

Kingdom Training Level 5

Financial Faith

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LESSON 5:

FINANCIAL PLANNING

“LIVE FOR THE LINE NOT THE DOT”

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NORTHERN VIRGINIA CHURCH OF CHRIST
SPRING 2015

Financial Faith

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SPRING 2015 CALENDAR

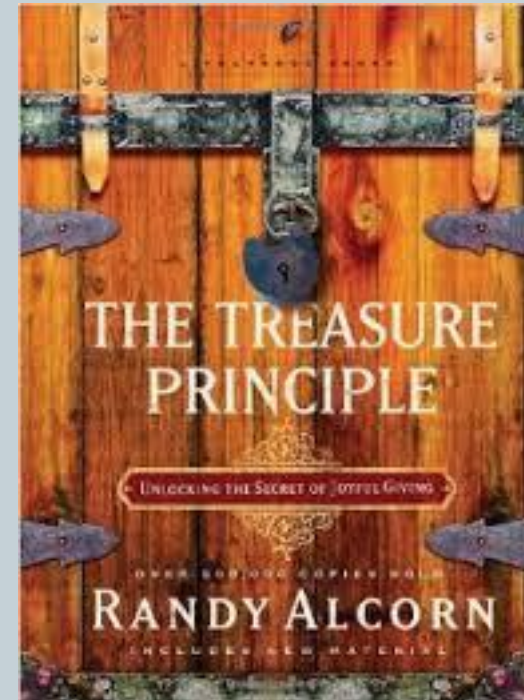
Class 1: March 8	Lord of Heaven & Earth	<i>Psalm 24:1</i>
Class 2: March 15	The Stewards	<i>Matt 25:21</i>
Class 3: March 29	The Debt Elephant	<i>Romans 13:8</i>
Class 4: April 12	Treasure in Heaven	<i>2 Cor. 9:11</i>
Class 5: April 19	Financial Planning	<i>Prov. 27:23</i>
Class 6: April 26	Financial Discipleship	<i>Luke 9:24*</i>

**Take Home Exam!*

Financial Faith: Tools

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- **Kingdom Training Level 5 Lessons**
- **Financial Faith Bible Studies**
- **“The Treasure Principle” by Randy Alcorn**
 - At the Book Table!
 - \$8 New or \$6 Used!
- **Financial Peace University (FPU)**
 - DaveRamsey.com
- **Email class questions to:**
 - brettkreider@alum.mit.edu



Financial Faith: Review

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- 1. Psalms 24:1** *The earth is the Lord's*
 - 2. Matthew 25:21** *Faithful servant*
 - 3. Romans 13:8** *Let no debt remain outstanding*
 - 4. 2 Cor. 9:11** *You will be made rich so that... You can be generous!*
-
- 1. Prov 27:23** *Be sure you know the condition of your flocks, give careful attention to your herds*

God's Plan or Mine?

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We live for the line, not the dot...



- **Ecclesiastes 5:10, 19**

*Whoever loves money never has enough; whoever loves wealth is never **SATISFIED** with their income.*

This too is meaningless.

*Moreover, when God gives someone wealth and possessions, and the ability to enjoy them, to accept their lot and be happy in their toil—this is a **GIFT** of God.*

God's Plan or Mine?

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We live for the line, not the dot...



- **Living for the DOT**

- You want things on your **OWN** terms – now!
- You don't want to be troubled by making a **PLAN**
- You're not really interested in **ADVICE**
- You get easily distracted – short term vs. long
- You feel unsatisfied by life – never content
- You're looking for a way to feel better about today

Live like no one else now... so that you can live and give like no one else later

God's Plan or Mine?

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We live for the line, not the dot...



- **Living for the LINE**

- You have a **PLAN** – confidently using God's money
- You're **OPEN** – God knows your plans and so do people
- You're unified with your spouse and communicate about finances without tension, fighting, bitterness, or fear
- You are not distracted – you “live in the moment”
- You take your leave!
- You “Remember to **LIVE**”

Live like no one else now... so that you can live and give like no one else later

God's Plan or Mine?

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Proverbs 16:3 *Commit to the LORD whatever you do, and your plans will succeed.*

- Do we want his will or ours?
- Have we **SURRENDERED** our plan to God?
- In your prayer – give it to him
- Delight yourself in the Lord...



God's Plan or Mine?

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Proverbs 12:15 *The way of a fool seems right to him, but a wise man listens to advice.*

- We don't have to do this alone
- Financial discipleship
 - **INVITE** God to take over
 - **INVITE** people into your life
- Wrestling with a financial decision...
 - Start with prayer and advice!



God's Plan or Mine?

