FamilyLife Today® Radio Transcript

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Reaping the Fruit of Sacrifice

Guests: Crystal Paine and Steve and Annette Economides
From the series: Money-Saving Families (Day 2 of 3)
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Bob: You may have experienced something like this at your house—your kids want some fancy sneakers. Everybody's got the fancy sneakers; and your kids want them, too. Steve Economides says, "The question is not, 'Can you afford to buy your children those sneakers?' The question is, 'What's the best decision you can make for your kids?'"

Steve: If I earned $100,000 a year, and I was able to afford to give my kids the $200 sneakers, what I've done is I've handcuffed them to my earning level. Let's say they never attain that level. The struggles they are going to experience, trying to replicate our lifestyle, are epic. *If* I teach them to spend what they've earned, and they *exceed* my earning, have I handicapped them at all? No. They are equipped.

Bob: This is *FamilyLife Today* for Tuesday, July 30th. Our host is the President of FamilyLife®, Dennis Rainey, and I'm Bob Lepine. You'll have to pardon my voice today, but we are going to talk about how you can raise children who are money-smart and can be financially independent. That's a good thing to talk about; don't you think? Stay tuned.

And welcome to *FamilyLife Today*. Thanks for joining us. You know, we're in the studio today with Crystal Paine, who has a blog for moms—called *Money Saving Mom*®. We've got Steve and Annette Economides—

Dennis: —who changed their last names to be able to write a book about money. [Laughter] I mean, what a name!

Bob: I know—Economides. They are known as "America's Cheapest Family". I was thinking I need to come up with a slogan like that for you—something. I'm still working on what it will be; [Laughter] but I think we should come up with something like that for you.

Dennis: We're going to come up with all kinds of great advice today about how to handle your budget, your money, your savings, and your giving. So—Crystal, Steve, Annette—welcome back to *FamilyLife Today*.

Steve: It's great to be here, Dennis.

Annette: It's great to be here.

Dennis: Crystal, you've written a book called *The Money Saving Mom's Budget*. Steve and Annette have written one called *The MoneySmart Family™ System*. This system that you guys talk about here is 5, 50, 500. Explain what 5, 50, 500 is all about.

Steve: Years ago, I was in the advertising industry. We did a lot of interfacing with printers. I had an old printer salesman come to me one day. He said, "When you set up this ad for this magazine, make sure you proof your work…" I'm sitting there, going, "This is a strange thing to say." "…because if you proof your work well and you catch a typo, at the type-setting stage, it will cost you $5. If you catch it when we go to film, before it goes on the press, it's going to cost you $50. And if we catch it on the press, and we have to stop the presses, it's going to cost you $500 an hour. So, proof your work."

Well, it didn't really click then; but as we started raising kids—and we have five kids—and we started seeing unlearned lessons that they would experience—noticed that the price tag kept escalating.

Bob: The older they get?

Steve: Every time they repeated a lesson, the cost went up. So, we're sitting down, getting ready to write this book, which is our third book—it's basically how to transfer what we've learned about managing money—being a steward—to our kids—and realized, "That's the principle!"

Annette: So, the $5-stage is 0 to 5 / 0 to 6. Back then, if you give into whatever—a tantrum—it's going to cost you $5. Between 6 and 11, if you give into the impulse urges, it's going to be $50. Twelve to 17 is $500—that's laptops, cell phones. Seventeen to 20 is $5,000—that's school tuition, cars, credit card bailouts. And 24 and above is $50,000. We've actually interfaced with people—that are in this position—where they are dealing with custody battles, divorces, home foreclosures, car repossessions.

We see parents, today, bailing their children out. Sixty percent of all parents, out there today, are supporting their adult children, financially. Crystal is a rarity. She is a needle in a haystack.

Steve: You know, the 5, 50, 500 rule is the downside. What we did, in the book, was—we talked about, "How can you defeat that rule?" because we really want to empower parents to train their kids to be financially independent and really realize that they are not raising children—they are raising future adults. So, "How do you do that?" Basically, every time your child wants something—and you find a way for them to pay for it themselves or to earn it—now, you've just defeated the rule. You've freed yourself from

funding the entitlement mentality; and you've trained your child to be self-responsible and self-reliant.

