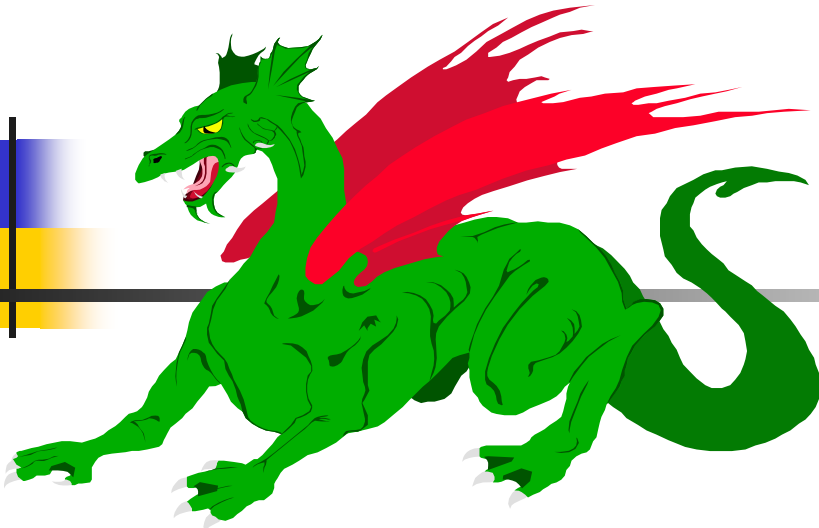


Finding Financial Freedom

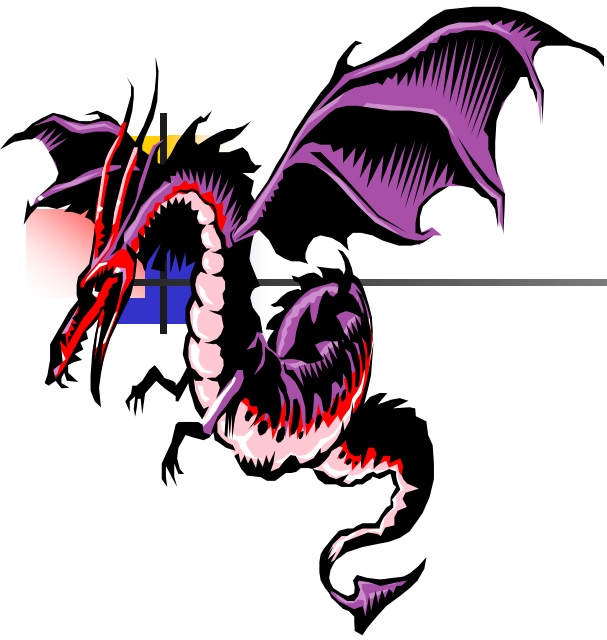


**Understanding Biblical
Principles for Financial
Success**



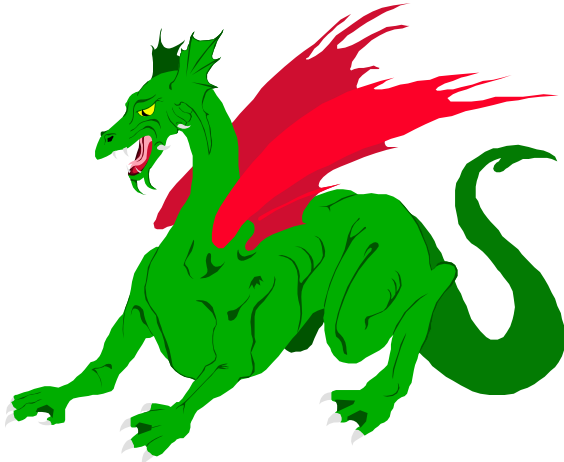
Four Week Series

- ***Our Attitudes Toward Money***
- ***Biblical Money Management Principles***
- ***Biblical Money Management Planning***
- ***Biblical Money Management practices***



Purpose

- To develop a biblical philosophy for personal finances and to apply them to everyday life





Money Management

- ***Realistic Goals...this means deciding which things are important. We must make choices.***



Money Management

- ***A Workable Plan...the next step means translating your priorities into a detailed spending plan***



Money Management

- ***Working the Plan...the last step means that, while flexibility is needed, you should consistently follow you plan***



Financially Fit

- If you want to become financially fit, the first thing you need to do is stop overspending. The fact is, if you don't have a spending plan, you will continue to struggle with overspending and debt accumulation.**

The financial position...



- **...you are in today will not be the financial position you are in tomorrow – it will be either better or worse. Change is inevitable. You cannot stop change from taking place; you can only determine the direction it will take.**



Typical Mistakes

- **No spending plan**
- **No cash reserve**
- **Over use of credit**
- **Mismanagement of windfalls**



Typical Mistakes

- **No provision for large expenses**
- **Underestimating the true cost of ownership**
- **Spending leaks**
- **Careless spending habits**
- **Can't wait**



I. Introduction to the Budgeting Process



Question

- **What is a budget?**



Answer

- **An estimate**
- **A spending plan**
- **A guide for allocating resources**
- **A tool for better living**



Question?

