

Money: Stewarding our Finances with Eternity in View

Session 3 | Mark Donovan | May 3, 2015

“Now there is great gain in godliness with contentment...” 1 Timothy 6.6

“He is no fool who gives what he cannot keep to gain what he cannot lose.” Jim Elliot

INTRODUCTION AND OVERVIEW

Recommended Book: *The Treasure Principle: Discovering the Secret of Joyful Giving* by Randy Alcorn (Multnomah, 2001) *“You can’t take it with you, but you can send it on ahead.”*

Week One: Generous Christians: Godliness with Contentment

Week Two: Avoiding Worldly Pitfalls: Discerning Financial Folly

Week Three: Planning Carefully: Wise Stewardship part 1

Week Four: Saving Strategically: Wise Stewardship part 2

Planning Carefully

1. We’re going to get practical, but it’s no less spiritual or Biblical. We’re not moving from the spiritual to the secular. Because God is sovereign and owns everything and we are merely stewards of His resources, financial activity is spiritual activity.

Plus, we want to be doers of the word. *“But be doers of the word, and not hearers only, deceiving yourselves” James 1:22*

“Being doers of the word, and not hearers only is the only proper response to the Word of God (not only the gospel but the entirety of Scripture), allowing it to take root in one's life.” - ESV Study Bible.

2. On the other hand, we’re not emphasizing practices over principles. Principles are more important than practices.

3. We need to take an honest assessment of our current financial situation.

Pr 27:23 – “Know well the condition of your flocks, and give attention to your herds.”

The personal balance sheet or net worth worksheet is the starting point for evaluation. The personal balance sheet is simply a snapshot of what you own versus what you owe at a given point in time.

PERSONAL BALANCE SHEET
(NET WORTH WORKSHEET)

NAME: Jon and Jenny Jones

ASSETS OWNED (GOD'S POSSESSIONS IN MY CARE)

Current Checking Account Balance	300
Current Savings Account Balance	1,000
Current Money Market Fund Balance	_____
Value of Certificates of Deposit	_____
Cash Value of Life Insurance (not term life insurance)	_____
Value of Individual Retirement Accounts (IRA's)	_____
Value of Employer Retirement Plan	5,000
Value of Other Stocks, Bonds or Mutual Funds	3,000
Current Market Value of Home	200,000
Current Market Value of Other Real Estate	_____
Current Blue Book Value of Automobile 1	10,700
Current Blue Book Value of Automobile 2	2,000
Value of Personal Property (i.e. boat, camper, furniture, jewelry, computers, collectibles, antiques, etc.)	5,000
Other _____	_____

TOTAL ASSETS **227,000**

LIABILITIES (DEBTS OWED)

	BALANCE	INT RATE	MONTHLY PYMT
Current Balance of Home Mortgage	185,000	4.00%	930
Current Balance of Home Equity Loan	_____	_____	_____
Current Balance of Automobile 1 Loan	12,500	6.00%	250
Current Balance of Automobile 2 Loan	_____	_____	_____
Current Balance of Other Bank Loans	_____	_____	_____
Current Balance of Personal Loans from Friends/Relatives	_____	_____	_____
Current Balance of School or Student Loans	40,000	3.00%	400
Current Balance of IRS Tax Debt	_____	_____	_____
Current Balance of VISA Card	2,500	15.00%	55
Current Balance of Mastercard	_____	_____	_____
Current Balance of Discover Card	5,000	23.00%	145
Current Balance of American Express Card	_____	_____	_____
Current Balance of Department Store Credit Card	_____	_____	_____
Current Balance of Furniture/Appliance Loans	_____	_____	_____
Other _____	_____	_____	_____

TOTAL LIABILITIES **245,000**

NET WORTH (TOTAL ASSETS MINUS TOTAL LIABILITIES) **(18,000)**

Things to look for or ask yourself :

- Is there negative net worth?
- Are there “upside down” or “underwater” assets?
- Is there enough savings?
- Has retirement savings been started, if applicable?
- Is there unsecured debt?
- Can any assets be sold or liquidated?
- Can any interest rates be reduced or loans refinanced?

Proverbs 22:7 – *“The rich rules over the poor, and the borrower is the slave of the lender.”*

VISA - If you make the minimum monthly payment (\$55 per month to start) on a \$2,500 credit card balance at 15% interest, it will take 197 months (over 16 years) to pay off and you will pay \$2,600 in interest over that time.

