

# Building Our Financial House GOD's Way

- A Mindset of Stewardship -

*Facilitated by: Vincent Lane, Financial Professional*



# THE **BIG** PICTURE

God wants to do something of **eternal significance** through your life.

---

The purpose for earthly wealth is to invest it in **eternal treasures**.



# GOD'S FIVE PURPOSES FOR OUR LIVES:

**We are called to...**

- 1. Worship**
- 2. Fellowship**
- 3. Grow like Christ**
- 4. Serve Others**
- 5. Be “on-mission” for God in the world**



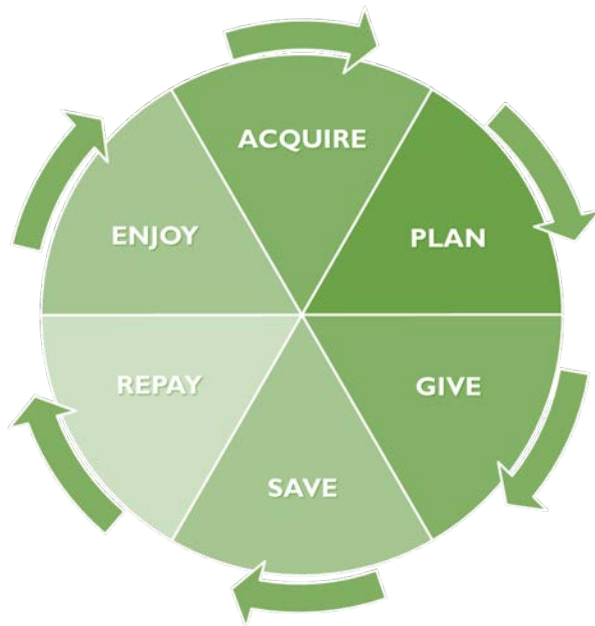
# GOD'S GIFTS TO US:

- Time
- Spouse
- Children
- Money
- Spiritual Gifts
- The Gospel
- People

*Romans 12:2a, NIV*







God desires to work  
through ordinary  
people with  
ordinary finances.



# TWO PRIMARY MISCONCEPTIONS

## **#1: Money is EVIL**

The LOVE of money is the root of all evil.

*1 Timothy 6:10, KJV*

## **#2: Money is the KEY TO HAPPINESS**

*Ecclesiastes 5:10-11, NLT, Luke 12:15, NIV, Mark 8:36, KJV*





# FINANCIAL FREEDOM

Financial freedom is not determined by how much money you make. It's determined by how you **SPEND WHAT YOU HAVE**.

---

In other words, most of us don't have a money problem. We have a **MANAGEMENT PROBLEM**.



**“Without self-control, our yearning capacity will always exceed our earning capacity.”**

A truly wealthy person is a person who is content with what he or she has.

- *God owns everything.*
- *We are God's managers.*

*1 Timothy 6:6, NIV; Psalm 24:1, NIV; Deuteronomy 8:18, NIV*



# 5 REASONS TO DEDICATE IT ALL TO GOD:

1. It all belongs to Him.

2. You are His money manager.

3. You cannot serve two masters.

4. You can make an impact on eternity.

5. God blesses what we dedicate to Him.



Other Goals  
*Dreams and Toys*

College Saving/Mortgage Elimination

Retirement

Consumer Debt Elimination

Budget – Emergency Fund – Will\*

Protect Your Income & Assets



## Cashflow Breakdown

- ▶ In (Income) & Out (Life-Style)
- ▶ \*10/10/80 - Rule \*
- ▶ Tithes (time, talents & treasure) 10%
- ▶ Savings & Investments 10%
- ▶ Living Expenses 80%
- ▶ *(30-Housing - 50-Other Expenses)*

## Breakdown Example

- ▶ \$90K Married couple Income (Gross)
- ▶ Fed-22% + F.I.C.A-6.2% + State-1.45% = -29.65%
- ▶ Take Hm pay (Net) > \$63,315 (5,276.25-mth)
- ▶ 10% > 528 \* 10% > 528
- ▶ 80% > 30% - 1,583.00 \* 50% - 2,638.00
- ▶ Offering (Gross - Net x 10%) > 223 (2,223.75)



# BIBLICAL PRINCIPLES OF MONEY MANAGEMENT

## Spend

Spend less than you earn.

*Proverbs 13:11 NIV*

## Avoid

Avoid the use of debt:

If I borrow money, I am obligated to repay it.

## Build

Build an emergency fund.

*Proverbs 13:11, NIV*

## Set

Set long-term goals.

