

Week 5

XVII. Review

A. Homework

B. Budget Principles

1. Use a Budget...A Tool...The spending plan for your household
2. Know from where you are starting (Net Worth)
3. Know where you are going (Goals)
4. Adjust your thinking and your spending
 - a. Exercise self-control so possessions don't rule our thinking or our lives
 - b. We need to adjust our expectations to match our income rather than believing our income should match our expectations
 - c. Understand the difference between Needs, Wants and Desires and treat them accordingly
 - d. Use it up, Wear it out, Make it do, Do without
 - e. Spend less than you bring in
 - f. The Christian is about delayed gratification

C. Biblical Principles

1. We are Stewards because God owns it all...we own nothing – Psalm 24:1
2. Money in and of itself is morally neutral...it is what we do with it that makes it good or evil – Hebrews 13:5
3. Money is an excellent indicator of our heart – Mt 6:21
4. All believers are to be self-controlled – Titus 2:12
 - a. We are to be in control of our minds, what we think about and what actions that thinking brings about
 - b. We are to control our behaviors so that we are free from the control of external influences
 - c. Self control is a fruit of the Spirit (Gal 5:23). It requires His strength and ability to accomplish.

XVIII. Biblical Principle – God’s Priority For Our Resources Part 1 – Saving and Planning

A. We are to use what we have been provided....

1. God, in His Word, has given us instructions and on what to do with money and possessions
2. While accomplishing His purposes we may be called to Spend It, Save It or Give It Away
3. Based on how the instructions are given, I believe we can assign some relative priorities to how God says we are to use the money we have been provided
4. Over the next few weeks we will be looking at God’s High, Moderate and Low priorities for our money and possessions.

Definitions:

- a. God’s HIGH priorities for how we are to use resources are given as direct commands.
- b. God’s MODERATE priorities for how we are to use resources are given as wisdom or foolishness statements.
- c. God’s LOW priorities for how we are to use resources can be summarized as any way in which we may use money and possession but the Bible is silent.

B. There are five primary ways we can use money that have specific priority with God.

We will examine:

1. HIGH priorities...areas where there is specific command:
(1) giving/investing, (2) paying our taxes, (3) repaying our debt (what is due and payable) and (4) living (caring for the basic needs of our immediate family)
2. MODERATE priorities...areas where God speaks to wisdom or foolishness:
(5) saving/planning and (3) buying down debt (over and above what is due and payable)
3. LOW priorities...areas where the scriptures are silent, areas of freedom:
everything other than the high and medium priorities
4. Of these five areas, 3 are consumptive and 2 are productive
 - a. Consumptive
 - i. Under this category when money spent it is consumed

- ii. You no longer have it at your disposal to use once it is gone
- iii. The 3 consumptive ways that God views as priority for our monies are
Taxes, Debt Repayment, Living (food and covering)
- iv. It is OK to use money in this way because God has given direct commands regarding these things
- v. They lead to a good testimony
- b. Productive
 - i. In this area we use our resources to multiply what God has given
 - ii. To produce something
 - iii. The 2 areas that are productive are Giving and Saving
 - iv. In these areas there can be an expectation of return on investment
 - v. It may not be money directly but rather spiritual treasure
 - vi. Again using money in this way is good because it is commanded in the Bible

C. Planning and Saving

1. There are no direct commands in the Bible to save
2. There are however a lot of statements about planning and saving indicating that God commends them as wise
3. Therefore saving is a MODERATE priority with God
4. It is something that we should do but only after we have satisfied God's HIGH priorities (directly commanded)
5. We see in the Bible that planning is wise and good
 - a. We are to plan and commit those plans to the Lord even though we don't necessarily know the outcome...because God is sovereign
Proverbs 16:3, 9 *"Commit your works to the LORD and your plans will be established... The mind of man plans his way, but the LORD directs his steps."*
 - b. If we plan, we can rest in the fact that we have done what is pleasing to God and then release the outcome of those plans to God's sovereignty
 - c. Jesus used a financial analogy to show that it is standard practice to plan and evaluate
Luke 14:28-30 *"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? Otherwise, when he has laid a foundation and is not able to finish, all who observe it begin to ridicule him, saying, 'This man began to build and was not able to finish.'"

