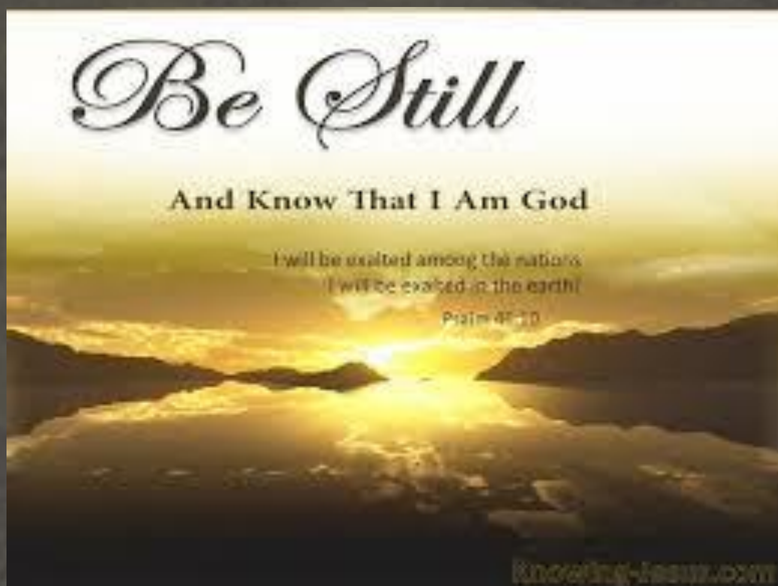
4. God cares how we manage our money



Principle #4 God cares how we manage our money: this module deals with the management of money. It addresses income, expenses, savings, and investments. This is not an in-depth hands-on budgeting workshop, but rather a high-level overview of these concepts. There are many Christian seminars available which go into some detail about how to establish a budget, how to choose between various types of savings accounts, how to write a will, where to invest your money, and so on. Such focused studies, though useful, are not our purpose. Although we will examine some topics in detail, this module is primarily a survey of Biblical principles concerning the management of money. The intent is for the believer to develop a Biblical framework for the acquisition, disbursement, and management of money. Once scriptural principles for these areas are understood, they can be applied to specific situations.

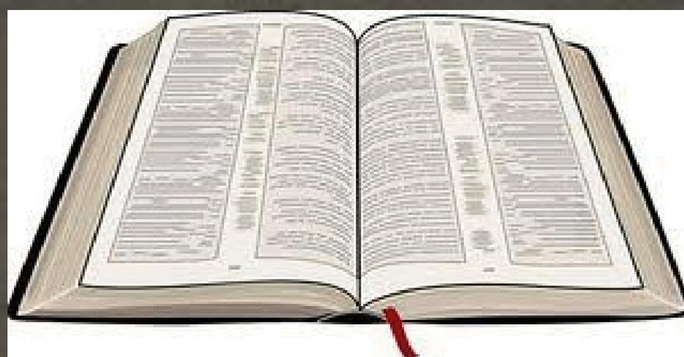
Ten biblical principles about money and wealth

A survey of Scripture

1. God owns everything and we are His stewards
2. Worship and trust God rather than money
3. Beware of the love of money
4. **God cares how we manage our money**
5. Honor God by faithfully giving of our income
6. Develop a lifestyle which creates margin
7. Cultivate a generous heart and live sacrificially
8. Care for the poor, weak, oppressed, and needy
9. Use wealth to glorify God and build treasure in heaven
10. Pursue the true riches rather than material wealth

Principle #4 God cares how we manage our money: this module deals with the management of money. It addresses income, expenses, savings, and investments. This is not an in-depth hands-on budgeting workshop, but rather a high-level overview of these concepts. There are many Christian seminars available which go into some detail about how to establish a budget, how to choose between various types of savings accounts, how to write a will, where to invest your money, and so on. Such focused studies, though useful, are not our purpose. Although we will examine some topics in detail, this module is primarily a survey of Biblical principles concerning the management of money. The intent is for the believer to develop a Biblical framework for the acquisition, disbursement, and management of money. Once scriptural principles for these areas are understood, they can be applied to specific situations.

The Holy Bible teaches us that God cares how we manage the money God entrusts to us

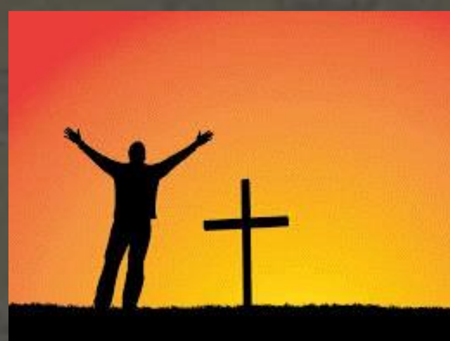


The Bible teaches us how to manage the money God entrusts to us: the Bible has much to say about managing the resources that God gives us both with respect to acquiring them, disbursing them, and managing them.

The underlying theme of this seminar

God wants our heart

The purpose of my instruction is that all believers would be filled with love that comes from a pure heart, a clear conscience, and genuine faith. 1 Timothy 1:5 (NLT)



The underlying theme of this seminar: as with the other principles, our goal is a transformed heart so that we can embrace and follow God’s plan for managing our money.

Principle #4 God cares how we manage our money: So let's look at principal #4. Its premise is that God cares how we manage our money. He doesn't want us to be careless or irresponsible when it comes to this resource any more than he wants us to be frivolous about the use of our time or talents. So far we've dealt with high-level concepts of God’s ownership of the universe and our stewardship of what he gives us, the practices of worshiping and trusting God rather than money, and the dangers of greed and the love of money. They formed the foundation for our understanding of biblical principles of finance.

This module builds on that foundation and establishes the framework for money management. It is a blend of high-level principles and practical tools and methods.

God’s attributes inform our financial world view

4. We manage our money with knowledge and wisdom because God manages his creation with knowledge and wisdom

The Lord does whatever pleases him, in the heavens and on the earth, in the seas and all their depths. He makes clouds rise from the ends of the earth; he sends lightning with the rain and brings out the wind from his storehouses. Ps 135:67.

God’s attributes inform our financial world view

The fourth principle about money and wealth is stated as follows: God cares how we manage our money. An attribute of God, his wisdom, helps us put this principle into its proper context.

Our God is the only wise God. His wisdom is celebrated in many places in Scripture; here are a few of them:

Proverbs 3.19 (NASB): The Lord by wisdom founded the earth, By understanding He established the heavens.
Job 12.13 (NASB): “With Him are wisdom and might; To Him belong counsel and understanding.
Psalm 147.5 (NASB): Great is our Lord and abundant in strength; His understanding is infinite.
Source: https://bible.knowing-jesus.com/topics/God,-Wise

Perhaps the most profound mention of God’s wisdom is the person of Christ. Jesus is the Wisdom of God.

1 Corinthians 1:24: but to those who are called, both Jews and Greeks, Christ the power of God and the wisdom of God

Through his infinite wisdom, God designed and implemented an orderly, systematic universe governed by laws. In addition, the universe is sustained by him. He has not taken a hands-off posture with respect to his creation; he is actively involved in managing it. He oversees his creation closely and carefully. To maintain order, he has established checks and balances throughout nature to maintain a proper equilibrium for all life, the physical systems of Earth, the planets, the stars, and all of his creation. Because God manages his creation, to have a disorderly life is to deny God’s character. Therefore, the proposition of this principle is that he wants us to manage what he has given us and he cares how we do it.

Practice Biblical principles of money management:
The module is divided into five segments:

- Obtaining money
- Dispersing money
- Budgeting and creating margin
- Saving money
- Investing money

Let's look first at what the Bible has to say about obtaining money.

Key Bible verses

Attitude towards money management: A faithful man will be richly blessed, but one eager to get rich will not go unpunished. Proverbs 28:20

Work: Whatever you do, work at it with all your heart, as working for the Lord, not for men, Colossians 3:23

Borrowing: The wicked borrow and never repay, but the godly are generous givers. Psalms 37:21

Margin and Budgeting: The wise have wealth and luxury, but fools spend whatever they get. Prov 21:20 (NLT)

Savings: Dishonest money dwindles away, but he who gathers money little by little makes it grow. Proverbs 13:11

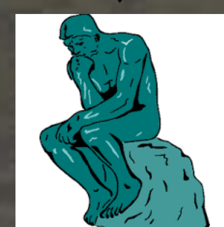
Investing: But divide your investments among many places, for you do not know what risks might lie ahead. Ecclesiastes 11:2 (NLT) >

Key Bible verses: There are many Scriptures that pertain to managing money. For the sake of brevity, I've chosen a few key ones to begin establishing our framework. Let's read the verses on the slide together to begin gaining a broad overview of money management:

- The first one deals with our attitude or mind-set towards money management: Proverbs 28:20. Here we see that faithfulness is the key to blessing, but one who wants to become rich will face trouble.
- The next passage is one on work: Colossians 3:23. We are to work hard, giving it everything we've got. It is important to see our work as part of God's plan to further his kingdom, no matter what it is.
- Borrowing: Psalm 37:21. Borrowing is not condemned in this verse, but repayment is required. Better yet, manage your money so that not only your own needs will be met but you will have some to give to others.
- Margin and budgeting: Proverbs 21:20; My understanding of this passage is that a wise person saves some of his income, so that his family may prepare for future needs. In addition, as God blesses, he will experience ever-increasing blessings throughout his lifetime. On the other hand, a foolish man has no plan for the future. If he has something extra at the end of the month, he spends it. I believe it implies he lives to indulge himself.
- Savings, Proverbs 13:11. The admonition is to live below one's means so that we can set something aside for future needs and blessings, both for ourselves and others.
- Investing: Ecclesiastes 11:2. We will not spend much time on investing, since it is the last thing we do with our surplus. But it is a prudent activity for the long term and I want you to be familiar with some basic concepts. Here, diversity of investments is encouraged.

Biblical financial principles vs worldly philosophy

Since true wisdom comes from God (Proverbs 2:6), many worldly principles about money management are common with Biblical principles. However, as in most areas of life, the Bible sometimes contradicts popular cultural values, or exposes their underlying motives. These differences will be examined as we study this topic. >



Biblical financial principles vs worldly philosophy: I want to acknowledge that not all worldly principles about money are evil or ungodly. God's
Word tells us how to be successful in life and so, not surprisingly, there are many worldly principles that have been borrowed from Scripture. The main differences are often related to values and/or motives. The motives of non-Christians are often different than Christians even though they might follow the same principles or strategies regarding money management. Therefore, since motives are important, we will also look at our hearts' attitudes as we go through these practical points on managing money.

Obtaining money: the first segment is about obtaining money, more commonly called income. We will consider three aspects of income: getting money righteously, getting money unwisely, and obtaining money unrighteously. Since we are Christians, the last section on obtaining money unrighteously will be quite short because we all are familiar with wicked ways to obtain money and we abhor them.

A more subtle issue is obtaining money unwisely. This is more of a gray area, because some methods, which I believe are unwise, are not necessarily evil but can be foolish and unproductive, or even harmful. They do require a solid understand of the scriptural teaching about them, as well as their practical shortcomings and pitfalls. Also, my intent is for us to have a little fun with this middle topic, so buckle your seat-belts and let's go.

Brotherly love: The underlying universal principle of righteous commerce

- The basic concept of righteous commerce is that those who provide something of value to another should receive fair compensation from the beneficiary
- Those who serve (businesses and employees) show love by serving the needs of their customers
- Those who are served (customers) show love to those who served them (businesses or employees) by compensating them fairly, gratefully, cheerfully, and promptly -->

Brotherly love: The underlying universal principle of righteous commerce: one of the underlying ideas behind obtaining money righteously is to understand the relationship between earning income and basic human needs. I submit that relationship is brotherly love. Here's what I mean by this: when we love other people, we are interested in meeting their needs. In the arena of commerce, we meet the needs of others by offering them a product or service, and if they want it, they are willing to compensate us for that product or service. Similarly, when others meet our needs through a product or service, we gladly compensate them for their time and materials used in meeting our needs. In fact, we compensate them for more than the raw cost of the materials and the value of their labor by making sure they can continue meeting our nees and others. We do this by adding in their overhead and profit to the cost of the material and the value of their labor. So, the basic concept of righteous income is that those who provide something of value to another show brotherly "love" to their customers by offering to meet a want or need. Those that receive goods or services show "love" or appreciation by appropriately compensating the one who met their want or need.

This brings us to the topic of economics, or the study of how society functions in the world of money, goods, and services. We will do this briefly, and at a very high level. But it is important to have a basic understanding of microeconomics.

Microeconomics

Law of Supply and Demand in a free economy

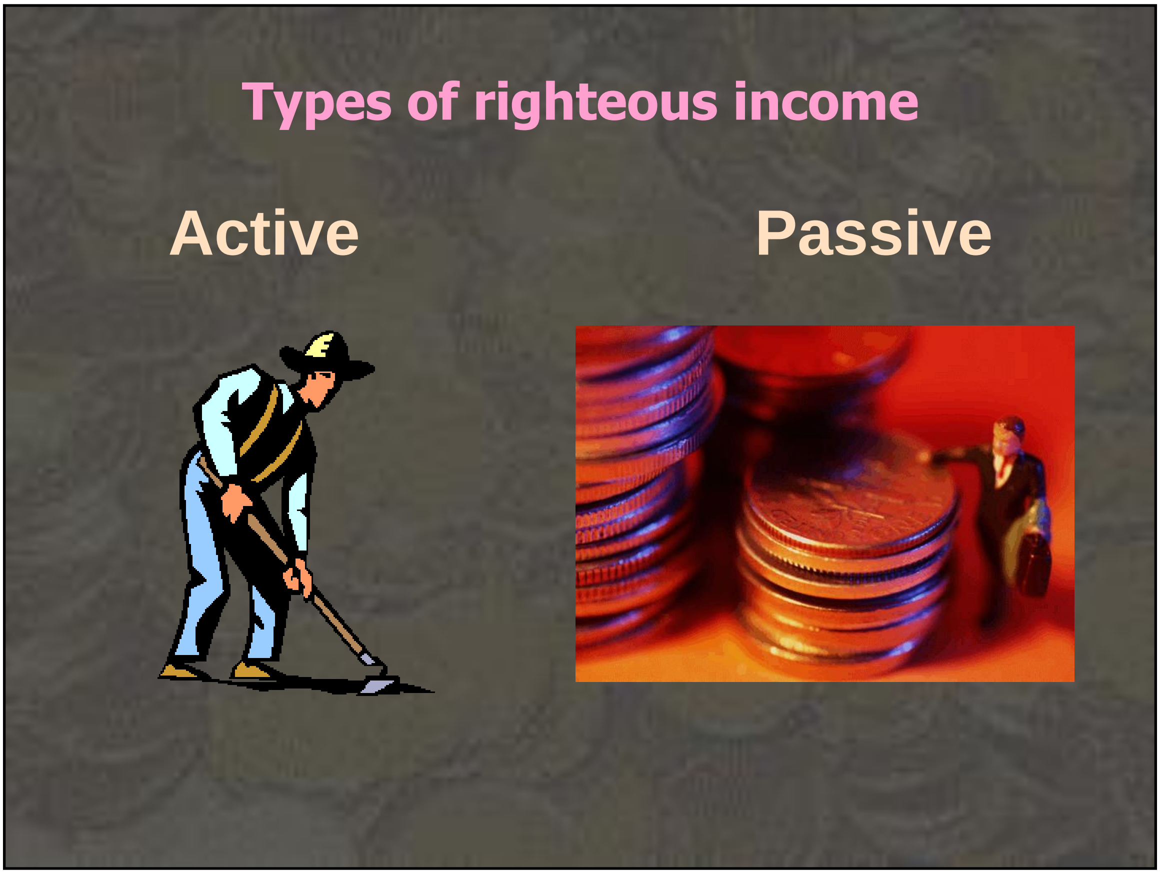
Law of supply and demand in a free economy: Economic theory can be divided into two parts: macroeconomics and microeconomics. Macroeconomics are beyond the scope of this seminar. However, there is a basic concept in microeconomic theory that is relevant: the Law of Supply and Demand. This is a rather complex topic, and I am no expert. But I will share some basic concepts that you may find helpful.

first, a word about competition. It's my belief that one of the tools God uses to limit the exploitation of people in the arena of commerce is competition.   Here is my understanding of how competition in a free market works: When there's competition among suppliers of goods or services, the customer usually can purchase them at the lowest price that the most eager supplier is willing to take. This tends to drive the price down, making the product more affordable for everyone in trusted in buying it. and equilibrium is reached between the number of buyers and the number of sellers. Conversely, when there are more customers wanting a product or service, the customers bid one another up until the merchant receives the highest price that the most eager customer is willing to pay. The result is That once again equilibrium is reached between supply and demand in the marketplace

Let's give a specific example. (The instructor May want to open a vegetable stand in his classroom and bring in a product, such as a pineapple, that he can use to illustrate microeconomics at the most basic level). Suppose you owned a vegetable stand and began the day with a basketful of delicious ripe pineapples. You gave out free, mouth watering samples at the beginning of the day. Word soon got around and they began selling quickly at the market price (eg, Rs100/kg).

Towards the end of the day you had only one pineapple left and all other merchants in town were completely sold out. However, because people who bought them earlier told their friends how wonderful they were, there were three people who showed up just before closing time who wanted that last pineapple. You have been selling them for Rs100/kg all day, but now there is a problem: the demand is greater than the supply. The supply is 1 unit, but the demand is for 3 units. What should you do? To sell it to one of the three customers may make the other two unhappy and you would lose them as future customers. You could flip a coin and that might be acceptable. You might also cut it into three pieces and give everybody a small share of your one remaining pineapple at a reduced price. However, in a free economy , you would have another option. You could put the pineapple up for bid and sell it to the highest bidder. To say it another way, you could begin raising the price of this last pineapple until there is only one customer remaining who is willing to buy it.

In either case, you have reached an equilibrium that is Intrinsic to the law of supply and demand. That is, the number of units which all customers would be willing to purchase will eventually be equal to the supply of units, at a given price. If the price were lower, the customers would offer more until the equilibrium was reached. If the number of customers was fewer than the supply, the merchant would lower the price until all units could be sold. In both cases, the principle of equilibrium is reached. Of course this is an oversimplification of the law of supply and demand. There are many other factors that go into an understanding of market forces, such as social expectations, government regulations, and competition.



Types of righteous income: let's take a closer look at the concept of righteous income. Our goal as Christians should be to obtain money in a way that pleases God. He has given us insight from Scripture that deals with this issue.

Two categories of righteous income are known as “active” income and “passive” income. Why do we distinguish between active and passive income? Both can be legitimate and honorable. But in the United States and perhaps in other countries, the government taxes active income differently than passive income. There is also a difference in the way the income is earned.

So it may be useful to have a basic understanding of these two categories.

Obtaining money righteously:

Active income includes income we earn through work, such as

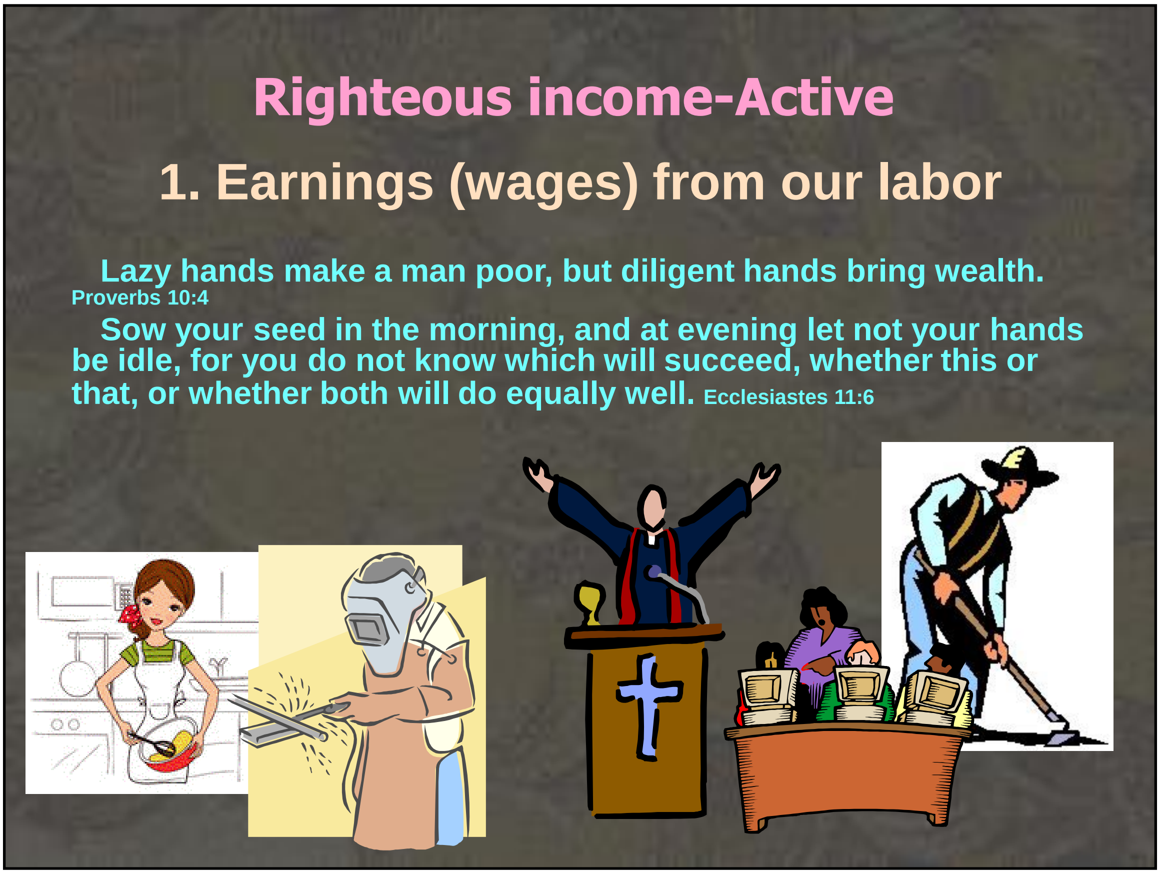
- wages and salary,
- profits from a business,
- sales commissions, prizes, awards and fees
- support from our ministry partners.

Passive income is money we earn from our investments or money we earn after doing a certain amount of work. This includes such sources as:

- revenue that we earn from our assets (eg, rent we earn from a house we own)
- the growth in value of our investments
- inheritances, prizes, rewards, and gifts
- royalties from books or other intellectual assets.

Active income is usually more predictable than passive income. Also, to earn active income you do not need to put your own capital at risk as is the case in many forms of passive income. Active income is the direct payment you receive from work you perform. Passive income is money sent to you because of previous work you have performed. Let's lean into each of these two types of income.

Active income: This is income you receive directly from your work, whether it be the work of your hands, your feet, your mouth, or your brain.



Righteous income-Active: **the first category of active income that we will consider is money we earn from our own labor.** This can be a salary at a fixed amount each month, or it can be wages that are paid at some rate--usually by the hour or day. The Bible encourages us to work for our income. Let's read Proverbs 10:4 and Ecclesiastes 11:6.

As individuals, we earn active income when we are hired to assist in the production of a product or service, to be sold in the marketplace.

Righteous income-Active

2. Profits from a business

One who heard us was a woman named Lydia, from the city of Thyatira, a seller of purple goods, who was a worshiper of God. The Lord opened her heart to pay attention to what was said by Paul. And after she was baptized, and her household as well, she urged us, saying, “If you have judged me to be faithful to the Lord, come to my house and stay.” And she prevailed upon us. Acts 16:14-15 (ESV)

Righteous income-Active: Active income also includes profits from a business. Again, there's activity going on in order for a business to be profitable. We recall a woman named Lydia mentioned by Paul in the book of Acts. She was a seller or possibly a merchant who earned active income by trading in textiles. Apparently she was successful in her craft because she hosted Paul and Silas in her home for a time and invited some of the believers in the area to her home to meet them (Acts 16:40)

Righteous income-Active: A third type of active income is money that we earn through sales commissions, awards and fees. Here are some examples: A realtor sells a house and earns a commission. An architect wins a contest for a building design and earns an award. A lawyer represents a client and earns a fee.

Righteous income-Active

4. Prizes and rewards

Righteous income-Active: in the United States when a person wins a prize or earns a reward it is also considered active income.

Righteous income-Active

5. Support from our ministry partners


Righteous income-Active: The final type of active income that we will consider is support that fulltime Christian workers receive from the supporters of their ministry. Why is it considered active income? It is because it is somewhat similar to a business.

Let's take some of the students in this class as an example. I consider your support as active income because you exert effort and engage in activity to perform your studies. You are using your mind to learn, and eventually you will apply that learning for the benefit of other people. You have found people who appreciate your career goal and are willing to compensate you for your studies. So, similar to an owner of a company who pays his employees for the work they perfrom, so you are paid by your "employer" for the work you perform.

On another level, the pay you receive for your work is somewhat similar to an investment. From that viewpoint, your income could in a sense be passive, i.e, someone is investing in something that will provide future benefits.

Types of righteous income

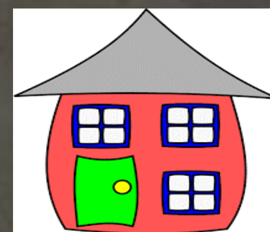
Passive

Types of righteous income: we have looked at active income, the first category of righteous income. We considered five types of active income. Let’s now consider passive income, the second category of righteously earned money. What do we mean by the term “passive”?

Righteous income-Passive

1. Putting our assets to work

- If we have property that is useful to others, we can earn rent from it



- If we have savings in a bank or buy a government bond, we can earn interest on it >

Righteous income-Passive: passive income is essentially money that we earn by investing our money, or to say it another way, by putting our own capital at risk. There is often not a 1:1 relationship between expending effort (work) and receiving compensation (income). In other words, we can earn passive income, at least some of the time, while we are engaged in other activities.

An important point here is that in order to earn passive income we, we need to invest some money previously earned or borrowed. If we have already earned the money, we have put in the work effort previously, saved our money, and now are reaping the benefits of our hard labor and our disciplined management of money. If we borrowed the money, we hope to repay the loan through success of the investment. This is very risky, and I do not recommend that one should borrow to invest, but it does happen all the time. In this class, I do not consider this as a righteous investment, but rather a foolish one. More on that later.

Let’s talk in more detail about investing money we have already earned.

As an example, if our savings are sufficient, we can buy a house and rent it out to others. Now here is one of the beautiful things about passive income. During the rental month, 99% of the time we may not even be on the premises or engaged in managing the property. But the renter pays you a certain amount of rent each day, even if you are doing something else with your time.

The rent we receive is the reward that we have earned by providing a place for others to live. In a sense, we are earning income 24/7. We literally earn money while we sleep, are away on vacation, or working at another job.

Another example of passive income is interest that we earn from savings. Here is how it works: Instead of spending all of our income in a given month, we set aside a portion and deposit it into a savings account at a bank. Once again, it’s worth noting that we only can save money that we set aside out of previous earnings. Money we might borrow from one bank to save at another is not considered in this seminar as righteous income, because I consider it unwise and risky.

Why do we deserve to receive compensation from money that we deposit in a bank? It's because the banker uses our money on deposit and loans it to others. He receives interest on the loan from the borrower. We have agreed to let him use our money to make the loan, sort of like a business arrangement.

The banker keeps a small portion of the interest from the borrower to cover his expenses and make a profit (we “pay” the banker for the “work” he did for us, and pays us a fair compensation for being able to use our money. It's a wonderful concept. The saver earns interest income while doing something else, the banker earns a profit on someone else’s money, and the borrower uses (rents) the money to improve his life or pursue an economic goal! There is a certain amount of risk to all of this, but it is considered reasonable risk if we save our money in a competently run bank. In the US, the depositors are insured by the federal government up to a certain amount of their savings.

