

## Family Money Management: Getting a Grip on Your Finances

**Budgeting is simply a plan to ensure that you know where your money goes each month.**

Larry Burkett with Kay Moore, *Jesus On Money: Charting a New Course* (LifeWay: Nashville 2000) pg. 48

### Just the Facts

- 22% of American adults earn \$25K or less annually, before taxes.
- 40% of American adults earn between \$25K \$50K annually, before taxes.
- 38% of American adults earn \$50K or more annually, before taxes.
- 10% of Americans earn over \$100K annually, before taxes

Barna Research Archives, October 10,2000

### Just the Facts

- 37% of Americans report they are "in debt" (2000)
- The Only time the personal savings rate has been lower than it is now was during the depth of the Great Depression US Bureau of of Economic Analysis
- 43% of parents report they are in debt, compared to 34% of non-parents (2000)
- Men are more likely than women to report they are in debt (41% to 33%, respectively) (2000)

Barna Research Archives, October 10,2000

### Just the Facts

- 33% of born again Christians say it is impossible for them to get ahead in life because of the financial debt they have incurred. (1997)
- 51% of Christians and 54% of non-Christians believe that no matter how they feel about money, it is still the main symbol of success in life. (1997)

Barna Research Archives, October 10,2000

### NOTES

Knowledge +  
The Right Action =  
Contentment

### Just the Facts

- 32% of Christians and 44% of non-Christians indicate that money is very important to them. (1997)
- 19% of Christians and 20% of non-Christians believe that you can usually tell how successful a person is by examining what they own. (1997)

Barna Research Archives, October 10, 2000

**Getting into debt is like sliding down an icy mountain. Getting out of debt is like climbing back up that same mountain**

16 out of 38 of Christ's parables deal with money; more is said in the New Testament about money than heaven and hell combined; 5 times more is said about money than prayer; and while there are 500 plus verses on both prayer and faith, there are over 2000 verses dealing with money and possessions." John MacArthur, Jr....

**Living within your means provides you with Dignity and Independence**

Financial Planning is the allocation of limited resources to unlimited alternatives

### 12 Warning Signs of Excessive Debt

- You are unable to pay each month's bills on time
- You routinely receive over-due notices because of late or missing payments
- You pay the minimum amounts required on your credit card bills
- You've reached your credit limits on your credit card bills
- You've applied for more credit cards to keep up your spending
- You have used cash advance for one credit card to make payments on others
- You regularly take cash advances on your credit cards to pay routine living expenses such as food, rent, or utilities

### NOTES

Matthew 6:25-34

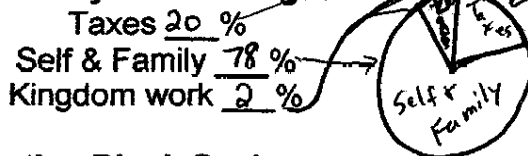
Do not worry about tomorrow because each day will take care of itself !!!  
o o o

- You owe more on your car than it is worth as a trade in
- You postdate checks and cover them on payday or with new borrowings
- You don't know the total amount of installment debt you owe
- You no longer contribute to a savings account
- You have no savings at all

### Steps to Financial Freedom

1. Establish Godly Goals (pg. 14)
2. Estimate Your Income
3. Determine Your Expenses for Last Year
4. Make A Plan for Spending
5. Keep Simple, Accurate Records

### Average Lifestyle Percentages



### In the Starting Block Goals

- Note that your goals will be in 1, 5, and 20 increments.
- You do not move on to the 5 year goals until the one year goals are met.
- You do not move on to the 20 year goals until the five year goals are met.

### 4 REASONS TO SET GOALS

1. Provide direction and purpose
2. Help to crystallize your thinking
3. Provide personal motivation
4. Help state God's Will

### Goals for Next Year

1. Eliminate Consumer debt
2. Begin savings - emergency fund
3. Increase giving
4. Begin volunteer mission work
5. Plan for College

### NOTES

2 things not to worry about

1. Things you can't control
2. Things you can control  
↳ Just go do something about

Should have  
3 accounts

1. Checking
2. Savings
3. Money Market /  
Mutal Fund  
for quarterly /  
yearly bills

### Goal Ranges

1. within 1 year
2. Up to 5 years
3. 20 years or more

Increase Tithes  
+ Curb spending

Proverbs 13:22 A good man leaves an inheritance for his children's children, but a sinner's wealth is stored up for the righteous.

### When Determining Your Goals:

Reach as far into the future as you dare

Be as specific as you can

Be realistic -goals will change

Give Priority to the goals that contribute to Growth in Christian lifestyle

They should usually benefit the whole family

write your goals down in priority with time lines

### Why Are We in Debt?

We have to have it now!

We have to have the best!

It has to be new!

It has to be the latest in kind!

After all, we have to keep up with the Joneses!

P.s. The Jones' are going into bankruptcy!