Bob: The kids are going to learn these lessons, at some point. If they learn them when it's a $5 lesson—

Steve: It's way better.

Bob: —it helps them. It helps everybody as opposed to a 50 or a 500—you're just saying, "Let's plant these truths in their heart, young;" right?

Annette: Absolutely; but, Bob, what we've told in many of our interviews is you can start anywhere along the way. I mean, we have 24 chapters in this book—talking from when they're young and they're preschool-age—to starting when they are teenagers and you're dealing with part-time jobs, and getting ready for college, and all the way up to adult.

What do you do when you do have—you've missed the boat—so to speak; okay? You didn't transfer the baton. Now, you've got adult children, who are coming to you, asking for money. How do you help them? You know: "You give them a fish; you feed them for a day. You *teach* them to fish; you feed them for a lifetime." So, what can you do? Our book has chapters that deal with *every* single age and issue.

Bob: Let me take this all the way back to when the two of you got married—when you two met. We asked the question earlier about Crystal—where she was on my 1-to-5 scale—with 1 being a tightwad, and 5 being extravagant. She said, "She was a 1; maybe, nudging over to a 2." So, where were you, Annette, when you first met your husband?

Annette: Actually, I wasn't that thrifty when I first met my husband.

Steve: She loved clothes.

Annette: Yes, my mom—oh, she loved to spend money. That was how I was discipled; right?

Bob: Okay.

Annette: But we had pretty much nothing to live on when we first got married. It was either sink or swim—either we had to figure out how to survive or we weren't going to make it. So, I was a 3 when we got married; but now, I would put myself in the 2 category—the thrifty—but I would still say I was generous because there are a lot of missionaries that we support.

Steve: When we first got married, I was earning $6.50 an hour as a paste-up artist at a printing company. Annette wanted to stay home and manage our home. She'd never run a home before. We read, in Titus, where it talks about "…be workers at home;" and she took that to heart. She felt like that was God's calling on her. So, we decided—and we both had no debt from college, which was a miracle—we decided she would stay home. I would work one job. Now, my dad told me I should work two jobs and Annette should work a job. We should save all the money we could and be in a house in three years.

We decided that we were going to trust God to provide and to work that out because Psalm 127 talks about, "It's vain to rise early, go to bed late, to eat the bread of painful labor. God gives to His beloved even in their sleep." That's crazy talk, but it's true.

Annette: And three years later, we were in a house.

Steve: Three years later, we had 15 percent to put down on a house. We paid that house off in nine years.

Annette: It was repossession. It needed a lot of elbow grease, but painting is easy.

Steve: We paid it off on an average income of $33,000.

Bob: Wow!

Steve: In the same amount of time—by the time we sold that house, we had five kids. We paid cash for two cars and taken vacations. So, the system worked. What really happened was—in our marriage prep class, before we got married, we learned about budgeting from Larry Burkett.

Annette: We were raised in semi-thrifty homes. Both of our parents shopped at the JC Penney's catalogue outlet, but they didn't like do garage sales or rummage sales; and there were hardly any thrift stores back then. I mean, the thrift store industry has just gone bonkers. There was no such thing as a consignment store back then.

Bob: So, you were not raised with an extravagant approach to life. You were raised in kind of that middle class—"Let's pinch a penny here;"—

Annette: Right.

Bob: —but you didn't dive into marriage with an aggressive approach. That's something that somewhere got birthed in—what is it in your heart?

Annette: Actually, we did.

Bob: Okay.

Steve: We started with a budget. We learned, in our marriage prep class, what a budget was; and neither of us had ever lived on it. When we got started—where it really clicked—there were two significant events. One was—I got a phone call, one day, at the printing company. Annette was out, running errands. She said, "Is it a bad thing when water comes out of the tail pipe of the car?" [Laughter] It turned out we had blown a head gasket.

Now, we had our budget set up—where we were saving, in advance, for our rent, for our food, for our clothes. We had a little bit of recreation money. We had an auto account. We got a quote, and it was going to cost $500 to rebuild the engine. We didn't have the money. We had a choice to make, right there; and that was, "Were we going to run to the bank, or were we going to run to God?" We chose to wait until God provided through our budget.

Annette: Now, we lived close to work. So, he could bike to work each day.

