Introduction

A prince once set out for a faraway land that he intended to claim as his own. Before leaving, he called several of his trusted men and gave them each a sum of money, instructing them to invest it till he returned. One man took the money home and locked it in his safe. The others invested the money, and through careful research and prudent trading, they gained a significant return on their investments.

Jesus was talking about more than just money when He told this story, but He made it clear that He cares how we use the money and other material resources He has entrusted to us. With more resources comes more responsibility, and the abundant resources available today should cause us to consider how to best steward what we have been given.

Personal Finance explains how to live wisely in a world that runs on money without being controlled by it ourselves. The first seven units of this course teach the knowledge and practical skills needed to manage personal and family finances. The last three units introduce business principles and finance. You will benefit from learning how a business works regardless of whether you plan to own a business someday.

How to Use Personal Finance

This textbook is divided into ten units. Each unit is divided into twelve lessons, which contain several recurring features to help you learn, understand, and retain the main concepts that are being taught.

First, the vocabulary terms for each lesson are defined on the first page of the lesson. Vocabulary terms are also boldfaced where they are first used in the text. A glossary that lists all the vocabulary terms is in the back of the textbook.

Next, some lessons contain stories, which are set off in a different font than the main lesson text. These stories show how the lesson content relates to real life. All stories in this textbook are true, with names and identifying details changed.

Finally, some lessons contain example boxes that show how to complete a math operation described in the lesson text.

Interest boxes are scattered throughout each unit. Some of these boxes give advice on how to apply the lesson text, while others provide interesting stories or extra information related to the text.

The back matter of the textbook contains not only a glossary, but also an index and reference material.

UNIT 1

Foundations of Personal Finance

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1.1

Principles of Personal Finance

Words to Know

finance: money management

steward: one who manages the resources of another

vision: a person's ideals for who they want to be and how they want to live

worldview: a person's basic beliefs and perspective on life and the world around him

vision statement: a written description of the goals and ideals of a person or organization

John scanned his employee identification card over the scanner on the wall. A voice responded, "Employee John checked out. Please check your email to view and print your direct deposit pay stub." His phone buzzed an email alert, and John swiped his unlock pattern and opened the email. He scanned over the report, mentally reviewing the hours he had worked. Everything looked right, although the net pay seemed a little low. Then he remembered that this was the first month of his 401(k) deduction.

On the way home, John stopped to refuel his car. He opened his wallet, tapped his credit card on the gas pump, and began pumping gas. He smiled, remembering that this month his credit card was giving 5 percent cash back on fuel purchases.

After dinner John opened his budgeting app. Sure enough, there was his paycheck and gas purchase. He deleted a few low fund alerts. *My paycheck fixed that,* he thought. Then he opened the bill pay tab. "Electric payment of $127.34—approved. Water and sewer authority quarterly payment of $259.51—approved." Then he paused as he considered what to do with the $1,000 he knew he could spend somewhere. He could make a larger mortgage payment or save more for vehicle replacement, but maybe he should just give more. Hadn't the Lord said not to lay up treasures on earth?

Then John noticed a credit card offer that had come in the mail that day. He scanned the ad. Five percent back on gas every month, no balance transfer fees, 36,000 bonus air mile points if he spent $3,000 in the first three months, free rental car insurance... He jumped to the fine print, then threw the offer in the trash when he saw the annual fee of $495.

But what about that $1,000? It technically was not his since he still had a chunk of his home mortgage to pay, but it could buy a lot of meals or help print a lot of Bibles. Then he remembered that an extra mortgage payment of $1,000 would reduce the total interest amount by $800. On the other hand, he could earn almost as much interest on his high-yield online savings account as he paid on his mortgage, and his car was showing some signs of age. Then there was his coworker who claimed to have made $2,500 last month by investing in digital currency. If it continued to rise like that, he could almost...

Introduction to Personal Finance

Does modern **finance** sound confusing? It certainly can be. How can young people wisely navigate the complex financial world? Would they be better off dealing only in cash and avoiding the complicated modern tools of finance?

Disciples of Christ face deeper questions than just which financial tools to use. Biblical directions on wealth were given in a world without the complexities of today's finance. Would Jesus invest in the stock market? Would He save for retirement? What about a credit card? Would Jesus make an extra vehicle payment or an extra donation to the church? Would He even borrow money? Would Jesus live in a luxurious home—and donate generously to local causes and global charities?

The Bible does not answer these specific questions, but it does contain principles—fundamental laws or guidelines for behavior. One principle is the principle of stewardship. God owns the world and everything in it, and He gives us authority to manage His creation. We are God's **stewards:** we manage resources that He entrusts to us.

Although the principle of stewardship applies to every resource we control, this course focuses mostly on stewardship in finance. There are two timeless principles that are fundamental to managing finances well.

- *You cannot spend more than you earn and be financially successful.* This is easier said than done. This personal finance course will teach you how to manage money wisely.
- *We are stewards of God's resources.* God expects us to use money and other resources to accomplish His goals.

