God and my finances

Articles from CROWN FINANCIAL MINISTRIES

Contents

God and money ... 4

Symptoms of financial problems ... 5

Seeking God's Kingdom ... 8

Ten things to find financial freedom in 2005 ... 10

The Most Common Errors Made in Financial Planning ... 12

Every Spending Decision Is An Investing Decision ... 14

Ten Ways to Save Money ... 15

Why people accumulate wealth ... 17

What is a Christian Business? ... 21

Money and marriage ... 23

Financial authority ... 23

His, hers, or ours ... 25

Impulsive and compulsive spending ... 27

Finding financial freedom ... 30

Taking charge on a low income ... 33

Medical cost-sharing plans ... 35

Retirement—Is it mandatory? ... 36

Crisis-proof your budget ... 38

Questions about wills ... 39

Buying a new car vs. keeping an old car ... 41

Leasing a car ... 42

Purchasing a Home ... 44

Paying off home mortgages early ... 46

Borrowing: A biblical perspective ... 48

Ten most asked questions about borrowing ... 50

Getting Out of Debt 52

Debt and Credit 53

Top 10 Ways to Save on Credit Cards 54

Common errors that lead to debt 56

Dos and Don'ts of credit cards 58

Howard Dayton's 10 Steps to Getting Out of Debt 60

Understanding credit card interest and fees 60

Plans and goals 62

Alternate use of tithes 64

Giving and Tithing 66

Bottom-Line Discipleship 68

Where Do You Do Your Banking? 69

How to know to whom to give 70

Give and it will be given to you 72

God and money

January 18, 2005 - by Crown Financial Ministries

God says that if we pray for anything in His will, believing, it will be given to us. However, God's will and His ways do not always coincide with ours. So, when we turn our finances over to God, we also must be willing to accept His direction.

Too often we impatiently seek our own way without any clear direction from Him, sometimes even borrowing money to do His work. We forget that God says He will not frustrate His work for the lack of money (see Luke 22:35).

There is nothing wrong with asking God's direction, but it is wrong to go our own way without waiting for God's answer.

In order for us to recognize God's directives, it may be necessary first to understand God's view of money and how He uses it to enhance our relationship with Him.

How and for what purpose God uses money

Money is neither good nor bad: it is merely a medium of exchange. It is the misuse and abuse of money that cause the problems.

Because God is so good, He uses money for our benefit in several different ways.

God uses money to strengthen our trust in Him. It is often through money that God can clearly and objectively show us that He is in total control, if we will trust Him and accept our positions as stewards and managers of His possessions (see Matthew 6:32-33).

God uses money to develop our trustworthiness. This principle is important because our lives generally revolve around making, spending, saving, and using money. If He can trust us with money, He can trust us with greater responsibilities and His true riches (see Luke 16:11).

God uses money to prove His love. Scripture tells us that God assumes the responsibility of providing the basic necessities for everyone who trusts in Him (see Matthew 7:11). By transferring all money to Him, He often uses money to meet those necessities of life.

God uses money to demonstrate His faithfulness. Moses reminded Israel that it was God who would give them the power to make wealth. Our security is in God, not in our bank accounts. Discovering His faithfulness though financial needs encourages reliance on Him.

God uses money to unite Christians in blessings. God will use the abundance of one Christian to supply the needs of another. Surplus money in our lives has been given by God for the purpose of helping those who are in need.

God uses money to provide direction. There is probably no way God can direct our lives more meticulously than through the abundance or lack of money. Too often we believe God directs our lives through the abundance of money, but He also will lead us down His directed path by withholding *money.*

God uses money to cultivate self-control. One of the fruits of the Spirit is self-control, a key aspect of successful money management.

God uses money to clarify spiritual maturity. Many temptations clamor for Christians' attention. A great deal can be learned about our personal character and spiritual maturity by noticing how we handle money and determine financial priorities.

Areas in which God does not use money
Just like there are several ways in which God uses money for our benefit, there are several areas in which God never uses money to influence our lives.

God never uses money to worry us. If Christians are worried, frustrated, and upset about money, God is not in control. God said that wealth without worry is His plan for our lives. In addition, He promises to meet the needs of those who trust in Him (see Matthew 6:25).

God never uses money to corrupt us. Many Christians have fallen into Satan's trap and are being corrupted. Christians whose financial life is characterized by greed, ego, deceit, and other worldly snares are at enmity with God and His plan.

God never uses money to build egos. Frequently, Christians are trapped by financial ego in that they use money in an attempt to build self-worth and ego. However, in Christ all are financially equal because all wealth will pass away. What will remain will be those things that have been laid up in heaven—the true wealth.

God never allows money to satisfy our personal whims or desires. God does not expect His people to live in poverty; however, He also does not endorse lavishness. Surplus is provided so that God's work can be funded and those in need can be helped. If the surplus is hoarded or wasted on lavishness rather than used for His plan and purpose, chances are the surplus will be removed.

Conclusion
God offers countless financial principles, intended to make our lives meaningful, because He's interested in us and how we earn and spend money.

Once we understand how God uses money and why He chooses to use it in a particular way, we generally become more familiar with His plans and purposes for our lives and are able to recognize and comprehend His directives.

Symptoms of financial problems

March 01, 2005 - by Crown Financial Ministries

Without question, family financial problems seem to increase dramatically during economic slumps. Are the financial problems caused by economic slumps? Generally not.

With rare exception, family financial problems have begun long before the economic slumps, perhaps as early as childhood.

Ignoring God's Word
Usually families with financial problems only recognize the symptoms of the problems (such as unpaid bills) or the consequences of the symptoms (such as repossession of property). They seldom identify the real underlying cause of the problem.

Most of the symptoms of financial problems that families face in today's society—business failures, foreclosures, bankruptcies, out-of-control debt, two-job families, and divorce—can be traced to a central problem of ignoring God's financial principles as recorded in His Word.

It is likely that the problem was learned from parents who also had the same problems. "Now it shall be, if you will diligently obey the Lord your God, being careful to do all His commandments which I command you today, the Lord your God will set you high above all the nations of the earth" *(Deuteronomy 28:1).*

God's financial principles and instructions are not complicated or hard to understand. They were designed to free His people from financial burdens and not to bind them with an unattainable set of dos and don'ts.

Unfortunately, though, since the mid-1950s God's principles have increasingly been ignored by families who have adopted a get-rich-quick mentality by using easily obtainable credit to purchase "what I want, when I want it."

The children of these 1950s and 1960s parents learned to buy on credit from their parents' example.

Now, a generation later, we are reaping the burden of sown seeds of moderate debt in the form of overwhelming excessive debt.

It was Benjamin Disraeli (1804-1881), Earl of Beaconsfield, who said in an address before the British House of Commons on May 1, 1865, "What we do and allow in moderation, our children will allow and do in excess." What better words can describe the primary cause of the downward financial spiral of families in our society?

Without a doubt, the lack of financial discipline in parents is reflected and amplified in the lives of their children and their children's families.

Symptoms of financial problems
If parents do not operate on a budget, seldom will the children.

If parents use credit readily and make buying decisions based on the ability to make monthly payments, rather than on the initial price of items purchased, so will the children.

Once married and on their own, young couples attempt to duplicate in a few years what perhaps has taken their parents decades to accumulate. In order to accomplish that goal, they use credit, as they were taught.

Before long they have numerous assets, but the assets are all tied up in liabilities.

This debt burden causes many of these young couples to experience the following symptoms.

They no longer can pay the monthly bills. *Once the credit cards have reached their maximum limits* *and other sources of readily available credit begin to tighten, financial pressure begins to build. Finally, in desperation, a bill consolidation loan is obtained. Usually within less than a year the credit card debts return, making the end result worse than the beginning.*

More income is needed. *More credit cannot be the answer, so logic says that more money is needed. Consequently, the wife usually has to go to work. When young children are involved, the result may be breakeven or less.*

Buy to pacify the pressure. *At this stage many Christian families try to pacify the financial pressures by buying something new or going on a "get away from it all" vacation. However, these usually have to be financed with credit, so again the end is worse than the beginning.*

Divorce and/or bankruptcy. *When financial pressure reaches the boiling point, with no apparent way out, either the couple takes it out on one another—resulting in divorce—or they file for protection under the bankruptcy laws in order to start over again. However, if God's principles were not learned during the process, the same financial problems will be present in the second or third marriage or after the discharge of bankruptcy.*

Preventive measures
Although symptoms of financial problems can be devastating, it is much easier for families to practice prevention rather than recuperation.

As such, there are four basic preventive measures that families can exercise to counterbalance unbiblical financial practices and to prevent the symptoms of financial problems.

Abstain from borrowing. "The wicked borrows and does not pay back, but the righteous is gracious and gives" *(Psalm 37:21). Scripture clearly indicates that borrowing is not God's best for His people and should never be used as a routine part of financial planning.*

Saving. "There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up" *(Proverbs 21:20). In today's society, spending and borrowing are promoted, and saving—in order to purchase with cash—is discouraged. It is more in keeping with God's principles to save for future needs and purchases than to borrow or use credit.*

Making hasty decisions. "The plans of the diligent lead surely to advantage, but every one who is hasty comes surely to poverty" *(Proverbs 21:5). Patience and consistency, rather than quick decisions and instant success, are the ways to financial security. One of the best disciplines parents can teach their children is to work to reach a goal.*

Develop a budget. "Poverty and shame will come to him who neglects discipline, but he who regards reproof will be honored" *(Proverbs 13:18). Children should learn by parents' examples how to develop and live on a balanced budget. If they don't, chances are when the children have families of their own, they will continue with the cycle of debt.*

Conclusion
If Christian families truly lived by sound biblical financial principles, they would not only be lights to show the way to financial freedom for their friends and acquaintances, but their children would grow up with the knowledge of God's principles and how those principles should be used.

They in turn would pass on to their children what they were taught. With consistent teaching and discipline it would take less than a generation to break Christians' financial bondage and free them to fund the work of the Lord.

Seeking God's Kingdom

March 31, 2005 - by Crown Financial Ministries

"Seek first His kingdom and His righteousness, and all these things will be added to you" (Matthew 6:33). The admonition to "seek first His kingdom" is given by Jesus as a contrast to worrying about material things. Today's American Christian society is unprecedented in worrying about material possessions. Christians in America today have a greater abundance available to them on a day-by-day basis than at any time in the history of this country. Yet, many Christians are so caught up in making more money and buying bigger and better things that they have lost their vision of reaching the world for Christ.

Priorities

It seems logical to assume that, if we're going to spend eternity with Christ and only a fraction of time on this earth—when compared to eternity—we should be more concerned about the treasures we have laid up in heaven, rather than the material possessions we have gathered on earth. Yet when we evaluate the actions, values, attitudes, and priorities of most Christians in America, we find that most are far more concerned about storing up treasures and possessions on earth than in heaven and are more willing to pay interest to lenders than to give tithes to God.

Nevertheless, it's not the material possessions that cause difficulties; it is the attitude of the heart. "For where your treasure is, there your heart will be also" (Matthew 6:21). Are we more dedicated to accumulating material things and paying for those things than to serving God and giving in order to spread His Gospel throughout the world? Regardless of what we declare, if obtaining material possessions takes precedence in our hearts over reaching the world for Christ, our hearts' attitudes betray our true priorities. Unfortunately, if accumulating possessions is a priority, our energies will become so depleted in worrying about bigger, more, and better things and how to pay for those things that we won't have time to seek God's kingdom.

Two choices

Christ said that His followers have only two choices: to serve and follow God or to serve wealth (possessions). "No one can serve two masters; for either he will hate the one and love the other, or he will be devoted to one and despise the other. You cannot serve God and wealth" (Matthew 6:24). Jesus was very clear when He indicated that we would be judged on the evidence of how we served God with our material lives, not on how successful or wealthy we were in life. Again, it's not material possessions that are the problem; it's materialism—a preoccupation with accumulating material things at the expense of a passion for God and His work.

Why Christians make the wrong choices

Many Christians in America today talk a lot about God's material blessings but seldom talk about or *experience real joy and peace. Why? Because they have become too busy to listen to God's voice. There are two primary reasons: they become too busy to serve and they have too many distractions.*

They become too busy to serve. Jesus told His disciples that many would be called to serve in God's kingdom (Luke 14:16-26), but most would give excuses why they couldn't. Too many outside obligations would prevent them from getting involved.

They have too many distractions. The more things accumulate, the more distractions they cause. Two cars break down twice as often, two computers cause twice the errors, two mortgages cost two times the interest, and so on. As we accumulate more things, we generally assume more debt. As we assume more debt, we pay more interest, increase family stress, and create reasons to worry. Yet Jesus said, "For this reason I say to you, do not be worried about your life, as to what you will eat or what you will drink; nor for your body, as to what you will put on. Is not life more than food, and the body more than clothing?" (Matthew 6:25).

Evidence of making the right choice

It's always good to have some standard of measure to determine whether we have made the right choice between God and wealth. This standard of measure is expressed through humility, self-denial, and love for others.

Humility. Christ is the most exalted in the eternal kingdom of God. Yet, knowing this, He assumed the lowliest, most humble position during His earthly life. Since Jesus is our perfect example, we must look to Him for lessons in humility. Perhaps that will mean giving up having the most or best or giving your best to someone in need.

Self-denial. It is a contrast in human logic that by giving up something we can receive even more. However, this is what Christ taught; it's called sowing and reaping. There are three amazing principles taught by Jesus regarding sowing and reaping: (1) we reap what we sow; (2) we reap in a different season and at a different time than when we sow; and (3) we reap more than we sow. These principles are established regardless of whether we sow good or evil, materialism or godliness, or love or hate.

Love for others. God's Word tells us that an evidence of our commitment to His way is shown by our concern for others and what we do about those who are in need.

Conclusion

As we start each day we have a choice: to follow God or to follow the world and the ways of the world. If we decide to follow God's path, it will cost us. Our enemy will probably buffet us as never before and we'll doubt the wisdom and logic of the decision. On the authority of God's Word, though, we can know that the decision was the right one.

This article is an adaptation of Larry Burkett's Biblical Principles Under Scrutiny article entitled "Seek the Kingdom of God," published by Christian Financial Concepts, 1985.

Ten things to find financial freedom in 2005

March 01, 2005 - by Crown Financial Ministries

Top ten list

Crown Financial Ministries has a practical top ten list of things you can do to find financial freedom in 2005.

They are:

10. Build a budget*—Figure out why there's always more month left at the end of your money. Develop a monthly budget and make it your guide to financial freedom.* **"Commit your works to the Lord, and your plans will be established"** *(Proverbs 16:3).*

Whatever you think your financial goals may be, you will not successfully achieve them without first understanding God's financial principles found in the Bible. When you do understand those principles, develop lifestyle goals that reflect God's principles and work out a written plan to implement them. This plan is called a budget, and it will lead you to financial freedom.

9. Give it away*—Set your priorities straight by first making some contributions. Give to God's work; it's His money anyway. Loosen up those purse strings; it will help loosen the grip money might have on your heart.* **"Be rich in good works. . . be generous and ready to share"** *(1 Timothy 6:18).*

Don't give in order to get. However, you'll find that when you do give, God will provide you with more to give. **"Let us not love in word or with tongue, but in deed and truth"** *(1 John 3:18).*

8. Reduce your use*—don't use your credit card so much. Develop discipline in your spending habits. Take away any security you might be using in case of emergencies, like credit cards or other avenues of borrowing. If needed, cut up a few credit cards. Commit to go no further in debt and you will begin to reverse the process that produced your debt.* **"The rich rules over the poor, and the borrower becomes the lender's slave"** *(Proverbs 22:7).*

Remember that the problem is not credit cards but the misuse of credit cards.

