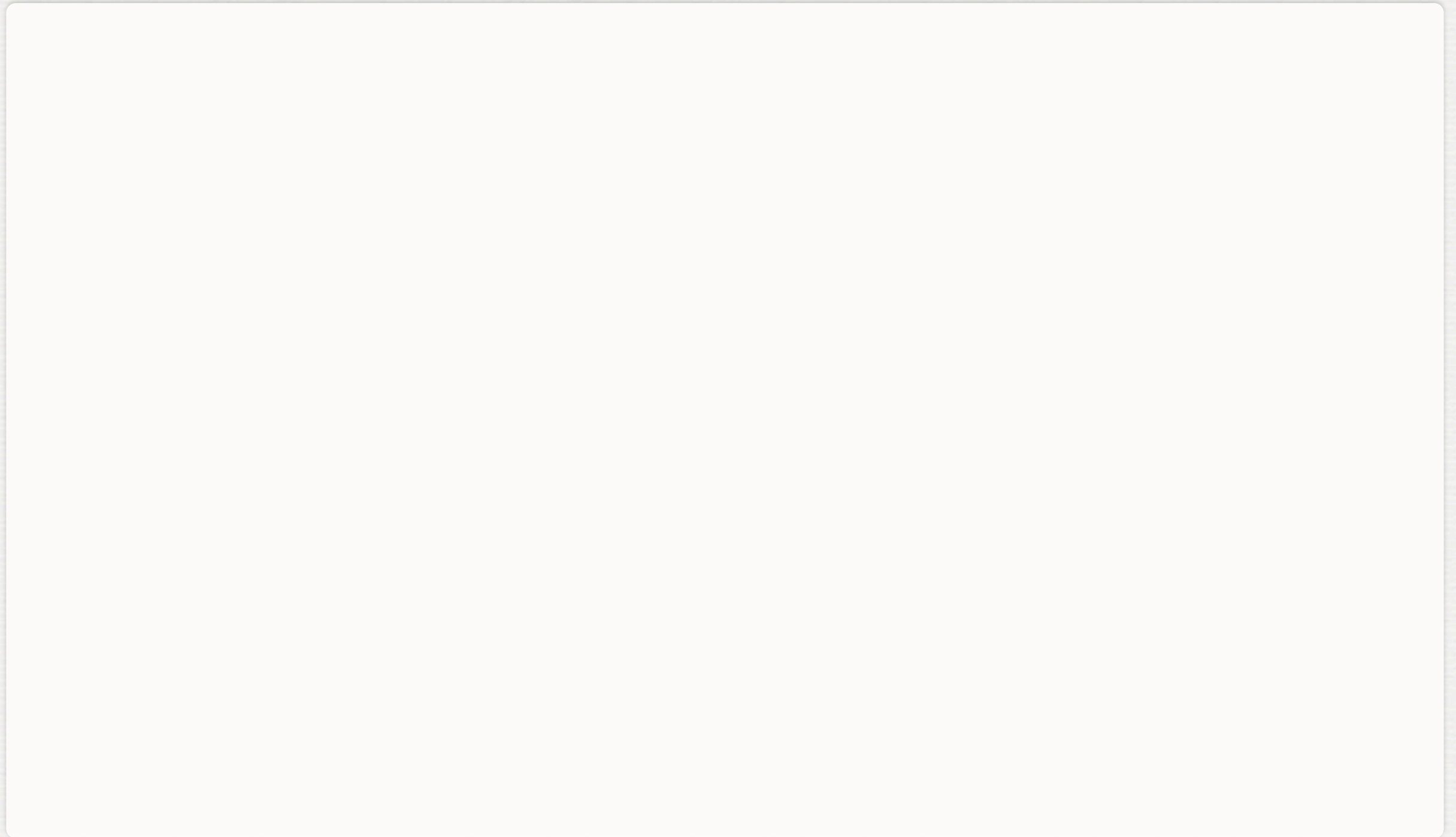


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A TALE FROM THE BOM

- Alma 9:3, 9:6, 9:10,

^s SHOULD WE NEVER GO INTO DEBT?



