

# MANAGING YOUR FINANCES

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# Introduction

**M**oney makes the world go round, or so it seems. Vast sums change hands every day in a global economy that affects virtually every man, woman and child on the planet.

Paradoxically, in this time of wealth and opportunity, millions of people struggle to survive economically. With consumer credit reaching gigantic proportions, many find themselves mired in debt. Anxiety about money matters takes an enormous toll on mental and physical health and general well-being.

What can you do about money problems? Where can you turn for simple, practical guidelines to help manage your personal finances? Libraries and bookstores provide readers with various principles and theories about money management. Books and videotapes assure readers they can be financially successful; others tell us we can become millionaires practically overnight.

But do you realize that sound principles are to be found in a book you probably already own? The Holy Bible offers proven financial advice and economic guidelines. The book of Proverbs alone reveals much about how to manage your personal finances. When we apply the principles we can find in Proverbs, they usually add up to economic success, financial stability and peace of mind.

Jesus Christ talked about freedom from economic want: "I am come that they may have life, and that they may have it more abundantly" (John 10:10). Abundant life includes financial peace of mind. Throughout the Bible we can find specific financial principles and advice. When we properly apply them, they work for our benefit.

This booklet reviews many timeless economic principles from a biblical perspective. It shows us how to manage our financial affairs from a godly point of view. Turn the page to begin an important Bible-based study. You have nothing to lose and much to gain!

# What Is Money?

People hold widely divergent views about money. Some view it as the root of all evil and believe that poverty brings one closer to God. Others accept the health-and-wealth gospel: that Christians are almost automatically destined to become financially successful if not fabulously wealthy. Those who hold either of these contradictory ideas think it comes directly from the Bible.

Is money good or evil? To lay a foundation for managing one's finances, we must begin by considering what money is and whether it is proper for Christians to accumulate wealth.

## Wealth and the Bible

The first time the Bible mentions someone with a lot of money, it speaks of a righteous man, Abraham, who “was very rich in livestock, in silver, and in gold” (Genesis 13:2). Later we find God promising that through this man's descendants all nations of the earth would be blessed (Genesis 18:18; 22:18; 26:4). Abraham was wealthy, but he was also “the father of all those who believe” (Romans 4:11).

God is not opposed to riches. In fact, He is the originator of financial blessings (1 Samuel 2:7; Proverbs 10:22) and reminds us that personal diligence can also lead to wealth (Proverbs 10:4).

When we have more money than we need for normal expenses, we are wise to save some for later use. The Bible speaks well of the saver, noting that the ant wisely stores up food for the winter (Proverbs 6:6-11). It speaks favorably of someone who would provide for his children and grandchildren: “A good man leaves an inheritance to his

children's children, but the wealth of the sinner is stored up for the righteous” (Proverbs 13:22).

## Spiritual traps to avoid

These positive examples, however, do not give the whole picture. The follower of God who wants to make money but continue to follow God must avoid certain spiritual traps. It becomes easy, as a person accumulates worldly goods, to view money—rather than God—as a source of protection and stability (Proverbs 18:11).

The apostle Paul talked about money and temptation: “. . . Those who desire to be rich fall into temptation and a snare, and into many foolish and harmful lusts which drown men in destruction and perdition. For the love of money is a root of all kinds of evil, for which some have strayed from the faith in their greediness, and pierced themselves through with many sorrows” (1 Timothy 6:9-10).

It is from these words that some people get the idea that the Bible teaches that *money* is the root of all evil. However, Paul wrote something considerably different: that “the *love of money* is a root of all kinds of evil.” Money itself is not an evil, but elevating money and material wealth to a greater priority than it is properly due is a great spiritual trap.

In this passage Paul elaborates on the perspective toward wealth that Jesus Christ had given many years earlier. In speaking of a Christian's proper priorities (Matthew 6:24-33), Jesus said, “You cannot serve God and mammon” (verse 24). The English *mammon* is translated here from a similar Aramaic word that means riches, especially riches that turn one's attention away from God.

While recognizing that people have physical needs, Christ emphasized that our priority must always be God. Jesus taught that we must “seek first the kingdom of God and His righteousness, and all these things shall be added . . .” (verse 33).

Paul's comments to Timothy teach us not to make money a god or to allow it to come between us and God. Money is simply a tool that can be used for either good or bad. The key lies in our attitude. Paul adds this advice to the wealthy: “Command those who are rich in this present age not to be haughty, *nor to trust in uncertain riches but in the living God*, who gives us richly all things to enjoy. Let them do

good, *that they be rich in good works*, ready to give, willing to share, storing up for themselves a good foundation for the time to come, that they may lay hold on eternal life” (1 Timothy 6:17-19, emphasis added throughout).

### Can we seek wealth and eternal life?

On another occasion, a young man asked Jesus Christ what one must do to inherit eternal life. After Jesus told him he must keep God’s commandments, the man responded that he had kept them from his youth (Mark 10:17-20). “Then Jesus, looking at him, loved him, and said to him, ‘One thing you lack: Go your way, sell whatever you have and give to the poor, and you will have treasure in heaven; and come, take up the cross, and follow Me.’ But he was sad at this word, and went away sorrowful, for he had great possessions.

“Then Jesus looked around and said to His disciples, ‘How hard it is for those who have riches to enter the kingdom of God!’ And the disciples were astonished at His words. But Jesus answered again and said to them, ‘Children, how hard it is for those who *trust in riches* to enter the kingdom of God! It is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God!’” (verses 21-25). (See also “The Eye of a Needle,” page 7.)

Notice the disciples’ reaction when they heard Jesus’ comments about how difficult it was for a rich man to enter the kingdom: “. . . They were greatly astonished, saying among themselves, ‘Who then can be saved?’ But Jesus looked at them and said, ‘With men it is impossible, but not with God; for with God all things are possible!’” (verses 26-27). Eternal life is a gift given to those who humbly seek God (John 3:16; Romans 6:23; Ephesians 2:8-10). Everyone, whether rich or poor, must rely on God’s mercy for eternal life.

### A lesson in priorities

Jesus explained that eternal life is a spiritual issue of paramount importance. The wealth of the man was not intrinsically wrong. But his misplaced priorities—his improper attachment to material wealth—was. Christ perceived that the man was more interested in his money than God. Indeed, the young man was despondent over Christ’s words “and went away sorrowful, for he had great possessions” (Mark 10:22).

God has revealed in His Word, the Bible, all essential knowledge that humans need to come into harmony with His ways in both spiritual and physical matters. God has given His people specific instructions for supporting the poor (Deuteronomy 14:28-29; 15:1-2; 26:12-14). His Word even gives instructions for how His people should provide financially for annual religious observances (Deuteronomy 12:17-18; 14:22-27).

Jesus took the lesson of spiritual and financial priorities a step further. “Then Peter began to say to Him, ‘See, we have left all and followed You.’ So Jesus answered and said, ‘Assuredly, I say to you, there is no one who has left house or brothers or sisters or father or mother or wife or children or lands, for My sake and the gospel’s, who shall not receive a hundredfold now in this time—houses and brothers and sisters and mothers and children and lands, with persecutions—and in the age to come, eternal life!’” (verses 28-30). Here, Jesus promises physical and spiritual rewards for putting Him first.

