

Today's Message

Wisdom & Finance

A message to the congregation

October 18, 2009

Includes:

"My Life and Financial Goals Worksheet" p. 7

"Basic Budget Worksheet" p. 8



'Tis the Gift to be simple...

Wisdom and Finance

A message to the congregation October 18, 2009

*The plans of the diligent lead surely to abundance,
but everyone who is hasty comes only to want. (Proverbs 21:5)*

*Precious treasure remains in the house of the wise,
but the fool devours it. (Proverbs 21:20)*

Today in worship we will look closely at biblical principles of money management and learn how they apply to our daily lives. We will review some common pitfalls and cultural traps and discover how to avoid them. We also will receive a reminder of the Six Key Financial Principles. (Hint: This useful tool, which is designed for all of us, can be especially helpful in training youth and young adults as they begin to develop lifelong habits in personal finance.) We hope you will take time this week to read these principles and Scriptures. They will make a great table devotional for you and your family. By practicing these biblical principles, all of us can find greater simplicity, contentment, generosity, and joy for our lives.

Where Did All Our Money Go?

Living as Prodigals

The story of the prodigal son is contemporary. Think for a moment about the families with adult children who have gone off with no plan other than to squander all their money, only to be left with another plan to come home and live with their parents.

And the plan goes both ways, too. Last night while watching the Yankees and Angels play baseball, there was a commercial with a man about my age sitting near a city park. He got a text from his wife stating that some friends of theirs had told her they were going to move in with their children because they weren't sure how long their retirement money would last. The man sat in silence. Deep in thought. Indeed, what is the plan?

From Jesus' description in Luke 15:11-16, we see that the prodigal son had the habits of squandering and spending. The word *prodigal* does not mean someone who wanders away or is lost. It literally means "one who wastes money." A prodigal is one who wastes money,

who is a spendthrift. Many of us struggle with that habit as well. We're not worried about tomorrow. We want it *today*. The problem with that kind of thinking is that, for most of us, the "famine" eventually comes. It comes when we have spent everything we have and even a little bit of next year's income. So we use the credit card and charge it, and we go a little further into debt. Finally, we come to a place where we "find ourselves." We have nothing left, not even any credit, and we can't figure out how we are we going to make it.

The More We Make, the More We Waste

It seems that the more financially secure we become, the less we worry about spending money here and there. We waste a dollar on this or that, and we forget where it went. Money just seems to flow through our fingers. We're not as careful with our money as we should be. There are many ways we waste money, but there are two primary money-wasters that many of us struggle with. It is not necessary to eliminate these two things all together, but we should think more carefully about how we spend our money.

After Nebraska's football game on Saturday, I needed something for my stomach. I went to a friend's house and was immediately taken by his new cooktop. It's a gem. It's fabulous. It's induction and magnetism. It works instantaneously. He said he could boil water in less than a minute. I challenged him on that and he got out a pot and put some water in it. In less than 20 seconds there were bubbles on the sides and in 40 seconds it was bordering on a furious boil. I wanted one. So I came home and looked them up on the internet: \$1–3,000 dollars. But I was hooked. Dr. Jeff Meade has labeled my malady: a severe case of cooktop envy. And he is right. I wanted one and I wanted one now!


Impulse buying

Some of us have impulses to purchase something expensive and some of us have impulses to purchase items that are only \$20. The point is that it's an impulse. On Wednesday nights in the Dave Ramsey class, we are taught to only buy something over \$300 if we've waited for 24 hours and we've talked it over with our spouse or partners. So there goes impulse!

Wisdom & Finance

Tips for avoiding impulse buying:

- Shop for what you need only.
- Make a list and stick to it; buy what you need and get out of the store!
- Wait twenty-four hours before purchasing an impulse buy.
- Never go grocery shopping when you are hungry.



'Tis the Gift to be simple...

Clarifying Our Relationship with Money and Possessions

We do not exist simply to consume as much as we can and get as much pleasure as we can while we are here on this earth. We have a higher purpose. We need to know and understand our life purpose—our vision or mission or calling—and then spend our money in ways that are consistent with this purpose or calling.

Last week we noted the lawyer who wanted to know what the greatest commandment was, and it turned out to be something he already knew: “Love the Lord your God with all your heart and soul and mind and strength. And the second is like it, “Love your neighbor as yourself.

Be Clear About Your Purpose and Calling

Our society tells us that our life purpose is to consume—to make as much money as possible and to blow as much money as possible. The Bible tells us that we were created to care for God’s creation (see Genesis 1). We were created to love God and to love our neighbors as ourselves. We were created to care for our families and those in need. We were created to glorify God, to seek justice, and to do mercy. Our money and possessions should be devoted to helping us fulfill this calling. We are to use our resources to help care for our families and others—to serve Christ and the world through the church, missions, and everyday opportunities. We have a life purpose that is greater than our own self-interests, and how we spend our God-given resources reflects our understanding and commitment to this life purpose or mission.

Set Worthy Goals That Match Your Purpose

Being able to accomplish the greater purposes God has for our lives requires some measure of planning. Taking the time to set goals related to our lives and our finances is crucial if we are to become wise stewards of our God-given resources. Each of us should think about our life purpose and goals and then identify two short-term financial goals, two mid-range financial goals, and two long-term financial goals that are aimed at helping us to accomplish our broader life goals.

For instance, some of you are involved in education, so your purpose might be, “to teach little ones and offer them a healthy respect for life.” Other careers might have as a purpose, “Plant crops responsibly and care for the soil.”

