

# **A Christian Application of Financial Planning Principles**

Countryside Bible Church

# MYSTERY PICTURE



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# What does God say about the importance of money and possessions?

- Over 500 verses about Prayer
- Over 500 verses about Faith
- Over 2,300 verses about money and material possessions.

**God expects us to wisely manage the resources He entrusts to us.**

# The Reality

## Psalm 24:1

The earth is the Lord's and all it contains,  
the sea, and those who dwell in it.

- Since **God owns everything**, we are **expected** to be good stewards of all with which He entrusts us.
- This is **not** advocating the prosperity gospel, but rather, emphasizing the importance of stewardship.

# Objective

Build a plan for your financial future to assure the money God has entrusted to you will be spent according to the priorities you have established, based on God's guidance.

# What is Financial Success?

- Faithful stewardship of the assets the Lord has graciously bestowed on us.
- Using those assets to His Glory.
- Defined by each individual, according to biblical principles.
- As a minimum, avoid debt and be financially self-sufficient.
- Achieve and maintain a comfortable lifestyle.



# The Route to Financial Failure

- Fail to establish goals.
- Don't plan.
- Overload with debt.\*
- Live beyond your means.
- Lose Hope.
- Work beyond desired retirement age.

*\*Buying what you don't need with money you don't have to impress people you don't know or like.*





# 7 Ways to Become Financially Successful

- Win the lottery.
- Invent a popular item (Hula Hoop.)
- Write a best seller.
- Marry well.
- Professional athlete.
- Popular entertainer.
- Inherit lots of money.

**If not these, then what?**



# A Fact of Life

There is no silver bullet or get rich overnight scheme. You must take the **responsibility** for your own financial success!

For most of us that means living on less than we make, saving and eventually investing.



# What We Will Discuss

- Introduction – Biblical Perspective
- Problems We All Face in Financial Planning
- Goal Setting
- Budgeting (A sustainable spending plan)
- Using Coupons
- Christian Giving
- The Time Value of Money
- Credit Management
- Credit Reports and Scores (correcting and improving)
- Savings Accounts (types and uses)
- Using Debt Effectively
- Personal Loans types/calculations/selection
- Payday & Car Title Loans
- Buying/Leasing a Car
- Renting a Home/Apartment



# What We Will Discuss

- Risk Management – avoidance/control/transfer
- Insurance – auto, homeowners, health, life, disability, umbrella
- Investing – stocks, bonds, mutual funds
- Dollar Cost Averaging
- Tax Qualified Investments
- Buying a Home
- Paying for advanced education – yours, children, grandchildren
- Planning for Retirement
- Preparing a Financial Plan
- Legal Documents

# Financial Pitfalls

- **Lack of Planning - Goals**
- Short-term orientation
- Procrastination
  - Cannot overcome instant gratification





# A Fact of Life

A goal without a plan will always be nothing but a dream.

**Most** people have dreams but few goals and **no** plan!



# **Be Diligent and Wise**

## **Proverbs 21:5**

The plans of the diligent lead surely to advantage, But everyone who is hasty comes surely to poverty.

## **Proverbs 13:16**

Every prudent man acts with  
knowledge, But a fool displays folly.

# Virtually Nothing Worthwhile Happens by Chance

## Financial goals must:

- Be meaningful
- Be specific
- Represent dollar amounts
- Be significant
- Be measurable
- Have a timeframe
- Be challenging
- Be committed to
- Be attainable
- Be in writing

***Don't sabotage yourself!***

# Setting Goals

***Dream:*** What you hope for.

***Goal:*** What you plan for.

- List your Financial Goals (Your Bucket List)
- Prioritize
- Set a Target Date
- How much will it cost?
- Budget for Your Goals
- Follow Up!



## Financial Goal-Setting Worksheet

1 Goals	2 Approximate Amount Needed	3 Month & Year Needed	4 Number of Months to Save	5 Date to Start Saving	6 Monthly Amount to Save (2-4)
<b>Short-Term</b> (under 3 years)					
<b>Medium Term</b> (3-10 years)					
<b>Long-Term</b> (10 or more years)					

date prepared \_\_\_\_/\_\_\_\_/\_\_\_\_

# Setting Goals

## Financial Goal-Setting Worksheet

### **Specify your Goals:**

- Short-Term
- Medium Term
- Long Term

### **For each of these categories determine:**

- Approximate Amount Needed
- Month and Year Needed
- Number of Months to Save
- Date to Start Saving
- Monthly Amount to Save

# Financial Pitfalls

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# Which would you rather have?