## The Eye of a Needle

What did Jesus Christ mean when He said, “It is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God”? (Mark 10:25). Although the scriptural context is clear—Jesus was warning His followers not to put their trust in riches—the question is puzzling. What exactly was Jesus saying? Some have believed that the phrase *eye of the needle* refers to the name of a small gate into a city through which camels had to kneel to enter. A number of Bible resources show that this interpretation is incorrect. Here is what one representative resource says:

“Jesus’ words [in Matthew 19:24, Mark 10:25 and Luke 18:25] that it is

easier for a rich man to enter heaven than ‘for a camel to go through the eye of a needle,’ reflect an idea found in early rabbinic writing. There is no archaeological or historical support for the common idea that the ‘needle’s eye’ was a small pedestrian gate through the city wall. The statement simply means that humanly speaking, this is an impossible thing. Only a divine miracle can make it possible” (*Nelson’s Illustrated Bible Dictionary*, 1986, “Tools of the Bible”).

It appears that Christ’s words must be taken literally. Just as it is impossible for a camel to go through the tiny eye of a needle, it is equally impossible for those who trust in riches, instead of God, to enter the Kingdom of God.

So He clearly is not against prosperity—provided we don't make it the greatest priority in our lives.

Keeping priorities straight can be quite a challenge for people who have been blessed with material goods. The rich must not glory in their riches (Jeremiah 9:23). We must remember Christ's instruction regarding our priorities: “. . . Lay up for yourselves treasures in heaven, where neither moth nor rust destroys and where thieves do not break in and steal. For where your treasure is, there your heart will be also” (Matthew 6:20-21).

### People are prejudiced

People can be prejudiced about money. Sometimes the wealthy despise the poor, and sometimes the poor despise the rich. Jesus did not hold such biases. He ate with tax collectors and sinners, was called their friend (Matthew 9:10; 11:19) and ministered to the poor (Matthew 11:5).

Yet He showed no partiality and could also be found with the rich (Matthew 27:57; Luke 19:1-10). A wealthy man so admired Jesus that he buried Him in his unused family tomb (Matthew 27:57-60). Jesus Christ died for all of humanity, regardless of anyone's social or financial standing.

The Scriptures we have just reviewed show that money is neutral—neither good nor bad. Our *attitude* toward it, however, is important. Money tests our allegiance; it makes apparent whether we are committed to God or to our possessions. At best, money is a tool we use for important purposes. In the next chapter we will see that Christ taught that a Christian has financial obligations—to God and his fellowman.

# The Right Use of Money

Since money is a tool that can be used for good or bad, it is important that we understand the Bible's instruction on how we are to use it. The Bible gives directions and principles about the way we should use our financial resources. But, before considering the specifics, we need to understand God's perspective and what He does for each one of us.

God reveals He is the Creator of heaven and earth. As such, everything belongs to Him. “. . . All the earth is Mine,” He declares (Exodus 19:5). This includes all precious metals (Haggai 2:8), animals (Psalm 50:11) and people (Ezekiel 18:4).

When God made man in His image (Genesis 1:26-27), He “put him in the garden of Eden to tend and keep it” (Genesis 2:15). Adam's job was to care for the garden.

After Adam sinned by eating of the forbidden fruit, God told him: “Cursed is the ground for your sake; in toil you shall eat of it all the days of your life. Both thorns and thistles it shall bring forth for you, and you shall eat the herb of the field. In the sweat of your face you shall eat bread till you return to the ground, for out of it you were taken; for dust you are, and to dust you shall return” (Genesis 3:17-19).

Like Adam, we must work to sustain our lives. Human beings, however, are not self-sufficient. God continues to help us, providing

for us in ways we cannot. “He causes the grass to grow for the cattle, and vegetation for the service of man, that he may bring forth food from the earth,” He tells us (Psalm 104:14).

When we enjoy the fruit of our labors, we should remember that everything we have is ultimately a gift from God, the Maker of everything. “As for every man to whom God has given riches and wealth, and given him power to eat of it, to receive his heritage and rejoice in his labor—this is the gift of God” (Ecclesiastes 5:19). With a few exceptions (see “The Bible and Work,” page 11), working hard and enjoying the resulting fruits of one’s labor are godly principles most people understand and accept as a fundamental part of life.

### The work of God

Yet humans are not the only ones who work. Jesus Christ said God the Father works (John 5:17). As a spirit being (John 4:24), God does not need food, shelter and clothing to survive. His work is spiritual and humanitarian. John 3:16 summarizes God’s motivation for everything He does toward mankind: “For God so loved the world that He gave His only begotten Son, that whoever believes in Him should not perish but have everlasting life.” This work of God, which He began before the foundation of the world (Matthew 25:34; Revelation 13:8; 1 Timothy 1:9), continues.

Similarly, God expects spiritual and humanitarian work of us. Just as we work to sustain ourselves physically, we must work for a greater spiritual purpose. The apostle Paul tells us, “For we are His workmanship, created in Christ Jesus for *good works*, which God prepared beforehand that we should walk in them” (Ephesians 2:10). We cannot earn salvation by human efforts, but God makes it clear that we were also created to do “good works” that have a vital spiritual dimension.

The money we earn from our physical and mental efforts can be profitably used to support important spiritual concepts and endeavors. Let’s examine and understand an important biblical principle the early Church practiced.

### Our financial priority

Throughout the ages God has seen to it that a true message of hope has been preserved and spread. He first used His patriarchs,

prophets and priests. Now, in this age, He uses His Church, His called-out followers. Jesus Christ commissioned His followers to proclaim the “gospel of the kingdom of God” to all nations (Mark 1:14-15; Matthew 24:14; 28:19-20). Christ’s message—“the gospel”—is far more extensive than many understand. (To discover the biblical truth about the message Jesus Christ brought and taught,

## The Bible and Work

Some in the church at Thessalonica who were able to work apparently chose not to do so. Instead, they expected others to provide for their physical needs.

In addressing this issue, the apostle Paul wrote to the church in that city, “Now we exhort you, brethren, warn those who are unruly . . .” (1 Thessalonians 5:14). The Greek word for *unruly* is *ataktos*. This word “was especially a military term, denoting ‘not keeping rank, insubordinate’; it is used in 1 Thes. 5:14, describing certain church members who manifested an insubordinate spirit, whether by excitability or officiousness or idleness” (*Vine’s Complete Expository Dictionary of Old and New Testament Words*, 1985, “Disorderly”).

Being idle or lazy is not in step with God’s expectations of our behavior.

In Paul’s second letter to this same congregation, he again addressed this situation: “But we command you, brethren, in the name of our Lord Jesus Christ, that you withdraw from every brother who walks disorderly [*ataktos*] and not according to the tradition which he received from us. For you yourselves know how you ought to follow us, for we were not disorderly [*atakteo*] among you; nor did we eat anyone’s bread free of charge, but worked

with labor and toil night and day, that we might not be a burden to any of you, not because we do not have authority, but to make ourselves an example of how you should follow us” (2 Thessalonians 3:6-9).

Paul, to show that his motives were pure and to avoid being accused of taking advantage of the members of Thessalonica, cited his own example of having worked to support himself when he was in the area earlier. Although he had the right to be supported by them in exchange for his ministering to them (1 Corinthians 9:1-18), he chose not to.

Paul continued: “For even when we were with you, we commanded you this: If anyone will not work, neither shall he eat. For we hear that there are some who walk among you in a disorderly manner, not working at all, but are busybodies. Now those who are such we command and exhort through our Lord Jesus Christ that they work in quietness and eat their own bread” (verses 10-12).

Since other biblical instruction calls for helping the needy (Matthew 19:21; Galatians 2:10), Paul is obviously correcting those who were able to work but chose not to do so. If we are able, God expects us to work so we can provide for our own needs and not unnecessarily burden others.

be sure to request your free copy of the booklet *The Gospel of the Kingdom*.) Dedicating a portion of our incomes to this noble cause can make it possible for the good news, this message of hope, to be proclaimed throughout the world.