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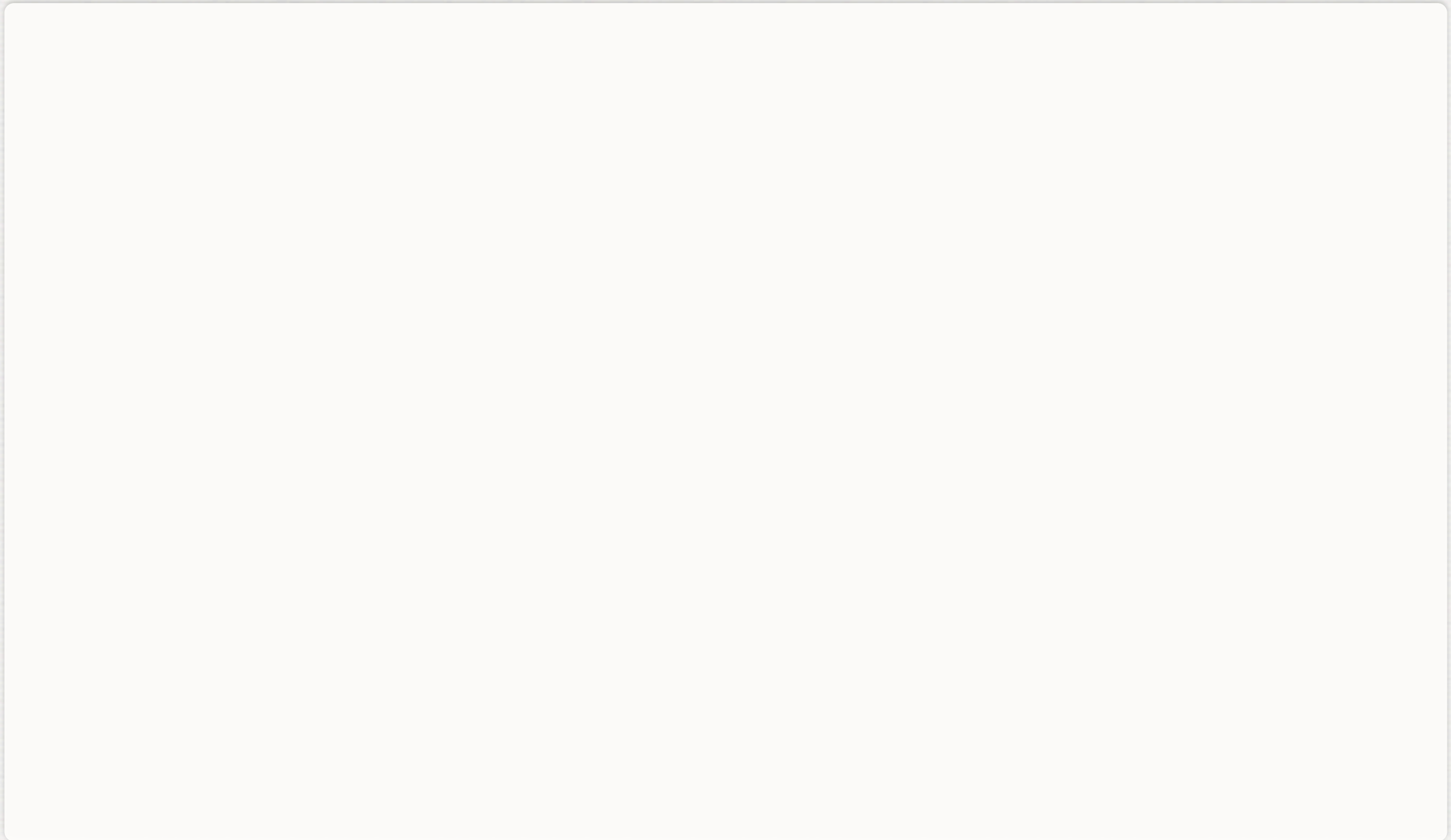
- What did modern-day prophets say was the ONLY reason to go into debt?

S SHOULD WE NEVER GO INTO DEBT?

- What did modern-day prophets say was the ONLY reason to go into debt?
 - “Some debt-such as for a modest home, expenses for education, perhaps for a needed first car-may be necessary. But never should we enter into financial bondage through consumer debt without carefully weighing the costs.”

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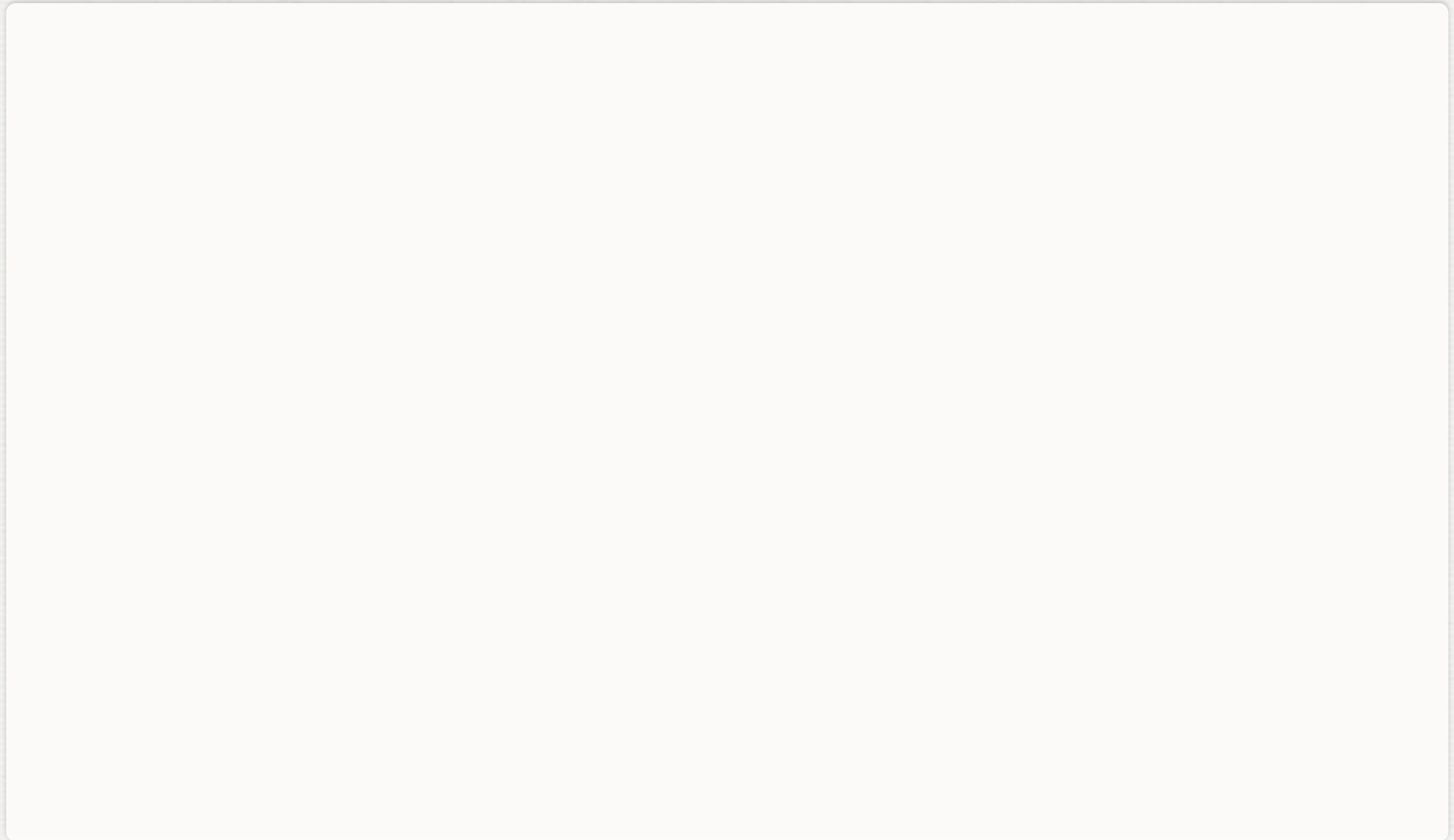
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 - AnnualCreditReport.com

