

# Money Matters

*A Biblical Guide  
To Financial Stewardship*

## *Saving and Investing:*

*Proverbs 21:20 "The wise man saves for the future, but the foolish man spends whatever he gets." (TLB paraphrase)*

### Questions:

- Do you ever feel like you are just living paycheck to paycheck?
- Is it easier for you to spend or to save?
- How have you exercised caution or restraint in your purchasing?
- How have you prepared financial reserves for unforeseen emergencies?
- Does your income = your expenses? Do you have any margin in your finances?
- Do you have a good accounting system of your finances?
- What is your ultimate purpose in saving and investing?

### Personal Advice:

- Live within your means (If you can't pay for it out of your excess, don't buy it.)
- Simplify your lifestyle (Live with less. We need far less than we think!)
- Live with no or minimal debt / pay cash / use only 1 credit card
- Stick to your budget/keep receipts/carry less cash/know where your \$ goes
- If both spouse's work, live off the husband's income & save the wife's income
- Discipline yourselves to save for the future (self denial in present)
- If you can do it yourself and save... do it. (lawn/pool/home repair/hair)
- Your goal as a couple for saving and investing should be:
  1. financial freedom/be debt free
  2. provide an inheritance for your children
  3. provide for your retirement years
- Develop a giving and content heart – and watch God bless.

### Biblical Guidelines On Money:

- **Stewardship** ("Properly managing money entrusted to your care")

Questions: What is the best use of my resources?

How should I spend God's money?

1 Corinthians 4:2 "Now it is required that those who have been given a trust must prove faithful."

Luke 16:10,11 "Whoever can be trusted with very little can also be trusted with much and whoever is dishonest with very little will also be dishonest with

much. If you have not been trustworthy in banding worldly wealth, who will trust you with true riches?"

Matthew 25:14-30 "Well done good and faithful servant, you have been faithful with a few things, I will put you in charge of many things."

- **Savings**

- "Preparing for future scarcity." "Preparing for the unexpected."
- "Having self-discipline in the present to make provision for tomorrow."
- Crown recommends saving 10% yearly of your income
- Savings can come from an income percentage, tax refunds, employer matching funds, bonuses or additional income received.
- If both spouses work, live off the husband's income and save the wife's income or use it to pay off debt or save it for special projects.

Genesis 41 (Joseph)

Proverbs 6:6-9 "(the ant) stores its provisions in summer and gathers its food at harvest..."

Proverbs 30:25 The ant prepares by saving his food in the summer for winter.

Proverbs 13:11 "He who gathers money little by little makes it grow."

Psalms 17:14

Proverbs 21:5 "Diligence leads to profit, haste leads to poverty."

Proverbs 21:20 "In the house of the wise are stores of choice food and oil, but a foolish man devours all he has." (nothing to show for his labor) "The wise man saves for the future, but the foolish man spends whatever he gets."  
"A foolish man devours all he has."

Proverbs 17:16 "What use is money in the hand of a fool. Since he has no desire to get wisdom."

Proverbs 22:3 "A prudent man sees danger and takes refuge, but the simple keep going and suffer for it."

Matthew 25:27 "He put his money to work and gained five more..." "You should have put my money on deposit with the bankers, so that when I returned, I would have received it back with interest."

- Things to think about:

- \* You can't save if your expenses are more than your income. Cut costs. Set boundaries/use self-control (Income ≠ Outgo)
- \* Take a challenge. Go one month without using your credit card and use only your checkbook, cash, or debit card. We miss the initial punch of a purchase when we use credit. It is a known fact people spend less (1/3) and save more when they pay cash. Pay cash and save.
- \* Rethink the myth of "tax savings." Why would you want to pay \$10,000 to save \$300? If you purchase something because of the tax savings – you are greatly misinformed. There is no such thing as a "free tax reduction." Never get into an investment simply because of the tax benefits. The only way you reduce your taxes is to reduce your income or increase your expenses. If an investment gives you a tax deduction, it has a cost associated with it. Most tax shelters (like depreciation) don't eliminate income tax, they only defer it.
- \* Rethink the thought "but we can make the payments." You may be able to purchase something on credit because it fits in your budget monthly, but in the long run, you lose big time on interest.

Remember, you will pay 3x what you originally borrow in 30 years. Studies show most people only live in their homes 5-6 years. If you look at your amortization schedule – you are paying mainly interest within the first 10-15 years. Basically you are a renter. True savings comes when you are debt free. When you pay off debt, your cash can go directly to savings or other needs. Use compound interest in your favor, not to work against you.

### Questions:

- \* How are you consistently saving for the future?
  - Put it away at the beginning of the month rather than the end.
  - Consistency is the key to saving and investing.
- \* What are some predicable or unpredictable (unexpected) circumstances or expenses which would be wise to save or be prepared for? (Prov. 21:20)
  - injury, illness, death
  - job loss
  - natural disasters
  - economic disasters
- \* What emergency funds have you set aside?
- \* Cash can be like sand in the hand – many times we don't know where it has gone. Keeping receipts will give us a better accounting of where money has been spent. How are you doing about keeping a good record of your receipts?
- \* Do you evaluate annually how you met your budget and expenses and plan ways to better save money in the new year?