- d. Even to the world planning is seen as a good thing and it is considered foolish if you don't plan well
6. Our planning in regard to finances should result in savings, a wise and good result of planning
 - a. We should plan in order to have an abundance. It doesn't just happen
Proverbs 21:5 "The plans of the diligent lead surely to advantage, but everyone who is hasty comes surely to poverty."
 - b. There is no such thing as a get rich quick plan. Planning for that will bring you poverty.
 - c. It takes planning and diligence (think self-control) to build savings
 - d. Even the world understands this as seen in this quote from the *Behavior Gap* *"Meanwhile, the odds of achieving financial success are much higher if we simply work, save and build an investment portfolio based on reality"* ^[8]
 - e. We see Joseph commended for his plan to save up for a time of disaster
Genesis 41:35-37 "Then let them gather all the food of these good years that are coming, and store up the grain for food in the cities under Pharaoh's authority, and let them guard it. Let the food become as a reserve for the land for the seven years of famine which will occur in the land of Egypt, so that the land will not perish during the famine.' Now the proposal seemed good to Pharaoh and to all his servants."
Genesis 41:39 "So Pharaoh said to Joseph, "Since God has informed you of all this, there is no one so discerning and wise as you are.'"
 - f. We are to observe and learn wisdom from nature...we should plan for when things are not as they are today and then implement those plans
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."

Proverbs 10:5 *“He who gathers in summer is a son who acts wisely, But he who sleeps in harvest is a son who acts shamefully.”*

- g. In times of plenty we should be preparing for the lean times
- h. It is wise to store up but foolish to use it all up

Proverbs 21:20 *“There is precious treasure and oil in the dwelling of the wise, But a foolish man swallows it up.”*

- i. It is good to have an abundance that can be shared with others

Proverbs 13:22 *“A good man leaves an inheritance to his children’s children...”*

1 Timothy 6:17-18 *“Instruct those who are rich in this present world not to be conceited or to fix their hope on the uncertainty of riches, but on God, who richly supplies us with all things to enjoy. Instruct them to do good, to be rich in good works, to be generous and ready to share,”*

- 7. Planning and saving allow us to prepare for the expected, the unexpected and the opportunity to help others

D. So why start with a MODERATE rather than a high priority area?

- 1. I wanted to line up with budgeting principles in the order they are usually presented by financial planners.
- 2. Most financial planners assume that you pay your taxes, feed your family and have covering sufficient so as not to die from exposure
- 3. They usually start with saving...specifically an emergency fund
- 4. I also want to reiterate that there are no independent financial decisions...if you spend your dollar today it will not be there to help you fulfill your long term plan
- 5. Again even the world understands this (*The Behavior Gap*)
“Planning for your financial future is about making trade-offs. It’s largely a question of dealing with the constant tension between living for today and saving for some future event” ^[8]
- 6. Saving helps us prepare for the future...

XIX. Budgeting Principle – Plan For The (Un)Expected

- A. Hopefully we’ve seen that there is wisdom in planning and saving
- B. So what does planning for the unexpected look like?

