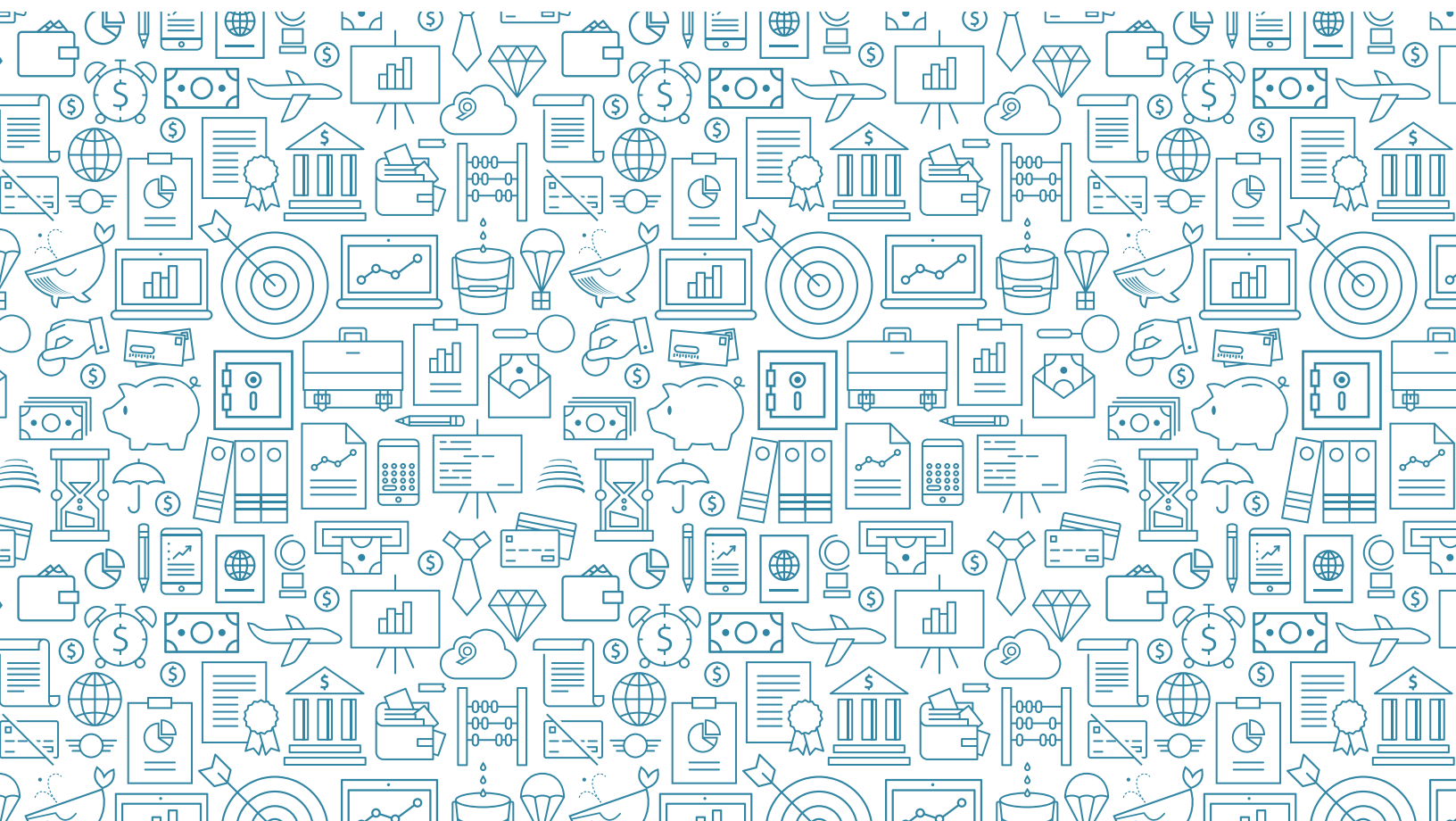


Core Financial Principles

It's not about the dollars; it's about the change.



MISSION STATEMENT

Inspire action to achieve lifelong financial security, empowering individuals to save, serve—and bless others' lives.



DMBA FINANCIAL PLANNING TEAM

Congratulations on taking the first step in managing your money for a more abundant life! This program will walk you through simple exercises that can lead you to financial success and self-reliance.

Some exercises may not be complete when it's time to start the next one, but that's OK. Just keep moving forward and enjoy the endorphin rush that comes with your progress.

If you need help, you can consult at any time with a DMBA financial coach. They're here to help you succeed.

800-777-3622, ext. 5627

finplanning@dmba.com

PAGE 6 **YOUR FINANCIAL BEHAVIOR: A SUFFICIENCY MENTALITY**

It's important to understand why we do what we do when it comes to money. It's also very helpful to know what's important to you and, if applicable, what's important to your spouse.

PAGE 8 **1. GIVE TO OTHERS**

Those who give to others seem to be financially successful. Notice that the phrase is not, "Financially successful people give." You can give regardless of your financial situation.

PAGE 10 **2. SAVE FOR EMERGENCIES**

Establish the habit of building an emergency fund. Set up a direct deposit from your paycheck straight to a separate savings account.

PAGE 12 **3. PLAN YOUR SPENDING**

Knowing how you spend your money, while not necessarily fun to some, is vital to your success. Keep a "sufficiency mentality" as you track and plan your spending. This will help you focus on being a wise steward of what you do have rather than worrying about what you don't.

PAGE 14 **4. ELIMINATE DEBT**

Debt can be oppressive. Eliminate and avoid debt as much as you can. This exercise includes tools and tips to do this as quickly and efficiently as possible.

PAGE 16 **5. REVIEW INSURANCE PROTECTION**

Properly protecting your family from potential losses stemming from accidents, medical needs, or death will give you peace of mind and security for your family. Make sure you are appropriately covered by medical, life, and property and casualty insurance.