- A little bit over a long time-frame makes a big difference.
- Giving is a first priority.



# LIFESTYLE PRIORITIES:

1

Provide for my family.

2

Have a lifestyle I am content with.

*1 Timothy 5:8, NIV*  
*1 Timothy 6:6-8, NIV*

3

Enjoy what God has given me.



## **PLANNING:**

There is no such thing as an independent financial decision.

The longer the perspective, the better the financial decisions.

Financial maturity: Giving up today's desires for future benefits.







# Budget Worksheet

## Where is your money going?

The first step in managing your finances is understanding where you are spending your money. Use this Budget Worksheet to get a handle on where you are currently spending your money and identify areas that you could cut in order to reduce your overall expenses.

Please note... shaded input fields can be entered as you work through your budget or can be pre-populated from other sections when the FNA is printed.

### Housing

	Now	Future
Rent	\$	\$
Home Phone	\$	\$
Mobile Phone	\$	\$
Cable / Satellite	\$	\$
Electricity / Gas	\$	\$
Water / Waste Mgmt.	\$	\$
Maintenance & Repair	\$	\$
Home Improvements	\$	\$
Household Help	\$	\$
Lawn Service	\$	\$
Association Dues	\$	\$
Other	\$	\$
Subtotal (a)	\$	\$

### Family

Food & Grocery	\$	\$
Clothing	\$	\$
Medical / Dental / Prescriptions (not covered by insurance)	\$	\$
Laundry & Dry Cleaning	\$	\$
Child Care	\$	\$
Educational Expenses	\$	\$
Legal Expenses	\$	\$
Alimony / Child Support	\$	\$
Baby Sitters	\$	\$
Other	\$	\$
Subtotal (b)	\$	\$

### Giving

Charitable	\$	\$
Non-Charitable	\$	\$
Gifts (birthday, holiday, etc.)	\$	\$
Other	\$	\$
Subtotal (c)	\$	\$

### Transportation

Gas & Oil	\$	\$
Maintenance & Repairs	\$	\$
Other (travel, etc.)	\$	\$
Subtotal (d)	\$	\$

### Leisure

Vacations	\$	\$
Hobbies	\$	\$
Club Memberships	\$	\$
Restaurants	\$	\$
Movie Theaters / Rentals	\$	\$
Entertainment	\$	\$
Books & Magazines	\$	\$
Other	\$	\$
Subtotal (e)	\$	\$

### Consumer Debt

Mortgage	\$	\$
Other Debt	\$	\$
Subtotal (f)	\$	\$

### Insurance Premiums

Life Insurance	\$	\$
Auto Insurance	\$	\$
Homeowners Insurance (include PMI)	\$	\$
Health Insurance	\$	\$
Long Term Care / Disability	\$	\$
Legal Protection	\$	\$
Subtotal (g)	\$	\$

### Savings

Retirement	\$	\$
Non Retirement	\$	\$
Education	\$	\$
Other Goals & Dreams	\$	\$
Emergency Fund	\$	\$
Subtotal (h)	\$	\$

### Taxes

Income Taxes	\$	\$
Property Taxes	\$	\$
Subtotal (i)	\$	\$

Total Monthly Income

\$

Future

\$

Total Living Expenses -  
(a + b + c + d + e)

\$

Future

\$

Total Other Expenses -  
(f + g + h + i)

