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Quotable:

"Debt is so ingrained into our culture that most Americans can't even envision a car without a payment, a house without a mortgage, a student without a loan, and credit without a card" (Dave Ramsey, The *Total Money Makeover*, 19).

Finances, Debts, Budgets, and Christmas

Remember that great commercial that runs every August? The words, "It's the most wonderful time of year" play in the background as an elated father shops at Staples for school supplies. It is clear in the commercial that the father is much more excited than the children. He's dancing with his shopping cart, prancing down each isle. Meanwhile, his children look dejected and deeply depressed. For the father, summer is over and school has arrived. For the children, summer is over, and, well, school has also arrived.

Well, I often wish they would have a part II of that commercial. This time, the children are in a toy store, and they have the shopping cart, and they are the ones prancing and dancing down each isle, while the dad looks completely dejected and depressed. For the children, Christmas is finally here! And, oh yes, for the father, Christmas is finally here too.

Perhaps that scene is more realistic, especially this time of year. Christmas always isn't "the most wonderful time of the year," especially for many parents whose pocketbooks are stretched to the maximum. Indeed, for many of us, the Christmas season is a time of stress and discouragement. After all, we have to find ways to purchase many things for many people that we don't see that much, and in some cases, people that we don't even like that much. There are so many expectations associated with Christmas.

I remember years ago in our ward in Mesa, Arizona, our bishop standing before the congregation and urging parents not to purchase Christmas gifts on credit cards. His message was, "If you don't have the money, then don't buy it." Our good bishop also urged the youth in our ward not to expect much, and then they wouldn't be disappointed. I always appreciated that good bishop; he certainly took some of the pressure off. He also described a common tendency: parents going into debt each year in order to provide Christmas for their families. Consequently, those parents spend the rest of the year paying off Christmas. Ironically, by the time "the most wonderful time of the year" is paid off, it's time to do it again.

Several years ago, I looked at my wife and told her that I had calculated that every Christmas usually cost us around $2,000 dollars top to bottom. That included a "bare-bones-no-frills" Christmas for the children [8 children adds up quick], gifts to relatives, mailing packages, and the Christmas cards that need to go out. Now, for some of you, $2,000 may not be a burden. However, for many, Christmas requires a miracle of Biblical proportions! How in the world will we pay for all of this stuff?

Additionally, the first thirteen years of our marriage, we traveled to visit family each Christmas, and that added more financial stress. I look back now and have no idea how we did it.

How to "fund" Christmas is a large problem for many families. Unfortunately, many parents rack their credit cards up during "the most wonderful time of the year" instead of taking the risk of disappointing their children. There were years when we used our credit card to purchase Christmas gifts. I always hated that with a passion-- because at my house, our kids break everything by December 27th. Nothing at my house has a shelf life longer than 39 minutes. We just paid a trampoline off that has been sitting at the local landfill since last March. We go through trampolines like most families go through milk. I think we have owned about 10 trampolines the past 18 years. My wife had the same trampoline growing up her entire childhood. In fact, when you go

Finances, Debts, Budgets, and Christmas

"If we will work unitedly, ***we can work ourselves into wealth, health, prosperity and power, and this is required of us.*** It is the duty of a Saint of God to gain all the influence he can on this earth, and to use every particle of that influence to do good. If this is not his duty, I do not understand what the duty of man is" (Brigham Young, *Discourses of Brigham Young,* selected and arranged by John A. Widtsoe [Salt Lake City: Deseret Book Co., 1954], 285; emphasis added.)

visit her parents, the trampoline is still there. It's like 90 years old, but it's there. My kids would have had that thing broken by Christmas night.

Vacuum cleaners are another sore topic for me. As a kid, we had the same vacuum cleaner my whole life. I think our vacuum cleaner even had a name, and occasionally had dinner with our family. Not with my children today. No way. We go through vacuum cleaners like most families go through *Bic Disposable Razors*. We must buy two to three vacuum cleaners a year. I've even learned how to take the motors completely apart, and pull out everything from bobby pins, to loose change, and nails. My children have learned *not* to pick up their rooms before they vacuum. If it's in the way, they just mow right over it, whether it be a large sock, a pack of nails, or a large piece of crown molding—they don't care. They have learned that the sooner they mow something over, the quicker the vacuum cleaner will break, and the less work they will have to do until their cheap skate dad can take the whole thing apart and pull small appliances, rodents, and the tail of our dog out of the motor.