When Jesus sent out His disciples to spread the gospel of the Kingdom (Matthew 10:1), He said, “Freely you have received, freely give” (verse 8). The disciples did not have to charge others to provide for their physical needs because those needs were voluntarily supplied by those who heard their message (Matthew 10:11; Luke 9:3-4). As Paul later wrote, “Even so the Lord has commanded that those who preach the gospel should live from the gospel” (1 Corinthians 9:14).

The question naturally arises, how much should we contribute to further Christ’s commission to proclaim the gospel? People may debate this answer endlessly, but God has already given a specific answer—10 percent, also called a tithe (Leviticus 27:32). In instructing the ancient Israelites how to manage their financial affairs, God said, “all the tithe of the land, whether of the seed of the land or of the fruit of the tree, is the LORD’S. It is holy to the LORD” (Leviticus 27:30).

This passage shows us that this tithe belongs to God; it is His. It is not ours to do with as we please. Because God owns everything, He has the right to retain whatever He chooses. In reality, He is requesting only that we return to Him a portion of what He has already given to us.

God allows us to keep the greatest portion of the physical blessings He provides us. He asks only that we return a percentage, a tenth, to Him in acknowledgment that He is the source of all good things. If we ignore this principle, we will rob ourselves of God’s blessings (Malachi 3:8-9).

During His earthly ministry, Jesus Christ upheld the practice of tithing (Matthew 23:23) and encouraged His followers to “lay up for yourselves treasures in heaven, where neither moth nor rust destroys and where thieves do not break in and steal” (Matthew 6:20). Because tithing is a fundamental biblical principle for a more abundant life, let’s examine this scriptural practice in more detail.

## Examples of righteousness

The first mention of tithing in the Bible is in Genesis 14. Here, Abram (later renamed Abraham; Genesis 17:5), the same person later extolled as a model of behavior for Christians (Galatians 3:29; Romans 4:11), engaged in a rescue mission to free his nephew, Lot, who had been taken captive (Genesis 14:1-14).

After successfully rescuing Lot and recovering various goods, Abram met with Melchizedek, “the priest of God,” and “gave him a tithe of all” (verses 16-20). Note that Abraham tithed on *everything*—not just agricultural produce as some have concluded.

Later we read of Abraham’s grandson Jacob making this promise to God: “. . . Of all that You give me I will surely give a tenth to You” (Genesis 28:22). The practice of tithing, we see, predated the ancient nation of Israel and the national covenant God made with the Israelites.

As time passed, the descendants of Abraham, Isaac and Jacob grew into the nation of Israel. After rescuing them from slavery in Egypt, God instructed the Israelites on how to be a holy nation (Exodus 19:6). Part of their obedience that would make them “a special treasure to Me above all people” (verse 5) entailed tithing on the “increase” God gave them year by year (Deuteronomy 14:22).

This basic biblical principle applies in our world. A farmer has certain expenses like seed, fertilizer, fuel, cost of equipment and perhaps rent for the land he farms before a crop is sown. The amount of increase is determined by subtracting the costs of doing business from the payment he receives for his harvest. Similar calculations would apply in most endeavors, whether we are self-employed or work for someone else.

## Change in the law’s application

After determining the tithe, or tenth, of one’s increase, God instructed that this increase was to be given to the Levites, who were responsible for taking care of the tabernacle (Numbers 1:50-53). After receiving the tithes, they, too, were expected to tithe on their increase (Numbers 18:26; Nehemiah 10:38).

Since Jesus’ crucifixion and resurrection, He has “become High Priest forever according to the order of Melchizedek” (Hebrews

6:20). Jesus serves in the same priestly order as Melchizedek, to whom Abraham paid tithes long ago. This change from a Levitical priesthood back to the Melchizedek order required other changes.

As Hebrews 7:12 says, “For the priesthood being changed, of necessity there is also a change of the law.” The physical priesthood of the Levites was replaced by the spiritual priesthood of Jesus Christ. The priestly services at the temple, which were supported by tithes, came to an end when the Romans captured Jerusalem and destroyed the temple in 70 A.D. Today Jesus Christ is our spiritual High Priest, and His ministers have the responsibility of serving God’s people. God’s tithes are now to be given to those who are faithfully continuing His work.

Acknowledging God’s blessings with His tithe and honoring Him with offerings is the first step in setting up a financial plan grounded in biblical principles. As Proverbs 3:9 tells us: “Honor the LORD with your possessions, and with the firstfruits of all your increase; so your barns will be filled with plenty, and your vats will overflow with new wine.”

### Providing for the needy

Early in the history of mankind, God intended for us to be our “brother’s keeper.” Though Cain failed to understand this principle (Genesis 4:9), God made it clear in His instructions to Israel: “For the poor will never cease from the land; therefore I command you, saying, ‘You shall open your hand wide to your brother, to your poor and your needy, in your land’” (Deuteronomy 15:11).

The principle of helping the needy goes back to God’s original instruction for people to care for each other. Jesus Himself said that serving others (Matthew 25:31-46) and having love for one another were honorable, identifying characteristics of His followers (John 13:34-35).

As we are able, at times we need to provide additional help to the needy. As the apostle John wrote: “But whoever has this world’s goods, and sees his brother in need, and shuts up his heart from him, how does the love of God abide in him? My little children, let us not love in word or in tongue, but in deed and in truth” (1 John 3:17-18). Proverbs 3:27 adds, “Do not withhold good from those to whom it is

due, when it is in the power of your hand to do so.”

When we give to people in need, we follow the example of our Creator, whose nature is love toward others (John 3:16; 1 John 4:8). God wants us to develop the same loving, caring concern He has for all humankind. Describing this giving attitude, Paul wrote, “Let him

## What Is ‘Corban’?

In a confrontation with the Pharisees and scribes over ritualistic hand-washing, Jesus condemned the spiritual blindness that led them to elevate their traditions over the intent of God’s law: “ ‘Well did Isaiah prophesy of you hypocrites, as it is written: ‘This people honors Me with their lips, but their heart is far from Me. And in vain they worship Me, teaching as doctrines the commandments of men.’ For laying aside the commandment of God, you hold the tradition of men—the washing of pitchers and cups, and many other such things you do.”

“ And He said to them, ‘All too well you reject the commandment of God, that you may keep your tradition. For Moses said, “Honor your father and your mother”; and, “He who curses father or mother, let him be put to death.” But you say, “If a man says to his father or mother, ‘Whatever profit you might have received from me is Corban’—” (that is, a gift to God), then you no longer let him do anything for his father or his mother, making the word of God of no effect through your tradition which you have handed down. And many such things you do” (Mark 7:6-13).

What is the “Corban” mentioned in this passage, and how does it tie in with Christ’s words? According to *Nelson’s Illus-*

*trated Bible Dictionary*, Corban is “a word applied to a gift or offering in the Temple which declared that gift dedicated to God in a special sense. Once a gift was offered under the special declaration of Corban, it could not be withdrawn or taken back; it was considered totally dedicated for the Temple’s special use. Jesus condemned the Pharisees for encouraging the people to make such gifts to the Temple while neglecting their responsibility to care for their parents . . .” (1986, “Corban”).

The *International Standard Bible Encyclopaedia* adds: “Anything dedicated to the temple by pronouncing the votive word ‘Corban’ forthwith belonged to the temple, but only ideally; actually it might remain in the possession of him who made the vow. So a son might be justified in not supporting his old parents simply because he designated his property or a part of it as a gift to the temple, that is, as ‘Corban.’ There was no necessity of fulfilling his vow, yet he was actually prohibited from ever using his property for the support of his parents” (*Electronic Database*, 1996, BibleSoft, “Corban”).