\$

Future

\$

Surplus / (Shortfall) =

\$

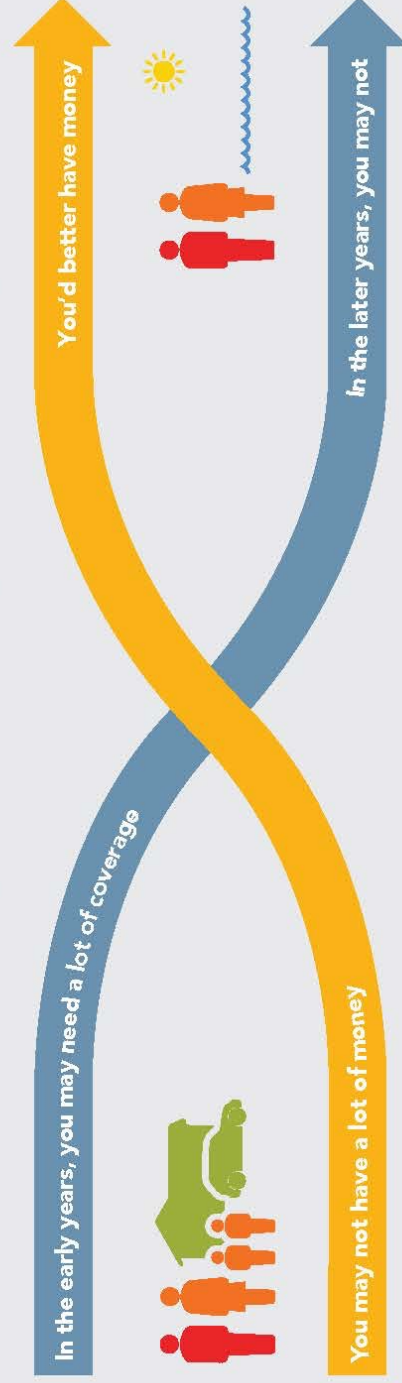
Future

\$

## How Life Works

According to the Theory of Decreasing Responsibility (illustrated below), your need for life insurance peaks along with your family responsibilities. *When you're young*, you buy low-cost death protection, term insurance, enough to protect the loss of your earning power, and put the maximum amount you can afford into a promising investment program. *When you're older*, you may have much less need for insurance coverage. If you've saved and invested wisely you should have a significant amount of accumulated cash. You've become "self-insured" and eliminated your need for life insurance.

### The Theory of Decreasing Responsibility



#### Today

1. Young children
2. High debt
3. House mortgage

#### At Retirement

1. Grown children
2. Lower debt
3. Mortgage paid

**Loss of income would be devastating**

**Retirement income needed**

## How Much Is Enough?

If you're like most Americans, probably more than you have! Ten times your annual salary is a good rule of thumb. Whatever coverage you choose, buy only one policy, and put the entire coverage amount on that policy. Separate policies mean separate fees and could cost far more!



**Consumer Tip: Buy life insurance exactly like you buy other kinds of insurance – auto, homeowners, health – for protection only.**

Wouldn't you think it was silly if someone tried to sell you auto insurance that included a long-term savings plan? The same is true for life insurance. It pays to buy your insurance separately.

**Remember: Do not combine your savings with your life insurance.**

# 3 FACTS ABOUT BIBLICAL GENEROSITY

God blesses generous people.

God provides a pathway for generous people.

Generosity begins with a step of faith.

*Acts 20:35, NIV; Luke 6:38, NIV; Proverbs 19:17 NIV*



# 5 CHARACTERISTICS OF BIBLICAL GENEROSITY

*The first tenth belongs to God. It is called a "tithe."*

Biblical generosity gives the first and the best to God. *(Proverbs 3:9-10)*

Biblical generosity is regular and systematic. *(1 Corinthians 16:12)*

Biblical generosity is proportional to our income.

Biblical generosity involves sacrifice.

Biblical generosity is thoughtful, voluntary, and worshipful.

*Proverbs 28:20. NLT; Luke 14:28, NIV; Ecclesiastes 11:2, NIV*



# FINANCIAL FREEDOM

Wealth is typically created by a career or vocation over a long-time frame.

Wealth is preserved by a diversified investment strategy.





# THE RULE OF 72

**Example > one time \$25,000 investment**

**Uneducated Saver**

**Educated Investor**

*The Difference ? (Understanding The Rule Of 72) 72 divided-by % = Years To Double*

2% = 36 Years      4% = 18 Years      at age 29      9% = 8 Years      12% = 6 Years

		35		\$ 50,000
		37	\$ 50,000	
		41		\$ 100,000
		45	\$100,000	
	\$ 50,000	47		\$ 200,000
		53	\$200,000	\$ 400,000
		59		\$ 800,000
		61	\$400,000	
\$ 50,000	\$100,000	65	\$600,000	\$1,600,000

**Do you want what the Bank, Credit Union or Insurance company pays You  
OR what the Bank, Credit Union and Insurance company Make On YOUR Money ?**

**We must bypass the Middleman...  
Become an Owner, Not a Loaner**

### **Traditional Financial Institutions**



**Banks, Credit Unions, Insurance Companies =  
Historically Low Rates of Return**



# One of the Most Effective Investment Options Is A...

## Mutual Fund - How does it work ?



**\*Note:** Each mutual fund invests differently. Read the mutual fund's prospectuses to determine how a fund may invest and to determine its current holdings. Mutual funds are actively managed portfolios and incur advisory fees and internal management costs. The value of a fund fluctuates and, when redeemed, may be less than the original value. Investments in mutual funds involve risk and do not assure a profit. List of companies does not constitute a recommendation to buy or sell securities. If mutual funds are the investment source of a qualified retirement account, withdrawals prior to age 59½ may be subject to ordinary income tax and early withdrawal penalties.