PAGE 18 **6. CREATE AN ESTATE PLAN**

Directives for your care and the distribution of your assets are vital to passing your property to your family when you are gone. At a minimum, establish the basic four estate planning documents.

PAGE 20 **7. INVEST**

Your employer provides generous retirement plans with matching contributions. Take advantage of the "free money" of employer matching in these contributions and properly diversify your investments.

YOUR FINANCIAL BEHAVIOR: A SUFFICIENCY MENTALITY

- ☐ Complete the "Needs vs. Wants" exercise (with spouse, if applicable).

1. GIVE TO OTHERS

- ☐ Establish a plan for charitable giving.

2. SAVE FOR EMERGENCIES

- ☐ Set up a separate savings account with direct deposit from your paycheck.
- ☐ Save \$500.
- ☐ Save \$1,000.
- ☐ Save 15% of your annual income (3 months living expenses).
- ☐ Save 30% of your annual income (6 months living expenses).

3. PLAN YOUR SPENDING

- ☐ Choose and begin using a spending plan tracking tool.
- ☐ Track all expenses for 30 days.
- ☐ Create an ongoing spending plan and continue to track expenses.

4. ELIMINATE DEBT

- ☐ If debt is an issue, stop using credit or cut up your credit cards.
- ☐ Build a debt elimination plan.
- ☐ Eliminate all consumer debt. This may take some time. Keep moving!

5. REVIEW INSURANCE PROTECTION

- ☐ Enroll in or review health insurance coverage.
- ☐ Obtain an appropriate amount and type of life insurance.
- ☐ Compare property and casualty coverage and costs.

6. CREATE AN ESTATE PLAN

- ☐ Review and update beneficiary designations.
- ☐ Create a will, healthcare directives, and financial power of attorney.

7. INVEST

- ☐ Contribute enough to receive the full employer match.
- ☐ Enroll in auto increase to reach 10% or more in addition to the employer match.
- ☐ Select the appropriate before-tax or Roth contribution option.
- ☐ Use an appropriate investment mix and stay invested.

A SUFFICIENCY MENTALITY

"We have all experienced times when our focus is on what we lack rather than on our blessings. Said the Greek philosopher Epictetus, 'He is a wise man who does not grieve for the things which he has not, but rejoices for those which he has.'... Regardless of our circumstances, each of us has much for which to be grateful if we will but pause and contemplate our blessings."

—Thomas S. Monson

LEARN

Complete the "Financial Needs vs. Financial Wants" exercise by filling in the table on page 22 with your priorities for spending, both now and in the future:

1. Complete this exercise by yourself, alone.
2. If you're married, have your spouse complete the exercise alone.

3. Complete the exercise a third time together, compiling both of your lists and agreeing on needs, wants, and priority levels.

This exercise should help you see what is important to you. If you are married, you will find what is important to your spouse and see whether you are like-minded and "pulling in the same direction." If so, congratulations! If not, STOP HERE. Discuss things further so you can come to an understanding of what is important to each of you and how you can work together to achieve both.

FINANCIAL NEEDS vs. FINANCIAL WANTS

	for the present	for the future
vital		
important		
nice		
luxury		



LIMITATION

Everyone has limitations. Limitations of time and money are the most commonly discussed. If we put undue focus on these limitations, we then buy into the destructive concept of scarcity.

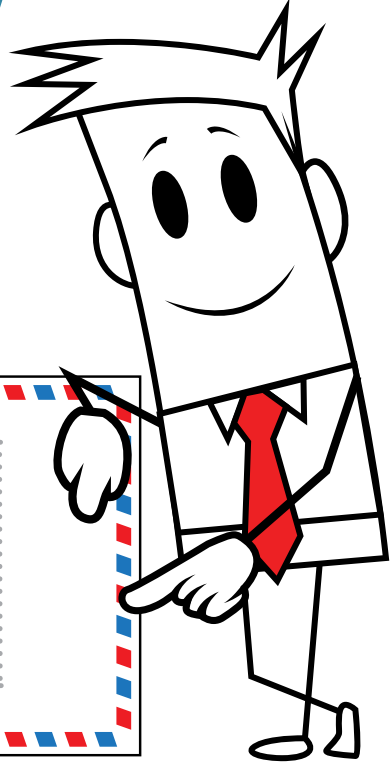


SCARCITY

A focus on what we do not have.

SUFFICIENCY

The appreciation for resources that we do have and a mindset that there is always enough and to spare.



Don't let what you don't have spoil what you do have.

ACT

Review your combined "Financial Needs vs. Financial Wants" exercise again. Based on the information that you read about sufficiency, is there anything you would change or think of differently? Keep a completed copy of your final exercise available to remind yourself of what's important to you. And then check this task off your action plan!

1. GIVE TO OTHERS

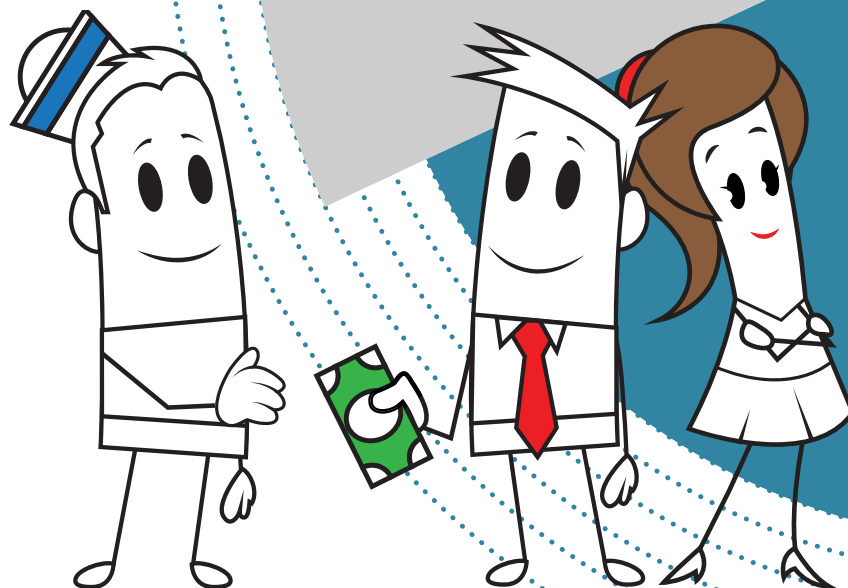
If we truly have a sufficiency mindset, we will desire to give regardless of our income.