Principles for Stewards

Nathan felt a little odd as he scanned the shelves loaded with power tools at the hardware store. Never had he had so much money to spend. After graduating from high school, he had begun working for a local construction company. A few weeks into the job, his employer had bought a new service truck. The new truck needed tools, so Nathan's employer sent him to the store with a company credit card and a list of expensive tools.

Nathan studied the options. He could buy the tools separately, but a few combo deals offered better prices.

As he was figuring out which combination of single tools and combos to buy, an acquaintance walked up to him and said, "Well, it sure is nice to look at these tools. But you know, who can afford these things? We certainly can't!"

Nathan was too startled to explain before the man walked away. He soon selected his purchases and paid for them. As he pushed the loaded cart out the door, he noticed his acquaintance staring at him. Nathan grinned and waved, wondering what the man was thinking. He then took the tools back to the shop and loaded them on the truck. When his employer reviewed the purchase, he commented that the total was less than he had expected.

A steward manages someone else's resources. God's stewards follow these principles:

- *God is our Master, and we are His servants.* Just as Nathan's employer had the right to tell him what to do, so a steward submits to God's directions.
- *God owns everything, but He entrusts people with resources.* Nathan's employer gave Nathan the money, but it was not Nathan's money to spend as he wished. Although we tend to think we own our possessions, everything belongs to God. We are using God's resources.
- *God gave us the mission to build His kingdom.* Nathan's employer expected him to return with tools, rather than with a snowboard or camera. God also gives His stewards a mission to complete and expects them to fulfill it. God gives different people different resources and different responsibilities, but we all have the mission of building the kingdom of God.

A Steward's Vision

Our **vision** is who we want to be and how we want to live. It reflects our **worldview**—the way we think—and our worldview determines how we understand and evaluate the world around us. Our vision and worldview influence our decisions and behavior.

The Apostle Paul stated his vision this way: "I press toward the mark for the prize of the high calling of God in Christ Jesus." That vision kept Paul focused during persecution, discouragement, and difficulty. It also guided the decisions he made and the goals he set.

As stewards, our mission is to build the kingdom of God, and our vision should support that mission. The kingdom of God on earth is the church. The kingdom of God is built when the church is strengthened or when unbelievers are drawn to Christ.

Our vision is revealed more accurately by what we do than by what we say. It is one thing to preach that Christians should sacrifice to help others; it is another thing to live in a small house so we can afford to support a widow. Our choices reveal whether we view ourselves as stewards of God's resources or as owners of our resources.

Citizens of developed countries are usually wealthier than those in other countries. While wealth can be a tremendous blessing to God's kingdom, it can also be used selfishly. Jesus said that "riches and pleasures of this life" choke a person's spiritual life so that they "bring no fruit to perfection" (Luke 8:14). Paul instructs wealthy people to do good, to be rich in good works, and to share generously (1 Timothy 6:18). While God "giveth us richly all things to enjoy" (1 Timothy 6:17), faithful stewards view resources as an opportunity to build God's kingdom rather than an opportunity to pursue selfish interests.

Personal Vision Statement

A personal **vision statement** is a written description of our vision. It describes the person we want to be and the way we want to live. Writing a vision statement and reviewing it regularly has several benefits.

Be Charitable

Sometimes people who cannot afford certain things criticize those who can, but as their situation improves, they do things they formerly criticized. While Nathan's acquaintance could have easily criticized his power tool purchase, Nathan was fulfilling his mission. Be slow to criticize others, especially if you have not faced their situation.

- *It helps us identify our values.* Writing a vision statement can force us to analyze the goals and beliefs that guide us.
- *It helps us make decisions.* A written vision statement provides a standard with which to evaluate our choices.
- *It helps us evaluate our behavior.* We can compare our decisions and habits with our vision to see where we are failing or succeeding.

Personal vision statements can include specific goals or actions that will help us fulfill our vision. A young woman's vision may state, "I want to serve God by serving as a nurse on the mission field." Serving God is her vision and way of life; being a nurse on the mission field is one specific way she hopes to fulfill that vision.

1.2

A Steward's Goals

After greeting Dwight with a firm handshake, the Christian financial advisor began his presentation, stressing his experience, level of education, and commitment to confidentiality. Then he began his sales pitch to convince Dwight to invest in a retirement fund. "My first goal is to protect and build your wealth." Dwight thought about that. Did he really share the investment manager's vision?

The advisor continued, "You need to set a goal for what you would like to have per year in retirement, then work backward from that. Based on the average return of this fund, you should be able to withdraw 8 percent each year and have enough to last through your retirement. So, if you would like $60,000 per year, divide that by 8 percent, which comes out to $750,000. That is what you should have saved when you retire. Since you have forty years until retirement at age sixty-five, you should be depositing $400 a month in this account…"

Dwight's head was swimming. Should he make a goal of saving $400 a month for retirement? Where did Jesus' commandments to not lay up treasure on earth come in? Should he invest in a business or a farm instead? Or should he use the money for further education? Should he even set financial goals? Did he need to set goals if he was trusting the Lord?

Purpose of Goals

Vision is who we want to be and how we want to live, but vision is useless unless it guides our behavior. A good vision is nothing more than a good intention if is not accompanied by goals that align with it.