Jesus taught that proclaiming something as Corban as an excuse for refusing to help one’s needy parents was a violation of the Fifth Commandment, “Honor your father and your mother” (Exodus 20:12).

who stole steal no longer, but rather let him labor, working with his hands what is good, that he may have something to give him who has need” (Ephesians 4:28).

Charitable giving is another fundamental step in a godly financial plan.

### Supporting your family

Let’s turn our attention to the family. Paul wrote about the need to provide for your nearest of kin: “. . . If anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever” (1 Timothy 5:8). God expects families and relatives to take care of each other if they are able, before asking others for help. Refusing or neglecting to obey this principle is an affront to God and His instruction.

Jesus Christ roundly condemned any who would neglect God’s instruction to care for their families (Mark 7:8-23; also see “What Is Corban?,” page 15). Regrettably, some fail to support their families. Fathers and mothers who refuse to provide for their children violate God’s most basic financial responsibilities and principles and bring untold hardships on their offspring. The same is true for children who refuse to help their aged parents when they are in need.

Jesus used the principle of providing for family members to illustrate God’s love for us as His children: “If you then, being evil, know how to give good gifts to your children, how much more will your Father who is in heaven give good things to those who ask Him!” (Matthew 7:11).

Now that we have an idea of how God expects us to use our financial resources, let’s look at specifics on how to establish and maintain a workable financial plan.

# Keys to Successful Money Management

**W**hen we decide to use our money according to applicable scriptural principles, we soon see the need for planning and review. Notice some advice from the book of Proverbs:

“Be diligent to know the state of your flocks, and attend to your herds; for riches are not forever, nor does a crown endure to all generations. When the hay is removed, and the tender grass shows itself, and the herbs of the mountains are gathered in, the lambs will provide your clothing, and the goats the price of a field; you shall have enough goats’ milk for your food, for the food of your household, and the nourishment of your maidservants” (Proverbs 27:23-27).

This passage shows why we need a financial plan—a budget—for our household. Notice that several timeless principles spring from this passage.

First, we need diligence to successfully implement any financial plan. In the example above, we are advised to carefully monitor the state and condition of our animals. If an animal becomes ill, it needs special care. Insufficient food or water for livestock requires immediate attention. A farmer with herds must look after his animals if they are to survive and the household is to prosper.

How does this apply to those of us who aren’t farmers or ranchers? The fundamental lesson is that we cannot expect financial success by

simply devising a plan and then blissfully ignoring the factors that affect it. Instead, we must know where, how and why we spend our money. If we ignore this principle, we will find ourselves making poor decisions and spending money we don't have.

This passage also outlines the needs of a household and how they must be met throughout the year: hay and herbs harvested at the proper time, property purchases where and when appropriate, and the need for household necessities such as clothing and a steady supply of food.

Planning is another key to successful money management. From the book of Proverbs we glean the need for foresight. "A prudent man foresees evil and hides himself, but the simple pass on and are punished" (Proverbs 22:3).

These principles demonstrate the value of making and following a budget. Budgeting allows us to systematically allocate resources to meet our current and future needs.

When we accept God's instruction to tithe, we automatically begin the process of budgeting. We calculate what comes to us as an increase and set aside percentages of that increase for God's work, suitable offerings, helping the needy and caring for our families.

Now let's tighten our focus and apply these budgeting principles to our households.

### Figuring your net worth

Where and how do we begin to formulate a workable financial strategy for our families? Following are some practical steps to consider.

The first step in designing a personal spending plan—a budget—is to determine your net worth. In other words, find out your overall financial condition. Begin with a list of your assets: possessions (and their fair market value) that you own and could sell. (See the worksheet on page 19.)

Then make a list of your debts: the amounts you owe to creditors (banks, mortgage companies, stores, credit cards and the like).

Subtract your total indebtedness (the total of your debt list) from your assets (the total monetary value of your asset list) and you have your net worth: a summary of your financial condition.

If the combination of your assets and debts is a positive number,

you have a positive net worth. If it is a negative number, you are in debt. If you have a significant amount of debt, regardless of your net worth, you need to prepare and follow a budget that will help you improve your financial picture.

### Analyze your monthly cash flow

After determining your overall financial condition, the next step is to analyze your monthly cash flow. This will show you which direction you are headed—whether you are accumulating money, holding steady or going further in debt. You can do this by examining your

## Determining Your Net Worth

### Assets

Total in all checking and savings accounts	\$ _____
Total in all money-market accounts	\$ _____
Current value of all securities and investments (Include stocks, bonds, annuities, IRAs, etc.)	\$ _____
Current value of life insurance (cash value)	\$ _____
Current value of home	\$ _____
Current value of any personal property (Include autos, rental property, collectibles, etc.)	\$ _____
<b>Line A—Total Assets</b> (add all the lines above)	\$ _____

### Liabilities

Home mortgage (balance due)	\$ _____
Total balance due on credit cards	\$ _____
Total due on other loans	\$ _____
<b>Line B—Total Liabilities</b> (add the three lines above)	\$ _____
<b>Net Worth</b> (subtract Line B from Line A)	\$ _____

monthly income and expenses. (A worksheet for determining your monthly income and expenses is on pages 24-25.)

If you have money left over at the end of the month after paying all your expenses (including housing, food, clothing, utilities, transportation, insurance, taxes and recreation), your net worth is increasing, and you should have money to save or invest. If you are not meeting your expenses, you need to make adjustments so you can pay your bills. If you are in dire need of major adjustments, carefully read the rest of this chapter and “Financial Black Holes” (beginning on page 36) for ways to cut expenses.

No matter your financial direction, diligent, periodic examination of your expenses is important to successfully managing your money. Here are a few things to consider about some typical expenses.

### **Education**

One of the first issues to consider in a financial plan is education. Although obtaining a college degree or certification in a particular trade costs money, this expense is almost always one of the best investments we can make. On average, people with higher education and marketable job skills consistently earn more money.

Proverbs 4:5-7 tells us: “Get wisdom! Get understanding! Do not forget, nor turn away from the words of my mouth. Do not forsake her, and she will preserve you; love her, and she will keep you. Wisdom is the principal thing; therefore get wisdom. And in all your getting, get understanding.” Gaining additional education is one of the best financial investments we can take.

Proverbs 24:27 similarly advises: “Prepare your outside work, make it fit for yourself in the field; and afterward build your house.” In other words, prepare yourself with the resources to make a living—through education and job training—before settling in and making yourself comfortable with material possessions.

### **Managing debt**

Going into debt is generally not a good idea. “The borrower is servant to the lender” (Proverbs 22:7). The difficulty with debt is that, in addition to paying back the principal (the amount borrowed), we also have to pay interest on the outstanding balance. Over the course of a typical 30-year loan for a house, for example, the borrower pays more

than double the purchase price of the house, with the additional money going to pay the interest on the loan. Skyrocketing costs of new cars and multiyear loans create a similar problem with automobile loans. The more we can avoid borrowing money, the better off we’ll be in the long run.

On the other hand, sometimes it may be necessary to borrow money. You may need it for business purposes, buying a house or purchasing a car. Even when you borrow money for these reasons, it is good to be sure you have sufficient extra funds for emergencies within your budget before proceeding. Emergencies and unexpected expenses always arise.

Be cautious before committing yourself to any debt. Debts we cannot immediately repay have a way of compounding our financial problems.

### **Buying a house**

In addition to costs associated with buying a house, such as a down payment (often 10 or 20 percent of the purchase price) and mortgage fees, you should also consider maintenance costs and taxes.

