

# Personal Stewardship Finances/Budgeting



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**FINANCIAL STEWARDSHIP**  
**THE MAN OF GOD AND HIS HOUSEHOLD**

1A. Principles for all Believers

1B. Priorities, Proscriptions, and Prescriptions

Matthew 6:19-34 (direct teachings)

Luke 12:41-48 (parabolic illustrations)

1 Corinthians 16:2

Colossians 3:5 (#5 in the 'kill' list)

1 Timothy 6:10, 17-19

Revelation 3:14-19

2B. Proper Perspectives

Deuteronomy 8 (esp. vv. 11-14)

Exodus 25:1-9; 35:20-29; 36:1-7

2 Corinthians 8:1-5

2A. Principles for Spiritual Leaders

## 1B. General Models for the Church and before the World

1 Corinthians 4:16; 11:1

1 Timothy 4:12

Titus 2:7

1 Peter 5:3

## 2B. Financial Models for the Church and before the World

1 Corinthians 9:1-18

Philippians 4:10-20

1 Timothy 3:1-7 (esp. end of v. 3)

Titus 1:5-9 (esp. end of v. 7)

1 Peter 5:1-4 (esp. end of v. 2)

**James W. Rickard**  
**CONVICTIONS FOR BIBLICAL STEWARDSHIP**  
**MATTHEW 6:19-24**

1. Develop a Spirit of Generosity  
I Cor. 16:2, II Cor. 9:6-8

2. Learn to be Content  
1 Timothy 6:6-10

- A. Buy a modest home.
- B. Buy cars that meet needs.
- C. Pay your bills on time.

Is it a need, a want, or a desire?

3. Guard your Integrity  
Proverbs 6:16-19, 16:8, 19:1, 20:7

## FOURTEEN STEPS TO FINANCIAL FREEDOM

1. Give God a chance first.
2. Learn to save money.  
Put \$100 per month into savings. If you average a 7 ½ per cent over 40 years, you will have \$302,382 at age 65.
3. Learn to spend less than you earn.
4. Don't finance pleasure items.
5. Have cash in an emergency fund.
6. Control your credit cards.
7. Have adequate life insurance to protect your family.
  - a. (\$400,000-\$750,000)
8. Be self-insured for life insurance by age 65 or retirement.
9. Have retirement plan in progress by age 40.
10. Own your home by age 65 or retirement.
11. Have a workable budget – key discipline and control.
12. There is a difference between debt and obligations.
13. Understand the TAX law as it applies to you.
14. Have an estate plan that includes a will and/or living trust.

*Use these principles to develop a financial plan for your life.*

## **PRACTICAL TIPS**

1. Have a Budget – Prov. 24:3, 4
2. Get out of Debt – Prov 22:7
3. Control Credit Card Use – Prov. 22:7
4. Are you 50 with little retirement set aside? – Prov. 13:16
5. Do you have an up-to-date Will and Living Trust?
6. Be afraid of credit cards
7. Learn to procrastinate on discretionary purchases
8. Buy a home not a castle
9. Have an emergency fund and plan ahead for special events

## **SUMMARY**

- I. Give to the Lord's work. I Cor. 16:2, II Cor. 9:6-8
- II. Take care of the needs of your family. Prov. 24:3-4
- III. Protect your family from a catastrophic occurrence. 1 Tim. 5:8
  - A. Disability insurance
  - B. Life insurance
- IV. Provide for your future Prov. 13:16
  - A. Retirement
  - B. Estate Planning

## SHOPPING TIPS

Millions upon millions of dollars are spent each year by manufacturers to study our shopping habits for the purpose of influencing our thinking to attract us to their product. No regard is given to whether we need the product or not. This decision is ours. The decision of whether or not to buy lies solely with us. However, we must keep in mind that we are fighting a professional army of sales people every time we turn on the T.V., radio, read the paper or magazines, or go to the store. For this reason, we must develop smart shopping habits and a strong defense against the worldly traps set by Satan to take away that which God has given us.

Please take note of the following list of suggested aids for your use in developing smart shopping habits:

1. Do not buy on impulse alone!
  - a) Allow only one purchase at a time that is not a part of your planned budget.
  - b) Never buy impulse items with credit.
  - c) Stay out of the store unless necessary.
2. Do not overextend finances for gift items.
  - a) Keep a calendar of gift-giving events and plan ahead.
  - b) Do not buy gifts on credit.
3. Good grocery buying habits.
  - a) Always use a written list of needs.
  - b) Never go grocery shopping when hungry.

## SUMMARY

1. Control credit cards
2. Evaluate your standard of living.
3. Have short-and long-range goals for your family.
4. Guard your financial integrity.