- *Goals describe specific things we can do to fulfill our vision.* They move a vision from a concept to an action. For example, a vision of building God's kingdom might include the specific goal of visiting one neighbor each month or mentoring a younger sibling.
- *Goals motivate us to accept difficulty in order to achieve a greater good.* For example, the goal of completing fifty consecutive push-ups may motivate you to endure the hard work of exercise.
- *Goals simplify decision-making.* They help us eliminate possibilities that may not be wrong but that compete for our time and resources. For example, if we set a goal to give 15 percent to charity as soon as we deposit a paycheck, we have eliminated other ways to spend that money. If we

set a goal of losing ten pounds, that helps us decide not to eat a second piece of peanut butter pie.

- *Goals help us accomplish important things rather than only urgent things.* Too often we rush from one urgent task to the next while neglecting the truly important things. For example, a father's goal to spend time playing with his children can help him decide which tasks at home can wait for another evening. A student who wants to make the honor roll might schedule quality study time rather than cramming the night before finals.

Aaron got in line at a fast-food restaurant, but the line barely moved forward. With growing frustration, he observed that half of the workers were doing nothing and the manager appeared to be doing everything. When he finally ordered, he presented a coupon. The cashier turned to the manager and asked how to process it. The manager scurried over and started to explain, but then pushed the worker aside and said, "Here, I'll do it." Aaron saw this happen over and over. He concluded that the manager's quick solutions were actually making the problem worse.

A good fast-food manager should have a vision for serving customers promptly. In this case the manager was doing what was *urgent*—entering a customer's coupon—but not what was *important*—training his employees. People without goals are easily distracted and may never fulfill their vision.

Characteristics of Effective Goals

Effective goals are specific, realistic, and written.

- *Goals should be specific.* Specific goals clearly state an action and often designate a time or deadline for the action. A vague goal might say, "Give more to charity," but a specific goal says, "Give 15 percent of my net weekly income to my church's alms fund each Sunday." A specific goal states what should be done and when it should be done, making it easy to tell if the goal is being met.
- *Goals should be realistic.* They can be ambitious, but they should not be impossible. For example, an unrealistic goal for most teenagers would be to save $2,000 each month for a car. A more realistic goal might be to save $200 each month.
- *Goals should be written.* We are more likely to achieve written goals than unwritten ones. Written goals also provide a way for us to track and evaluate our progress.

Goals fall into several categories: short-term, mid-term, and long-term. Since a long-term goal is often general and distant, develop specific mid- and short-term goals that support the long-term goal. For example, a couple that wants to pay off their mortgage before they retire may need to set a specific short-term goal of paying extra on the mortgage each month. Shaping habits is essential for completing goals.

Short-term goals describe what should be accomplished in the next one to twelve months. Short-term goals dictate our daily spending decisions. Many people write weekly, monthly, or quarterly goals, and develop a daily to-do list based on those goals.

Short-term goals may look like these examples:

- Pay the credit card balance each month or cut up the credit card.
- Give 20 percent of monthly income.
- Save $2,900 for property taxes by August 1.
- Save $100 a month for a new sofa.

- Save 60 percent of monthly income for a future home purchase.
- Practice Spanish for an hour each week.

Mid-term goals cover the next one to ten years. They tend to be general statements, but they form the basis for specific short-term goals. Here are some examples of mid-term goals:

- Avoid car payments by saving the full amount for a quality used vehicle.
- Provide our children with a Christian education.
- Build an addition or buy a larger house in several years.

Long-term goals look beyond ten years. Here are some examples of long-term goals:

- Pay off the mortgage.
- Help younger people establish businesses.
- Prepare for decreased income in old age by beginning to save when our oldest children leave home.
- Continue to serve the local church in whatever way possible as long as we are able.

An unreached goal can seem like a failure. However, we usually accomplish more by setting a goal and almost reaching it than we do by setting no goals at all. If we fail, we need to identify and correct the problems. We may also need to reevaluate our goals and adjust them.

Setting goals helps us achieve our vision. However, we should always seek God's approval and direction as we set goals. James 4:15 says, "Ye ought to say, If the Lord will, we shall live, and do this, or that."

We should also hold our goals with an open hand. God may have other plans for us. "A man's heart deviseth his way: but the LORD directeth his steps" (Proverbs 16:9).

1.3

Making Good Decisions

Words to Know

buyer's remorse: feelings of regret for buying something

cost-benefit analysis: a comparison of the costs and benefits of a purchase, project, or decision

The Foundation of Good Decisions

Mark looked ruefully at the bill from the veterinarian—a bill that marked the end of his big dreams.

After hearing many success stories of selling English bulldog pups for high prices, Mark had finally persuaded his father to help buy a bulldog. Sure, the cost of the dog, as well as the supplies to build a pen, had been more than Mark expected, but one good litter would take care of that.

But when the pups were born, two of the five had died immediately after birth. After many anxious hours, Mark had woken his father so they could take the dog to the vet.

Now tears sprang to his eyes as he thought of the trip home—without the mother. And two of the remaining puppies had become sick and died as well. All that remained of Mark's big dreams were one small puppy and one big vet bill.