- A. \$50.00 today
- B. 1¢ that doubles every day for two weeks



# The result of doubling 1¢ every day for two weeks

Day	Amount	Day	Amount
1	.01	8	1.28
2	.02	9	2.56
3	.04	10	5.12
4	.08	11	10.24
5	.16	12	20.48
6	.32	13	40.96
7	.64	14	81.92

***Patience does have a value***



# Financial Pitfalls

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# Put time on **YOUR** side

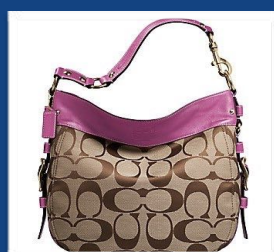
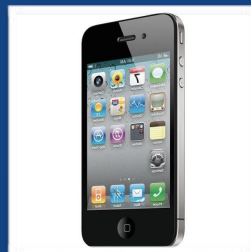
The price of  
procrastination



# Compulsion and Instant Gratification

We want it **ALL** and we want it **NOW**

There is no limit to the amount of money we can spend or waste.





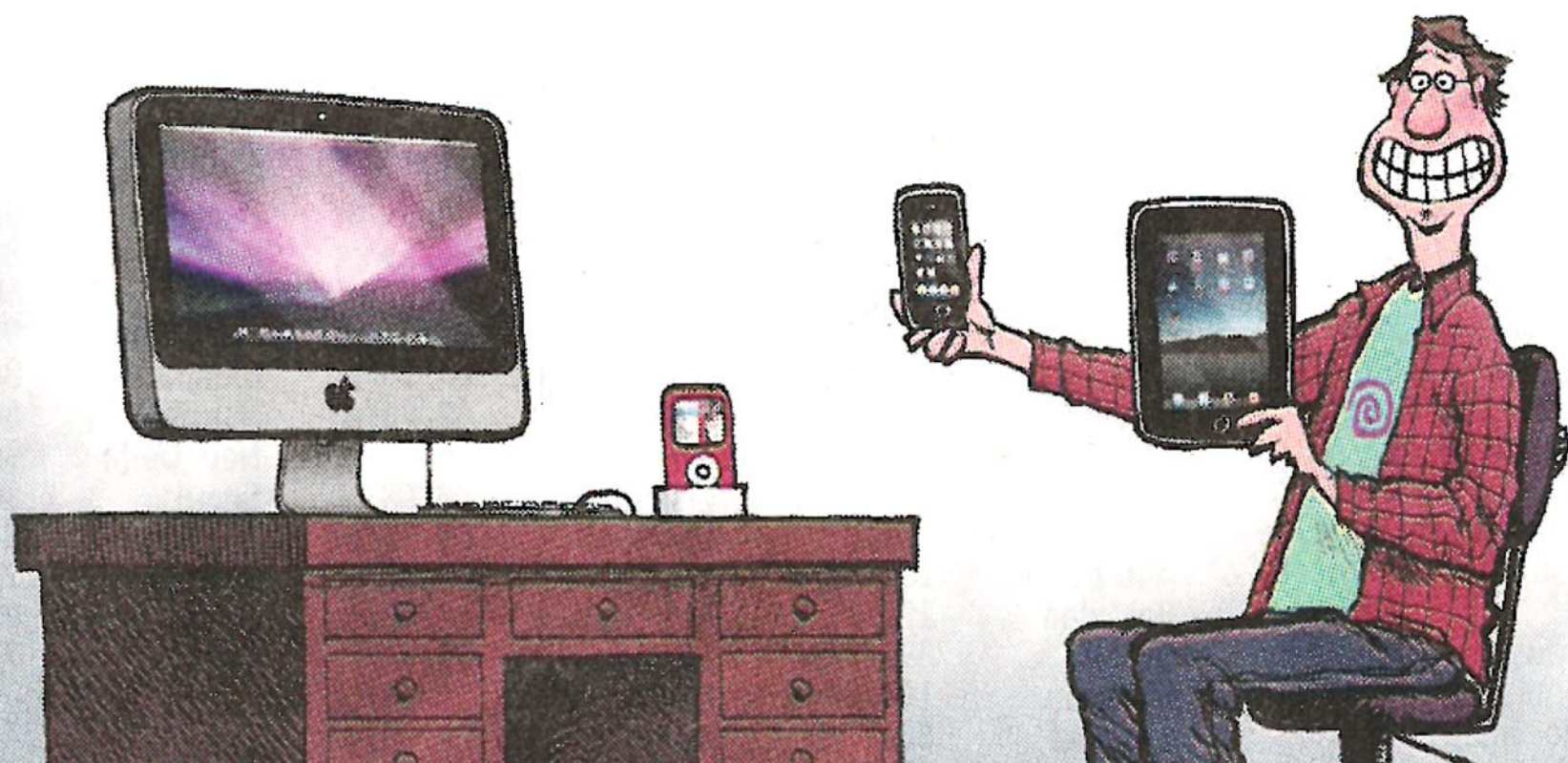
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## **Luke 12:15**

Then He said to them, “Beware, and be on your guard against every form of greed; for not even when one has an abundance does his life consist of his possessions.”

