

PLANNING FOR FINANCIAL SUCCESS FROM A BIBLICAL PERSPECTIVE

Many of my clients have asked me, "How do I get a handle on my spending so that I can develop a savings plan and then a long-range investment strategy?" I will attempt to give you some hints that I have used over the past 35 years to pay off our first home (in 7 years), never having had a car payment – despite having purchased 9 new luxury cars, never having had a credit card balance, and living debt free on a 15-20-hour work week since I was 29 years old. And we would be even further ahead, had we been better advised on dealing with the two bear markets in the last decade – which devastated many Americans. Just think of how little stress that produces for the family, how much time I got to spend with family as opposed to working for money to pay for a 'monster life style' that eats up all one's discretionary spending, and how much the bank didn't get in interest on debt I didn't have. I will recommend a few books in the process. One that will get you started is George Clason's "The Richest Man in Babylon" – a classic. This is a must read for a great start. Some people learn from their own mistakes, some learn from the mistakes of others, **but most learn from neither.**

Mark Twain once said, "**Many spend money that they haven't earned, on things that they don't need or want, to impress people that they don't know or even like.**" That is the first thing one has to get past – impressing anyone but yourself and God. Another quote that I love is the one from Socrates, "**The unexamined life is not worth living.**" Very few take on a mentor that they can be accountable to, especially in the area of finance. Someone who makes you account for not only how you spent the money, but how you earned it. Until you do, just go to the Bible and apply all the rules that God gives us so that we might enjoy a fruitful or productive life. It has been said that **success is getting all you want, but happiness or joy is wanting all you get.** Often the second eludes most of us.

The first thing that one must do is to get one's spending in line with one's income. As the old saying goes, "**If your outgo, caused by your ego, is greater than your income, then the outcome is your downfall.**" The first step is to estimate your living expenses – which you can do by downloading the 'Client Expense Sheet' in the Documents Section. Fill this out accurately and it will give you an honest appraisal of

where you are – what you do with the information is up to you. Second, you need to start recording every expense – even the smallest cash purchase - for as Ben Franklin once said, **"Even the smallest leak will sink the greatest ship, eventually"**. Just committing to doing that will cause you to stop spending some of the money that is draining from your bucket. Then you should refine your spending to conform to how the Bible says you should be spending the money given to you to steward. Then control you're spending – one way is to make yourself write down large expenditures (all relative) and put it on your refrigerator for 6 months before you buy it. If you decide to buy something else, the 6 months starts over. This will keep you from buying out of emotion. Then evaluate the results and revise your plans. Whether we think short term or long term, determines what we do in the present when we can make a difference, so that we end up in the future where we would like to be, when we can no longer do anything about it. The successful person says, **"I will do today what others won't so that I may live tomorrow as others can't."**

Successful people have long term goals that cause them to make their short-term goals fit into them. If a short-term goal doesn't lend itself to the success of the long-term goal – they don't do it. This requires self-discipline which I have heard defined by Earl Nightingale a **"the ability to do what needs to be done, when it needs to be done, whether you want to or not, without anyone reminding you"**. It may not feel good at the time, but doing the right thing will normally pay huge rewards in the future.

Long Term Goals:

Retirement, Family Needs, Giving, Lifestyle Desires, Retire ALL Debt, Start a Business of Your Own.

In order to make these long term and VERY IMPORTANT Goals happen, we need to have a plan.

When you boil down all the financial doctrine that you read, that is considered essential to becoming financially independent, it all comes down to this, there are really only five fundamental money management principles you need to apply, and you can find each in God's Word.