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Making good decisions is much easier if we have established a vision and goals. Without this foundation, our decisions often produce frustration, **buyer's remorse,** and debt. But even decisions that are based on a stable vision and goals may produce poor results due to insufficient research and planning, lack of advice, or just circumstances beyond our control. Mark probably should have done more research before investing, and maybe he could have been more prepared for problems, but no one could have told him the pups would die.

The Importance of Small Decisions

Jonathan's enthusiasm and smile convinced his prospective employer to hire him. Jonathan said his goal was to own his own business someday, and he wanted to learn the trade from an experienced businessman. The first weeks went well, but then Jonathan was sick for a few days and missed work. A few times he overslept and arrived late. When his employer saw social media posts of Jonathan on a ski slope, he realized Jonathan had not been so sick after all.

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Jonathan could see the opportunity in owning a business someday, but he did not connect that opportunity to getting up at 5 o'clock to learn the trade. He failed to connect his little decisions to his long-term goals. He did not realize that the decision to skip work so he could ski affected his long-term goal to own a business. Many people want financial success but do not realize that habitually making frivolous purchases can produce credit card debt or drain savings accounts. Our small decisions must align with our long-term goals.

A Decision-Making Process

Although formulas do not guarantee good decisions, a good decision-making process can help produce sound decisions. Good decisions are based on a Biblical worldview, a godly vision, and thoughtful goals. The process should include seeking advice, praying, and researching.

The decision-making process below is a template that can be applied in many types of situations.

1. *Identify the decision or problem.* The real problem is not always what it appears to be. For example, you may be trying to decide between two cars, when the real question may be how to provide transportation in the way that best aligns with your vision.

   By focusing on the more fundamental question, you can consider more possibilities. Maybe a bike and public transportation would be a better option. Be open to other possibilities.
2. *Analyze the costs and benefits of a decision.* This includes both financial and nonfinancial costs and benefits. Benefits should always outweigh the costs.

   Be sure your projections are not just best-case scenarios. For example, do not assume an oil change will be your only maintenance expense for a vehicle, or that you will never get sick and need to take off work.

The following points list some of the questions that you should consider when performing a **cost-benefit analysis.**

a. *Financial cost-benefit analysis.* List each cost you can think of. The table below contains some common questions that can help you list all the costs of a decision. Then calculate all the benefits in a separate list. The costs and benefits of a financial decision should be expressed in dollars so you can clearly see which side outweighs the other. Compare the sum of the costs to the sum of the benefits.

   If the financial analysis suggests that the costs will be greater than the benefits, the costs will probably be greater than the benefits in real life. It is usually unwise to pursue a plan unless the analysis says that the total benefits will be greater than the total costs. Note that there is not necessarily going to be a cost for every benefit or a benefit for every cost.

Financial Cost-Benefit Analysis

Costs	Benefits
What are the initial up-front costs?	How much profit will it make?
What are the recurring costs?	Will the item increase in value?
Will there be disposal costs?	Will this reduce other costs?
What taxes will I pay?	What is my break-even point?
What additional supplies may I need?	How could this develop new income opportunities?
How much will the training cost?	How much time will it save?
What are the delivery or closing costs?	
Total Costs:	Total Benefits:

b. *Nonfinancial cost-benefit analysis.* Even if the finances work, you need to consider other factors. As Abraham's nephew Lot discovered, a financially good decision turned into disaster because he did not consider the spiritual aspects of moving to Sodom.

Some nonfinancial costs *by themselves* will outweigh all the benefits—especially if one of the costs is that you or someone else will be led into sin by your decision. As Jesus said, "For what shall it profit a man, if he shall gain the whole world, and lose his own soul?" (Mark 8:36).

Nonfinancial Cost-Benefit Analysis

Costs	Benefits
Is this sinful?	Does this align with my vision for my life?
Will this hurt my family?	How could this strengthen my church and family?
How will this increase my stress levels?	What opportunities will I gain?
Am I doing this for the wrong reasons?	Is this spiritually strengthening?
What opportunities will I miss?	How will this free up time for more important things?
If this is not sinful in itself, will it lead me or someone else into temptation?	How will this make my life easier?
	How will this help me to grow my skills or experience?

3. *Get advice from trustworthy counselors.* Ask the right people the right questions. Avoid King Rehoboam's example of valuing peer advice more than the counsel of older people. Seek advice from people who will help you see both sides of the decision. Value advice from older and wiser people such as your parents, fellow church members, and people who have experience with similar situations.

Be open to reevaluating your goals. You may see them differently after getting counsel. Depending on the decision, consult accountants, bankers, or lawyers, but carefully evaluate any advice you receive from people who do not share your values. Good counselors are more likely to ask questions and give principles than to make lots of statements. This helps you think through the pros and cons and make the decision yourself.

4. *Decide.* Overanalyzing and second-guessing a decision can be exhausting. If you research carefully, seek advice, and pray throughout the process, you can move forward with confidence that God will help you make a wise decision. A good decision-making process gives us confidence to stick with a decision. There are times to reconsider a decision, but doubts are often no more than a test of our resolve.