Steve: And we had some friends, in our young-marrieds' class, who said: "We have an extra car. You can drive it on the weekends and drive it to church." The body of Christ provided. We made it a month—had the money saved, got the car fixed—pivotal point.

Dennis: What I'm hearing you say, though, there was sacrifice. That's not a word that we like to embrace today.

Steve: Well, I wrote this down when Crystal was talking—

Annette: Yes.

Steve: —because she talked about sacrifice going through law school. I wrote down this phrase: "You can cry now, or you can cry later."

There was a time when we bought some couches from missionaries, going out of the country. They were leaving the country; okay? These brown and plaid Mediterranean couches for $25—that's what we could afford. Our neighbor, a guy I led worship with at Crusade in college—and he was working as a computer programmer and earning $30,000. I'm earning $13,000 a year. One day, the Scandinavian furniture truck drove up to our apartment complex. Dave's house gets delivered—leather couch, teak—

Annette: —dining room table, a hutch. I just went inside, and I just sat on our couches, and I bawled! But it was, at that point, where I said: "Lord, I want to be thrifty. I don't want to have any debt; but I don't want to have orange and brown plaid couches. I just—they're ugly! I just—but I'm going to live this way if that means we need to live debt-free."

Steve: Yes, about four years later, I got a bonus at work—a different job. I called her up and I said, “Mrs. Economides, go out and buy those couches.” There were couches we saw, before we were married—they were at JC Penney’s.

Annette: And we used a coupon.

Dennis: Crystal, I want you to comment on what Steve said earlier. You did sacrifice so your husband could go to law school. Why is sacrifice so important as you approach the subject of money?

Crystal: You know, if you don’t make sacrifices—if you’re not *willing* to make sacrifices—you’re not going to, probably, reap the benefits. Sacrifice is important because if you can’t—you know, like I talked about—you have to make short-term sacrifices for long-term benefits. So, that’s in all areas of our life. If you want to lose weight, you’re going to have to sacrifice—exercise—get up early and exercise, you know? Or you are going to have to eat less. Sacrifice will help you to achieve those results; and you will reap the fruit, but it is hard!

I remember those times when he was in law school, and we—we, literally, could not afford—we didn’t have $2 to spare in our budget, and we couldn’t buy anything. I remember when I got pregnant. I couldn’t buy maternity clothes because I didn’t have any money to even go to the thrift store, and we just prayed. A friend of mine sent a box of maternity clothes. You know, God *always* provided; but that didn’t mean that there weren’t times when it was really hard and when we had to just get on our faces, and cry, and say, “God, we have to trust You to provide this for us.”

Dennis: You know, one of the things you have, as an advantage, perhaps, over other listeners? You grew up in a family where you saw your parents sacrifice so they could give. They sacrificed and saved so they could reach out to others and help them. That really goes back, Steve and Annette, to your book. You’re really equipping parents to train their children with life skills—

Steve: That’s right.

Annette: Absolutely.

Dennis: —about handling money.

Bob: And Mom and Dad have got to embrace those first. You can’t train your kids to do something you’re not doing yourself.

Steve: We just watched the Olympics this last summer. I was a competitive gymnast in college. That’s how God paid for college for me, which was interesting. But we saw these gymnasts—we saw the track athletes running around—doing their exercises—and they were phenomenally-trained.

Annette: Or the girl gymnasts were amazing!

Steve: But I guarantee you that there was not one of those athletes whose mom or dad did the weight lifting for them. When we entitle our kids—when we give our kids—I mean, if we're high-income earners and we have money—and there were years we earned a decent income—we decided we would not give our kids those things; but we would teach them to earn them, themselves.

It does a couple of things. It teaches them that they can wait, they can work, and they can get the reward. I mean, we want to give our kids the best by giving them the strength to go through these things.

Bob: Annette, how many kids—five?

Annette: Five.

Bob: What ages now?

Annette: They range from 18 to 29.

Bob: And when they were 8 to 19—if I've got my math right there—were there any whiners in the bunch, going, "I don't like being an Economides"?

Annette: Well, I wouldn't say, "I don't like being an Economides," but we did have some that really had more of a tendency to spend their money than others. The cool thing about the system that we set up—our MoneySmart Kids System—is that it was cash in envelopes. When the cash was gone, they couldn't spend anymore.