- Living within your income. Budget and spend less than you earn

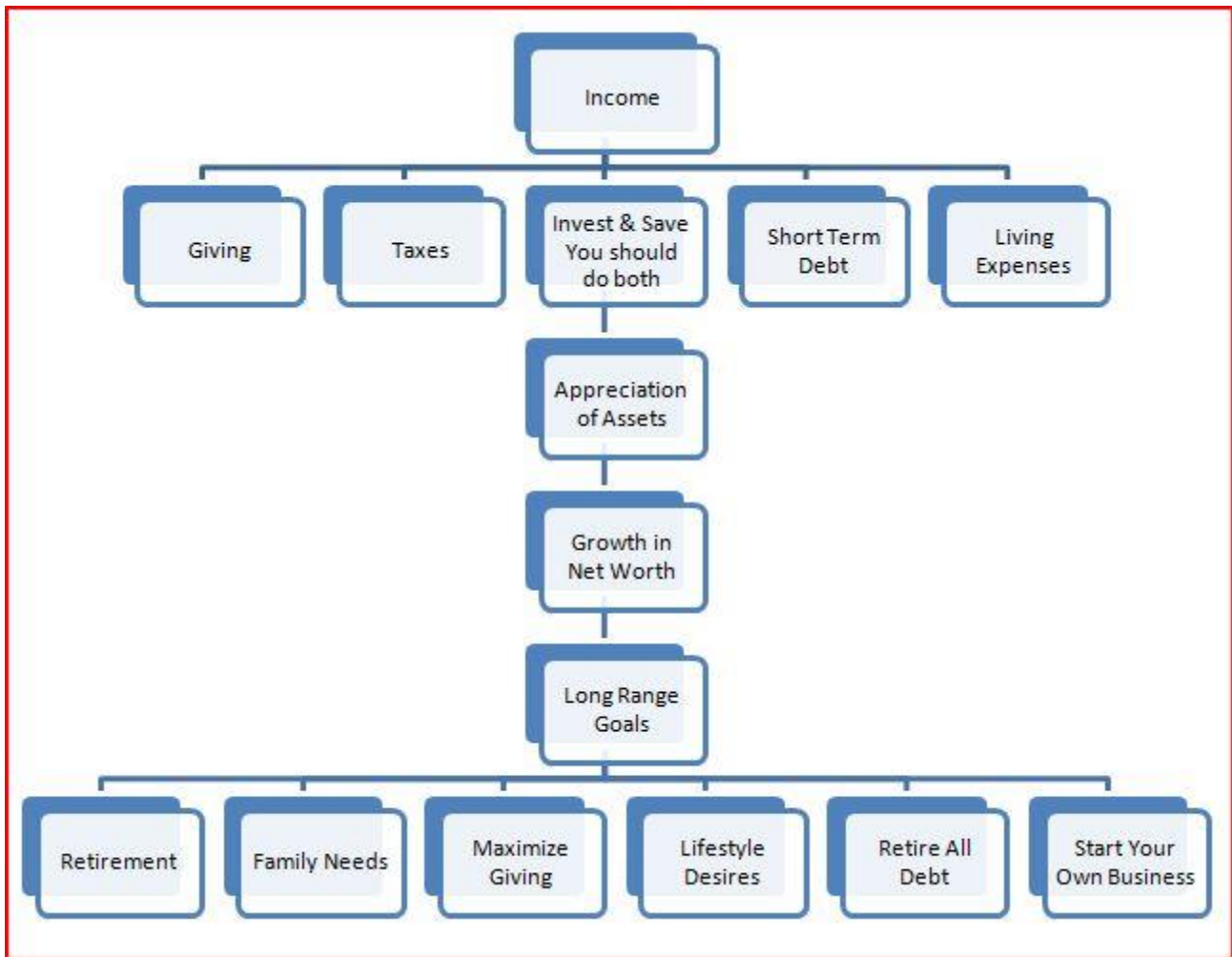
- Avoid Debt. Use it wisely, if you must use it at all – like for a mortgage or a business startup.
- Save. Pay yourself (first) a portion of your income. You should also have an emergency fund.
- Set and reset Long Term Goals. Organize your finances around a set of priorities.
- Understand that God does own it all. Decide to be a good steward concerning your time, your money and your talents, and use them for God-given and God-sized goals. Giving is a spiritual thing, but so is spending - or it should be. Money is a tool, a test, and a testimony.

But you must decide what you want out of life and what you will give up to get it. Everything has a price. When asked, "What do you want out of life?" most respond with the typical getting out of debt, saving for a comfortable retirement, or becoming financially independent. Actually, an all-encompassing goal in my mind would be to be a wise steward over what God has entrusted me to manage. We really don't own anything, we are just managers or trustees and we should endeavor to be the wisest we can be in that role. And in the end, we will be blessed indeed.

Sounds simple and it really is: managing what you earn so that you can transform it into what you really want long term. Despite all the confusing noises out there, you really only have 5 places or buckets where you can put your money or income - **Giving, Taxes, Investments & Savings, Managing Debt (avoiding it), and making the best Lifestyle Choices**. The question that most ask is, "**How much goes in each bucket?**" That is where praying and establishing your priorities comes in. These were ordered in terms of importance long term. You get to decide how much goes in each one. As far as giving, we are instructed to honor God with our first fruits - a huge test for some folks. We are also told to give to Caesar what is Caesar's - and if you don't you WILL go to jail and be dishonored. Next, you should be saving, for an emergency (a good plan is a 6-month emergency fund) and for seed money for later investments. You can't have a harvest without having sown some seeds. If you eat your apple, you are filled once, but if you plant it, you might gain an orchard, which will feed you for a lifetime - plus give you a possible fortune. And putting money aside for investment, especially at a young age, is very important. Investment growth requires two things: time to compound and money. If you start early, whatever you invest has the time to