5.3

A Valuable Employee

Words to Know

engaged: fully and willingly participating

At age twenty-two, Wes finally got the truck-driving job he had wanted for a long time. He enjoyed the training, but his interest waned after he began driving alone. Hours were long, and he had to drive forty-five minutes to work.

Wes also wanted to start his own business and spent much time on the phone setting things up. He started arriving at work late occasionally. His employer noticed that the morning truck inspection began taking longer and longer. His average number of deliveries per day declined, and he began calling in sick on days when he wanted to work on his own business.

Meanwhile, his employer became increasingly frustrated. Wes was willing to discuss his problems, but in a vague and evasive way, and nothing changed. The employer felt he could not increase Wes's pay due to his poor performance. In fact, the longer Wes worked, the more unreliable he became.

One day when Wes called in sick, he told his employer that he would probably be sick the next day as well. His employer informed him that he would lose his job if he did not come to work the next day. Wes responded, "Then you might as well hire someone else."

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Traits of a Valuable Employee

Valuable employees are employees who have their employer's best interests at heart. They serve others, take responsibility, think like business owners, and engage in their work. They often earn more and are less likely to be laid off. Their goal is to add value to their employer's business.

- *A valuable employee serves others.* Look for ways to serve your employer, coworkers, and the business's customers. Cheerful service not only makes you a valuable employee but is also a way to demonstrate love. Serve others as you would serve Christ.

  New employees are often assigned more menial work. Do it cheerfully and willingly. Be willing to do the insignificant tasks even if you are an experienced employee. If you are new to a company or have an assertive personality, be careful not to manage others if it is not your role.
- *A valuable employee takes responsibility*. Arrive at work on time and dress appropriately. Do not wait to be told what to do, but take the initiative and

ask for instructions or look for things that need to be done. Make sure you understand your role and are filling it. Rather than waiting for your employer to come to you with complaints, ask if there are ways you can improve. Be humble enough to ask for help if you cannot do a job or do not know how, instead of wasting time or doing an inferior job.

Take responsibility for your mistakes rather than making excuses or blaming others. Your employer has probably made the same mistake and will understand. Hiding mistakes or refusing to learn will erode your employer's trust. The more responsible you are, the more trust you build. The more trust you build, the more likely that your employer will overlook mistakes.

- *A valuable employee thinks like a business owner.* Understand that earning a profit can be difficult and that your continued employment depends partly on your performance.

  You do not need a degree in business to think like a business owner. Ask yourself, "If I were a business owner, how would I want my employees to behave? What improvements would make the business more profitable? How could I eliminate waste? How could we improve our customer experience?"

If you see areas where the business could be improved, be willing to make suggestions. If your employer does not accept your advice, graciously move on, understanding that he may have already tried that and it has not worked.

Use resources carefully and efficiently. Care for company tools and equipment. Look for ways you can improve efficiency or eliminate waste.

Employee's Perspective	Employer's Perspective
Oh no! Another huge stack of orders!	This week I can pay my employees without my line of credit.
An overly busy day with demanding customers.	A successful customer appreciation event.
What a hilarious practical joke.	$5 of lost material and $20 of lost time.
Not this grumpy customer again!	Loyal Joe who has bought from me for 20 years.

- *A valuable employee engages in his work.* Commit to doing your job to the best of your ability. Try to develop an interest in it, even if it seems uninteresting. Learn all you can about it and how to do it better. Build friendships with other employees and work with them as a member of a team.

Cost-Consciousness

One employer took job candidates to a restaurant for the interview and watched their eyes as they studied the menu. If their eyes darted to the prices, he knew the employee was cost-conscious. If their eyes moved straight down the menu, he knew the hire was focusing on what he was getting. People who paid attention to the cost increased their chance of being hired because he knew they cared about his costs.

Becoming an Engaged Employee

An unengaged employee is like a person on a two-seater bicycle who lets the other rider do all the pedaling. Wes, from the introductory story, illustrates an unengaged worker. He is putting in time and doing a mediocre job. His attention is focused on his own goals rather than on the opportunity of his truck-driving job.

A 2020 study found that only 21 percent of employees around the world are **engaged** at work. The study then compared the most engaged quarter of employees with the least engaged quarter of employees. Not surprisingly, employee engagement improved productivity, sales, and profitability by about 20 percent. It also decreased negative experiences at work—70 percent fewer safety incidents, 40 percent fewer defects, and 28 percent less company product stolen.

Engaged employees bring energy and vision to the company. They are fully harnessed into the goals of the owner and management. Engaged employees often receive higher levels of pay, may be more likely to be promoted, and find more fulfillment in their work.

Applying these guidelines can help you become an engaged employee.

- *Work as though you are working for the Lord.* "And whatsoever ye do, do it heartily, as to the Lord, and not unto men" (Colossians 3:23).
- *Start where you are.* Do not wait to engage with your work until you find the perfect job. Every job, including your dream job, has some difficulties. Doing your best prepares you for greater responsibility later and helps you find fulfillment now.
- *Give every task your best effort.* Your employer will appreciate this, and you will have the satisfaction of a job well done.

Some employees focus on what they can get from the company. They extract value rather than adding value. Adding value means that they serve others, take responsibility, think like business owners, and engage in their work. When employees take initiative to develop these traits, they are useful in any job they choose.