7. Get a grip*—Spending (especially for indulgences) doesn't lift depression. In fact, after the initial rush it can make things worse. (Yes… like right after Christmas.)* **"He who loves pleasure will become a poor man; he who loves wine and oil will not become rich"** *(Proverbs 21:17).*

It's not the cost of an item that determines whether it's an indulgence; its utility determines that. Do you really need it?

6. Look at your paycheck*—Write the bottom-line number down, and then spend less than that.*

Personal savings rates are lower now than during the Great Depression. You can't spend 104 to 112 percent of your income and continue to get away with it (despite what the government thinks). **"I spoke to you in your prosperity; but you said, 'I will not listen!' This has been your practice from your youth, that you have not obeyed My voice"** *(Jeremiah 22:21).*

The key to staying out of debt is no secret. Spend less than you make, don't borrow, and you'll be on the road to financial freedom.

5. Cook a meal*—Discover the kitchen occasionally and reduce the number of restaurant visits. Your spouse might enjoy meal preparation more at home if some help were provided (is that you?).* **"Poverty and shame will come to him who neglects discipline, but he who regards reproof will be honored"** *(Proverbs 13:18).*

Almost everyone enjoys eating out occasionally, so make it part of your "entertainment" budget. Then stick to the budget. Save to eat at a nice place for special events rather than squandering it on fast food non-events.

4. Get in the car*—Take a local vacation this year. Cancun may be calling you, but there are also interesting things to see and fun things to do within a day's drive of where you live.* **"The mind of man plans his way, but the Lord directs his steps"** *(Proverbs 16:9).*

People spend hundreds of dollars they can't afford to travel thousands of miles to see things they might not remember next year. Has it occurred to you that people are doing just that as they come to visit areas within a three-hour drive of where you live? Go local this year. Use the road to Financial Freedom.

3. Don't keep up with the Jones's*—They're in debt, too (and you can be sure they won't make your payments for you)!* **"Every labor and every skill which is done is the result of rivalry between a man and his neighbor. This too is vanity and striving after wind"** *(Ecclesiastes 4:4).*

Envy is the desire to achieve based on the observation of other people's successes. Don't set your goals based on what others have. In the long run envy and covetousness will still leave you empty, because you'll never have enough.

2. Keep the "ultimate driving machine"*—You know…the one that's paid for. Most people buy new cars because they don't budget car-maintenance money for the car they own; when it breaks down they can't afford to repair it. You may say, "But it's zero money down!" Remember, those new car little- or no-money-down financial gimmicks require some budget-destroying payments.* **"Which one of you, when he wants to build a tower, does not first sit down and calculate the cost to see if he has enough to complete it?"** *(Luke 14:28).*

Average monthly maintenance for most cars on the road (about seven years old) is about 5 percent of a family's budget. If you compare a monthly 5 percent of your budget for maintenance on an older car to about 15 percent to buy a new car, it's no contest. Poor gas mileage? Forget it! It takes lots of gas *to make up the cost of payments.*

And the number one thing you can do to find Financial Freedom in 2005:

1. Pray each day before you pay*—Emotional and spiritual balance will lead to Financial Freedom. So ask God to guide you and give you strength to follow the first nine steps.* **"In everything give thanks; for this is God's will for you in Christ Jesus"** *(1 Thessalonians 5:18).*

Don't be resentful for what you don't have. Instead, be grateful for what God has provided. Financial freedom will bring contentment, and contentment grows out of an attitude of gratitude.

"This slightly tongue-in-cheek list is nonetheless a serious introduction to principles and practices that can lead to greater balance in your life in the New Year," said Crown Financial Ministries CEO Howard Dayton.

Dayton said: "With an already heavy debt load and some ominous clouds on the economic horizon, many people will be looking for ways to get a handle on their finances. We not only want to provide hope to those who feel over their heads financially, but to also provide practical tools and resources to help them achieve financial freedom in their lives."

"Many people will search for freedom in their use of both time and money, so that they can set priorities to ensure that they can do the important things in life," said Dayton. "Clearing up our financial confusion is similarly empowering. This list and an array of our personal money management tools, offer the means to find and maintain financial freedom, which means having priorities for managing money that are reflective of emotional and spiritual health. We realize that achieving financial freedom is a long-term process, so that's why we offer these tools and resources to help the person or family through it."

The Most Common Errors Made in Financial Planning

October 30, 2004 - by James H. Shoemaker for Sound Mind Investing

In preparing this list of the most common mistakes people make related to their finances, we speak from experience that has encompassed hundreds of client sessions. This is by no means a comprehensive list, but serves to highlight the planning mistakes we have seen most frequently.

Failure to set goals. Philippians 3:14 states "I press toward the goal for the prize of the upward call of God in Christ Jesus" (NKJ). We establish spiritual, mental, and physical goals, yet are slow to establish financial goals. It's sad to say that the average person spends more time planning his or her annual vacation than they do their finances. We must establish short (less than 12 months), mid-range (12 months to 5 years) and long-range goals (over 5 years), quantify them, and then establish a plan to attain them based on the resources available to us.

Failure to aggressively eliminate debt. If you're playing the market with your surplus funds rather than *applying them toward consumer debt reduction, you're going to have to do pretty well to come out ahead. For example, on a $5,000 investment, you would need to earn $1,250 per year (25%) just to offset the $900 interest expense you would have saved if you'd paid off an 18% credit card line instead (assuming a 28% federal tax rate). The best way to enhance return is to eliminate debt.*

Failure to match investments with personal needs. A "poor" investment is not necessarily one that has underperformed; rather, it is an investment that is inappropriate given your specific goals. You must determine your specific needs and design a portfolio accordingly. The best investment in terms of safety cannot meet the needs of one with a long-term need for growth. Likewise, the risk and volatility associated with more aggressive investments may undermine the stability of someone needing safety and/or income. Your personal knowledge of investing (do you understand the nature of your holdings?) and level of desire to be active in managing your portfolio (how much time do you wish to devote to it?) are also considerations.

Failure to allow for inflation and taxes. Inflation and taxes can adversely affect the best plan. During a period of 4% inflation, someone in the 28% marginal tax bracket must receive a 5.6% return on his or her portfolio just to stay even. Likewise, someone with a long-term need for income must include a growth element to keep the purchasing power at or above the impact of inflation and the drain of taxes.

Failure to have realistic expectations. While various segments of the stock market have generated returns in the high teens over the past few years, this is not the case if you extend your time horizon back over the past half century. Large company stocks have actually performed in the mid-11% range. This is a long-term average—some years will be much better and others much worse.

Failure to set appropriate levels of risk. Your "time horizon" is the length of time remaining before you will need to begin drawing on your investments for living expenses. The longer your time horizon, the more risk you can take. It is important to understand that someone in his or her mid-40's today is 20 years away from retiring. Even then, most couples will be depending on their retirement assets to meet their financial needs for an additional 20 years. That translates into a 40-year time horizon, which means you can afford to take significant market risk.

Failure to diversify adequately. Employer stock purchase plans, super star mutual funds or stocks, and a lack of understanding have led many an investor into a position of having all (or most) of his or her eggs in a single basket. You must diversify in a manner consistent with your objectives. Some studies indicate that over 90% of your long-term investment performance is driven by your diversification and asset allocation decisions, so be careful to avoid looking only at return.

Failure to seek competent, objective counsel. Our society promotes the need for expertise, then chastises those that seek to use it. We are told that seeking help is a sign of weakness. If one is ill, he or she quickly seeks medical assistance. When our automobile doesn't run, we quickly seek out a good mechanic. Yet when it comes to our financial present and future, we often try to do it all ourselves.

Failure to begin. Procrastination turns attainable goals into impossible ones. The longer we wait to establish meaningful personal goals and implement a realistic plan to accomplish them, the greater the difficulty we will have achieving success. The best time to start was yesterday, but today is better than tomorrow.

Published since 1990, Sound Mind Investing is America's best-selling financial newsletter written from a biblical perspective.

For more investing articles, visit the Crown Radio page *on the Sound Mind Investing website.*
Click here *to request an SMI free information pack.*

Every Spending Decision Is An Investing Decision

October 30, 2004 - by Austin Pryor for Sound Mind Investing

We all would like great health and physical fitness, but only people with self-discipline achieve such goals. Other areas of life are the same way. Invest time, commitment, and sacrifice in your marriage or dating relationship, and it grows stronger by the month. Replace that with neglect and making decisions just to please yourself, and the relationship weakens. The same is true of your career and a host of other of life's activities. Since Sound Mind Investing *is an investment newsletter, I hasten to include your financial affairs on my list. They also need time, commitment, and sacrifice in order to be healthy and grow. Are you in shape financially?*

Before you begin your stock and bond market investing, you need to achieve a certain level of financial fitness. It's like those exhortations to see your doctor for a physical exam before launching out on a new exercise program. Think of it as practicing financial aerobics. As you read more SMI content, you'll learn why I strongly recommend getting debt-free (Level 1) and building a savings reserve (Level 2) as your first two priorities. Once this foundation is laid, you can then begin using your monthly surplus to venture out into the higher risk areas of mutual fund investing (Level 3 and the Getting Started portfolios). When your portfolio reaches $25,000, it's time to add more safety through further diversification (Level 4 and SMI's model portfolios).

Rely on God's wisdom and resources to see you through. SMI takes its name from 2 Timothy 1:7: "For God has not given us the spirit of fear, but of power, and of love, and of a sound mind."

Will this be the year your good intentions lead to determined action?

Regardless of the Level at which You're Working, You're Still an "Investor"

Many readers seem to feel that the ranks of investors are limited to only those people who own a lot of stocks, bonds, real estate, and so on. That's far too narrow a definition. Scripture makes it clear that each of us is a steward of God's resources to some degree. That means we all have to make management decisions. At its most basic, investing is making management decisions to give up the use of something now in order to have more of something later. Thus, every spending decision is an investing decision.

For example, if you decide to use your Christmas bonus to pay down your car loan (as you might at Level 1) rather than take a weekend ski trip, that's an investing decision. Or, if you add some of your monthly surplus to your contingency fund (as you might at Level 2) rather than treat yourself to some new clothes, that's also an investing decision. The question isn't whether *you have investing responsibilities—of course you do. Rather, the question is: How diligently are you carrying out the God-given responsibilities of stewardship you already have?*

The Four Levels are the heart of the SMI philosophy. Their primary benefit is that they offer a framework for setting priorities on how to spend your monthly surplus. If you have consumer debt outstanding (Level 1) or lack a sufficient contingency fund (Level 2), I believe it's best to apply your surplus in those areas. However, that doesn't mean you are free from making important investment decisions in connection with stock, bond, and money market securities.

If you have an IRA, you've got the responsibility for managing it. Or perhaps you have a pension plan at work, like a Keogh, SEP-IRA, or 401(k), where you are allowed to make decisions as to how your share is invested. These retirement investments represent money that was set aside in the past, and although you may not be adding to them at present, you still must decide how best to invest the money that's already there.

To one degree or another, you will do a better job of making these decisions if you have a basic understanding of the investment markets. Even if you're still at the first two levels, you can use this time productively to build your understanding of investing principles by studying the lessons presented in the Level 3 and Level 4 columns. Then, when you have larger amounts to manage in the future, you won't need a crash course—your knowledge and confidence levels will be up to the task!

Adapted from Jumpstart to Successful Investing *by Austin Pryor. © 2001 Sound Mind Investing. SMI web members and print subscribers receive this 20 page bonus report in their Welcome package of materials. Click here to learn more about a Web Membership from Sound Mind Investing.*

Published since 1990, Sound Mind Investing is America's best-selling financial newsletter written from a biblical perspective.

For more investing articles, visit the Crown Radio page on the Sound Mind Investing website. Click here to request an SMI free information pack.

Ten Ways to Save Money

October 30, 2004 - by Crown Financial Ministries

Most families are looking for ways to save money, and financial consultants by the hundreds feel that they have the money-saving methods for which these families are looking. These include everything from refinancing home mortgages, home equity loans, and low-interest charge cards to no-down payment investment property, borrowing against retirement funds, and no-charge-at-all discipline.

In evaluating the multiplicity of suggestions and money saving options, 10 suggestions seem to be advised more than any others: (1) give to God*; (2)* start small*; (3)* put money into a retirement account*; (4)* monitor ATM withdrawals*; (5)* pay off charges and loans*; (6)* pay extra on home mortgage*; (7)* pay off car loan*; (8)* open an IRA*; (9)* evaluate life insurance*; and (10)* be accountable for your money*.*

Give to God
When we recognize that God owns everything and all blessings come from Him, our role as managers, or stewards, becomes evident. Part of being a good steward is giving back to God a portion of what He has entrusted to us. It is not that God needs our money. Rather, giving serves as an external, material testimony that God owns both the material and spiritual things of our lives and that He is the source of all our supply.

Malachi 3:10 is the first place that really directs the tithe: "Bring the whole tithe into the storehouse, so that there may be food in My house." *In the Old Testament, the storehouse was a physical place where the Jews would deliver their offerings of grain and animals. Ideally, the church should serve as the storehouse in God's economy today.*

Although the tithe is an indicator of our obedience to God's laws, He is looking for the right attitude *in our giving. If there were not a willingness to give back to the Lord a portion of what He has entrusted to us, then giving tithes upon tithes would be of little use. So, since the tithe's purpose is to be a testimony of God's ownership, each believer should give bountifully and cheerfully.*

Start small
Most financial experts feel that we need to save at least 5 percent, and preferably 10 percent, of our income and place it into an interest-bearing, liquid savings account. However, don't give up if you're not able to put aside 5 or 10 percent. Establishing a saving habit and saving consistently will eventually add up; even as little as $5 per pay period will accumulate. Once saving becomes a habit, set as your savings goal a maintained savings account of at least three to six months' income.

Put money into a retirement account
If it is available, sign up with your workplace's 401(k), 403(b), or similar retirement plan in which your company will contribute matching funds to the plan in your name. The most common match is 50 cents on the dollar. If this is the case, you will get an immediate 50 percent return on your contributions.

Monitor ATM withdrawals
Decide how much money you will take out each week and make it last; discipline yourself to stick to your decision. Try to decrease the amount withdrawn every month. If you discover that you have money left over, deposit it into your savings account.

Pay off charges and loans
With the desire, discipline, and time, anyone can pay off his or her charges and loans and stay out of debt. There are four basic steps to eliminate charge and loan debt: (1) Transfer ownership of every possession to God; (2) Allow no more debt (no bank or family loans and cut up the credit cards); (3) Develop a realistic balanced budget that will allow every creditor to receive as much as possible; and (4) Start retiring the debt. Begin by first paying extra on the debts with the highest interest rates. If interest rates are comparible on all of the debts, first pay extra on the one with the smallest balance. After this first one has been paid, apply the regular payment as well as the extra money that was going to it toward the next highest balance. After the second is paid off, apply what was being paid on the first and second to the third highest, and so forth.

Pay extra on home mortgage

You will add equity to your home, reduce the amount of interest paid over the term of the loan, and reduce the length of the loan, if you pay extra monthly on your home mortgage. If you consistently pay $100 extra on a $150,000 loan at 6 percent, you will save almost $73,000 in interest and shave more than 7 years off the original loan. If you can't commit to an additional $100 each month, just round your payment up to the nearest hundred.

Pay off car loan
Interest on your car loan is not tax deductible and the rate is generally higher than on your home mortgage. Pay it off as soon as possible by rounding up your monthly payment to the nearest hundred and then add $50 to that amount.