"My wife and I have been giving to charity ever since we got married. After I graduated from college, I was a gunnery officer in the Navy, making \$320 each month. Out of that salary, I would tithe \$32 and give another \$50 to the Navy Relief Fund. As our income grew, so did our philanthropic giving. For almost 40 years now, we have been giving away large sums of money."

—Jon Huntsman Sr.

LEARN

Giving to others is the essence of a sufficiency mentality. Those who give to others are financially successful. Some may argue that you must first earn a sufficient amount and then give. This sentiment assumes that there is a certain point where one has earned enough and can now start giving to others. The problem with this scarcity mentality is that there will never seem to be enough for one's own expenses, let alone to give to others.



25.625% Charitable Giving

MY CHARITABLE GIVING PLAN

Today's Date: _____

Causes I care about:

- ☐ Red Cross
☐ United Way
☐ LDS Philanthropies
☐ Charity of your choice: _____

What I want to give:

- ☐ Money (list amount): _____
☐ Time (list amount): _____
☐ Goods (list items): _____
☐ Beneficiary designation
☐ Other: _____

My plan:

By _____, I will be giving or will have arranged to give
DATE
to _____
MONEY/TIME/GOODS ENTITY
on a _____ basis.
ONE TIME/MONTHLY/AT DEATH

24

ACT

Discuss and establish a charitable giving plan to include your tithing and other charitable giving. (See page 24.) Make it part of your spending plan in Phase 3. You may give to charities in several different ways, including money, time, goods, and designating the charity as a beneficiary upon your death.

Consider organizations such as:

- [American Red Cross](#)
- [United Way](#)
- [The Church of Jesus Christ of Latter-day Saints Philanthropies](#)
- Charity of your choice

2. SAVE FOR EMERGENCIES

"It is amazing to me that so many people work all of their lives for the grocer, the landlord, the power company, the automobile salesman, and the bank, and yet think so little of their own efforts that they pay themselves nothing."

—L. Tom Perry

LEARN

Why Save?

An emergency fund is an accessible account that you set aside for unexpected expenses or to supplement your income if you or your spouse loses employment.

It's not a matter of if, but when an emergency will arise. Having an emergency fund can reduce stress, prevent your having to liquidate retirement savings, and avoid interest on credit card debt or loans.

How Much?

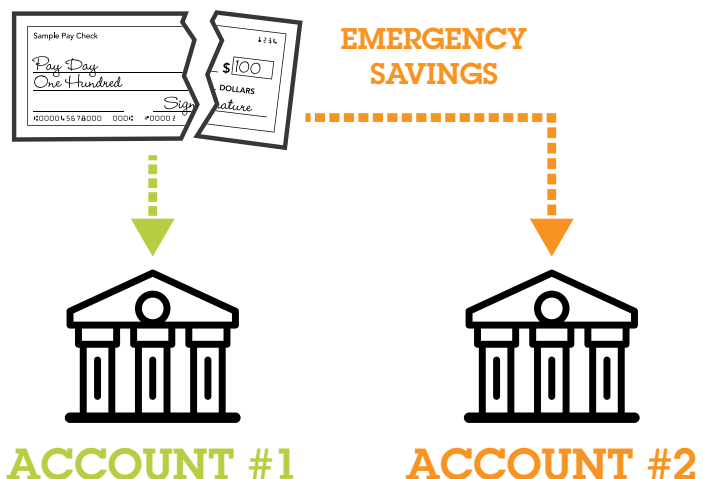
Start gradually by setting interim goals of \$500 and \$1,000. Your ultimate goal should be to have approximately 30% of your annual income (six months of living expenses) set aside for emergencies.

Example:	\$50,000	Gross salary
	<u>X .30</u>	30%
	= \$15,000	Emergency fund

When to Spend?

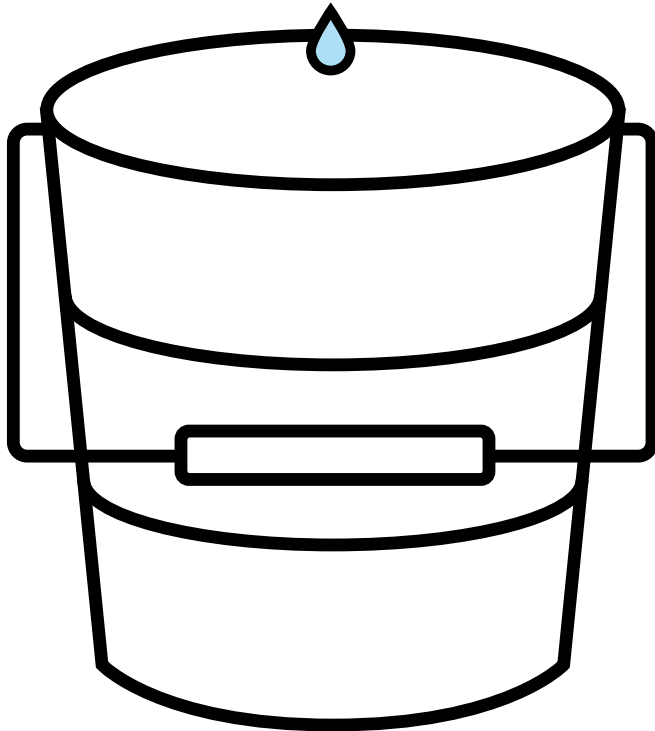
Only withdraw it for emergencies. At first, you may not have enough cash flow to be able to leave the money in savings for long. But eventually your resources will grow and you will have already established a habit of saving. As your cash flow improves, this habit will help you to be successful.