*“There is nothing wrong with looking at your life and feeling good about a job well done for God!”*

Luke 16:10,11

## **BUDGETING**

The exercise of preparing a budget is more important than attempting to control that Budget.

The process of preparing the budget defines who you are and what's important.

The control aspect is mechanical.

When the Budget becomes inflexible, it is a taskmaster. When it is a guideline followed, it is a friend.

### **FOUR REASONS TO LIVE ON A BUDGET**

1. Helps Control Debt

No Budget makes you vulnerable to over spending.

2. Earn cheaper Interest Rates

Helps you avoid late payment penalties which improves your credit score

3. Saving for the Future

Live within your means and Budget saving money

4. Improve your Relationship with your Spouse

85% of divorces start with money problems



## LIFE INSURANCE THAT PROTECTS THE FAMILY

*Should Christians have insurance? How much life insurance do you need?*

*1 Timothy 5:8 Here is a way to make an estimate:*

	EXAMPLE	YOUR ESTIMATE
1. What are your cash or convertible to cash net assets now?	\$20,000	
2. Deduct the cash value of life insurance	\$50,000	
3. Here is what your survivors would be able to invest to earn additional income if you died today	\$70,000	

NOW, WHAT ASSETS AND INCOME DO YOU NEED?	EXAMPLE	YOUR ESTIMATE
4. Your estimated burial and other final costs may be	\$8,000	
5. An immediate, temporary emergency fund for your family	\$10,000	
6. An education fund for your children	\$40,000	
7. Total cash needs if you died today	\$58,000	
8. Annual income you want for your spouse (80% of the salary you now receive)	\$36,000	
9. Less any survivor's Social Security benefits available to your family per year (ask at your local Social Security Administration office for an estimate)	\$14,400	
10. Amount of additional income you will need to provide	\$21,600	
11. Divide line 12 by .07. This is how much principal you will need invested at 7% in order to provide that additional income	\$432,000	
12. Add your immediate cash needs (line 7)	\$58,000	
13. Total cash needs at your death	\$490,000	
14. Less what you already have	\$70,000	
15. Additional insurance required to provide the amount of annual income needed by your family	\$420,000	



## BUDGETING

- The budget plan shouldn't take more than 4 hours initially to set up and 30 minutes a week to maintain.
- It will take 7-9 months for the budget plan to work efficiently.
- Common budgeting errors:
  - Don't use it.
  - Make it so difficult you can't live with it.
- People should fix maximum level of spending and not just keep readjusting for income increases.

### GENERAL GUIDELINES FOR YOUR BUDGET

BUDGET ITEM	SUGGESTED PERCENTAGE	BUDGET ITEMS INCLUDE
Giving*	11%	
Housing	34-40%	Utilities, taxes, insurance, mortgage payment, & repairs
Food	14-16%	
Auto	13-16%	Insurance, gas, maintenance, payments
Insurance	2-4%	Life insurance (health insurance-fringe)
Entertainment	2-5%	Put money in envelope and don't mix with other funds
Clothing	5%	
Medical/Dental	5%	
Savings	5%	also unexpected emergencies
Household/Misc.	4-8%	Haircuts, cosmetics, piano lessons & gifts

*\*All percentages are from take-home pay except your giving, which is based on gross income.*

## HOW TO GET OUT OF DEBT

Step 1:

Stop all new indebtedness immediately.

Step 2:

Promise to put all extra income into debt retirement.

Step 3:

Closely examine food costs. You should be able to make a 15% minimum cut.

Step 4:

Begin immediately to “do it yourself” instead of paying for services.

Step 5:

Set a challenging goal for debt retirement on a pay-period basis, and make all the necessary sacrifices until you are out of debt.

## **THE DEBT TRAP**

### **WARNING SIGNS**

16. Bills are consistently paid late
17. You pay only the minimum amount on your credit cards
18. Collection agencies have contacted you
19. Your credit card limits have been reached
20. More of your income is being spent on debt payments
21. You need overtime or a second job to pay your bills
22. Your spouse needs to work in order to pay bills
23. Losing your job would be financially catastrophic
24. You regularly rob Peter to pay Paul
25. Money is constantly on your mind

## CREDIT CARD STATISTICS

**Over 200 million used every day**

**2001 - \$670 billion charged on credit cards**

**2017 - \$2 trillion charged on credit cards**

**Presently over \$800 billion owed on credit cards**

**17% average interest rate**

**\$373 million per day of interest income**

**6 is the average number of credit cards per household**

**60% carry unpaid balances from month to month**

**\$800 in debt on credit card – have you for life**

\$5,000 credit card debt

17% interest

\$75/month payment

It will take 19 years to pay off

You will pay \$11,578 in interest

### **NOW**

Put \$75 into savings monthly for 19 years

Earn 7% interest, compounded monthly

You will save \$35,000

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Put \$4,000 per year into the same account for 40 years. You will have \$875,000

## **What is a Credit Score?**

A Report that shows your credit history.