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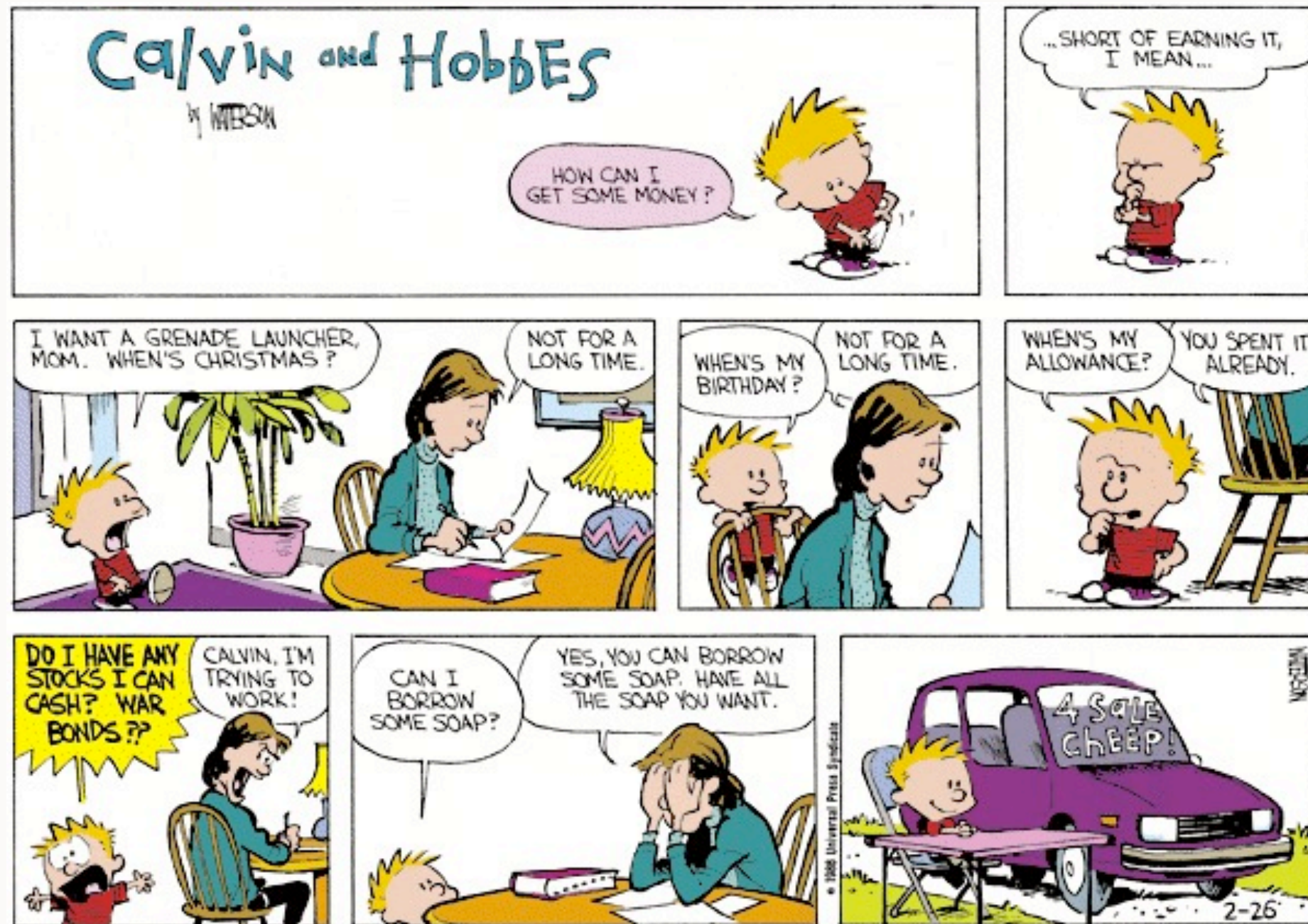
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- Start with checking / savings accounts and a low-max credit card or secured bank card
- Only purchase what you can repay
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- Only purchase what you can repay
- Always make your payments on time
- Don't get too many charge cards