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Proverbs 21:5 *The plans of the diligent lead to profit as surely as haste leads to poverty.*

- Haste = moving forward without a **PLAN**...
- We all think our plan is right and justify our lack of diligence
- My plan would probably be “the easy way”
- His plan involves sacrifice, hard work, diligence
- Do I want GOD's result? Then I must go with GOD's **PLAN!**

God's Plan or Mine?

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Prov 27:23 *Be sure you know the condition of your flocks, give careful attention to your herds for riches do not endure forever, and a crown is not secure for all generations.*

- God expects us to **MANAGE** money
- Why?

Just because you have riches doesn't mean you will in the future...

NOTICE

Poor Planning
on your part

DOES NOT

create an

EMERGENCY

on my part

God's Plan or Mine?

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- **Budget Basics**

- **Decide:** Wise vs. foolish approach to finances
- **Plan:** do you have a wish list or a blueprint?
- **Measure: Live within your MEANS!**

LIVE *Simply*
and
ACT YOUR
Wage

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God's Plan or Mine?

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- **Create your zero-based budget**

- Income = Expenses
- **BALANCE** this equation!

- **Get help!**

- Dave Ramsey – Financial Peace University
- Crown Financial Ministries
- Mint.com
- April is Financial Literacy Month!

- ✦ <http://www.financialliteracymonth.com/30Steps.aspx>

Ramsey's 7 "Baby Steps"

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1. Start a \$1000 Emergency Fund
2. Create a Debt Snowball (lowest-highest balance)
3. Build Your Full Emergency Fund (3-6 months)
4. Put 15% in Roth IRAs & Pre-Tax Retirement Funds
5. Use Tax-Sheltered College Savings Plans
6. Pay Off Your Home Early
7. Build Wealth and Give



Your Financial Plan: Balanced!

Income – Expenses = Zero!

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- **Maximize Your Income**
 - Salary, Commissions, Other
 - Charity & Payroll Deductions
 - Net Income
- **Balance Expenses**
 - Start Saving
 - Snowball Debt
 - Automate Fixed Expenses
 - Save for Variable Expenses
 - Use Cash for Discretionary



Total Income

- Charity
- Payroll Deductions
- = **Net Income**
- Savings
- Debt Payment
- Fixed Expenses
- Variable Expenses
- Discretionary

Net Income –
Total Expenses
= Zero!

Your Financial Plan: Maximize Your Income

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- **Salary Income**

- Your greatest **ASSET!**
- Under-employed or Unemployed?
- Overemployed

- **Commission Income**

- Complicated: Get help

- **Other Income**

- Investments/ Tax Refunds /Unexpected

- **Net Income**

- After Payroll Deductions (Taxes, Social Security, Medicare, Health Insurance, Retirement) and Tithe



Baby Step 4:

✓ 15% into Tax-Favored Retirement Accounts (IRA/Roth/401k)

Your Financial Plan: Start Saving

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- **Set GOALS!**
 - Goals Motivate you to save
- **Savings Goals**
 - ✓ Emergency Fund
 - ✓ College Savings
 - ✓ Vacation
 - ✓ Additional Retirement
 - ✓ Big/Special Purchases
 - ✓ (Home, Car, Dreams...)



Baby Step 1:

- ✓ \$1000 Emergency Fund

Baby Step 3:

- ✓ Save 3-6 Months Income

Baby Step 5:

- ✓ Use Tax-Sheltered College Savings Plan (529)

Your Financial Plan: Snowball DEBT!

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- **ELIMINATE**

- ✓ Credit Cards
- ✓ Consumer Loans
- ✓ Student Loans
- ✓ All Debt!



Debt	Balance	Min. Payment	New Payment
Loft	\$50	\$25	\$50
Visa	\$750	\$25	\$500
AMEX	\$800	\$25	\$25
FLAT	\$6000	\$250	\$250
Honda	\$15,000	\$500	\$500
TOTAL	\$22,800	\$825	\$1,325

Your Financial Plan: Snowball DEBT!

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• Month Two

- ✓ Extra \$500
- ✓ \$1325/month

Watch the Balances

- ✓ Loft = \$0 Balance
- ✓ Pay off Visa
- ✓ More to AMEX
- ✓ Minimum Car Pmt
- ✓ **Total = \$21,410**

Debt	Balance	Min. Payment	New Payment
Loft	0	0	0
Visa	\$275	\$25	\$275
AMEX	\$785	\$25	\$300
FIAT	\$5,800	\$250	\$250
Honda	\$14,550	500	500
TOTAL	\$21,410	\$800	\$1,325

Your Financial Plan: Snowball DEBT!