Ok, I digress. But I can't tell you how good that rant felt.

Now, back to finances. For many years, I guess my wife and I thought we were supposed to be Franciscan monks—having no money, and feeling guilty if we did. We have changed our mind on that idea recently, and I recommend it to all of you. The Lord has promised us prosperity if we will but keep the commandments. In Jacob 2, verses 18 and 19, we learn about balance and priority. We are told before we seek for riches, we should seek the Kingdom of God first. Then, in the next verse, we are taught that after we have secured a "hope in Christ," "ye shall obtain riches." The condition, however, is that we seek these riches 1) to do good, 2) to clothe the naked, 3) to feed the hungry, 4) to liberate the captive, and 5) to administer relief to the sick and afflicted. I think we could add contemporary ideas, such as 6) sustaining the missionary program, 7) building temples and chapels, and bolstering the Perpetual Education Fund, and a myriad of other worthy causes. The fact of the matter is, the Lord needs many of his Saints to have means in order to build and sustain the Kingdom of God on this earth. The Lord cannot accomplish his work if we do not supply the funds to do it. Consider what Brigham Young declared:

"If we will work unitedly, we can work ourselves into wealth, health, prosperity and power, and this is required of us. It is the duty of a Saint of God to gain all the influence he can on this earth, and to use every particle of that influence to do good. If this is not his duty, I do not understand what the duty of man is" (Brigham Young, *Discourses of Brigham Young,* selected and arranged by John A. Widtsoe [Salt Lake City: Deseret Book Co., 1954], 285.)

Moreover, President Gordon B. Hinckley taught that "I believe the Lord does not wish to see His people condemned to live in poverty. I believe He would have the faithful enjoy the good things of the earth" (President Gordon B. Hinckley, Ensign, May 2001, "The Perpetual Education Fund," *Ensign,* May 2001, 51).

At the same time, the Lord does not want to see us go into deep debt. That is not his program for building the kingdom, and it should not be ours. There are not many things worse than being in debt, maxed out to your eyeballs, wondering if every time the phone rings, a bill collector will be on the other end. President Heber J. Grant taught that:

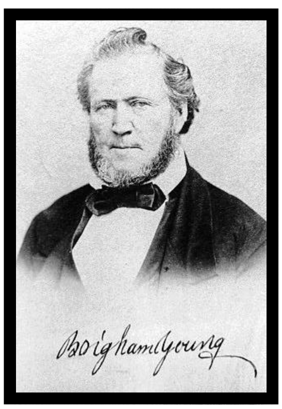
"If there is one thing that will bring peace and contentment into the human heart, and into the family, it is to live within our means. And if there is any one thing that is grinding and discouraging, it is to have debts and obligations that one cannot meet" (Heber J. Grant, *Gospel Standards*, 111).

Similarly, the late Apostle Richard R. Lyman spoke of this truth when he declared: "A man cannot be comfortable spiritually who is in bondage financially" (Elder Richard R. Lyman, CR, October 1904, 18).

I can testify of the truth of that statement. I also know that when our financial lives are in harmony with the Lord's teachings on debt, budgets, and savings, that there is a peace that will come into our lives and a huge burden can be lifted. Although I am not a financial planner, I did sleep in a *Holiday Inn Express* last night. Better yet, I have studied what our prophets have taught on the subject, and I personally believe their statements surpass any intellectual understanding taught by the scholars of the day on finances. Not only am I comfortable with modern day revelation on the subject, but I value it greatly.

Finances, Debts, Budgets, and Christmas

"If you wish to get rich, save what you get. A fool can earn money; but it takes a wise man to save and dispose of it to his own advantage" (Brigham Young, *Discourses of Brigham Young,* selected and arranged by John A. Widtsoe [Salt Lake City: Deseret Book



Let me share with you some rules to live by when it comes to finances. Remember, you are taking this counsel from a guy who lives in a modest subdivision, drives used cars, and is wearing a shirt that my son just sent back from his mission. So, just deal with that. I'll help you through it.

