

Everyday  
**Finances**  
*for the*  
Everyday  
**Family**

Mike Yorkey

**go**tandem.

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# Dedication

To today's young families,  
trying to keep their heads above water

# Contents

Introduction . . . . .	9
1. We Spent How Much? . . . . .	19
2. Gimme Credit . . . . .	33
3. Wheels Adjustment . . . . .	47
4. Supermarket Sweep . . . . .	65
5. Get Thee to a Warehouse Club . . . . .	79
6. Let's Go Out for a Bite to Eat . . . . .	93
7. Love That Home Cookin' . . . . .	107
8. Never Pay Retail . . . . .	115
9. Trash or Treasure? . . . . .	127
10. Flying the Friendly Skies . . . . .	137
11. Why Gambling Is a Bad Bet . . . . .	147
12. Insurance for Assurance . . . . .	159
13. Giving It the Old College Try . . . . .	171
Checkout Lane . . . . .	179
Source Materials . . . . .	181
About the Author . . . . .	187

## Introduction

When it comes to everyday, kitchen table finances, I have to be honest with you: this “spending smart” business can be tough.

I don’t know about you, but it seems like whenever my wife, Nicole, and I have squirreled away a little money. . . *blam!* We get blindsided by another big car repair bill. Or the water heater breaks. Or the property tax is due.

But that’s all right. Nicole and I know God is in control—although I worry way too much. Perhaps that’s because I *know* too much. I’ve been keeping track of the Yorkey family expenses for the last fifteen years using Quicken software, and on average we spend 97.2 percent of everything that comes in. Some years we have spent more than 100 percent—like when we had two children in college—and had to take on debt. But even in those years when we managed to spend less than we brought in, our “margin of error” was razor thin.

Life continues to be a financial scramble in our household, as I imagine it is in yours. It’s my belief that today’s American families—overtaxed and squeezed by stagnant pay—are barely keeping their noses above water. Many of us are living paycheck to paycheck and bracing ourselves for the next calamity—like a leaky roof or major car repair. And

who knows how we're going to pay for the next car, college bills, and looming retirement.

The pressure to live within our means places tremendous stresses on everyone, but if you can spend smart on basic household expenses such as food, clothing, housing, transportation, vacations, and incidentals, you can realize a net savings of \$300 to \$1,000 a month. This is often the difference between a family staying financially solvent or sinking further into debt.

What expertise do I bring to the table? Well, I'm just a regular working guy—a freelance author, which means my income takes wild fluctuations year by year. I cut my teeth on spending smart when I was editor of *Focus on the Family* magazine during the 1990s. A good chunk of my workday was spent reading about and writing for families, and personal finances were as big back then as they are now. I was vitally interested in spending smart because I was earning a modest salary working for a nonprofit ministry. In addition, my wife was a homemaker, so we were living off one income.

Our family's toughest moments came when I left *Focus on the Family* magazine and uprooted my family from Colorado Springs to my hometown of San Diego. My parents still lived there, and I missed the mild Mediterranean climate of my youth. Within four months at my new job, however, the paychecks stopped. I didn't know what to do.

We were in the middle of purchasing a new home.

Mortgage lenders prefer making home loans to people who are gainfully employed. Since there was the promise of “we’ll get you caught up” at my work, I continued to show up at my new job, figuring that if I helped turn around the company, then I had a better chance to receive back pay.

Meanwhile I closed escrow and took out a first trust deed for \$15,000 more to tide us through the tough times. I worked four and a half months without a paycheck before finally deciding that I could no longer contribute to a fantasy world where the employees worked for free. I found a cubbyhole at home and started my freelance writing career.

Looking back, the only way we made it was by the grace of God and His people, who financially blessed us in miraculous and incredible ways. We also had a dogged determination not to take on any debt besides our home mortgage. That meant keeping an aging Mercury Villager minivan and driving a well-used Toyota Tercel that I paid \$2,500 for. We also made sure we paid off our credit card statements in full each month, which was a miracle in itself.

We’ve since righted the financial ship in our family, but looking toward the horizon, I’d say that times are tougher today for American families. For sure, there are black clouds looming offshore—threatening clouds that first appeared during the start of the Great Recession in 2008. My sense is that gale-force winds are drawing closer to shore.

The evidence is swirling around us. The shrinking middle

class is being squeezed every day. With food prices mounting, high gas prices here to stay, and heating and electrical bills poised to skyrocket due to government regulation from perceived climate change, American families feel like they're caught outside in an unexpected snowstorm—without warm jackets.

As part of compiling this book, I surveyed 125 Christian families on their finances about spending smart. Sixty-seven percent said they were struggling to keep their noses above the water line, adding that the pressure to live within their means placed a tremendous stress on their marriages, causing dissention and even leading to divorce in some instances. Many couples said they were looking for new ways to save on basic household expenses such as food, clothing, and transportation.