If you choose to sell your house, you often have to pay fees to a selling agent that can range up to 7 percent of the selling price. Because of these costs, buying a house and living in it for a short time before selling it again may be a chancy financial decision.

Other factors you should consider when purchasing a house are the local market (whether houses in your area are gaining or losing value), the location (those in desirable areas usually resell better) and whether the house will serve your needs as well as the needs of a future buyer.

### **Transportation**

Owning an automobile is a wonderful convenience, but it can consume a large portion of any household or personal budget. Considering the costs of fuel, insurance, repairs and car payments, if you cannot purchase a vehicle outright automobile expenses can quickly add up to a significant amount. Because of these costs, using public transportation (buses, trains, etc.) may be a better choice. Although not as convenient, this option is generally less expensive.

If we need a car because public transportation is not available or

for other valid reasons, we should be sure we are able to pay for all the costs involved with owning a vehicle, including insurance.

Many countries require drivers to carry some form of automobile insurance. God expects His followers to obey the laws of the land (Romans 13:1-7) and to love their fellowman by covering the cost of accidents or injuries they may cause (Matthew 22:37-39; Exodus 21:18-19). Lack of insurance may leave you vulnerable to a huge financial liability should you be involved in an accident.

### Food

The cost of food is a significant portion of a household budget. In general, purchasing basic commodities in bulk and preparing meals at home is cheaper than buying highly processed items and eating out at restaurants. Some families find that having a garden and purchasing fruits and vegetables in bulk when they are in season are also helpful in stretching their food budget.

### Clothing

Everyone must have clothes, yet this area also provides opportunities for economy. A planned wardrobe vs. impulsive buying is much easier on clothing budgets. Purchasing good-quality, but traditionally styled, clothing will often be the most economical approach in the long run.

Because such clothing will last and remain in style for a long time, it is less expensive over time than clothing of poorer quality or fashions that match the latest fad but quickly go out of style.

### Insurance

Many types of insurance are available today—life, home, automobile and health. As the Bible tells us: “A prudent man foresees evil and hides himself, but the simple pass on and are punished” (Proverbs 22:3). Because of the potential for tremendous expense in these areas, each of us has to make important decisions regarding insurance.

Concerning life insurance, the time of greatest need for this insurance is when a family has small children. As children leave the home and are able to provide for themselves, the need for life insurance lessens.

With the potential for property destruction from storms, fire,

vandalism and the like, home insurance is especially important if we do not have funds to repair or replace damage. If we have a property mortgage, lenders generally require insurance to safeguard their investment.

In this day of mounting costs for medical services, health insurance is also vital. Although premiums can be expensive, trying to pay astronomical bills that can arise from a single accident or illness can be devastating if we do not have insurance.

Since a wide variety of insurance is available, we have to consider our individual circumstances in making decisions about the kinds and levels of insurance we need.

### Savings

Last but not least, let’s consider savings. Although savings are often considered a luxury or afterthought, they should be included in every household budget. The reason is simple: Emergencies and unexpected expenses will always arise. When we have savings to cushion the blow, the effects of these surprises are not as devastating. From this perspective, saving is simply delayed spending.

In addition to having a cushion set aside for emergencies, there are many other reasons for saving money: homes, cars, personal items, education and leaving an inheritance. All of these, of course, require setting money aside on a regular basis. Self-discipline is one of the most important characteristics necessary for accumulating wealth.

Be aware that marketing techniques try to focus your mind on the opposite. They encourage you to buy now and pay later and convey a “you deserve it today” mentality and approach to life. Having the self-discipline to save, and then to know when it is appropriate to buy, is one of the most important principles for successfully building up financial reserves.

In the next chapter, we consider how husbands and wives can work together in applying some of these basic concepts.

# Monthly Income and Expense Worksheet

Monthly Income		Total
Wages/salary (net after taxes and deductions)	Other income (net after taxes and deductions)	

Monthly Expenses			Total
<i>Charitable giving</i>			
Tithes	Offerings	Other	

<i>Housing</i>			
Mortgage/rent	Repairs/maintenance	Furnishings	Other

<i>Utilities</i>			
Electricity	Gas	Water	Telephone
		Trash	

<i>Food and household</i>			
Groceries	School/work lunches	Household needs	Other

<i>Transportation</i>			
Auto loan	Gas/oil	Parking	Repairs
			Bus/train fare

<i>Insurance</i>			
Auto	Life	Health/accident	Home owner/renter
			Other

<i>Debt repayment</i>			
Bank/personal loans	Credit card payment	Credit card payment	Other

<i>Health care</i>			
Doctors	Dentists	Medications	Other

<i>Other</i>			

*Clothing*

*Savings and/or investment*

*Entertainment*

**Total monthly expenses (add all the above expenses)**

**Monthly surplus or deficit (monthly income minus expenses)**

# Money in Marriage

**M**oney is one of the most frequently cited reasons for conflict within marriage. It is not uncommon for both husbands and wives to have jobs outside the home—a major change from the norm just a few decades ago when husbands were expected to be the major financial providers.

With the addition of women in the workplace, household incomes have increased dramatically. However, this new windfall of money has not soothed all financial tension. Taxes and other expenses, as well as stress levels, have also soared upward. Families still face financial hardship; arguments over money still plague marriages. In this chapter we will consider some of the typical financial issues couples face and some practical guidelines for relieving stress over financial matters.

## Planning children

Estimates for the cost of having, raising and educating a child run into daunting figures. Because God instructs families to provide for their own (1 Timothy 5:8), couples must realize they take on important financial responsibilities when they have children.

Preparation for children is crucial. When children are born out of wedlock, unexpected questions and problems arise. If the parents are teenagers, can they complete their education? How will they provide for themselves and the child? If they do not have the financial resources required, other family members (often parents and grandparents) or the government will probably be expected

to cover their financial and moral irresponsibility.

Of course, sexual responsibility is not just for teenagers. Grown men and women must also consider the results of their actions. If they have children outside of marriage, how will they provide for a child's financial needs and for the happy, stable, father-mother environment every child needs?

God's direction is that sexual relations are proper only within marriage (1 Corinthians 6:18; 7:2; 1 Thessalonians 4:3; Hebrews 13:4). When we follow God's command, no babies are born out of wedlock. Thus the financial difficulties that almost always accompany such mistakes are eliminated. (To understand more about the Seventh Commandment, please request your free copy of the booklet *The Ten Commandments*.)

Finally, even married, mature adults who have completed their education are wise to plan when to have children. Some prudent young couples work and accumulate financial reserves before starting their families. Such an approach reflects personal discipline, foresight and a well-designed financial plan.

## Caring for children

A common complaint in two-income households is the difficulty of finding someone to care for the children while both parents are at work. Many couples, instead of giving their children to strangers, are deciding to care for their own. One parent stays home with the children until they are old enough to be in school before returning to the regular workplace.

When the extra expenses of child care, transportation, additional clothing, etc., are taken into consideration, some families find there is little difference in their household incomes when one of them remains at home to care for their children.

Though some may view this as old-fashioned, it is precisely the approach assumed in the Bible. The book of Proverbs, for example, speaks of a father and mother teaching a child important values (Proverbs 1:8; 23:22). One of the simplest and best solutions for children is for their own parents to care for them and teach them. Yet, with so many single parents, we understand the practical problems some will face.

## Sharing resources

For husband and wife to work together financially, both must be willing to share. From the beginning, God's instructions have been that "a man shall leave his father and mother and be joined to his wife, and they shall become one flesh" (Genesis 2:24). Later we read that husbands should love their wives and wives should submit to their husbands (Ephesians 5:22, 25).