Open an IRA
If your funds are limited, open an IRA only after you have maxed out with your company's retirement plan. If you do not have a company retirement plan, open an IRA immediately.

Evaluate life insurance
If you've had the same term life insurance policy for five years or more, you can possibly cut your premiums by changing policies. If you apply for a new policy and get a new medical exam, chances are the insurer may feel that you are a better risk than fixed insurance health assumptions indicate, which means that you will qualify for a lower premium rate.

Be accountable for your money
Know where your money is going by establishing a budget and sticking to it. If the expense is not budgeted, the money should not be spent. Keep a small notebook with you to record miscellaneous budgeted expenses.

Conclusion
Debt-free living is still God's plan for His people today. The blessings of becoming debt free go far beyond the financial area. They extend to the spiritual and marital realms as well. No one who is financially bound can be spiritually free. And the effects of financial bondage on a marriage relationship are measurable in the statistics of failed marriages. Therefore, God's people need to make saving money and debt freedom top priorities in their families.

Why people accumulate wealth

April 01, 2005 - by Crown Financial Ministries

When the Bible speaks of wealth, it relates not only to money but also to homes, families, abilities, talents, intelligence, and education—everything we have. God's perspective of wealth is always centered around attitudes. So, in keeping with God's perspective of wealth, and realizing that the accumulation means more than just storing away—it also refers to making, using, spending, and sharing wealth—why do people accumulate wealth? There are seven basic reasons why people accumulate wealth: (1) **others advise it;** *(2)* **envy of others;** *(3)* **it is a game;** *(4)* **it boosts self-esteem;** *(5)* **the love of money;** *(6)* **for protection;** *and (7)* **it is a spiritual gift**.

Others advise it

Many people get into investments, businesses, or other ventures simply because someone else advises them to do so. They don't have any clear personal plans or goals. If God supplied them an abundance, they would not really have a plan for sharing, reinvesting, or saving. They simply commit their resources to some program because somebody else thinks it's a good idea. Christians are advised by God's Word to seek many counselors on everything, because with too few counselors plans go astray. **"Without consultation, plans are frustrated, but with many counselors they succeed"** *(Proverbs 15:22).*

Therefore, according to God's plan, Christians are to seek counsel, especially in money management. They also must weigh every bit of counsel against God's Word. Listen to new ideas, but seek God's directive before making any decisions; and don't become involved simply because somebody has a new idea.

Envy of others

Many people accumulate money simply because they envy other people. They fall into the trap of "keeping up with the Joneses." Although Christians are not to envy those who are storing up riches, unfortunately many times they find themselves envying others and allowing their lifestyles to be dictated by those around them. **"Beware, and be on your guard against every form of greed; for not even when one has an abundance does his life consist of his possessions"** *(Luke 12:15).*

It is a game

Many people, Christians included, accumulate money as a game; they match themselves against others relentlessly. The world system heavily promotes this concept. It elevates the winners regardless of how they play the game. The only problem is that the game quickly overwhelms the players. Participants get so wrapped up in the contest that they sacrifice family, friends, or health to keep winning. One of the best ways to avoid the game trap is through long-range planning for surplus. Commit a large portion of each investment to the Lord's work. Doing so transfers focus from serving self to serving God.

Self-esteem

Those people who accumulate money for self-esteem do it so others might notice them or even envy them. Although it is a worldly motive, it characterizes the motives of many Christians. Those who are enslaved to this motive use money in an attempt to buy esteem and acceptance, even from family members. They want people to notice them, cater to them, elevate them, and yield to their wants or desires. Very seldom do they give anonymously. Usually giving is for the purpose of self-promotion. Because esteem and importance will fade as quickly as the money, a Christian cannot accumulate wealth to boost self-esteem within God's plan.

The love of money

Those who love money wouldn't part with it for anything—not even for esteem. Their lives are characterized by hoarding and abasement. They may have accumulated thousands, but the loss of even a few dollars is traumatic. Unfortunately, many Christians cling to every material possession they can. Trapped by the love of money, they would let their families do without rather than part with their most precious possessions. **"For the love of money is a root of all sorts of evil, and some by longing for it have wandered away from the faith and pierced themselves with**

many griefs" *(1 Timothy 6:10). The love of money separates us from God.* **"Make sure that your character is free from the love of money, being content with what you have; for He Himself has said, 'I will never desert you, nor will I ever forsake you'"** *(Hebrews 13:5).*

For protection
Sometimes people accumulate money for protection. Obviously, since we don't know what's going to happen in the future, we should protect against potential future problems. It is this type of logic that some Christians use to justify accumulating money. However, if we look closely, it soon becomes apparent that those who use protection as a rationalization for accumulating money do not trust God enough to believe that He can supply family needs. Those who accumulate for protection don't really love money, nor are they accumulating money for esteem; they are just concerned about what might happen in the future.

In addition to accumulating money, the desire for protection is displayed through obtaining large amounts of life insurance, disability insurance, liability insurance, or larger than average amounts of any asset. None of these are bad within themselves; it is only through misuse that they become corruptive.

Anxiety over the future traps many Christians into protection; they are no longer trusting God as the source of their current and future supply but are trusting in worldly things. However, when those worldly things collapse, their faith also collapses. Christians are to provide for their families' future needs but not try to protect them against every potential future problem.

Given by God as a spiritual gift
There is only one reason that God supplies a surplus of wealth to Christians—so that they can provide for the needs of others. Because true wealth comes with giving, God promises His blessings to all who freely give. However, He also promises His curse on those who hoard, steal, covet, or idolize. Therefore, if Christians who have a surplus adjust their lifestyles to lavishness and indulgence, they totally buffer God's direction.

In God's plan, Christians are the ones to whom He has given the privilege of funding His work. So, why does God provide an accumulation of wealth? To enable His people to exercise the gift of giving.

Conclusion
Money and wealth can be used for the comfort and convenience of families, to meet the needs of others, and to spread the Gospel throughout the world. On the other hand, it can be used for destructive purposes. Since attitude determines how wealth should be used, it is vital to determine, in light of God's principles, what attitudes are acceptable to God and why those acceptable attitudes must be maintained as God increases wealth.

Gross Income:	*$ 45,000.00*
Tithe	*$ 4,500.00*
Tax	*$ 7,000.00*

Category	***Suggested Percentage***	***Annual Amount***	***Monthly Amount***
*Net Spendable:**		***$33,500.00***	***$2,791.67***
Housing:	*32 %*	*10,720.00*	*893.33*
Food:	*13 %*	*4,355.00*	*362.92*
Auto:	*13 %*	*4,355.00*	*362.92*
Insurance:	*5 %*	*1,675.00*	*139.58*
Debt:	*5 %*	*1,675.00*	*139.58*
Ent/ Rec:	*6 %*	*2,010.00*	*167.50*
Clothing:	*5 %*	*1,675.00*	*139.58*
Savings:	*5 %*	*1,675.00*	*139.58*
Med/Dental:	*4 %*	*1,340.00*	*111.67*
Misc:	*7 %*	*2,345.00*	*195.42*
School/Childcare:*	***5 %***	***1,675.00***	***139.58***
Investments:	*5 %*	*1,675.00*	*139.58*

**NSI is left after you give to the Lord and pay taxes. The NSI is what you must live on. There are three primary categories in every person's budget: Housing, Food, and Auto. If these three combined percentages exceed 70 percent of your NSI, then it will be almost impossible to have a balanced budget.*

The average person usually has no idea how much he or she is spending annually or monthly. The first step, then, is to track what you spend and compare it to the guidelines shown here. Only then should you begin to adjust your budget to make it balance. For some it may mean selling assets to pay down debt, and for others it may mean seeking assistance with debt reduction from a trained counselor. Still others *may find that they have surpluses in areas of their budget. For them the challenge is deciding where to allocate this surplus: to retirement, college planning, or increased giving.*

** The budgeting format that Larry taught for many years refers to the Net Spendable Income (NSI).*
*** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories. Remember, all percentages must add up to 100 percent.*

What is a Christian Business?

October 30, 2004 - by Jim Shoemaker for Christian Financial Planning

06/3/2002

I think everyone knows and understands there is no such entity as a Christian Business. A business is a corporation, partnership or proprietorship. Yet a business may reflect the values of the principal owners and managers. It is these values that determine whether or not a business is labeled Christian or non-Christian.

We are told in James 1:22 to be "doers" of the Word. A business becomes a great tool to create an environment for doing God's Word.

Knowing God's principles and precepts is the first step to serving His purposes by running the business according to his rules. The Christian who has knowledge, understanding and commitment to a Christ centered business will do what God has commanded. The decision to live and run a business this way may cost economically, but will yield something even greater - God's wisdom and peace.

Joshua 1:8-9 tells us that if we live according to these truths, God promises prosperity. In fact, many individuals would be astonished to hear the testimonies of many Christian business leaders here in the Mid-South that testify of how God has prospered their business as the result of being a "doer" of the Word.

The purpose of a Christian business is to glorify God. After leadership has decided on this as a principle, each decision thereafter is much simpler. Everything must be done within the harmony of God's Word. Everything we say or do must be weighed against our purpose – does it glorify God? (Colossians 3:23)

Performance Issues Of A "Christian" Business

Make a Profit

You may be surprised that I put "Make a Profit" first when obviously there are other issues that seem *to be more important, such as evangelism and discipleship. We have a problem in the Christian community that must be dealt with. Sometimes Christians seem to believe that God will bless them supernaturally, while they ignore proper management of the business. Trust and He will take care of everything.*

The problem that exists is "Christian" businesses are sometimes the ones that have the poorest reputation in the community - a business that doesn't pay it's bills, or even pay fair wages. This is not the image that is pleasing to the Lord. Making a fair profit, paying bills and fair wages is a must for a Christian business. Proverbs 16:9 tells us that it is God who directs us to think and plan.

Evangelize
Obviously, the key to this performance issue is to walk the talk. Your example to employees, suppliers, creditors and customers should be above reproach. Watch for inconsistencies in your life. The inconsistencies are red flags to those that are looking at you and watching you walk the talk.

Develop Disciples
Another performance issue is to develop disciples by training and encouraging those with whom you work side by side daily. 2 Timothy 2:2 states that as a leader, we should be teachers. Obviously, in today's politically correct world, this is more difficult than it should be. God is a rewarder of those that keep his commandments. Keeping commandments and living a life that is centered on Christ will bring honor and glory to God. This is lifestyle evangelism and a great example for anyone to follow.

I heard Larry Burkett ask two questions to a Christian friend of mine. They were profound.

"When people think of you, do they focus on your business success first or your visible image as a disciple of Christ?"

"Do your employees and close business contacts know and respect your unwavering stand for the Lord and His principles?"

Great questions to ponder. Does all of this sound difficult? No doubt, but God has given us a promise in Proverbs 2:5, 6: "Then you will discern the fear of the Lord, and discover the knowledge of God. For the Lord gives wisdom; from His mouth comes knowledge and understanding."

Build your business as a Christian. God will be honored and you will be blessed.

Jim Shoemaker is president of Shoemaker Advisory Corporation, a registered investment advisor, in Memphis, TN. He is a registered representative of Securian Financial Services, Inc., member NASD/SIPC. Jim is a member of the Christian Financial Planning Institute.

Money and marriage

March 01, 2005 - by Crown Financial Ministries

Money is one of the major causes of friction in a marriage, and it's no wonder. Living in a world in which we are constantly worried about taking care of ourselves, it's easy to forget that marriage is a commitment to forge a new life with another person. The lack of trust emerging from society has created prenuptial agreements and separate bank accounts. These undermine the commitment to a shared life with a spouse and are contrary to biblical teachings.

Whenever financial issues begin to get out of hand in a marriage, the first thing to do is to pray about them. There is no substitute for God's answer. Second, you might try using a marriage counselor who is trained to help couples resolve issues diplomatically.

God's Word says, **"For this reason a man shall leave his father and his mother, and be joined to his wife; and they shall become one flesh"** *(Genesis 2:24). In Matthew 19:6, our Lord Jesus says,* **"So they are no longer two, but one flesh. What therefore God has joined together, let no man separate."**

Ours, not mine

A husband's and wife's incomes in marriage should be merged and shared. Someone should be in charge of keeping a budget for the household, and whatever funds there are should be held mutually. This will require a lot of faith in the Lord, as well as in your spouse.

Conclusion

Don't forget to ask God what He wants you to do with your money. He made you stewards over your finances for a purpose, so you should always remember to ask what His plans are. Many blessings can come from appropriate money management in marriage.

Financial authority

January 17, 2005 - by Crown Financial Ministries

The lack of godly leadership in the home can be devastating to a family. Women are experiencing pressures as never before, because they are carrying burdens God never intended for them to carry. The primary reason for this is that many husbands are abandoning their leadership responsibilities, *which forces the women to accept the responsibilities in order to maintain coherence in the family.*

God never intended for a wife and mother to function under the pressures of and to carry the loads intended for husbands and fathers. When husbands repudiate their responsibilities and subject their wives to the stress of having to shoulder those burdens, her anxiety increases and the family will lack sustaining cohesiveness.

In the area of finances, unless it is impossible or impractical, a husband should not demand that his wife assume the responsibility of negotiating with creditors or keeping the bill collectors satisfied. She may pay the bills, if they have agreed that she is more qualified to act as the family bookkeeper. But she has too much to be concerned about with maintaining the home, working (if she has a job), and being a mother to be hampered with the stress associated with things that the husband should accept as his responsibility.

This is not to say that Christian husbands and fathers are irresponsible. Fortunately, most are responsible and accept their roles and their obligations. However, with the current social trend toward equality, more and more men find it easier to abandon or ignore their God-mandated responsibilities and allow their wives to take on that responsibility so they can involve themselves in things they would rather do. Unfortunately, many women who have had to, out of necessity, add to their already complex obligations the failed trustworthiness of their husbands, find themselves before long with failing health, a lack of peace, and a deteriorating marriage. These characteristics are also prevalent in domineering wives who take from their husbands the responsibilities that God has intended for them to carry. These wives usually justify their position by claiming that they do the job better than their husbands or the husbands do not do it within the time frame the wife wants it done.

Balance

In any relationship as intimate as marriage, there must be sharing of responsibilities and abilities. God often uses opposites in a marriage to balance the extremes. If husband and wife are identical in nature, undoubtedly the decisions will be unbalanced. Thus, a saver balances a spender and a hospitable spouse is balanced by a reserved one. A sensitive, discerning wife is a great asset to any husband, if he's willing to listen to her.

However, the burden of maintaining a trouble free, financially sound, spiritually mature, and cooperatively considerate household is the responsibility of the husband/father. "He must be one who manages his own household well, keeping his children under control with all dignity (but if a man does not know how to manage his own household, how will he take care of the church of God?)" (1 Timothy 3:4-5). The wife's responsibility is to support her husband and honor him by following his direction—as opposed to nagging and belittling. Sometimes she needs to be willing to suffer with him and to let him fail if necessary without judging (1 Peter 3:1).

Shared responsibilities

For a wife to be submissive does not mean that she must remain silent or give in to every word, whim, or desire of her husband. She needs to take an active part in family planning, financial planning, discipline of children, decision making, and family goals. The following are four financial areas in which wives need to play an active role.

Budget. Husbands and wives need to establish a budget either together or with the approval of both. Every item should be discussed, prayed about, and agreed upon. The primary consideration should be to develop a fair, but reasonable, family spending plan.

Windfall plan. In addition to the budget, which controls normal income, husbands and wives should agree on the disposition of additional income (gifts, overtime, income tax refund, inheritance, and so on). The plan needs to be fair and equal for all concerned. Remember that a marriage is a partnership and partners share in all things. Avoid the "his money, her money" or the "I deserve this because" attitude.