If that tall order wasn't enough, these Christian families also told me that they were committed to supporting their local church, which often meant giving a significant chunk of income—10 percent in many households. These same families also supported missionaries to foreign lands, adopted a child through various Christian agencies, or gave generously to parachurch organizations like Focus on the Family.

The couples I surveyed were generous: 85 percent said they gave at least 9 percent of their income to their local churches and charitable organizations. Compare this to the national average of 2.5 percent, according to the Christian



research organization Empty Tomb. With all this sacrificial giving, many who follow Christ live even closer to the edge of financial difficulties than the typical family.

Thank goodness we enjoy a priceless advantage being God's children, which means we can go to Him with our finances. He knows *exactly* where we are, and He knows our needs before we do, which brings me to the most important point of this book: *whenever you have an important buying decision, pray about it.* Just as God can direct you to a dependable used car that won't break down every other month, He can also help you find a much-needed pair of soccer shoes at a garage sale.

## No Need to Worry

In one of the most comforting passages of Scripture, Jesus says, "That is why I tell you not to worry about everyday life—whether you have enough food or drink, or enough clothes to wear. Isn't life more than food, and your body more than clothing? Look at the birds! They don't plant or harvest or store food in barns, for your heavenly Father feeds them. And aren't you far more valuable to him than they are?" (Matthew 6:25–26 NLT).

Although the Lord instructs us not to worry, it's human nature to be concerned about making it to the end of the month without dipping into a dwindling savings account. Our consumerist society constantly contributes to that concern.

Blitzed with “Huge Sale!” advertisements everywhere we turn, we must be on guard against the formidable pressure to buy something.

We also face an extraordinary number of choices for *where* we can spend our money. Seventy-five years ago, our great-grandparents grew up in towns with one market, one hardware store, and one gas station. That started changing rapidly in the 1950s, and these days, behemoth “supercenters,” massive modern supermarkets, expansive warehouse clubs, and niche grocery stores have sprung up in the suburbs like mushrooms.

Our great-grandparents shopped at a local five-and-dime store; we can choose from Walmart, Target, Sears, Kohl’s, and Kmart. They had one clothing store; we have Marshalls, Ross Dress for Less, and T.J. Maxx. They had seasonal sales; we have digital coupons from Michael’s and Bed, Bath and Beyond flooding our inboxes. They had a Sears catalog; we have instantaneous online shopping available 24/7 with Sunday delivery possible. They had mail-order companies; we have Amazon.com. They paid with cash; we carry multiple credit cards.

With all these options, how do we keep our heads and spend wisely? How do we know what is a good deal and what is not? This book will help you answer these questions, plus I’ll give you lots of practical tips on stretching your spending dollars. My advice comes from research, interviews, and the

125 surveys I received from Christian families—people like you and me who are trying to stay afloat.

Allow me to explain one additional reason why I'm writing this book. It's my belief that many moms want to stay home and raise their kids. *Everyday Finances for the Everyday Family* is chock-full of ideas to help you do that. Since families can do little to save on housing and taxes, the best chance to reduce costs involves so-called "discretionary spending." This is where stay-at-home moms can make a difference. I've seen my wife, Nicole, make a huge difference in this area. We rarely go out to eat because she cooks delicious meals at a fraction of what it would cost to go to a restaurant or even "fast casual" places like Chipotle Mexican Grill or Panera Bread.

Searching out good deals on groceries and clothing—which takes time—can become a part-time job for stay-at-home moms. When you stop and figure out what it costs to send Mom back to the workforce, most families net only a few hundred dollars a month after deducting the necessary child-care expenses, new work clothes, added wear and tear on a second car, and meals away from home since tired mothers are often too wiped out at the end of a long day to cook meals from scratch. Meanwhile, a mom who has the time to hunt down bargains can easily save her family hundreds of dollars each month. Some of these reasons may help justify a mother's decision to stay at home with her children.

Of course, most single moms and dads don't have the

option of staying home with their kids during the day. They face the most difficult assignment of all: providing for their family on a single salary plus any child support they can muster. The income gap between single-parent families and two-parent families is considerable. No wonder most single moms see their style of living cut in half after a divorce.

*Everyday Finances for the Everyday Family* is written for all families, no matter their situation. We can all benefit from spending less than we take in by making smart buying decisions. Nearly two hundred years ago, Charles Dickens wrote this in his book *David Copperfield*:

*Annual income: 20 pounds*

*Annual expenditure: 19.6 pounds*

*Result: happiness*

*Annual income: 20 pounds*

*Annual expenditure: 20.6 pounds*

*Result: misery*

What a reminder that spending less money than you have in your pocket equals happiness while spending more than you take in equals misery.

