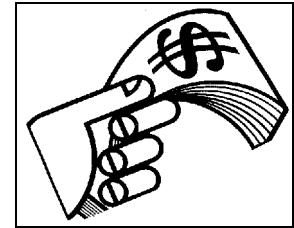


A Christian and His Finances

By Charles Dailey

Introduction:

1. To avoid being a person who lives from pay check to pay check requires wisdom in handling our finances.
2. To avoid being controlled by cash also requires wisdom. 1 Timothy 6:10.
3. While most of us believe that increased income will solve financial difficulties, experience shows otherwise. Stories are frequent of those who have received large sums of money and used it up in a year. The more we have, the more we spend.
4. Our financial position can be improved by careful attention to *spending* (not miserliness), careful attention to *savings* and careful attention to our *giving* to God's church and the poor. Jesus commended good financial management in Matthew 25:14-29.
5. Finance is one area where we must be willing to pay attention to detail. Often leaders and salespeople do not like detail work because they are people centered, but that may be why these categories of workers have more financial grief than many others.
6. Individuals cannot spend more than they make over a long period of time. When governments do that, they resort to printing more money. Their bank notes are suppose to represent gold and silver held on ~~depos~~ by the Government. If they print more bank notes than they have precious metal to back them, they may create inflation. This causes prices to go up because the money has less value. (Inflation is really deflating the money value.)
7. Avoiding the discouragement and pressure caused by financial concerns helps our families be happy and productive.
8. Dr. Gary Collins, writing in *Christian Counseling, A Comprehensive Guide*, page 526, says:



According to Scripture, money is temporary!¹ Ultimately it does not satisfy or bring happiness and stability.² Perhaps this is one reason why we are warned to keep our lives free from the love of money and to be content with what we have.³ If riches increase we are not to set our hearts on them.⁴

1 Psalm 49:10-12; Proverbs 23:4-5; 27:24; 1 Timothy 6:7.

2 Ecclesiastes 5:10; Psalms 52:5-7.

3 Hebrews 13:5.

4 Psalm 62:10.

Money in itself is not condemned in Scripture, but the love of money and dependence on riches clearly are wrong.

I. **Measurements Useful in Making Financial Decisions**

A. **Networth**

1. The Definition. It is what we own that is of monetary value minus what we owe.

2. An Example.

<u>Own:</u>		<u>Owe:</u>		<u>Networth:</u>
Cash	\$100	Motorcycle	800	Own: \$2300
Motorcycle	2000			Owe: 800
Furniture	200			
	<hr/>			<hr/>
	2300			Total: 1500

3. The importance. Our net worth should be calculated regularly - such as every six months. If we are not gaining, we should ask "why?" and take steps to remedy the matter.

- B. **Gross Income.** This is total income that we have made, whether in wages, benefits, reduced costs or other forms of compensation.
- C. **Net Income.** The income that we take home and use to operate our household.
- D. **Disposable Income** or Discretionary Income. Money left over after basic needs are met.
- E. **The value of our time per hour.** Consider what you are being paid or what the average wage is. Place a price on your time so you can make decisions on whether to use your time or hire the task done. Time is money.

II. **Principles Useful in Making Financial Decisions**

- A. Plan first on giving to the Lord / Helping the needy. Proverbs 19:17. Failure to have a written plan is why believers think they can't give.
- B. Try to save 10% in a Savings Account. This is not spoken against in Scripture. However, we are not to serve our savings or let them rule us. When we have savings, we are more conservative about spending. Try it and see.
- C. Decide if a purchase is a production item or a consumption item
1. Transportation may fit both categories
 2. Books or other tools may be for our work
 3. Probably a new table or stove would be consumer items
- D. Understand the effects of depreciation. Some items depreciate very little (like houses), while others depreciate severely (like cars and computers).

III. Major Financial *Pitfalls*

A. Co-signing for a debt. Proverbs 22:26.

B. Health costs. As health care becomes more sophisticated, the cost rises. This must be paid for, either by the government or private insurance or out of pocket. Taking health care costs out of our weekly or monthly operating budget may be devastating.



1. We should know about the *Christian Brotherhood Newsletter* and use it as a point of comparison. 800-791-6225.

C. Car or motorcycle costs. Setting realistic costs saves much budgetary grief for a household. Only after we have set a price on the items below can we really know how much transportation costs:

1. Depreciation. A new automobile depreciates about 30% at purchase.
2. Insurance. This cost may come every six months and needs to be funded monthly.
3. Licensing. This cost may come yearly and needs to be funded monthly.
4. Financing costs. The cost of financing cars is much higher than the cost of financing a house, although the lenders may use the same numbers when explaining the costs. Actually, they use a different formula that makes the cost of auto financing very high. You may want to get the help of a disinterested expert to help sort this one out.
5. Maintenance cost per mile. Tires, repairs.
6. Fuel. This is not the most compelling cost item, although it makes an interesting conversation piece. Beware of low fuel costs and high repairs.
7. In the U.S. cars costs exceed \$.30 per mile.

D. Taxes. If these come yearly, they should be funded monthly.

E. Any large cost item that comes every three, six or twelve months.

F. Operating without a written plan. A written plan must be revised frequently at first, then may hold true until there is a change in income or outgo.

G. Impulse buying - especially of larger items.