There is no room for selfishness in the loving marriage relationship God desires for every couple. Too often, conflicts over money arise within marriages when one mate seeks to gratify his or her personal interests before meeting the needs of the family. Even if basic needs are met, arguments can arise over how additional money should be spent. When considering how many people in the world are barely able to survive, conflict over disposable funds seems ludicrous.

During His earthly ministry, Jesus Christ was approached by a person involved in a monetary dispute. "Then one from the crowd said to Him, 'Teacher, tell my brother to divide the inheritance with me.' But He said to him, 'Man, who made Me a judge or an arbitrator over you?' And He said to them, 'Take heed and beware of covetousness, for one's life does not consist in the abundance of the things he possesses'" (Luke 12:13-15). (See "The Greatest Inheritance," page 29.)

It is easy for us to give more attention to our personal desires in this life than to think about the spiritual values we should be learning. Jesus illustrated this concept with a parable: "'The ground of a certain rich man yielded plentifully. And he thought within himself, saying, 'What shall I do, since I have no room to store my crops?' So he said, 'I will do this: I will pull down my barns and build greater, and there I will store all my crops and my goods. And I will say to my soul, 'Soul, you have many goods laid up for many years; take your ease; eat, drink, and be merry.'

"But God said to him, 'Fool! This night your soul will be required of you; then whose will those things be which you have provided?' So is he who lays up treasure for himself, and is not rich toward God'" (Luke 12:16-21).

It is most important for us to be "rich toward God." We must make God's instruction our highest priority. Couples who keep these biblical principles in mind may find it easier to share their physical resources.

## Working together in marriage

Societal customs governing which mate should handle the family finances are in a state of change. In years gone by some cultures placed this responsibility upon the husband—a value underscored by basic biblical teaching (Ephesians 5:23). But, although the husband does have leadership responsibility within marriage, the Bible also makes it clear that wives can contribute great financial wisdom and skills to the family economy (Proverbs 31).

Sometimes the wife has greater financial and budgetary skills, and a wise husband should take note. A wife may be better at maintaining the checking accounts, balancing the checkbook and paying the bills, and in such cases the family may be better off having her handle these responsibilities. In a loving and respectful marriage both partners should discuss major financial decisions and priorities,

## The Greatest Inheritance

Inheritances include money, land and other possessions passed from parents to children. Even though people make wills that leave detailed instructions regarding the division of their assets upon their death, fighting over inheritances is common. Some 2,000 years ago Jesus Christ was approached by a man involved in this kind of controversy (Luke 12:13-15). Jesus warned against covetousness and then encouraged wealth "toward God" (verse 21).

The Bible also describes this richness toward God as an inheritance that can be ours. Paul taught the brethren that

God wanted to give them "an inheritance among all those who are sanctified" (Acts 20:32).

The book of Hebrews speaks of Jesus Christ as "the Mediator of the new covenant . . . that those who are called may receive the promise of the eternal inheritance" (Hebrews 9:15).

Peter also speaks of "an inheritance incorruptible and undefiled and that does not fade away, reserved in heaven for you" (1 Peter 1:4). To learn how you can receive this precious inheritance, please write for our free booklets *The Gospel of the Kingdom* and *The Road to Eternal Life*.

then, according to the biblical model, the husband should make the final judgment.

Although couples will have to determine for themselves who handles which financial responsibilities, it is especially important for them to remember God's instruction that they treat each other with love and respect (1 Peter 3:1-7). When these principles are employed, a husband and wife can work as a team to weather financial difficulties instead of turning on each other.

In summary, couples can greatly reduce their conflicts over money by planning when to have children and how to care for them, agreeing how to apportion their resources and learning to work together to attain their financial goals.

# Teach Your Children About Finances

“Children are a gift from the LORD; they are a real blessing” (Psalm 127:3, Today's English Version). The New King James version calls them “a heritage from the LORD.” What a wonderful privilege it is for parents to raise the next generation!

When God delivered Israel from slavery in Egypt more than 3,000 years ago, He was interested in the future of the adults *and* their children. He wanted the Israelites to take root in their new land and prosper for many generations. This is why He repeatedly told the Israelites to carefully teach their children the things He had taught them (Deuteronomy 4:9-10, 40; 5:29; 6:2-9; 11:18-21).

When we learn to handle our money according to God's instructions, God expects us to share our knowledge with our children so they, too, can be blessed. With God's perspective in mind, let us consider some ways parents can teach their children to properly manage their finances.

How early can children begin the process of learning about money? There is no set age, but experience indicates that as soon as they learn to use money they can learn fundamental principles about managing it.

Modern marketing efforts, for example, do not exclude children. Children's television programs often contain advertising aimed directly at youngsters. Advertisers work to create desire for their toys and other products.

Since children are exposed to advertising and experience desires for various material goods, it makes sense for them also to begin learning about money management. Understanding basic monetary concepts can be a valuable blessing that lasts a lifetime.

### **Consider giving an allowance**

Children can begin to learn some principles of financial management if parents are willing to invest the time it takes to teach them. One way to do this is to start giving children an allowance after they learn to count. The amount of money does not have to be large; even small amounts can provide important opportunities for teaching valuable lessons.

Allowances for young children should be given regularly, at a set time such as once a week. Help your children learn to manage their allowance by depositing it in a safe place such as a toy bank, a wallet or even a jar. This is an excellent time to teach them God's principles of tithing. Have your child put aside his tithes in a separate container. Each time children receive their allowance, they should be helped in determining and setting aside their tithes. They can also count what is in their bank each time they add to it.

Opinions vary on whether allowances should be tied to chores. Some feel it's good to give a set amount with the concept in mind that basic chores should be done by everyone in the family. Others like to tie allowances to specific chores such as making one's bed, cleaning one's room and washing dishes. Others use a mixture of the two with a set amount that increases for certain chores. Whatever approach a family employs, learning to manage the allowance, and showing that work has its rewards, is where the real value lies for young people.

### **Financial planning**

To lay a simple foundation for budgeting as an adult, children can learn to evaluate and plan their purchases. One way to do this is to have children make a list of items they would like to buy. These may be small items such as stickers, gum, snack foods or special toys. Parents, of course, should monitor choices to make sure they are safe and appropriate.

The next time you go to a store that carries the items on the list, have your child record the prices. When back at home, have him

count his money before discussing which items might be purchased now and which will require more savings. Let him decide if he wants to purchase a less-expensive item on his list or wait to accumulate more money for a costlier item. When he is ready to make a purchase, take him to the store and help him count out the money to make the transaction.

While at the store, it is not uncommon for children to decide they want something that costs more than they can afford. When this occurs, loving parents will generally decline to provide the extra funds. It may seem like a tough lesson for a child to learn, but many things about life are better learned early when the consequences are minor. The same lesson applies when children spend all of their money on one item and then do not have additional funds for other things they would like. Experience is an effective teacher.

As children become more conscious of time, parents can point out how long it will take them to accumulate the same amount of money again in their bank. This teaches the valuable concept of planning for purchases.

This process does take a lot of time, but the result is worth it. Children who learn to manage money at an early age will be spared some hard lessons later in life when the consequences are greater.

### **Older children**

As children mature, their allowance can be increased and they can be given the responsibility of purchasing certain personal items. Some parents find it helpful to give their older children a clothing allowance at regular times throughout the year—such as the beginning of a school year.

They allow their children to choose the clothes they want to purchase with that money, as long as it fits mutually agreed-upon style guidelines. Although poor choices can lead to a limited school wardrobe, this, too, can be an effective teaching tool. It is better to let children live with the consequences of their decisions at this age than for parents to bail them out financially and deny them the opportunity of learning a valuable lesson.