DISCOVER - If you make the minimum monthly payment (\$145 per month to start) on a \$5,000 credit card balance at 23% interest, it will take 283 months (over 23 years) to pay off and you will pay \$8,900 in interest over that time.

4. Why set goals? They:

- Provide direction and purpose
- Help define your priorities
- Provide personal motivation
- Help express God’s will

5. How to set “SMART” goals

S – specific (written)

M – measurable

A – achievable

R – realistically high

T – timed (closed ended)

Dave Ramsey’s Baby Step 1 – www.daveramsey.com	Crown Money Map Destination 1 – www.crown.org
1 - \$1000 emergency fund and establish written budget	1 – save \$1000, begin using spending plan

SUGGESTED, IMMEDIATE “SMART” GOALS:

“My goal is to have at least \$1000 saved as an emergency reserve by June 30, 2015.”

“My goal for the month of May 2015 is to record every dollar I spend in a category so I can find out where it’s going.”

“My goal is to establish a spending plan by June 1, 2015, follow it for the month of June, and send a report to an accountability partner by July 5, 2015.”

6. Five ways to spend money – are there really only 5?

Spending Category	Not so good	Good	Great	Someday maybe?
GIVING	3%	10%	20%	50%
SAVING	2%	10%	15%	5%
TAXES	20%	20%	20%	20%
DEBT REPAYMENT	15%	5%	0%	0%
LIVING EXPENSES	60%	55%	45%	25%

Monthly Income and Expenses Report

There are only two basic solutions to correct an overspending or a deficit situation: increase income, decrease expenses (or both.) It’s arithmetic, not rocket science!

7. Budget or spending plan - a budget is simply a spending plan, a plan for allocating your finances and defining how they will be used.

MONTHLY INCOME AND EXPENSES		(as they really are)			Name: Jon and Jenny Jones
MONTHLY INCOME (GROSS)					Date: _____
	Salary 1	3,000			
	Salary 2	2,000			
	Other:				
	Other:				
1	TOTAL GROSS MONTHLY INCOME	5,000			
MONTHLY DEDUCTIONS					
	Income Taxes (federal, state, social security)	1,000			
	Retirement Contributions (401k, 403b plan)	150			
	Insurance (medical, dental, life, disability)	100			
	Other _____				
	Other _____				
2	TOTAL MONTHLY DEDUCTIONS	1,250			
3	NET MONTHLY INCOME	3,750			
	(Line 1 minus Line 2)				
MONTHLY EXPENSES					
Giving	Tithes & Offerings	500	Personal	Dining Out	120
Giving	Other Charitable Giving	25	Personal	Date Nights	100
	Giving Sub-Total	525	Personal	Lunches/Snacks	60
Housing	Mortgage or Rent	930	Personal	Movies/Events	90
Housing	Insurance	70	Personal	Baby Sitting	
Housing	Taxes	175	Personal	Vacations/Trips	100
Housing	Electricity	140	Personal	Animals/Pets	
Housing	Gas		Personal	Clubs/Hobbies/Lessons	75
Housing	Water & Sewer	20	Personal	Subscriptions	25
Housing	Garbage		Personal	Cable TV	50
Housing	Telephone/Internet	125	Personal	Hair/Cosmetics	40
Housing	Repairs/Maintenance	40	Personal	Laundry/Dry Cleaning	
Housing	Other _____		Personal	Stamps	
	Housing Sub-Total	1,500	Personal	Life Insurance	
			Personal	Photos	
Food	Groceries and Personal Care Items	500	Personal	School/Education	
			Personal	Child Support	
Auto	Auto Loan/Next Car Savings	250	Personal	Child Care	
Auto	Auto Fuel	100	Personal	Allowances/Cash	50
Auto	Auto Insurance	100	Personal	Other	
Auto	Auto Repairs & Maintenance	75		Personal Sub-Total	710
Auto	Auto Registration & Taxes		Clothing	Clothing	60
	Auto Sub-Total	525			
Debt	Credit Card Debt Payments	200	Gifts	Birthday/Wedding	30
Debt	Student Loan Payments	400	Gifts	Christmas	50
	Debt Sub-Total	600		Gifts Sub-Total	80
Medical	Doctors/Prescriptions	50	Savings	Savings	100
Medical	Insurance				
Medical	Deductible		Other	Other	
	Medical Sub-Total	50			
4	TOTAL MONTHLY EXPENSES	4,650			
5	NET MONTHLY SURPLUS/DEFICIT	(900)			
	(Line 3 minus Line 4)				

Why have a spending plan?