The interest we earn is called passive because once again we do not have to be actively engaged in producing the income when it is earned. We are earning interest 24/7.

Righteous income-Passive

2. Growth in our investments

Stocks and mutual funds

Land

Righteous income-Passive:: another example of passive income is growth in our investments. Investment growth is even more fun than some other types of passive income such as renting property because you normally have to do even less work to earn it. Money that you invest in stocks works for you constantly whether you're sleeping, eating or playing. You are totally disengaged in the process of appreciation (increase in value) of the asset. The second example of an investment is the purchase of a piece of property. It can be vacant land, requiring little maintenance or oversight, or it can be improved property such as land with a building on it. In both cases it is your expectation that it's going to appreciate in value.

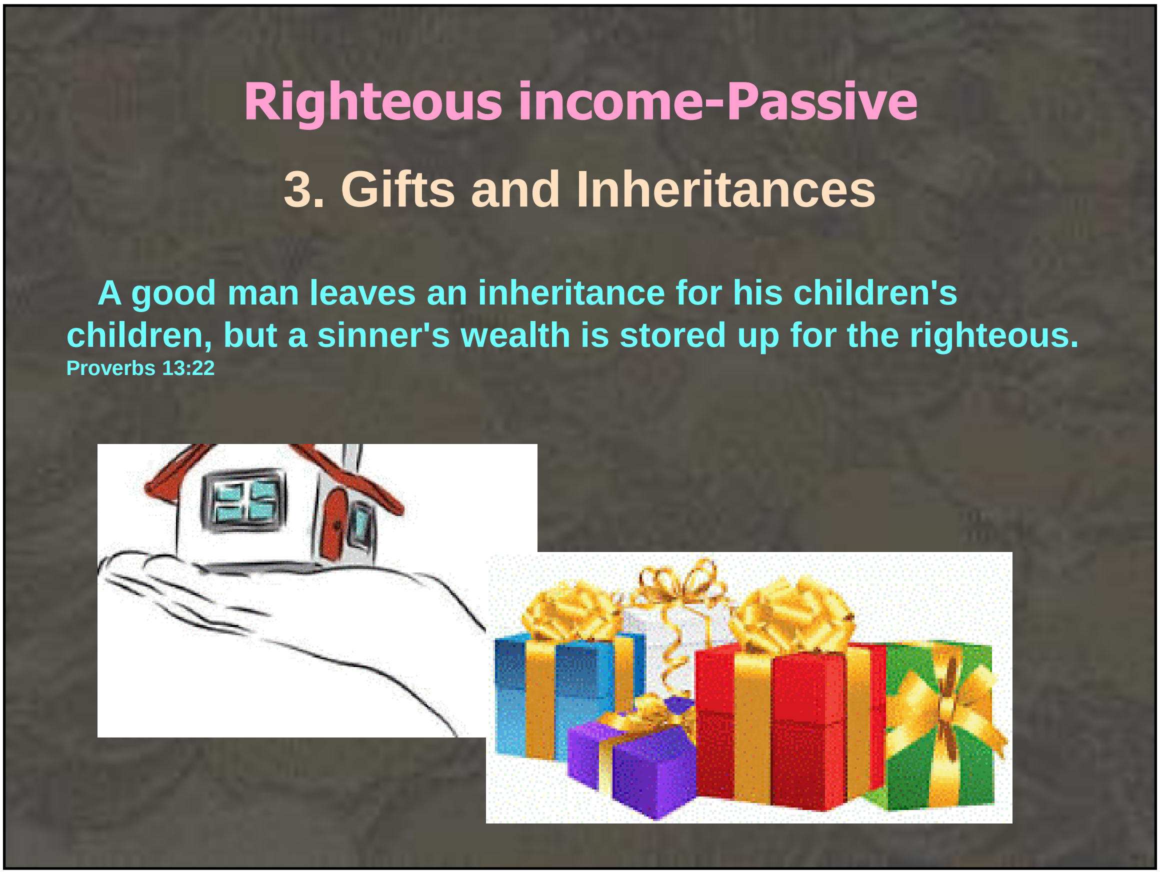
But here’s the catch. Remember I said earlier that investments involved risk? When we invest in such assets as stocks or bonds, there is a risk that they will not appreciate in value but actually go down in value. We might still earn some income from them, but their value when we sell them might be less than when we purchased them. So keep in mind that if you save money in a bank, invest in stocks or bonds or, for that matter, purchase real estate, you are assuming certain risks. The borrower may not be able to repay the loan (the bank may fail), the value of your stocks or bonds might have gone down, or the price you get for your investment property might be might be less than your original purchase price. In all of these examples, you would suffer a loss.

We’ve looked at two types of passive income: interest or rent from an asset we own, and appreciation in the value of an asset. The main difference between the two types of passive income is timing--when we receive our money. Normally, we receive interest or rent on a periodic basis, such as monthly or annually. On the other hand, if we are investing for growth, there's no expectation of income during the holding period. We are entirely dependent on the hope that the value of our investment increases subsequent to our purchase, usually over a long period of time.

These types of investments are risky because we don't really know what will happen in the future, whether our investments will be successful or not.

As we have seen, it’s possible that the value of our investments goes down, but we have to sell for some reason, and so we are in the unhappy situation of having invested our hard-earned money over a long period of time only to lose part or all of it when the investment is sold.

One further note on these two types of investments. Perhaps the best of both worlds is when we combine both types of passive income. For example, we purchase a property with appreciation potential, but rent it during the holding period. Or we purchase a stock from a reputable company with a solid history of paying dividends. But these all still involve risk.

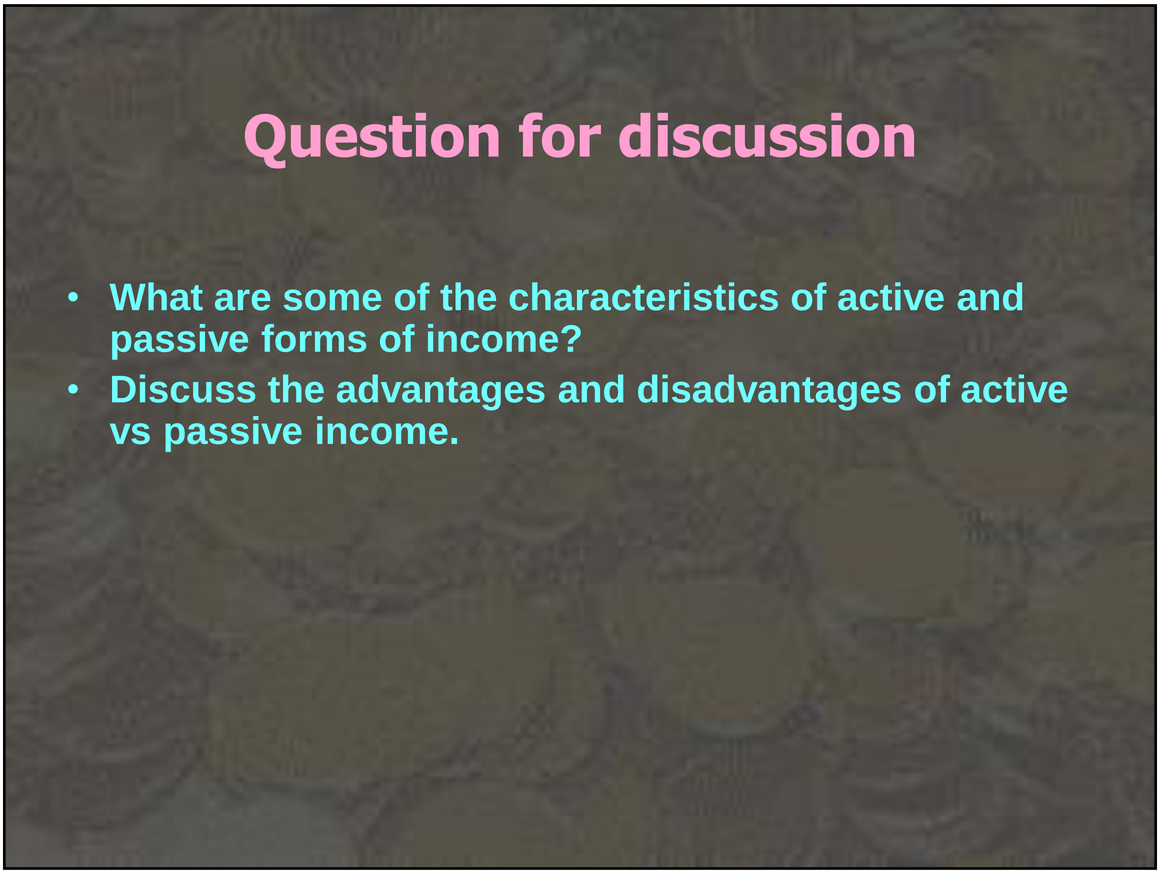


Righteous income-Passive:: another legitimate type of passive income are gifts and inheritances. Suppose somebody gives you a gift. That means you didn't earn it, you didn't work for it, and you didn't invest any money to get it. It was a gift paid for out of the earnings from someone else, but you were the beneficiary. Because you received something of tangible value, it's considered income (although it may not be taxed by a given government).

The same is true of an inheritance. Your relative earned the money to purchase the assets in his or her estate, which you then received as a gift when they passed. We're encouraged to leave an inheritance for our children and grandchildren. Leaving an inheritance to our descendants is a righteous activity. An interesting point about these types of investments is that God has a way of re-allocating his resources to accomplish his purposes. Let’s read Proverbs 13:22.

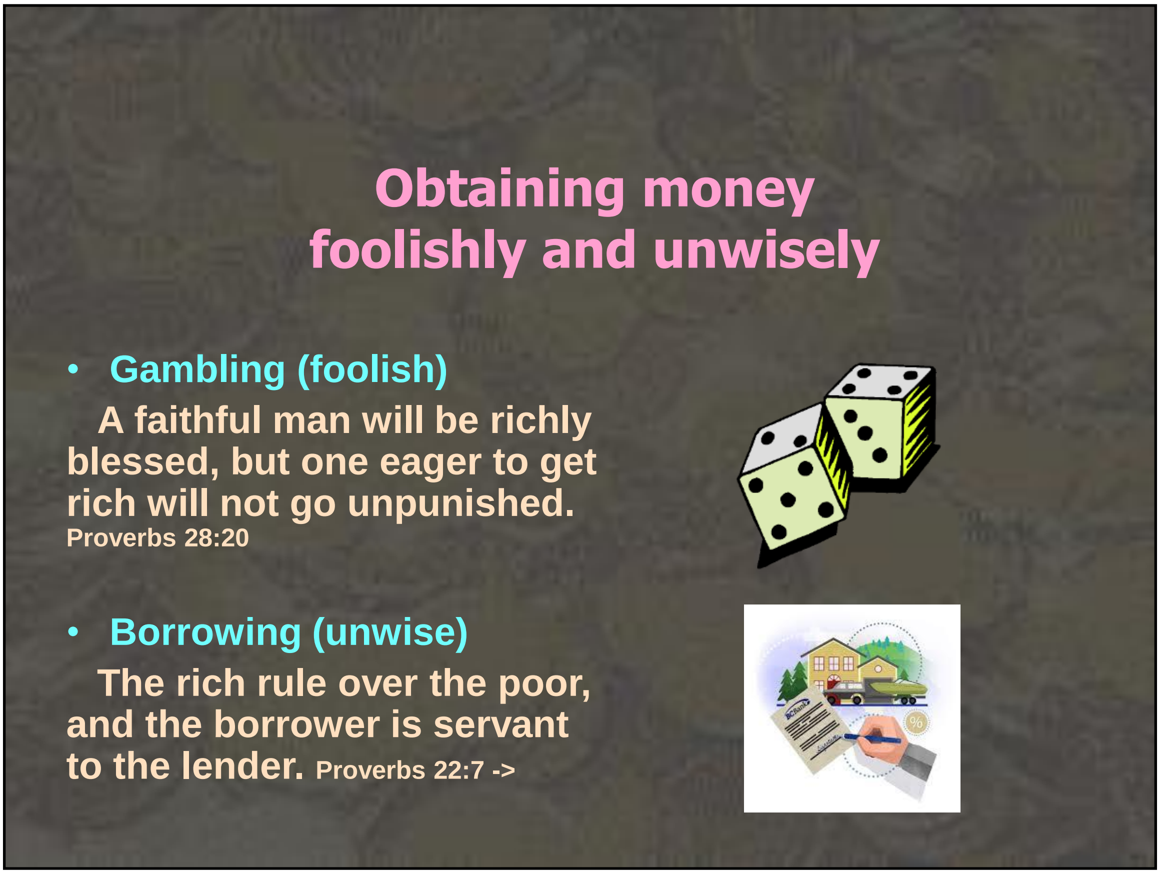
4. Righteous income-Passive -- Royalties

A fourth type of righteous passive income is from royalties. From a number of activities such as royalties from books artwork, oil wells, et cetera.



Questions for discussion:

- What are some of the characteristics of active and passive forms of income?
- Discuss the advantages and disadvantages of active vs passive income.
- Which type of income would you prefer, and why?
- What is the key to being able to make investments is to mark



Obtaining money foolishly and unwisely: so far in this module, we have examined several aspects of righteous income. We now turn our attention to foolish or unwise ways that many people try to acquire money. So we're going to look at obtaining money through gambling (foolish) and borrowing (unwise). I believe that acquiring money foolishly puts our financial health at great risk and obtaining money using unwise methods is not God’s best intention for us.

The folly of gambling: first, let's look at the folly of gambling. We’re going to do this in a way that I hope you will find entertaining as well as instructive.

Let’s play the “Christian” lottery: I’m actually going to encourage you to obtain money by playing the lottery—for one day only! Now this is a special lottery which I will call the “Christian” lottery. Yes, we are going to play the Christian lottery right here in this classroom. There may be some lucky person in this room who will win a great deal of money in the next few minutes. Are you with me? Fantastic! Let's play the “Christian” Lottery.

The "Christian" Lottery: this lottery is completely legitimate. The prize is 1000 rupees or approximately $13 U.S. Now it may surprise you that I am personally going to put up the prize money. I have in my hands 1000 rupees. Would somebody like to come up and examine the money? Yes, it's real. This is a completely honest game. And to demonstrate that it is legitimate, I will give the prize money to our Banker for safekeeping. Now, the agreement I'm seeking from you is that the banker will guard the money and will give whoever wins the Christian lottery the entire amount. If we have multiple winners, he will split the prize money equally among them. However, if there is no winner, the banker will not only return my prize money. In either case, he give me the money that all the players used to buy their chances (tickets) to help me defray my expenses. Fair enough? Good!. Here are the rules:

The "Christian" Lottery: before we play, let's review the rules of the game. This lottery will only cost you one rupee to play. You heard it correctly – one tiny rupee. Playing is easy –you only have two guess six numbers. If you win, you will win 1000 rupees. If you lose, you have only lost one small rupee. This is a completely honest game which is being brokered by our completely honest banker and overseen by our completely honest teacher.

Who wants to play?

It's fun, easy, and so cheap that everyone can afford to play

It will cost you only 1 rupee to play!

Come on--don't be a loser. If you don't play, you won't win. This could be your lucky day. You might win Rs 1,000

OK, show me your money!!!



Who wants to play?: OK -- who wants to play the Christian lottery? Its fun, its easy and everyone can afford to play. You can buy a ticket for just one rupee so don't be a tightwad. And remember if you don't play you can't win. This could be your lucky day so show me your money!

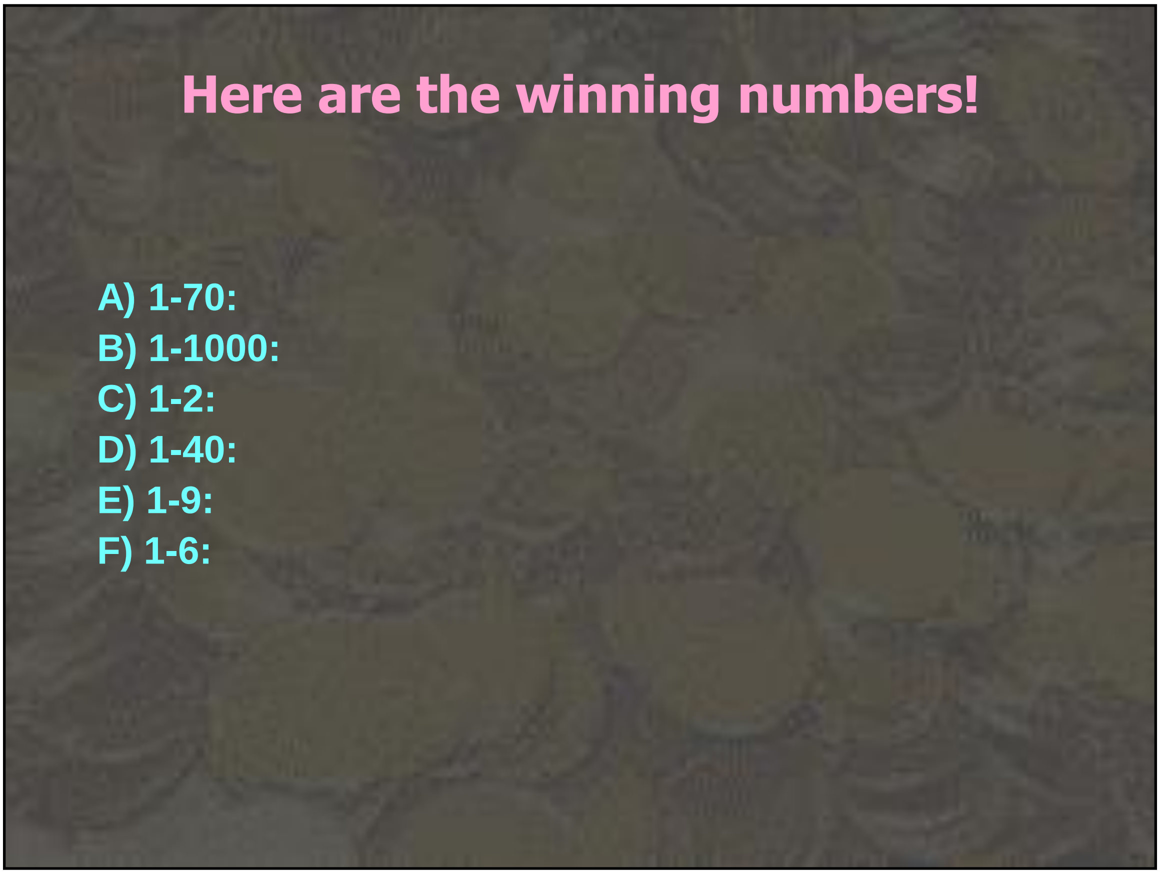
At this point, ask all people who wish to play to give their rupee to the banker. Ask the banker to write down the name of each player. (In the interest of time, the instructor might want to limit the number of players to the first 10 or 12 who express interest).

The "Christian" lottery: this lottery is similar to most national lotteries including the Indian Lotto. It consists of picking six numbers. If you get all six numbers correct, you win 1000 rupees. But, if you get any of the numbers wrong you lose. So those of you who are playing I would like for you to make six rows and label the rows A through F.

- In row A, you must write down a number between one and 70
- In row B, write down a number between one and 1000
- In row C, write down a either one or two
- In row D, write down a number between one and forty
- In row E, write down a number between one and nine
- In row F, write down a number between one and six.

(Allow everyone time to write down their numbers).

Has everybody written down their six numbers? OK let's turn in your numbers to the banker. Be sure your name is on your piece of paper. (Important: make sure all bets have been placed with the banker, including each player's numbers. Then, have the banker read the numbers on each ticket out loud so you can write them down on a white board. Do this before you go to the next slide).



Here are the winning numbers!: OK here are the winning numbers. Before class began, I selected the six winning numbers using a random number generator on the internet. I saved the numbers in my memo app and here they are. I will ask the banker to read the winning combination of numbers.

(There will likely be no winners. It is unusual for anyone to make it past the second round or row B). Note: Slides 31-34 are optional and may be skipped if there is insufficient time to play a second time.

OK. That was just a warm-up. Now let's play for BIG money: OK, that was just a warm-up. Now we will play for some really big money. I'm going to raise the reward by 10 times. This time if you win, the prize will be 10,000 rupees.

OK, let's play for Rs 1,00,00

WOW--THE PRIZE JUST INCREASED BY 10 TIMES.

THAT WAS JUST A WARM-UP

SHOW ME YOUR MONEY!!!

OK, let's play for Rs 10,000: show me your money. Who would like to play for 10,000 rupees?

THE BIG "CHRISTIAN" LOTTERY

Pick 6 numbers

Lucky number one (1 - 70)
Lucky number two (1 - 1000)
Lucky number three (1 - 2)
Lucky number four (1 - 40)
Lucky number five (1 - 9)
Lucky number six (1 - 6)

You have to be in it to win it!

THE "CHRISTIAN" LOTTERY: the game is the same as before. You need to pick six numbers. Remember, the winning numbers have been completely selected at random so they could be the same numbers that you originally picked; some of them could be the same ones you picked earlier; or they all could be completely different. You have to decide. Once again, turn your bets into the banker with your name on it. (Allow everyone time to write down their numbers)

(Important: make sure all bets have been placed with the banker, including each player's numbers. Then, have the banker read the numbers on each ticket out loud so you can write them down on a white board. Do this before you go to the next slide).

Winning numbers for lottery 2: here are the winning numbers for lottery 2. They were chosen at random, just like in the first game. Let’s see if we have a winner. Mr. Banker would you like to read the winning numbers for lottery 2. (Write them on the board as before).

Deceptiveness of greed

Your odds of winning were only 1 in 302,400,000

Your chances of winning were about the same as winning the Indian Lotto

- **The odds of winning the Oct 19, 2018 U.S. Lotto of $1,000,000,000 were about the same as this game: one chance in 302,400,000.**
- **Your chance of getting hit by lightning in the US in a given year is 1 in 1,000,000, or 302 times greater than winning the lotto!**
- **Your chance of being killed by a bee or wasp sting: 1 in 6,100,000 or 50x greater**
- **Your chance of being killed by a falling metero were 432 times greater -->**

Winning numbers for lottery 2: OK, I hope everybody had a great time. I know I did. Mr. Banker, may I have my money back? Oh, I almost forgot - may I have all of the money you collected? This is really a great feeling. Thank you, class. I'm so glad you decided to play the lottery for now I have enough money for some refreshments.

Let's step back and look at the practical and spiritual dimensions of our little game. We're going to generalize it so that the principles we learn can apply to any game of chance.

I've entitled this slide the "Deceptiveness of Greed". What was astonishing to me was that no one asked me before they gave away their hard-earned money "what were the chances of winning?" The game you played had about the same chances of winning as the Indian Lotto or roughly 1 in 302,400,000. These odds are extremely unfavorable to the gambler. For example, according to one website, your chances of getting hit by lightning in the US in a given year is one in 300,000 or about a million times greater than your winning this game. Your chances of being killed by a bee or wasp sting were 50 times greater than winning this lottery. Your chances of being killed by a falling meteorite are one in 700,000, or about 432 times greater than winning the game you just played. In other words, you had no realistic chance of winning and you wasted the money that you paid to buy a ticket.

1 in 300,000,000

You have no realistic chance of winning

- Imagine a classroom with 70 Bibles in it. Suppose each Bible has an average of 1000 pages, with 2 columns per page, 40 rows per column, 9 words per row, and 6 letters per word.
- Suppose at random, without your knowledge, I circled a specific letter in a specific word in a specific row in a specific column on a specific page in a specific Bible.
- In order to win this lottery, you would need to guess the six numbers that located the exact letter I circled!
- I submit no rational person would believe he would ever guess the chosen letter and would certainly not bet money on it.

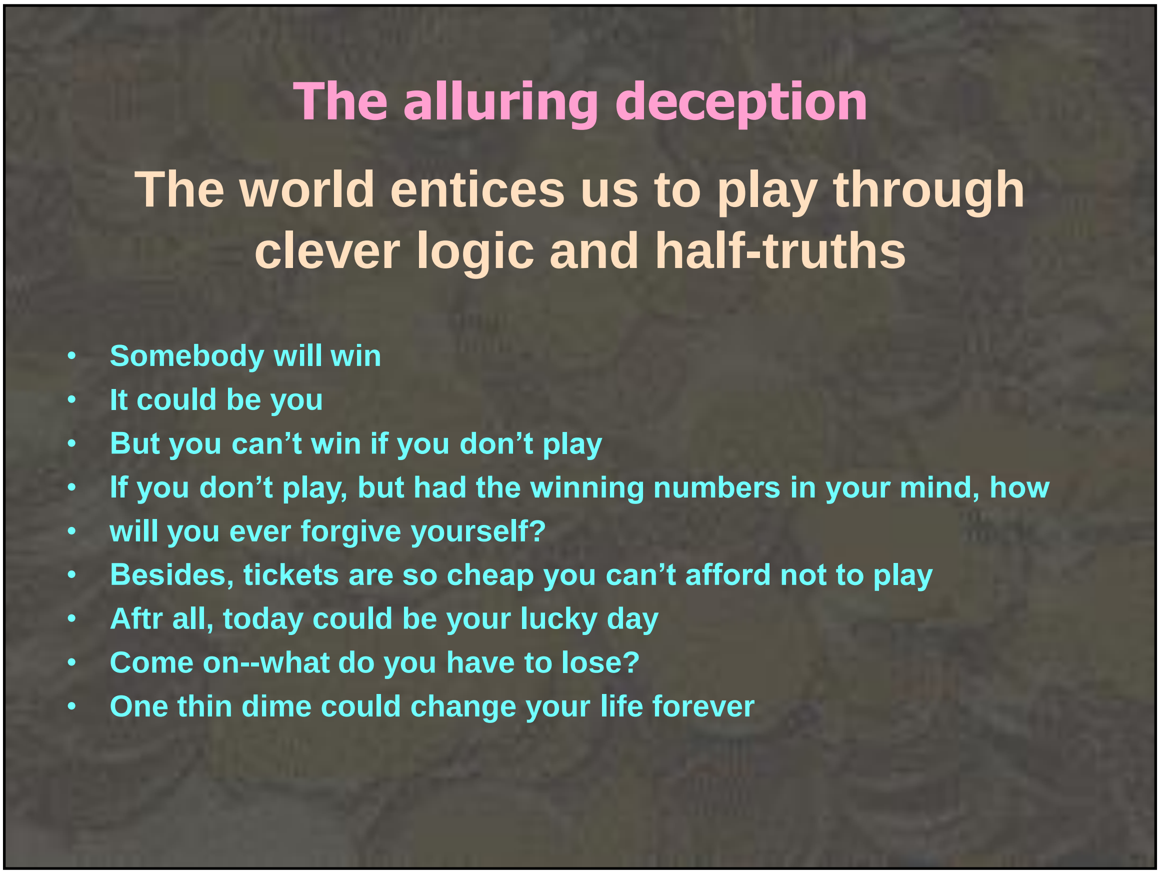
1 in 300,000,000: Here is another way of illustrating one chance in 302,400,000.

Imagine a classroom with 70 Bibles in it. Suppose each Bible has 1000 pages, with 2 columns per page, 40 rows per column, 9 words per row, and 6 letters per word. Now further suppose, at random and without your knowledge, I circled a specific letter in a specific word in a specific row in a specific column on a specific page in a specific Bible. In order to win this lottery, you would need to have guessed the exact location of the circled letter! I submit no rational person would believe he would ever guess the chosen letter, and would certainly noy bet money on it.