# PRIORITIZING YOUR INVESTMENT DECISIONS

Step 1

Pay off credit card debt.

Step 2

Set money aside for an emergency fund.

Step 3

Save for major purchases.

Step 4

Diversify your investments to meet long-term needs.

Step 5

Begin taking calculated financial risk.



# THREE FUNDAMENTAL ACCOUNTS



## 1 - Emergency Account

**Goal:** Up to three months of income

- Emergencies
- Vacations
- Purchases within 0-2 yrs



## 2 - Short-Term Account

**Goal:** Up to six months of income

- Loss of job
- Disabilities
- Short-term purchases >
- Car, Down payment for house, dream vacation



## 3 - Wealth-Building Accounts

**Goal:** Retirement Funds

- Roth\* or Traditional IRA
- 401(k), deferred comp
- Tax-deferred accounts

Plans fail for lack of  
counsel, but with  
many advisers they  
succeed.

*Proverbs 15:22, NIV*



# 9 STEPS TO BECOMING DEBT-FREE

Develop a debt-free mind set

List all your debts

List everything you own

Establish a spending plan

Establish a repayment schedule

*Philippians 4:6, NIV; Romans 12:2a, NIV*

Consider earning additional income

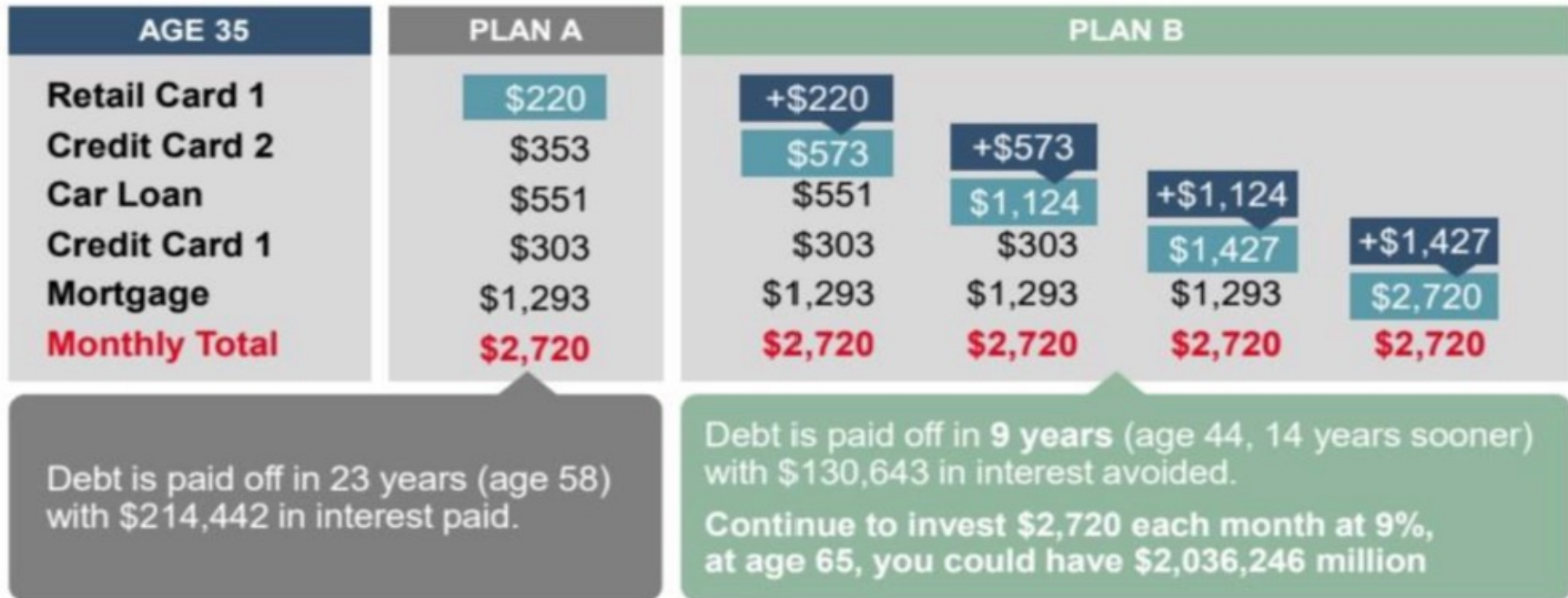
Consider a radical change in your lifestyle.

Don't give up!