Engaged Employees	Unengaged Employees
Wake up with a plan for the day's activities.	Need supervision and direction from others.
Discuss their job with others in a positive way.	Criticize their coworkers and employer.
Study ways to improve their work.	Do only what is required.
Are absorbed in their work.	Constantly watch the clock.
Devote more effort than required.	Do just enough to get by. Cut corners when possible.
Draw fulfillment from their work.	Feel unfulfilled in their work.
Energize their coworkers.	Sap energy from their coworkers.

5.4

A Trustworthy Employee

Suppose you are a business owner and have recently hired a new employee. When some valuable equipment is stolen, a long-term employee comes to your office and accuses the new employee. The accused employee flatly denies it and offers compelling evidence of his innocence. As an employer, who would you believe? What would you base your decision on?

Consider a few more details. The long-term employee has a habit of calling in sick on days when unpleasant jobs are scheduled. He is steady most of the time, but very slow, especially on Mondays. After his last pay raise, you heard that he complained it was not enough. On the other hand, you have watched the new employee as he grew up. He arrives on time, takes initiative, and willingly works Saturdays when necessary. Does that change which employee you would be more likely to believe?

Most employers in this situation would believe the new employee rather than the long-term employee. What makes the difference? Trust. The new employee has demonstrated trustworthiness, while the long-term employee has broken trust.

Compare someone's level of trust in you to a bank account. When you are trustworthy, you make a deposit into a "trust account." When you are untrustworthy, you make a withdrawal from the trust account. Misunderstandings and disappointments are bound to happen, but if your trust account is full, people are more willing to forgive even major failures. If your trust account is low or empty, even small mistakes can damage a relationship.

Behaviors That Build Trust

Being trustworthy should be a way of life, not limited to behavior in the workplace. The following paragraphs use the acronym *TRUST* to name five behaviors that will build trust.

Timeliness

Trustworthy employees are reliable. A significant aspect of reliability is arriving at work on time and starting work without wasting time. One company valued timeliness so much that employees who were late three times without calling in were fired. Even reliable employees will be late occasionally, but they should notify their employer or supervisor.

Consistent tardiness indicates lack of respect and lack of integrity. If a four-man construction crew waits ten minutes for the fourth member, they are wasting both time and money. In addition, they are likely becoming impatient and frustrated, which may lower the quality of their work and their ability to work together.

- *Be Truthful.* Being trustworthy means being truthful, especially about our mistakes and weaknesses. Taking responsibility for a mistake builds more trust than slanting the truth in our favor. We build trust when we acknowledge our mistakes and strive to learn from them.
- *Be Reliable.* A reliable employee can be depended on. He understands his responsibilities and fulfills them to the best of his ability. When making decisions, he applies his employer's values and puts the company's best interests over his own. He keeps his word.
- *Be Understanding.* An understanding employee is a good communicator. He seeks first to understand others; then he communicates in a way others can understand. He is aware of how others respond to him and seeks to be approachable. He is also aware of how he responds to others and seeks to respond positively.
- *Be Sociable.* A sociable employee develops courteous, friendly relationships. He expresses interest in other people and gives credit to others rather than keeping it for himself. Sociable people make a team more effective but do not control it.

- *Be Teachable.* Most employers would rather hire a teachable employee with few skills than a highly skilled person who thinks he knows it all. Employers generally do not expect an employee to have all the skills and knowledge needed for a job, but they do prefer a skilled employee who is willing to adapt and learn. Teaching new skills is easier than dealing with an unteachable attitude.

People who invest in building trust are better prepared to overcome the difficulties that come with relationships. Trustworthy employees are more likely to be promoted, more likely to receive second chances, and more likely to enjoy their relationships at work.

Employees as Business Owners

If you are an employee, you may think you do not need to understand business. But in many ways, you are in business. You have a customer, sell a product, and earn money. You receive the profit or take the loss for your business performance.

The following points may help you think more like a business owner.

- *You have a customer.* Your customer is your employer. Because you value customer satisfaction, you think about what your customer needs and how to keep him happy. You know that a happy customer is a loyal customer, willing to pay full price. At times, you ask the customer how you can serve him better.
- *You have products to sell.* These products include not only time and energy, but also natural talents, developed skills, and mental or physical strength. If you research and develop ways to improve your products, your customer will be willing to pay more.
- *You have expenses.* In this analogy, expenses are the cost of working for someone else. Expenses include things such as the cost of your commute, the cost of mental or physical energy, and time spent away from family. If expenses exceed income, you need to reduce expenses.
- *You need to earn a profit.* Your profit is your take-home pay, but you should also consider the value of benefits such as working close to home, having a flexible schedule, or contributing to a worthy cause.

7.2

Money and Marriage

Words to Know

money personality: a set of financial beliefs and behaviors

Robert worked hard to save money before marriage. His parents lived in a simple house, saved money, and bought bargains whenever possible. Robert's fiancée came from a wealthier family, who bought high-quality items that they carefully maintained. A few weeks after he had bought a house, he stopped at an auction and bought a high-quality but used sofa for a few dollars. Rather pleased with himself, he moved it to his future home and took his fiancée to see it. She was horrified. "You'll have to sell it," she said. "It doesn't match the carpet."

