

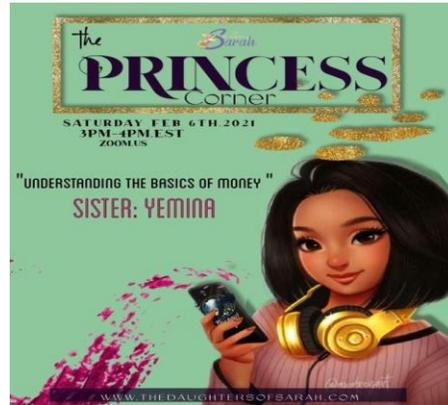


Topic: Understanding the Basics of Money

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Shalom YDOS, Happy Sabbath!

Today, I will be discussing the basics of money.

Why is money important?

Story-time: When it was time for me to purchase my first vehicle at 18 years old, I was planning on going to the used car lot. My mother told me, “Whatever you do, do not get a used car because they have higher interest rates. Used cars don’t come with a good warranty.” So, I got a brand-new car, and my mom was the co-signer. Between the time of me being 18 up to 25, I had bought seven (7) brand new cars. Every time one car got a scratch or a dent, I would trade it in for a new one. Each time, I got into more debt. Now as an adult, I realize how much money I wasted.

I do not blame my mother for what she taught me because she financially educated me on what she knew. That is why money education is so important ladies. Whatever you know about money is what your children are going to know about money. Eventually you all are going to become the wives of one of the prophets. No man should want to marry a woman that cannot be a true helpmeet to him. We are supposed to be help-meets which means more than ironing and cooking. He must know that when he is going to war that you can hold down the household. We must have some sort of financial education.



Sirach 7:26 KJV

²⁶ Hast thou a wife after thy mind? forsake her not: but give not thyself over to a light woman.

- ❑ A light woman is a woman that is willfully ignorant about important things such as money. He needs to know that when he sends you to the store to get something, and you see milk for the price of \$6, you are not going to pick it up when milk costs \$2.
- ❑ Right now, you should be a help to your parents, your siblings, and others in the congregation. (E.g., Think about your parents sending you to the grocery store with \$20 and a list. They would be incredibly happy if you were able come back with leftover money.)

Proverbs 31:16 KJV

¹⁶ She considereth a field, and buyeth it: with the fruit of her hands, she planteth a vineyard.

- ❑ At some point in your life whether you are single or married, you are going to want to start making investments. The Proverbs 31 woman invests in a field to earn a return from it which would be her harvest.
- ❑ Now is the time to consider how you are spending your money. The money that you spend is either going to be returned to you or get wasted from you. The Proverbs 31 woman understands the difference between value and cost.
- ❑ The value of an item is what you determine it to be as the consumer.
 - ❑ E.g., You may see a headwrap being sold for \$25 at Black Wall Street. That is the cost of the headwrap. If no one is willing to pay her \$25 then the value of the headwrap is NOT \$25. What people are willing to pay determines the value. Once you buy that headwrap for \$25, the value decreases. You can no longer sell it or give it back for the same price because it is used.

Proverbs 31:24 KJV

²⁴ She maketh fine linen, and selleth it; and delivereth girdles unto the merchant.

- ❑ She is an entrepreneur. She can make her product and sell it. (E.g., If it costs you \$50 to make the garment, how much should you sell it for? If someone offered you \$30 for the garment, would you take it? I hope not because it cost you \$50 to make it. These are things the Proverbs 31 woman considers.)

- ❑ Entrepreneurship is not for everyone. That is okay. When you work, you need to know how much your time and skill set is worth.

Q: What are the chief things in life? Bonus points if you know the scripture!

Ecclesiasticus 29:21 KJV

²¹ The chief thing for life is water, and bread, and clothing, and a house to cover shame.

Q: Are any of these chief things free? No, none of them are free!

Ecclesiastes 7:12 KJV

¹² For wisdom is a defence, and money is a defence: but the excellency of knowledge is, that wisdom giveth life to them that have it.