compound, so less money will be required. The longer you wait, the less time you have for compounding, so more money is required (and some involve themselves in riskier investments, which I don't recommend) for a desired result. Next, we are told to pay our debts, as only 'wicked people' fail to honor commitments. A good way to avoid the pain of all that interest on top of principal when you manage your debt, is to be discerning about that which you purchase in the first place. With cash, you pay only once, and it hurts only once. Of course, with every purchase, even cash, you should consider the 'opportunity cost' of the purchase, or how much could have an investment of that money have made you. The last thing is Living Expenses. This is where most of us lose out. We confuse real need with 'wants and desires'. We need to have long term goals in mind whenever we think about making a short-term purchase. We are on a financial journey, and if we persist in making too many small financial detours (the more costly - the more hurtful) the greater the chances that we may NOT arrive at our destination at our desired time, if at all. Our young family bought nothing on credit (except our first house, which we paid off in 7 years). Our attitude was that if we could not afford cash - a onetime payment - we couldn't afford it. We bought our cars, our clothes, our vacations, with cash. We never tried to justify the idea of going into debt for a purchase with the words "deserve", "need", or "earned" - it was only "can we afford it". We saw many of our friends trying to 'keep up with the Jones', or practicing the 'live now for tomorrow we may die' philosophy, never understanding that the Jones were broke and that they were going to have a lifetime to regret those indiscreet decisions. We just never got in THAT race. The less money we spent on living expenses meant that there was more to put into savings or our new business. By investing that surplus well, after much investigation and prayer, monitor it, but allow it to grow, so that later you will have a harvest with which to purchase or engage in your life's goals.

The goal is to be a good steward - to honor God with our Giving, pay our Taxes, pay ourselves 10% (at least) by saving, manage any Debt wisely, and finally live in a frugal manner so that we could have a surplus with which to invest. And in the end, we honor God with a life lived well, according to His principles.



Everyone should have a plan that if followed will yield the results they desire. Then you must discipline yourself to follow the plan, no matter what. If you are failing to plan – you are planning to fail.

Six questions to examine your planned giving or expenditures:

- What is the best use of the money?
- How does this align with my stated priorities?
- Are you and your spouse unified about this?
- Will you regret this decision in the future?
- What is the best outcome from this decision? What is the worst?
- How likely are these outcomes?

If we would just examine our decisions and then reexamine them, we would eliminate most bad decisions before they become full-blown mistakes. Most of the time, we know

what we should do, but we just forget about the long-term impact of doing right as opposed to the consequences for compromising in the short term with our priorities. Half of being brilliant is knowing about that which we are dumb. And many times, if we would just measure twice, we would only have to cut once. The tendency to follow the path of least resistance guarantees failure in life. But often we get too busy without giving thought to our goals - and our productivity suffers. We end up letting the urgent overrule the important or what matters most. This happens when we:

- Try to be like others instead of being who God created you to be
- Try to make everybody happy
- Try to meet the arbitrary expectations of others
- Take on too many hobbies or too much time with a hobby
- Get caught up in social media, movies, or television
- Get involved with the wrong kinds of relationships with opposing values

We must constantly check ourselves to make sure that we can give a good accounting for the way we spent our time, talents, and resources on the task we have been called to accomplish. Keeping our vision before us and consistently evaluating and revising our plan, will keep us on track, so that we are always a 'meaningful specific', rather than a 'wandering generality'.

Key Characteristics of a Good Steward - one who stays on task, doing the things that will eventually lead to not only finishing the race, but winning it.

- Proportionate Giving
- Controlled Debt-free lifestyle
- Taxes paid with integrity and even thanksgiving. I am still working on that last one.
- Your financial goals are discussed and set as a family.
- Accountability to every one for every word and every deed.

We are 'called' to be good stewards in all with which we have been entrusted - our time, talents and money. We do not own anything; therefore why should we be miserly about that which is God's? But neither should we be wasteful spendthrifts about that,

on which God wants a return. He expects us to use all of His resources that He has allowed us to manage, for His glory and for the furtherance of His kingdom. To do less is to be the ultimate failure. In the parable of The Talents, that servant who buried his talents was labeled slothful and wicked. Good financial planning is something we should take on with the strongest kind of resolve borne of a good Christian character. I was mentored to understand that character is carrying through with strong resolve to accomplish the task you set out to do, long after the mood in which the resolution was made has left you. If we understood that concept and that every direction has an ultimate destiny, we would be careful regarding the first few steps of our life's journey.

Remember: successful people make a habit of doing what the failures in life don't, because the failure lacks the vision that leads to discipline.