How long would 300M Rs100 notes be? Answer: 26,692 miles (42,957 km), or more than enough to circle the earth at the equator

How long would 300M Rs100 notes be?: Here is another way of visualizing your chances of winning the Indian lottery. Further suppose you wrote down a number somewhere between 1 and 300,000,000. Further suppose, 300,000,000 million 100 rupee notes had serial numbers sequentially from 1 to 300,000,000. Suppose they were all mixed up and laid end-end. How long would that line be? Answer: 28,800 miles, or more than enough to circle the earth at the equator. Now imagine writing down on a piece of paper a random number between 1 and 300,000,000. Then someone flies a drone around the earth above the equator. After several revolutions, the drone at a random time drops a dart and it hits one of the notes Would you expect the serial number on the note hit by the dart to match the number you wrote down? Of course not. You would be foolish to waste your money betting that it would.

Here is still a different way of visualizing your chances of winning: Suppose 300,00,000 serialized 100 rupee notes were gathered, shuffled and sent up in a gigantic balloon. At 100,000 ft, the balloon burst, scattering the 300 million notes over an area the size of India. Through some magical quirk of nature, the notes are evenly distributed over the entire surface of the country and every note is separated from every other note by exactly 200 meters. Blind-folded, you are led around and across the entire country and somewhere during your journey you randomly pick up one of the notes. Would you expect the number on the note to match the number you selected? The only realistic answer is once again “NO”.



The alluring deception: the reason lotteries are successful is because the promoters use clever logic and half-truths to entice millions of people to play. They say somebody will win and it could be you. This is a true statement. Then, if you consider that to be a reasonable claim, you falsely imagine the odds as being in your favor.. Finally, you visualize yourself as the one who wins and you are hooked. You begin the irreversible slide into financial loss. You visualize, what you good do with that all that money!! And, because the tickets are cheap, you buy the ticket.

Let's look closer at how we behave in the face of very low odds. For example, we have observed that the odds of being hit by a meteorite are extremely low. If we thought we might be hit, we would wear a helmet when we are outdoors. But nobody does that. We don't because we know that the odds are infinitesimal that it would happen to us. It is a practical impossibility that we would be the victim, so we live our lives without worrying about dying of a meteorite strike. But when we buy a lottery ticket, for some strange reason we think that virtually impossible odds are suddenly going to work in our favor. It doesn't make sense.

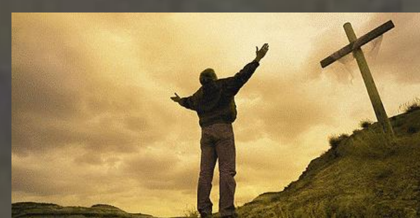
Here is another alluring half-truth. The lottery promoters say "if you don't play you can't win". Of course, that's also true. But, because of the low odds in your favor, you might as well not play. You won't win, but you still have the money in your pocket. My former pastor had a wonderful saying. He said that your chances of winning the lottery are about the same whether you play or don't play. They are infinitesimal on the one hand and zero on the other hand.

The other thing that promoters of lotteries will say is that the tickets are so cheap that you can't afford not to play. What do you have to lose--after all what are a few rupees? But we've already seen that the money was wasted, so you might as well have burned it. But no Christian in his right mind would dare to torch his money because it would be an insult to all poor people.

The practical truth

A realistic attitude to have

- Somebody will eventually win the lottery, but it won't be me
- My chances of winning are about the same whether I
- play or don't play (Pastor Don Leigh)
- I don't want God to think I have such low regard for a
- hard-earned rupee
- I do not want to leave my life's "random" experiences up to luck or fate. I want God to control them.



The practical truth: the practical truth is this, and in my opinion, here is a realistic way to look at the lottery:

1. You should say to yourself "somebody will eventually win the lottery but it won't be me". OK, lets all say this together as a class: "Somebody will eventually win the lottery but it won't be me".

2. And since you are sure you won't win, you can say "I want my rupee to count for something useful."

3. From a spiritual perspective I want to demonstrate to God that I value a rupee. Remember the widow's mite? I would not dare burn even so small a coin.

4. Here is another way to look at it: We rightly live our lives as if statistically improbable odds of negative consequences won't happen to us, so why would we believe anything differently about positive consequences? I want to trust God that extremely rare events will not happen to me. I want him to guard my life because extremely rare, random events are often bad. So, I don't want him to think that I enjoy invoking 300,000,000 to 1 odds in favor of myself, or it might start happening to my peril. That is just a personal opinion and you might see it differently. But I would prefer to live consistently with the premise that extremely rare, random events will not happen to me, including winning the lottery. My life is in the hands of almighty God himself, for he loves me and knows what is best for me. His ways are perfect. And I trust him to protect me from rare, random events, and I want to live consistently with that mindset.

5. If we want to spend $2 just for the fun of it, but have it count for eternity, give the money to a poor person and follow Jesus. We will end up with the same financial balance as if we had played the lottery (-$2), but will have built treasure in heaven (Jesus, Matthew 19:21).

The folly of gambling: OK let's summarize what we have learned in this object lesson about greed.

- One of the main ideas of this segment is that playing the lottery is foolish. For all practical purposes you're sure to lose your money--all of it. You might have more fun by just burning it but a far better choice would be to give your lottery money to somebody who is in need.

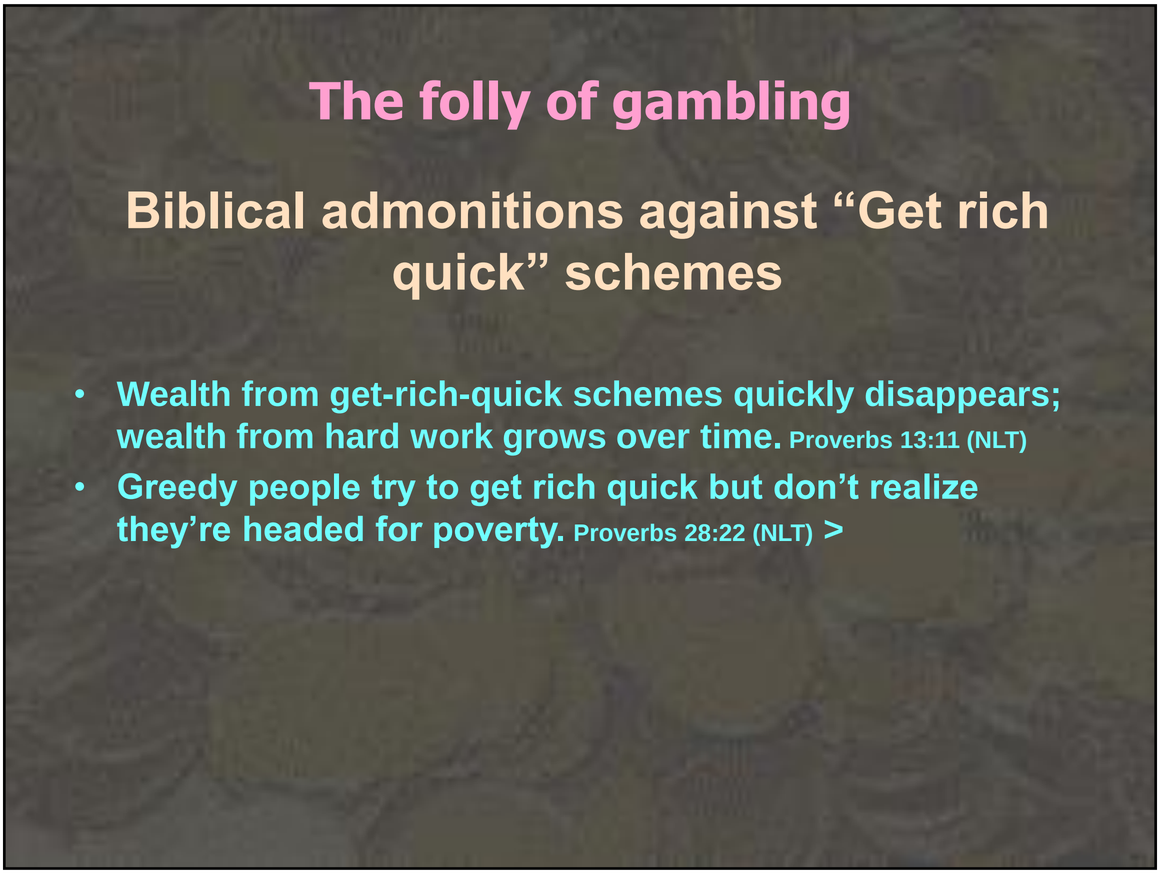
- Secondly, we know from experience that the allure of gambling can become addictive and some of you know people who have been ruined by this addiction.

- Thirdly, there's a moral issue with gambling: we're trying to enrich ourselves at someone else's expense. You're hoping that you are the winner which means that you are also hoping that everybody else is a loser. This might be OK in a friendly competition but when there's money involved, it's more serious. Studies have shown that it is the poor who tend to play the lottery hoping to get rich. Therefore, if you hope to win, you are by definition hoping that many poor people lose their money. This is the opposite of the concept of love for the poor. Again, this is my personal opinion—you might see it differently.

- Fourthly, a get-rich-quick attitude is discouraged in Scripture.

- Finally, gambling may be a sign of greed, a lack of trust in God's provision, an ungrateful heart, or just plain foolishness.

So let me take a quick poll. How many are convinced that playing games of chance requiring the expenditure of money is not a practice that a Christian should engage in? Excellent, you have made a good decision.



The folly of gambling: let’s read it a couple of verses in Scripture that address the idea of “get-rich-quick” schemes such as gambling: Proverbs 13:11 and Proverbs 28:22.

At the beginning of this module I said this was a Christian lottery. I knew before we started that no one would win, giving me an unfair advantage. So it would be quite wrong of me to keep your money Besides, why would I want to keep gambling proceeds when I’ve spent the last hour talking about the folly of gambling? So I’m giving all of your money back to the banker who will distribute it to each of you appropriately.

Quiz--true or false

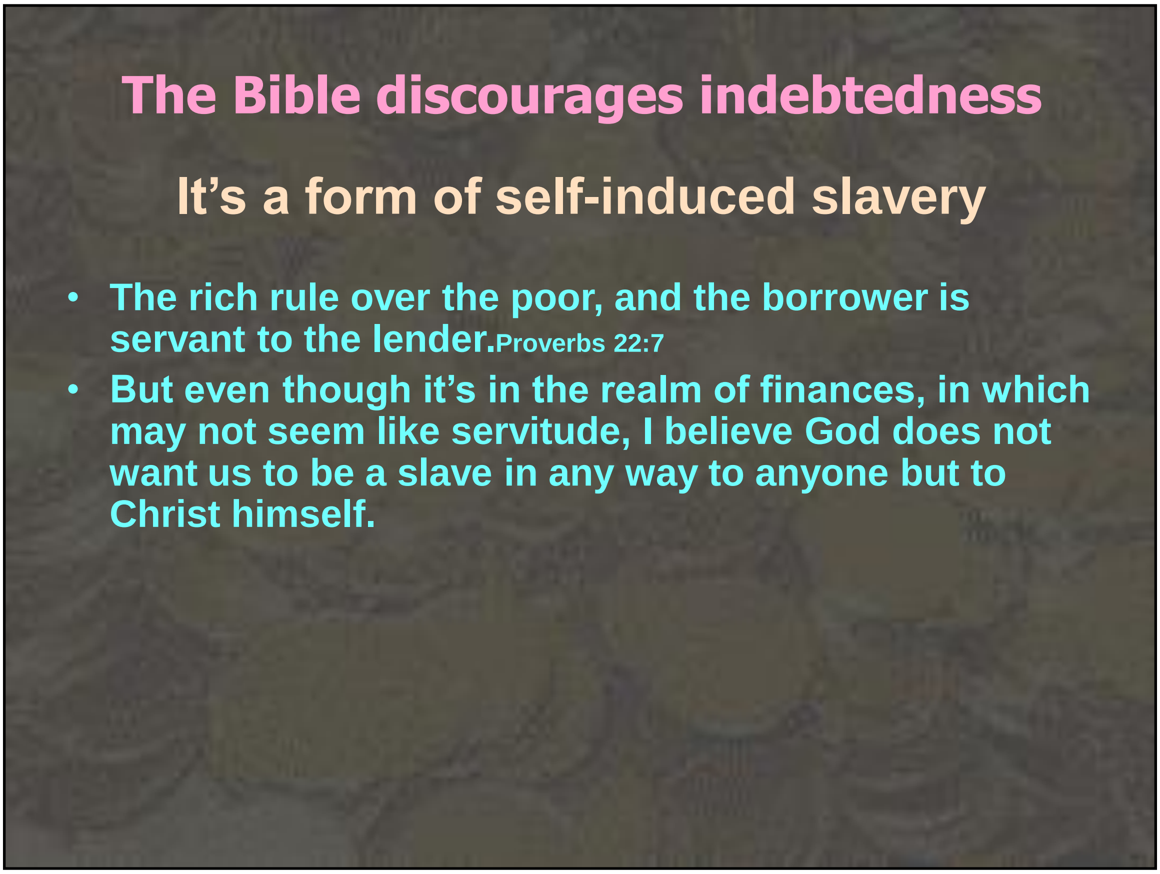
1. Playing the lottery is a wise use of money
2. Your odds of winning improve if the ticket is cheaper
3. Those who gamble in order to get rich quick may be replacing God with luck as their provider
4. Gambling may be a sign of greed, an ungrateful heart, foolishness, or all of these
5. You can gamble to your heart's content without the fear of becoming addicted to it
6. It's fine to play games of chance strictly for fun, even if money is involved-->

Quiz

Debt–a heavy load to carry

An unwise way to obtain money

Debt–a heavy load to carry: we've looked at gambling which is a foolish way of trying to get money. Let's now examine the practice of borrowing money, or going into debt, which I believe is an unwise way of getting money. By going into debt, you burden yourself with a heavy load to carry.



The Bible discourages indebtedness: the Bible discourages going into debt because it’s a form of slavery. By borrowing money from someone, we are volunteering to become his servant. The lender now has some degree of control over the borrower’s finances, which could have implications on his time and his priorities. Those precious resources are no longer his to do with as he pleases.

The Bible encourages us to be free from all temporal burdens so that we can be slaves to Christ.

It’s best not to owe anything to anyone: I believe the Bible teaches that it’s best not to be obligated to others except to love them. Therefore, I encourage everyone taking this class to try to live a debt-free life. I must confess that I have borrowed money four times in my life. If I’m honest with myself in retrospect, I believe I know what my motives were at the time of each loan. Two were perhaps a wise investments and socially acceptable, even in the Christian community. One was because of impatience and the other one was due to greed. Here is what happened.

The first time was when I was in college. I was largely supporting myself through school. When my academic scholarship ran out, I became short of money for tuition, fees, and other expenses. Instead of leaving school and patiently going to work to save money for the next semester (known as a work-study program), it was convenient to borrow the money I needed to stay in school and complete my degree. The interest rate was low and there was some wisdom in continuing with my education. It was a normal thing for a college student to borrow money in order to keep his education on track. When I graduated and began my career, my wife and I paid off our student loan in short order. A student college loan is one instance where borrowing money may have some merit if the prospects of repaying the loan are solid. But the borrower should realize there is still a risk that he will not be able to repay, and that would be wicked.

The second instance was when I began my career at Hewlett Packard after graduation. I started getting good-sized paychecks and the eyes of my desire began to grow big. My wife and I had a car but it was old and needed repairs. I learned that because of our combined salaries we could buy a new car with a small down payment. I went ahead and borrowed the money needed to buy the car, but because of my upbringing I really had no peace and really disliked the idea of having to pay interest. So, once again we used every spare dollar to pay off the loan and by God’s grace we did it in less than two years. Borrowing on a depreciating asset is not wise. That was 50 years ago and the last time I borrowed money on an automobile purchase. I have leased several automobiles since, however, under less risky terms. Again, keep in mind that whether you borrow or lease a car, set aside all of the money you have committed to pay in a savings account so you won’t fall short and fail to repay.

The third instance was when we built our first home. We borrowed the money for its construction. I was a young professional and the amount of the payments were a small percentage of my income. But, as with the student loan and the car, we paid it off in just a few years. This third case, borrowing against the purchase of your primary residence, is one that many Christian financial counsellors would condone. This is because real estate tends to appreciate over time. You should make sure the lender has no collateral other than your home itself, and realize that you could lose it if your circumstances turned upside down. And remember, that though real estate tends to appreciate, sometime it loses value. If you had to sell the house, and the proceeds from the sale were not enough to repay the remaining loan balance, you could be in ral trouble.

The fourth instance was several years later and the least justifiable from a Biblical perspective. We had a successful rental business. In order to expand it quickly, I borrowed money to buy a rental house as an investment. The financial analysis was favorable to taking out the loan, but I was still violating one of the fundamental rules of Christian financial counselling. Out of greed, I was borrowing to speculate—an unwise and foolish thing to do. By God’s grace this loan was also paid off without serious consequences, but the situation could have been very different. As you know, economic conditions and our personal situation can change very quickly, and I could have been in real financial trouble.

That was over 25 years ago. I would not recommend borrowing as a financial tool with the possible exceptions of a student loan for education and a primary residence. And I would take a very conservative approach. The Bible says that our obligation to love others is the only debt that we should owe.

Borrowing money is like skating on thin ice

We run the risk of not repaying

- The wicked borrow and never repay, but the godly are generous givers. Psalms 37:21

Borrowing money is like skating on thin ice: the trouble I could have gotten into by borrowing money is illustrated by the cartoon on the slide. I think, as a general rule borrowing money is like skating on thin ice. One problem is that when we borrow money we run the risk of not being able to repay it. If we don't repay what we have borrowed, it's like stealing from the lender and that is a form of wickedness.

When we declare bankruptcy, the bank is not the only one who gets hurt but it is the people who put their money into a savings account which was used as the means of lending us the money. And just because the bank may have insurance to cover those who default on their loan doesn't really let us off the hook. The insurance premiums that the bank pays to cover people who default must be passed on to all of its customers.

Debt is dangerous and discouraged in Scripture

Summary

- Borrowing is not evil but is unwise and is discouraged in Scripture
- If we borrow, we must repay, but we may not be able to repay:
- It may lead to bankruptcy (thereby not repaying the debt), which results in a form of wickedness: Psalms 37:21a
- Going into debt presumes upon the future and therefore presumes upon God's plan
- The need to borrow might be a sign that God is saying "no" or "wait" cont'd>

Debt is dangerous and discouraged in Scripture: These next two slides summarize some of the issues with going into debt.

- Though the Bible discourages going into debt, I don't believe Scripture teaches that borrowing money is evil. But I do believe that it is unwise in many circumstances and should be avoided if possible.

- Perhaps the biggest problem we face when we borrow money is the risk that we might not be able to repay, and that's what wicked people do. After all, we borrow because we are short of cash. But now we have to repay the loan as well as our other expenses. We soon find that we're in worse trouble than before. We still don't have enough money to meet our needs, but now we also have to pay back the debt. Debt can be dangerous and even lead to sin if we don't repay it, the message of Psalm 37:21

- When we borrow, we must realize that instead of making us prosperous and more secure, it actually puts us on more dangerous footing which could lead to a lower standard of living and even to bankruptcy.

- The spiritual problem with borrowing money is that it presumes upon the future because now we are expecting God to bless our efforts to repay it.

- It could be that the need to borrow could be a sign that God is saying "no" or possibly "wait".

The dangers of debt

Summary (cont'd)

- The need to borrow is usually a reflection of poor planning, impatience, greed, or just plain foolishness
- It may rob us of experiencing God's miraculous provision and mighty power on our behalf Don Leigh
- It is usually means we can't afford the standard of living we have attained
- By going into debt today, we are always punished with a lower standard of living in the future Ron Blue
- We should be very prayerful, cautious and conservative if we are considering borrowing money-->

The dangers of debt (cont'd)

- Sometimes the need to borrow is a reflection of poor planning, impatience, greed, or just plain foolishness.

- It may rob us of experiencing God's miraculous provision of our needs. A former pastor of mine, Don Leigh, said that if we are too quick to borrow our way out of trouble or when we are short of funds, we deprive God of providing for us in amazing ways.

- If we have to borrow, especially for items that we need, it may mean that we are living beyond our means. The only viable solution is to increase our income or to reduce our standard of living.

- The next point is one of the most damaging aspects of borrowing money. Ron Blue said that by going into debt today we are always punished with a lower standard of living in the future. Though we may have the specific object we wanted, our overall lifestyle will suffer. I can explain this with a simple illustration.

- We should be prayerful and cautious if we are considering borrowing money-

Debt inflicts punishment on the borrower

By going into debt today, we sentence ourselves to a lower standard of living in the future." Ron Blue

Debt inflicts punishment on the borrower: in American society, there is great pressure to live the "good life" by cultivating a materialistic philosophy of life. Those who practice this philosophy often develop what Ron Blue. a Christian financial adviser, calls a "consumptive lifestyle". If they have a little left over at the end of the month, instead of saving it for future needs, they spend it, often for frivolous reasons.

What's worse, they sometimes spend more than they make, forcing them to borrow money to make up for their over-spending. Here's something that's even worse: many people intentionally go into debt in order to have things now rather than saving for them and purchasing them with cash later. Going into debt is relatively easy, at least in the U.S. Just sign on the dotted line and the money is yours. Little thought is given about the future coming inconveniences of having to repay the debt.

At first, having this extra money to spend is exhilarating. Their joy in having their desires satisfied instantly is real, and life is good. However, their elation is fleeting. All too soon, the reality of debt repayment raises its ugly head. Mr. Blue states it this way: "by going into debt today we sentence ourselves to a lower standard of living in the future". Let's look at a simple example:

Let’s consider Isaac

He wants a new bicycle-today

- I gotta have it today:
  - Monthly income: RS 4000
  - Monthly spending on lifestyle: Rs 4000
  - Borrow Rs 14400 to buy new bicycle
  - Promise to repay at Rs 400/mo for 36 months
- Result: for the next 3 years:
  - Monthly income: Rs 4000
  - Debt repayment: Rs 400
  - Monthly spending on lifestyle: Rs 3600
- This example assumes 0% interest; in reality Isaac’s new standard of living will be even lower or much longer due to paying interest on the debt
- It also ignores additional expenses such as tires, maintenance and repairs

Rs 144,00

Let’s consider Isaac. Isaac earns RS 4000 rupees per month and has not saved any money, even though he could have with a little foresight, planning and discipline. Every month his income and his outgo are equal. Isaac may think that he is living the good life but in fact he is living on the edge of impending hardship. Any sudden crisis that may visit him is going to cause financial havoc.

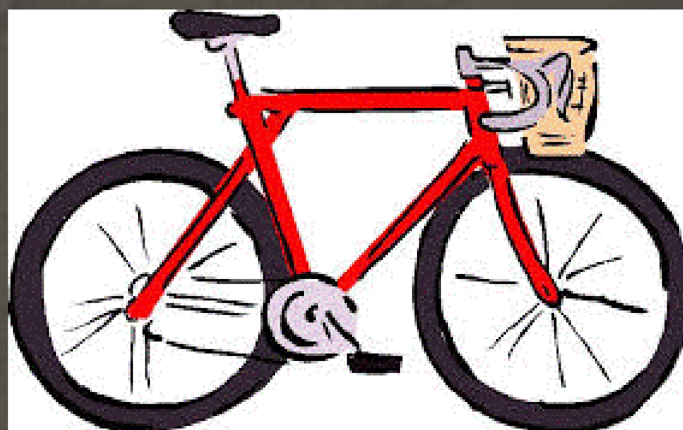
We empathize with the poor family who barely gets by in spite of working hard and spending money frugally. But it is frustrating when people like Isaac, who could save, don’t. They are practicing what Ron Blue calls a “consumptive lifestyle”. If they have a little left over at the end of the month, instead of saving it for future needs, they spend it, often for poor reasons.

One day our friend Isaac sees a bicycle that he would like to have and it’s a good value at 14400 rupees. It’s a beauty. Candy-apple red with a racing seat and alloy wheels. Isaac is hopelessly in love, so he borrows the money and signs papers obligating him to repay the loan at Rs 400.00 per month for 36 months (we are ignoring interest on the money he borrowed, which could be sizable). Not fully realizing the consequences of his decision, Isaac rides away on his shiny new bicycle with pride in his heart and a smile on his face, but with an IOU in his pocket.

The harsh reality is that Isaac has been spending 4000 rupees a month on his lifestyle and suddenly he now has to immediately reduce his spending by Rs 400.00/month in order to service the debt that he just incurred--not for just a few months but for the next three years! He will likely have to reduce his lifestyle by more than Rs 400/mo because he will undoubtedly need tires, maintenance, and repairs during the next three years. These additional expenses are all new and in addition to what he has been spending.

Question for discussion

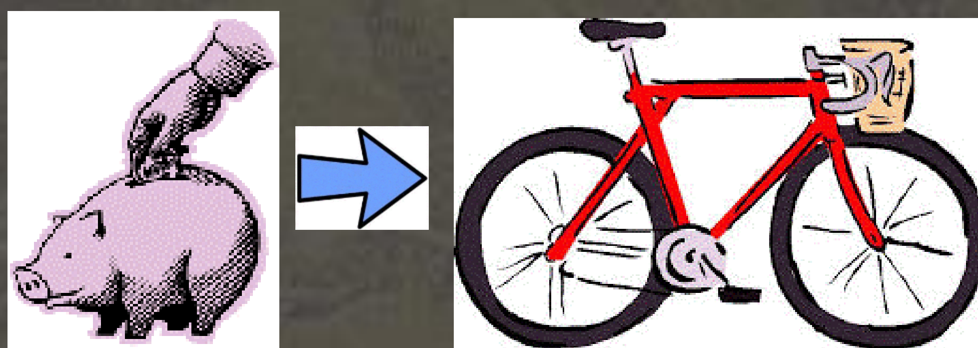
What would be a better way for Isaac to acquire the bicycle?



Question for discussion: what would be a better way for Isaac to acquire the motor scooter?

Answer

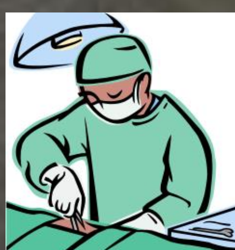
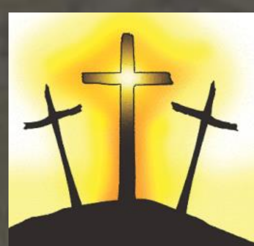
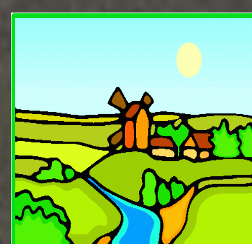
A better way: save for it and pay cash



Answer: of course, the answer is that it would be better for him to avoid spending all of his salary each month. Instead, he should reduce his lifestyle a little and create some surplus each month. We call this surplus margin, or savings. He should deposit this margin into a savings account at a reputable bank, thereby building up his nest-egg. When he has enough in savings to purchase the bicycle, he can buy it with cash. His standard of living will remain the same, he is spending his money wisely, he has no debt, and now he has some really cool transportation. He is reaping the benefits of the small sacrifices he made each month by denying himself some minor needs, or more likely, unneeded wants, frivolous things or transitory pleasures.

Debt sometimes may be necessary or justified

- We are all susceptible to unforeseen emergencies, disasters or illnesses that could leave us penniless
- Sacrificial giving
- Purchasing a home (appreciating asset)
- Attempting fast financial growth in certain situations


Debt sometimes may be necessary or justified: If someone has not practiced saving money, or if one is poor, situations may arise which may require or justify the borrowing of money.

- As I mentioned earlier, we all have unforeseen emergencies in our lives. Suppose we have a medical emergency where the choice is to either reject the medical treatment or borrow money to pay for it. Even for people who use their income wisely and save their money, circumstances can easily arise that consume all of their savings, and more. I think as compassionate people we would all be sympathetic to someone who found themselves in this situation.