Conflict over financial matters is a leading cause for divorce. Even for couples who believe divorce is not an option, financial disagreements can be difficult to work through. Conflict can arise from seemingly minor differences in how money is viewed and handled.

Money Personalities

A **money personality** is a set of financial beliefs and behaviors. It describes how a person handles money, and it is influenced by a person's vision and worldview. One money personality is not necessarily better than another, since each personality has its own strengths and weaknesses.

Understanding your money personality and that of your future spouse helps reduce conflict. When spouses with different money personalities work through their differences, their marriage grows stronger and their financial management improves.

Financial advisors have identified several types of money personalities, but most people can be broadly categorized as savers or spenders. Savers are slow to spend money, quick to cut costs, and likely to economize wherever possible. They avoid unnecessary purchases.

Spenders love to buy things. Money does not stay in their pockets long. They feel that money does no good until it is spent, and they love the saying, "You have to spend money to make money." However, spenders may also be more generous than savers.

Selfishness can motivate both savers and spenders. Savers can be stingy and hoard money for themselves while condemning spenders. Spenders may focus on buying things and experiences for themselves.

The story about Robert and his fiancée illustrates a common difference in how people handle money: buying quality versus buying bargains. Some people prefer to buy high-quality vehicles, clothes, and furniture, which they maintain well and use until they need a replacement. Then they research the options and carefully choose a replacement.

Others love the thrill of a deal—getting something for less than its regular price. They love thrift stores, clearance racks, and yard sales. They investigate every sale at the local hardware and grocery stores. If an item breaks, it gives them another opportunity to hunt for a bargain.

Debt is another aspect of finances that people view differently. Some people avoid debt, while others see it as a tool. To them, debt is a necessary part of life, and they basically forget about it if they are able to make the payments. To other people, debt feels like a weight, and it adds stress to their lives and relationships.

Men tend to be more comfortable with debt than women are. A husband should consider his wife's concerns when evaluating debt. At the same time, a wife should recognize that her husband bears responsibility to provide for the family, and debt may be a necessary tool for doing so.

Before Marriage

Good communication is a key to preventing and resolving financial disagreements. Before marriage, couples should discuss their financial habits and attitudes toward money. Each should understand that their strengths complement the other's weaknesses.

Communication also enables couples to unify their vision. A shared vision aligns each person's attitudes and habits with the other person's attitudes and habits, and it provides a foundation for working through differences.

Developing good financial habits before marriage prepares people to manage more complex financial situations after marriage. In addition, people who save diligently before marriage can often make a larger down payment on a house, reducing the amount of interest they owe.

Engaged couples should consider making a budget of income and expenses until marriage. Income is estimated by adding each person's savings and expected earnings. Then expenses are estimated. The budget should leave margin for unexpected expenses, and the couple should record actual costs as they occur. This helps prioritize spending and ensures that they can afford necessary expenses.

Budget for Engaged Couples

Income and Savings		Expenses	
His savings		House down payment; closing costs	
Her savings		Mortgage payments until return from wedding trip	
His income until marriage		Wedding	
Her income until marriage		Wedding trip	
Other		Furniture	
Other		Tools and appliances	
		Home improvements	
		Other	
Total		Total	

After Marriage

In the weeks after marriage, couples need to update their legal and financial information. They should set up a joint bank account. The wife needs to change her name on documents such as her driver's license and passport, and she should be added to the deeds or titles for property, using her new last name. Putting both partners' names on legal documents makes transitions easier if or when one of them dies.

A system for financial management must be established. Who gets the mail? Where do they put it? Who pays the bills? Who balances the checkbook? How should the budget be set up? Who keeps the budget up-to-date? Clear communication before a problem begins is much better than waiting until a problem develops.

Shortly after marriage, the couple should establish a will. This should always be done before the first child is born. A will allows parents to name who they want to become the child's guardian if they both die. If both parents die and they do not have a will, the guardian is appointed by the court. The court attempts to act in the best interests of the child, but there is no guarantee the appointed guardian will raise the child as the parents would have wished.

7.3

Wills and Advance Directives

Words to Know

will: a legal document that directs how an individual's assets are to be distributed after death

intestate: not having a will

testator: one who writes a will

executor: one who manages the income, expenses, and distribution of an estate

beneficiary: one who receives assets from an estate

trust: an arrangement in which assets are held for future distribution to one's heirs

trustee: one who manages and distributes the assets in a trust

advance directive: any legal document that gives instructions for a person's medical care if they becomes unable to communicate; includes living wills and medical powers of attorney

living will: a legal document that provides instructions for what types of medical care a person desires if they become unable to communicate

medical power of attorney: a legal document that gives someone else the authority to make medical decisions for you if you become unable to do so yourself

Unlike many Americans, Merle and Ruth wrote a will. They decided to save some money by writing it without a lawyer's help, which was legal in their state. However, they did not do the proper research and forgot to include Ruth in the will.