Write down your purpose this week and see if you can develop a budget that moves you toward your purpose. It may or may not include an induction cooktop. At least one goal in each category should relate specifically to our faith. I believe our spiritual life is tied to what we believe our purpose is in life. (See “*My Life and Financial Goals Worksheet.*”)

The Discipline of Managing Your Money

The Necessity of a Budget/Spending Plan

Once we have set some financial goals, we need to develop a plan to meet those goals. A budget is a spending plan that enables us to accomplish our goals. Some people use an envelope system to help them manage their saving and spending and stay on budget. Others use a variety of different approaches. Many people find it helpful to seek the advice of a financial advisor. For those who find themselves in the midst of a financial crisis, a financial counselor can help to work out terms with creditors and develop a workable financial plan. Whatever approach you choose, the important thing is simply to have a plan, and stick to it.

Six Financial Planning Principles

Wisdom & Finance

Six Financial Planning Principles

- Pay your tithe and offering *first*
- Create a budget and track your expenses
- Simplify your lifestyle; live below your means
- Establish an emergency fund
- Pay off cards; use credit wisely
- Make saving a habit



'Tis the Gift to be simple...

The following financial planning principles can help us to manage our money with wisdom and faith:

Pay your tithe and offering first.

Put God first in your living and your giving. Give your tithe and offering from the “top” of your paycheck, and then live on whatever remains.

Create a budget and track your expenses.

Creating a budget is simply developing a plan in which you tell your money what you want it to do. Tracking your expenses with a budget is like getting on the scales: It allows you to see how you are doing and motivates you to be more careful with your expenditures. (*Suggestion: See the insert “Basic Budget Worksheet.”*)

Simplify your lifestyle. (live below your means).

Because this discipline is critical to the success of any financial plan, next Sunday’s sermon will be devoted to this topic.

Establish an emergency fund.

An emergency fund is an account separate from checking or long-term savings that is set aside specifically for emergencies. Dave Ramsey recommends beginning with \$1,000 and building that to three months’ worth of income.⁴ When you have this amount, you won’t need to use your credit cards anymore.

Pay off your credit cards, use cash/debit cards for purchases, and use credit wisely.

As you are building your emergency fund, begin to pay off your credit card debt and start using cash or debit cards for purchases. Some experts suggest starting with the credit card that has the highest interest rate. Others suggest paying down the smallest debt first, experiencing that victory, and applying your payments from the first card to the second, and so on, creating a snowball effect to pay off the cards as soon as possible. Cut up your cards as you pay them down so that you are not trapped or leveraged by your future for present-day pleasure, as the prodigal son was. If you must use a credit card, such as when traveling or making purchases online, be sure to pay off the debt monthly. If you are unable to do this, then it is better for you to cut up your cards and stop using them altogether.

Practice long-term savings and investing habits.

Saving money is the number-one wise money management principle everyone should practice. We do not save merely for the sake of saving. There is a word for that: hoarding. Hoarding is frowned upon in the Bible as the practice of fools and those who fail to understand the purpose of life. Saving, on the other hand, is meant to be purposeful. There are three types of savings we should have: 1) emergency savings, 2) savings for wants and goals, and 3) retirement savings.

By stating our purpose for life, we will go a long way toward funding it. And funding our life’s plan will go a long way toward having a spiritual strength which cannot be denied.⁵

Resources for Developing a Budget

http://www.crown.org/Tools/Calculators/Budgeting_SpendingPlan.asp

This is a fun and helpful budgeting calculator that automatically generates a suggested budget based upon the user's inputs and Crown's recommended expenditures.

<http://crowncanada.ca/resources/CrownSpendingPlan2.pdf>

This is another Crown resources site focused on budgeting and financial freedom. There is good information here.

Getting Out of Debt

Dave Ramsey's Financial Peace University offers a great deal of online information including his approach to reducing debt found at this site:

www.daveramsey.com/the_truth_about/get_out_of_debt_4055.html.cfm.

³ "Statistics About Eating Dinner Out," by Magali Rheault, *Kiplinger's Personal Finance Magazine*, October 2000; http://findarticles.com/p/articles/mi_m1318/is_10_54/ai_65368848?tag=content:col1.

⁴ *The Total Money Makeover*, by Dave Ramsey (Thomas Nelson, 2007); pp. 102–08.

⁵ Material from Dave Ramsey's Financial Peace University and Adam Hamilton's series "Enough" were helpful in creating this sermon.

My Life and Financial Goals Worksheet

How would you define or describe your life purpose?

What are three goals that can help you to achieve this life purpose?

What are some financial goals that can help to support your life goals and purpose?

Short-term financial goals (next 12 months):

- 1.
- 2.

Mid-range financial goals (2–5 years):

- 1.
- 2.

Long-term financial goals (5 years to retirement):

- 1.
- 2.

Basic Budget Worksheet

Item	Actual %	Suggested %*	Plan for next 12 months
------	----------	--------------	-------------------------

Housing	25–35%	_____
Transportation	10–15%	_____
Charitable Gifts	10–12%	_____
Food	5–15%	_____
Saving	5–10%	_____
Utilities	5–10%	_____
Medical/Health	5–10%	_____
Debt	5–10%	_____
Clothing	2–7%	_____
Miscellaneous	12–23%	_____

*These percentages are adapted from Dave Ramsey's *The Total Money Makeover* (Thomas Nelson, 2007).