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SAVING



1. Short-term 2. Long-term 3. Old-term (retirement!)

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WHAT'S YOUR GOALS?

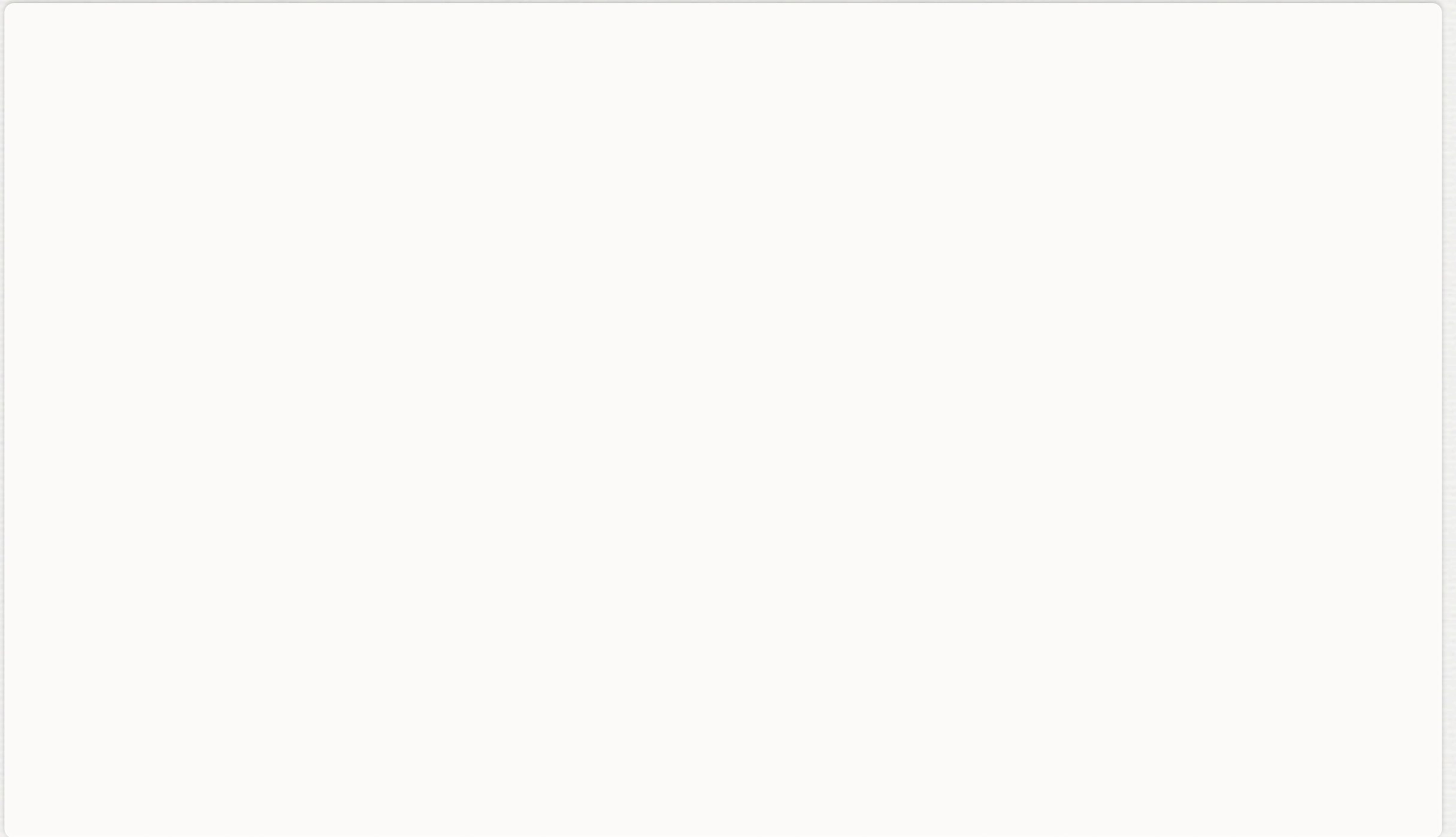
- What do you want to be able to purchase?
 - short-term (sometime this year)
 - long-term (mission/ college)
 - old-term (retirement)

SHORT-TERM SAVING

- Think months and years instead of days and weeks
- Look for high-interest savings accounts and CDs (Zions bank online, credit unions, others)
- Learn to discipline yourself and know what you *really* want or need
- *The story of the waterbed!*

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 - You can use any state (Utah is one of the best)
- Some facts:
 - The Hope scholarship will not be enough. College costs about \$60,000 for 3 years
 - Missions cost about \$400 / month

^s IS EDUCATION WORTH IT?