Everybody has one.

Goes from 300-850

720 or Higher is the best rating and results in lowest interest.

## **What is the Big Deal?**

A person with a 720 score verses a person with a 520 score on a

\$100,00 mortgage/30-year amortization:

Will save \$85,000 in interest over life of loan

Monthly payment - \$235

## **What impacts the Credit Score?**

1. Late payments can have the biggest impact on your credit score.
2. Don't use more than 1/3 of your available credit.
3. Consolidating loans and cancelling credit cards can be a negative.
4. Look for mistakes on your credit report. ([annualcreditreport.com](http://annualcreditreport.com))

A. Late when you weren't late

B. Loans that are not yours.

***TREAT YOUR CREDIT AS A VALUABLE ASSET.***

## A HANDLE ON YOUR DEBTS

	INTEREST RATES	MONTHLY PAYMENT	OUTSTANDING BALANCE
Auto Loans	%	\$	\$
Personal Loans	%		
Tuition Loans	%		
Home Equity Loan	%		
Other Loans	%		
Credit Cards			
Bank	%		
Store	%		
Airline	%		
Gas	%		
Other	%		
Other	%		
Other	%		
TOTAL		\$	\$

### ***SET A TARGET DATE TO GET OUT OF DEBT***

Installment loans EXCLUDING mortgage should be less than 10% of take-home pay. Your goal should be to eliminate all installment debt.

Mortgage payment including insurance and taxes should not exceed 40% of take-home pay.

Consolidation loans work only if you change your habits and stop careless spending.



## BUYING AUTOMOBILES THE 2-4 JUNK WAY

Purchase a 2 year-old car for \$14,000 with \$4,000 down and financed at 8% for 3 years. Maximum mileage 25,000 with 2 year or 24,000 mile warranty.

First Time – First Year	
Total payment – Down Payment	\$4,000
Finance at \$313.36/month x 36 months	\$11,280
TOTAL	\$15,280
Pay 4 <sup>th</sup> year into savings - \$300.00 x 12	\$3,600
Interest	100
Sell the automobile at the end of the 4 <sup>th</sup> year	\$6,300
TOTAL CASH AVAILABLE	\$10,000

Second Time – Fifth Year	
Purchase 2-year-old car for	\$16,000
Less – Down Payment	\$10,000
Amount to finance	\$6,000
Finance \$6,000 for 1 ½ years = \$396.00/month	
NOW	
Save \$300/mo for 2 ½ years – 30 mo x \$300 =	\$9,000
Interest	250
Sell the automobile at the end of the 4 <sup>th</sup> year	\$7,200
TOTAL CASH AVAILABLE	\$16,450

Third Time – Ninth Year	
Purchase 2-year-old car for \$16,450 CASH	
Continue to save at \$300/month	

*The point here is when you make the last payment on your car loan continue to put that payment into savings account for a future purchase.*

## **YOUR INVESTMENTS**

**A family can sensibly consider an investment program when it can answer “yes” to these 3 questions:**

1. Does your family have an emergency fund to carry it through a financial crisis?
2. Does your family have sufficient life insurance to provide security for the family in the event of the breadwinner’s death?
3. Does your family have money to invest which it will not need for at least several years?

**Your broker should fit the following profile:**

1. Chemistry – you relate to your broker or you don’t – you’ll know
2. Trust – your interests must come first. Your broker is a fiduciary and needs to be open and honest with you.
3. Service – is your broker available and readily answers your questions?
4. Results – Do you understand the reports and are they at least monthly? Is your broker making money for you?

## Mortgage Loan

Assumption – 30 year mortgage.

	Mortgage
	<u>\$100,000</u>
Payment - Principle and interest	\$734
Times 12 months	8,808
Times 30 years	264,240
Total Principal paid	100,000
Total Interest paid	164,240

*Add per month to your payment* \$170

Pament - Principle and interest	\$904
Times 12 months	10,848
Times 17 years	183,416
Total Principal paid	100,000
Total Interest paid	84,416

\*SUMMARY\*

Increased monthly payment by	\$170
Increased annual payment by	\$2,040
Paid off mortgage in 17 years and saved on interest	> \$75,000

MAKE MORTGAGE PAYMENT EVERY TWO WEEKS			
What an \$80,000 mortgage at 10% interest would cost:			
Term	Payment	Payoff	Interest
30-yr. biweekly	\$351.03	20-yrs 10 mos.	\$110,007.11*
30-yr. fied	\$702.06	30 years	172,741.60