- **Why have a budget?**
- **“Where there is no vision, the people perish...” Prov. 29:18**



Fact

- **You need a plan**
- **You need that plan in writing**
- **You need to review your plan frequently**



Fact

- **If you don't know where you're going, any road will get you there.**



II. Preparing a Budget



Realistic Goals

- **Debt free**
- **College for kids**
- **Retirement**
- **Wealthy**



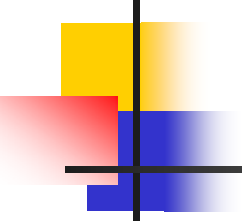
Realistic Goals

- **Pay bills more consistently**
- **More extra money**
- **Sleep better at night**

Needs

Assessment

- **What is the status of my financial health?**
- **Do I need a doctor?**



III. Calculation of Income



Pay Cycle

- **Weekly (52)**
- **Bi-weekly (26)**
- **Bi-monthly (24)**
- **Monthly (12)**



Other Income?

- **Child Support?**
- **Alimony?**
- **Government Assistance?**



Two Incomes?

- **Mine vs. yours**
- **Joint planning**
- **Treat as one source---allocate as needed**



Deductions?

- **Insurance?**
- **Mortgage?**
- **Loans?**
- **Savings?**



Income

- Calculate your total income...not your “spendable” income...that’s later



IV. Document Expenses



Fixed Expenses

- **Set amount or average**
- **Best paid by check or money order**
- **Record due dates**



Fixed Expenses

**a) Tithe-decide
what you are
going to give and
stick to it**



Fixed Expenses

**a') savings-pay
yourself after you
pay God**

**We'll discuss 401k's
later**



Emergency Fund

**You need to set
aside at least 90
days of living
expenses...**

preferably 180 days



Vacation Fund

**You need to set aside
a vacation fund...if
you have to charge
your vacation, you
probably can't afford
it**



Fixed Expenses

**b) Mortgage or
rent...aim at 25% of
total income**

**Tip: Budget for one
income**



Fixed Expenses

**c) Life insurance—
determine your
objectives**

- **Death benefit**

- **Savings plan**

- **Tip: Consider Term**



Fixed Expenses

d) Health insurance

- Expensive, usually company benefit**
- Consider PPO/HMO**
- Health Savings Accounts**



Fixed Expenses

e) Auto Insurance

- Driving record important
- Consider dropping collision on paid off cars



Fixed Expenses

f) Car Payment

- **Consider Credit Union**
- **Shop for CU price**
- **Online Sources (Craigs List, Ebay, etc.)**

Tip



**The cheapest car
for you to drive is
usually the one
you are driving**



Fixed Expenses

g) Day Care

- The cost of two working parents**
- Are you making any money?**



Installments

- **Furniture**

- **Pools**

- **Student Loans**



Consolidation?

- **If you cannot cash flow your current obligations**
- **If you can get a much better interest rate**
- **Tip: Pay them off one at a time...highest rates first**



Utilities

- **Average payment plan**
- **Save bills and compute average**



Utilities

- **Bundled services**
- **Cable TV**
- **Cell phone overages**



Tip

- **Beware of calls that originate from a jail or prison facility if they are collect**



Credit Cards

- **Approved credit does not mean you have good credit...it means that they make so much money they can take certain risks.**



Credit Cards

- As of today, do
not go any
further into
debt!



Credit Cards

- **Interest rates**
- **Late charges**
- **Fees, Fees, Fees**
- **Get rid of all...keep one if you must**



Day-to-Day

- **Food**

- **Estimate weekly expenditure...**



Day-to-Day

■ Hair care

- Number of appointments
times average cost
- Beauty supplies
- Children's hair cuts



Day-to-Day

- **Clothing Allowance**
 - **Learn to replace clothes or replenish when needed**



Day-to-Day

- **Dry Cleaning**
 - **Set aside some amount, and use coupons**



Day-to-Day

- **Fuel/Transportation**
 - **Estimate gas usage...include parking, tolls, inspections, tags**



Day-to-Day

- **Routine Car Care**
 - **This fund is for oil changes every three months, wiper blades, etc.**



Day-to-Day

- **Entertainment**
 - **Eating out, movie tickets, state fair, movie rentals**



Day-to-Day

- **School Lunches**
 - **Consider sack lunches**



Day-to-Day

- **Discretionary...this is money you don't have to explain how you spent...wife gets 50% more**

Income vs. Expenses

- **Once income is calculated and expenses are documented, it is time to evaluate your cash flow requirements**



Allocations

- **Beginning with your next scheduled paycheck, allocate your available cash to all expenses due prior to your next check.**



Allocations

- **Don't forget to consider cash requirements that you need day-to-day**



Winner?

- If you ran out of due bills before you ran out of cash, you're a winner. Move forward to the next pay period and repeat that same procedure.



More Work

- **If you still had due bills and no more cash, you have more work to do. If you can cover all of your bills but timing is a problem, you are still a winner.**



Timing Problem

- **If you can make up your short fall from savings or a personal loan, make sure that you withdraw or borrow only what is needed.**



Out of balance

- **If you find that your outgo is still greater than your income, you are still a winner. You will have to work harder to get there.**



Assistance

- **If you feel you need individual assistance, we will set up appointments to work with you.**



Lessons

- **Wishing will not accomplish your goals and objectives, but faith, planning and action will**



Key to Success

- **You must have a realistic plan**
- **You must be committed to following your plan**
- **You have to start somewhere**