- No diploma: \$20K/year
- HS diploma: \$29K/year
- College degree: \$51K/year
- Advanced degree: \$78K/year

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You must provide for your own retirement!

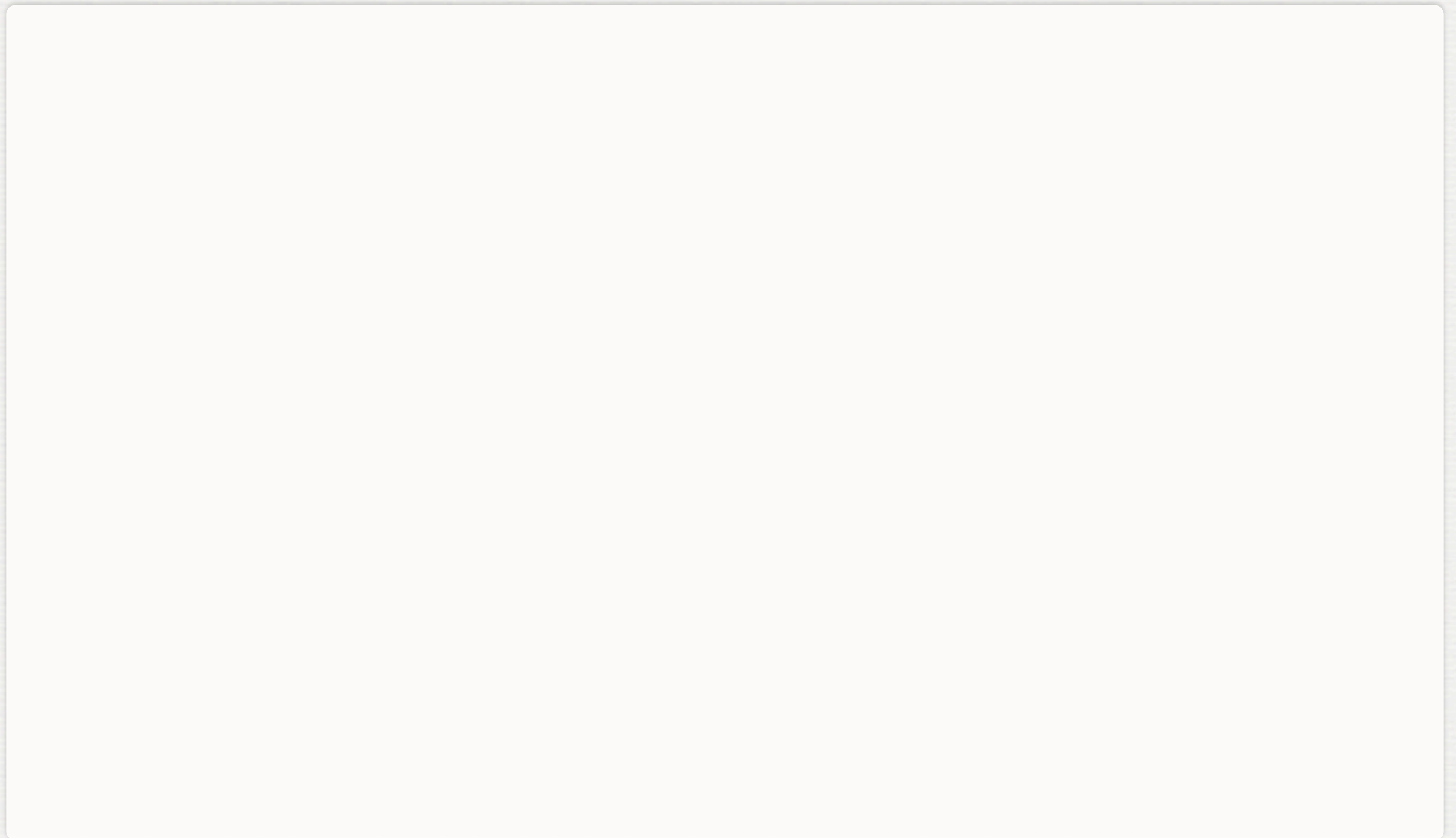
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- Ask your employer about a 401K plan
 - Make a maximum contribution
- Start a Roth IRA at Vanguard.com
 - Be “moderately risky” while you are young