\*Saves over \$60,000 interest

Source: Mechanics and Farmers Savings Bank

## PROJECTING YOUR RETIREMENT INCOME

1. Annual income needed in retirement @ 80% of take home pay (if no home then 100% of your current take home pay).					\$40,000
2. Expected social security benefit (for a projection of your benefit call the Social Security Administration at 800-772-1213 and ask for Form SSA-7004.)					21,600
3. Expected pension benefit from other work sources – for example from your spouse’s work.					-0-
4. Expected income from retirement benefits (line 2 plus line 3)					21,600
5. Annual retirement income needed from savings and investments (line 1 minus line 4)					18,400
6. Amount you must save by retirement in today’s dollars. Divide line 5 by .05=					368,000
7. Amount you have saved already:					
a. IRAs	b. Employer plans	c. Other investments (include all CDs, mutual funds, bonds, stocks, investment real estate and any other assets available for retirement.	d. (Optional) if you wish to count a portion of your home’s value as savings, enter its present value minus the anticipated cost of a home in retirement.	e. Total retirement savings (add a through d)	
a. 20,000	b. 20,000	c. 20,000	d. -0-	e. 60,000	
8. Amount of retirement capital still needed (line 6 minus line 7e)					\$308,000

Amount of contributions per year into a retirement account. Example – assume you invest \$2,000 per year into a tax-sheltered plan until age 65:

8% Annual Return

Start at age 40 – at age 65 you will have - \$169,000/1,127-mo/13,524-yr

Start at age 65 you will have - \$60,986/403-mo/4,878-yr

**LIFE INSURANCE THAT PROTECTS THE FAMILY**

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## What's a Woman to do about... Finances?

Emily Crosby at GIBC, Feb. 16, 2016

Outline:

### 1. Faith and finances are inseparable

Matt. 6:21, 24; Luke 12:32-34, Luke 6:13; Luke 3:8-14; Matt. 19:16,21; Luke 19:8; Acts 2:45; Acts 4:33-35; Acts 19:19; 2 Cor. 8:1-2

### 2. Whose money is it anyway?

"The credibility of our Christianity is at stake in the handling of our funds... If you have \$100 of your own money, then you'll spend it how you please. But whose money is it really?" (John MacArthur)

Haggai 2:8; Ps 24:1; Duet. 8:18; 1 Cor 4:7; Ps 50:10

"The Lord's house burned down. One less responsibility for me." (John Wesley)

### 3. What does good stewardship look like?

Money is to be earned

Prov 13:4, 11; 28:19

Money is to be managed and saved

"Character is needed and (developed) as you learn thrift, carefulness, self-control, the virtue of waiting and the skills of saving, stretching, record keeping and wise decision making. (Elizabeth George)

Prov. 24:3-4

TES Booklet "Personal Stewardship: Finances/Budgeting" by the Zemeks

Money is to be given

1 Cor 16:1-11; 2 Cor 8:3; Matt. 6:1-4; 2 Cor. 9:5-15; 1 Tim 6:18; Prov. 31:20; Eph. 4:28; Ecc. 5:13; Luke 12:16; Isa. 23:18

Money is NOT to be desired

Luke 12:15; Heb. 13:5; Matt. 6:31-34; Prov. 16:8, 15:16; 1 Tim. 6:6, 9-11; Col. 3%  
"Money never stays with me. It would burn me if it did. I throw it out of my hands as soon as possible, lest it should find its ways into my heart." (John Wesley)

### 4. How can I best help my husband?

"Every husband handles finances differently. Your job is to learn how your husband wants the money managed... and then honor his desire." "Your shopping, spending, and home improvements shouldn't be a secret mission, a covert operation, or a surprise." (Elizabeth George)

"What we do in moderation, our children will do in excess." (Brian Arnold)

Ps. 90:17; Prov. 11:24-25; 14:21 (GNV); Prov. 22:9; Ezra 4:14

1. Spend less than you make.
2. Stop spending when the money is gone.
3. Always know where you are. (Ron Blue?)

## Conclusion

"We have had huge wants and bottomless depths of need. Yet, great God, the treasures of your grace have been everlasting mines, as deep as our helpless miseries and as boundless as our sins. Looking back on the way the Lord our God has led, we can sing... through it all we have been supplied from the king's palace in both earthly and spiritual things." (Spurgeon)

## Books:

The Treasure Principle, Rand Alcorn

Whose Money is it Anyway, John MacArthur

A Wife after GOD's Own Heart, 12 Things that Really Matter in Your Marriage, Elizabeth George, Chapter 5, "Managing your Money"

Besides Still Waters, Words of Comfort for the Soul, (Spurgeon Excerpts, edited by Roy H. Clarke)