There were times when we went out for a special sale or something. One particular kid looked in his envelope, and he didn't have anything. So, he came with us; but he couldn't buy anything that day. We weren't going to bail him out because he needed to learn how to plan and prioritize his money.

Dennis: Kids go through various phases. You start, obviously, in kind of the 0- to 5-age range—that's a time when you train them to do certain things—then, the elementary age and, then, junior high and high school. Walk through those three phases and give us a couple of tips or important things to consider as you train children in each of those three phases of life.

Steve: Okay. At the baby stage, 0 to 5, your kids aren't really making choices. You are making the choices; but you can set in motion a train that's really hard to stop if you start buying all the designer clothes—all the designer baby gadgets. You set up this expectation, in the child's mind, that this is how life is.

Annette: But from 0 to 5, we say that's a great time to start teaching them how to identify coins—how to let them know that money exists. Our youngest daughter just had a little Minnie Mouse bank. She'd get some of the money, and she'd just put it in her bank. At that stage, it would be great for garage sales. She could spend her money at garage sales.

From 6 to 11, they're learning a whole then—I mean, they are adding, subtracting. They're using percents, their decimals. At eight years old, we transfer them to envelopes. That's when they're really touching cash—

Steve: Right.

Annette: —and figuring out—

Steve: They have three envelopes: give, save, and spend. A lot of times, when we do our giving—and we have a lot of missionaries we support. Abby, when she was—what?—six years old—she met Joni Eareckson Tada, and she fell in love with Joni. She carried her book around for days. We got a letter from Joni about something; and Abby said, "I want to give to Joni." So, we all pooled our money. It was a family project, and we sent some in. That was her heart! That was incredible to watch and to bless her. She still follows her today, and she is 18.

Bob: Wow.

Annette: And then, from 12 to 17—oh, so much is happening then—but at 12 years old, they start buying their own clothes.

Steve: It's so funny that she said that.

Annette: I'm just like—I couldn't believe Crystal said that because that's exactly the age that we started doing it. Of course, we're going to issue grace—if the boys are going through a growth spurt, and they've been spending their money wisely, and they need underwear or sneakers—we're going to buy them the things that they *need*—not the things that they necessarily want—but the things that they need.

But when they are buying their own clothes, you know, $200 sneakers are just really not that exciting because they are just not worth $200 when you have to earn the money to buy them.

Steve: Here's something we saw. If I earned $100,000 a year and I was able to afford to give my kids the $200 sneakers, what I've done is I've handcuffed them to my earning level. Let's say they never attain that level. The struggles they are going to experience, trying to replicate our lifestyle, are epic. If I teach them to spend what they've earned and they exceed my earning, have I handicapped them at all? No. I've actually freed them up to be generous—to give, to save, to do all kinds of things. They

can accomplish incredible things. So, I haven't hand—I've basically made them like Warren Buffett—a man who is able to evaluate a business, buy low, grow it, sell high. They are equipped, and that's our goal.

Dennis: You know, we were not quite as sophisticated as your book talks about here. I wish we'd had your training. Frankly, it would have been a great benefit; but you are reminding me of an epic conversation that pretty much occurred in each of our six children's lives—when they went away to college, and they were weaned off the parental wing, protecting them and providing for them. They kept either asking or whining about why they didn't get more money because they were comparing what they were getting to go to college or what they had to college with what their friends were. That's a dangerous thing—that comparison.

With each of them, pretty much the following conversation occurred. I'd look them in the eye and say: "You know, you're becoming an adult. Becoming an adult means you have adult tastes, and you know what? As a parent, I'm not committed to supplying your adult tastes and meeting all of your desires of what you want in terms of clothing, lifestyle, and the number of times you eat out. So, you know what? We've set a little budget for you. This is what you are going to college on. We purposely set it low enough so that you have to get a job, and you have to supplement your own"—

Annette: Yes.

Dennis: —"income if you want to do things in addition." Actually, we visited one of our children, when she was in college, and she was eating Ramen noodles, Bob.

Bob: Well, was that because of the health club membership that she had been working toward?