Most couples write their wills so that when one spouse dies, most or all of the estate—the money, property, and other assets—goes to the surviving spouse. But when Merle died, the will ordered that much of his estate be divided among his children, and Ruth was left with very little. Although the children used their inheritance to support their mother, they needed to first pay inheritance taxes. Ruth and her children would have been saved much trouble and money if Merle and Ruth had invested more in creating a comprehensive will.

A **will** is a legal document that determines how an individual's assets are distributed after his death. It is also known as a last will and testament.

Reasons to Have a Will

All adults should have a will, even if they have only a few material possessions. The survivors of people who die **intestate**—without a will—face several disadvantages. One disadvantage is that the state will appoint a judge to divide the estate. The judge must adhere to state laws rather than to the deceased individual's wishes. This also incurs high legal fees.

Another disadvantage is that estate and inheritance taxes may be higher than if a will had been written. A will is often designed to reduce these taxes, which can take up to 40 percent of the largest estates. This disadvantage only applies to large estates because most estates are too small to be affected by these taxes.

The absence of a will opens the door to arguments and hard feelings between survivors. A clear will may not eliminate this problem if the survivors already have a poor relationship, but it does help settle disagreements. Even if the survivors have a good relationship, conflict may arise due to raw emotions and selfishness.

The most significant disadvantage of not having a will is that people who die intestate cannot appoint a guardian for their children. A judge will determine who cares for surviving children. The judge has no obligation to honor religious beliefs. People who write a will can direct how their estate is handled and what happens to their children, thus simplifying the process and ensuring that their wishes are carried out.

Providing for children is perhaps the most important reason for married people to have a will, but unmarried people should have a will too. Since they do not have a spouse to immediately step in and manage affairs, it is important to have a will that clearly outlines what should be done and who should do it.

Components of a Will

While wills can be simple or complex, most include similar basic components. The **testator**—the person who wrote the will—chooses a guardian, an executor, and a beneficiary.

A guardian cares for a child until the child turns eighteen. The guardian provides for the child's education, welfare, physical care, and health. Naming a guardian ensures that the child will be raised by people who share the testator's values and beliefs. Potential guardians should be asked for their consent before naming them as guardians.

An **executor** manages the income, expenses, and distribution of an estate. An executor must identify all assets and debts and distribute the property and assets according to the terms of the will. The executor and the guardian are usually different people so that one person does not need to handle all the decisions and responsibility. Providing a clear will simplifies the executor's job, but testators should make sure the executor can handle the responsibilities of executorship.

A **beneficiary** receives the assets of an estate after all taxes, debts, and other obligations are fulfilled. Often the beneficiary is the testator's spouse. Otherwise, children are usually the main beneficiaries, but the testator may also leave money to other relatives, friends, businesses, or nonprofit organizations. An inheritance may be split equally among beneficiaries, or certain beneficiaries may receive a greater proportion. For example, a parent may leave a greater share of the inheritance to a handicapped child than to his able-bodied siblings.

Children under age eighteen cannot legally receive an inheritance, so parents often use their wills to ensure that their inheritance is held for the child until he or she comes of age. Although there are several ways to hold an inheritance for a minor, many people choose to use a legal arrangement called a **trust.** A **trustee** is appointed to manage the trust and pay expenses on behalf of the child. A trust may receive income and therefore must file a tax return.

A trust gives more options and flexibility than a will in directing how assets are distributed. For example, a man with a large estate may use a trust to grant his child a portion of the inheritance at age twenty-one, another portion at twenty-five, and the final portion at thirty.

Writing and Updating Wills

Some states allow people to write their own wills. Wills can also be completed online. These options are not usually wise unless you understand the law, your estate is relatively simple, or you have no children. Most people choose a respected local attorney to file a will to ensure it is done correctly and according to their wishes.

Wills should be updated and reviewed occasionally. An out-of-date will can be as unhelpful as no will. Wills should be updated after significant changes such as the death of a spouse, the birth of a child, a significant property purchase, or a change in a business relationship.

Wills should be stored in a place that is easily accessible, fireproof, and waterproof. Bank safe-deposit boxes are usually not a good place since a court order is needed to open one if the owner dies.

Writing and updating a will takes time and money, but the potential savings outweigh the time and cost.

Advance Directives

Advance directives are legal documents that provide instruction for a person's medical care if the person becomes unable to think rationally or communicate. Advance directives include living wills and medical powers of attorney.

Living wills describe the type and level of medical care to give a person if he becomes unable to communicate. For example, suppose you fall from a ladder and suffer a head injury that renders you unable to move or communicate. If you remain in that condition with no signs of change, a living will would help your family know the type and level of treatment you would wish to receive.

Many older people have living wills that provide direction for treatment if they have a terminal illness that will eventually prevent them from thinking or communicating rationally. Younger people should also consider drafting a living will to provide direction for treatment after life-threatening injuries.

Advance directives often grant someone a **medical power of attorney.** The person who is writing the directive grants a trusted family member or friend the right to make medical decisions for him if he is unable to make the decisions himself. He should thoroughly discuss his wishes with the person who receives the power of attorney. It is impossible to discuss every potential situation, so they should discuss guiding principles in addition to specific situations and types of treatment.