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• Month Three

- ✓ Extra \$500
- ✓ \$1325/month

Watch the Balances

- ✓ Loft = \$0 Balance
- ✓ Visa = \$0 Balance
- ✓ Pay off AMEX
- ✓ Increase Fiat payment
- ✓ **Total = \$20,070**

Debt	Balance	Min. Payment	New Payment
Loft	0	0	0
Visa	\$0	\$0	\$0
AMEX	\$400	\$25	\$400
FIAT	\$5,580	\$250	\$425
Honda	\$14,090	\$500	\$500
TOTAL	\$20,070	\$775	\$1,325

Your Financial Plan: Snowball DEBT!

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• Month Four

- ✓ Extra \$500
- ✓ \$1325/month

Watch the Balances

- ✓ Loft = \$0 Balance
- ✓ Visa = \$0 Balance
- ✓ AMEX = \$0 Balance
- ✓ Increase Fiat payment to \$825
- ✓ **Total = \$18,880**

Debt	Balance	Min. Payment	New Payment
Loft	0	0	0
Visa	\$0	\$0	\$0
AMEX	\$0	\$0	\$0
FIAT	\$5,180	\$250	\$825
Honda	\$13,700	\$500	\$500
TOTAL	\$18,880	\$750	\$1,325

Your Financial Plan: Snowball DEBT!

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• 1 Year Later

- ✓ No Credit Cards
- ✓ One Car Pmt Left
- ✓ **Total = \$8,500**

1.5 Years Later

- ✓ **No DEBT!**
- ✓ **\$1325 / mo. FREE**

Baby Step 2:

- ✓ Debt Snowball!

Debt	Balance	Min. Payment	New Payment
Loft	0	0	0
Visa	\$0	\$0	\$0
AMEX	\$0	\$0	\$0
FIAT	\$0	\$0	\$0
Honda	\$8500	\$500	\$1325
TOTAL	\$8,500	\$500	\$1,325

Your Financial Plan: Automate Fixed Expenses

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- **Mortgage** [15 year fixed]
 - Escrow (Insurance / Taxes)
- **Transportation**
 - Car payment [convert to savings]
 - Auto Insurance/Taxes/Fuel/Tolls
- **Utilities** [negotiate]
 - Electric / Water / Trash
 - Cable / Internet / Cell Phone
- **Term Life Insurance**
 - Not “whole” [pay annually]

Baby Step 6:

- ✓ Pay off mortgage early!

KEEP
CALM
AND
AUTOMATE

Your Financial Plan: Save for Variable Expenses

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- ***These are NOT EMERGENCIES!***
- Retreats / Camp / Education / HYC / etc. [pay early]
- Auto Repairs – expect \$1200/car/year! [negotiate]
- Home Improvement/Repairs [off-season]
- Medical Expenses – copays, braces, etc. [FSA]



REASONS TO SAVE

- 1 Emergencies
- 2 Big purchases
- 3 Education
- 4 Low-risk place to store your money



Your Financial Plan: Use Cash for Discretionary Expenses

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- Clothing [thrift stores]
- Food (Groceries + Eating Out)
- Personal Care
- Entertainment
- Gifts
- Splurge/Blow Fund

- Learn to **FEEL** money again
 - Credit? Check your balance on 15-20th day of month



7 Frugal Habits for Faithful Stewards

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1. Avoid Addictions!

- Addictions leave a money trail
- Smokers spend \$5/day = \$1800/year
- Starbucks at \$4/day = \$1500/year
- Soft Drinks at a restaurant: \$3/day = \$1000/year
- Alcohol at a restaurant: \$15-30/week = \$1000-\$2000/year
- Shopping can be an addiction... track how much you spend
“I’ve been shopping all my life and still have nothing to wear”

✓ **Tip: use “addiction money” for a greater cause**

7 Frugal Habits for Faithful Stewards

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2. Buyer Beware

- You are a marketing **MAGNET!**
- You can resist: A SALE – is what they do – SELL!
- Big Purchases give you an adrenaline rush
- Salesmen are trained professionals
 - ✦ They know how to work you!
 - ✦ Understand their commission/motivation
 - ✦ Learn their tricks and how to negotiate!

✓ ***Tip: anonymous online shopping in “Chrome”!***

Psalm 35:8 *Catch them in the very trap they set, the disaster they planned for me.*

7 Frugal Habits for Faithful Stewards

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3. Deep-6 the 7-11

- Why pay for “convenience”?
- \$2 for a soda?
 - ✦ Get a can for \$.025 / 2 liter for \$2 at a Grocery store
- Step away from the vending machine!