Long-range plan. Although most wives do not like to make definite plans beyond one year, husbands need to encourage their wives to discuss long-range plans with them. This would include not only children's college educations, children's marriages, and retirement but also what to do in the event that one spouse dies before the other.

Bookkeeping. Assuming there are no unresolved financial problems and a budget has been established that is fair and reasonable, a decision of who will manage the books needs to be decided. Either the husband or the wife should be the bookkeeper—not both—and both should agree on the decision. You probably would want the spouse who is better at math, bookkeeping, accounting, and paying bills on time to be the bookkeeper.

Women who are heads of households

There are instances in which a woman is forced to become the head of a household as a result of divorce, her husband's death, or other reasons. In these instances, she has no choice but to assume an authoritative position.

A woman in this position should know that within the body of Christ, God has provided the leadership she needs. The local church she attends should be used as a source for counsel and help with financial matters. However, she needs to be willing to let her needs be known, and the church must be willing to equip itself so it can help her.

Conclusion

Financial authority in the home is one of the most misunderstood principles facing today's Christian family. But if both husbands and wives will faithfully observe the mandates established by God and submit to the discipline needed to comply to those mandates, families will experience less stress than those who disregard His mandates.

This article is an adaptation of Larry Burkett's Biblical Principles Under Scrutiny article entitled "Financial Authority in the Home," published by Christian Financial Concepts, 1985.

His, hers, or ours

January 18, 2005 - by Crown Financial Ministries

When God said in Genesis 2:24, "They shall become one flesh," *He was not just talking about the physical sense. God created marriage as the highest, most honored, most intimate of all human relationships. As such, the husband-wife relationship takes precedence over all blood-kin ties.*

Spiritual reflection
God almost always puts opposite personality types together in a marriage, not to frustrate them, but to allow the strengths of each spouse to balance the weaknesses of the other.

However, it is not easy to see beyond the differences and begin working toward common goals as a team.

In the New Testament, Jesus draws an interesting parallel between the way people handle money and the way they handle spiritual matters.

In fact, the way people handle money very well could be the best outside reflection of their true inner values. "For where your treasure is, there your heart will be also" *(Matthew 6:21).*

God uses money in the lives of any couple to draw them closer together.

In contrast, Satan wants to drive a wedge between a husband and wife. Why? In hopes that the resultant turmoil will drive them away from God.

Ours not mine
In a marriage, there is no "my money" and "your money" or "my debts" and "your debts." There is only our money *and* our debts*.*

A couple cannot be one *if they separate their lives by separating their finances.*

God will bring a couple closer if, from the very beginning, they establish God's Word as their financial guide and then follow those principles.

A marriage is not a 50/50 relationship, as many people think. It is a 95/5 relationship on both sides.

Each must be willing to yield 95 percent of their rights to their spouses. If they are not willing to do that, it will not work.

No viable marriage can survive a "his or her" relationship for long, because it is totally contrary to God's plan.

Couples should avoid having separate financial anything, including checking accounts, because when they develop a his money/her money philosophy, it usually leads to a him-versus-her mentality.

Unwillingness to join all assets and bank accounts after marriage is perhaps a danger signal that unresolved trust issues could still be lingering or developing in the relationship.

Budgeting
Budgeting can be difficult, if not impossible, when spouses do not agree on basic money management principles. Therefore, they should make all budgeting decisions together.

They also need to agree to hold each other accountable for meeting their financial goals, and devise a plan for regular evaluation of how well they are succeeding.

The couple should come to an agreement on the amount of money that can be spent without first checking with each other. The specific amount will depend on the budget category and the couple's particular circumstances. "Two are better than one because they have a good return for their labor. For if either of them falls, the one will lift up his companion. But woe to the one who falls when there is not another to lift him up" *(Ecclesiastes 4:9-10).*

Bookkeeping

Practically speaking, only one person should keep the books.

Even though one person primarily handles balancing the checkbook, both should be fully trained and able to do it.

There is nothing wrong with the wife handling the finances in the family if she is the better administrator, but God still holds the husband accountable for the ultimate decisions.

When there is an impasse, the wife must yield to her husband and allow the Lord to work it out. As they work together, encouraging one another, God will show them His favor and grace.

Nevertheless, being responsible as the leader does not mean the husband is a dictator; the couple should discuss and agree on financial management.

Both spouses should be involved in paying the monthly bills. Doing so will keep both fully aware of their financial status.

Conclusion

Within a marriage relationship the husband and wife are partners who are dedicated to one another.

A bond of uncompromising devotion creates a healthy atmosphere for togetherness: studying God's Word, praying, and even managing money.

Just as it takes two to make a marriage successful, it takes two to establish a clear line of communication in financial planning.

Impulsive and compulsive spending

January 19, 2005 - by Crown Financial Ministries

Americans are daily bombarded by advertising messages that attempt to entice consumers to indulge themselves with whatever product is being sold.

Advertisers play on the insecurities of consumers and tell them infinite ways their products will satisfy needs and dissatisfactions. Consumers in turn spend with a vengeance.

However, this consumption does not add up in favor of the consumer.

Of course, not everyone overspends on a regular basis. Most people would admit to having spent beyond their means at some point or another, but this does not classify them as impulsive or compulsive spenders.

Yet it is becoming increasingly more difficult to identify unhealthy spending habits, because impulsive and compulsive spending appetites are legitimized by our popular "plastic" culture, *which not only encourages credit card debt but also presents it as "the normal and accepted American way."*

Controlled spending

A good way to reduce debt is to develop discipline in spending.

That may include taking away all so-called security: cutting up credit cards and not taking out any bank or family loans. Then, develop a balanced budget that will control spending.

"Therefore if you have not been faithful in the use of unrighteous wealth, who will entrust the true riches to you?" (Luke 16:11). People must learn to handle the smallest things God has placed under their authority—their money—before He can trust them with greater things.

The following are guidelines that if followed should help control spending.

Establish self-discipline. Put all spending under God's control. With God's guidance, any bad habit can be broken.

Once spending has been brought under control, determine how much needs to be spent each month in every area of the budget and stick to the budget.

Be accountable to someone for a period of time. "Two are better than one because they have a good return for their labor. For if either of them falls, the one will lift up his companion. But woe to the one who falls when there is not another to lift him up" (Ecclesiastes 4:9-10).

Establish a "want-to-buy" list. Then wait seven days and find two additional prices for the same item. If there is still a need or want for the item after a week, go ahead and buy it. Nevertheless, only one item can be on the "want-to-buy" list at a time.

Impulsive spending

Although self-discipline is the best way to control spending, too many people are caught in a cycle of impulsive spending that seems to have a life of its own, beyond the limits of self-discipline.

Tahira K. Hira, a professor of family and consumer science at Iowa State University says, "Low self-esteem appears to be related to impulsive spending. Couple low-self esteem with lack of knowledge of current personal financial status, combined with other savings barriers such as procrastination, stress and insecurity, and the result is a greater focus on paying for needs today and forgetting those for tomorrow….The key is getting a grasp of cash-flow management. Those who don't know extend their income with credit cards."

Impulsive buyers buy on a whim, make unplanned purchases, usually lack self-control in buying situations, and lack clear priorities in spending, which results in overspending, unnecessary additional debt, unused articles, and family arguments.

Most impulsive spenders sabotage their own prosperity with the "I want it now syndrome," which is characterized by spending beyond their incomes. This in turn leads to persistent fear, unremitting debt, and depression and feeds into a downward cycle of worry and low self-esteem…. the instant gratification of impulsive spending…deepening debts…more worry…more spending…

The best way to overcome short-term buying impulsiveness is to (1) leave the presence of the item; (2) price the item in three other places; (3) keep tight control on the use of credit cards; (4) buy only what is needed and practical; and (5) have spending priorities.

Discipline is the key to controlling impulse buying, long term. "By what a man is overcome, by this he is enslaved" (2 Peter 2:19).

Before buying on impulse, list the item on an Impulse List, talk about the item with your spouse, obtain comparison prices, and wait seven days before purchasing the item.

Most impulse purchases can be eliminated by this discipline.

Compulsive spending
When people do not feel confident in themselves and have very low self-esteem, they may look to factors outside themselves as sources of value.

Compulsive spending is a means by which people fill the vacuum in the heart that should be filled with a sense of personal acceptance.

Listed below are 10 signs and symptoms that characterize compulsive spending.

Shopping or spending money as a result of being disappointed, angry, or depressed.

Having emotional distress or chaos in personal and family lives because of shopping or spending money.

Having arguments with others regarding shopping or spending habits.

Feeling lost without credit cards.

Buying items on credit that would not be bought with cash.

Spending money feels like a reckless or forbidden act.

Feeling guilty, ashamed, embarrassed, or confused after shopping or spending money.

Lying to others, especially the spouse, about what was bought or how much money was spent.

Juggling accounts and bills to accommodate spending.

Feeling of powerlessness and helplessness to overcome the compulsion to spend.

Although genuine freedom from compulsive spending is a fruit of the Spirit in that God offers the power to have self-control through His Son, Jesus Christ (see Romans 6 and Colossians 3), there are some viable steps that can be taken to help correct the problem.

The first thing is to understand the nature of the problem: the emotional needs and personality traits that have given rise to compulsion.

Second, develop and implement practical applications that include balancing outgo with income (do not spend unless there is money to spend), budgeting, setting goals, and getting quality *financial counseling.*

Third, eliminate credit buying. Compulsive spending is many times an addiction to credit cards. It generally takes 30 days to break someone from any addiction such as drugs, alcohol, and so on. Credit cards can be included with this group.

Therefore, either destroy the credit cards, place them in a drawer out of sight, or give them to someone for safekeeping, and do not use them for 30 days. Within those 30 days it will become apparent that life goes on without the need for credit cards.

Conclusion

The U.S. Commerce Department says that U.S. personal-savings rate hit an all-time low of -0.2 percent in September of 2000 and as of January 2003, savings has not returned to a positive level.

That means that Americans are spending more than they earn, which leaves less than nothing for saving.

Since impulsive and compulsive spending patterns can often be justified or rationalized in our current society in which these unhealthy spending cycles are encouraged rather than discouraged, savings will most likely continue to decline and debt will continue to increase until self-discipline and self-control are established and the impulsive/compulsive spending precedent is brought under control.

Finding financial freedom

November 02, 2004 - by Crown Financial Ministries

It is not always a lack of money that creates financial pressure. Many times it is simply a matter of attitude. If there is a right attitude toward money, freedom from financial bondage can be assured. God did not say that money and material things were problems; money is neither good nor bad. It is the use of money and the attitude toward money that is the problem. Therefore, Jesus regularly warned His followers to guard their hearts against greed, ego, and pride, because Satan can control God's people with these emotional tools. In the area of finances, God's people are extremely vulnerable. As such, they need to be encouraged to follow the necessary steps that will ensure money management according to God's plan, thus assuring financial freedom.

Transfer ownership

God has designated the most difficult step, transfer of ownership, as the first step. Once this has been accomplished, all other steps will fall into place.

As Christians, God expects that all possessions be transferred to Him. Since we can't literally place everything into His hands, this transfer becomes an act of faith. In essence, it means accepting the fact that God owns it all. Transferring ownership to God means that God owns all that we consider ours: clothes, car, home, family, *income, debts, present, and future. Once ownership is transferred, God can begin to lead out of debt and into financial freedom. We then become stewards and managers of what belongs to Him.*

So, if God is the owner of everything in Christians' lives, He can be trusted to change unhealthy spending habits (especially the abuse of credit cards) that cause debt, anxiety, and fear of the future. The key to maintaining this relationship is to understand properly the definition of stewardship. A steward is someone who manages the property of another. As His stewards, we are responsible for managing His property in a way that will please Him. God will not force His will on us, but if we realize our responsibility and transfer **everything** *to Him, He will keep His promise and provide for each and every need. The first step in achieving financial freedom is to realize that since God is in complete control, all that we are, do, have or ever will have must be transferred to Him.*

Get out and stay out of debt

There are many ways to get into debt but only one sure way to get out and stay out of debt: self-discipline.

Regardless of income, disciplined debt elimination is mandatory in order for a money management plan that keeps Christians out of debt to function properly. Proverbs 27:12 says, **"A prudent man sees evil and hides himself, the naive proceed and pay the penalty."**

Debt can best be eliminated by following these steps.

Transfer ownership of every possession to God (Psalms 8:6, Deuteronomy 5:32-33)

Allow no more debt, including bank and personal loans, and cut up all credit cards if unable to pay them off each month (Proverbs 24:3)

Develop a realistic balanced budget that will allow every creditor to receive as much as possible monthly (Proverbs 16:9)

Start retiring the debt (Psalms 37:21, Proverbs 3:27-28), beginning with the smallest debt first. Once the smallest is paid off, put all the money on the next, and so on.

Generally speaking, if these steps are followed, the average family will be debt free in less than five years and the problem that caused the debt in the first place could very well have been corrected.

In order to stay out of debt, two steps need to be followed.

Develop a written plan of all expenditures in order of importance. Determine whether the expenditure or purchase is a need (basic necessities such as food, clothing, and housing), a want (things that make life easier, such as more expensive clothes, a VCR, or air conditioning), or a desire (more expensive wants, such as designer clothes, a new BMW, or a wide-screen TV).

Open a savings account and get in the habit of putting something into the savings account regularly, perhaps every week or every month. The amount of deposit is not nearly as important as the consistency in making a deposit. This savings can then be used for specific purchases or emergencies, rather than making these purchases on credit.

Establish a tithe

Every Christian needs to give something back to God as a testimony to God's ownership. A tithe is the portion of *our income that we give to God and to God's work. It should be the first part.* **"Honor the Lord from your wealth and from the first of all your produce"** *(Proverbs 3:9). Tithe means "tenth." This is the amount most Christians use as a guide for tithing, but it really should be just a starting point for our giving. It's through sharing that God's power in finances is brought into focus.* **"Now this I say, he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully"** *(2 Corinthians 9:6).*

Accept God's provision

In order to maintain true financial peace, we must recognize and accept that God's provision—all that He gives—is what He has provided to direct our lives. Many Christians are under the impression that God directs financially only by an abundance of money. This is not necessarily true. Sometimes He directs by withholding financial abundance. As such, He expects His people to live on what He provides and not be pressured by the desire for riches and material possessions.

Put others first

Christians seeking financial freedom must always be willing to put other people first. **"Be hospitable to one another without complaint. As each one has received a special gift, employ it in serving one another as good stewards of the manifold grace of God"** *(1 Peter 4:9-10). It is not God's plan for us to get ahead in the world at the expense of others. Their welfare must be considered.* **"Do not neglect doing good and sharing, for with such sacrifices God is pleased"** *(Hebrews 13:16).*

Avoid indulgence

Unfortunately, most Christians in America are self-indulgers, rarely passing up a want or a desire, much less a need. To achieve financial freedom, indulgences and the tendency to spend more than what can be afforded on things that are not needed must be avoided. Indulgence is greed. **"But immorality or any impurity or greed must not even be named among you, as is proper among saints"** *(Ephesians 5:3).*

Avoid snap decisions

Avoid impulse spending, get-rich-quick schemes, and other financial decisions made through intimidation. **"The plans of the diligent lead surely to advantage, but everyone who is hasty comes surely to poverty"** *(Proverbs 21:5). The best way to avoid these traps is to pray about each purchase, each financial decision, and each opportunity that is intended to produce extra income—especially if the decision will affect the family's financial welfare.* **"Rest in the Lord and wait patiently for Him; do not fret because of him who prospers in his way, because of the man who carries out wicked schemes"** *(Psalm 37:7).*

Conclusion

Most Christians have an upside-down view of money. They feel that the money they have is theirs and that God's money is the portion that they give to the church. God has a different view. As Lord, God, and King, He owns everything—including the money that we claim as our own. As such, He has clear ideas of how He wants His people to function and to make use of His possessions—ideas that result in financial freedom for His people, if they are followed step by step.