SIMPLIFY YOUR SAVINGS— DIRECT DEPOSIT INTO A SEPARATE ACCOUNT



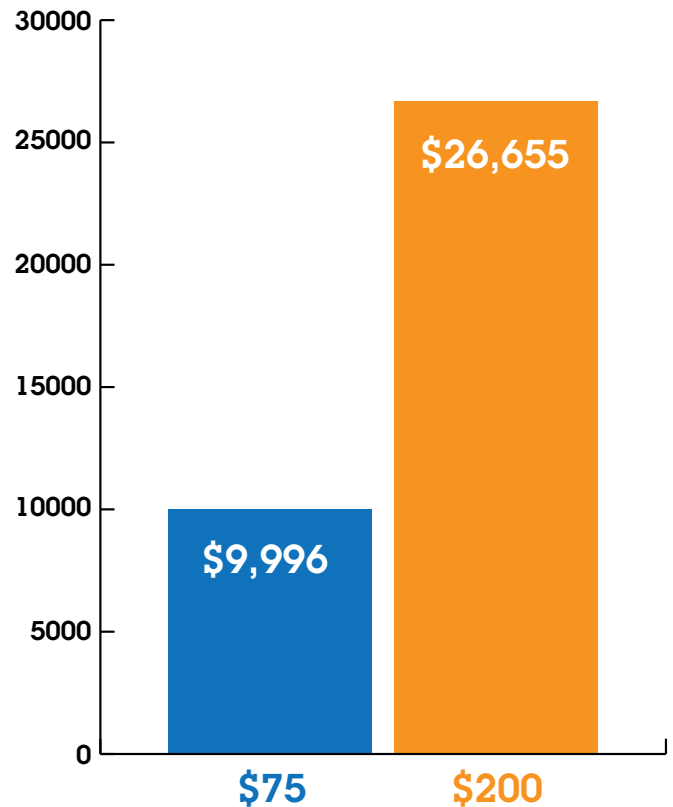


Start with a small amount. As you are beginning to save, it is not about building a balance. It's about building a habit.



Emergency savings after 5 years

(Biweekly savings earning 1%)



ACT

Simplify your saving. Set up a **separate** savings account at a bank or credit union you don't currently use. Ask your employer to deposit a portion of each paycheck to your new account. This will make building a savings habit effortless and **automatic**.

Compare savings accounts and interest rates at websites such as www.bankrate.com and www.depositaccounts.com.

3. PLAN YOUR SPENDING

"It has been my observation in interviewing many people through the years that far too many people do not have a workable budget and have not disciplined themselves to abide by its provisions. Many people think a budget robs them of their freedom. On the contrary, successful people have learned that a budget makes real economic freedom possible."

—N. Eldon Tanner

LEARN

Know How You Spend

A spending plan is the foundation of a financial plan. Keeping track of your expenses and planning how you spend money each month is vital to your financial success. Knowing how much and how you spend will help you stay out of debt, save for your goals, and be financially independent.

Budget

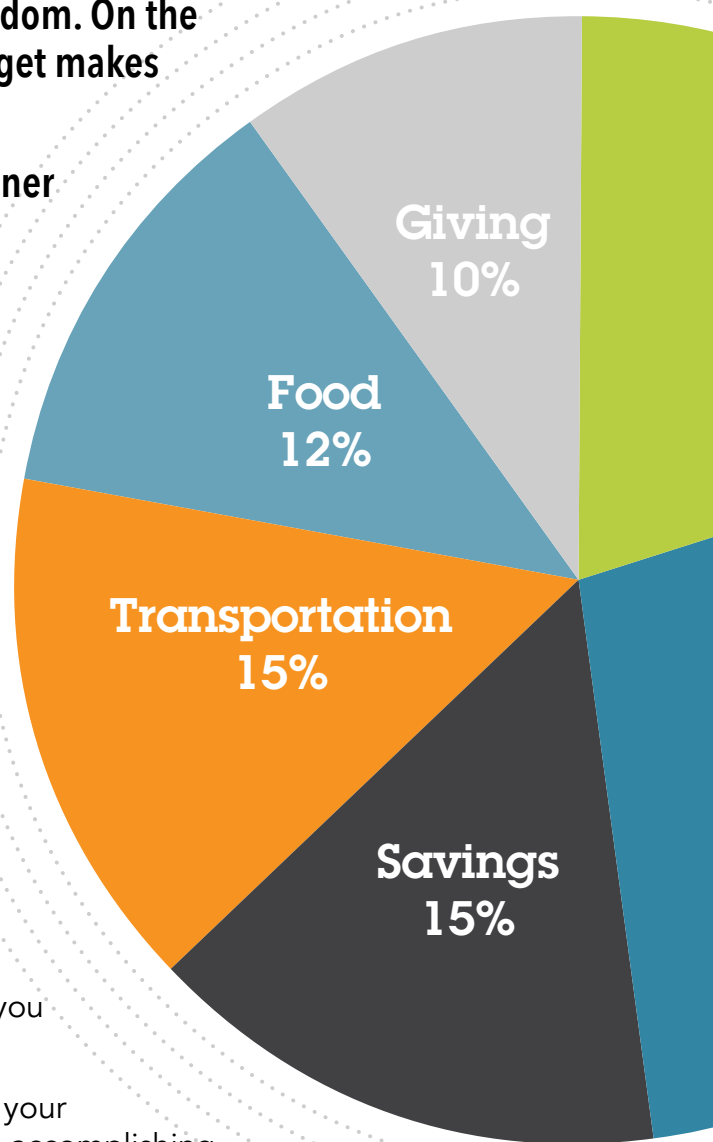
Spending plans are not one-size-fits-all. Finding the right one for you can be difficult and often only comes after trial and error. There are three main approaches to budgeting:

[Zero-based budgeting](#) (give every dollar a job)

[Pay yourself first](#) (designate savings first, then spend the rest how you want)

[Percentage budget rules](#) (make guidelines for how much you spend in various areas)

Generally, if you are being intentional and consistent with your approach and find you are running a surplus, then you are accomplishing what you need to do.