Rule #1 Pay the Lord first before you do anything else

If you pay the Lord first, you will have money to meet your obligations. If you pay your obligations first, you will have no money to pay the Lord. That's just the law of the west. Joseph F. Smith taught:

"One of the best ways that I know of to pay my obligations to my brother, my neighbor, or business associate, is for me first to pay my obligations to the Lord. I can pay more of my debts to my neighbors, if I have contracted them, after I have met my honest obligations with the Lord, than I can by neglecting the latter; and you can do the same… First meet your obligations to God, and then meet your obligations to your fellowmen" (Joseph F. Smith, CR, April 1903, 2).

Rule #2 Set aside a $1,000 emergency fund, and then grow it over time.

Did you know that 49% of American's could only survive one month if they lost their income? (Ramsey, 107).

If any of your experiences are like ours, you have spent many months and perhaps years of your lives paying off debts, only to enjoy a brief season of freedom, and then, all heck breaks loose again. Financial expert Dave Ramsey observed:

"It is going to rain. You need a rainy-day fund. You need an umbrella. *Money* magazine says that 78 percent of us will have a major negative event in a given ten-year period of time. The job is downsized... There's an unexpected pregnancy… Car blows up. Transmission goes out… Life happens, so be ready.. Now, obviously, $1,000 is going to catch all these big things, but it will catch the little ones until the emergency fund is fully funded" (Dave Ramsey, *The Total Money Makeover*, 102).

Janie and I read Dave Ramsey's book, *The Total Money Makeover* this past summer, and it became a revelation to us. Of course we need a rainy day fund! Who in the world doesn't know that? Well, we knew it, but didn't live it. Anytime we got our mitts on some extra money, we simply used it to pay our debts off. The thought of saving money never occurred. After all, we had to get out of debt first, before we saved anything—any genius knows that. Unfortunately, saving money is difficult to do when you seem to have one catastrophe after the next. However, we became committed to a savings plan. Before long, we had a healthy savings built up. Then, when the car needed repairs, or the children needed glasses, or the dog needed to be waxed and buffed, we had the cash to do it, instead of having to rely on a credit card. The idea is to build that saving up so that you could have a 3-6 month fund to live on in case of an emergency. This is a true principle, and the scriptures certainly teach us that if we are prepared, we shall not fear (see D&C 38:30; Matthew 25:1-12).

Rule #3 Build your savings each month, regardless of your debts

Yes, pay the Lord first and yourself second. Most people in America never pay themselves. They spend years and years working, and never have any money to show for it. Get into the habit of saving money each month, even if it's $10 dollars. President Ezra Taft Benson taught, "Do not leave yourself or your family unprotected against financial storms. … Build up savings" (President Ezra Taft Benson, *Pay Thy Debt, and Live,* Brigham Young University Speeches of the Year (28 Feb. 1962), 10).

I remember just before my first year of college, working out in the oil fields of West Texas. I was having a conversation with a man named Odell who was probably in his late 50s at the time. I asked him if working as a *roustabout* in the oil fields allowed him to *make* much money. He looked at me and said, "Son, it's not how much you make, but how much you *save*." I remember saying something profound, like, "Oh." Listen to Brigham Young as he teaches the same principle: "If you wish to get rich, save what you get. A fool can earn money; but it takes a wise man to save and dispose of it to his own advantage" (Brigham Young, *Discourses of Brigham Young,* selected and arranged by John A. Widtsoe [Salt Lake City: Deseret Book Co., 1954], 292.)

Several years ago, I met a man who made close to $500,000 dollars a year. In fact, for about a ten year period, he made between $250,000 and $500,000. In my mind, he was set up well. Then, as is common today, he was let go by his company. In a counseling session, I was visiting with him and learned that he had to get rid of his cars because he could no longer afford the payments. He was also thinking of selling

Finances, Debts, Budgets, and Christmas

his home. I must admit that I was in complete shock that he had car payments and a mortgage. You would think that if a person made $500,000 a year, the first thing he would do is pay his cars off, and every debt he had. By year two, he would have his home paid off. This person, however, always believed the money would be there, and payments were not an issue. Instead of having homes and cars paid for, this man lived life on the edge. We must live on less than we make, and if we have the money to pay our assets off, we probably should. After all, why have a car payment, or a house payment for that matter, when you don't have to?

In Ramsey's book, he wrote: "When surveyed, 75 percent of the Forbes 400 (rich people, not your broke brother-in-law with an opinion) said the best way to build wealth is to become and stay debt-free. Walgreen's, Cisco, Microsoft, and Harley Davidson are run debt-free. I have met with thousands of millionaires in my years as a financial counselor, and I have never met one who said he made it all with Discover Card bonus points. They all lived on less than they made and spent only when they had cash. No payments!" (Dave Ramsey, *The Total Money Makeover*, 23).