Taking charge on a low income

March 01, 2005 - by Crown Financial Ministries

If you use credit cards, owe money on a loan, or are paying off a home mortgage, you are a debtor. For most American families, debt is an ever present state in which, although the source of the debt may change from time to time, the charted course dictated by debt remains the same: work in order to receive funds that will go to pay for accumulated debt. Although most American families do not like debt and wish they were out of debt, they generally choose to go deeper into debt rather than take the necessary disciplinary steps to get out of debt. This continued debt process causes financial discomfort for most families that live with debt; but, for the low-income family, it can be devastating.

Regardless of the debt load a family maintains, we believe that the best method for debt elimination is to: (1) transfer ownership of every possession to God; (2) give the Lord His part first, the tithe from gross salary; (3) allow no more debt (no bank or family loans and cut up the credit cards); (4) develop a realistic balanced budget that will allow every creditor to receive as much as possible; and (5) start retiring the debt, beginning with the highest interest debt first. If all of them are high interest, pay the one with the smallest balance first. Once the smallest is paid off, put all the available money on the next, and so on. Generally speaking, if these steps are followed, the average family will be debt free in less than five years. However, if the family is trying to exist on a low income, these five steps may be difficult to follow, especially steps (3) allow no more debt and (4) develop a budget.

Developing a budget

When a family is trying to live on a low income, they must develop a budget that is as non-indulgent as possible, control their spending very carefully, and live within the established budget guidelines. Although it might be very frustrating, wondering how to develop a budget when there doesn't seem to be enough money to make ends meet, a budget is even more important for families with low incomes. This budget should help to determine what kind of home you can afford, what kind of car you can drive, how much insurance you should have—even what kind of clothes you buy. This is where the practical (budget) merges with the spiritual (faith).

It may be very hard at first to make the budget work, because people with low incomes are often having to play catch-up and do not have the funds to set aside for the various budget categories. But, don't give up. It can take as much as a year for a low-income family to get on solid ground with a budget, but disciplined use of a budget will eventually pay off. As you chip away at it, bit by bit, God will honor your obedience.

If a family on a low income adheres to a budget and is still struggling, they might want to get some help and encouragement from one of Crown Financial Ministries' volunteer budget coaches. To learn more about Crown Financial Ministries's budget coaches, please visit our Budgeting Coaching section.

If after establishing a budget and consulting with one of Crown's volunteer budget counselors a family still cannot cover basic living expenses, they might need to share their needs with their church (see 2 Corinthians 8:14, 9:13). The family may need only temporary help from their brothers and sisters in Christ, but if they have a legitimate need they should feel free to share it with their church.

Families with inadequate incomes usually make purchase and lifestyle decisions based on two incomes, and the loss or reduction of one income throws the budget completely out of balance. For this reason we encourage families to develop a budget based on the husband's income only because all too often the wife's income is *interrupted by illness, pregnancy, or a change in the husband's employment location. The wife's income should be applied to one-time purchases only, such as vacations, furniture, cars, or to savings or debt reduction. Although it is difficult to live on one income, if the husband and wife pray together and seek God's wisdom and direction, many problems usually associated with changes in income can be avoided.* **"The mind of man plans his way, but the Lord directs his steps"** *(Proverbs 16:9).*

Allow no more debt

It is best for a family in debt to run toward their creditors, not away from them, especially if the family is living on a low income. It is difficult to negotiate with a creditor that has been ignored. Most creditors respond best to a specific request that is backed by a detailed plan in writing. So, the family in debt should send to each creditor a financial statement showing how much is owed to each creditor and how much income is available for debt payments, a copy of the family budget, and a detailed repayment plan, showing the creditors exactly how much the family is able to pay each month. The family then needs to be faithful to its vows and be consistent in repayments to the creditors.

This repayment plan will work only if the low-income family exercises discipline in spending. In order to establish discipline in spending, we suggest the following steps.

Put all spending under God's control. With God's guidance, any bad habit can be broken.

Once spending has been put under God's control, stick strictly to the established budget without deviating. Crown's **Family Financial Workbook** *is an excellent budgeting guide.*

Be accountable to someone for a period of time (at least six months) for everything that is spent. Ecclesiastes 4:9,10 says, **"Two are better than one because they have a good return for their labor. For if either of them falls, the one will lift up his companion. But woe to the one who falls when there is not another to lift him up."**

Establish a "want-to-buy" list. Whenever you think you need to buy something that is not budgeted, put it on the list. Then wait seven days and find two additional prices for the same item, to be sure you are getting a good buy. If you still want the item after a week has passed and you have the money available, you will have thought about it and will be getting the best buy on it you can. Finally, you can have only one item on the list at a time, so if you find a new "want" during the week, you will have to decide between the two.

Conclusion

The financial goal of all Christian families should be to live within their means. This means that they spend no more than what the family makes on a monthly basis. Ideally this means to live on a cash basis and not use credit or borrowed money to provide for their normal living expenses. It also means the family controls spending and keeps wants, needs, and desires in their proper relationship. However, when income barely equals outgo, the family finds itself in a situation in which a decision must be made: **make more money or spend less***. If making more money is not a logical or attainable option, the second option, spending less, must be instituted. This option is best realized when a strict budget and disciplined spending are maintained.*

Medical cost-sharing plans

November 17, 2004 - by Crown Financial Ministries

Today, health insurance is a basic need. Even though health care costs have been increasing over the past two decades at about twice the rate of inflation, they are projected to surge even more over the next several years.

This means that a major illness or a number of minor ones in a short period can destroy the family budget and perhaps bring on unmanageable indebtedness.

Few families can afford the cost of even one hospital stay, much less an extended stay.

However, with adequate health insurance, the risk of financial disaster from a costly illness or accident probably can be reduced.

Therefore, some type of medical health coverage represents good, logical planning for most Americans. Especially those families who otherwise could not afford professional medical care.

Although there are hundreds of different policies and plans for health insurance available, generally health insurance that covers the cost of treatment associated with an illness or accident is divided into: basic hospital expense, surgical expense, regular medical expense, major medical expense, comprehensive medical expense, and medical sharing health plans.

This article will concentrate on medical sharing health plans.

For information regarding other types of health care insurance, see Crown Financial Ministries' Web site article entitled Health insurance.

Medical sharing plans
Due to the high cost of traditional health insurance, plus an increasing reluctance to help support an insurance company that covers the medical expenses for procedures to which some have a moral objection (such as abortion), many Christians have chosen to participate in medical sharing plans.

Using the biblical principle of bearing one another's burdens (Galatians 6:2), members of medical sharing plans help pay each other's medical expenses.

Web links
Although we support the concept of burden sharing, Crown Financial Ministries does not endorse any particular medical sharing plan; nor can we vouch for financial soundness and/or moral integrity of any particular organization.

The following medical sharing plans and links are provided for the sole purpose of making it easier to research what each plan offers.

Samaritan Ministries International— **www.samaritanministries.org**

Christian Care Medi-Share— **www.tccm.org**

The Christian Brotherhood Newsletter— **www.christianbrotherhood.org**

Blessed Assurance Bulletin— **www.christianet.com/blessed**

Conclusion
God created us to live in a physical world in which there are things beyond our control, such as accidents and diseases. The treatment for these can cost hundreds of thousands of dollars.

With the exception of those people who are under conviction not to have any form of insurance, some type of health coverage is a reasonable and logical expenditure.

Because few families can afford the cost of a hospital stay, medical coverage represents good planning.

Note: For more information on medical cost-sharing plans, read this article from **Christianity Today** *magazine:* **http://www.christianitytoday.com/ct/2000/011/17.24.html**.

Retirement—Is it mandatory?

March 30, 2005 - by Crown Financial Ministries

R.G. Le Tourneau, a Christian businessman, once told his long-time friend, Dr. Robert Barnhouse, "Maybe I will retire someday, but I'm too busy right now." He was 80 years old at that time!

To most people in our society, retirement refers to that period of time in latter years when they can stop work and start enjoying life. This idea is very appealing. However the truth is that although the majority of Americans nearing their retirement years look forward to this kind of retirement most don't have the means actually to do it. Even if they did have the means, statistics show that for the sake of their physical and mental well-being retirees should be active and productive as long as they are physically able.

God's view regarding retirement
A major problem develops when people and/or businesses begin to say that everyone who reaches a certain age is no longer productive and must be replaced with more aggressive and younger employees. This concept is not only out of step with the historical record of the impressive accomplishments of senior citizens, but it cannot be supported scripturally. The only reference in the Bible to retirement is found in Numbers 8:25, which concerns the retirement of the temple priests or Levites. That is not much biblical justification for the multibillion dollar retirement system America has built.

There are two fundamental points from God's Word that need to be considered about retirement. First, most Americans focus too much on ceasing work at too early an age. Second, according to Proverbs 6:6-8, workers *need to lay aside some surplus in higher-income-earning years so that the latter years can be spent in peace.* **"Go to the ant, O sluggard, observe her ways and be wise, which, having no chief, officer or ruler, prepares her food in the summer and gathers her provision in the harvest."** *Statistics show that the "harvest" years for most Americans are between the ages of 25 and 60. Therefore it would be wise to lay aside some surplus income for the latter phase of life, when income-earning abilities decline, so that retirees will not become a burden to their children or the government.*

Planning for retirement

Many people in America seem to be obsessed with retirement planning. They divert funds from God's work and their families and live like misers most of their lives in order to retire in comfort.

Others act as if they will remain young and highly employable for the rest of their lives. Often these people end up living on inadequate incomes, mostly Social Security, or being totally dependent on their children.

Retirement planning in and of itself is not wrong. Although there are many different retirement plans, there is not one "best" plan that is guaranteed to work for everyone. The most biblical plan is to continue to be productive throughout our lifetimes. God never intended for us to quit working but, rather, for us to change to a less demanding alternative.

However, the absolute best retirement investment that will fit into any retirement plan is to have a debt-free home. That means to pay off the home mortgage as soon as possible, then use the money that was paying mortgage payments to start a retirement account or reinforce an existing one.

Wise stewards

Most retirement plans should begin when workers are in their 40s. If they begin sooner than that, the average investors sacrifice basic needs for the sake of retirement speculation. Besides, very few people can predict more than 30 years into their future to determine their retirement needs. On the other hand, if workers wait until their 50s to begin a retirement plan, large sums of money must be allocated to the plan in order to satisfy retirement needs—many times more than workers can afford.

Investors need to be careful about investing when they are at retirement age. They also need to remember two very important principles regarding investing: Don't risk money you can't afford to lose and diversify your money according to the instructions in Ecclesiastes 11:2.

Conclusion

When preparing and planning for retirement, workers should not try to protect against every eventuality. However, they need to pray and plan for the future. Husbands and wives should pray together about their retirement future and then trust God, who is **"able to make all grace abound to you, so that always having all sufficiency in everything, you may have an abundance for every good deed"** *(2 Corinthians 9:8).*

Crisis-proof your budget

December 10, 2004 - by Crown Financial Ministries

When Paula Bliss divorced her husband six years ago, she hit the Dallas department stores to buy what amounted to a single-parent survival kit: work clothes, bed, sofa, toaster oven, vacuum cleaner. The purchases totaled $2,600, and her credit card payments added up to $100 per month— much more than the single mother of one could afford. Says Bliss, "It took me three years to pay off those debts."

She's not alone. The Consumer Federation of America estimates that some $374 billion in credit card balances were "revolved" at the end of 1996, meaning that the charges hadn't been paid off and were incurring interest.

Although many of these charges stem from overspending, some of them occurred when people found themselves in a money crunch and used credit cards to bail out. If this problem plagues your budget, use some short-term planning to keep the plastic in your wallet.

Money in and money out
Use creativity to boost income and lower expenses. Think part-time jobs, yard sales, home sharing, car pools, food budgets, and paper routes for the kids.

Utilities
By averaging utility costs over one year, you can set aside money in low-use months to offset your bills in high-use months. See if your utility company will allow you to pay an averaged amount for each month of the year. Then you'll always know the level of your monthly bill, and peak usage months won't break your budget.

Clothing, medical, and dental
These costs usually occur on an irregular basis. Without the right amount of reserves, you'll find yourself turning, once again, to credit. To avoid this, set aside an average amount for clothing, medical, and dental costs each month. Base the amount on how much you spent the year before and how much you expect to spend in the coming year.

Vacations
Establish a vacation budget for the year and divide that amount by 12 to determine what you should save monthly.

Appliances
If you've ever owned a dishwasher or clothes dryer that suddenly quit working, you probably got a shock when you went to the store and saw how much prices had increased since the last time you purchased one. Short-term planning—savings devoted to unforeseen financial crises—can help you avoid appliance sticker shock.

Automobiles
Because sudden repairs can catch you off guard, set aside something each month for car maintenance and replacement.

Getting out of debt
After your "emergency fund" contains at least a few hundred dollars, concentrate on paying off your smallest credit card debts. Then take the money you used to pay off the small ones and attack the larger ones. This process can take a long time, but it's worth it.

Just ask Paula Bliss. Last April, her savings helped replace her 10-year-old Pontiac. "My emergency fund kept me away from credit cards," she says. "God has used my savings to do things I never would have dreamed."

Single-Parent Family magazine, January 1999, Focus on the Family. Used by permission.

Print

Questions about wills

November 16, 2004 - by Crown Financial Ministries

The vast majority of Americans do not have a will or a trust. If they died today they would leave the distribution of their assets to the state. Without a doubt this represents poor stewardship.

Most people recognize the need to have a will, but they never get around to having one written.

A great many people had a valid will at one time, but either the witnesses have died or the state laws have changed, invalidating their wills. Regardless of the reason, the simple truth is that if your will cannot be probated, or proved, in court, it is worthless.

The state agency assigned to handle intestate (having no legal will) properties will divide them among the surviving heirs as the agency sees fit, after extracting probate costs, state inheritance taxes, and federal inheritance taxes.

Rather than spend a few hundred dollars in attorney costs, many of these estates will spend several times that in court costs before the assets are distributed.

A simple will can avoid these problems. For more complicated estates consisting of larger assets, a trust may be more advantageous.

Most asked questions
To help you to understand what kind of estate planning is best for your family, we have addressed the 12 most frequently asked questions concerning wills and trusts.

Can I draft my own will without having to pay an attorney? Yes, you can in most states. A self-drawn will is called a holographic will. The rules governing holographic wills vary from state to state, and you must thoroughly understand the laws of your state to ensure your will is probatable in court. For this reason all wills should be proofread by an attorney.

What if one of my witnesses has died or is unable to serve as a witness? In order for a will to be probated, the judge will most likely require that the will be verified. If you used only two witnesses and the state requires two, both must be alive and able to substantiate the general contents of the will. It is always best to have three or *four witnesses. If less than the required are available, you will need to amend your will with a codicil to have other witnesses verify it.*

Should I keep my will in a safety deposit box? If you do keep it in a safety deposit box you need to be sure that someone else has access to the box. Since a safety deposit box cannot be opened except by court order, the process can be lengthy and expensive. Therefore you should name your spouse and your attorney or accountant as authorized signatories.