One in three
U.S. households
has a monthly
budget.



Don't forget to budget
(and save for):

Christmas
Vacations
Insurance
Taxes
Birthdays

Other
20%

Housing
28%

SPENDING PLAN EXAMPLE

INCOME

A	
B	\$3,000
Total income	\$2,000

FIXED EXPENSES

Mortgage/rent	\$5,000
Savings for emergencies/retirement	\$1,000
Charitable giving	\$750
Insurance	\$500
Car payment	\$300
Internet/mobile phone	\$300
Total fixed expenses	\$100

VARIABLE EXPENSES

Groceries/dining out	\$2,950
Utilities	\$600
Clothes/personal care	\$250
Gas	\$150
Total variable expenses	\$150

PERIODIC EXPENSES (AVERAGED MONTHLY)

Christmas/birthdays	\$1,150
Vacations/travel	\$250
Property HOA, tax, insurance, etc.	\$250
Car registration, insurance, repairs, etc.	\$200
Total periodic expenses	

ACT

Develop and fine-tune your spending plan by following these steps:

1. Research different tracking tools and choose one that fits your needs. Then begin using it to plan and track your expenses. Here are several options to consider:
 - www.youneedabudget.com
 - [Empower Budget Planner](#)
 - goodbudget.com
 - www.mhriley.com
 - [Expenses OK—expenses tracker](#)
 - [Tiller Expense Tracker](#)
2. Track your expenses for a month to understand where your money is going.
3. Based on what you've learned, make a spending plan and put it into action. In addition to continuing daily expense tracking, do the following:
 - Every week, sit with your spouse for 15-20 minutes and reconcile your spending from the previous week. Then plan your spending for the coming week.
 - Every pay period, review your income versus expenses. Then plan for the next pay period.

See the *Spending Plan Example* on page 26.

4. ELIMINATE DEBT

Total Monthly Housing Cost Ratio

Should be 28% or less of your gross monthly income:

Total monthly housing cost:

\$ _____
(mortgage or rent plus HOA fees, tax, and insurance)

Divided by total monthly income:

\$ _____

Equals housing debt ratio:

_____ %

Total Debt Payment Ratio

Should be 36% or less of your gross monthly income:

Total monthly debt payments:

\$ _____

Divided by total monthly income:

\$ _____

Equals total debt ratio:

_____ %

"Did you ever see anybody who went in debt and mortgaged and bonded that which he possessed, as free, as independent, as happy as the man who paid for what he had as he went along?"

—Joseph F. Smith

LEARN

Review Debt

Calculate and review your debt ratios to make sure your housing and total debt amounts are appropriate for your income level.

Debt Snowball

Credit Card (\$50 monthly)

+
\$50

+
\$50

+
\$50

+
\$50

+
\$50

Car Loan (\$100 monthly)

+
\$100

+
\$100

+
\$100

+
\$100

+
\$100

Student Loan (\$100 monthly)

+
\$100

+
\$100

+
\$100

+
\$100

+
\$200

Mortgage (\$1,000 monthly)

+
\$1,000

+
\$1,000

+
\$1,000

+
\$1,000

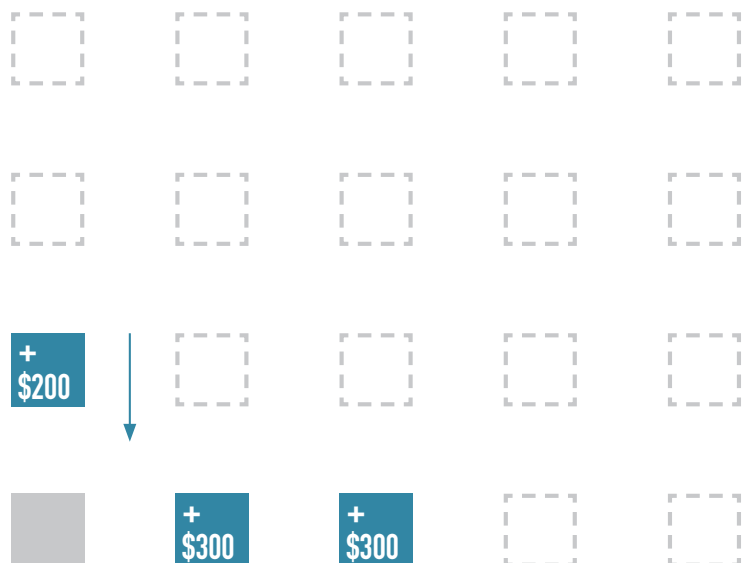
+
\$1,000



Student Loans

Student loans have many different repayment plans. Some have set payment schedules while others adjust based on your income. The option you chose when you took out the loan will determine your monthly balance and whether you pay it off in 10, 15, 20, or 25 years. If you apply for student loan forgiveness, be sure to closely follow federal requirements. For more information, visit studentaid.gov.

Start your snowball by throwing extra money each month toward your lowest debt balance.



ACT

Start by cutting up your credit cards and stop spending on credit. Then build a debt-killer plan. Sometimes called "debt stacking" or "debt snowballing," a debt-killer plan can help you quickly and efficiently eliminate debt. It works like this:

- List all your debt balances owed, the interest rates, and the minimum monthly payment amounts.
- Begin attacking your lowest debt balance by paying more than the minimum monthly payment amount. Determine how much additional money you can pay toward that debt each month based on your spending plan.
- When that debt is paid off, take the amount you were paying toward that debt and add it to the monthly payment of your next-lowest balance.
- Continue this process until all debts are paid off.