- Reveals areas of overspending
- Holds us accountable
- Measures progress towards goals
- Strengthens communication between spouses
- Leads to financial freedom and relief of financial stress
- It pays!

Proverbs 21:5 - “The **plans** of the **diligent** lead surely to abundance, but everyone who is hasty comes only to poverty.”

We need a way to say and answer, “I plan to spend \$100 on dining out per month. How much have I actually spent so far? How did I do at the end of the month?”

ACTUAL SPENT ON DINING OUT MONTH TO DATE – 15 TH OF THE MONTH	BALANCE TO SPEND FOR THE REST OF THE MONTH
\$0	\$65 + \$35 = \$100

And at the end of the month – “how much did I spend in total compared to my budgeted amount? Is this a category that I need to focus on and give extra attention to and exercise more self-control in?”

ACTUAL PORTION OF BUDGET SPENT ON DINING OUT FOR THE ENTIRE MONTH	PLUS ACTUAL SPENT OVER AND BEYOND THE BUDGET
\$0	\$100 \$150

How do you do this? What tools are available? SUGGESTIONS: paper worksheet, Excel spreadsheet, PC/Windows based software like Quicken or Money, or web based tools like Mvelopes.com or Mint.com, Dave Ramsey’s new EveryDollar.com site, various mobile apps.

MONTHLY SPENDING PLAN

June, 2015 Spending Plan - Jon and Jenny Jones

Available: 3750 Total: 3750 Net: 0

Date	Description	Chk#	D/W Amt.	Balance	525	1500	500	525	400	50	100	50	50	50
					Giving	Housing	Food	Auto	Debt	Medical	Personal	Clothing	Gifts	Savings
5/31/2015	Balance from last month:			2,000.69										
6/1/2015	SGCL Tithe	1233	(250.00)	1,750.69	250									
6/2/2015	Wells Fargo Mortgage	1234	(1,175.00)	575.69		1,175								
6/3/2015	Chipotle	DC	(19.29)	556.40							19			
6/4/2015	Wal-Mart	DC	(87.58)	468.82			20				13	25	30	
6/5/2015	Shell	CC	(48.22)	420.60				48						
6/6/2015	Visa	OL	(55.00)	365.60					55					
6/7/2015	Louisville Water	1235	(20.25)	345.35		20								
6/8/2015	Cinemax Movie Theater	DC	(22.00)	323.35							22			
6/9/2015	Cash	ATM	(40.00)	283.35						20	20			
6/10/2015	Net Paycheck	DEP	1,875.00	2,158.35										
6/11/2015	SGCL Tithe	1236	(250.00)	1,908.35	250									
6/12/2015	Cash	ATM	(100.00)	1,808.35							50		50	
6/13/2015	Target	DC	(29.35)	1,779.00								29		
6/14/2015	Verizon	OL	(119.05)	1,659.95		119								
6/15/2015	Kroger	DC	(395.41)	1,264.54			395							
6/16/2015	Discover Card	OL	(345.00)	919.54					345					
6/17/2015	The Home Depot	DC	(47.59)	871.95		48								
6/18/2015	Toyota Finance	OL	(300.00)	571.95				300						
6/19/2015	Shell	CC	(49.56)	522.39				50						
6/20/2015	Outback Steakhouse	DC	(62.78)	459.61							63			
6/21/2015	Transfer to Savings Account	TRX	(50.00)	409.61										50
6/22/2015	Quail Chase Golf Course	DC	(50.00)	359.61							50			
6/23/2015	Norton Medical Center	1237	(30.00)	329.61						30				
6/24/2015	Safeway	DC	(96.23)	233.38			96							
6/25/2015	LG&E	OL	(124.36)	109.02		124								
6/26/2015	Thornton's	CC	(55.43)	53.59				55						

Monthly Spending Totals	3,821	500	1,486	511	453	400	50	237	54	80	50
Difference Between Budgeted Amount and Spending Total	(71)	25	14	(11)	72	0	0	(137)	(4)	(30)	0