- Another possible reason for going into debt would be to intentionally give to the Lord's work sacrificially. This should be done only after considerable prayer and a sober understanding of what the consequences of taking out such a loan would be. In the 1950's, there were six families who comprised the group of people that established my home church in Colorado Springs. They were given a parcel of land for a new church. Each family made the decision to borrow against their home equity in order to raise the money to construct the first phase of the building. I am not recommending this strategy, but these families felt led to do it that way. Of course, their decision meant reducing their standard of living so they could repay their loans. Or perhaps they diverted money they were regularly saving to pay off their new mortgage.

- In the U.S. another common reason for borrowing money is for the purchase of a home. A number of Christian financial condone this type of debt because one's home is typically an appreciating asset. Historically, with few exceptions, home values have increased over time. When a home is mortgaged, some lenders use the value of the home itself as collateral. In the example given of church families mortgaging their homes to build the church, all parties are in a reasonably sound position. The bank that made the loan is protected by the house itself as collateral, the family who took out the loan has a reasonable assurance of repaying the loan, and in the process, the church is blessed. Again, I am not recommending this method of raising funds.

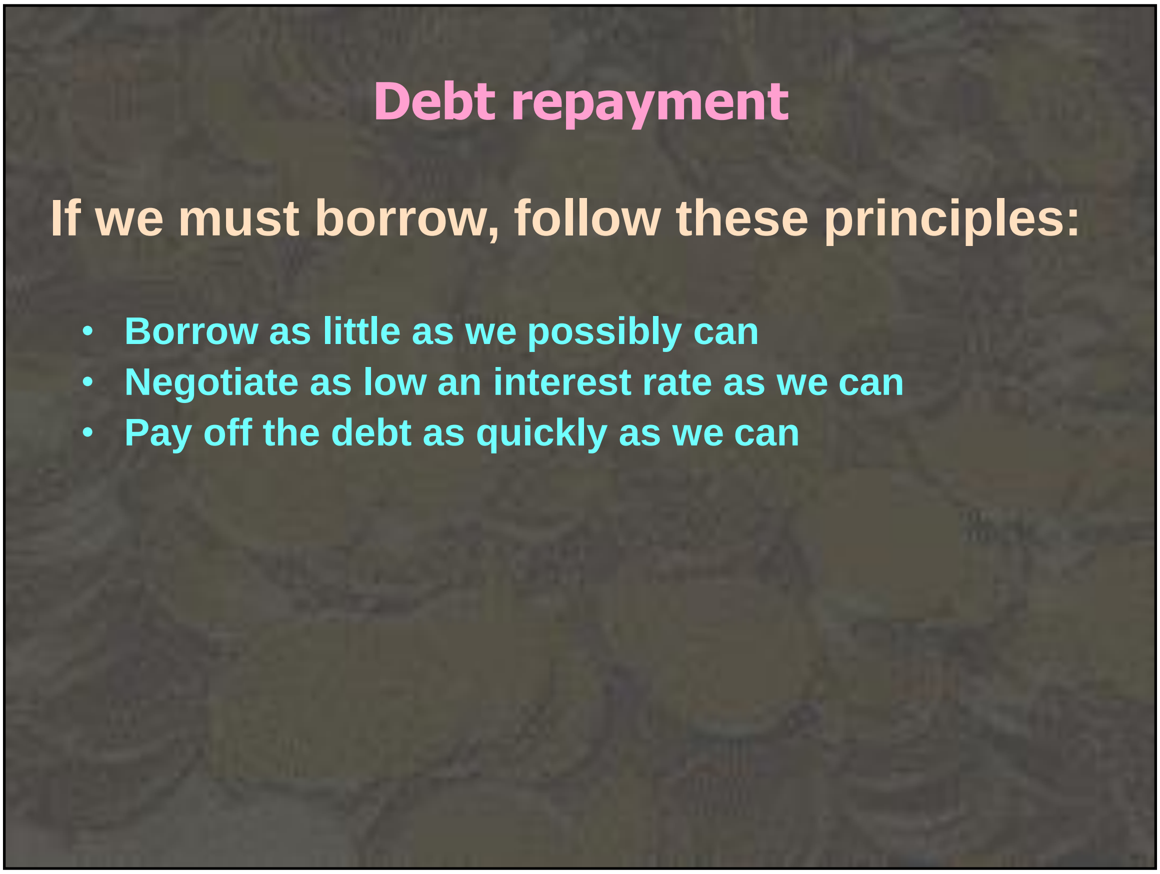
- There are many financial advisers who condone debt as a way of gaining financial leverage. It's quite possible, and it happens all the time, that businesses borrow money in order to achieve a higher growth rate. I did it myself once when I purchased a rental property in order to accelerate the growth of my business. It can be shown pragmatically that high growth rates are possible using this strategy. But I believe God's best is for his people to finance their own growth, rather than use someone else's money to achieve that goal. Nevertheless, going into debt is a way to be successful financially provided all of the circumstances surrounding that activity remains favorable until the debt is repaid. That could be viewed as presumptive, and again, borrowing to make a speculative investment is not something I recommend.

Compassion for the poor

Sometimes borrowing may be a necessity

- The poor have little opportunity to save for future emergencies so borrowing in certain situations may be justified
- The poor place their faith in God for their provision. He may provide for them through the state, the community, their family or the church. -->

Compassion for the poor: One of the most heart-wrenching examples of borrowing money is when the poor have emergencies. We empathize with a poor person who has little opportunity to save. They live hand-to-mouth and trust God for their daily bread. When emergencies arise, they often have no recourse but to borrow to pay their bills. This of course places them in a worse situation than before, and their struggle in life worsens. We'll see in a future module the blessings that we can have when we help the poor.



Debt repayment: If you decide to borrow money, there are three principles to follow:

- Borrow as little as possible, limiting the amount of the loan to cover the need;

- Secondly, negotiate as low an interest rate as possible in order to minimize the extra charges caused by the interest on the loan;

- Thirdly, pay off the debt as quickly as possible, again to minimize the total interest paid, minimize risk of adverse future events, and to get your life back to an even keel. Make sure the lender does not have a pre-payment penalty.

Above all, don't use the need to borrow as an excuse to over-borrow in order to have a little extra cash to increase your lifestyle.

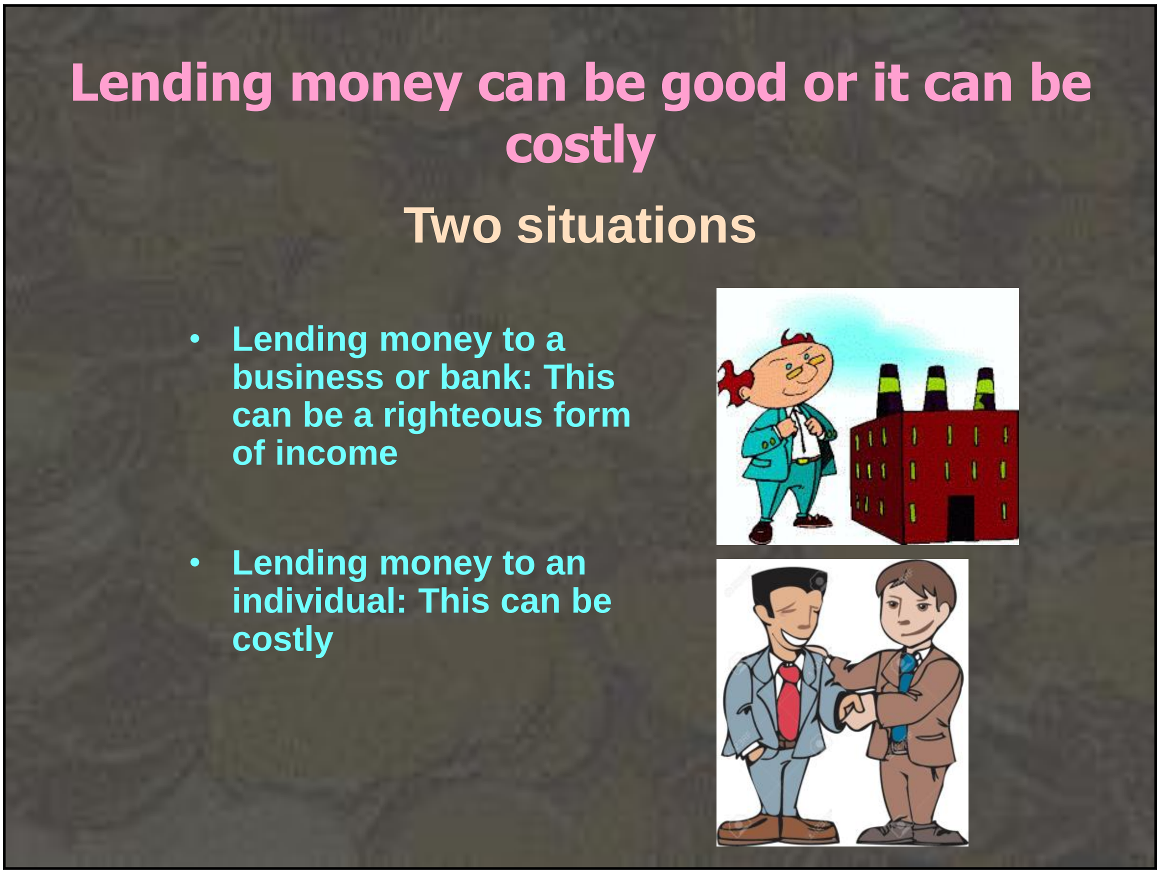
If borrowing money is not God’s preference for us, what would he rather have us do?

If borrowing money is not God’s preference for us, what is his preference?

God wants his people to be lenders, not borrowers

- **"The foreigners living among you will become stronger and stronger, while you become weaker and weaker. They will lend money to you, but you will not lend to them. They will be the head, and you will be the tail!** Deuteronomy 28:43-44 (NLT)
- **The rich rules over the poor, And the borrower *becomes* the lender's slave.** Proverbs 22:7 (NASB)

God wants us to be lenders, not borrowers: God wanted his chosen people, the Israelites, to be lenders, not borrowers. While they were living obediently within his laws, he prospered them and they were able to loan (rent) money to outsiders. When they were disobedient their economic situation reversed and they became borrowers. And we've already seen that the borrower becomes a slave to the lender.



Lending money can be good or it can be costly: let's look at two forms of lending money to others. We can lend money to a business or bank. This is a righteous and good way to earn money. We can also loan money to an individual. This may be good in certain cases and it may be costly in others.

Let's look first at loaning money to banks.

Charging rent on money loaned to a bank or business is righteous

- In both cases, the entity intends to make a profit, and the money lender has the same right.
- Therefore, a return of the money loaned (principle) plus a reasonable fee for renting out the money (interest) is expected and justified: Matthew 25:27
- When we lend money to a bank, it is called a savings account (your piggy bank within the biggie bank)
- When consumers lend money to a company for business purposes, it is called purchasing a bond. >

Earning interest on money loaned to a bank or business is righteous: in the section on passive income, we saw that if we save some money, we can choose to deposit it to a bank or lend it to a business. I hope it's clear that it is much better if we can systematically loan some of our margin to banks in the form of a savings account rather than having to borrow money from a bank. When we, the lender, save money this way, the banker, the borrower, pays us interest on our account. In the US, most banks are insured by the government against loss. Loaning money to a government-regulated bank may be considered a low-risk proposition for most people.

We can also loan money to businesses by purchasing their bonds. The business promises to pay annual interest on the bond, and return the purchase price of the bond at maturity. This is a bit more risky because if the business fails, it may quit paying interest and we may not be able to sell the bond for what we paid for it. I believe this risk can be minimized by purchasing bonds from financially healthy, well-managed companies with high ratings by professional financial advisors.

- In both cases, if the entity borrowing our money has a reasonable expectation of earning a profit from that in addition to repaying us, making the loan can be a good thing to do.
- When we lend money to a bank, it is deposited into an asset known as a savings account. The bank pays us interest on our loan to them, and in turn they lend our money to their customers and charge them even more interest to repay us, cover their expenses and make a profit.
- When we lend money to a commercial business it's called purchasing a bond. The business uses the loan to expand their company and increase their profits.

Why is earning interest righteous?

It is similar to earning rent on a house

- "But the master replied, 'You wicked and lazy servant! If you knew I harvested crops I didn't plant and gathered crops I didn't cultivate, why didn't you deposit my money in the bank? At least I could have gotten some interest on it.' Matthew 25:26-27 (NLT)

If we lend money to the bank, reasonable rent on the money (interest rate) is expected and justified: If we have a house we can loan it to others and charge them rent to use it. In the same way, if we have money and loan it to the bank, we charge the bank rent for their use of it. It's called "earning interest" but it's really renting out our money.

When we deposit money, it becomes a business transaction between ourselves as lenders and the bank as borrowers. The borrower (renter) expects to pay for the benefits he receives, and the lender is justified in charging for the use of his assets. Matthew 25 tells of the worthless servant who put the master's money in the ground. You'll recall that the master said to that lazy servant that at least he should have put his money in the bank so that it would have earned some interest. It is my belief that lending our assets and charging rent for their use is a righteous principle of commerce.

Lending money to others can be costly

The situation may appear to be good at first

- The lender has the money to lend, and the borrower has the reasonable prospects of repayment
- The arrangement is agreeable with both parties
- An IOU note is signed
- Warning: loaning money to a relative or friend could cost you the relationship
- Make sure you are loaning money you can afford to lose

Lending money to others can be costly: let's turn our attention to lending money to other individuals. We have already seen that it is dangerous and usually unwise for an individual to borrow money. Therefore, we must be extremely careful when someone asks us for a loan. The first question you should ask is "Did this person seek a loan from a bank?" If the answer is yes, and the bank refused, that should be enough information to politely refuse this request.

But if you want to play the role of a bank, that is your privilege. In that case, you should use the same process to qualify the borrower as a bank would. This suggestion is probably impractical to actually do, because oftentimes the borrower is a friend or relative. We would be reluctant to ask them to go through the same loan qualifying process that a bank would require. So, if you loan money to someone (a friend or relative), be aware that you may be putting your money (and your relationship) at risk.

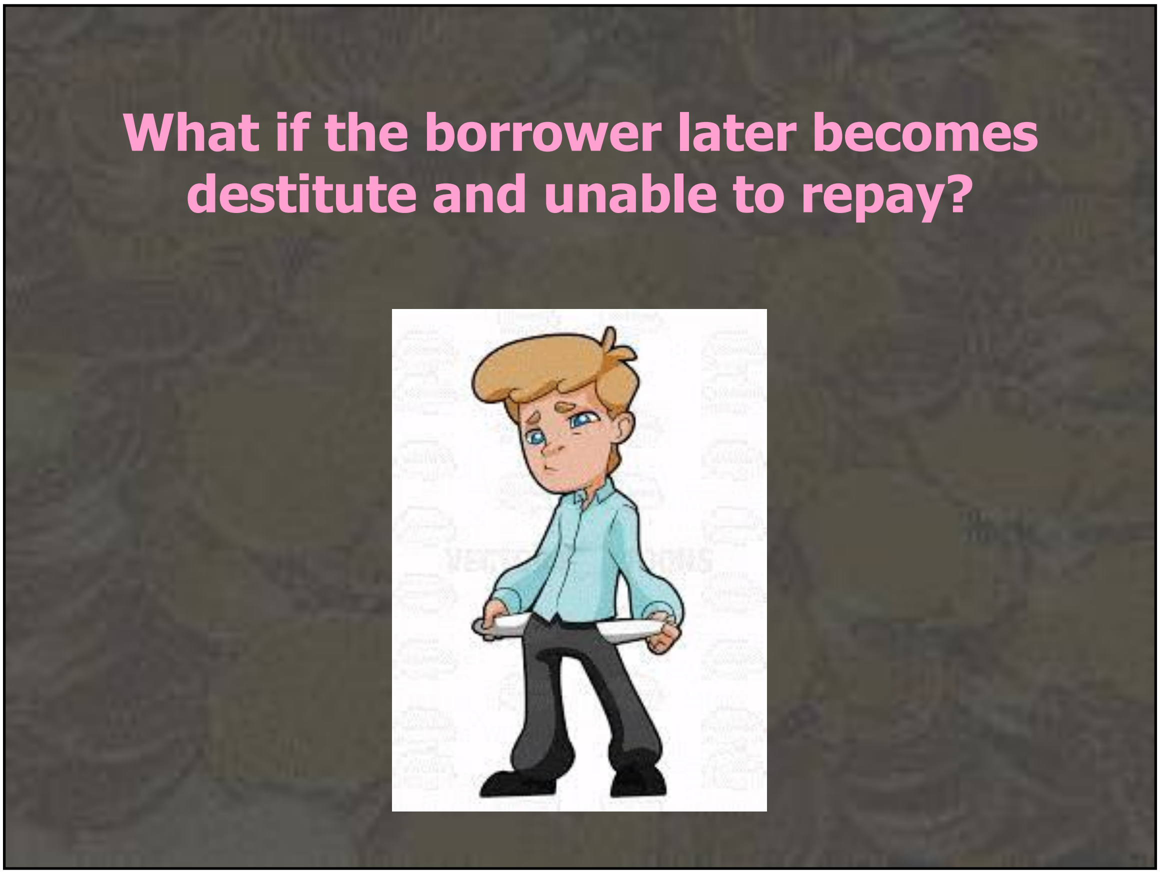
Here are four recommendations if you're considering loaning money to a friend or relative:

•First, when someone asks to borrow your money, refer them right back to the bank. Politely say that you have already loaned your spare money to the bank, but they are welcome to go to the bank and borrow your savings from them. It is then the bank's responsibility to take reasonable precautions to make sure that the borrower can repay the loan. They are professionals at it. Let them do it. If your friend cannot qualify for a loan from the bank then why would you want to override the bank's denial and approve him for a loan. We probably would not do it rationally, but we might make an emotional or family-based decision to go ahead

•Secondly, if you do decide to loan money to someone whom you honestly believe will repay you, make sure the terms are in writing and have him sign a certified IOU which may give you some legal protection should he fail to repay.

•Thirdly, understand that if you lend money to a friend, you may lose that friendship sometime during the repayment period. My father's best friend from childhood went into business with my father but they eventually became estranged from each other over money issues.

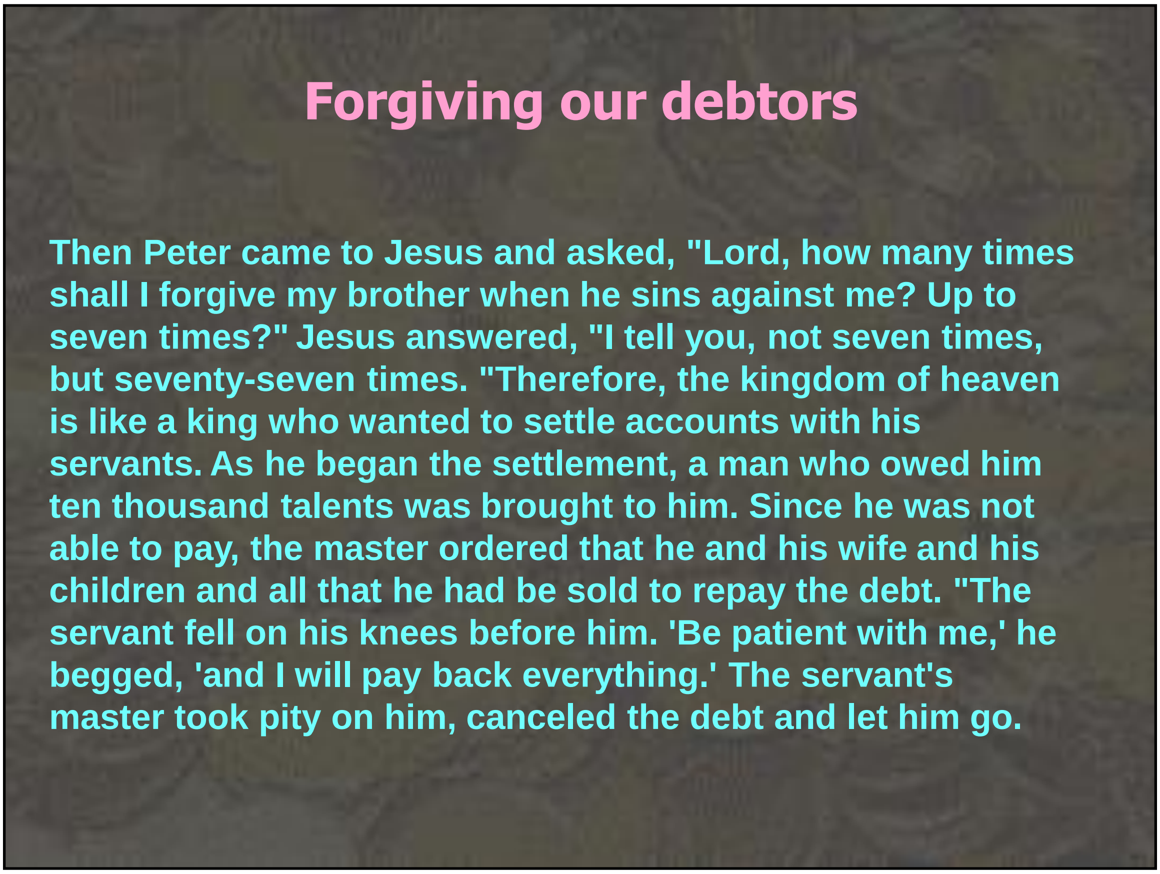
•Fourthly, if you loan money to a friend, make sure it is money that you can do without—permanently. The next slide explains my reasoning.



What if the borrower later becomes destitute and unable to repay?: let's now consider the case where you, in good faith, make a personal loan to someone who was unable to qualify at a bank so they came to you. Later, the borrower becomes even worse off than before and is unable to repay you. What course of action should you take?

Remember in the previous slide I recommended that you not loan money that you could not afford to lose. And now the situation has taken a turn for the worse: the borrower cannot repay you. You may be on the threshold of losing your money.

What are your options in this case? One option is that you can take legal action against the borrower. But that is not a good option if the borrower is a friend, because you may lose that friendship. If the borrower is a Christian brother, your hands are tied because we know we are not to take our brother to court. Perhaps you could take the matter to the church and see if they will render a decision. But another option is to forgive the debtor, especially if it is a Christian brother. Remember, it was money that you could afford to lose.



Forgiving our debtors: Here is a story Jesus told in Matthew 18. It tells of a servant who was forgiven a great debt by his master. Then he was confronted by a fellow servant who owed him money but could not repay. He then had a decision to make. Let’s read this story together.

Forgiving our debtors

"But when that servant went out, he found one of his fellow servants who owed him a hundred denarii. He grabbed him and began to choke him. 'Pay back what you owe me!' he demanded. "His fellow servant fell to his knees and begged him, 'Be patient with me, and I will pay you back.' "But he refused. Instead, he went off and had the man thrown into prison until he could pay the debt. When the other servants saw what had happened, they were greatly distressed and went and told their master everything that had happened. "Then the master called the servant in. 'You wicked servant,' he said, 'I canceled all that debt of yours because you begged me to. Shouldn't you have had mercy on your fellow servant just as I had on you?' In anger his master turned him over to the jailers to be tortured, until he should pay back all he owed. "This is how my heavenly Father will treat each of you unless you forgive your brother from your heart." Matthew 18:21-35

Forgiving our debtors: Please continue reading.

Forgiving our debtors

Lessons from Matt 18

- God is a merciful God, full of compassion and willing to forgive
- Our sins constitute a debt to God that is impossible for us to repay.
- When we asked for forgiveness, he forgave our debt through our faith in Jesus Christ
- Because God's mercy on us was limitless, our gratitude should be boundless.
- Out of gratitude, we should treat those who are indebted to us with the same compassion God showed to us. If we lend money to someone who later becomes impoverished and unable to repay the debt, make an accommodation to his needs, or forgive the debt completely >

Forgiving our debtors: the lessons from this passage are very clear. Out of gratitude for the impossible debt we owed to God who, through Christ has forgiven us, we should forgive those who are indebted to us and who cannot repay. There may be those who will be able to repay in the future. If that's the case I believe we should make accommodation for them to help them get on their feet. We could let them know there is no fixed due date but whenever they have the extra resources to repay us then that will be fine. No hurry. Or you could set up some deferred repayment plan with them. But I believe God is pleased when we forgive the debts of those who cannot repay us, especially those are poor.

Lend money without interest to Christian brothers or poor people who are in need

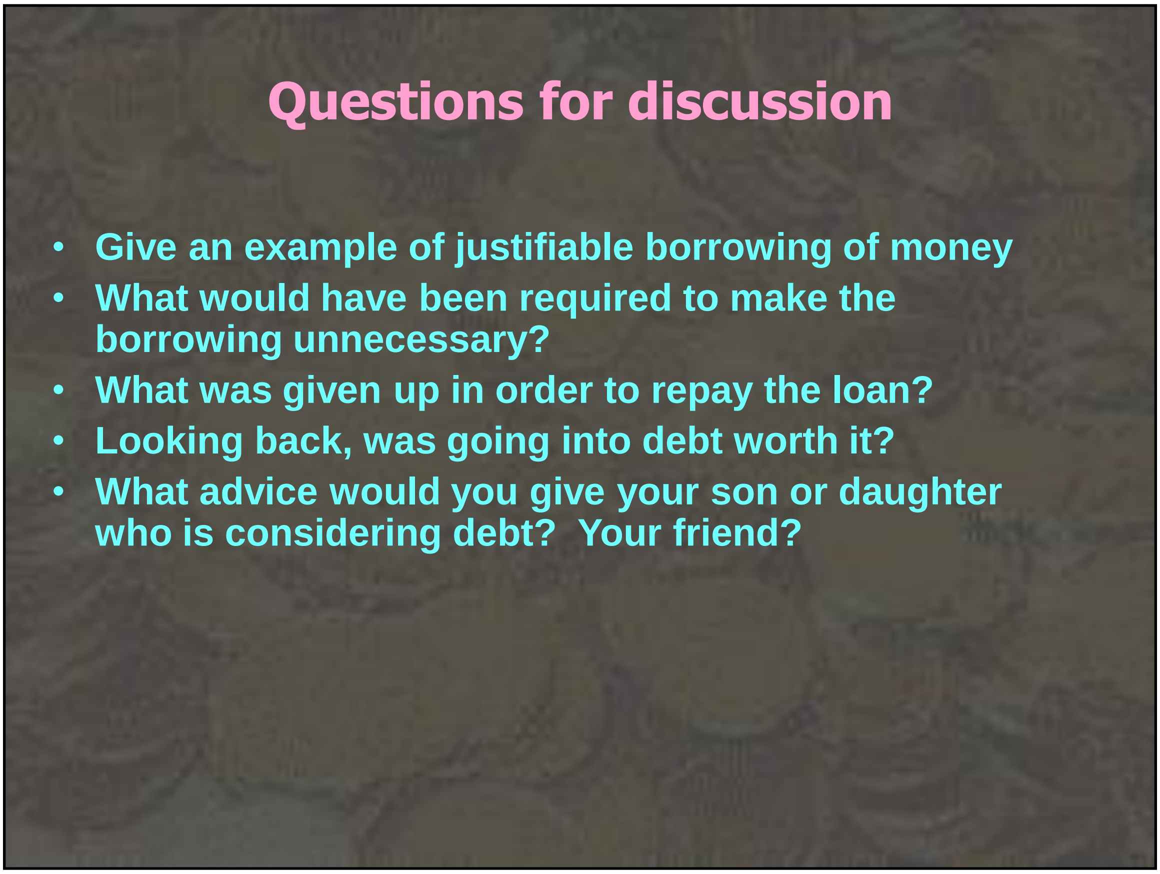
- **“If you lend money to any of my people who are in need, do not charge interest as a money lender would.** Exodus 22:25 (NLT)
- **When I heard their complaints, I was very angry. After thinking it over, I spoke out against these nobles and officials. I told them, “You are hurting your own relatives by charging interest when they borrow money!” Then I called a public meeting to deal with the problem.** Nehemiah 5:6-7 (NLT)
- **Those who lend money without charging interest, and who cannot be bribed to lie about the innocent. Such people will stand firm forever** Psalm 15:5 (NLT) >

Lend money without interest to Christian brothers or poor people who are in need: that leads to the next principle. If you do lend money to your Christian brothers or poor people who are in need, consider charging them no interest. The Scriptural basis behind this practice is found in several places. Let’s read Exodus 22:25, Nehemiah 5:6-7, and psalm 15: 5.