Make sure you do not acquire any new debts.

Use tools such as the debt elimination calculators at www.dmba.com, www.powerpay.org, www.mhriley.com, or www.ramseysolutions.com to eliminate debt faster.

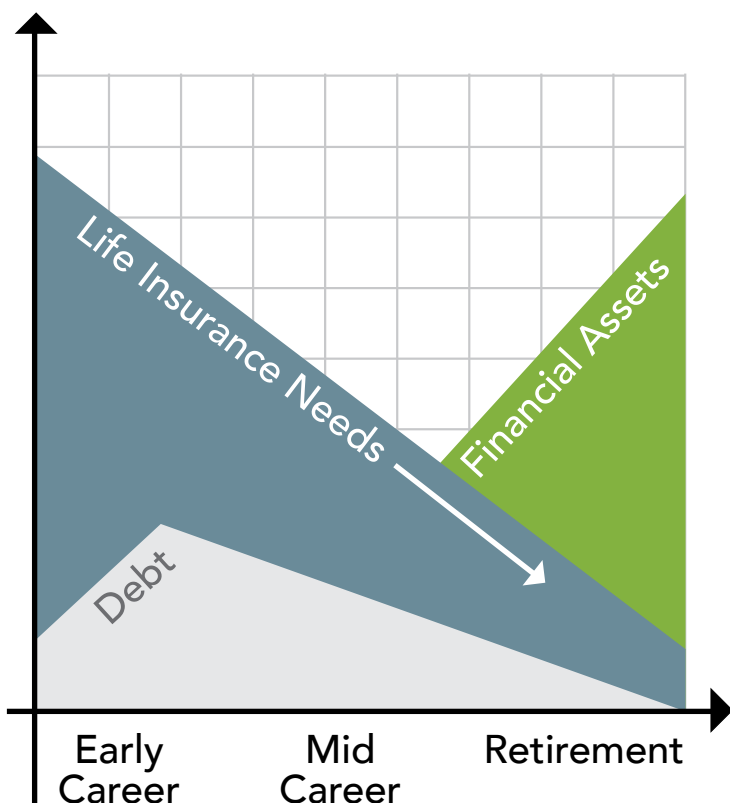
Fully eliminating your debt may take some time. **KEEP GOING** and work on other steps.

5. REVIEW INSURANCE PROTECTION

LEARN

Proper insurance protection will provide peace of mind and security for your family when the unexpected happens—whether you encounter surprise medical costs, property damage, or even liability lawsuits.

It's important to periodically review your insurance coverage and increase it where needed. Through benefits provided by your employer, DMBA can help with some of this protection. But you will need to research other plans if you need coverage that DMBA doesn't offer.



Auto Insurance

Type	Rule of Thumb
Bodily Injury	\$100,000 individual/ \$300,000 total
Property Damage	\$50,000
Uninsured/ Underinsured	\$100,000 or more
Collision	Deductible of \$250 to \$1,000
Comprehensive	Deductible of \$250 to \$1,000

Home Insurance

Structure	Replacement value of home
Personal Belongings	50%-70% of home value
Liability	\$300,000 or more
Additional Living	10% of rebuilding cost

Umbrella

Additional Coverage	\$1,000,000
---------------------	-------------

Life Insurance

Group Term Life	\$50,000
Supplemental Group Term Life (SGTL)	Up to 6x your salary
Private	

"In our high-tech world, hospital bills ranging from \$50,000 to \$100,000 are not uncommon. Lawsuits, too, with accident claims ranging in the thousands and even millions of dollars, can devastate a family without insurance. A wise insurance program should include adequate health, life, fire, car, and, if not available on the job, disability insurance. Extended coverage on one's home is also important."

—Sheila Sorensen Olsen

My Coverage

ACT

Review and secure the appropriate medical and dental coverage for you and your family. Consult with DMBA's Member Services if necessary.

Figure out how much life insurance you need. To do this, go to www.dmba.com and use the online life insurance calculator, or use this simple calculation*:

	Enter your total debt
	Enter 10 x your annual salary if younger than 50 or Enter 5 x your annual salary if 50 or older
+	
	Total (minimum) life insurance needed

To compare premiums and policies outside of DMBA, visit sites such as www.lifeinsure.com or www.quotacy.com.

Determine which type of life insurance fits your financial plan.

Contact your insurance agent and review your property and casualty coverage.

Consider long-term care insurance.

* The formulas in this workbook follow general rules of thumb only. For a customized analysis of your life insurance needs, visit with a DMBA financial planner.

6. CREATE AN ESTATE PLAN

LEARN

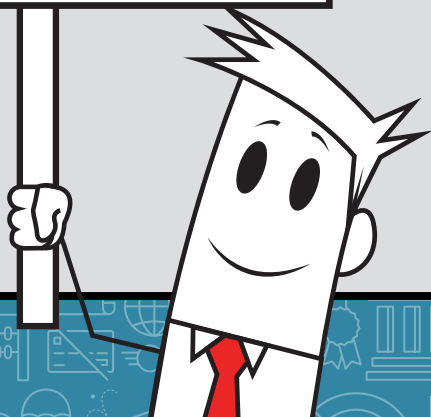
Many people never prepare an estate plan simply because they don't know what it is. This exercise demystifies the process with a simple list of what's included in an estate plan. An estate-planning attorney is the most reliable method. For a do-it-yourself approach you can try online resources.

ARE YOU PREPARED?



Only 4 out of 10 U.S. adults have a will.

**BE SURE TO
UPDATE YOUR
BENEFICIARIES**



Beneficiaries

Update and periodically review your beneficiary designations on life insurance policies and financial accounts such as bank, 401(k), IRA, etc. Remember to name alternate beneficiaries as well.

THINK ABOUT

401(k):

Life
Insurance:

Other:

Last Will and Testament

Name someone to distribute your belongings (executor) and appoint a guardian for your children after you die.