1. We can count on the unexpected happening but because it is unexpected we don't know exactly what it will be and so can't build specific holdings into our budgets
 2. Most financial planners call for the following 2 steps with slight variations in amount
 3. Set aside a \$2000 emergency fund right away. That way you will be at least a bit prepared for the unexpected
 - a. This amount should be liquid and held in a interest bearing account
 - b. It should be separate from your other holdings if possible
 - c. Use it only for emergencies
 - d. Note...Electronic Devices, Christmas, Birthdays and Vacations (to name just a few) are not emergencies
 4. Once your emergency fund is established, begin saving in order to have 3-6 months of living expenses set aside
 - a. We don't know what tomorrow will bring and how our earning potential will be affected
 - b. The average length of unemployment in the US as of January 2017 was about 25 weeks, a little over 6 months
 - c. This doesn't necessarily have to be the total amount you spend each month. If you know there are things you can stop spending on at the drop of a hat without causing yourself undue stress you don't need to count that.
 - d. The money should be liquid and set aside in a money market account in order to get a bit higher interest rate
 - e. Consider keeping 1 months living expenses as cash on hand in smaller denominations...If power and the network goes away for a month it might be hard to get along without it
 5. Set aside some monies that are designated for unplanned giving opportunities
 6. The goal here is to...
 - a. Give yourself bit of a cushion to absorb the unexpected
 - b. Give yourself some breathing room...this can be a great stress reliever
 - c. Be prepared to care for the emergencies of others
- C. So what does planning for the expected look like in practical terms

1. Establish goals and set aside monies to fund them...Don't have planned emergencies
 2. Plan to live only on 70-80% of your net income
 - a. Give and save the other 20-30%
 - b. This is part of the reason to spend less than you earn
 3. Planning is also instrumental in the funding of your budget categories as you identify longer term anticipated expenses
 4. Plan to set aside money for things that you are pretty certain will be occurring in the future
 - a. Variations in income
 - b. Variation in utility bills
 - c. Christmas and Birthday gifts
 - d. Vacations
 - e. Known automotive maintenance, tires, oil and filter changes, tune ups, etc
 - f. Insurance deductibles
 - g. Known medical expenses beyond what insurance covers for medications, preventative visits (eyes, teeth, body), glasses, etc.
 - h. Undesignated giving opportunities
 - i. Your next vehicle
 - j. College
 - k. Retirement
 - l. Funeral Expenses
 - m. Inheritance
- D. So please be wise and allow your budget to have some capacity to absorb the (Un)Expected

XX.Homework

A. Memory Verses

1. Proverbs 21:20 *“There is precious treasure and oil in the dwelling of the wise, But a foolish man swallows it up.”*
2. Titus 2:12 *“...instructing us to deny ungodliness and worldly desires and to live sensibly, righteously and godly in the present age,”*

3. ^{Matthew 6:21} “*for where your treasure is, there your heart will be also.*”
 4. ^{Hebrews 13:5} “*Make sure that your character is free from the love of money, being content with what you have; for He Himself has said, ‘I WILL NEVER DESERT YOU, NOR WILL I EVER FORSAKE YOU,’*”
 5. ^{Psalms 24:1} “*The earth is the LORD’S, and all it contains, The world, and those who dwell in it.*”
- B. Continue to Write everything down but use a tracking sheet for each of the individual major categories that you have on your Budget
- C. Work savings for the (Un)Expected into your Budget

References

1. Unless otherwise indicated all scripture quotations are from the New American Standard Bible (NASB), 1995
2. **Ron Blue**, *Master Your Money: A Step Buy Step Plan for Financial Freedom* (Nashville, TN: Thomas Nelson, 1991)
3. **Larry Burkett**, *Your Finances in Changing Times* (Chicago, IL: Moody, 1993)
4. **John Temple**, *Family Money Matters: How to run your family finances to God’s Glory* (Leominster, UK: Day One, 2010)
5. **Chuck Bentley**, *The S.A.L.T. Plan: How to prepare for an economic crisis of biblical proportions* (Crown Financial Ministries, 2012)
6. **Dave Ramsey**, *The Total Money Makeover: A proven plan for financial fitness* (Nashville, TN; Nelson, 2003)
7. **Eric Tyson**, *Personal Finance for Dummies, 2nd Edition* (Foster City, CA; IDG, 1996)
8. **Carl Richards**, *The Behavior Gap: Simple Ways to Stop Doing Dumb Things with Money* (New York, NY; Portfolio/Penguin, 2012)