- ❑ Wisdom and money are necessary for us to live. If you have money but keep no commandments it is going to be difficult as an Israelite woman to hold on to your money and do well.
- ❑ Wisdom coupled with money is the key to success. Money without wisdom is going to lead you to poverty.

The Majority Mindset

Let us look at Bob. We are going to call Bob, Bobette and make her an Israelite woman.

The Majority Mindset



My money is always gone!

Bob makes \$20 an hour and works full time, 40 hours a week. For 2 weeks, Bob's **gross** pay is \$1,600. That is about \$3,200 a month. Now, let's look at how much it costs him to live.

Bob has bills, too.

- Rent is **\$900** a month.
- Utility bills (garbage, water, and electricity): **\$150** a month
- TV & internet bill: **\$100** a month
- Cell phone: **\$100** a month
- Car payment & insurance: **\$250** a month
- Food: **\$300** a month
- Gas: **\$120** a month

Bob has **\$384** deducted from his paycheck for taxes.



- ❑ Bobette started with \$3200 which seems like a lot of money, but now she has \$900 at the end after paying her bills. This does not include buying gifts or preparing for Passover or Purim or even going to a restaurant.

- ❑ We are making enough money to pay our bills and have a little bit of fun each month.
- ❑ Now what about money for savings? She needs additional money in case of an emergency. We always must have money put aside.
 - ❑ Bobette does not have an emergency fund in case her car breaks down. The most High put pestilence on this earth. Let us say Bobette gets sick and is out of work for two weeks. Instead of \$3200 a month now she is making \$1600 for the month, and she still must pay her bills. If she does not have enough money to pay her bills, she must rely on credit cards or loans.

The Minority Mindset

Now let us look at Rob, who we will call Roberta.

The Minority Mindset



Rob also has **\$384** deducted from his paycheck for taxes. We will look at ways to minimize these payments soon!



Rob has **\$1,408**. BUT, he owns a rental home that pays him **\$1,000** a month. He uses that as part of his income, but only spends it if he needs it. If the money is not spent, it gets added to his investment account. So really he has **\$2,408**.



My money works hard for me!

Rob saves half of his income every month. Half of that goes into an emergency savings fund. If Rob has an emergency, he will be able to continue paying his living costs without going into debt.



Rob has bills, too. Rob owns his home. He pays **\$300** a month in property taxes and insurance.
 Utility bills (garbage, water, and electricity): **\$150** a month
 TV & internet bill: **\$100** a month
 Cell phone: **\$100** a month
 Car insurance: **\$50** a month (Rob bought his car with cash.)
 Food: **\$300** a month
 Gas: **\$120** a month

Rob also earns about \$3,200 a month. He learned a long time ago about financial health, so he makes some different choices with his money.

The other half of his savings goes into an investment account. Rob saves enough money to buy an investment, and then receives income and tax breaks from those investments.



Investments



- ❑ Roberta and Bobette have the same job, so they are co-workers making the same amount of money. However, Roberta’s parents taught her how to manage money. This is the difference.
- ❑ When Roberta gets paid, she sends half her paycheck to savings immediately. In addition to this, Roberta has passive income.
 - ❑ **Passive income** is money that you make that you do not have to work for. (E.g., commercials that play in YouTube videos, the stock market, and renting homes)
- ❑ The earlier you start, the easier it will be. This does not happen overnight, and discipline is required.

What is debt?

- ❑ Debt is something that we must pay off. When we apply for loans at a Bank for car notes, mortgages, get credit cards, or have rent to own furniture, these are different avenues of debt.
- ❑ Esau makes debt sound like it is the best thing because that is the way most people live. This is not the way Israelite women want to live. (E.g., If you cannot walk into Best Buy and buy a computer cash, then do not buy it.)

Where does money come from?

- ❑ The Federal Reserve Bank prints money. They have the power to throw money into the economy. The more money printed means your money is worth less than it was before. This is because of inflation.