THINK ABOUT

Potential
Guardians:

Potential
Executors:

"Anyone who has possessions of any kind has an estate. Wisdom tells us that with death, our financial responsibilities do not end—they just change. Preparing for that change is called estate planning."

—Steven J. Dixon

Healthcare Directives

- **Living Will**—State your wishes for end-of-life medical care in case you become unable to communicate.
- **Healthcare Power of Attorney**—Name someone to make healthcare decisions, and conduct other business if you become incapacitated.

THINK ABOUT

Who: _____

Trust

Names a third party that will hold assets on behalf of a beneficiary. The following are reasons you may consider a trust:

- Minimize estate tax if you have a large estate
- Privacy (not on public records)
- Charity
- Preserve disability benefits for a disabled child
- Control assets held for minor children

Financial Power of Attorney

Name someone to legally act on your behalf.

THINK ABOUT

Who: _____

Can they act now or only if you become incapacitated?

Probate

Proves a will is valid. Court fees may apply.

This list is not exhaustive and should not be considered as legal advice.

ACT

Gather together the necessary documents and talk with an attorney to create your estate plan.

OR

Do it yourself at websites such as:

- [eforms.com](https://www.eforms.com)*
- www.totallegal.com*
- www.legalzoom.com*
- Tomorrow app available through mobile app stores
- [Employee Assistance Program](#)*

* DMBA does not endorse or accept liability for any self-help estate planning resources.

7. INVEST FOR RETIREMENT

"Investment debt should be fully secured so as not to encumber a family's security. Don't invest in speculative ventures. The spirit of speculation can become intoxicating. Many fortunes have been wiped out by the uncontrolled appetite to accumulate more and more. Let us learn from the sorrow of the past and avoid enslaving our time, energy, and general health to a gluttonous appetite to acquire increased material goods."

–N. Eldon Tanner

LEARN

The investment world can sometimes seem complex and scary. With a unique vocabulary and uncertainty in markets and economies, many are unsure how to effectively invest. Also, there are many voices out there telling you how and with whom to invest. Investing doesn't need to be this complicated or

intimidating. A few key things will help you become and be a successful investor.

1. Contribute

Make sure that you are getting the full employer match in your Deseret 401(k) Plan.

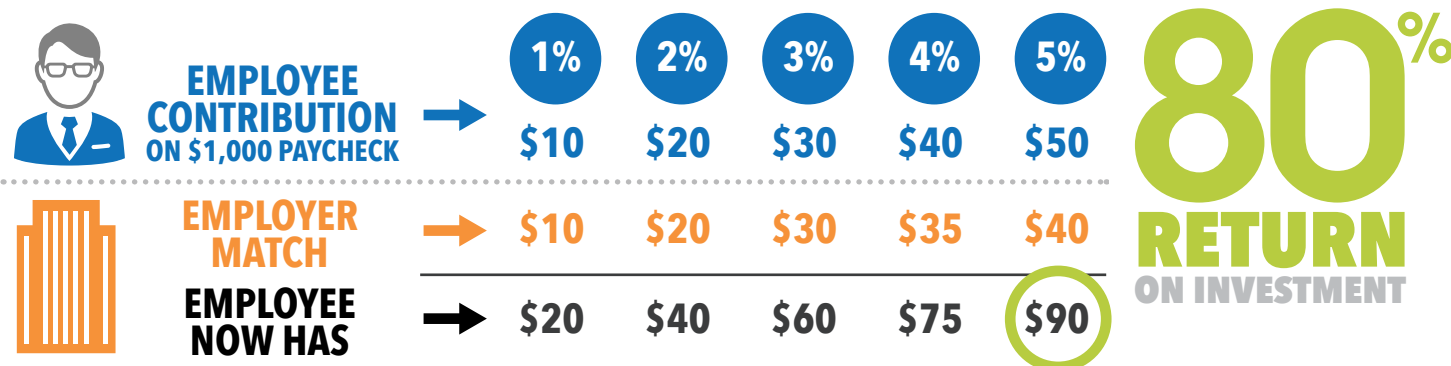
Also, consider how you are investing your 401(k) money. You can choose to invest in the 401(k) before-tax option or the Roth 401(k) option, which has unique benefits.

2. Diversify

Use a mix of investments that are tailored to the time frame until you need to start using the money in earnest. If your Deseret 401(k) Plan account is invested in a BlackRock LifePath index fund, you are already invested in a diversified mix of global and US-based stocks and bonds that adjusts automatically to become more conservative as you near retirement.

If you have investment accounts outside of DMBA, or if you opted out of enrollment in a LifePath fund, tailor your mix of investments

DO YOU TAKE ADVANTAGE OF FULL EMPLOYER MATCHING?



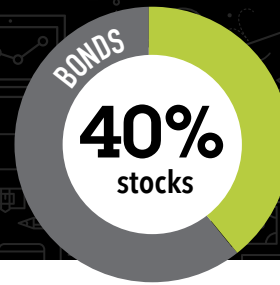
THE LIFECYCLE OF A BLACKROCK LIFEPATH FUND