Saving money is another important concept parents need to teach their children. One way to do this is to open a savings account in the

child's name. Depending on a parent's expertise, older children can also be taught about other types of savings and investments such as money-market accounts, stocks, bonds, mutual funds and precious metals.

Teens can learn how to evaluate and track the value of these kinds of savings and assets. They can also learn the value of compounding interest and learn to set aside funds for the inevitable emergencies that occur in everyone's life.

Another especially important area older children need to understand

## The Power of Compounding

Many people don't realize the power of compounding and the effect of time. Preparing for retirement is best done early in life rather than later.

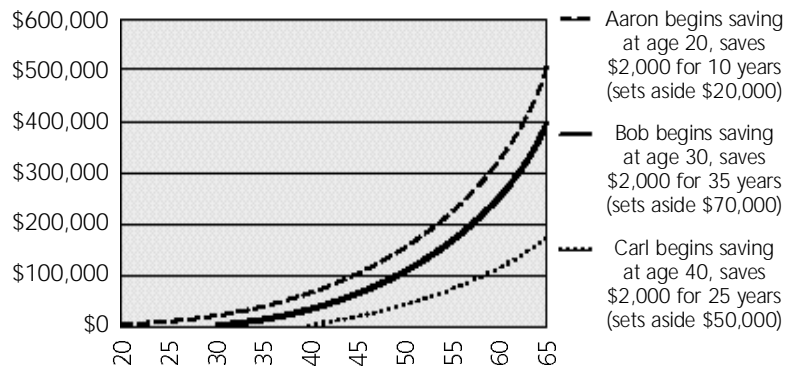
Consider the hypothetical case of three people—Aaron, Bob and Carl. Aaron begins to save for retirement at age 20 and saves only \$2,000 per year for 10 years. Carl doesn't begin saving for retirement until age 40 and contributes \$2,000 each year until he reaches age 65. Bob begins saving at age 30 and continues adding \$2,000

each year until age 65.

Neither of the last two will have as much at retirement as Aaron, thanks to the power of compounding.

Assuming a growth rate of 8 percent each year, as the chart below shows, both Bob and Carl will contribute considerably more than Aaron, but will end up with from about \$100,000 to \$300,000 less at age 65—and Aaron can stop contributing at age 30. The reason is the power of compounding. It pays to begin saving early.

### Example of Compounding of Savings at 8 Percent



is credit, including its benefits and potential pitfalls. Regrettably, many adults have not yet learned these lessons (see “Financial Black Holes,” page 36). If you have learned to use credit wisely, teaching your children this information will put them years and perhaps thousands of dollars ahead in life.

It is also wise for older teens to learn how to plan for retirement. Proverbs 13:22 says it is a good man who leaves an inheritance to his grandchildren. This means there must be some forethought and planning about finances to provide for one's needs later in life.

Those who begin putting funds into a retirement account early in their working career usually see their retirement fund grow to a much larger value than those of people who wait until their 40s (see “The Power of Compounding,” page 34).

Some adults have been shocked with an alarming wake-up call in their 40s or even 50s when they realize they have not sufficiently planned for their retirement years. Wouldn't it be much better to have learned that lesson and been educated about the importance of planning for that stage of life while still young?

The best time to plan for retirement is at an early age when investments have more time to grow. Companies offering financial products, such as life insurance and mutual funds, sometimes offer financial advice and assistance to young people. Although it is beyond the scope of this booklet to list these resources, a few phone calls to some of these kinds of businesses can help those who wish to learn more.

Children are blessed when they have parents who love them and teach them how to manage their money. Proverbs 22:6 says, “Train up a child in the way he should go, and when he is old he will not depart from it.” Take this proverb to heart and teach your children the principles of money management. You, and they, can be blessed by your efforts.

# Financial Black Holes

Perhaps you have heard the humorous definition of a boat. It is a hole in the water into which one pours money. This view reflects the frustration that can arise over uncontrolled or unplanned expenses that can accompany ownership of a boat.

Of course, many pertinent examples could be used to describe unwise drains on our financial resources. The prophet Haggai described it as putting one's money in a bag with holes in it (Haggai 1:6). Along similar lines, astronomers speak of black holes in the universe that suck up the matter, and even light, in their surrounding areas. In this chapter we will consider some financial black holes that can undermine and sabotage our financial planning.

## Credit cards

One of the greatest financial conveniences is credit cards. Besides eliminating the need for the inconvenience of carrying cash, credit cards make it possible to buy goods and services at distant locations via phone and the Internet. If one pays off all credit-card charges each month, there is no fee to the cardholder. The service is paid for through fees assessed to merchants who accept the card in lieu of cash or a bank check.

When one does not completely pay off the balance each month, however, little plastic cards quickly turn from lovely conveniences

into financial black holes. Some of the highest interest rates allowed by law are assessed on balances that are not paid off but carried over from month to month.

Many people use their cards so frequently they are actually spending credit rather than spending income. In the United States credit-card debt is the fastest-growing portion of consumer debt. It's no coincidence that bankruptcy filings are growing alongside consumer debt.

When people make only the minimum payment (often 2 percent of the balance) each month, the cost of each item charged to a credit card almost doubles by the time the debt is paid off. In the long run we are much better off waiting until we have saved up the purchase price of an item before buying it rather than financing it with a credit card.

The best way to use credit cards is to pay off the entire balance every month. For those who need to borrow money, other options (such as mortgages, home-equity loans and car loans) are often available with lower interest rates than those usually offered through credit cards.

## Late fees

Some creditors impose late fees for bills that are not paid on time. In the case of utilities, reconnection fees can be charged if services are shut off because bills have not been paid. These kinds of fees can be avoided simply by making sure bills are paid when due.

## Eating out

Instead of preparing and eating meals at home, many people choose to eat out. Growing numbers of restaurants are taking advantage of this trend. Even grocery stores are recognizing and responding to the desire for more convenience foods that require little preparation.

Although the convenience is attractive, especially when both a husband and wife work outside the home, this practice almost always adds considerable expense to the food budget. Sometimes eating out is justified or a helpful change of pace, but care should be taken to minimize the practice.

The most economical way to make one's food budget stretch the farthest is to buy food in bulk and prepare it at home. This also goes for taking lunches to work instead of purchasing meals. Eating out is enjoyable and sometimes a good decision when both husband and wife are tired from long days at work, but a price must be paid for this pleasure.

### Entertainment

Doing things that are fun is an important part of life, and every budget should include some funds for this purpose. Unchecked spending in this area, however, can quickly devastate even the most carefully prepared budget. Entertainment does not have to be expensive. With careful planning, enjoyable activities such as visiting parks, hiking and attending free concerts can be incorporated into an entertainment budget.

### Impulse buying

Although many other financial black holes could be identified, a common problem is impulse buying, which is simply uncontrolled spending. When this happens, some people are tempted to say that budgeting does not work for them or that a budget ruins their fun. Budgets, however, are simply plans for spending our money, and we alone choose how we will spend it.

Impulse buying is an important basis for many sales. Advertisers understand that the desire for instant gratification is a powerful influence, and they often urge us to buy their products so we will feel good about ourselves. We may even be told that we "deserve" to have their products.

Instead of making snap decisions, the Consumer Credit Counseling Service of Sacramento, California, recommends setting spending limits we will not exceed without thinking about the decision overnight. Nor should we use shopping as entertainment. This service also suggests consumers go through a short list of questions before making a purchase (see "A Buying Self-Test," page 39).