Better than making a loan to the poor is to happily give them the money to meet their need

A "Blessings Fund" is a wonderful mechanism to meet various needs

Better than making a loan to the poor is to happily give them the money to meet their need: here is a suggestion that I feel is the best course of action when we are talking about making loans to our Christian brothers, especially if they are poor: If their need is legitimate, it may be better to happily give them the money than to make a loan to them. And if they do wish to repay, consider putting the money into a blessings fund to meet a similar future need. We will be discussing the concept of a blessings fund later.



Questions for discussion

A. Give an example of justifiable borrowing of money

B. What would have been required to make the borrowing unnecessary?

C. What was given up in order to repay the loan?

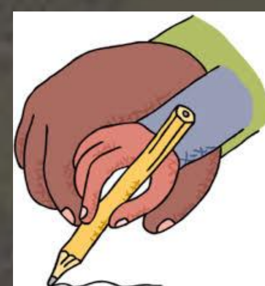
D. Looking back, was going into debt worth it?

E. What advice would you give your son or daughter who is considering debt? Your friend?

The Bible warns against co-signing for a loan

It’s dangerous

- **Don't promise to be responsible for someone else's debts. If you should be unable to pay, they will take away even your bed.** Proverbs 22:26-27 (TEV)
- **There’s danger in putting up security for a stranger’s debt; it’s safer not to guarantee another person’s debt.** Proverbs 11:15 (NLT2)



The Bible warns against co-signing for a loan: let’s talk about co-signing. Co-signing is the act of acquiring the financial obligation of another person.

Let’s say a young man gets a good job and earns a few paychecks. He decides he would like to have a new car so he saves enough for a down payment and applies to a bank for a loan of the additional money he needs for its purchase. He has no previous work history and he has no credit rating. The lender may not consider him to be a good financial risk at this stage of his life. However, he may be willing to grant the loan if someone with better financial stature will guarantee to repay it if, for any reason, the young man defaults on the loan and is unable to repay.

The one who guarantees to repay the loan is called a co-signer. The cosigner has the same obligation of repayment as the borrower. Co-signers are often a parent, a family member, or a friend.

In the Scriptures, co-signing is called “putting up surety”, “putting up security”, or “striking hands in pledge”. The Bible warns against co-signing. Let’s read Proverbs 22:26-27 and 11:15.

Dangers of cosigning

You may have to repay it yourself

- A person who co-signs for a loan is guaranteeing that he will repay the loan if the borrower defaults
- Therefore, the co-signer has the same obligation to repay the loan as the borrower.
- Do not cosign for another unless you are willing to pay back the loan yourself: Prov 22:26-27
- Recognize that the borrower may not qualify for a loan from a bank, so why would you take greater financial risk than a banker?
- Co-signing is not recommended, even for family members
- Financial entanglements between family members can be devastating

Dangers of cosigning: The reality of cosigning is clear: don’t do it unless you are willing to pay back the loan yourself.

Co-signing may be unadvisable for another reason. Apparently, the borrower had difficulty qualifying for a loan. An institutional lender such as a bank decided that the borrower was unqualified on his own merits. So why would you want to override the judgment of the bank? It is asking for trouble.

I believe cosigning for a loan is not recommended, even for family members. Encourage the family member to either save for the purchase or to qualify for the loan himself. That would encourage personal responsibility and avoid the types of problems that family members can get into when there are disputes about money. The relational costs of these types of conflicts can be enormously devastating.

If you really want to cosign for somebody who cannot qualify for a loan on their own merits, why not just give them the money? Or, you could loan it to them and ask them to repay you when it is convenient for them. In both situations you have won a friend or preserved a relationship.

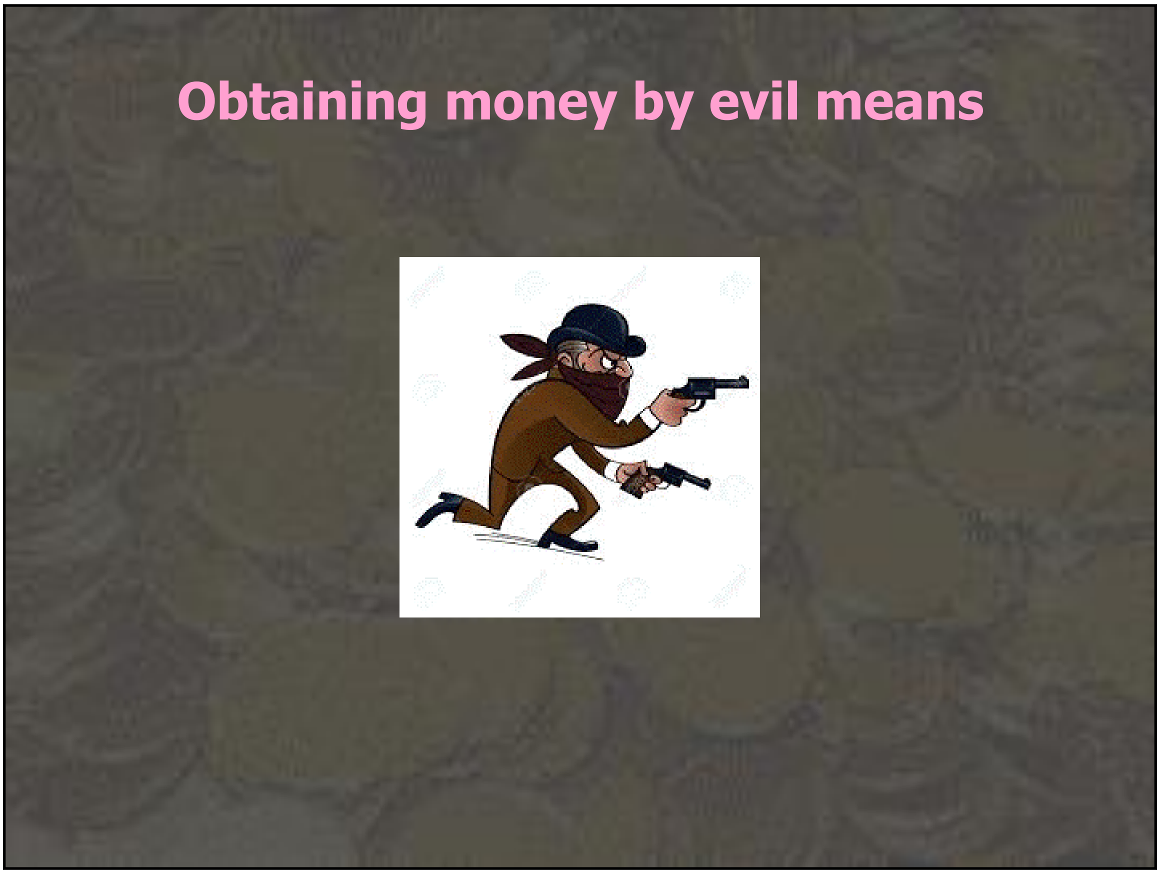
"I've cosigned—now what?"

Get out of it as fast as you can

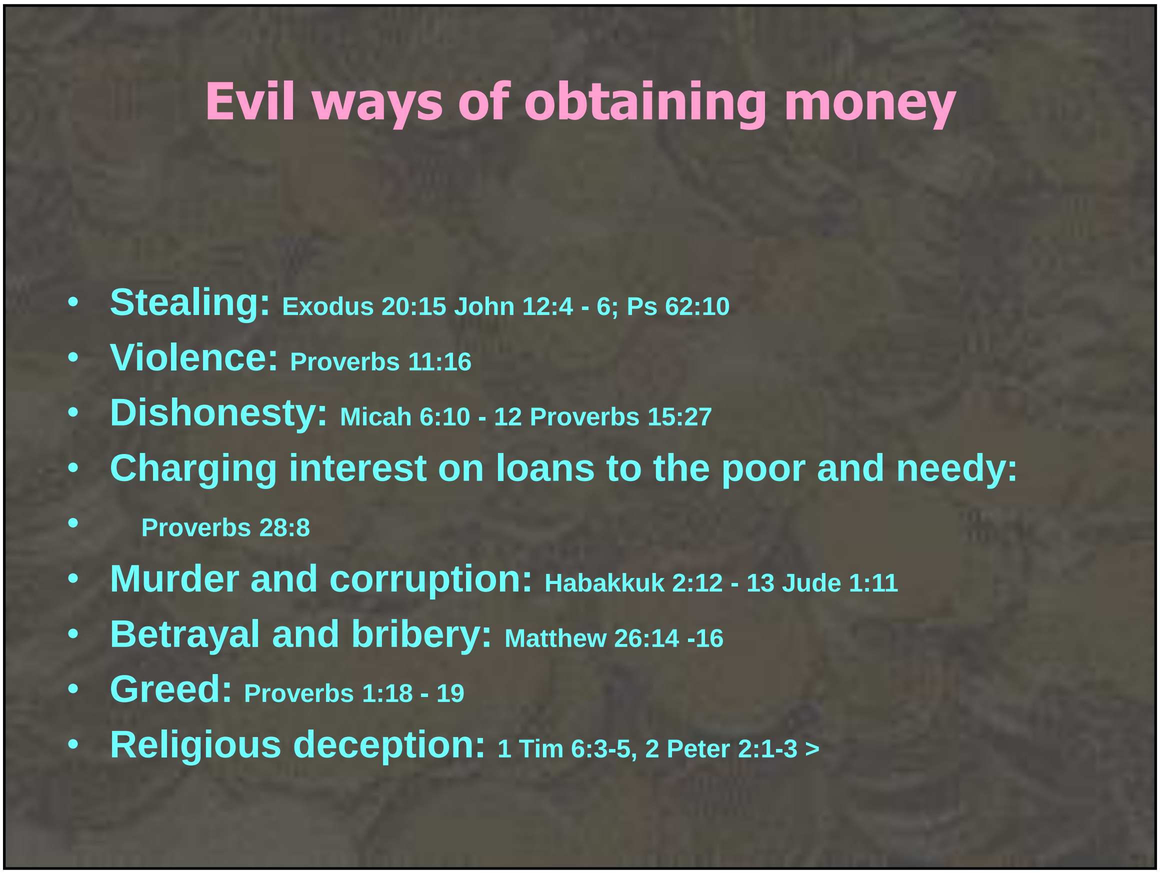
- My child, have you promised to be responsible for someone else's debts? Have you been caught by your own words, trapped by your own promises? Well then, my child, you are in that person's power, but this is how to get out of it: hurry to him, and beg him to release you. Don't let yourself go to sleep or even stop to rest. Get out of the trap like a bird or a deer escaping from a hunter. Proverbs 6:1-5 (TEV)

"I've cosigned—now what?: But what should you do if you have already co-signed for someone? Let's read Proverbs 6:1-5. The passage is clear: try to be released from your obligation as fast as you can. Don't delay. Do it today. Adopt the same sense of urgency as if you had been ensnared in a deadly trap. With deep humility, go to the lender and negotiate your release.

Obtaining money: We have looked at two of the three ways of obtaining money. We first looked at righteous ways of obtaining money, both actively and passively. Next, we looked at foolish and unwise ways of obtaining money through gambling and borrowing, respectively. Now we will briefly consider the third way of obtaining money and that is by unrighteous means. We do this only for completeness because for Christians this method of obtaining money is not an option.



Obtaining money by evil means: we will briefly consider obtaining money by evil means.



Evil ways of obtaining money: here is a partial list of ways of acquiring money that Christians should never be found doing. The first three—stealing, violence and dishonesty--are non-controversial and generally agreed upon by everyone. But the last two-- that is greed and religious deception--are more subtle. We need to be aware of these methods in order not only to protect ourselves. And we should protect others from ourselves by guarding against being caught up in these practices.

Multiple choice quiz

Which one of the following statements is true about borrowing money?

- ○ a. It is better to borrow than to lend
- ○ b. Borrowing is usually a reflection of poor planning, impatience, or greed
- ○ c. Borrowing money is a good way to enhance our lifestyle, especially if we do it with great joy
- ○ d. If we borrow, we do not have to pay it back if there are better uses for our money-->

Quiz

Multiple choice quiz

If you must borrow, which one of the following suggestions is foolish?

a. Negotiate the highest interest rate you can

b. Negotiate the lowest interest rate you can

c. Borrow as little as possible

d. Pay it back as quickly as you can

Quiz

Multiple choice quiz

If you borrow and are having a difficult time repaying, which one of the following actions should you take?

a. Borrow even more money to make your payments

b. Play the lottery and win the money

c. Decide you won’t repay and ignore it

d. Simplify your lifestyle, sell some assets, or get another job-->

Quiz

Money management

Outline

I. Obtaining money

II. Disbursing money

III. Budgeting

IV. Saving money

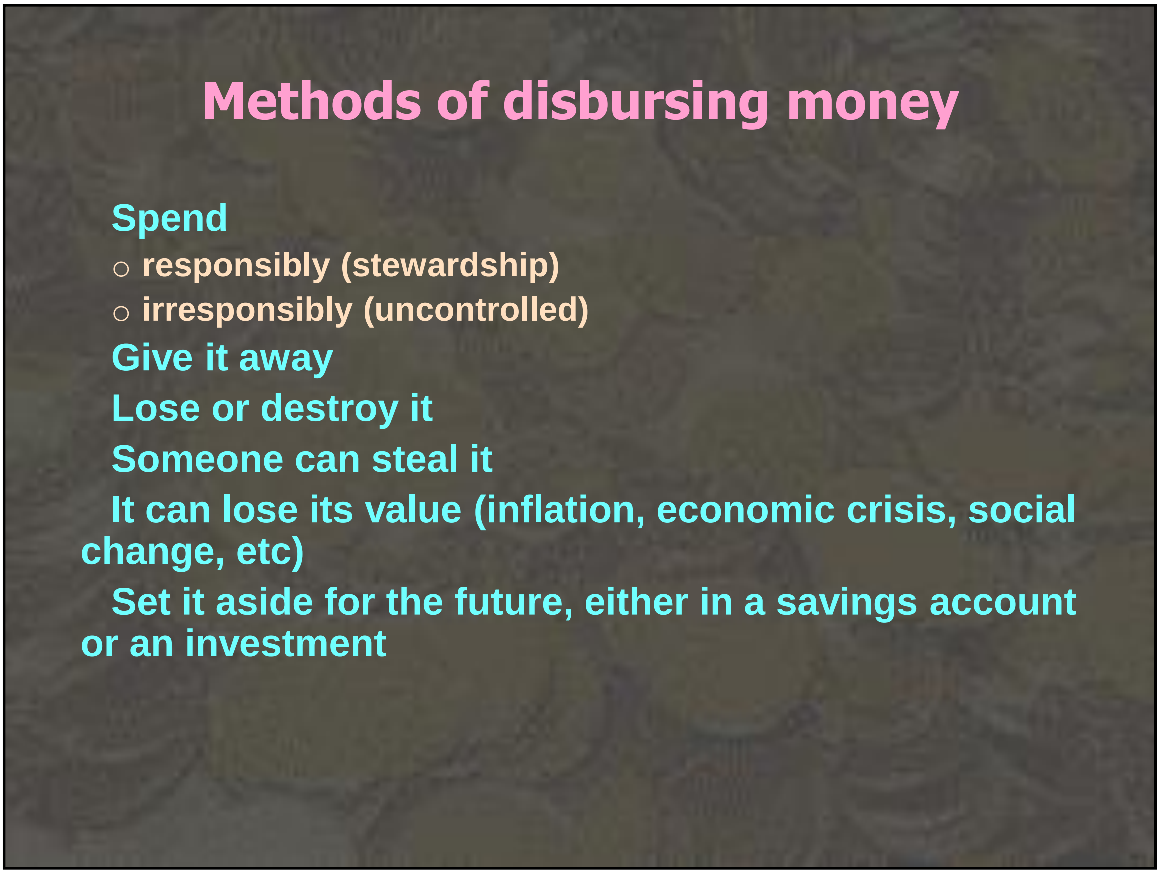
V. Investing money

Practice biblical principles of money management: that concludes our examination of the various ways of obtaining money. We will now consider Part II: disbursing money.

Money talks

It says “bye-bye” (Brian Kluth)

Money talks: our former Pastor, Brian Kluth, had a saying that money talks-- it says bye-bye. We’ve all experienced how quickly money can disappear. It should be our desire to manage our hard-earned money in such a way that we get the most benefit from it. After all, it really is God’s money and we have a responsibility to steward it properly So, let’s look at biblical wisdom concerning the disbursement of money.



Methods of disbursing money: there are several methods of disbursing money.

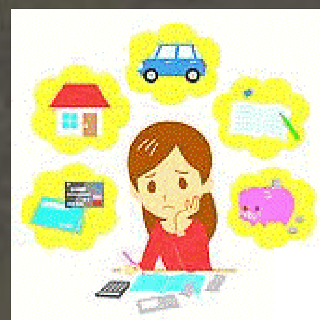
- The most common way is to spend it. Spending money falls into two categories:
  - Responsible spending
  - Irresponsible spending
- We can waste it
- We can give it away
- We can lose or destroy it
- It can be stolen.
- Inflation can reduce its purchasing power. One of the most subtle ways of disbursing our money with no benefit to us is through inflation. Inflation may be simply defined as the loss of purchasing power of our money over time. It costs a certain amount of money to buy a loaf of bread today. But because of inflation, that same loaf of bread will cost more in the future. The increased cost produces no benefit to us; it's the same loaf of bread. Inflation has reduced the purchasing power of our money.
- We can also set aside our money for a future need by investing it or depositing it in a savings account

Since there are so many ways of dispersing our money which is limited, there needs to be some way of controlling our spending. We now turn to the topic of budgeting

Money management

Outline

I. Obtaining money
II. Disbursing money
III. Budgeting
IV. Saving money
V. Investing money



Practice biblical principles of money management: We have considered various ways of obtaining our money and dispersing it. The third topic in this module looks at the concept of budgeting our money.

A budget is a tool for disbursing our money in a controlled manner

A budget is a tool for disbursing our money in a controlled manner: let's first look at dispersing our money responsibly. To do so may require a budget. For most people, money is a scarce commodity. There are more things that we need or want than we have the money for. We must allocate our resources according to some plan or control mechanism. The tool for prioritizing or controlling our spending is called a budget.

The budget

A budget is a written plan for controlling our spending

The budget: a budget is usually a written plan. For families, it is developed between a husband and wife, and perhaps includes input from older children, parents, or financial advisors. It usually consists of creating broad spending categories, then allocating family income among them. A good budget will stretch your money, making it go further than if there were no budget.

The biblical basis for budgeting

The biblical basis for budgeting: because a budget is a planning tool for managing our money and our premise is that God cares how we manage our money, then it follows that the concept of budgeting has a biblical basis. Let's look into God's Word.

God is a planner

He has a plan for us

- Long before He [God] laid down earth's foundations, He had us in mind, had settled on us as the focus of His love, to be made whole and holy by His love. Long, long ago He decided to adopt us into His family through Jesus Christ. (What pleasure He took in planning this!) He wanted us to enter into the celebration of His lavish gift-giving by the hand of His beloved Son. Ephesians 1:3-6 (MSG)

God is a planner: He has a plan for us that he put in place before the creation of the world. It's clear from his nature that he is a planner. He prepares for summer droughts by storing up moisture in glaciers during the winter. He prepares our food supply for the winter by sending us the harvest. And he planned our eternal future through Christ's work on the cross.

God is a planner

He had a plan for Sennacherib

Sennacherib, now listen to me, the LORD. I planned all of this long ago. And you don't even know that I alone am the one who decided that you would do these things. I let you make ruins of fortified cities. Isaiah 37:26 (CEV)

God is a planner: **He had a plan for Sennacherib**

Sennacherib, king of Assyria, in the days of Hezekiah, set himself above God. he had conquered many nations in that area, and now he was going to capture Israel and take their people away to another land. He prepared for war against Israel. He sent emissaries to mock Israel's trust in God and his power to save them. Sennacherib declared that it was by his power and his might that he had conquered most of the kingdoms in that area. Now, he would conquer them. Their trust in God would not save them. But Hezekiah prayed that God would deliver them, and God answered his prayers.

Long ago--before the creation of the world--God saw Sennacherib's vanity and arrogance. He saw his hatred for God. And he developed a plan to raise him up and bring him down. Through the prophet Isaiah, God revealed this ancient plan to Hezekiah.

We know from this passage that, shortly thereafter, God's army destroyed 185 thousand of Sennacherib troops overnight and not long after that he himself was killed by his own two sons.

God is a planner

He manages his property well

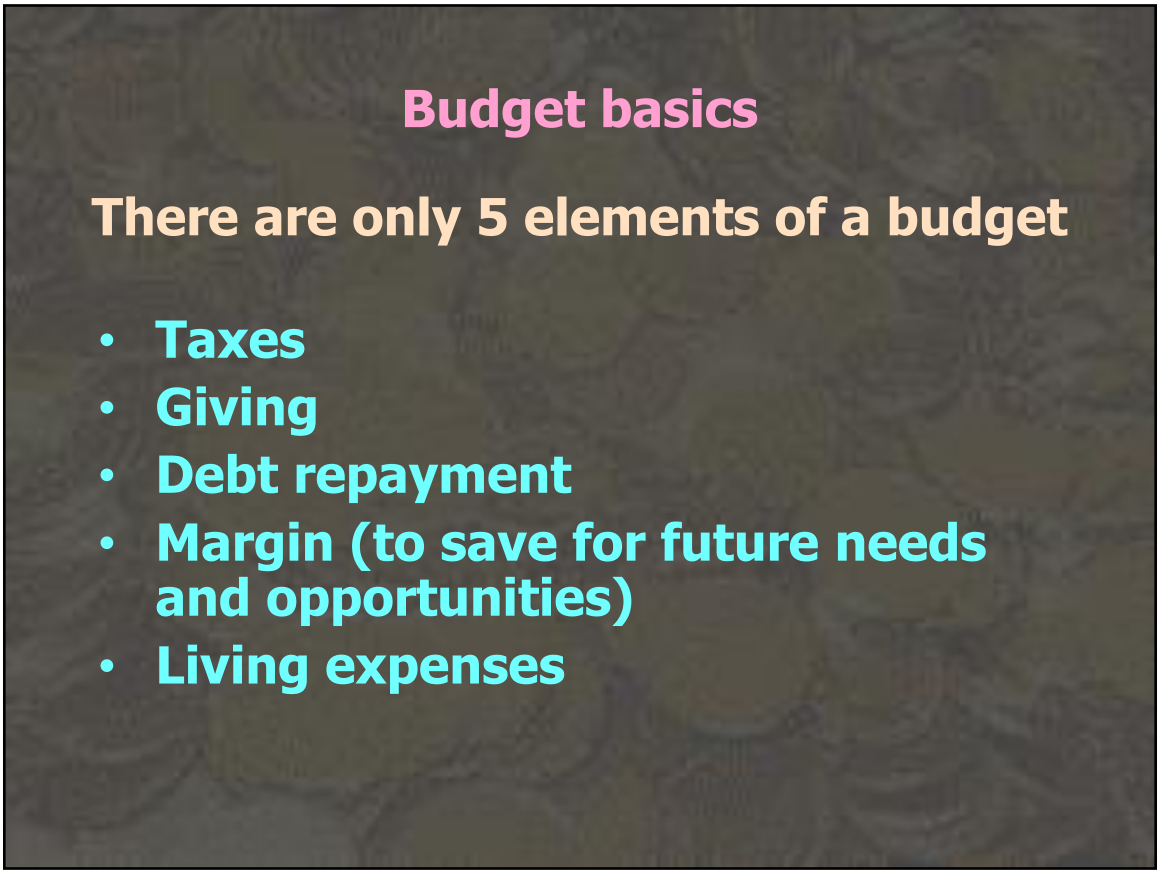
- Yours, O LORD, is the greatness, the power, the glory, the victory, and the majesty. Everything in the heavens and on earth is yours, O LORD, and this is your kingdom. We adore you as the one who is over all things. Wealth and honor come from you alone, for you rule over everything. Power and might are in your hand, and at your discretion people are made great and given strength. 1 Chronicles 29:11-12 (NLT)

God is a planner: God also demonstrates that he is a planner by managing his property well. We see that in nature. Everything is in balance and left untouched by man, nature regains its balance when disruptions occur. Let’s read first Chronicles 29:11-12.

Godly (wise) men plan

- For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, 'This man began to build and was not able to finish.' Luke 14:28-30 (ESV}
- Commit to the LORD whatever you do, and your plans will succeed. Proverbs 16:3

Godly (wise) men plan: the Bible encourages us to plan. Consider the passage in Luke 14 vs. 28-30. Let's read them together. We also have the promise of Proverbs 16:3. So we see that God is a planner, that he has designed nature to prepare for the future, and he encourages us as humans to plan. Of course the most important thing we can plan for is our eternal future. One of the most important areas that we humans need to plan is our finances.



Budget basics: So let's get back to the planning tool for our finances, the budget--and take a closer look. A budget can be segmented into five categories:

- The first is taxes; that is, that portion of our income confiscated by the Federal gov't. Since we have no choice in the matter, we must humbly realize that we do not really get to keep all that we earn if we are subject to government taxes. In a democracy, the people give the power to tax to the government.

- Secondly, there is that portion of our finances that we give to the Lord's work. We will look at this more closely in the next module.

- Thirdly, there is the category of debt repayment. We already looked at that subject and suggested that borrowing is an unwise way of acquiring money. Nevertheless, we realize that there are some who go into debt. Debt repayment is an obligation that must be discharged. That is why it is high on the list. As Christians we must repay our debts. If we don't, we emulate the wicked.

- Fourthly, there are monthly living expenses. These disbursements are what we normally think of when we think of a creating a budget. We are identifying the various monthly living expenses that we have and how to allocate our scarce resources among them.