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A SAVINGS PLAN

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A SAVINGS PLAN

- 10% Tithing

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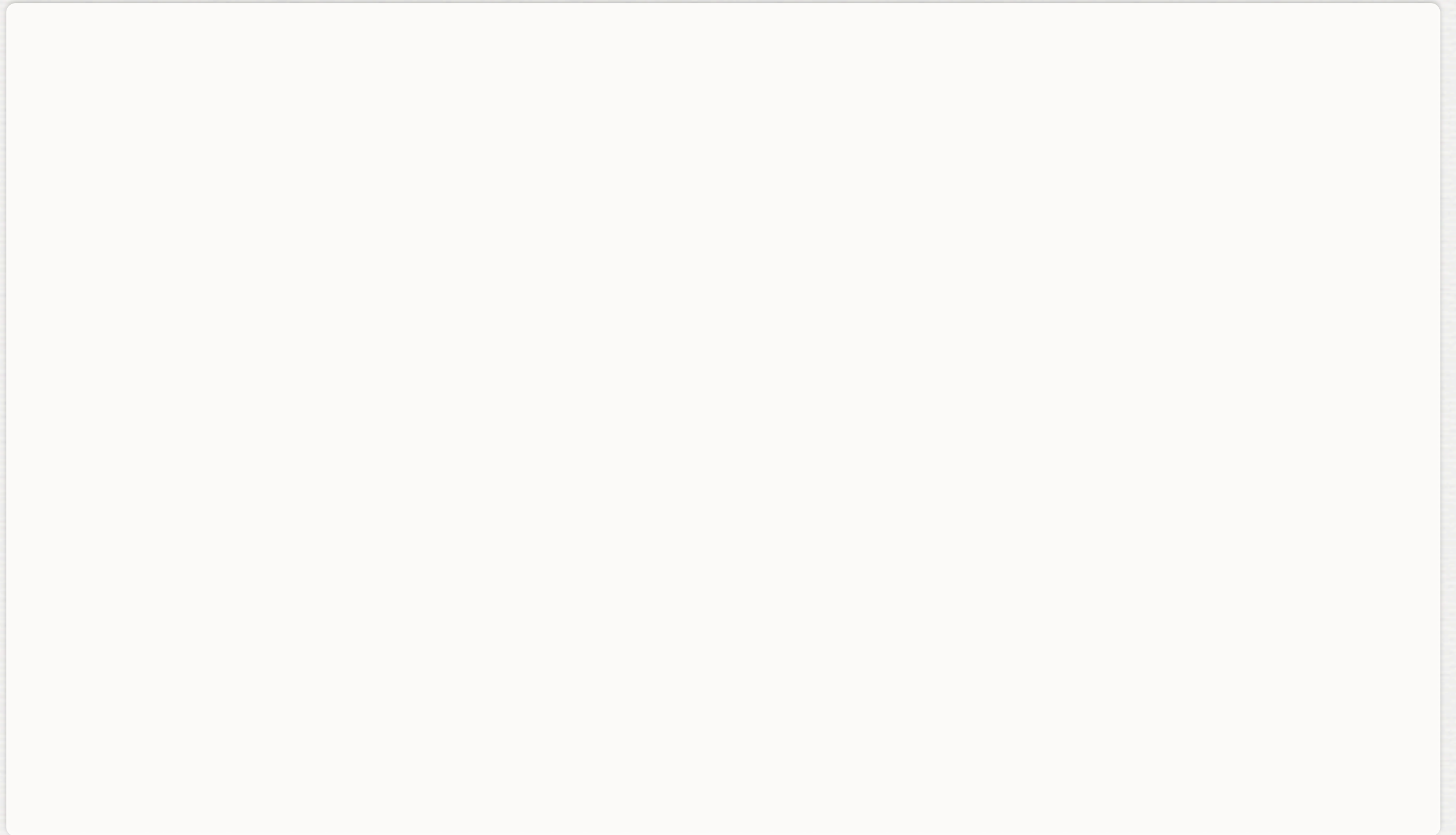
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- Carefully consider how much of the rest for mission/
college and short-term savings