% change in (US) prices 1980 - 2017

Item	Price in 1980	Price in 2017	% Change
Bread	0.501	1.351	169.66
Flour	0.507	0.530	4.54
Coffee	3.208	4.468	39.28
Rice	0.484	0.700	44.63
Bacon	1.453	5.180	256.5
Eggs	0.731	1.332	82.22
Sugar	0.419	0.621	48.21
Gold troy ounce	675.31	1260.26	86.62
			91.46

- ❑ The \$1 that I had back in 1980 is not worth the same value as it is today because I cannot buy a loaf of bread for 50 cents anymore. Money is decreasing in value.



- ❑ These stimulus checks the government is giving out is going to make the cost of everything go up. The average inflation rate is 3%.

Q: What can you do about this? This is where investments come into play. (E.g., A Proverbs 31 woman buys land for \$100 back in 1980. Today, her land would be worth \$1000.)

Investments

- ❑ As investments go up, the price of goods increases. If you have no investments, you are losing money and getting poorer. This is what happens to a lot of black and brown families because we are not taught how to invest our money.
- ❑ We work the same jobs yet cannot figure out why it is harder to put food on the table. As time goes on and technology advances, you are going to want to buy more and more stuff. This is going to make it harder to make ends meet because you are trying to keep up with the technology coming out.
- ❑ When you deposit money into your savings account at the bank, the bank pays you 0.5% of your money.
 - ❑ For every dollar you may get 5 cents extra. While the money is sitting there, the bank lends your money to others like Bobette. Remember that Bobette was off for two weeks sick, so now she needs a loan to pay her bills. The bank gave you 5 cents, but they are making \$100 off Bobette. This is how banks make money.
- ❑ Wealthy people do not just save their money, they invest in their money. Savings is great however, you also need to have investments. Have that Proverbs 31 spirit who considers afield and buys it.

Remember these three main concepts from today's lesson: debt, inflation, and passive income.

Ways to Manage Your Money

1. Create a budget.
 - a. You cannot manage your money if you do not know where it is going.
2. Get in the habit of writing down all your monthly expenses.
 - a. Write down how much money you are given, and then every time you buy something subtract that out. This will get you into the habit of tracking your money. We want to support our brothers and sisters at Black Wall Street, but we also need to save so we can start to invest.
3. Saving is the first step, and then you invest.
 - a. We cannot forget about giving alms also. That needs to be considered in your monthly budget.



- 4. You need to measure your money.
- 5. Have discipline.

Wisdom of Solomon 6:17 KJV

¹⁷ For the true beginning of her is the desire of discipline; and the care of discipline is love.

- Every time one of the sisters calls you to go out to eat, it is up to you to give an alternative like doing something together at home.
- The world teaches you that you must have everything new right away. Discipline is knowing that there is going to be something bigger and better. You just must wait. It may not be your time to buy it yet.
- As we earn our money from doing chores and working, we should not be quick to part ways with our money.

Homework:

Before we part, I have some homework for you ladies.

- This should be a fun experience for you and your parents to do and discuss money. These bills are hugely different depending on where you live.

Name: _____ Date: _____ Assignment 3
 Period: _____

Predict & Investigate			
<small>First, make a list of what you think your family's household bills are each month. Then, predict how much you think that bill is each month. Third, take this sheet home and go over it with your parents. Were you pretty close on the household expenses? What did you learn? You may not need all of the lines in the table! There is plenty of space for plenty of bills. At the end, calculate the total of your predictions and your parents' information. How far off were you? Are you surprised by how much household expenses are each month?</small>			
I think...		Our actual expenses:	
1.)		1.)	
2.)		2.)	
3.)		3.)	
4.)		4.)	
5.)		5.)	
6.)		6.)	
7.)		7.)	
8.)		8.)	
9.)		9.)	
10.)		10.)	
11.)		11.)	
Total:		Total:	

Again, savings first and then investments.

- Start to watch videos on how to invest your money. You also need to get a money mentor who understands the nuances of the states that you live in.
- Remember: passive income, debt, and gross income. Find a way to make more money and spend less. I hope everyone enjoyed this class!

See you all next Sabbath, shalom