But you may say, “Wait a minute. I don’t feel miserable at all. I can afford these things. It’s okay to have a little debt.”

Yes, thanks to the ubiquitous credit card, you can afford to buy almost anything your heart desires, from a shiny new

car (some dealers take Visa or MasterCard if you'll pay the 1.5 to 3 percent merchant fee) to a Caribbean vacation or a night on the town. Those purchases make us happy, and I've enjoyed those material things as well. But if you're not careful about the way you swipe your credit card in a card reader, you could become very miserable someday and not be able to spend your way out of your misery.

## What's Ahead

In the coming pages, you'll discover that I've written *Everyday Finances for the Everyday Family* in a way that will arm you with sufficient knowledge to be a good shopper and save money where you can. As a writer who has written a lot of books aimed at families, I understand that today's harried parents have little patience for long-winded explanations of debt service or no-load stock funds. I think you instead want to hear concrete, tangible advice on spending your money wisely.

One thing you should know right from the beginning: I am not a tightwad. You won't find advice on how to cut up old shower curtains and turn them into baby bibs or how to collect clothes dryer lint to make your own stuffed animals. Rather, my goal is to help you save a few dollars here and there on everyday family purchases, which can help you stay out of debt and live within your means. Spend money smartly.

But there's another aspect to keep in mind. Saving

money on household items may allow you and your family to support that missionary family on furlough you met or let you financially respond when your church announces a building fund drive. The Lord delights in our gifts—not because He needs them but because we are faithful in supporting His work.

It's good stewardship to spend money wisely and stretch your paycheck as far as you can. The key word is *balance*. God has given us financial resources—be they limited or plentiful—and we are “to be content with whatever [we] have” (Philippians 4:11 NLT).

Final thought: if we're not smart with a little money, then we certainly won't be smart with a lot of money.

# 1

## We Spent How Much?

When I worked at Focus on the Family in the 1990s, I was a guest speaker on saving money at the Focus on the Family Institute for Family Studies. Each semester, I stood before forty bright college students—who came to Focus’s Colorado Springs campus for five months of intensive family-related classes—and told them my story.

“When Nicole and I purchased our first home in Southern California, it was a thirty-year-old tract home that needed a new roof,” I began. “We did our best to fix up the place, doing all the work ourselves, but just after New Year’s, I had a sinking feeling that we had been spending more than we had been earning all year long. In fact, we were down to less than \$2,000 in our savings account. Unless we made a quick turnaround, we would be incurring some big-time debt. That’s when I decided to go back and piece together our first year of home ownership as best I could.

“I went through all our credit card statements, our checkbook, and all the receipts we had saved. Then I put all those purchases for groceries, gas, clothes, car repairs, kids’ piano lessons, sports equipment—anything I could think of—into one organized accounting system. When all was said and

done, we spent \$2,500 *more* than we brought in that year.”

I had the students’ attention after being so transparent.

“I took Nicole out to our favorite Chinese restaurant and shared what I learned,” I continued. “We both agreed that changes were in order, so we began cutting back where we could and stretching our dollars. The following year, we showed a family profit, if you will, of \$1,200.”

The students registered mild interest at that point. “That works out to \$100 a month. That’s not much, folks.”

Then I walked to the blackboard. “In a few months or perhaps a year or two, you will be graduating from college, getting your first job, and living on your own. Let’s take a look at what that’s going to cost.”

In large block letters, I wrote RENT. “What are you going to have to pay for rent?” I asked the class. “We’ll assume you’ll have a roommate and rent a place where you have your own bedroom.”

“Five hundred dollars,” yelled one student.

“No way I’d live in a place that cheap,” chimed in a young woman. “Nine hundred dollars.”

“You’re spoiled,” retorted a male. “I can find a place for \$700.”

I still hadn’t written a figure behind RENT. The class professor, Dr. Michael Rosebush, who invited me to speak to these students, jumped in.

“Class, the two-bedroom apartments you’re living in off



campus cost us \$2,000 a month.”

A murmur swept the room. *That’s \$1,000 a month for each student.*

I wrote \$1,000 behind RENT and moved on to groceries. Some thought they could eat for \$250 a month, while others were sure they would have to spend \$500. I jotted down a middle figure: \$350. But I knew many of them didn’t cook for themselves, so I said we had to come up with a figure for restaurant meals. We settled on another \$350 a month, which covered around one \$10 meal a day.

From there we spent thirty minutes filling in numbers for the rest of the categories: smartphones, car payments, utilities, clothes, car insurance, car repairs, cable TV, health insurance, haircuts, recreation, and miscellaneous.