### Identifying financial black holes

One of the easiest ways to identify areas that drain our financial resources is to look closely at the things we buy. By keeping records

of our expenditures for one or more months and totaling them by category (housing, food, clothing, entertainment, etc.), we can see which areas consume the most money. These are the areas we can then examine for ways to economize and manage our spending.

What do we do when our budget is full of black holes? Such a situation calls for immediate and decisive action.

### In Case of Emergency

Occasionally everyone incurs unexpected expenses. Cars and appliances break down and must be repaired or replaced. Medical emergencies requiring extra funds can strike without warning.

## A Buying Self-Test

Before committing to a purchase, give yourself this self-test to determine whether your purchase would be a wise decision.

1. Do I really need this?
2. Is the price reasonable?
3. Is this the best time of year to buy?
4. If this is a bargain, is it a current or suitable model?
5. If it's on sale, is the price a true sale?
6. Am I sure no less-expensive item can be substituted?
7. Am I sure there are no major disadvantages?
8. If excessive in price, will it truly satisfy an inner need?
9. Have I comparison-shopped for price and quality?
10. Have I allowed for this item in my spending plan?
11. Do I know the seller's reputation?
12. Does the seller offer any special services with this item?

Scoring: 9-11 yes answers: Consider buying the item. 6-8 yes answers: Think again. Fewer than 6: Forget it! (Consumer Credit Counseling Service of Sacramento, California, [www.cccsacto.org](http://www.cccsacto.org), "Library of Helpful Money Tips, Controlling Impulse Buying").

Although temporary situations can be covered through savings, habitual excessive spending requires special attention.

What can we do when we find ourselves in a prolonged financial crisis? How does one plug up financial black holes and reverse poor monetary decisions? Here are a few steps that can help resolve some long-term financial difficulties.

The first step for someone who wants to structure his life according to God's instruction is to ask Him for wisdom in setting financial priorities and for the self-discipline that will be needed to carry out a sensible plan of recovery. James 1:5 says, "If any of you lacks wisdom, let him ask of God, who gives to all liberally and without reproach, and it will be given to him."

When our spending exceeds income, common sense tells us of only two solutions to the problem. First, we must increase our income, or, second, decrease our spending. In some cases we may be able to do things on the job that will increase our salary. Other options include taking a temporary second job or starting an additional part-time business, but these options may bring unwanted side effects to a couple or family.

If we cannot increase income, the alternative is to cut expenses. We can do this by controlling the typical financial black holes mentioned in the previous chapter and by carefully analyzing each expense. Expenses that are necessities—such as food, clothing and housing—could possibly be cut back. Expenses for luxuries, ones we can live without, are candidates for drastic reduction or elimination.

Ideally, when facing a cash-flow problem, we should strive to increase income *and* decrease expenses. Striving to incorporate both of these principles yields the fastest results.

### Avoiding bankruptcy

Some people facing financial difficulty assume bankruptcy is the simple solution to their problem. Generally speaking, however, one should try to avoid it if at all possible.

Sometimes viable alternatives to filing bankruptcy can be found. Timely communication with creditors can result in temporarily lowered interest rates and payments. Sometimes consolidation loans, in which all outstanding debts are lumped together for a single

monthly payment, can be helpful remedies if the interest rate is lower than that of the other debts.

Additionally, creditors will occasionally accept settlement plans in which they receive a percentage of the balance due (usually after the account is past due) as payment in full. In such cases a creditor may decide that partial payment is better than no payment.

In addition to studying personal money management, one can often find nonprofit organizations such as the Consumer Credit Counseling Service ([800] 388-2227 in the United States) with free or low-priced services to help find alternatives to bankruptcy and work out financial-recovery plans.

### When bankruptcy is the only option

Sometimes people get so far in debt they may have no other choice than to file bankruptcy. This should be a last resort, after all other methods for resolving a financial problem are exhausted. Bankruptcy has a negative affect upon one's ability to obtain credit. Laws vary from country to country. Appropriate legal advice should be sought if one chooses this course of action.

Although bankruptcy can leave people feeling ashamed and embarrassed, we should understand that God recognized there would be times when people made mistakes or encountered circumstances that brought them to financial ruin. Mistakes can be rectified and lessons can be learned through all of life's experiences.

In compassion, God gave the nation of ancient Israel some important principles designed to help those in financial crisis. These included not charging usury (Exodus 22:25) or looking disparagingly on the poor (Exodus 23:3). Portions of fields and vineyards were to be left for them to glean (Leviticus 19:10; 23:22). Israel was to take care of its poor (Leviticus 25:35).

Moses explained these principles this way: "If there is among you a poor man of your brethren, within any of the gates in your land which the LORD your God is giving you, you shall not harden your heart nor shut your hand from your poor brother, but you shall open your hand wide to him and willingly lend him sufficient for his need, whatever he needs. Beware lest there be a wicked thought in your heart, saying, 'The seventh year, the year of release, is at

hand,' and your eye be evil against your poor brother and you give him nothing, and he cry out to the LORD against you, and it become sin among you.

“You shall surely give to him, and your heart should not be grieved when you give to him, because for this thing the LORD your God will bless you in all your works and in all to which you put your hand. For the poor will never cease from the land; therefore I command you, saying, ‘You shall open your hand wide to your brother, to your poor and your needy, in your land’” (Deuteronomy 15:7-11).

The same chapter tells us that debts were canceled every seven years (verses 1-4), giving each person an opportunity to be freed of the burden of perpetual debt. God well understood that poor financial decision-making and poverty are perpetual problems and made provision for people to start afresh. Bankruptcy may be an option to allow someone to start over.

Although times have changed since these instructions were given, the principles of treating those in need with dignity and respect remain.

## Seeking God's Blessings

**G**od placed us on this planet (among other reasons) to be productive, show initiative and develop our gifts so we could support ourselves, our family and others in need.

Diligently applying the foregoing principles of economic well-being is essential for financial success. However, to seek a successful outcome in our daily endeavors, we must also have God's blessings in our undertakings.

We should heed the words of wise King Solomon: “Trust in the LORD with all your heart, and lean not on your own understanding; in all your ways acknowledge Him, and He shall direct your paths” (Proverbs 3:5-6).

The Bible makes it possible for us to glean God's thoughts on every major area of life. God is an expert on the human condition. He knows what we lack, and He knows what we need. He knows we need His help in making important monetary decisions and in keeping our financial houses in order.

### **Biblical guidance**

As we have seen, the Bible is full of sound advice about money matters. It even cautions us not to be so concerned about them that we seriously neglect other important aspects of our life. Our dependence is to be on God and not on money. “Where your treasure is,”

warned Christ, “there your heart will be also” (Matthew 6:21). Is your heart—and your treasure—focused primarily on things of this life, or is it focused on God in heaven?

The Scriptures teach us not to set our heart on riches but to help people in genuine need and generously support the work of sharing God’s truth with others. Such priorities are an important part of loving our neighbors as ourselves.

We should seek to live a balanced life, putting our finances into proper perspective. One of the ancients asked God: “Give me neither poverty nor riches—feed me with the food allotted to me” (Proverbs 30:8).

### Using our resources properly

In the preceding pages, we have seen that money of itself is neither good nor evil. It is a tool we use throughout our lives to accomplish tasks and goals. The way we use our money is important to God because it demonstrates our priorities.

God sees whether we honor Him with the blessings He gives us, how we care for our families and how we treat the poor. As exciting as our physical life can be, it pales in comparison with the gift of everlasting life our Creator offers us (Romans 8:18).

God promises that obeying Him in this life has value for the present and future (1 Timothy 4:8). May God bless you as you conform to His will.

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