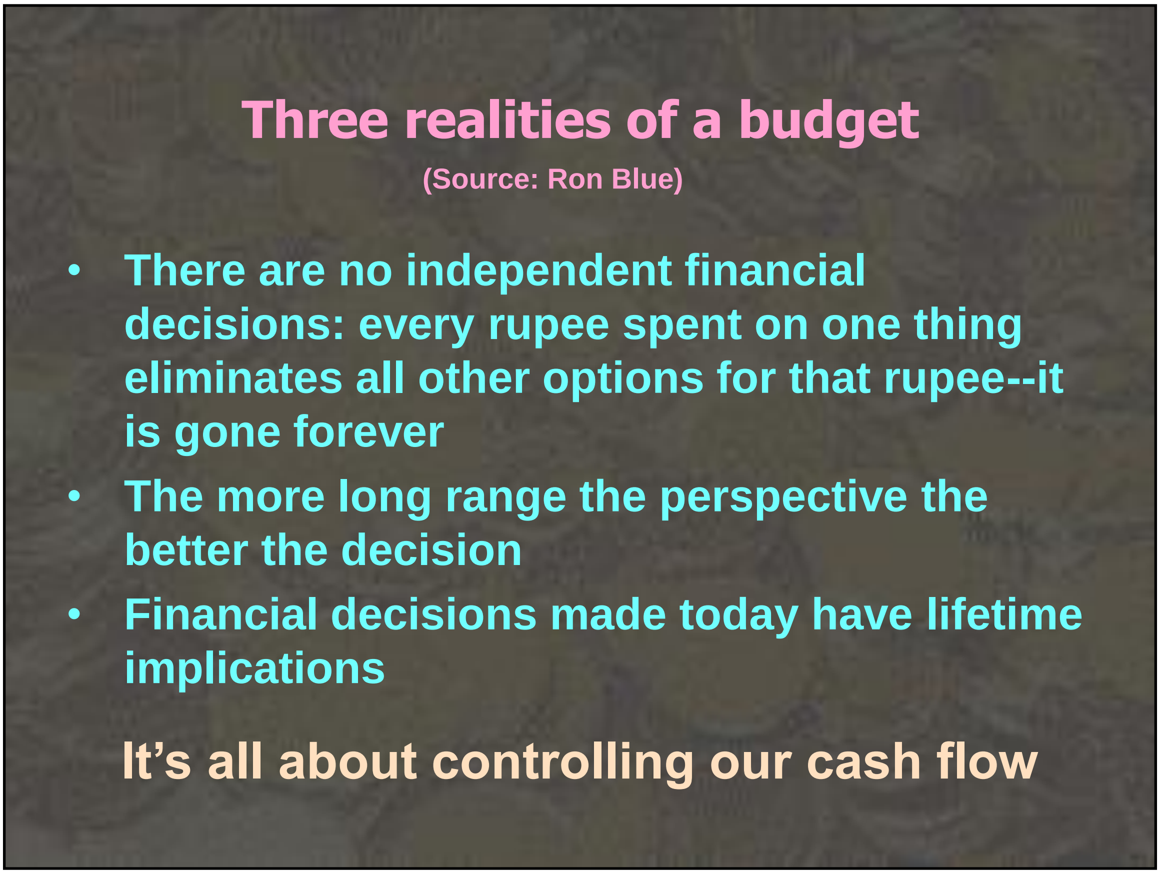
- Last but not least there is what we call margin. That is the amount left over after we provided for the first four categories. Margin is extremely important to create because it is the vehicle that provides for future needs and opportunities. We create margin by spending less than we make.

6 characteristics of a successful budget

- A budget is a tool for the steward to manage God's resources responsibly
- Establishing a budget requires us to balance a multitude of present and future needs, goals, and opportunities
- It requires the setting of priorities through prayer, foresight, and Godly wisdom
- It brings order into our lives
- It requires discipline to maintain
- It should be periodically reviewed >

6 characteristics of a successful budget: let's consider six characteristics of a successful budget.

- First, we've already seen that it's a tool for the steward to manage God's resources responsibly.
- Secondly, it requires us to balance present and future possible expenditures.
- Thirdly, establishing a budget requires Godly wisdom. As stewards we want to know God's plan for the resources that he has entrusted to us. We should make developing our budget a matter of prayer.
- Because it is a management tool for controlling our spending, it brings order into our lives.
- As all of us who have tried to live on a budget can attest that it takes discipline to maintain.
- Finally, successful budgeting requires that it be relevant to our lives on a real time basis. Therefore, it should be periodically reviewed and changed if our circumstances warrant it.



Three realities of a budget: let’s look at three realities of a budget.

- Ron Blue states that there are no independent financial decisions. Every dollar spent on one thing eliminates it for all other options. That dollar is gone forever.

- And because the dollar is gone forever, we need to have a long-range perspective when we establish a budget. The longer the horizon, the better the decision.

- Said another way, spending decisions today have lifetime implications.

A budget is really about controlling our cash flow. It’s a plan to get the greatest value out of our money. And it implies that we need to have a long-term perspective when we go about creating it.

A secret to successful budgeting: let's review. A budget is a plan to control our cash flow. To be successful,

- We should develop a non-consumptive attitude. Learn to carefully consider major spending decisions, make do with what you have, and extend the useful life of products you buy.

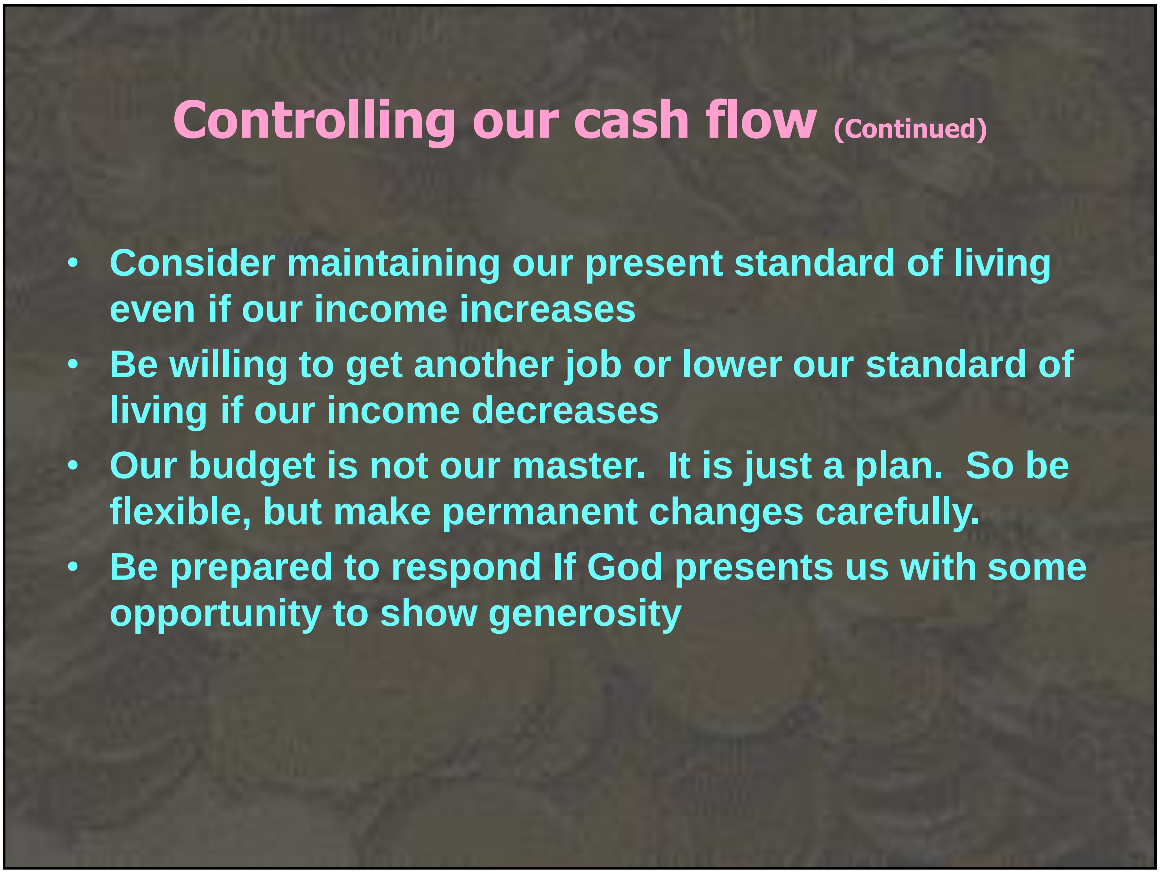
- Plan prayerfully and realistically. Keep meticulous records for one month to observe your spending patterns.

- In order to have a successful budget, we must avoid making impulsive decisions that deviate from it. If we need to change our budget, do it thoughtfully and carefully.

- The husband and wife share the responsibility of developing and abiding by a budget. This shared responsibility may vary from culture to culture.

- Many Christian advisers suggest using a control system of some type such as ledgers, an envelope system, etc.

- Here's an important point: if you're having trouble sticking to a budget and the problem area is unwise use of credit cards, get rid of them and go to a cash basis. Ron Blue states that on average those who don't use credit cards spend 30% less than those who do. Regardless of the exact percentage, credit cards can be a temptation to overspend, or to spend on things that are not in the budget. Therefore, they need to be managed very carefully. If you do use credit cards, pay off the balance each month to avoid interest charges.



Controlling our cash flow: this next point is a secret to long-term financial success:

Consider maintaining our present standard of living even if our income increases. It is something my wife and I began practicing early in our marriage. Let me illustrate this concept. When you are young or recently married, it's likely that your income is modest and that even with a conservative budget you will not be able to save very much each month. And that was true of my wife and I during the early years of our marriage. The demands of setting up a household, caring for children, and the concerns of life used up most of our income.

We usually were able to create some margin, but in the early years it was small. Then as my education and experience increased, my value to my employer rose and so did my income.

Here is the problem: the tendency with most young families is that as their income increases, their desire to increase their standard of living also becomes more intense. In America, we have the saying "keeping up with the Joneses". That means there is social pressure to continue to increase one's lifestyle in accordance with society's expectations. Consequently, as their incomes rise, so does their spending on their lifestyle, and their rate of savings suffers. As in the early years, the money they save money at the end of each month remains minimal. The years fly by and because they chose to live the good life, they never develop a substantial savings account or have an investment portfolio.

Julie and I decided to maintain approximately the same standard of living as our income increased. We ate the same food, wore the same quality of clothes, lived in the same type of housing, and spent about the same amount on recreation and entertainment. Thus, our expenses remained fairly stable over the years.

We did make some improvements to our lifestyle and we had children to raise. So, our expenses did go up but much more slowly than our income. That allowed us to have increasingly greater margins over the years, which we saved for the future. By God's grace, the benefit of compounding and an increased savings rate worked together to become a nice nest egg.

This accumulated margin allowed us to educate our children, increasing our lifestyle, investing in a business, saving for retirement, and giving special gifts to the Lord's work. I give my dad credit for encouraging me, when I was young, to try to live on half of my income and save the rest. We did not go to that extent, but it was good advice. And we did try to follow his principle of spending less than we made. Because the Lord has blessed us, we prospered.

Budgeted expenses: four time periods to consider

1. Regular, monthly living expenses (budget)
2. Planned short term, lump-sum living expenses (every year or less-contained in margin)
3. Planned mid-term living expenses--providing for replacements and major purchases (every 1-5 years, contained in margin)
4. Long term planning--providing for unexpected expenses, owning your own business, retirement, leaving an inheritance, life-style changes, investing in the Lord’s work, systematically adding to your blessings fund-(contained in margin) >

Budgeted expenses: four time periods to consider: budgets need to do more than allocate expenses for the current month. A large portion of the budget needs to be set aside for future expenses. In this seminar, we call that surplus “margin”. Margin is the amount left over after we have completed our spending for the month. For the purposes of this seminar please realize that a budget must consider four time periods.

1. Regular living expenses: First you need to provide for your monthly living expenses.

Your regular monthly expenses however, are not the only things you need to be planning for. There are some things that you pay for only occasionally, like every quarter or every year. There are other expenses that incur every few years through all of these delayed expenses need to be budgeted. Here are some examples

2. But there are short term expenses such as the annual holiday or insurance payments;

3. Mid term expenses such as replacing worn out shoes

4. Long-term expenses such as providing for your children’s education

These last three time periods need to be provided for out of your monthly income by creating margin. Margin occurs only if we spend less than we make. The relative amounts you need to allocate for each time period depends on your stage in life, your particular values and interests, and other factors.

5 steps to follow in managing our budget

Administer it in 'reverse' order

1. Set aside money out of gross income that which belongs to the government (taxes), leaving what we will refer to as "net income".
2. Set aside money out of our net income the amount we have committed to give to the Lord's work
3. Set aside money needed to repay our loans
4. Deposit into a savings account money we have designated for future needs and opportunities (margin)
5. Live the rest of that month on the remainder
   - Hint: consider living on 50-90% of our net income.

5 steps to follow in managing our budget: it's human nature to deal with our own immediate needs and concerns rather than think about future needs and opportunities. So, here's a suggestion for successful budget management. Administer it in reverse order from what may seem intuitive, providing for your monthly needs last, after you have provided for the other four elements of a budget. Here's the concept works:

- First, set aside money out of your income that belongs to the government. We all must pay our taxes. That portion of our income does not belong to us because it has been appropriated by the Federal, state, and local governments. We don't want to set aside this money last but rather first so we are sure to have it when our taxes are due.

- Secondly, set aside money that you have committed to giving to the Lord's work. We call that our tithe, our charitable contribution, or our giving commitment. But again we don't want to wait until the end of the month to set that money aside or we may find that it is not there when it is time to give.

- Thirdly, set aside money needed to repay your loans if you have any. This is listed after setting aside money for our giving because we should not let the borrowing of money interfere with our commitment to God.

- Fourthly, set aside your margin; money from your paycheck that you have decided to save for future needs. If you save for the future before you spend on the present, you'll build a nest-egg, you will be prepared to meet future needs, you will experience future financial rewards, and your need to borrow will be minimized.

- Finally, after you have set aside money needed for the first four categories, you start your spending for the month.

Does this sound reasonable? Does it sound simple? I believe it's a reasonable and simple concept but it takes considerable discipline to implement.

Here's another suggestion: if the thought of designing and administering a budget is too cumbersome for you, try to live on 50 to 90% of your net income, which is the amount you have after setting aside money for your taxes, contributions, and debt repayment. When you receive your paycheck, simply take the amount you need to save for the future for short, mid, and long-term needs, and put it in your bank. Put the rest in an envelope and live on that until you receive your next paycheck. It may be hard at first to do that, but you will soon develop the discipline to stretch your money. At first, you may be you may be short by the end of the month, or even may have money leftover. Iterate this process until you are successfully living within yourself determined monthly budget.

That is essentially what Julie and I have done over most of our lives. It is another way to provide for future needs and opportunities without the discipline or inconvenience of accounting for every rupee. The danger is that without a budget we will spend money needlessly, so developing and living by a budget is a much better method for managing your money. But this could be an alternative practice for those of us that are "administratively challenged".

Avoid becoming obsessed with money

- God wants us to trust him for our present and future needs
- “Don’t love money; be satisfied with what you have. For God has said, ‘I will never fail you. I will never abandon you.” So we can say with confidence, “The LORD is my helper, so I will have no fear. What can mere people do to me?”’ Hebrews 13:5-6(NLT)

Remember that God is our only true provider

Discussion questions

- What are the dangers with not having a plan to control spending?
- How might God intervene with our (His) plan?
- What do you think would be a good percentage of our net income to designate as margin?

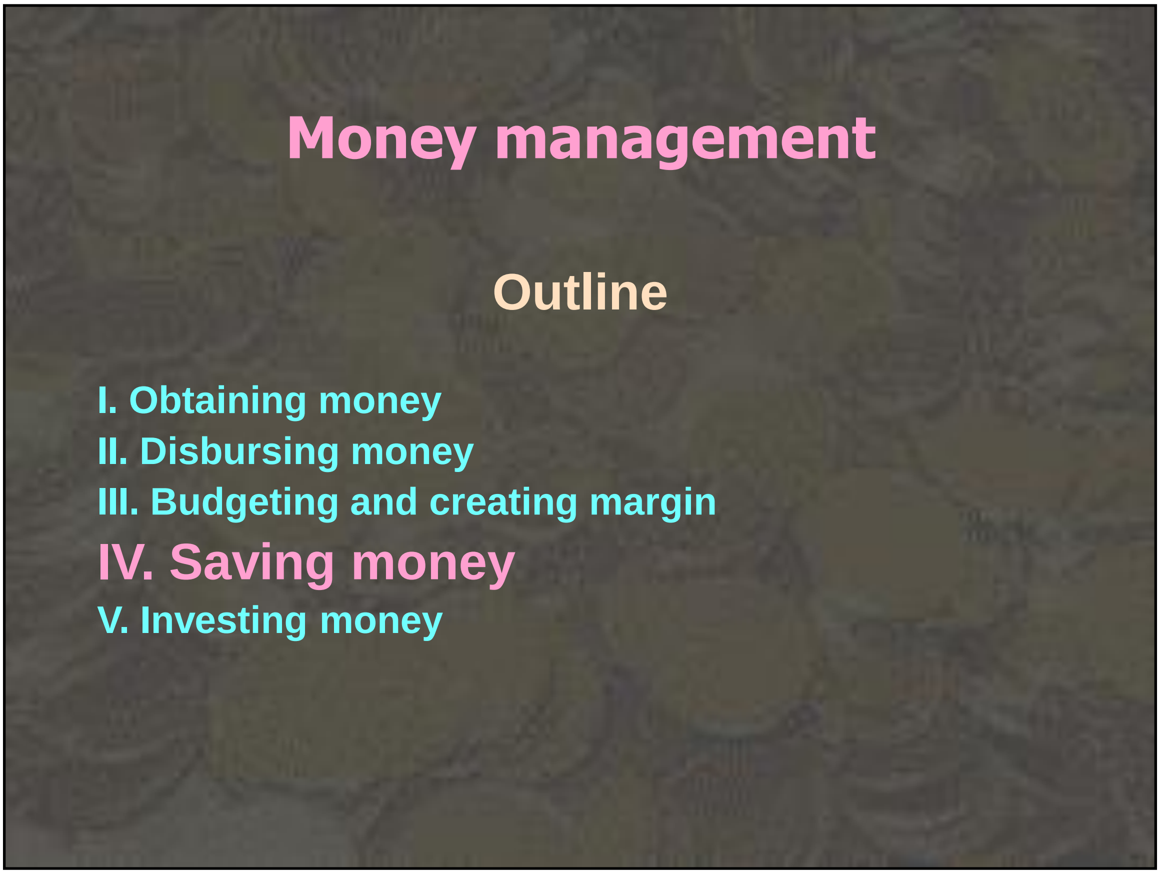
Discussion questions

Team assignment

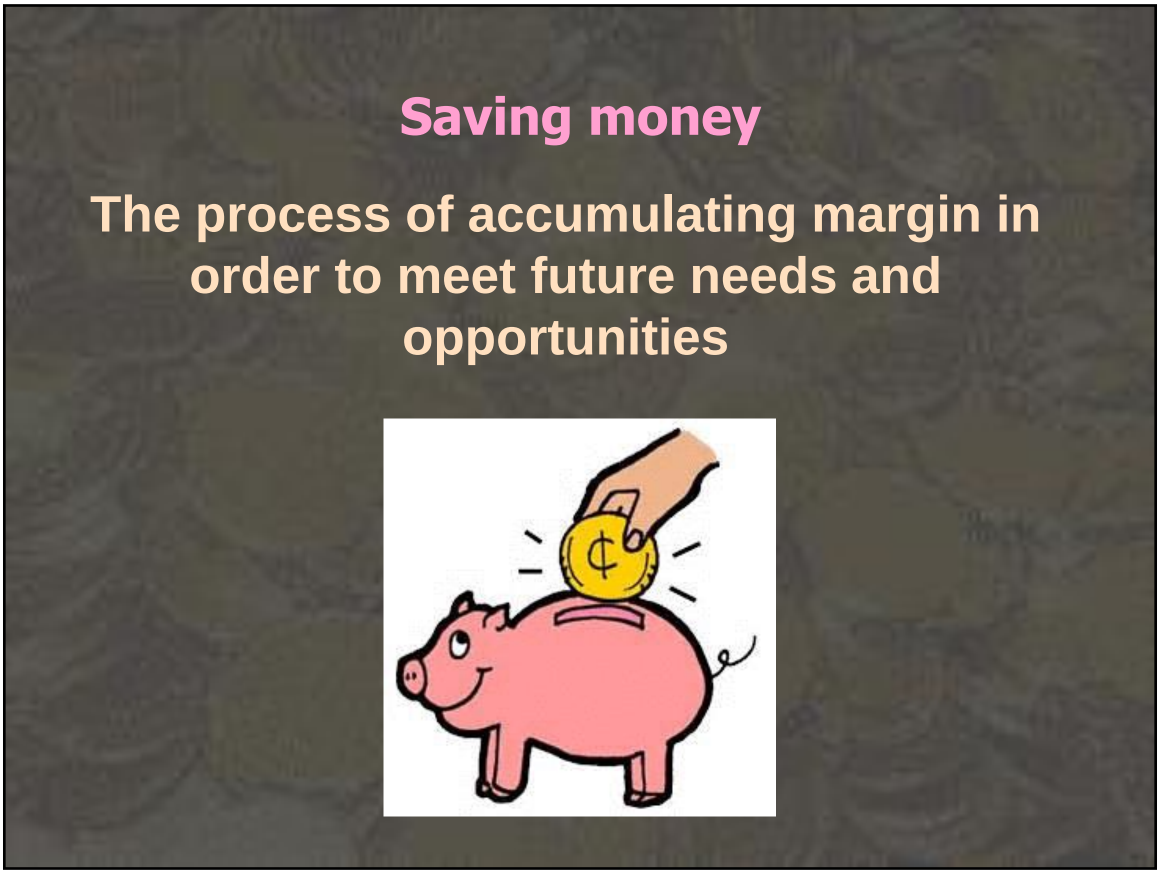
Develop a budget for a teacher with a wife and two young children who makes Rs 12,000 per month and who must make Rs 1000 each month in debt repayment

- Assume 10% must be allocated for taxes
- Decide on how much to give to the Lord's work
- Deduct for debt repayment
- Decide on how much margin to create
- Establish a lifestyle that he can sustain with the remainder
  - - Rent/utilities
  - - Food
  - - Clothes
- The remainder will be used for all other monthly needs >

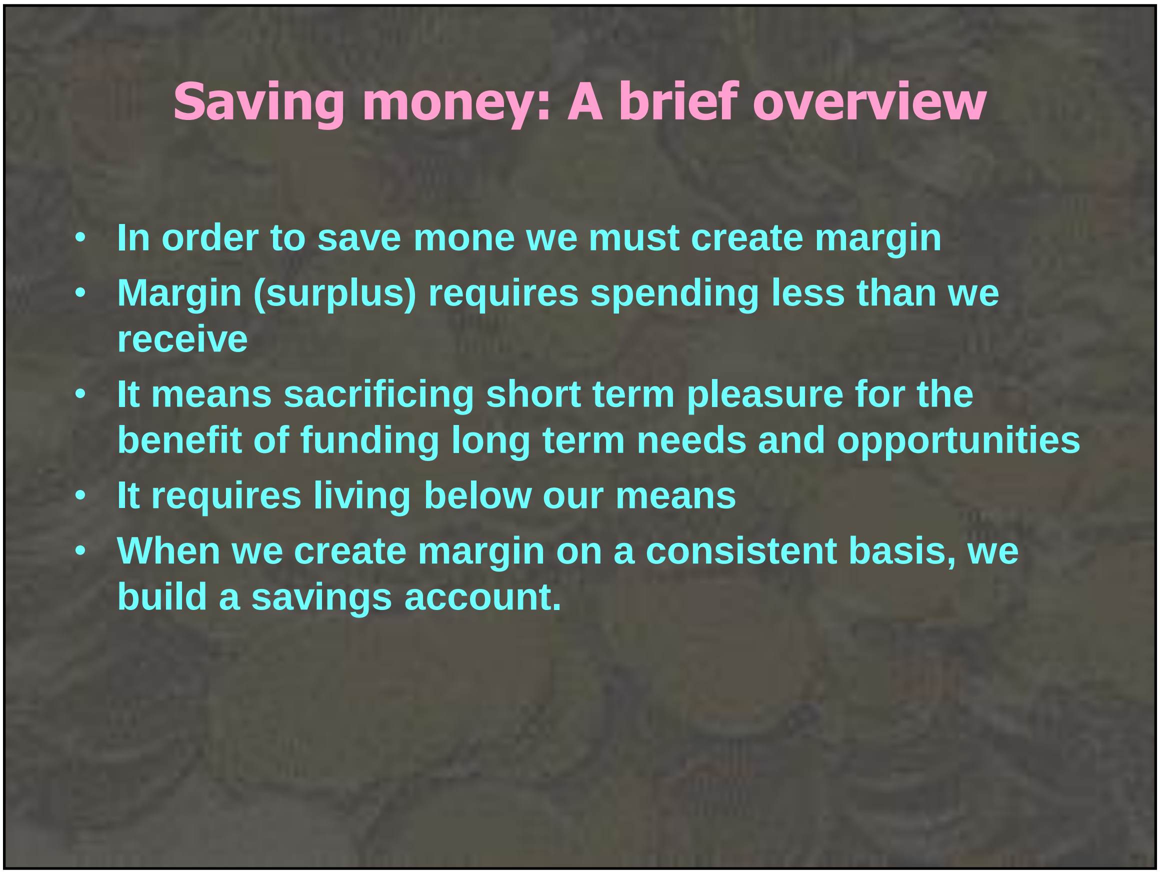
Team assignment



Practice biblical principles of money management: so far in this module we have looked at the topics of obtaining money, disbursing money, and budgeting. Let's now take a closer look at saving money.



Saving money: saving money can be defined as the process of storing up margin on a regular basis for the purpose of paying for future needs and preparing for future opportunities.



Saving money: A brief overview: let's look at the idea of saving money from a conceptual level.

- Saving money requires the creation of margin through the budgeting process.

- Conceptually, in order to create margin we must spend less than we earn.

- It means sacrificing short term pleasure and "needs" for the sake of providing for our future.

- Creating margin requires living below our means.

- When we create margin on a regular basis, we build a savings account.

Examples of savings in nature. God has given us ample evidence in nature of the principle of saving.

Ants

Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest. Proverbs 6:6-8

Examples of savings in nature: Ants

Bears

Examples of savings in nature: bear store up fat to provide nourishment while they take a long winter’s nap.

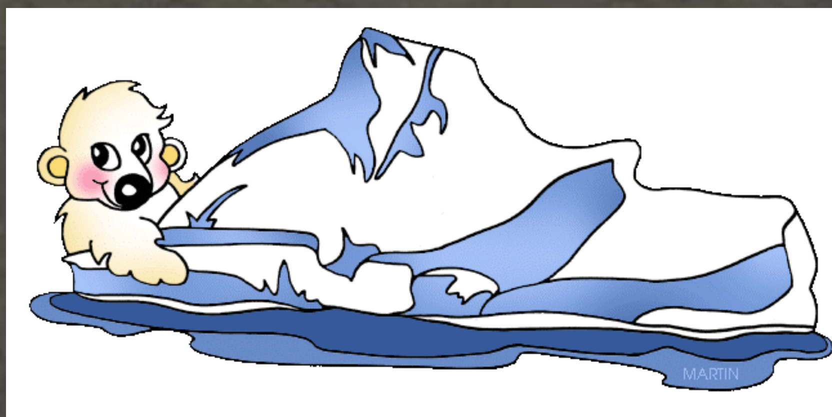
Camels

Examples of savings in nature: camels store up water for the long journey across the desert.

Squirrels

Examples of savings in nature: Squirrels. Squirrels gather nuts during the fall so they will have something to eat during the winter.

Glaciers



Examples of savings in nature: glaciers accumulate water in the form of snow and, and then provide water for people to drink during the summer by slowly melting.

Biblical examples of saving

Biblical examples: let’s look at three examples from Scripture of saving for the future.

Building a tower

Planning is essential for success

"Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it? For if he lays the foundation and is not able to finish it, everyone who sees it will ridicule him, saying, 'This fellow began to build and was not able to finish.' Luke 14:28-30

Building a tower:. The Scripture clearly states that before we embark on a venture that requires considerable financial resources, we should have them in place before we begin. We must save the money needed for the construction prior to commencement. Let’s read Luke 14:28 – 30.

The widow's oil

Her miraculous savings were substantial

The wife of a man from the company of the prophets cried out to Elisha, "Your servant my husband is dead, and you know that he revered the LORD. But now his creditor is coming to take my two boys as his slaves." Elisha replied to her, "How can I help you? Tell me, what do you have in your house?" "Your servant has nothing there at all," she said, "except a little oil." Elisha said, "Go around and ask all your neighbors for empty jars. Don't ask for just a few. Then go inside and shut the door behind you and your sons. Pour oil into all the jars, and as each is filled, put it to one side." She left him and afterward shut the door behind her and her sons. They brought the jars to her and she kept pouring. When all the jars were full, she said to her son, "Bring me another one." But he replied, "There is not a jar left." Then the oil stopped flowing. She went and told the man of God, and he said, "Go, sell the oil and pay your debts. You and your sons can live on what is left." 2 Kings 4:1-7

The widow's oil: the story of Elisha and the poor widow illustrates the principle of saving. After she demonstrated faith and obedience, God supplied a surplus of oil which she then sold to meet her current needs as well as future needs.