Dennis: It was because of a health club membership that she had made. She had to live on a budget. The only way she could make the health club membership—which was a bad choice—even though it was only 25 bucks a month—she'd signed a contract for a year.

Annette: Yes.

Dennis: And she paid dearly because Ramen noodles—after a year, on Sunday night—they're not her friend.

Steve: We heard something that probably only 1 percent of parents ever hear—and that was—our son, Joe, who's got two semesters left in college—

Annette: To get his bachelors.

Steve: —and he hasn't borrowed a dime. He said, to us, when he started—he said, "Mom and Dad, I don't want you to pay a penny for my college." And he's done it. Actually, none of our kids—we helped them through community college classes when they were in high school, and they graduated high school with about 30 credits—

Dennis: Right.

Steve: —toward college. None of them have borrowed a dime. Starting young—gives you that ability to build the strength so that they can accomplish incredible things. I said: "Joe, you may be poor now. You feel like you have no money, but you are going to be miles ahead of your peers when you graduate because you aren't going to be carrying a trailer load of debt behind you."

Annette: Dennis, we do talk, in our book—we have a whole chapter on college. I think it's one of the biggest chapters in the book, where we talk about, "How do you set your kids up to do this?"—you know, from cash to preloaded cards, to an account where they can draw from.

Steve: To scholarships, to buying books—

Annette: Yes.

Steve: —there are all kinds of ways to save.

Dennis: Parents shouldn't step in and protect their children from reality because they're going to have to live there, at some point.

And what I like—what you've done in your book, and what you teach there, is you're really calling parents to—first of all, as we mentioned earlier—to model a lifestyle of control, to model giving—really a Kingdom-mindset of sending it on ahead so that their children know where real value truly is—and then, to train their children, practically-speaking, to know how to live within their means, and to be able to—well, on the 1-to-5 point scale, Bob—to move to the left a little bit so they can be more generous on the right.

Bob: Well, it's really all about making choices. I mean, at the end of the day, they are not easy choices for families to make sometimes; but you are making decisions about what you value, what's important, and choosing to live within your means. I think the books by Steve and Annette and Crystal help families be able to do just that, more effectively—give you some tips—some help on how you can bring some balance to your family finances.

Steve and Annette's book is called *The MoneySmart Family System: Teaching Financial Independence to Children of Every Age*. And Crystal's book is called *The Money Saving Mom's Budget: Slash Your Spending, Pay Down Your Debt, Streamline*

Your Life, and Save Thousands a Year. We have both books in our *FamilyLife Today* Resource Center. Go, online, at FamilyLifeToday.com for information on how you can order both of these books. Again, the website is FamilyLifeToday.com; or call, toll-free, at 1-800- "F" as in family, "L" as in life, and then, the word, "TODAY"—1-800-358-6329, 1-800-FL-TODAY.

We always want to thank those listeners, who are able to help support the ministry of *FamilyLife Today*—our generous listeners. We have some folks who are very generous. We are grateful for our Legacy Partners, who give each month—grateful for those of you, who call in, from time to time—particularly, those of you who call at the end of July because that's a time of year when we're not hearing from as many folks as usual.

So, when we hear from you to make a donation to help support *FamilyLife Today* to keep it on this station and our network of stations, all across the country, we appreciate that so much. This week, we'd like to say, "Thank you for your financial support," by sending you a CD of a conversation we had with Kay Wyma. Kay is a mom, who lives in Dallas, who found a way to get her kids more involved in the management of the household. Not only did they start owning responsibility for the chores they were doing but there was a lot more peace and harmony around the home, as well. Kay shares with us how she made that happen, in the interview we did with her.

We'll send you a CD of that interview when you make a donation this week. Simply, go to FamilyLifeToday.com and click the button that says, "I CARE", to make an online donation. Or call 1-800-FL-TODAY and make your donation over the phone. Ask about the CD, *Cleaning House*, when you get in touch with us, and we're happy to send it out to you.

And we hope you can be back with us again tomorrow when we'll continue talking about how we can be money-smart at home and how we can raise our kids to be money-smart, as well. Hope you can join us for that.

I want to thank our engineer today, Keith Lynch, and our entire broadcast production team. On behalf of our host, Dennis Rainey, I'm Bob Lepine. We will see you back tomorrow for another edition of *FamilyLife Today*.

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