Do I need a new will if I change residences from one state to another? Possibly. You need to have an attorney in the new state review your will to be sure that it conforms to that state's laws.

What if I own property in more than one state? Generally, your estate is governed by the state in which you reside at the time of your death. Thus a valid will drawn in your state will most likely control the distribution of assets in another state.

Do I need a will if my spouse and I hold all of our property in joint tenancy? Yes, you still need a will. Joint tenancy means that the surviving tenant owns the property if the other tenant dies, but if there are assets owned outside the joint properties they will not be covered. You will need to check with an attorney to determine how jointly owned properties are handled in your state, in case of the death of one of the owners.

Who can I name as my estate executor? You can name anyone you desire to act as executor of your will and estate. That person's duties are to probate the will and distribute the assets according to the dictates of the will. Unless otherwise stipulated, many states require an out-of-state executor to post a bond. Some require that the bond be equal to the value of the estate. If you use a professional executor, there will be a fee involved. This can vary from an hourly fee to a percentage of the estate value. Any such fees should be clearly spelled out in a contract and attached to the will or trust.

What is a trust? A trust is a legal contract to manage someone's assets, before and after death. There are two basic types of trusts: a living trust and a testamentary trust. A living trust is drafted and implemented while the assignee is still living. Within a living trust is another division: the living trust can be either revocable or irrevocable. If it is revocable, the assignee reserves the right to modify the trust as long as the assignee is alive. If the trust is irrevocable, the trust cannot be changed once in force, nor can the property assigned to the trust be recovered by the donor. A testamentary trust is valid when the person dies.

What is the advantage of a trust, if any? A trust is not a public document, like a will, and does not require probate, thus ensuring privacy. In many cases, assets held in trust could be free from estate taxes.

How much tax will my estate have to pay? That depends on the value of the estate at death. Through a marital deduction allowance, each spouse can leave the other an unlimited amount of assets. However, assets left to someone other than a spouse are subject to estate taxes.

When are the taxes due? Usually within six months of death, the state will require an appraisal of the estate. The taxes are due and payable at that time, although in practice both the state and federal tax collectors will normally work out a plan to convert the assets necessary to pay the taxes so that the estate doesn't suffer a severe dilution through a forced sale. Liquidity, or cash, in an estate is very important, since taxes must be paid in cash. Otherwise, assets must be sold to satisfy the tax obligation.

What if I change my mind after I make a will? You can change your will through the use of a codicil. The codicil is subject to the same laws of probate, so it is important that it be drafted properly. Attach all codicils to the original will and store them together. Remember that only the original will or codicil is probated, so protect *them carefully.*

Conclusion

Almost 80 percent of all American adults have no valid will. If they died, they would leave the distribution of their estates and guardianship of their children to the state; plus the estate would have to pay a sizable amount of taxes and fees.

In order to ensure that the estate has to pay the least amount of taxes and that your estate is rightly distributed as you would want it to be divided, a will is mandatory.

[Print]

Buying a new car vs. keeping an old car

October 29, 2004 - by Crown Financial Ministries

Many families buy cars they can't afford and trade them in long before their usefulness has expired. Most Americans trade cars because they want to rather than need to.

Many people don't consider that the cost of an auto includes maintenance, payments, repairs, gas, oil, tags, taxes, and insurance – and that shouldn't exceed 15 percent of your net spendable income

To buy or not to buy?

In large cities, many can use public transportation. But for today's average family, owning at least one car is a necessity.

When deciding whether to purchase a new car or keep an older car, consider the costs of each. Luke 14:28 says, "For which one of you, when he wants to build a tower, does not first sit down and calculate the cost to see if he has enough to complete it?"

Monthly repairs for the typical American car on the road (approximately seven years old) run about 5 percent of a family's budget.

A new car takes about 15 percent of the family's budget. Compare 5 percent per month for maintenance on an older car to about 15 percent to buy a new car – no contest.

It's common to justify a new car because of better gas mileage than an existing car. But some new cars would have to be driven for 20 years or more to reap mileage savings equal to the car's cost.

Unless your car is worn out (200,000 miles or more), it's often less costly to repair the existing car than *to replace it with a newer model.*

Low-cost financing tempts many to buy a new car. But nothing is free. The dealer may offer a low-interest loan, but the vehicle probably will cost more.

Should a car be financed?

Buying a car by financing has become the norm in today's society. However, the best way to finance a car is not to finance it at all!

For most people, it's best to save money and pay cash for a car. Auto financing is poor stewardship, even when below-market factory financing is offered at "too good to be true" rates.

If you must finance the purchase of car, there are some basic guidelines that should be followed.

If possible, arrange a loan through a bank or other financial institution, because this allows you to negotiate with the dealer on a cash basis.

Don't trade in an old car. Sell it. If a car dealer can sell a trade-in and make a profit, so can you.

If your car isn't paid off, keep it until it is. Otherwise, the current car debt is simply refinanced into the new car loan.

If financing is necessary to buy a car, begin immediately to save in order to buy your next car with cash.

During the average family's lifetime, more money is spent for automobiles than homes. Therefore, when considering the purchase of another car, remember that the least expensive car is usually the car you are currently driving. However, cars do wear out, and if another car is necessary, the best option is to buy a good used car, preferably at a price that can be paid in cash.

Leasing a car

November 15, 2004 - by Crown Financial Ministries

Is leasing wise?

Are you wondering whether leasing your next car would be a good idea? Leasing a car often seems attractive to those who cannot otherwise afford a new car.

For a great many families today, a new car is beyond their budget. A typical new family car averages between $18,000 and $25,000, and as soon as you drive it off the lot, you have a used car with a new car loan on it.

Of course loans involve down payments, and some couples don't even have enough savings to meet this requirement, much less cover the entire cost of a car.

Leasing involves little to no down payment, so it seems like a convenient way to get a new car.

But most people entering into leases are like the man in the parable of the tower (Luke 14:28). They haven't considered all the costs.

No matter what a salesman tells you, leasing is essentially a long-term rental agreement that may or may not have a purchase option at the end and it absolutely does cost more to lease a car than to purchase it in the same period of time.

Unless you exercise your option and buy the car, there is no ownership or equity involved.

However, because the purchase option price is usually around 50 to 60 percent of the original sticker price, you'll usually end up paying the leasing company the total price of the car plus the company's profit.

Leasing advantages and disadvantages
Advantages. *At least in theory, leasing offers the following advantages: less total cash tied up in a vehicle, lower down payments and monthly payments, no trade-in or selling inconvenience, and protection against big losses due to depreciation.*

Disadvantages. *If you decide to sell the car or turn it in before the end of the lease, you'll have to pay a substantial penalty for early termination. This includes accidental termination, such as a stolen or totaled car, so be sure to get gap insurance to cover the amount owed that exceeds your insurance.*

The early termination penalty is usually the difference between the unpaid depreciation and the auction value of the car, but in some cases you may be required to make all the remaining payments.

Leasing companies usually require you to carry higher liability limit insurance than what you would typically carry on purchased vehicles.

You will have to pay extra for excess mileage. If the car has excessive wear, you could pay another 10 percent or more.

And if the car is generally downgraded, you could pay as much as another 10 percent.

So you could end up paying the leasing company another 10 percent to 30 percent at the conclusion of the lease.

In addition, unless you decide to purchase the car, you will always be making car payments. So, if you like "paying things off," then leasing is not for you.

Types of leases
There are two types of car leases available: open-ended *and* closed-end*.*

In an open-ended lease, you run the risk of owing extra money, because you will be responsible for all excess depreciation at the end of the lease, no matter how much it is. This payment is called a balloon payment*.*

However, the leasing company must tell you that you have a balloon payment and how it is calculated.

In a closed-end lease, you are not responsible for the value of the car when you return it and *will not have to make a balloon payment.*

As a result, closed-end leases usually have higher monthly payments than open-ended leases.

The Consumer Leasing Act

Before you agree to a lease, The Consumer Leasing Act (TCLA) requires that you get a written statement of its costs.

These costs include the amount of any advance payment, such as security deposit; the number, amount, and dates that regular payments are due, as well as the total amount of those payments; the amount you must pay for license, registration and taxes, and for any other fees, such as maintenance; and a clear warning of the possibility for substantial charges if the contract is terminated before the end of the lease term.

TCLA also states that you must be told what kind of insurance is required; who is responsible for maintaining and servicing the car and any standards for wear and tear set by the lease company; any penalty for default or late payment; if the lease can be cancelled and how you or the lease company can cancel it if it can be cancelled, and the charges for doing so; and whether you can buy the car and, if you can, when and at what price.

Conclusion

Leasing a car represents what is called surety*, which means taking on an obligation to pay without a guaranteed way to pay it (see Proverbs 17:18).*

The disadvantage to leasing is that the entire value of the car is financed for the entire lease period—an expensive arrangement. At the end of the lease you can either turn the car back in to the dealer or purchase it at a large additional *cost.*

A lease on an automobile is a contract you must fulfill—just the same as a financing agreement. It is better for you to own your car debt free than it is to owe money on it. Paying interest or lease payments is not good stewardship of God's money.

However, if you decide to lease, shop around for the best price and terms. Your overall costs will be lower if you bargain for the lowest price.

Purchasing a Home

October 25, 2004 - by Crown Financial Ministries

Housing is generally the largest item in a budget and often causes the largest budget problems, because many families buy or rent houses they can't afford.

General guidelines

Purchase/rent only if payments – mortgage, taxes, insurance, utilities, phone, and maintenance – don't exceed 38 percent of your **net spendable income**.

Don’t finance a second mortgage for a down payment and don’t finance closing costs.

If trading up, make sure it’s a need and not simply a desire.

Purpose to pay off the house as soon as possible, and avoid second mortgages and home equity loans.

There are a number of ways to buy a home:

Cash *If you’re able, buy with cash. Buy a small home, improve it and then sell it for a profit. Follow this process with a larger home until you have the one you want – debt free.*

Institutional loans *These loans are issued by banks, savings and loans, credit unions, and mortgage companies. Consider the following variables and shop around.*

Down payment. Generally 5 to 20 percent. Larger down payments, mean smaller monthly payments.

Closing costs. Costs and financing fees that must be paid up front, or rolled into the loan, that can amount to several thousand dollars.

Fixed-rate mortgages. These mortgages let you know exact interest rates and monthly payments and whether it will fit your budget.

Adjustable-rate mortgages(ARM). Usually lower interest rates than the fixed rates (preferably 2 percent or more lower). Interest an ARM fluctuates, so it’s important to know how high the interest could go.

Payday mortgages. Instead of a monthly payment, the buyer pays one-half results in the equivalent of one extra payment per year – reducing the length of the mortgage.

Assumable mortgages *May benefit the buyer if the interest rate and monthly payments are lower than current rates. However, sellers may require a written liability release from the buyer on this type of mortgage.*

Government financing *Subsidized government loans may be obtained through local lending institutions: VA, FHA, and state-bonded programs. Some require little or no down payment.*

Seller financing *Some sellers will finance a house for the buyer. The buyer usually gets financing for a percent or two lower than current interest rates, and saves on closing costs.*

Equity sharing *A buyer needing help for a down payment may find an investor willing to loan a portion or all of the funds. The agreement defines the time you must live in the house before you can sell and, if you sell, the amount of equity to be paid to the investor.*

Assisted financing *Parents often help children with the down payment to buy a home. With joint ownership, parents make the payments and rent the house to the children for an amount equal to the monthly house payments.*

If buying a house is in your family’s best interests and you’ve settled on a home, thoroughly investigate the financing options before settling on a purchase choice.

Paying off home mortgages early

February 28, 2005 - by Crown Financial Ministries

The biggest factor in considering the purchase of a home is whether a potential buyer can afford it. The Housing category in a budget should be about 38 percent of one's Net Spendable Income (the amount of money you have left after Tithe and Taxes), based on a family of four with an annual gross salary of $30,000 or less. This amount should include mortgage payment, insurance, property taxes, maintenance costs, telephone, and utilities. Some families can allocate up to 45 percent, if they have no other debts.

Although the best way to buy a house is to pay cash (if money is available), most families cannot pay cash for a home; therefore they must rely on financing. The most common type of loan is an institutional home mortgage, and the most common type of home mortgage is the 30-year fixed or adjustable rate loan. Since Christian families should retire their home mortgages and any other personal indebtedness they may have, not on the basis of what is logical, but on the basis of God's Word— " **As the rich shall rule over the poor, so then shall the borrower become a servant to the lender** *" (Proverbs 22:7)—each family must make a decision according to God's specific plan for them. One of the primary family goals should be to pay off houses as soon as possible and then put the money that was being used for a mortgage payment into savings and investments.*

30-year mortgage
Although 30-year mortgages are the most common type of home loans, they are not economically beneficial for the homeowner. On the other hand, economic benefits for the lender are nothing short of phenomenal on 30-year loans. For a typical 30-year mortgage, it will take nearly 24 years to reduce a mortgage to one-half the amount originally borrowed. Because less than 20 percent of mortgage payments are generally applied to loan principals during the first 15 years—91 percent is paid to interest during the first 7 years—home owners will pay nearly three and one-half times the amount originally borrowed before the 30-year loan is paid off. In other words, it will take nearly $500,000 in gross income to net $300,000 in mortgage payments to pay off a $100,000 mortgage loan.

Nevertheless, homeowners do have options that could save them thousands in interest dollars and cut the length of their loans by years: mortgage prepayment. There are various ways to prepay: by adding a little extra to regular monthly payments; by making one extra payment a year; or by paying biweekly rather than monthly (making half a monthly payment every two weeks), which comes out to one extra full payment each year. Yet, statistics tell us that of the over 50 million homeowners with mortgages in the United States over 97 percent never prepay on their mortgage.

Biweekly payments
By changing payment frequency from once a month to half a payment every two weeks, homeowners will make 26 one-half payments over a year's time. That's equivalent to 13 monthly payments. This means that homeowners will automatically pay an amount equal to an extra monthly payment on the principal every year. On a 30-year $100,000 mortgage, this will save a homeowner over $60,000 over

the life of the loan, which itself will be reduced by 7 to 9 years.

However, experts generally advise against using companies that offer to set up a prepayment plan in the form of a biweekly payment schedule, because there is usually a fee from $200 to $500, plus a monthly service charge. Homeowners can accomplish the same thing by making an additional one-time payment each year (ideally the additional payment should be made with a separate check rather than combining it with a regular monthly payment). Nevertheless, if homeowners lack the discipline to be consistent in making biweekly payments, these companies can assure that payments are made.

Prepaying on the principal

Another method to reduce interest, as well as cut years off of the length of a loan, is to prepay on the principal of the mortgage loan (make sure there is no prepayment penalty). Homeowners do not need to sign up for a special equity anticipation program to enjoy the benefits of prepaying a mortgage loan. All they have to do is make extra payments each month and designate to the lender in writing that the extra amount is to be applied to the loan principal (ideally the extra amount should be paid with a separate check rather than including it with the regular monthly payment). By paying $25 extra each month on a fixed-rate, 30-year, $100,000 mortgage, at 7 percent, homeowners would save $18,214 in total interest and shorten the term of the loan by more than three years. If as much as $100 extra is paid each month on the mortgage principal, a 30-year mortgage can be reduced by at least 10 years, saving over $60,000 in interest.

Prepayment errors

Lender miscalculations of mortgages are rampant. The federal government has estimated that in 50 to 70 percent of common home mortgages, lenders have made mistakes in calculating payment adjustments and in properly crediting prepayments. These miscalculations have cost homeowners $15 billion. Common errors include posting prepayments to escrow accounts, waiting to credit the prepayment to the principal for up to six months, or posting payments to reducing interest rather than the principal balance. So, homeowners who prepay need to monitor carefully any request made to the lender to apply additional payments to the loan principal.