## **1 Timothy 6:6-7**

But godliness actually is a means of great gain when accompanied by contentment. For we have brought nothing into the world, so we cannot take anything out of it either.

# Budgeting vs. Compulsion

Today ← **Tension** → Tomorrow

Spend/Borrow **vs.** Save



# A Good Spending Plan Will Give You:

- The capacity to give joyfully to the church.
- The discipline to be a good steward.
- The ability to distinguish needs from wants.
- The tools to overcome compulsion.
- The assets to pay your debts on time.
- The knowledge of how much money you have.
- The confidence of knowing where your money is going.
- The flexibility to correct your financial mistakes.
- The strength to stay out of debt.
- The desire to spend less than you make.
- Dollars for financial emergencies and short-term goals.



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## **Luke 14:28**

For which one of you, when he wants to build a tower, does not first sit down and calculate the cost to see if he has enough to complete it?

# Two Facts of Life on Budgeting

- A part of all you earn is yours to keep.
- Pay yourself first.

***It doesn't get any more basic or significant than this.***





# Pay Yourself First

## **Spend Now, Save Later**

Taxes, church, charities

Entertainment

Basic living expense

The “Etceteras”

Yourself

## **Save Now for Your Future**

Taxes, church, charities

Yourself

Entertainment

Basic living expenses

The “Etceteras”







# A Basic Spending Plan

## A Basic Spending Plan

INCOME	Expected	Actual
Commissions		
Salary/tips		
Interest		
Other		
<i>Total Income</i>		
<b>EXPENSES</b>		
<b>Giving/Savings/Taxes</b>		
Church		
Charity		
Savings		
Taxes		
<b>Housing</b>		
Rent/House Payment		
Electric		
Gas		
Maintenance		
Phone/Internet		
Renter's/Homeowner's Insurance		
Taxes		
Trash		
Water		
<b>Car</b>		
Lease/Car Payment		
Gas		
Insurance		
Maintenance		
Repairs/New Tires		
Replacement Fund		
<b>Entertainment</b>		
Concerts/Sports Events		
Eating Out		
Movies		
TV/Cable/Satellite		
Vacation		
<b>Misc</b>		
Clothes		
Credit Cards		
Debt		
Food		
Personal Care		
Medical Care		
Other		
<i>Total Expenses</i>		

*Total Income*      \$ \_\_\_\_\_  
*- Total Expenses*    \$ \_\_\_\_\_  
*= Difference*        \$ \_\_\_\_\_

# Income

	Expected	Actual
<u>Salary/Tips</u>		
<u>Commission</u>		
<u>Interest</u>		
<u>Other</u>		

# Expenses - Giving/Savings/Taxes

	Expected	Actual
Church		
Charity		
Savings		
Taxes		



# Expenses - Housing

	Expected	Actual
<u>Rent/House Payment</u>		
<u>Electric</u>		
<u>Gas</u>		
<u>Maintenance</u>		
<u>Phone/Internet</u>		
<u>Insurance</u>		
<u>Taxes</u>		
<u>Trash</u>		
<u>Water</u>		

# Expenses - Car

	Expected	Actual
<u>Lease/Car Payment</u>		
<u>Gas</u>		
<u>Insurance</u>		
<u>Maintenance</u>		
<u>Repairs/New Tires</u>		
<u>Replacement Fund</u>		

# Expenses - Entertainment

	Expected	Actual
<u>Concerts/Sports Events</u>		
<u>Eating Out</u>		
<u>Movies</u>		
<u>TV/Satellite/Cable</u>		
<u>Vacation</u>		

# Expenses – Miscellaneous

	Expected	Actual
Clothes		
Credit Cards		
Debt		
Food		
Personal Care		
Medical Care		
Other		



# The Difference

Total Income | \$

- Total Expenditures | \$

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= Difference | \$

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If the difference is positive, you are spending less than you bring in... CONGRATULATIONS!

If the difference is negative, changes are called for. Most Americans spend more money than they can afford.

# The Time Value of Money

- **Input**
- Time
- Rate of return



# How to save \$11.00 a day

## Add up what you spend on:

- Bottled water
- Latte/cappuccino
- Eating lunch out
- Manicures/Pedicures
- Snack machine purchase

## Save a bit by:

- Planning ahead and buying in bulk
- Buying on-sale items instead of similar full-price items.
- Using coupons.
- Others

***It's not how much we EARN,  
it's how much we spend***

# The Time Value of Money

- Input
- **Time**
- Rate of return





# The Time Value of Money

- Input
- Time
- **Rate of return**



**What is the impact of  
compounding?**

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***Can it make a  
difference?***

**You decide!**