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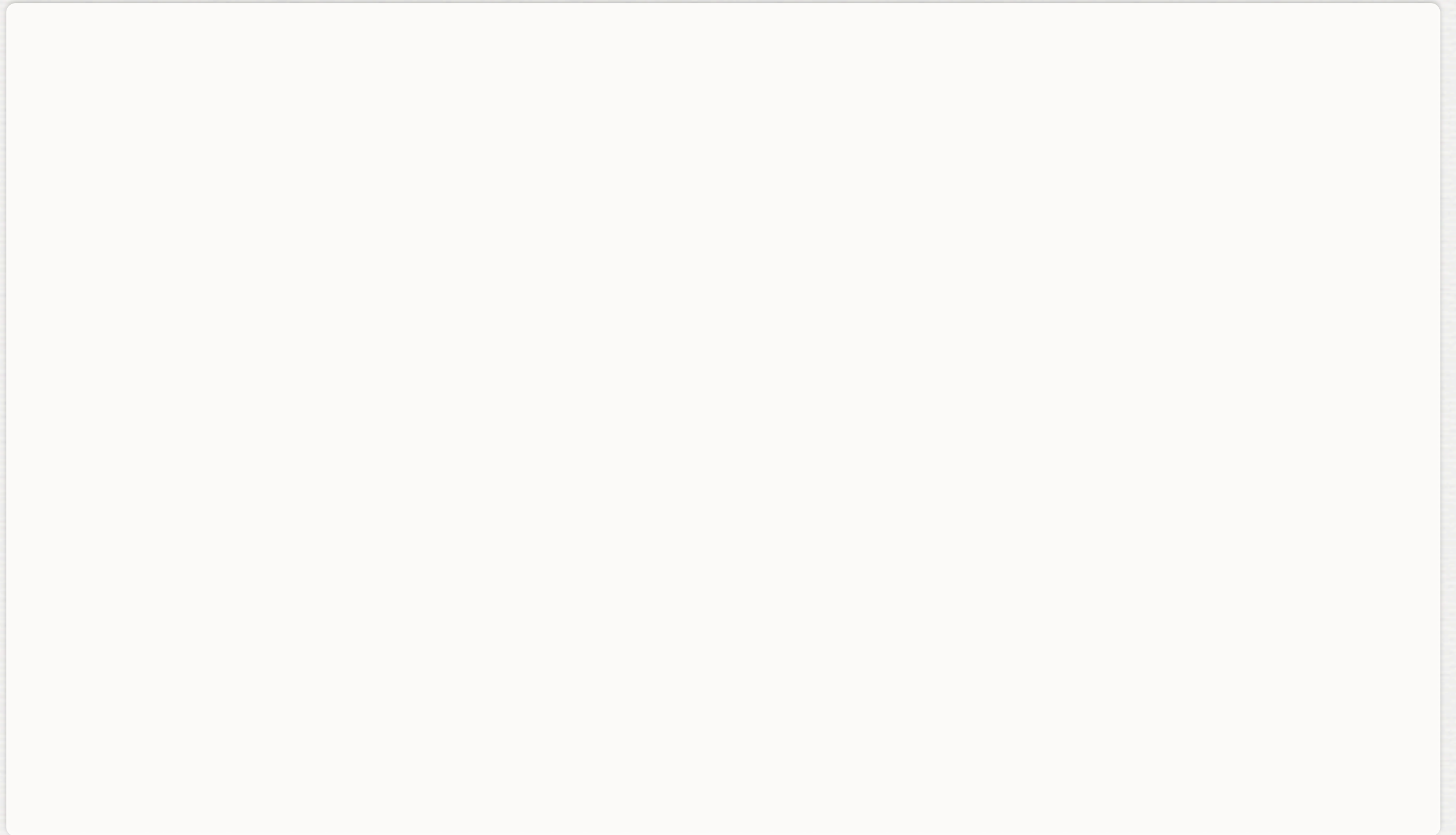
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 - “Perhaps our most pivotal moments as Latter-day Saints come when we have to swim directly against the current of the culture in which we live. Tithing provides just such a moment. Living in a world that emphasizes material acquisition and cultivates distrust for anyone or anything that has designs on our money, we shed that self-absorption to give freely, trustingly, and generously. By this act, we say - indeed - we are different, that we are God’s peculiar people. In a society that tells us money is our most important asset, we declare emphatically it is not.” -Jeffery R. Holland (2001)

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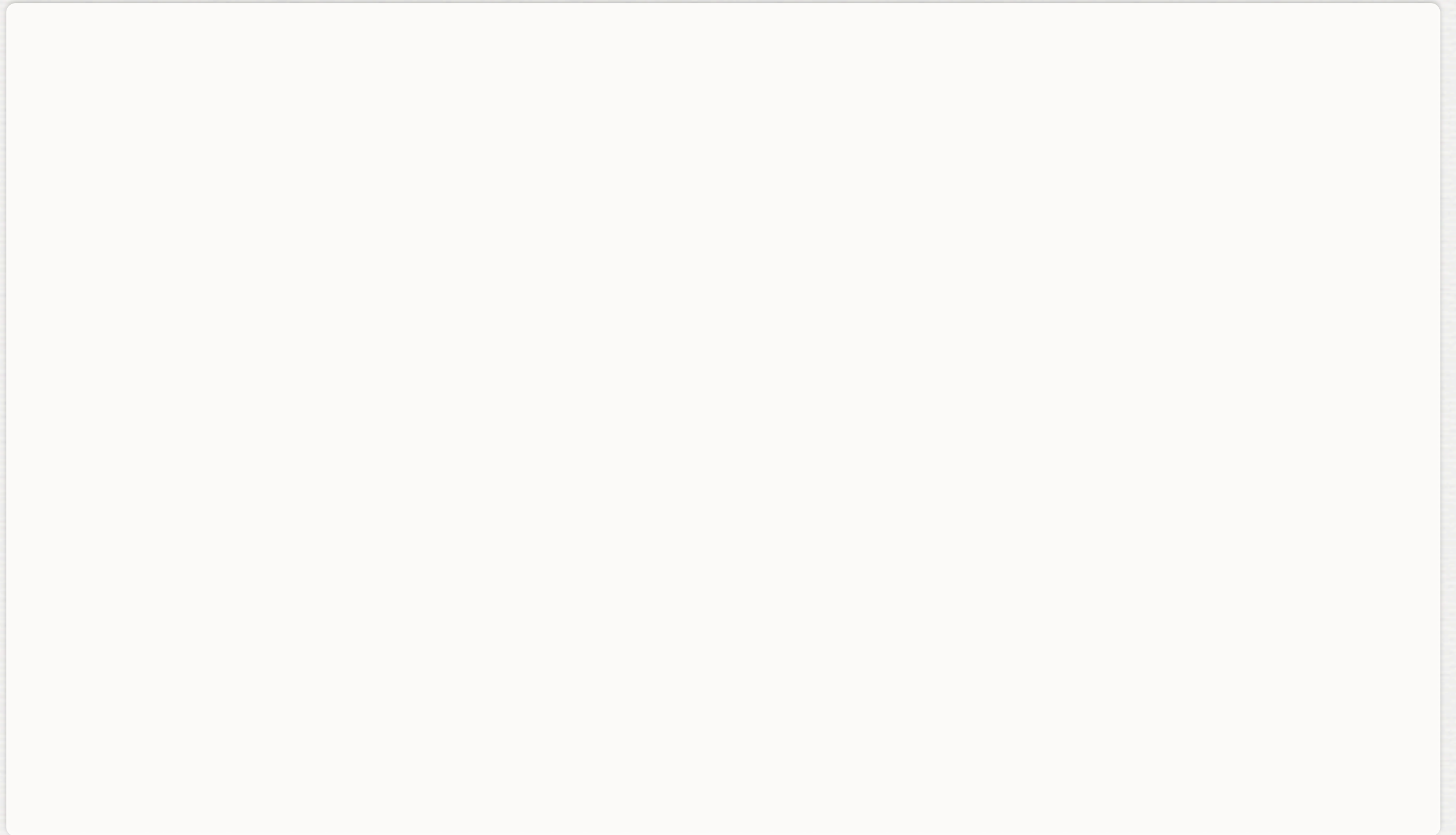
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Total cost for 7 years: \$1