*Philippians 4:13, NKJV; Ephesians 3:20, NIV; I  
Chronicles 29:12-13, NIV*



# Debt Freedom = Debt Stacking



The above example is for illustrative purposes only. The Debt Stacking concept assumes that: (1) you make consistent payments on all of your debts, (2) when you pay off the first debt in your plan, you add the payment you were making toward that debt to your existing payment on the next debt in your plan (therefore you make the same total monthly payment each month toward your debts), (3) you continue this process until you have paid off all of the debts in your plan. In the example above, when Retail Card 1 is paid off, the \$220 payment previously made on Retail Card 1 is applied to Credit Card 2, accelerating its payment to \$573. After Credit Card 2 is paid off, the \$573 payment previously made on Credit Card 2 is applied to the Car Loan for a total payment of \$1,124. The process is then continued until all debts are paid off. Note that the total payment per month remains constant. The hypothetical assumes a constant nominal 9% rate of return compounded monthly, unlike actual investments which will fluctuate in value, and does not include taxes or fees, which would reduce returns. Investing begins once debts have been paid off (at age 44).

# 4 THINGS GOD WANTS US TO ENJOY!

God truly wants us to enjoy the resources that He has given us.

Proverbs 3:9-10

The Lord expects us to take care of our families. - 1 Timothy 5:8, NIV

The Lord wants us to enjoy regular periods of rest & refreshment.

The Lord tells us that when we enjoy His blessings, we bring Him more glory.

The Lord instructs us to enjoy blessing the people He puts in our lives to serve.  
- 2 Corinthians 9:11, NIV



# 4 THIEVES OF JOY

## Worry

Matthew 6:25, 33, NIV

## Comparison

Philippians 4:12-13, NIV; Hebrews 13:5, NIV

## Selfishness

Mark 10:45, NIV

## False Guilt

I Chronicles 29:12-13, NIV





# Debt Stacking Can Lead to Debt Freedom

If the idea of paying off your debt seems overwhelming, consider debt stacking. They say you can eat an elephant – one bite at a time. Well, the same concept works with paying off your debt! By taking into account the interest rate and amount of debt, debt stacking identifies an efficient order for you to pay off your debts. You begin by making consistent payments on all of your debts.

The debt that debt stacking suggests that you pay off first is called your target account. There are programs you can enroll in that will automatically select your target account for you using a variety of criteria to help you get out of debt faster.

When you pay off the target account, you roll that payment into the payment that you were making on the next target account. These extra dollars help you reduce the effect of compound interest working against you. As each debt is paid off, you apply the amount you were paying toward that debt to the payment that you were making on the next target account.

**Debt stacking allows you to make the same total monthly payment each month (in the example it is \$2,720 each month) toward all of your debt and works best when you do not accrue any new debts. You continue this process until you have paid off all of your debts. When you finish paying off your debts, you can apply the amount you were paying towards your debt toward creating wealth and financial independence!**

## Debt Stacking

### Target Account

### Extra Debt Payment Amount

Retail Card 1 \$220	+\$220			
Credit Card 2 \$353	Credit Card 2	\$573	+\$573	
Car Loan \$551	Car Loan	\$551	Car Loan	\$1,124
Credit Card 1 \$303	Credit Card 1	\$303	Credit Card 1	\$1,427
Mortgage \$1,293	Mortgage	\$1,293	Mortgage	\$1,293
Total \$2,720	Total	\$2,720	Total	\$2,720
				Mortgage \$2,720
				Total \$2,720
				Total \$2,720

As each debt is paid off, you apply the amount you were paying toward that debt to the payment that you were making on the next target account.

+\$1,124

+\$1,427

## Without Debt Stacking

## With Debt Stacking

Payoff	23 years	9 years 14 years sooner
Interest Avoided	\$0	\$130,643
Interest Paid	\$214,442	\$83,799
Monthly Payments	\$2,720	\$2,720

The above example is for illustrative purposes only. The Debt Stacking concept assumes that: (1) you make consistent payments on all of your debts, (2) when you pay off the first debt in your plan, you add the payment you were making toward that debt to your existing payment on the next debt in your plan (therefore you make the same total monthly payment each month toward your debts), (3) you continue this process until you have paid off all of the debts in your plan. In the example above, when Retail Card 1 is paid off, the \$220 applied to Retail Card 1 is applied to Credit Card 2, accelerating its payment to \$573. After Credit Card 2 is paid off, the \$573 applied to Credit Card 2 is applied to the Car Loan for a total payment of \$1,124. The process is then continued until all debts are paid off. Note that the total payment per month remains constant.