✓ ***Tip: Bring a snack with you and save a bundle!***

✓ ***Teen Tip: Save your snack money (\$1.25/day) and become a MILLIONAIRE!***

7 Frugal Habits for Faithful Stewards

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4. Eat Out Economically

- “Don’t spend more on a date than you put in the plate!”
- Coupons: Groupons are typically 50% savings!
 - ✦ Just don’t overspend the total
- Split a large dish (or a “foot-long”)
 - ✦ Serving sizes are too big anyway
 - ✦ Don’t pay premium \$\$ for a “doggie bag”
- Drink Tap Water
 - ✦ “Evian is naïve spelled backward,” Ramsey

✓ ***Tip: Spend less and go out more frequently!***

7 Frugal Habits for Faithful Stewards

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5. Fiscal Fasting

- One week without spending any money
- Purge your body of the need to purchase things
- Remember:
 - ✦ *The best things in life aren't things!*
- ***Tip: It can wait...***

7 Frugal Habits for Faithful Stewards

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6. Premeditated Purchasing!

- Use a shopping list
 - ✦ Don't buy things that aren't on your list!
 - ✦ Impulse buying kills our discretionary budget!
 - ✦ Planning ahead / delaying kills the impulse (saves money)
- Buy the right item at the right store
 - ✦ COSTCO, Grocery, CVS – buy at the wrong store and overpay
 - ✦ Do I really need 5 lbs of COSTCO mustard?
 - ✦ Why does Giant sell patio furniture?

7 Frugal Habits for Faithful Stewards

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6. Premeditated Purchasing!

○ Slice the Cheese

- ✦ Never buy insurance for a purchase – auto “warranty,” electronics, cell phone, car rental, etc.
- ✦ Salesman are rewarded for selling you “cheeeese”
- ✦ If your kid will break it then buy a cheaper phone!

○ Skip the Lease

- ✦ Cars – depreciate; beware of mileage; buy a used car!
- ✦ iPhone lease – if it breaks, you owe full! Open box = 1/2 price!
- ✦ Furniture, etc.

✓ ***Tip: Look online and negotiate (even in the store)!***

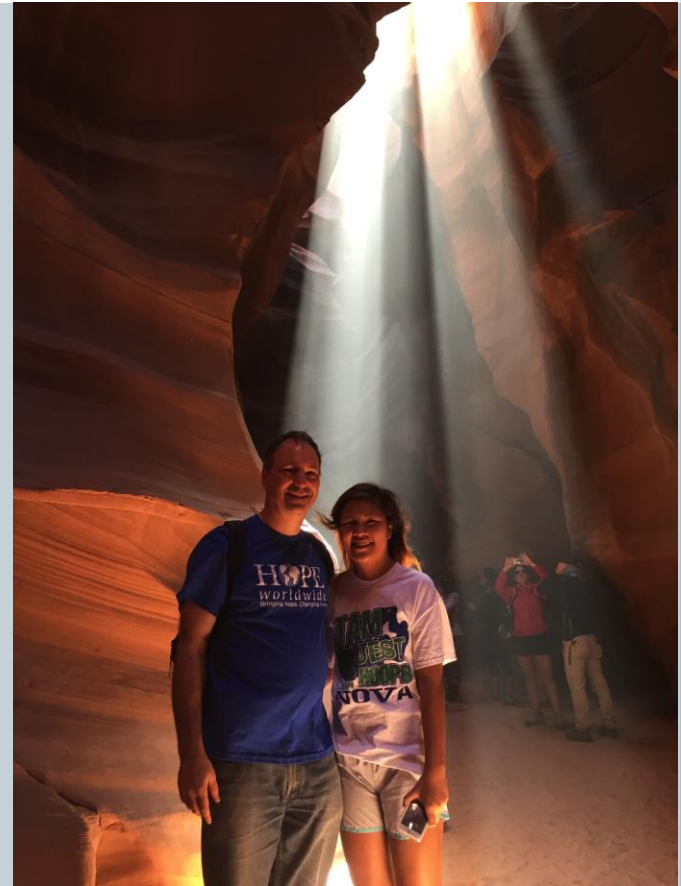
7 Frugal Habits for Faithful Stewards

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7. Serious Splurging

- God wants you to **ENJOY** what he has given you!
 - ✦ Not irresponsibility
 - ✦ Planned celebration!
- Save up money and spend it –
 - ✦ Don't buy things you cannot afford!
 - ✦ Don't bring your vacation home with you to pay off over the next 6 months!

✓ ***Tip: Leave room in your budget to be generous – even towards yourself!***



7 Frugal Habits for Faithful Stewards

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*Live like no one else now...
So that you can live and
give like no one else later*

Baby Step 7:

✓ Build Wealth and Give