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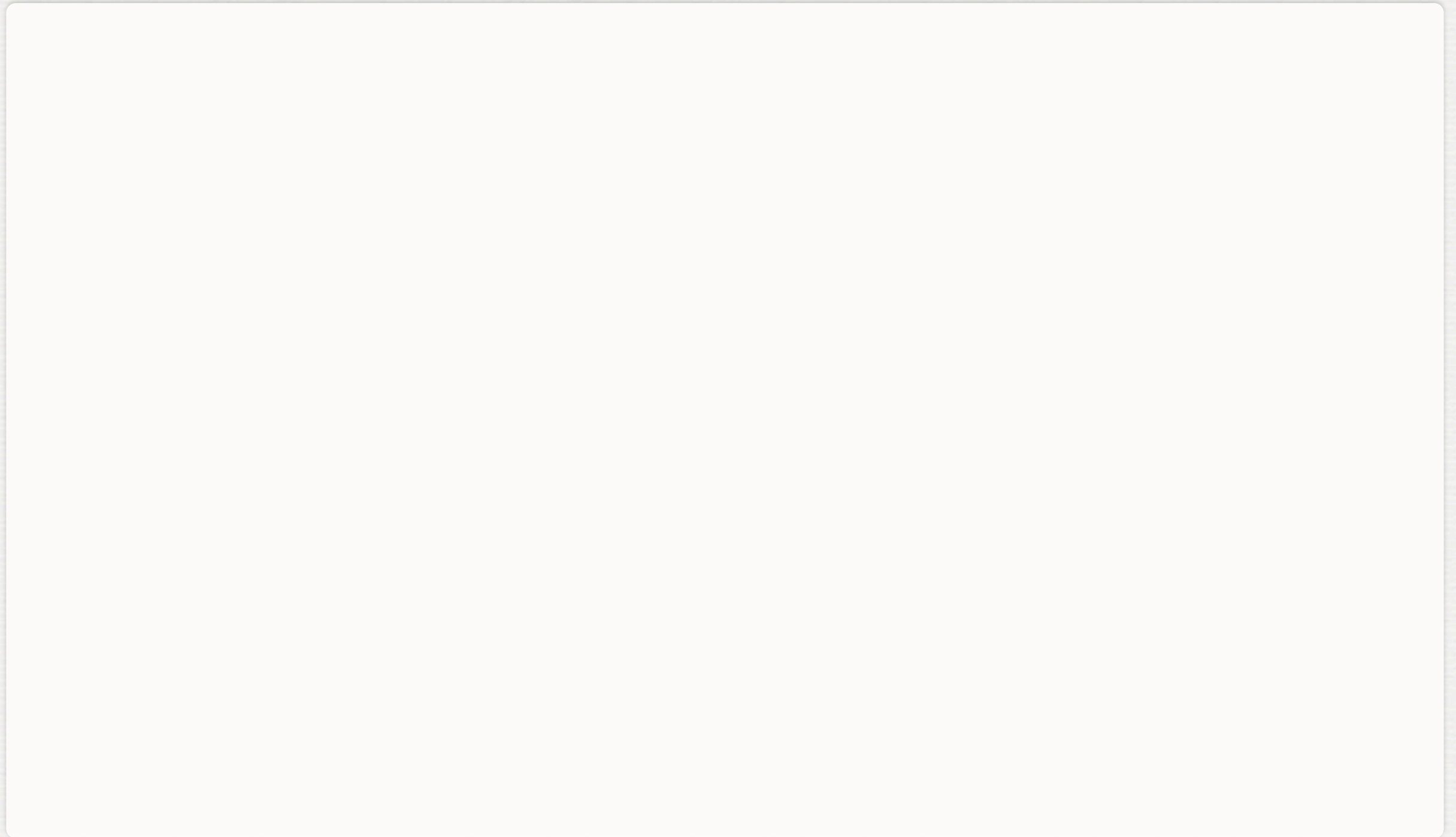
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 - so we can help others (Jacob 2:19)
 - Availability to serve *(audioclip)*