### Issue Of Insurance:

Proverbs 27:12 "The prudent see danger and take refuge, but the simple keep going and suffer for it."  
Is insurance reasonable? How much is enough?  
Do we insure out of fear or wisdom?  
How do the extra monthly insurance costs jeopardize other savings  
Are we over insured?  
(auto, home, mortgage, health, life, disability, possessions, bank accounts, employment, investments, crops, disaster, skill)  
Can insurance give us a false sense of security?  
How does faith in every possible contingency take away from faith in God?  
Does insurance cause us to save less and not anticipate possible problems?  
\* Remember, insurance does not/can not protect us from all danger.

### The Problems With Consumption: (waste, inefficiency)

"waste not, want not."  
Proverbs 21:20 "The fool consumes every thing he has..."  
How much does your family throw away in excess, over-buy, or misuse?  
(food, consumables, materials, things, etc.)  
Is being wasteful good stewardship? No!  
Battle between expensive quality and inexpensive short-lived products  
The struggle with "planned obsolescence" or "depreciation"

The problem of costly upkeep in time, energy, & money (Ecc. 5:10)  
The funds you consume now cannot be recovered later.

- **Investing**

“Using surplus resources wisely”

“An investment is something that is purchased with the intent to resell at a higher price or provide additional income.”

Proverbs 21:5 “Steady plodding brings prosperity, hasty speculation brings poverty.”

Matthew 25:14-30 “You ought to have put my money in the bank and on my arrival I would have received my money back with interest.”

Three phases: (1) accumulation (2) preservation (3) distribution

Process:

- (1) Reduce your spending (expenses)  
Include a percentage of your monthly budget toward savings  
End the year in the black with some margin (positive cash surplus)
- (2) Get out of all debt (complete financial independence/freedom).
- (3) Set aside 2-6 months living expenses (emergency fund)
- (4) Save for future major purchases (so you are able to pay cash)  
(vehicles, college, home remodel, vacations)
- (5) Save for long-term needs/retirement (low risk investments)
- (6) Save for long-term goals (higher risk investments)

Principles:

1. Steady plodding (little by little)  
Proverbs 13:11 “He who gathers money little by little makes it grow.”
2. Let compound Interest work for you not against  
(Amount, interest rate, time factor)  
Get your money working for you. Only keep 10% in available cash.
3. Avoid risky investments  
Ecclesiastes 5:13,14 “There is another serious problem I have seen everywhere, savings are put into risky investments that turn sour and soon there is nothing left to pass on to one’s son. The man who speculates is soon back to where he began... with nothing.”
  - Keep at least 50% of all investments debt free. (with no personal surety/liability – the investment is all you will lose)
  - Don’t use good assets to feed loans.
4. Diversify  
Ecclesiastes 11:2 “Give portions to seven, yes to eight, for you do not know what disaster may come upon the land.”  
“Don’t put all your eggs in one basket.”
5. Count the cost  
Luke 14:28-30 “If one of you wants to build a tower, will he not first sit down and estimate the cost to see if he has enough money to complete it?”

Proverbs 28:22 "A man with an evil eye hastens after wealth, and does not know that want will come upon him."

Proverbs 28:20 "...He who makes haste to be rich will not go unpunished."

- greed and speed often go together. Be patient.

- annual return –v- appreciation over time

- "risk –v- return" (The higher rate of return the greater the risk)

"When a deal sounds too good to be true, it usually is."

Question: Can I really afford to take this risk (lose my principal)?

\* The older you are, the less risk you can afford.

### **Goals For Investment:**

- Provide for your family (1 Tim. 5:8)

You can't give away something you don't possess.

- Gain independence

- Become debt free

- Provide for retirement years (liquidity/interest bearing/long-term)

### **Three Types Of Investments:**

- Things to consider: liquidity, risk, yield/return, growth over inflation, tax consequences and future cash flow (SS or pension).

- Income (low risk)(T bills, bonds, CD's, mortgages, annuities, \$ Market)

- Growth (medium risk)(Rentals, land, Mutual funds, Precious metals)

- Speculative (high risk)(Stocks, Oil, Commodities, Gems)

### **The Danger Of Presumption:**

James 4:13-17 "Now you say, 'Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money,' Why you do not even know what will happen tomorrow. What is your life? You are a mist that appears from a little while and then vanishes. Instead, you ought to say, 'If the Lord is willing, we will live and do this or that.' As it is, you boast and brag. All such boasting is evil. Anyone who knows the good he ought to do and doesn't do it, sins."

Psalms 19:13 "Keep your servant from presumptuous sins, let them not rule over me."

Ecclesiastes 8:7 "Since no man knows the future, who can tell him what is to come?"