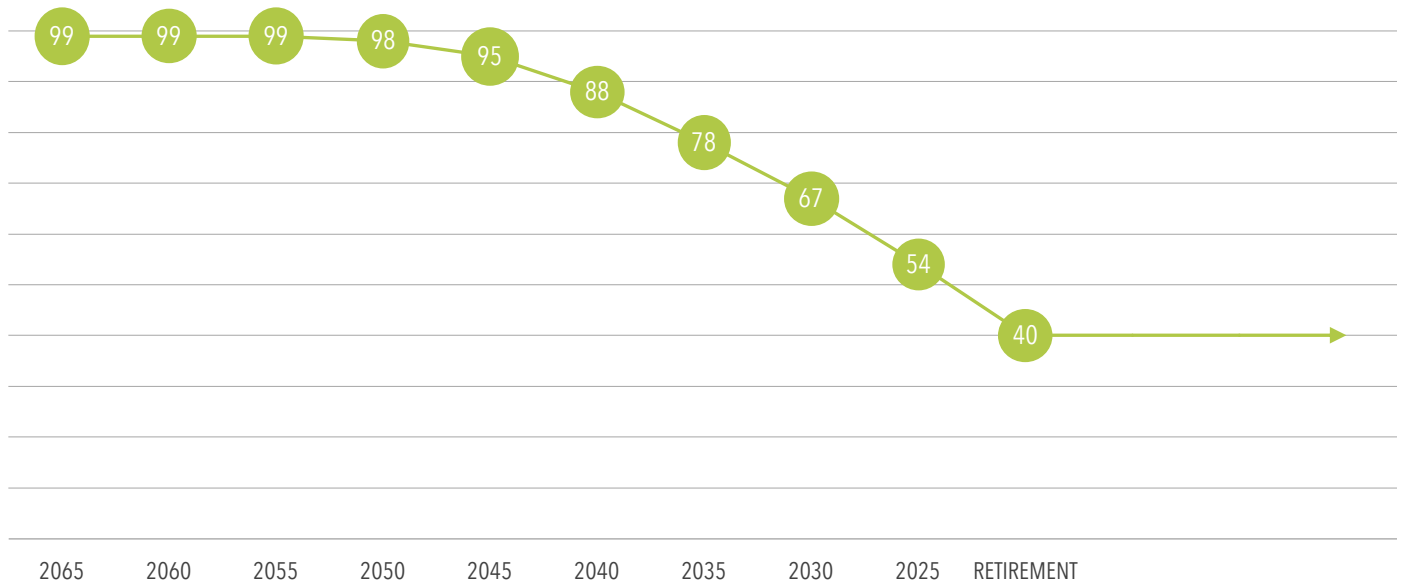
At the start of your career
(age 25)



Halfway
(age 45 to 50)



At retirement
(age 65)



• Percentage of Stock in Each Fund

to the length of time until you need to start using the money in earnest.

3. Stay the Course

Remember to invest appropriately in your 401(k) account and only make major changes if your situation changes, such as needing to use money sooner or later than you had anticipated. You should not make changes

based on the day-to-day, week-to-week, or month-to-month news of the economy or markets.

It isn't always enough to save the same amount of money each year for your retirement. Enroll in auto increase to automatically save a little more each year until you are contributing at least 10% in addition to your employer match.

ACT

1. Get the full employer match.
2. Compare before-tax and Roth contribution options.
3. Use auto increase to reach 10% or more in addition to employer match.
4. Make sure your investment mix matches your retirement goals.

FINANCIAL NEEDS VS. FINANCIAL WANTS

	For the Present	For the Future
Vital		
Important		
Nice		
Luxury		

Examples: car, education, home, vacations, etc.

FINANCIAL NEEDS VS. FINANCIAL WANTS

	For the Present	For the Future
Vital		
Important		
Nice		
Luxury		

Examples: car, education, home, vacations, etc.

MY CHARITABLE GIVING PLAN

Today's date: _____

Causes I care about:

☐ Red Cross

☐ United Way

☐ The Church of Jesus Christ of Latter-day Saints Philanthropies

☐ Charity of your choice: _____

What I want to give:

☐ Money (list amount): _____

☐ Time (list amount): _____

☐ Goods (list items): _____

☐ Beneficiary designation

Other: _____

My plan:

By _____, I will be giving or will have arranged to give
DATE

_____ to _____
MONEY/TIME/GOODS ENTITY

on a _____ basis.
ONE TIME/MONTHLY/AT DEATH

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS PHILANTHROPIES

Donate to The Church of Jesus Christ of Latter-day Saints, its affiliated charities, and its educational institutions, including:

- [Brigham Young University](#)
- [BYU-Hawaii](#)
- [BYU-Idaho](#)
- [BYU-Pathway Worldwide](#)
- [Ensign College](#)
- [Latter-day Saint Charities](#) (Humanitarian Services)
- [General Missionary Fund](#)
- [Family History/FamilySearch](#)
- [Church History](#)
- [Gift Planning Services](#)

UNITED WAY (UNITEDWAY.ORG)

United Way envisions a world where every individual has an opportunity to succeed, and entire communities thrive as a result. We're getting a little closer every day, with help from millions of people around the world.

We focus on [education](#), [financial stability](#), and [health](#), the building blocks for a good life and a strong community. See how we make it all happen.

RED CROSS (REDCROSS.ORG)

Mission Statement

The American Red Cross prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors.

Vision Statement

The American Red Cross, through its strong network of volunteers, donors and partners, is always there in times of need. We aspire to turn compassion into action so that...

- all people affected by disaster across the country and around the world receive care, shelter and hope;
- our communities are ready and prepared for disasters;
- everyone in our country has access to safe, lifesaving blood and blood products;
- all members of our armed services and their families find support and comfort whenever needed; and
- in an emergency, there are always trained individuals nearby, ready to use their Red Cross skills to save lives.

SPENDING PLAN EXAMPLE

INCOME	
A	\$3,000
B	\$2,000
Total income	\$5,000
FIXED EXPENSES	
Mortgage/rent	\$1,000
Savings for emergencies/retirement	\$750
Charitable giving	\$500
Insurance	\$300
Car payment	\$300
Internet/mobile phone	\$100
Total fixed expenses	\$2,950
VARIABLE EXPENSES	
Groceries/dining out	\$600
Utilities	\$250
Clothes/personal care	\$150
Gas	\$150
Total variable expenses	\$1,150
PERIODIC EXPENSES (AVERAGED MONTHLY)	
Christmas/birthdays	\$250
Vacations/travel	\$250
Property HOA, tax, insurance, etc.	\$200
Car registration, insurance, repairs, etc.	\$150
Total periodic expenses	\$850
TOTAL EXPENSES	\$4,950
CASH FLOW	\$50



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CFPWBK1FPB0525