Joseph

His savings plan saved preserved Christ’s lineage

Joseph: perhaps the most well-known example of saving for the future is found in Genesis 37 to 50. We will not read this account in class because you know it well. This is the story of Joseph being called by God to save both Egypt and Israel during an extended period of severe famine.

Uses of a savings account: there are many important and even wonderful uses of accumulated margin (savings). Here is a partial list.

- Significant gifts to the Lord’s work is intentionally at the top of the list. It may not be the first thing we do with our savings, but it might be one of the most important. A savings account can be used to fund Kingdom projects and help with the needs of others.

- Secondly, a savings account is a kind of defense against job losses, major illnesses, accidents, and other emergencies.

- Thirdly, it is also a mechanism for funding large purchases, future education, starting a business, or replacements of worn out, lost, or stolen merchandise. Things wear out and unless we have saved for their replacement, we may not be able to do it in a timely fashion or without going into debt.

Please remember that we are not counting on our savings to meet these opportunities and needs, but simply obediently trusting the Lord that by living prudently we will be prepared when these situations arise. There is no guarantee that these methods will work. It is all up to the Lord whether we fail or succeed at any endeavor, including building a savings account.

Saving is different from hoarding

Hoarding is discouraged in Scripture

Hoarding is excessive accumulation with no purpose in mind. It is driven by pride or compulsion.

Saving is accumulating for a purpose. It is driven by planning, discipline, responsibility and foresight-->

Saving is different from hoarding: when we talk about building a savings account, we're not talking about doing it to excess. Saving money for future needs and opportunities is different than hoarding money. Hoarding is discouraged in Scripture. It is defined here as excessive accumulation driven by compulsion in order to feed one's pride and ego or through a distorted sense of security.

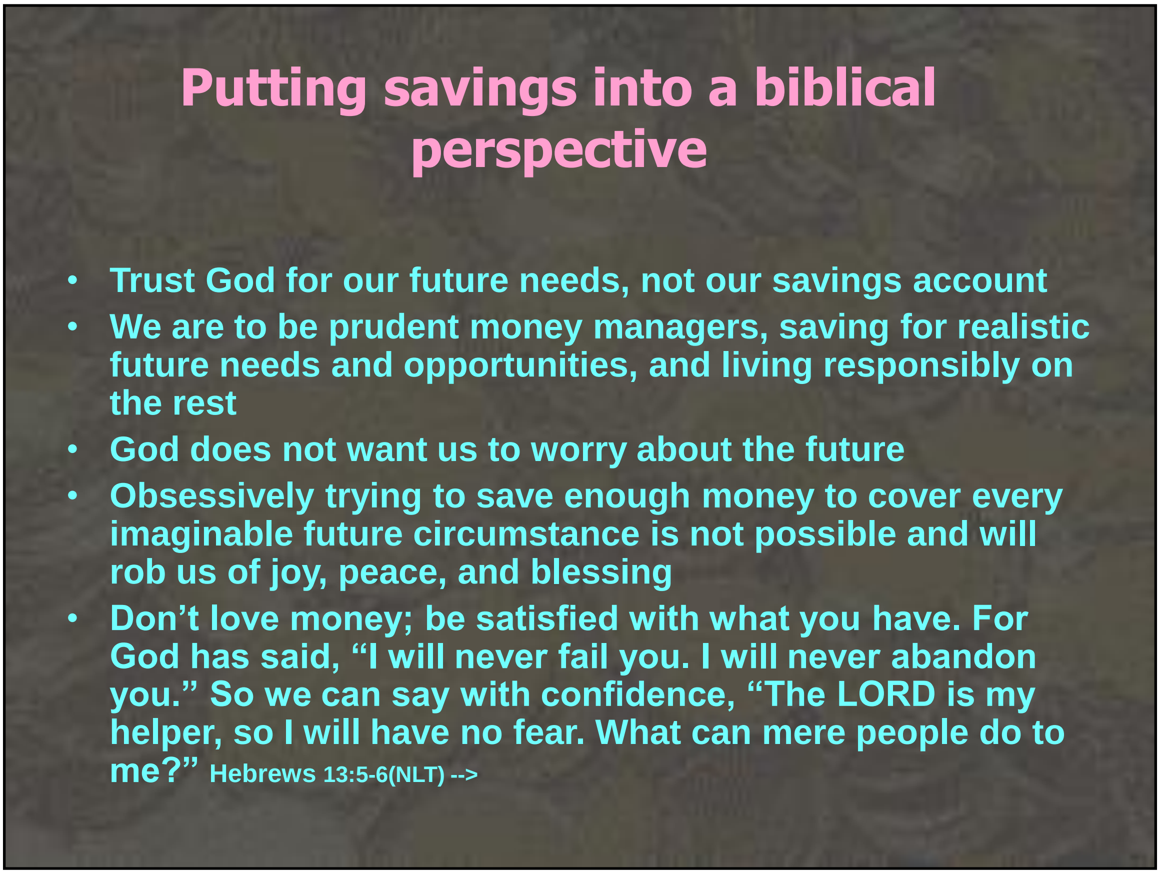
Savings, on the other hand, is an account of accumulated money for future purposes. It requires discipline, foresight, and willingness to forego immediate pleasure for the sake of future benefits.

As mentioned in the previous slide, though we can do our best to save for future needs, we can never save enough to meet every eventual financial problem in our lives. We must remember that all we have is under the Lordship of Jesus Christ. He is our caregiver and our provider. He wants us to trust him to meet our needs, not our money. And all that we have should be used as God directs.

Saving is different from investing

- Savings involve money we can’t afford to lose and must be kept safe
- Savings are to meet short, medium, and long term future needs
- Investments involve risk, require a longer term perspective, and should be made only after all savings goals are met, with money you can afford to lose-->

Saving is different from investing: Saving is the accumulation of money that we cannot afford to lose because it is money which has a future purpose. Therefore, the money is placed in accounts that are safe and not exposed to market risk. That’s why savings accounts belong in banks rather than the stock market or speculative assets. Investments, on the other hand, are a different form of accumulating money. Their purpose is to fund long-term discretionary opportunities for ourselves or our heirs, but it involves risk. Money placed in investments can be lost or greatly reduced in value. Therefore, we only invest money we can afford to lose. We will look more at investing next.



Putting savings into a biblical perspective: let's summarize the principles that we have talked about in this module on savings:

- God wants us to trust him for future needs, not our savings account.
- It is true that we are to be prudent managers and faithful stewards of the resources he has given us. This means honoring our commitments to the Lord's work, paying our debts and taxes, saving for future needs and living responsibly in the present.
- But there is an important point here: we cannot possibly save enough money for every unknown circumstance in life. In fact, God does not want us to worry about the future.
- Obsessively trying to save enough money to pay for every imaginable future contingency dishonors God's providence and will rob us of joy, peace and blessing.
- He has promised never to abandon us so we can say with confidence "the Lord is my helper, so I will have no fear. What can mere people do to me?"

The important point is that if we have the ability to live on less then we make, and we can save for the future, It is irresponsible not to do so. An exception would be for the family who has decided to give away all of their margin for the Lord's sake and live by faith, from hand to mouth, trusting in the Lord to provide in real time. We should always trust in the Lord to provide, but you understand what I mean.

Class discussion

- Compare saving with hoarding. Give some examples of each
- Share some other examples of saving from nature or the Bible
- What is meant by the statement “It is neither possible, desirable, nor Scriptural to attempt to save for every future need or eventuality”? In what ways do your agree or disagree?

Class discussion:

Quiz

True or false

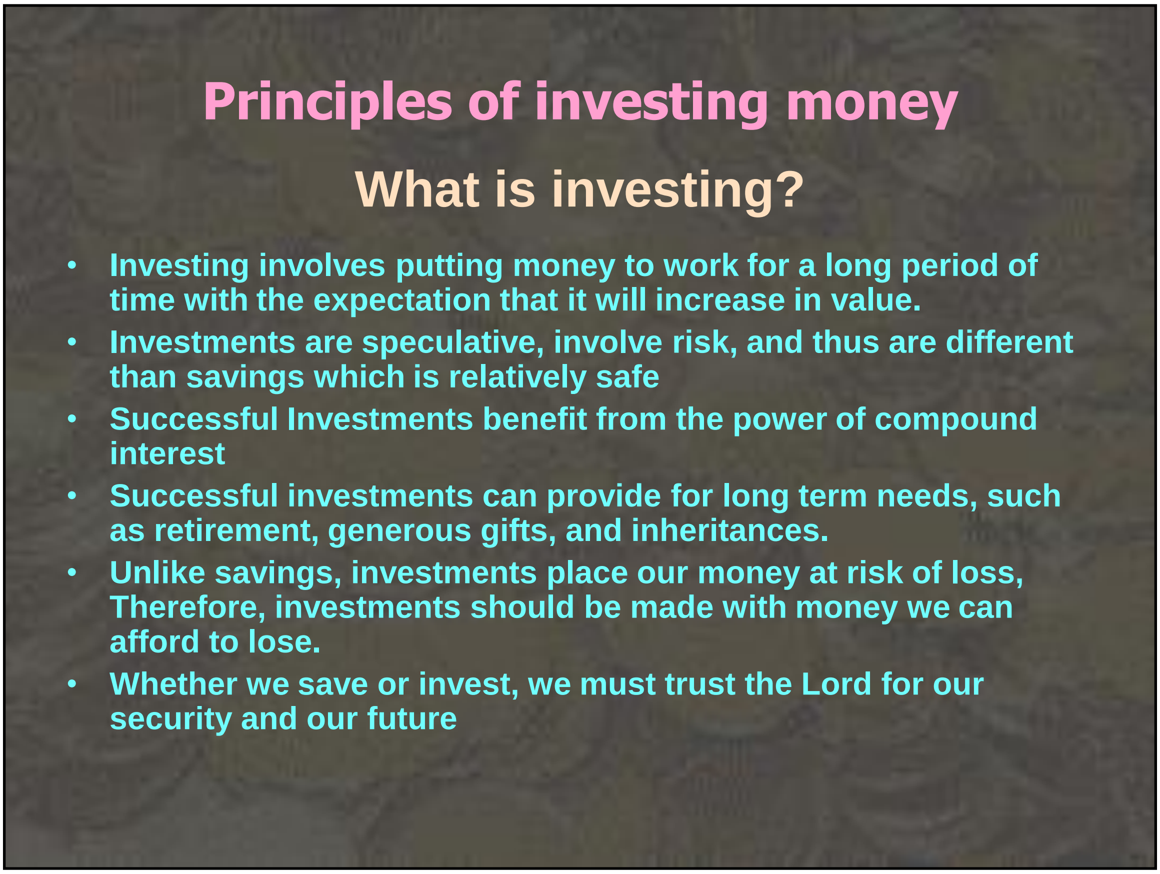
- We should save enough money for every conceivable future circumstance requiring money
- A savings account is accumulated margin
- For most people, creating margin will require abiding by a budget
- It is a good idea to wait until all of our monthly spending is finished before creating margin
- A savings account should be in financial institutions that make potentially high paying, but risky, investments
- There are no examples of saving in nature

Quiz:

Money management

- I. Obtaining money
- II. Disbursing money
- III. Budgeting
- IV. Saving money
- **V. Investing money**

Money management: we now turn to the fifth topic in this module on money management: Investing.



Principles of investing money: this is not a workshop on investing, and there won't be any stock purchase suggestions or specific ideas for making our money grow. It's simply going to be a high-level overview of what investing is and is not, some of the risks involved with investing, and some basic principles for knowing when and how to invest.

What is investing?

Stated simply, investing involves putting money to work over a long period of time with the expectation that it will increase in value at a rate greater than a simple savings account. It is similar to a savings account in that whether we save or invest we hope our money will grow.

So what are the differences between saving and investing? One of the major differences is the level of risk. Savings accounts are relatively safe. Investments by nature are speculative and involve risk. Knowing when a savings vehicle, like a money market certificate, makes the leap from a being a relatively safe investment to a risky one is beyond the scope of this seminar.

Successful investments, like savings accounts, benefit from the power of compound interest. That is, due to the phenomenon of compound interest, your principle amount balance will grow by an ever-increasing amount, even if the basic interest rate, more properly called the rate of return, stays the same.

Year-to-year risk can be somewhat mitigated by investing for the long-term. In this regard, investments may provide substantial resources for long term needs such as starting a business, providing education for your children and grandchildren, building God's Kingdom, or leaving an inheritance.

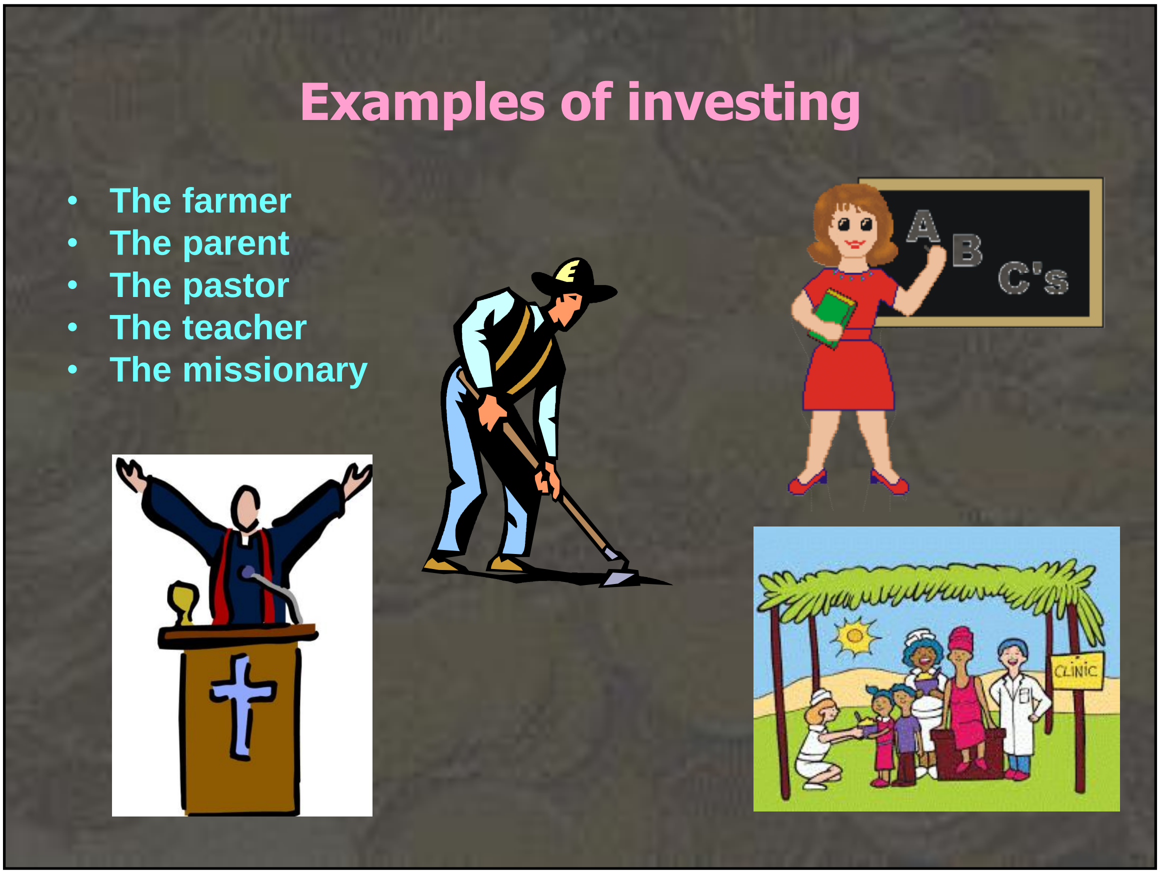
The thing to keep in mind is that because investments are speculative, the investor might lose part or all of his principle for a variety of reasons. Therefore, investing should be made only with money that we can afford to lose. This means providing for our known short-, mid- and long-term needs through relatively safe savings accounts. Within certain limits, we should begin to invest only after our savings objectives are satisfied. However there may be cases, even at a young age, where we can begin investing for the long term. But we should have our eyes wide open as to what that means.

Of course, whether we save or invest it is the Lord who provides our security, not our money.

The benefits of investing

The potential growth of a good investment is higher than a simple savings account

The benefits of investing: what are the benefits of investing? Simply stated, the benefits of successful investments compared to savings accounts is the potential for a higher rate of return over the long term. Investments generally do not provide immediate returns. But those who make wise investments can expect a good yield over many years. We can refer to this concept as the risk/reward trade-off.



Examples of investing: let's look at a few examples of investing. We'll see how certain occupations may not produce short term benefits but can pay off over a period of years. We'll consider the farmer, the pastor, the teacher, and the missionary. They resemble investors more than they do savers.

Example of investing–the farmer: the farmer sows his seeds in the Spring hoping for a great harvest in the fall. Is there risk involved in farming? Of course. The farmer has no guarantee of success. There could be drought, pestilence, or damaging storms. The market for his crops could go down between the time of planting and harvest, resulting in little or no profits, or maybe even a loss. Therefore, I believe the farmer is a good example of an investor because it involves both risk and reward over a long period of time.

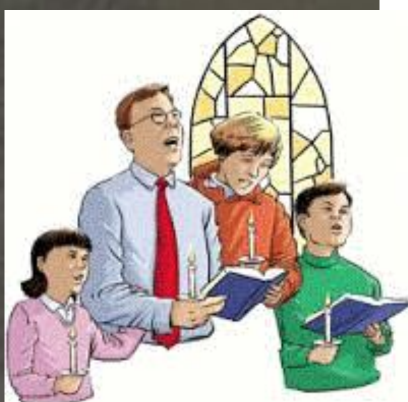
Investor example–temporal parenting

The honorable secular parent trains his child in worldly wisdom and values, hoping to produce a responsible, moral citizen

Example of investing–temporal parenting: temporal parenting is another example of investing. Parents don't know whether their children will turn out for good or evil. They simply do their best to pour into their children their values, their beliefs, their hopes and their dreams. They model the kind of people they hope their children will become. But there is no guarantee. Because there is risk regarding the outcome of their efforts, and their engagement is over a period of many years, parents are investors.

Investor example–spiritual parenting

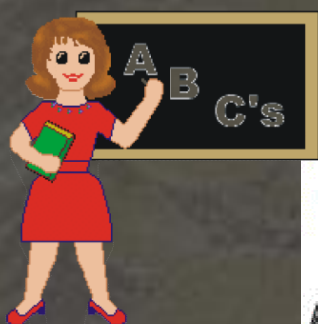
The godly Christian parent also nurtures his child spiritually, asking God to produce a citizen of the kingdom of heaven



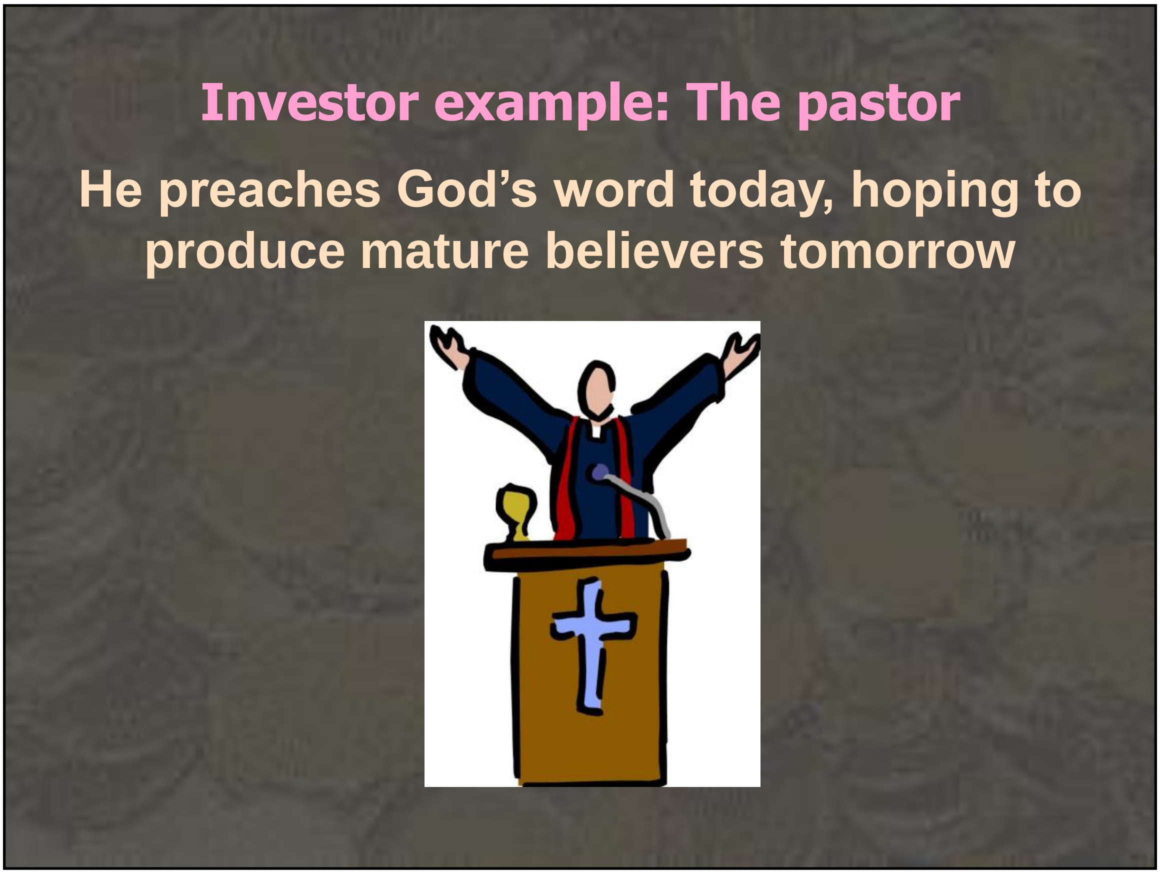
Example of investing–spiritual parenting: spiritual parenting is similar to temporal parenting. The Christian parent invests in their children by teaching the truths of God’s Word, instilling Godly values, developing a love for Jesus and his people, and cultivating a heart to follow and obey their Savior. The investment duration can be many years, continuing after the children leave home. There is no guarantee of success since each child has to decide for himself what his spiritual values will be. In this regard, spiritual parenting is investing.

Investor example: the teacher

She imparts her knowledge to her students now, hoping for productive citizens in the future



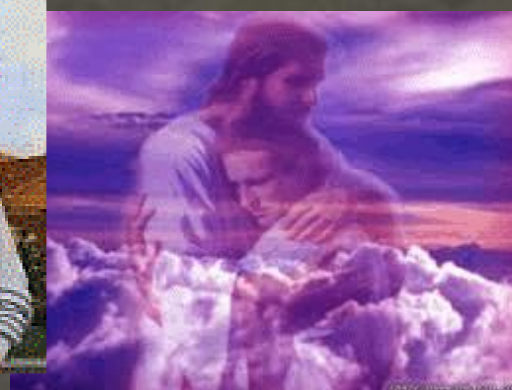
Example of an investor: **the teacher:** teachers are investors. The teacher imparts knowledge, discipline, love and patience to her students now, hoping they will become productive citizens in the future. But there is no guarantee that their hard work will pay off. And once again, this investment occurs over a period of many years.



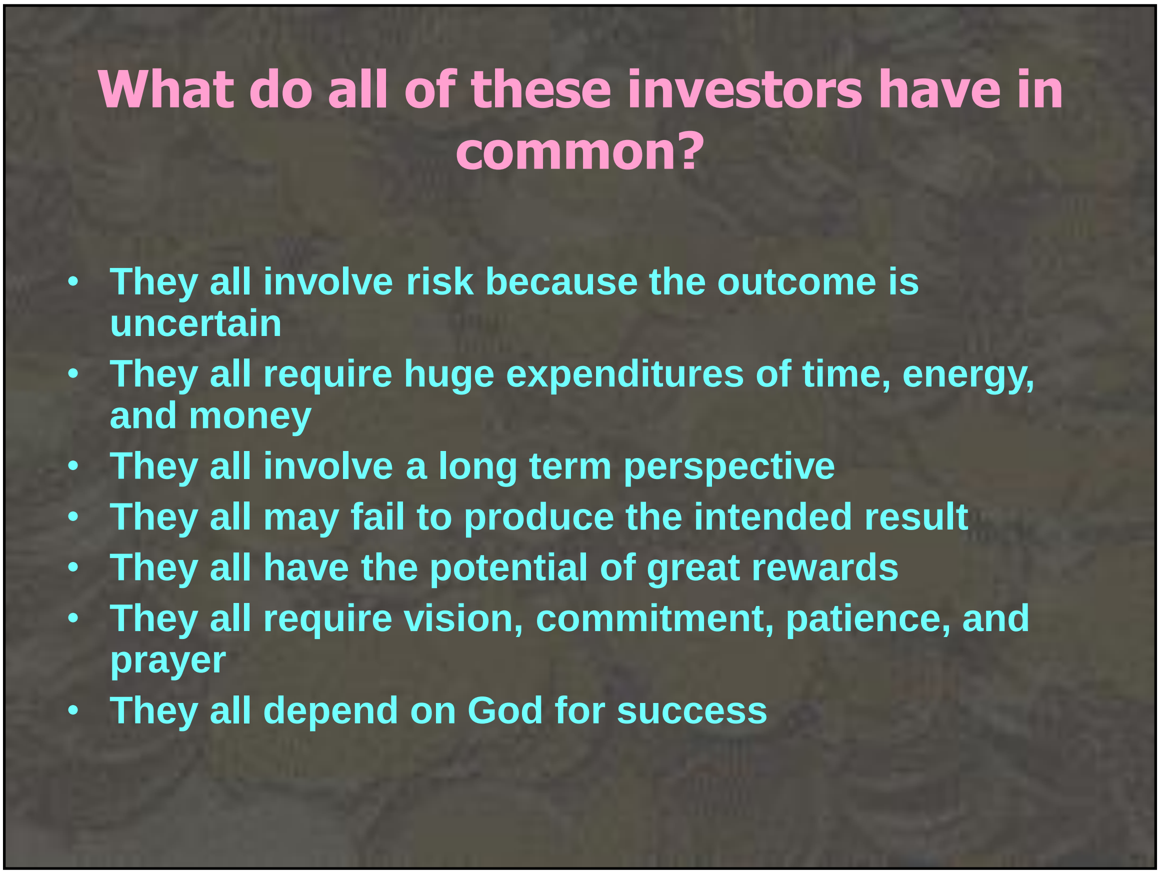
Example of an investor: The pastor: pastors are investors. They preach God’s Word today hoping to produce mature believers tomorrow.

Investor example: missionary

He or she shares the gospel in this life, hoping to populate heaven in the life to come



Example of an investor-the missionary: our final example of an investor is the missionary. They share the gospel with others in this life, hoping to populate heaven in the life to come. Missionaries are faced with the constant prospect of failure, but also with eternal rewards.



What do all of these investors have in common?: as you can see these investors in life have much in common with investors of money. Their work involves risk, huge expenditures of resources, and a long-term perspective. There is no guarantee of success but there is also the hope of great rewards. As with savings, we must trust God for successful outcomes of our investments.

Investment calculator: let's spend a few minutes looking at one of the mathematical concepts of investing. If you if you master this concept, it will help you put in perspective various investment alternatives.

Let’s look at a simple formula for determine how long it will take your money to double in value. It is called . “The rule of 72”.

The rule of 72

Case 1: determining how many years It takes to double your investment at a given interest rate

Formula: 72/interest rate

- **Suppose the interest rate you can earn at a bank savings account is 6%/year**
- **72/6 = 12**
- **Your money invested at 6%/yr will double in 12 years**
- **Examples:**
  - **Rs100 will grow to Rs200 in 12 years**
  - **Rs 50000 will grow to Rs100000 (1 Lakh) in 12 years**

The rule of 72: The rule of 72 can be used to determine the relationship between interest rate, time, and the doubling of our investment. It's use is limited strictly to determine when our money will double in value.