Then I stepped over to another part of the blackboard and wrote down the monthly take-home pay for \$12 an hour, \$15 an hour, and \$18 an hour—decent wages for someone just getting out of college.

When we compared the “outgo” with the take-home pay, incredulous looks covered the students’ faces. Those making \$12 an hour had no chance; those earning \$15 would break even; and those earning \$18 had some cushion.

“The problem is that some of you may not earn \$12 an hour with your first job,” I explained.

Dr. Rosebush backed me up. “In case you’re wondering, class, over half the support staff here at the Institute for

Family Studies don't make more than \$12 an hour."

*Talk about depressing.*

"Oh, one more thing is missing here," I pointed out. "We haven't even put down your tithe."

All the air was sucked out of the room.

While that little exercise was an eye-opener for the IFS students, I wondered how many families know where their financial ship is sailing. Christian financial counselors have told me that very few couples have a budget and actually follow it.

I understand why, because Nicole and I do not have a formal budget, either. Budgets are a hassle, involve a lot of time, and are no fun. Besides, how can you foresee the need to repair a sprinkler system or replace a broken dishwasher, refrigerator, and washing machine—which happened in our household in one year?

The answer is by budgeting for those repairs—putting aside money for the worst-case scenarios. With each passing year, I see how budgets provide clear financial goals, keep us from overspending, and can actually be freeing.

I've taken some intermediate steps to get there, using Quicken personal-finance software to track our expenses. Whenever we have a "bad month," we cut back in other areas or delay purchases. Our system is not "by the book," but it has worked for us.

## Build in Margin

The idea behind having a budget and tracking your expenses is that these financial practices help you understand where you are. Once you have a handle on your spending, you can build some extra margin into your life.

Margin is a good thing. Going through life without margin is like being thirty minutes late for your son's basketball game because you were twenty minutes late getting out of a meeting because you were ten minutes late getting back from lunch. Going through life without financial margin is worrying whether you are one car breakdown away from maxing out your credit cards. Going through life *with* margin means establishing parameters that leave extra money at the end of the month. For some people, this could be something as simple as buying a used minivan for \$15,000 instead of buying or leasing a shiny new one that costs three times as much when you drive it off the dealer lot.

Do you know where your family finances stand? How much debt you owe? You would be surprised at the number of couples who have only a vague idea regarding how much debt they're saddled with. Many couples are afraid to seek out the answer—kind of like ignoring dizzy spells and the blood you're coughing up because you don't want to find out that you have cancer.

Since I'm not an expert on budgeting, I sought out Mahlon Hetrick, president of a ministry called Christian

Financial Counseling in Fort Myers, Florida, and author of *The Money Workbook*.

**Q: What's one of the biggest mistakes you see couples making with their finances?**

**Mahlon:** I see way too many families who have no budget, no spending plan, no savings, too much credit, too much overspending, and wanting too much too soon.

**Q: Hmmm, that kind of says it all. What's the first thing couples should do to introduce themselves to budgeting?**

**Mahlon:** Proverbs 18:13 (TLB) says, “What a shame—yes, how stupid!—to decide before knowing the facts!” The first thing couples need to do is gather the facts. You need to know how much you are paying for rent or your mortgage, what your car expenses are, and all the other household expenditures. You need to know your tax situation. Often, we discover many people are overwithholding. All they're doing is giving the IRS their money to hold before it's returned to them with no interest. That's not wise.

But the biggest problem we see is a lack of discipline with credit card use. That's why they overspend.

**Q: How much credit card debt are we talking about?**

**Mahlon:** Anywhere from \$15,000 to \$50,000. Sometimes even more. But you know, it doesn't matter how much income a family brings in. If you overspend with a household income

of \$40,000, you'll overspend with a household income of \$80,000.

**Q: It's been estimated that only 5 percent of couples have a budget. Is that what you're seeing?**

**Mahlon:** I sure am. Most people think they have a budget, but what we find is that people are record keepers. They don't have a budget. They keep track of what comes in and goes out. (Author's note: That sounds like me!)

Let's assume that your outgo exceeds your income by \$600 a month. If I were to ask you what the problem is, you would tell me that your outgo exceeds your income.

If I were to ask you in which category you're doing well or which area you're doing poorly, you'd have no idea. You wouldn't have any idea until you have a written guideline that tells you what you can afford to spend for your level of income.

**Q: So you're saying that without putting things down in writing, you can't identify what's causing the problem.**

**Mahlon:** That's right. You see, people do not usually have a money problem. They have an ignorance problem about money matters. They have not been taught guidelines for spending in the various budget categories based on their level of income. They also have attitude problems about money—problems with pride, greed, coveting, etc. The average family spends about 110 percent of their income living beyond their means.