

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”



Your Spending Plan/Budget

What should be included in your basic/advanced spending plan?



A Basic Spending Plan

A Basic Spending Plan

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

Income

	Expected	Actual
Salary/Tips		
Commission		
Interest		
Other		

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
Concerts/Sports Events		
Eating Out		
Movies		
TV/Satellite/Cable		
Vacation		

Expenses – Miscellaneous

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

The Difference

Total Income | \$

- Total Expenditures | \$

= Difference | \$

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

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- Time
- **Rate of return**



**What is the impact of
compounding?**

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

You decide!

1 Timothy 6:10

For the love of money is a root of all sorts of evil, and some by longing for it have wandered away from the faith and pierced themselves with many griefs.

Proverbs 21:20

There is precious treasure and oil in the dwelling of the wise, But a foolish man swallows it up.

Proverbs 6:6-8

Go to the ant, O sluggard, Observe her ways and be wise, Which, having no chief, Officer or ruler, Prepares her food in the summer And gathers her provision in the harvest.

Fixed savings at 4%

\$10,000	Deposit	
+ \$400	Interest	
<hr/>		
\$10,400		
		28%
- \$112	Tax	
<hr/>		
\$10,288		
		4%
- \$400	Inflation	
<hr/>		
\$9,888	Purchasing Power	