**The wheel was invented so we could move faster, Credit was invented so we would have to.**

### Why Get Rid of Debt?

A 30 year mortgage will cost the homeowner 3 times the original purchase price

It takes 11 years to pay off \$2,000 at 18.5% interest

Interest money is forever lost. It is wasted money. It is poor Stewardship  
 1 Corinthians 4:2 Now it is required that those who have been given a trust must prove faithful.

NOTES

## Possible Sources of Income Within Your Grasp

- Sell your new car and buy a pre-owned car with cash. Use the monthly payment to pay off debt
- Cash in your investment (whole life) insurance policy and go to a term policy
- Sell your second car, motor home, boat, etc. and use the money/payments to pay off debt
- Raise the deductible on your auto insurance premiums
- Have a garage sale and "lose" the excess "stuff"
- Cash in warranties and services contracts
- Go to the library instead of buying books
- Cut trips to the vending machines at work
- Have a baby sitting with other parents
- Give up cable television if you don't need it for regular reception
- Get rid of high interest credit cards
- Drink water instead of ordering coffee, tea, or soft drinks when dining out
- Turn the thermostat up in the summer and down in the winter
- Do your own maintenance when possible
- Bring your lunch to work instead of buying it
- Buy clothes at consignment shops
- Watch for sales
- Consider wants versus needs
- Cancel newspaper and magazine subscriptions
- Tighten up miscellaneous spending
- What have I missed?

NOTES

**When buying clothes:**

- Cash only
- Family counsel before payday-  
prioritize need
- \_\_\_\_\_ sales, mail order catalogs,  
discount houses, consignment  
shops, etc.
- Educate family on care of clothing  
Larry Burkett with Kay Moore, *Jesus On Money: Charting a  
New Course* (LifeWay: Nashville 2000) pg. 68-69

**When it comes to entertainment:**

- Wait for movies to be released on  
video
- Use 2 for 1 coupons when  
renting
- Buy entertainment books
- Prepare meals at home
- Play family games
- Plan vacations in "off season"  
Larry Burkett with Kay Moore, *Jesus On Money: Charting a  
New Course* (LifeWay: Nashville 2000) pg. 72-73

**"Nuts and Bolts" of Budgeting**

If you can't get your budget in line by  
your self, call a counselor at: LifeWay  
Resources (800) 458-2772  
Consumer Credit Counseling Service  
(888) 771-HOPE (4673)

**Reduce Installment Debt (pg. 15)**

Creditors	Mo. Payt.	Total Debt
Bank Card # 1	\$ 35.00	\$1100.00
Bank Card # 2	\$ 55.00	\$1600.00
Dept. Store	\$ 25.00	\$ 700.00
Gas Card	\$ 30.00	\$ 280.00
Hardware Store	\$ 20.00	\$ 160.00

**If you want to feel rich, just count all  
of the things you have that Money  
can't buy.**

**NOTES**

**Goals for Next Five Years (p. 14)**

1. Pay off for automobiles
2. Begin \_\_\_\_\_
3. Continue plans for \_\_\_\_\_

**Paying Cash for Autos**

Assume monthly payment of \$275 per month on current automobile.

Value of Auto	\$ 7,000.00
Annual Cash Accumulations	
First Year	\$ 3,300.00
Second Year	\$ 3,300.00
Third Year	\$ 3,300.00
Cash & Trade-	\$16,900.00

**Benefit: \$1,200 to \$1,800 saved per year plus interest earned on savings**

*If you paid cash for a car costing \$7,000.00, you would save \$1,717.40 of interest over 5 years.*

**These Four Items Consume 73.8% of Your Budget**

Tithes and offerings	13.8%
House & attendant costs	34.8%
Food	11.0%
Auto & attendant costs	<u>14.2%</u>
Total	73.8%

**Values of Record-keeping**

Guides Spending Decisions  
Provides A Better Inheritance  
Promotes Healthy Discipline

**NOTES**Solutions

Attitude  
Reduce Upkeep  
Spending Habits  
Credit Abuse

Keep Simple, Accurate  
Records

Comic strip

I've called the family together to announce that because of inflation, I have to let two of you go.

**Spending Evaluations**

\$1 per mo. @ 12% X 45 yr. = \$21,455

\$25 per mo. @ 12% X 15 yr = \$12,490

\$50 per mo. @ 12% X 30 yr = \$174,748

\$100 per mo. @ 12% X 30 yr = \$349,496

\$100 per mo. @ 12% X 35 yr = \$643,096

\$100 per mo. @ 12% X 40 yr = \$1,176,477

\$100 per mo. @ 12% X 45 yr = \$2,145,470

**NOTES**

12% is just an example.

**NOTES****Rules to Remember****Pay God First**

**Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this," says the LORD Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it. Mal 3:10**

**Pay Yourself Next**

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

**Pay Your Bills**

**If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever. 1 Timothy 5:8**

**Keep Your Priorities**

**For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs. 1 Timothy 6:10**

**A Simple Spiritual Truth**

**Remember this: Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. 2 Corinthians 9:6**