Paying off mortgage with savings or retirement

As homeowners begin to accumulate funds in their retirement accounts or cash reserve savings accounts, many times they may become tempted to use these funds to pay off their home mortgages. However, decisions to liquidate retirement funds or savings accounts in order to pay off a home mortgage should not be made unless several factors are considered first:

The number of earning years homeowners have left before retirement and the quality and stability of current income.

The retirement plans made to fund retirement and whether paying off the home mortgage would completely exhaust savings and/or retirement funds.

Whether there are plans to live in the home five years or longer.

If a house can be paid off in five to seven years, a homeowner may want to consider using a portion of his or her savings or retirement in order to pay off the home mortgage. But, if the homeowner can't pay off the home within the next five to seven years, he or she can either build the retirement account until the account can pay off the home in a lump sum or set up an escrow or diverse investment account to accumulate assets and then pay off the mortgage in one lump sum at retirement.

Nonetheless, homeowners should not sacrifice all of their savings or retirement to pay off their home mortgages. Because there may be other things that are priorities in their families, they should use no more than a percentage (not all) of surplus funds if they do decide to pay off their homes. Proverbs 16:9 says, " **The mind of man plans his way, but the Lord directs his steps** *." Be sure that the steps taken are God-directed steps.*

Conclusion

One of the essential foundation blocks of a biblically oriented financial plan is a debt-free home. This should be the goal of all Christians. Anything can happen to this economy and, certainly, something will eventually. Debt-free homes belong to the owners, not to the lenders, and one of the best ways owners can be assured that they can eventually have a debt-free home is to pay off their home mortgages as soon as possible.

Borrowing: A biblical perspective

November 16, 2004 - by Crown Financial Ministries

A survey was done recently of several seminar groups to determine if they thought borrowing is scripturally forbidden. Over 70 percent responded that they believed the Bible prohibits borrowing. Perhaps it would be a lot easier if God's Word did prohibit a Christian from borrowing, but it does not. There is not a verse directing God's people not to borrow money (no, not even Romans 13:8). However, neither does Scripture encourage borrowing. Borrowing is always discussed in the Bible as a negative, rather than a positive, principle. It would seem to be a consequence of disobeying God's statutes or rules of economics. **"He shall lend to you, but you shall not lend to him;...So all these curses shall come on you and pursue you and overtake you until you are destroyed, because you would not obey the Lord your God"** *(Deuteronomy 28:44-45).*

God's minimum

The absolute minimum that God's Word establishes for any borrower is found in Psalm 37:21: **"The wicked borrows and does not pay back, but the righteous is gracious and gives."** *If we don't want to be counted among the "wicked," we must repay any debt we owe. It really doesn't matter if the circumstances are beyond our control. If we make a debt, we're stuck with it. It may mean many years of sacrifices to pay even the minimum amount to creditors, but anyone who has ever made the step over to a life of faith will attest that having God's peace is more valuable than the world's wealth.* **"A good name is to be more desired than great riches, favor is better than silver and gold"** *(Proverbs 22:1).*

The** only **biblical way to borrow

Perhaps the most abused and least understood financial principle in God's Word is **surety** *: assuming an obligation to pay an indebtedness without a certain way to pay it. Surety means that we presume upon the future. If everything goes as we expect, we'll be able to pay the loans back. If things go wrong, as they often do, we may be left in debt. If Christians would observe this one caution associated with borrowing, the most they could lose is the security they had pledged against a loan.* **"Do not be among those who give pledges, among those who become sureties for debts. If you have nothing with which to pay, why should he take your bed from under you?"** *(Proverbs 22:26-27).*

Conclusion

It is important to remember that credit is not the problem; it's the misuse of credit that causes problems.

We do not want to give the impression that God leaves Christians to fend for themselves until they're debt free. To the contrary, God is looking at heart attitudes. Christians must make an absolute commitment to God's Word and determine to honor their creditors, regardless of the cost. It's called living by faith. **"Offer to God a sacrifice of thanksgiving, and pay your vows to the Most High; and call upon Me in the day of trouble; I shall rescue you, and you will honor Me"** *(Psalm 50:14-15).*

Lending one to another

February 28, 2005 - by Crown Financial Ministries

Lending is not a new principle. It is historically as old as man's written records and was common to Moses, Solomon, and Paul. Solomon's words become much clearer in light of this: **"The rich rules over the poor, and the borrower becomes the lender's slave"** *(Proverbs 22:7).*

Lending at interest

There is little Scripture dealing with the specifics of lending and charging interest, but what there is seems to be very clear: Don't charge interest to other Christians. **"You shall not charge interest to your countrymen: interest on money, food, or anything that may be loaned at interest"** *(Deuteronomy 23:19). A loan can be made to anyone, but loans to those within God's family are to be a demonstration that God can provide without charging interest to one another.*

In regard to lending to others, God's Word says, **"You may charge interest to a foreigner, but to your countryman you shall not charge interest, so that the Lord your God may bless you in all that you undertake in the land which you are about to enter to possess"** *(Deuteronomy 23:20). Thus, we can charge interest on loans to nonbelievers, but it doesn't mean that we* **have to** *charge interest. God may well convict someone to extend a loan at no interest as a testimony and as a door-opener (to be able to share the message of Christ).*

Collecting Boundaries

If you're going to lend, you're going to be faced with decisions about what to do if someone doesn't pay his or her debt. God's principles of lending and collecting do not require a Christian to sit passively by if someone refuses to pay what is due. However, neither does it allow us to use the devices of the "world" to collect. Assuming a Christian is owed a legitimate debt, what are the boundaries of collecting?

Collecting from Christians

Christians are clearly admonished in Paul's letter to the Corinthians never to take another Christian before the secular court for any reason. This would certainly apply to the collection of debts. **"Does any one of you, when he has a case against his neighbor, dare to go to law before the unrighteous, and not before the saints?"** *(1 Corinthians 6:1). We are told that it is better to be defrauded than to lose our witness by suing one another (see 1 Corinthians 6:7).*

Collecting from non-Christians

Many Christians assume that since Paul said not to sue other Christians, it must be okay to sue non-Christians to collect debts. Just because there is a direct reference not to sue a Christian doesn't mean we should sue non-Christians.

It is necessary to look at our broad purpose. Our purpose as Christians is to represent our Lord Jesus Christ. In Luke 6:30-31, the Lord said **"Give to everyone who asks of you, and whoever takes away what is yours, do not demand it back. And just as you want people to treat you, treat them in the same way."** *This does not absolutely state that a Christian should never sue to collect a debt; it certainly does imply that God desires a much higher standard of behavior from believers than is expected of others.*

Therefore, a special caution must be added not to strike out in vengeance but to deal in love with those who don't pay. **"A gentle answer turns away wrath, but a harsh word stirs up anger"** *(Proverbs 15:1).*

Conclusion

Hopefully, it is clear by now that lending--even lending at interest--is not unbiblical under most circumstances. However, there are conditions under which God would have us to give, rather than to lend. This principle of lending without any consideration for whether the money can be repaid is shown in Luke 6:34: **"If you lend to those from whom you expect to receive, what credit is that to you? Even sinners lend to sinners, in order to receive back the same amount."**

Ten most asked questions about borrowing

March 01, 2005 - by Crown Financial Ministries

Borrowing is an ancient concept that is discussed thoroughly in the Bible, as are many other financial principles. In today's society we are drowning in debt—both public and private—and we consider it normal and God-directed to borrow in order to obtain the things we feel are needed. What does God's Word say about borrowing? Is it permitted? If so, under what conditions can we borrow? Can families in America function effectively without borrowing?

Ten questions concerning borrowing

The following are 10 questions most often asked concerning borrowing.

What does the Bible say about borrowing? Scripture very clearly says that neither borrowing nor lending is prohibited, but there are firm guidelines. Borrowing is always discussed in a negative light in the Bible because it is not God's best. If a person does borrow, the Scriptures are very clear that the money borrowed must be paid back.

Is overdraft protection a good idea? Overdraft protection is not a good idea. It encourages people not to keep their checking accounts balanced, and it encourages the use of credit when discipline in spending should be used.

Does the Bible prohibit a Christian from borrowing money from a non-Christian? God's Word simply says that whatever is borrowed must be repaid. It doesn't specify whether a believer should borrow from another believer or from a nonbeliever. It makes no difference as far as repayment is concerned.

How can low-income families avoid borrowing? One of the greatest dangers for low-income families is the use of consumer credit. There is only one way for low-income families to avoid becoming overwhelmed with debt: do not borrow. That means that families have to spend frugally and discipline themselves to stay on strict budgets. For low-income families, it is probably best not to use credit cards.

Should people borrow to do the work of the Lord? If a person knowingly violates biblical principles, it's wrong, no matter how noble the purpose. It is unlikely that God would direct anyone to violate His Word to accomplish His work. Since borrowing is not God's best for His people, why would He endorse borrowing in order for His work to be accomplished?

Is it acceptable for businesses to borrow? It is not any more essential for a business to borrow money than for an individual. God's Word does not differentiate between business borrowing and personal borrowing. That doesn't mean that a business is prohibited from borrowing. It simply means that when a business borrows it assumes a liability and the associated risks, and the money has to be paid back per the agreed-to conditions. In essence, it eliminates God's provision for the business and places that provision in the hands of the lenders.

Is a lease better than a loan? A lease is basically no different than a loan. When you sign a lease, it's a contingent liability and an obligation to pay. However, the economics of a lease are usually worse than a conventional loan and may actually cost more than a loan in the long run.

Should home mortgages be refinanced if you can get a better interest rate? If you plan to stay in the home for five years or longer, can lower your fixed-interest rate by 2 percent or more than your existing rate, and do not have to roll the refinancing and closing fees into the new loan, you might want to consider refinancing. However, if with your lower monthly payment you cannot pay off the refinancing and closing fees within three years, you might want to rethink your decision to refinance.

Should I borrow on the equity in my home in order to invest? No matter where funds are invested, they can be lost if there is an economic turndown. The debt on the house will continue regardless of economic conditions. The goal of every homeowner should be to have a debt-free home, but not so that it can be used as collateral against which to borrow. Borrowing against equity in your home to invest is one of the worst financial decisions that can be made.

Is it wise to get a consolidation loan? Consolidation loans are tempting because creditors can be paid off and you only have one monthly payment, rather than several. A consolidation loan may treat the symptoms for a while, but unless a disciplined and diligent lifestyle is adopted even greater bondage can be created because past habits have not been corrected. Consolidation loans should never be the first step in resolving a debt problem; budgeting and discipline should be.

Conclusion

Although borrowing is not forbidden in God's Word, it is not encouraged because it is not God's best for His people. His desire is for us to rely on His provision for our needs, not to rely on lenders for that provision.

Getting Out of Debt

October 25, 2004 - by Crown Financial Ministries

With home mortgages, school loans, and car loans, young couples today may owe more than $140,000 within the first couple of years of marriage. This may seem normal to many, but God's Word says debt isn't normal, especially long-term debt (see Deuteronomy 15:6; Psalm 37:21; Romans 13:8).

Become debt free

*If you're already in debt, you can break the debt cycle with desire, discipline, and time. Using these **five basic steps** you can become debt free and stay that way.*

Transfer ownership

God forces His will on no one; you must willingly surrender your will and possessions to God. Prayerfully transfer ownership of every possession to God – money, job, time, material possessions, family, education, and future earning potential (see Psalm 8:6).

Give the Lord His part

Once you've transferred ownership to God, give Him the first part, the tithe of gross income. If you withhold from God, it indicates that ownership hasn't been transferred. Give Him freedom to work unobstructed on behalf of your finances – give Him the tithe – and He can give us His best.

Allow no more debt

Don't use any more credit or credit cards until all existing debt has been paid. Pay with cash, check, or debit card at the time of purchase. Don't borrow any more money from institutions, family, or friends until all indebtedness (home mortgage excepted) has been satisfied.

Develop a realistic budget

You'll need a written budget that allocates percentages of Net Spendable Income into living expense categories – including repayment of creditors. Write to each creditor with a repayment proposal, but promise only what can be paid every month. Include a financial statement and budget that shows how much will be paid to each creditor.

If you need to generate extra funds by working overtime or on an extra job, all money generated by the extra work must go to eliminate the debt for this to be effective.

Retire the debt

Pay extra on the debts with the highest interest rates. If all interest rates are comparable, begin paying extra on the smallest balance. After that debt has been paid, apply the regular payment as well as the extra money that was going to it toward the next highest balance. After the second is paid off, then the third highest and so forth.

Conclusion

No one who is financially bound can be spiritually free. Generally speaking, if these steps are faithfully followed, the average family can usually be debt free in about five years.

Accomplishing debt freedom can produce a radical change in lifestyle and a reevaluation of family values that can help prevent similar debt situations from recurring.

Debt and Credit

October 25, 2004 - by Crown Financial Ministries

Debt

No one who is financially bound can be spiritually free, and the effect of debt on marriage is evident in the statistics of failed marriages. Being debt free is still God's plan for His people.

What is debt?

Debt is something owed. God doesn't say we can't borrow, but He warns against surety – debt without a sure way to repay. If collateral is used to cover the balance owed in case of default, then the loan isn't surety.

But most debt in America is surety – with inadequate collateral to satisfy the loan agreement.

Debt isn't credit. Credit establishes a mutual trust between lender and borrower. But undisciplined use of credit can quickly lead to debt

Credit

Establish – Today, almost anyone qualifies for a credit card, although the limit may be the minimum.

Cancel – To cancel a credit card, the account must not be delinquent. Send a letter to the issuing bank and request that your account be cancelled. Credit cards belong to the issuing bank, so cut the cards in *half and return them with your letter.*

Causes of debt

Ignorance. Most people aren't trained to handle money. Today's attitude is: If you want it, get it, you deserve it – if you haven't the money, charge it.

Indulgence. Americans tend to feel that we should get what we want, when we want it, and the concept of saving to buy something seems an alien concept.

Poor planning. Without a written plan that measures and monitors income versus expense, you'll eventually find yourself having financial troubles.

Get out of debt

"The prudent sees the evil and hides himself, but the naïve go on, and are punished for it" (Proverbs 22:3).

Give to God first. Your first commitment should be the tithe from your gross income.

Stop borrowing. This means credit cards, loans from banks or family – all consumer credit.

Develop a balanced budget. A balanced budget is the primary tool for managing family money.

Develop a pay-back plan with creditors. Most will work with those who want to repay them.

Learn to trust God. God knows what you need, so begin to trust Him – wait for God's provision.

Exercise self-discipline. Curb impulses to buy. If it isn't budgeted, don't buy it.

Seek wise counsel. You may require help to establish and maintain a budget and work with creditors.

Rely on God's Word. Base financial decisions on the principles of God's Word, not the world's advice.

If you are in debt, you're bound to creditors and not free to serve God to the utmost. Decide now to get out of debt and stay out. With God's help and your discipline, you can become debt free and stay that way.

Location: *Debt / Credit* > *Debt and Credit*

Top 10 Ways to Save on Credit Cards

October 31, 2004 - by CCCS Atlanta

How to be a careful consumer

"A careful consumer looks closely at the cost of carrying a credit card," says Suzanne Boas, president of Consumer Credit Counseling Service.

Buy! Spend! Lease! Charge! Refinance! Consolidate! Consumers are bombarded with financial messages, in newspapers and magazines, blaring from broadcasts, popping up on computers. And, the most important messages may be in very small type. "But," Boas says, "it is a very good idea to read that small type, especially in credit card agreements, to save yourself unnecessary costs."