Ecclesiastes 10:14 "No one knows what is coming – who can tell him what will happen after him?"

### **• Saving for future generations and caring for aging parents**

Proverbs 13:22 "A good man leaves an inheritance for his children's children."

Proverbs 19:14 "House and wealth are inherited from parents..."

2 Corinthians 12:14 "Children should not have to save up for their parents, but parents for their children."

1 Timothy 5:4 "Put their religion into practice by caring for their own family and so repaying their parents and grandparents, for this is pleasing to God."

1 Timothy 5:8 "Anyone who does not provide for his relatives, especially for his immediate family, he has denied the faith and worse than an unbeliever."

**Remember:** It is all going to burn... Your security is in God, not your investments.  
 Matthew 6:19-21 "Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. Store up for yourselves treasures in heaven... for where your treasure is there your heart will be also."  
 Proverbs 18:11 "The wealth of the rich is their fortified city; they imagine it an unshakeable wall."  
 Job 31:24-28 "If I have put my confidence in gold, and called fine gold my trust, if I have gloated because my wealth was great and because my hand had secured so much... that too would have been an iniquity calling for judgment, for I would have denied God above."  
 Proverbs 11:28 "He who trusts in riches, will fall."  
 James 5:1-5 "...you rich people... your wealth has rotten and moths have eaten your clothes... your gold and silver are corroded... you have hoarded wealth in the last days... you have lived on earth in luxury and self-indulgence..."  
 Revelation 3:17 "You say, 'I am rich; I have acquired wealth and do not need a thing.' But you do not realize that you are wretched, pitiful, poor, blind and naked... buy from me gold refined in the fire so you can become rich... so be earnest and repent..."

## Creative Ways To Save Money:

Personal Inventory: (discretionary income)(Take a good look at your checkbook.)

1. How much \$\$\$ do you spend monthly on: (Where does your money go?)

- |                          |       |                           |       |
|--------------------------|-------|---------------------------|-------|
| • The gardener           | _____ | • The pool guy            | _____ |
| • Hair cuts              | _____ | • Dining out              | _____ |
| • Fast-food lunches      | _____ | • Starbucks (or similar)  | _____ |
| • Cable                  | _____ | • Going to the theater    | _____ |
| • Movie rentals          | _____ | • Cell phone extras       | _____ |
| • Magazine subscriptions | _____ | • Hobbies                 | _____ |
| • The newspaper          | _____ | • Gym membership          | _____ |
| • Special events out     | _____ | • Kids athletics expenses | _____ |
| • Storage units          | _____ |                           |       |

2. Have you returned things you didn't need after a project you finished to Home Depot or Lowes? How much inventory is sitting in your garage?

3. How many gift cards do you have left unused which represent cash?

4. What kinds of things have you yet to return to a store which are in your bedroom which represent cash? What have you bought or been given which remains unused or unopened? Keep receipts. Return it and save.

5. What services do you pay someone to do on a regular basis that you could do for yourself and save? (oil change, carwash, house cleaning, painting, electrical)

6. Can you cut back on your number of vehicles (This would directly effect your gas/ insurance/maintenance/storage expenses)?

7. How much cash do you usually carry in your wallet/purse? It is a fact the more you carry, the more you spend. Do you keep an accurate accounting of your cash by keeping your receipts? Where is your cash going?
8. How much \$\$\$ have you lost on late-fees for procrastination or bad planning? (utilities, library books, movie rentals)
9. Are there things you have a habit of buying way in advance which could be bought closer to the time of need?
10. Do you have a plan to save or a list when you browse a store rather than buy on impulse what you see and think you want? (Costco, Lowes, Home Depot, Good Guys, the Mall)
11. Are you frugal with your utilities? Do you overwater, leave lights on, run the air conditioner or heater high - that you may be able to cut back on and save some money? Could you better insulate your home so that your heating and cooling bill is not so expensive and your home be more efficient?
12. Have you evaluated how much your pets are costing you (food, repair, vet)?
13. What could you sell of your assets that you could change into cash to put towards savings (RVs, instruments collecting dust, collectables just being stored, equipment, tools, property)?
14. What are you doing with all your loose change lying around the house? Cash it in.
15. What do you have in excess that you could let go and still function?
16. In what ways is your consumption of goods wasteful and expensive? How could you save money by not wasting resources God has entrusted to your care?
17. What emergency funds have you created to save for unforeseen needs which may arise in the future (vehicle repair, home repair, medical emergencies)?
18. How have you saved in advance for things you would like to do in the future (new vehicle, RV, home remodel, children's college, special vacation, backyard landscape/pool)?
19. What can you substitute that is cheaper and still accomplish the same thing and be able to save money?
20. What are your long-range goals that you need to save for in the present?
21. How would paying cash rather than credit help you save money?
  - limit expenses to cash on hand
  - business allow savings for cash (gas stations)
22. How much \$\$\$ are you putting in savings each month?