Rule #4 Learn self-control

Did you know that *90% of American's buy things they can't afford* (Ramsey, 5). What we must address in our lives is the lack of self control, not the lack of money. I know many people who make $25-40,000 dollars a year, and they are doing great. They are happy, their needs are met, and their marriage is strong. On the other hand, I know a man who will make over $100,000 dollars this year, and is in so much debt, he can barely buy food for his family. No wonder the late N. Eldon Tanner wrote: "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" (N. Eldon Tanner, "Constancy and Change," *Ensign,* June 1982, 4).

When my wife and I first moved to the Dallas area, fresh out of graduate school, we were amazed at how many young couples with just two little children under the age of three lived in 4,000 square foot homes. You would walk in their homes and there was no furniture, but, they had their dream home, right out of college. I know when we graduated from school, we lived in an apartment first, and then we bought our little 1600 square foot starter home, and didn't move into the 3,000 square foot range until our oldest was in middle school. Now, I'm not saying that's the way to do it—but there is something to be said about working your way up. Too many young couples want what their parents have, not realizing it took their parents twenty years to acquire their present lifestyle.

I continually hear of couples who move into large and spacious homes, and then they have no discretionary income—they are completely house poor. Too many people are simply biting off way more than they can chew. Elder L. Tom Perry addressed this issue in a general conference years ago:

"The current cries we hear coming from the great and spacious building tempt us to compete for ownership in the things of this world. We think we need a larger home, with a three-car garage, a recreational vehicle parked next to it. We long for designer clothes, extra TV sets, all with VCRs, the latest model computers, and the newest car. Often these items are purchased with borrowed money, without giving any thought to providing for our future needs. The result of all this instant gratification is overloaded bankruptcy courts and families that are far too preoccupied with their financial burdens" (L. Tom Perry, "If Ye Are Prepared Ye Shall Not Fear," *Ensign,* Nov. 1995, 35).

Rule #5 Avoid Debt like the Plague

It is too easy to get into debt these days. Credit card applications come in the mail at least two or three times a week It seems that everywhere you go, whether it be an appliance store, or a lumber yard, institutions are anxious to lend you money – especially at 19 to 21% interest. What this means is that if you only pay the minimum payment on your bill, it will 30 to 40 years to pay off. That is exactly what the credit company wants! I recommend getting rid of your credit cards; they have the potential to ruin your life! Usually, it is impossible to avoid debt when purchasing a home, a car, or education. Aside from those, however, debt should be avoided. Once in the grasp of debt, it is difficult to get out.

J. Golden Kimball was to the point when he taught that "An honest man is in hell when he is in debt" (*Conference Report*, October 1931, 56). Many of you are familiar with the timeless statement by J. Reuben Clark, when he said:

"Debt never sleeps nor sickens nor dies; it never goes to the hospital; it works on Sundays and holidays; it never takes a vacation… Once in debt, it is your companion every minute of the day and night; you cannot shun it or slip away from it; you cannot dismiss it, and whenever you get in its way or cross its course or fail to meet its demands, it crushes you" (Conference Report, April 1938, 103).

One of the greatest things couples can do today is destroy their credit cards and never use them again. For those of you who think you need them, you don't. For those who cannot travel without a credit card, you are wrong. You can do just about everything with a debit card as you can with a credit card. With our debit card, we have made purchases on the internet, bought plane tickets, reserved hotel rooms, and a myriad of other things. You don't have to go into debt just because you travel. Listen to the words of Elder Jeffrey R. Holland:

"We encourage, if necessary, plastic surgery for both husband and wife. This is a very painless operation, and it may give you more self-esteem than a new nose job or tummy tuck. Just cut up your credit cards. Unless you are prepared to use those cards under the strictest conditions and restraints, you should not use them at all—at least not at 18 percent or 21 percent or 24 percent interest. No convenience known to modern man has so jeopardized the financial stability of a family—especially young struggling families—as has the ubiquitous credit card" (Jeffrey R. Holland, However Long and Hard the Road [Salt Lake City: Deseret Book, 1995], 106).

This is part 1 of a 2 part series. To continue, read part 2.