Case 1: The formula is simple: if we want to determine how many years it will take an investment to double, divide the interest rate into the number 72. For example, if we are earning 6% on our money then 72 divided by six equals 12. It'll take 12 years for our money to double. If we deposit $1000 in the bank today and earn 6% compound interest for 12 years, we will have $2000 in the bank. Similarly, if we earn 36% interest per year, $1000 deposited today will be worth $2000 two years from now (72 divided by 36 = 2).

The rule of 72

Case 2: determining the required interest rate to double your money in a given amount of time

Formula: 72/years

- **Suppose you want to double your principle in 3 years. What interest rate must you earn?**
- **72/3 = 24**
- **You would have to earn 24%/year to double your money in 3 years**
- **Examples:**
  - **Rs100 will grow to Rs200 in 3 years if the interest rate is 24%/year**
  - **Rs 50000 will grow to Rs100000 (1 Lakh) in 3 years if the interest rate is 24%/year**

The rule of 72: Case 2: the rule of 72 can be used to determine what interest rate we need to earn in order to double our money over various periods of years. For example, if we wish to double our money in six years, divide 72 by six, which equals 12. We must earn 12 percent on your investment if we wish to double its value in 12 years.

Quiz

Using the rule of 72

How many years would it take for your deposit to double in value if you earn 12% interest on it?

- a) 3 years, b) 6 years, c) 12 years, d) 24 years

What interest rate must you receive on your deposit if you wish it to double in value in 36 years?

- a) 2%; b) 6%; c) 12%; d) 36%

A Rs1000 deposit earning 3% annual compound interest will grow to Rs2000 in 12 years, true or false?

You depost Rs2000 today and earn 12%/yr interest on it for 6 years. You then take your new balance and take out a new deposit earning 24% interest for 3 years. At the end of the third year (ninth year overall), you take you final balance out of the bank. How much money did you collect?

- Aa) Rs1000: b) Rs 2000: c) Rs4000; d) Rs8000

Quiz

Quiz

If you must borrow, which one of the following suggestions is foolish?

a. Negotiate the highest interest rate you can

b. Negotiate the lowest interest rate you can

c. Borrow as little as possible

d. Pay it back as quickly as you can

Quiz

Multiple choice quiz

If you borrow and are having a difficult time repaying, which one of the following actions should you take?

a. Borrow even more money to make your payments

b. Play the lottery and win the money

c. Decide you won’t repay and ignore it

d. Simplify your lifestyle, sell some assets, or get another job

Quiz

The practical reality of investing

Risk

- Investing involves risk (speculation)
- Risk may be defined as the likelihood our investment will decline in value.
- Since risks tend to be higher in the short term, sound investing is a long-term proposition
- Successful investing is the fastest way to achieve our long term goals
- Unsuccessful investing can leave us impoverished
- Investments should be made with money you can afford to lose

A practical reality of investing: let's examine a major factor when investing -- risk. We've already seen that investments by definition are speculative, which means that their value can go up or down. Since financial risk tends to be higher in the short term, sound investing is a long-term proposition. Investments can fluctuate greatly over the short term. So in general, for investments to reap positive dividends, they need to be held for the long-term.

But having said that, successful investing is the fastest way to achieve long-term goals. Conversely, unsuccessful investing can produce great damage and even leave us impoverished, especially if we liquidate that investment during periods when it has depreciated. Therefore, my recommendation is to invest only money for the long-term, and do it with money you can afford to lose if the investment turns sour.

Some risk factors

Variables outside our control

- Type of investment (some investments are more risky than others)
- Rate of return (the higher the expected return, the greater the risk)
- Duration (the shorter the duration, the higher the risk)
- Inflation (the higher the rate of inflation, the less the purchasing power of your investment)
- Politics, economy, geology, etc, etc, etc -->

Some risk factors: here is a partial list of risks associated with investing. Some of them are predictable such as the type of investment, the historical rate of return, and the historical minimum holding duration. Through a research, we can identify which investments we believe will meet our tolerance for risk, balanced against our desired rate of return.

However there are many risk factors that are beyond our control: economic factors like inflation and government edicts, political factors, cataclysmic events, etc. I hope it is clear why I have suggested that you do not begin your investing until you have met your savings goals. Even then only invest with money you can afford to lose. Because the value of investments can fluctuate, especially in the short term, it is important that you be prepared to hold your investments over a long period of time.

Risks

Team assignment-10 minutes

- List some reasonable risks that a person might take in investing his money
- List some foolish risks that one should avoid in investing his money

Team assignment

Quiz

True/False

- Investing is similar to saving because they both involve the same amount of risk and have the same rate of return
- You should invest only the money you can afford to lose
- You should expect to lose your money if you place it in a savings account at a reliable financial institution
- We see examples in God’s creation of both saving and investing

Quiz

Prerequisites to investing

A prioritized plan

1. Save 1-6 month's income for emergencies and opportunities
2. Pay off all of our consumer and credit card debt
3. Save 6-12 months income for loss of job and other unplanned expenses (rainy day)
4. Save for our planned expenses
5. Save for our major purchases and long term opportunities
6. Invest in long range goals, such as retirement and building our estate so we can leave an inheritance -->

Prerequisites to investing: most Christian financial counselors will recommend the following sequence of financial activities. Any given list might be slightly different in content, or in a different order. But investing is usually at the end of every list.

- For example, Ron Blue suggests saving 1-6 months of income for emergencies.
- Next pay off all consumer and credit card debt.
- Third, save another 6 to 12 months of income to provide for your family in case of a job loss or other unplanned expenses.
- Fourth, save for planned expenses.
- Five, save for long-term major purchases and opportunities.
- Then, only after you have satisfied your goals for the other five categories should you begin to invest your money. Remember only invest the amount of money that you can afford to lose in assets that involve risk. That's why these first five categories must be satisfied before you begin to invest. Ron Blue states that, because of investment risk, some people who get to this stage in their financial lives decide to give their investment money away to worthwhile causes instead of taking the risks associated with investing.

12 biblical principles of wise investing

1. **Don’t make riches our objective**

   Do not toil to acquire wealth; be discerning enough to desist. Proverbs 23:4 (ESV)

2. **Don’t fall in love with our money**

   Don’t wear yourself out trying to get rich. Be wise enough to know when to quit. In the blink of an eye wealth disappears, for it will sprout wings and fly away like an eagle Proverbs 23:4-5 (NLT)

3. **Intentionally cultivate a generous heart so that successful investments will produce eternal value**

   Sometimes you can become rich by being generous or poor by being greedy. Proverbs 11:24 (CEV)

12 biblical principles of wise investing: here are 12 Biblical principles to keep in mind when investing. Principles 1-3 are on this slide.

1. Don’t make getting rich your objective: Prov 23:4-5

2. Don’t fall in love with your money: 1 Tim 6:10

3. Intentionally cultivate a generous heart so that if God gives you success in your investments you will consider kingdom needs: Prov 11:24

12 biblical principles of wise investing
(cont'd)

4. **Don't invest with money needed for future obligations**
   - The prudent understand where they are going, but fools deceive
   - themselves. Proverbs 14:8 (NLT)
5. **Since investing is speculative by nature, and we could lose everything, don't borrow to invest:**
   - The wicked borrow and do not repay, but the righteous give generously; Psalm 37:21
6. **Prayerfully set realistic plans and goals:**
   - "But don't begin until you count the cost. For who would begin construction of a building without first calculating the cost to see if there is enough money to finish it? Luke 14:28 (NLT)

12 biblical principles of wise investing (cont'd): principles 4, 5, and 6.

4. Don't invest with money you need to meet future obligations. Remember if you cannot afford to lose the money, you're not ready for investing. Better to keep your money relatively safe in a savings account: Prov 14:8

5. Here's a very important point. Since investing is speculative and risky, never borrow money to invest. You could not only lose your investment but you now have to repay the borrowed money to the lender: Psalm 37:21

6. Prayerfully set realistic plans and goals: Luke 14:28

12 biblical principles of wise investing
(cont'd)

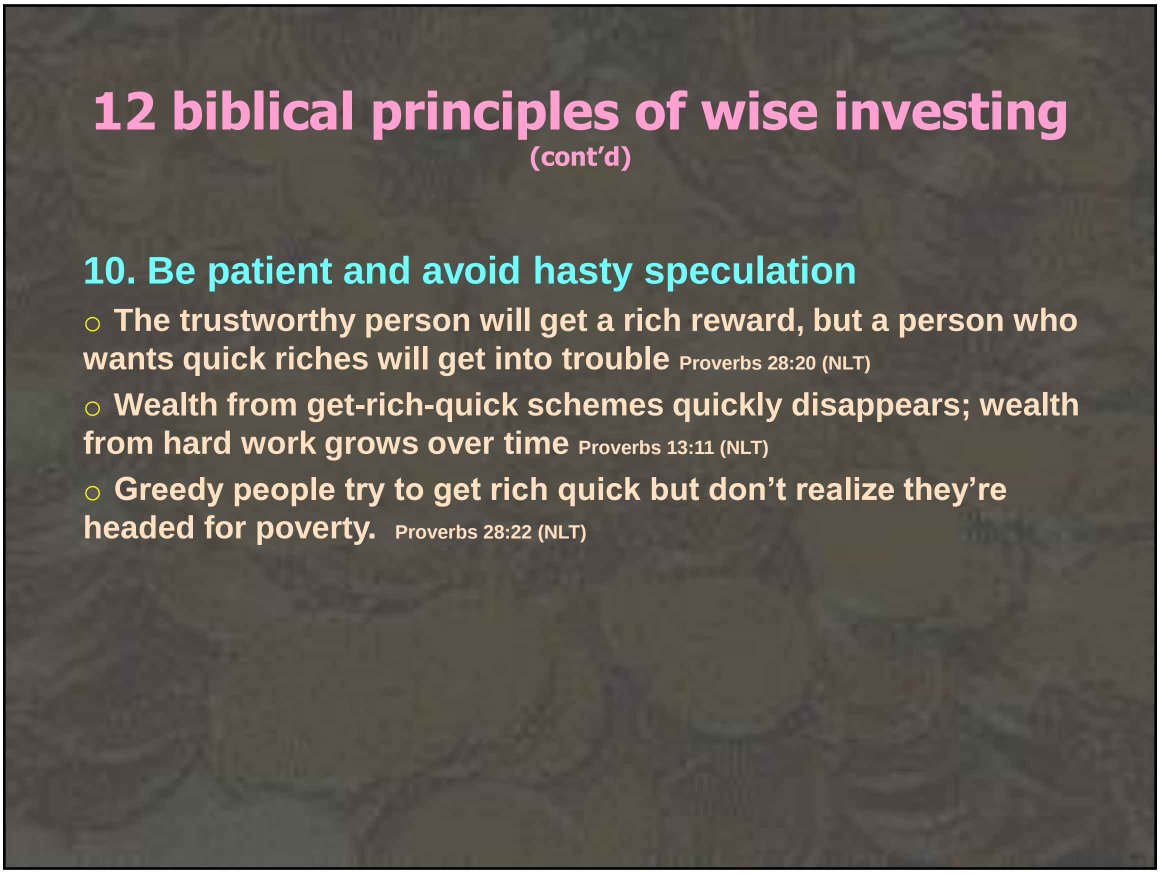
7. Invest using wisdom and good sense
   - By wisdom a house is built, and through understanding it is established; Proverbs 24:3
8. Get wise advice
   - Plans fail for lack of counsel, but with many advisers they succeed. Proverbs 15:22
9. Don't make an investment simply because it is presented to us as a good deal
   - Don't be stupid and believe all you hear; be smart and know where you are headed. Proverbs 14:15 (CEV)

12 biblical principles of wise investing (cont'd): principles 7, 8, and 9.

7. Use wisdom and good sense: Prov 24:3

8. Get wise advice: Prov 15:22

9. Here is a trap that many people fall into. They have a little bit of money to invest, but they don't have a plan. So they become vulnerable to everyone who presents an investment opportunity to them. Everyone presents their investment as a "good" or "can't miss" deal. But remember this: no one is ever going to come to us with an opportunity to invest claiming that it is a bad deal. Everything will be pitched as a "good deal". Therefore, by having a plan based on wise counsel, we will not be vulnerable to every offer that comes our way: Prov 14:15



12 biblical principles of wise investing (cont'd): here is #10

10. Be patient and avoid hasty speculation. There is no room for greed in the heart of a wise investor: Prov 28:20, Prov 13:11, Prov 28:22

12 biblical principles of wise investing (cont'd)

11. Honor God and remember the poor when we make a successful investment
    - He who gives to the poor will lack nothing, but he who closes his eyes to them receives many curses. Proverbs 28:27
12. Diligently manage our assets
    - Know the state of your flocks, and put your heart into caring for your herds, for riches don't last forever, and the crown might not be passed to the next generation Proverbs 27:23-24 (NLT)

12 biblical principles of wise investing (cont'd):

11. Remember the poor when we are successful, and be sure to give back to God a portion of our increase: Prov 28:27

12. Be very diligent in managing our assets. Money can disappear like the morning mist: Prov 27:23-24

Poor motives for investing

Self esteem

○ First pride, then the crash— the bigger the ego, the harder the fall. Proverbs 16:18 (MSG)

Desire to get rich quick

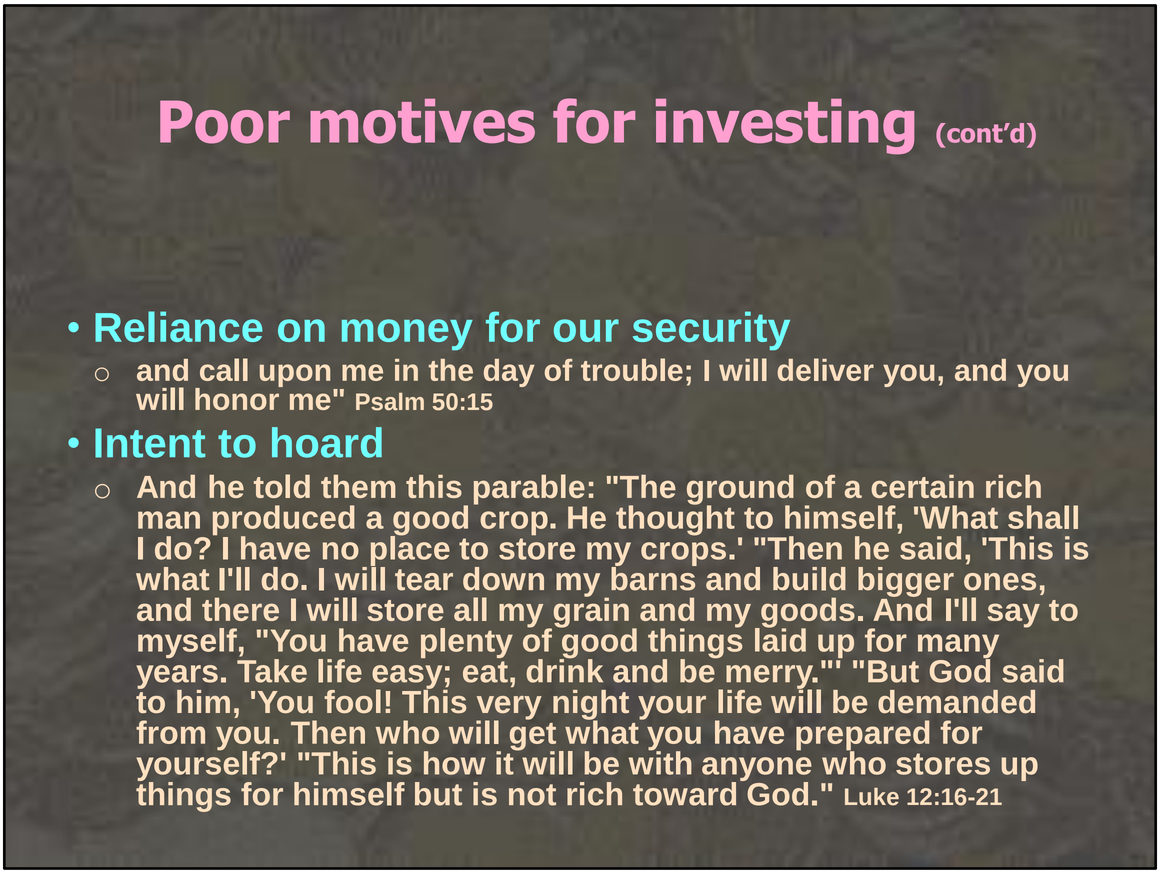
○ Wealth gained hastily will dwindle, but whoever gathers little by little will increase it. Proverbs 13:11 (ESV)

Envy, greed or love of money

○ Then he said, "Beware! Guard against every kind of greed. Life is not measured by how much you own." Luke 12:15 (NLT) >

Poor motives for investing: let's look at some poor motives for investing:

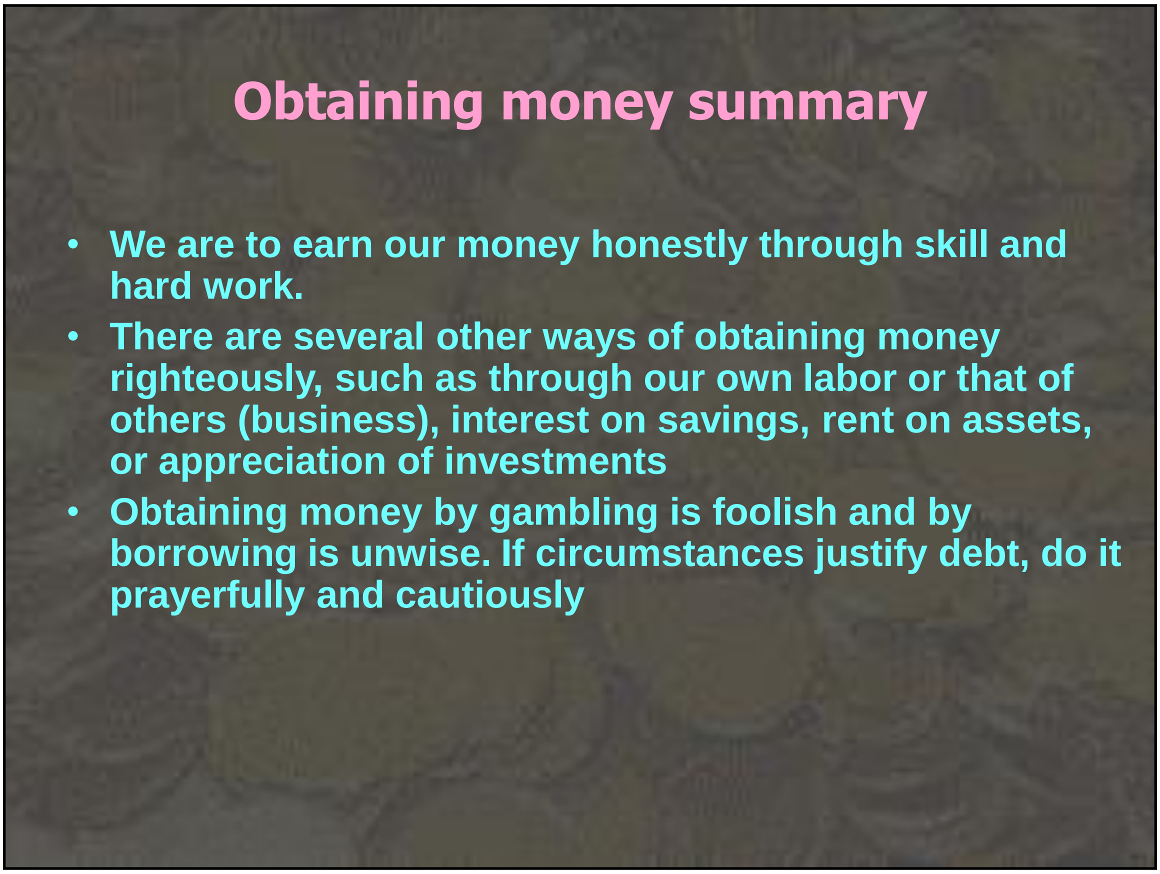
- Pride or building self-esteem: Prov 16:18
- The desire to get rich quick is a poor motive: Prov 13:11
- Beware of being greedy or loving our money: Luke 12:15



Poor motives for investing (cont'd):

- Realize that no amount of money will result in our safety or security: Psalm 50:15
- And we should not invest with the intent to hoard our money. God wants us to use his resources for good deeds and worthwhile goals, not just to see how high we can count: Luke 12:16-21

Principle #4. God cares how we manage our money: let’s summarize what we have studied in this module:



Obtaining money summary:

- We are to obtain our money honestly through our own labor and creativity.
- We can earn money actively or passively.
- We should avoid trying to gain money by gambling and be very cautious before borrowing money.

Spending money summary

- We are to disburse our money as wise and faithful stewards.
- Christians should be quick to pay their obligations, including taxes, debt repayment, and promised support for the Lord's work.
- Let the Lord guide our spending

Spending money summary:

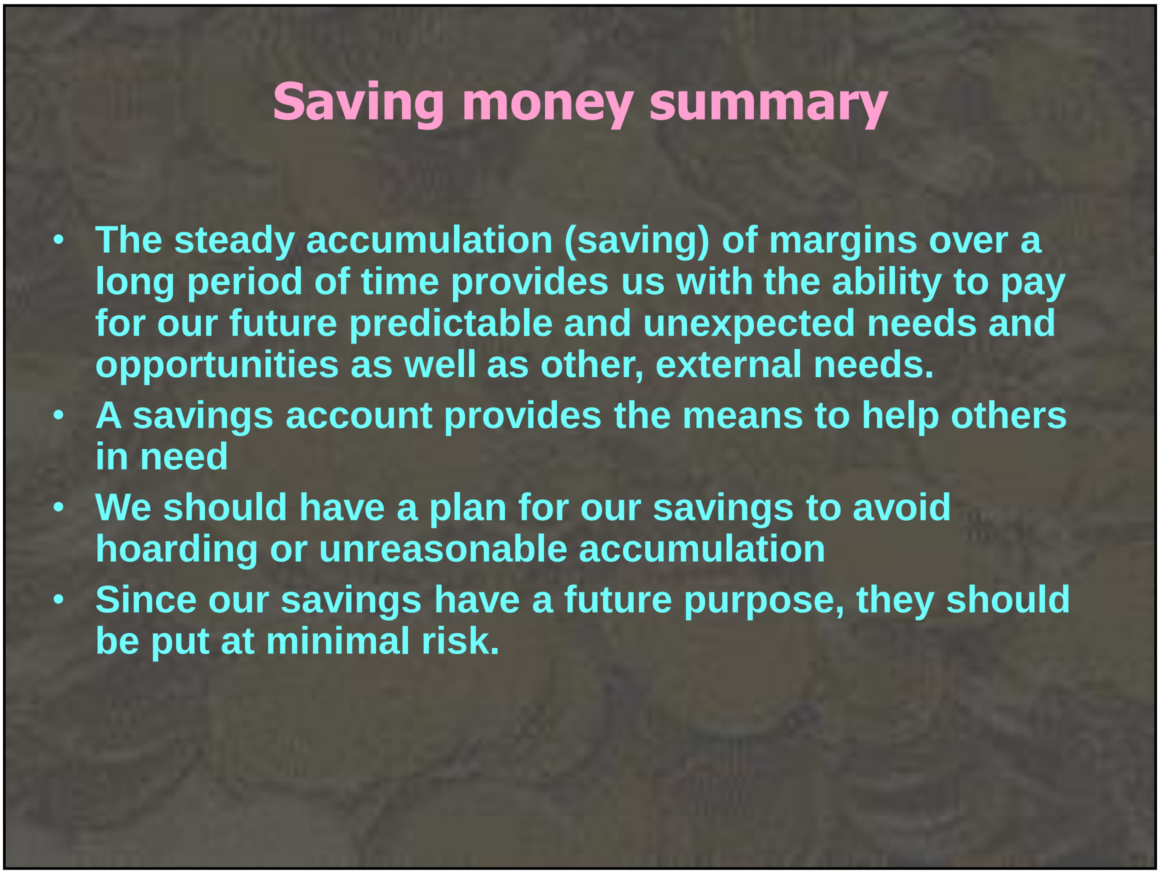
- When we spend our money, we should do it wisely as faithful stewards.
- We should quickly pay our obligations including our taxes and debt repayment and our commitments to the Lord's work.
- As with everything in life, we should be led by the Holy Spirit in the spending our money.

Budgeting money and creating margin summary

- For most people, controlling their expenses to create margin will require developing a budget.
- Creating a budget will require prayer, planning, counsel, and wisdom
- Discipline is required to maintain a budget
- Accumulated margin (savings) is useful for a variety of purposes, including our future needs and opportunities, special giving to the Lord’s work, and benevolence.

Budgeting money summary:

- For most people a budget is the best way to control their spending.
- Creating a budget requires prayer, planning, counsel, and wisdom.
- Discipline is required to maintain a budget.
- The wonderful phenomenon of accumulated margin is useful for a variety of things and is one of the key principles of this entire seminar. We will examine margin in careful detail in module six.



Saving money summary: saving money is a discipline that you should encourage your parishioners to practice starting when they are young.

- A steady accumulation of margin over a long period of time is the best way for us to provide resources for our future needs, long-term goals, and opportunities.

- A savings account (especially a Blessings Fund) provides the means to help others in need.

- As with investing money, we should have a plan for our savings to avoid hoarding, unreasonable accumulation, or succumbing to the promise of a “good deal”.

- Since our savings accounts have a future purpose, they should be put at minimal risk.

Investing money summary

- Investing is putting money to work with the expectation that it will increase in value over a long period of time.
- Investments are speculative, involve risk, and thus are different than savings.
- It is unwise and presumptuous to speculate with money we cannot afford to lose or with borrowed money.
- Fulfill our savings goals first, then invest
- Successful investments can provide for long term needs, such as retirement, generous lifetime gifts, and inheritances.
- Investments should be made carefully, prayerfully and with proper guidance
- Whether we save or invest, we must trust the Lord - not our money - for our future welfare and security.

Investing money summary:

- Investing involves putting money to work over a long period of time with the expectation that it will increase in value.
- Remember that investments are speculative, or risky, so they are different than savings.
- It is unwise and presumptuous to speculate with money we cannot afford to lose, or with borrowed money.
- We should fulfill our savings goals first. Then we can choose to invest if we wish.
- One of the choices Christians have is to use a portion of the money they acquired after all of their savings goals are met to build God’s kingdom, either through surpluses in their savings or by liquidating their successful long-term investments.
- Investments should be made carefully, prayerfully, and with proper guidance.
- Please remember that whether we save or invest it is not the money itself that we are trusting for our future security. It is the Lord that we trust. Perhaps by his grace and mercy he will use our savings and investment accounts for his glory, no matter whether they are used to improve our own family’s lifestyles or fund future needs and opportunities, meet the needs of others, or build his kingdom.

Final thoughts about managing our money according to biblical principles

- Obtain money honestly
- Spend money prayerfully
- Give money generously
- Budget money carefully
- Create margin intentionally
- Save money purposefully
- Invest money wisely

Remember that we are managers of His money

Final thoughts about managing our money according to Biblical principles: here are some final thoughts about managing our money according to Biblical principles:

- Obtain money honestly
- Spend money prayerfully
- Give money generously
- Budget money carefully
- Create margin intentionally
- Save money purposefully
- Invest money wisely.

Class assignment

Essay

- What attitudes and practices do you need to cultivate within your own life to be able to manage your cash flow and produce margin on a consistent basis?
- What things should you begin saving for now in order to have the money to purchase them when needed?

Class assignment:

Principle #4 God cares how we manage our money: end of module