CCCS offers these ten tips to save on credit:

Pay your bills on time. *Not only will you avoid late fees and high interest rates, but paying on time is the most important factor in determining your credit scores, which determine the availability and cost of future credit.*

Always pay more than the minimum due. *Optimally, pay off all charges every month. If you can't do that, try to pay off your bills as quickly as possible. The longer you take to pay down the balance, the more money you pay in interest. Paying the minimum could mean taking 10 years or more to pay off your balance.*

Pay off high interest cards first. *This doesn't mean ignoring the other bills. If you have many cards to pay off, pay the minimum on all except the one with the highest interest rate. Pay as much as you possibly can on that one. This "laddering" technique reduces the overall interest you pay.*

Transfer balances to lower interest cards. *But, beware of low introductory transfer rates—they may skyrocket if not paid off over a short term.*

Negotiate with your creditors. *If you receive a late fee and have a good payment history, ask the credit issuer to waive the fee. If your interest rate seems high, ask them to match or beat the rate. If they won't work with you, it may be time to look for a better credit card deal.*

Shop around for the best deal. *Don't just accept whatever pre-approved cards arrive in your mailbox. If you have excellent credit, look for the lowest rate as well as for cash-back rebates, frequent-flier miles, free gasoline, or donations to college savings plans. If you have spotty credit, find cards that have the lowest costs. Watch out for monthly and annual fees, application fees, processing fees, and excessively high interest rates. Even secured cards have varying costs. Compare the many offers on websites such as Bankrate.com and Cardweb.com.*

Check the fine print. *What are the late fees and over-the-limit fees? What is the grace period? Is the interest rate variable or fixed? Most importantly, read the slips that come with your bills. Issuers can usually change the terms with a 15-day notice.*

Read your bills thoroughly each month. *Watch out for overcharges, phony charges or billing mistakes. You have 60 days to dispute these items, but after that, you're out of luck.*

Close zero balance accounts. *If you have accounts you don't use, close them. This will improve your credit score. Most people don't need more than 2-3 cards, and extra cards can only help you dig deeper into debt.*

Beware of the extras. *Credit Insurance may be more expensive than life or disability insurance, and benefits the lender as well as the cardholder. Most people won't need it. Debt suspension and credit protection programs offer no value to consumers.*

To help you manage credit, check your credit reports every year. The interest rates and offers you receive are based on your credit scores and reports. If erroneous material is on your report, it could cause your cardholders to raise your interest rates, even if your cards are in good standing.

Residents of Georgia are entitled to two free credit reports a year from each of the three main credit bureaus when requested by telephone:

Equifax 800-685-1111

Experian 888-EXPERIAN

TransUnion 800-888-4213

The three bureaus have helpful informational Websites, which offer reports and scores for a fee. Log on to: www.equifax.com, www.experian.com, and www.transunion.com.

For a free counseling session on how to manage your credit wisely, contact CCCS Atlanta at 1-888-771-HOPE (4673) or online at the Web site. A trusted community resource since 1964, CCCS Atlanta was honored for four consecutive years as the nation's Outstanding Agency by the National Foundation for Credit Counseling.

About CCCS of Atlanta
Consumer Credit Counseling Service of Atlanta is a nonprofit, community service agency dedicated to empowering people to achieve a lifetime of economic freedom. CCCS Atlanta provides free, confidential budget counseling, community and personal money management education, debt management programs, and comprehensive housing counseling. Contact CCCS Atlanta by phone at 1-888-771-HOPE (4673), or visit the Web site.

Common errors that lead to debt

December 10, 2004 - by Crown Financial Ministries

When evaluating family debt, a common shortcoming seems to run through all unmanageable debt experiences: the lack of thorough planning. Sometimes this deficiency is amplified even more by ignorance or indulgence. In order to recognize this shortcoming and then to change its progression, families must consider the two common errors and the three common expenses that lead to debt and seek either to avoid or control these errors and expenses. The primary method to identify shortcomings and to correct their effects is to develop a family budget and stick to it.

The two common errors that lead to unmanageable debt are:

allowing a get-rich-quick mentality to govern decisions

ignoring the advisor that God has given

Allowing a get-rich-quick mentality to govern decisions
Symptoms of a get-rich-quick mentality are evident in many of the investment schemes in the world today. Unfortunately, many Christians find themselves caught in the get-rich-quick trap before they realize what is actually happening.

If investments in get-rich-quick schemes were limited to available cash, most people would be far more cautious about losing it. Somehow, however, it is easier to risk borrowed money because it seems to many Christians to *be almost free money. Much like the justification used when purchasing consumer goods on a credit card, it is easy to justify using borrowed money to invest, especially if the return is "guaranteed." Speculating on the future not only is a practice in surety, which is warned against in the Bible, it also is presumptuous, because no one can rightly predict what will happen in the country's financial markets over the next hour, much less the next few months or years. So, borrowing money in order to speculate on the future is both unwise and dangerous, placing the borrower in a position of potentially losing everything if the economy turns downward.*

Another danger concerning get-rich-quick schemes is that often investors know nothing or very little about the product, service, idea, system, or organization into which they are being solicited to invest. Christians are particularly vulnerable to being tricked by get-rich-quick schemes, because they tend to trust people who call themselves Christian, especially if they claim to have a special revelation or leading from God. So, stay with what you know and do not invest until you have completely and thoroughly investigated the product, program, or company. In addition, no decision should be made hastily. Always wait for at least one full day, and earnestly pray before making any investment decision.

Ignoring the advisor that God has provided

It is very dangerous for a husband or a wife to ignore the primary advisor that God has given them: their spouse. When there is a relationship as close as a husband and wife relationship, there will be problems. Since opposites tend to attract, they may not agree on a number of things and issues. That's okay as long as they communicate and try to reach a reasonable compromise. God's Word is very specific when it comes to husband and wife relationships. Husbands are to love their wives and to listen to their advice before making any financial decisions that would change or affect the families' financial state. Wives may give their advice, but the final decision is up to the husband. Whatever the decision, whether she agrees or not, she must respect him as the head of the family. God created husband and wife to function as a single working unit, each with different but essential abilities. Without the balance that each can bring to a marriage, great errors in judgment will most likely be made.

The three common expenses that lead to debt are: home purchases, car purchases, and scheduled disasters.

Home purchases

Nearly every family in America dreams of owning their own home. However, many times they try to buy a home too soon after marriage or pay too much for a first home and end up in financial trouble. Unfortunately, these families often don't realize that owning the home created their financial problems, because it took too large a portion of their spendable income. Because of this, inadvisable home purchases are the number one expense that leads to unmanageable debt.

The percentage of an average family's budget that should be spent on a house payment is no more than 25 percent of Net Spendable Income (after tithes and taxes). Add to the mortgage payment the cost of property taxes, insurance, utilities, maintenance, repairs, and telephone, and the percentage climbs to about 38 percent. Unfortunately, many couples commit 60 percent or more of their budgets to housing. As such, there is no way that the family can handle that cost. If a family can afford to purchase a home within their budget (budget should be based on the husband's income only, not on the combined incomes of husband and wife), that makes sense. To destroy the budget just to get into a home is not logical.

Car purchases

The second most common expense that leads to debt is the purchase of a new car. Quite often couples who cannot qualify to buy a home buy a new car as a compromise. This is a major debt trap for couples, especially *those who have a tendency to overspend, because they are generally not concerned with the overall price of the car—just the amount of the monthly payments.*

A new car debt is actually harder to deal with than overspending on a home. In most areas of the country, homes can be resold at or above their original purchase price, because the market for used housing is consistently stronger than for new housing. A family seeking to sell an almost new car to relieve debt is shocked to discover how little the car is worth on the open market. Most families owe more on a car that is one year old than its actual value. For families who can afford to do it, saving in order to purchase a good used car is a wiser decision than financing or purchasing a car.

Scheduled disasters

In order to plan a financial disaster, all a family has to do is fail to plan for predictable expenses that haven't come due yet, such as automobile maintenance, emergency home repairs, or personal injuries. Failure to plan for these is a major reason many families end up in unmanageable debt. When the expenses occur they must be paid, so the only alternative available is often a credit card.

Why do people fail to anticipate these expenses that are inevitable? Generally, when they try to work them into their budget they don't fit, so they simply ignore them until a crisis occurs. To do otherwise would require adjustments in the other areas of spending, such as housing, automobile expenses, or recreation. Therefore, credit card debt invariably grows in order to absorb these non-budgeted, but predictable, expenses.

Conclusion

Without some kind of written financial plan (a budget) families will not realize that they have a financial problem until it overwhelms them. A budget balances income and expenses and reports on the status of income and expenses every month. By maintaining a budget, couples can identify shortcomings in their family financial picture, and by working together they can capitalize on each other's strengths in order to avoid errors and expenses that lead to unmanageable debt.

Dos and Don'ts of credit cards

December 20, 2004 - by Crown Financial Ministries

"The prudent sees the evil and hides himself, but the naïve go on, and are punished for it" (Proverbs 22:3). Credit and credit cards do not cause financial problems. It is the abuse and misuse of credit and credit cards that create financial problems. However, through discipline consumers can enjoy the convenience of credit cards without falling into the debt trap so often associated with the use of credit cards. The following are suggestions on how you can use credit cards for your benefit and convenience and yet not allow them to control you.

Credit card applications

If you are not interested in an unsolicited or pre-approved credit application you received in the mail, don't throw it in the trash. A thief who finds it can take out an account in your name and begin charging. Always destroy the application by cutting it into pieces and disposing of the pieces in three or four different waste receptacles. Another option is to mark through the application adn mail it back to the sender in the post-paid *envelope that came with the offer. You can note on the application that you wish to be removed from their mailing list.*

If you want to stop the other offers from being mailed to you write to Equifax Options, PO Box 740123, Atlanta GA 30374-0123. Along with a request to remove your name from credit application mailing lists, include your name, full mailing address, Social Security number, and signature. Equifax is one of the three major credit reporting agencies. They will remove your name from the list they provide and will forward your request to the other two agencies: Experian and TransUnion.

Using credit cards

The following suggestions will help you control the use of credit cards.

Ask your bank for an extra checkbook register (they generally provide these free) to keep track of credit card purchases and payments. Do this the same way that you record checking account transactions.

Never use credit cards for anything except budgeted purchases.

Always keep in mind that just because you might be able to afford something does not mean you have to buy it.

Carry a credit card with you only if you carry a $0 or near $0 balance. If you have a credit card balance, keep the credit cards in a safe inconvenient place that is out of sight; do not carry them with you.

Retain only one all-purpose, no-fee credit card. Cancel all others. Accept a credit limit that you can easily pay in full on your present income, and reject all credit limit increases.

If stores add a surcharge to your bill for paying with a credit card, you can refuse to pay it. Most credit card companies do not allow vendors to add a surcharge to credit card purchases.

Paying the bill

Credit card interest is a waste of money. Pay your bill off every month during the grace period. By paying off your credit card balance monthly you will never have to pay interest charges. On the same day that you made a charge on your credit card, deduct the charge from the appropriate budget category. You spent the money, so it is no longer money that is available to spend. As soon as the statement comes in, mail the full payment immediately. If your credit card company charges you a fee for not carrying a balance, cancel the card.

If you can't pay

The very first month you have a credit card bill that you cannot pay in full, destroy the credit card, never use it again, do not get another one, and try to pay the balance off as soon as possible. Make the payments as early in the billing month as you can or make two smaller payments a month if you can't pay early. Most banks calculate interest on the average daily balance. The larger the payment and the sooner in the month you make it, the more of it will apply to the principal.

After balance is paid

If you feel you must have a credit card, try using a debit card. A debit card works like a check: it debits your checking account the amount you charged. If you need a credit card in order to confirm hotel and car rental reservations and they will not accept a debit card, make sure you store the card in an inconvenient and difficult-to-access place where you will not be tempted to use it for other things. Some financial counselors recommend freezing the credit card in a block of ice and keeping the account number and the customer service telephone number in a safe place if you need to confirm a reservation.

Conclusion

The best way to avoid financial problems is to avoid the traps that cause financial problems. The primary cause of financial problems for most families is the misuse and abuse of credit cards. If families can function without credit cards, it is to their advantage. If they feel that they need a credit card, disciplined use and paying off the balance monthly will ensure that the credit card privilege will not be abused.

Howard Dayton's 10 Steps to Getting Out of Debt

January 07, 2005 - by Crown Financial Ministries

1. Pray. Ask the Lord's guidance toward "D-Day" – debtless day. As you eliminate debt, the Lord blesses your faithfulness.

2. Establish a written budget. This helps with planning ahead and seeing where you can cut back.

3. List assets. Consider each item -- furniture, cars, etc. -- and determine whether you should sell any assets.

4. List liabilities. Most people don't know exactly how much owe. A list of liabilities gives you an accurate picture of your current financial position.

5. Establish a debt repayment schedule for each creditor. Decide which ones to pay off first.

6. Consider earning additional income. Pay off debts with additional earnings.

7. Accumulate no new debt. Start pay for everything with cash.

8. Be content with what you have. Limit television watching and magazine reading. The more you watch, the more you spend. The more you look at magazines, the more you spend.

9. Consider a radical change in lifestyle. Temporarily reduce cost-of-living expenses.

10. Don't give up! Getting out of debt is hard work, but freedom from debt is worth the struggle.

Understanding credit card interest and fees

April 01, 2005 - by Crown Financial Ministries

For many years it was almost impossible to shop around for an inexpensive credit card, because few credit card issuers would tell consumers up front how much interest they charged. Congress put a stop to that practice in 1988 with the passage of the Fair Credit and Charge Card Disclosure Act of 1988. Card issuers are now required by law to provide applicants with more information about costs of credit cards up front. Under this law, the costs of credit cards must be displayed in an easy-to-read box format on applications and solicitations. Under this law credit card issuers must reveal **annual percentage rate and other finance charges and fees,**

grace period *(if any),* **balance calculation method,** *and* **annual fees** *(if any).*

Annual percentage rate and other finance charges and fees

Finance charges are generally classified into two categories: **annual percentage rate (APR)** *and* **monthly periodic rate**.

APR *is the annual rate of interest the issuer claims a consumer will pay over the course of a year on revolving balances. APR could range from as high as 30 percent to as low as 5.9 percent. However, the stated rate is rarely the actual rate of interest, because most issuers compound interest—charge interest on interest. That means that if consumers carry a balance from month to month they will be paying a much higher APR than the issuer's stated rate—in some cases as much as 2 to 3 percent higher.*

Monthly periodic rates *are the charges that consumers must pay in addition to the APR. Generally these charges are added to the current balance, and interest is charged on the additional charge as well as the balance. These charges include late fees (usually a minimum of $5 to $10—up to 25 percent of the minimum monthly payment due), over-limit fees (usually a minimum of $5 to $10—up to 25 percent of the amount over the limit), transaction fees, lost card replacement fees (usually from $5 to $25), and cash advance fees (a cash loan billed to a credit card).*

The most hurtful of these charges to the consumer is the cash advance fee. Card issuers already make a considerable amount of money off cash advances because they charge interest from the first day cash is advanced, regardless of whether the balance is paid in full at the end of the month. In addition, they make even more by charging higher interest rates (from 1.5 to 5 percent more) on cash advances than on purchases. On top of that, most issuers charge a cash advance fee of up to 2.5 percent of the amount of cash advanced, with a minimum charge of from $2 to $5 per transaction.

Grace period

As defined by the Federal Reserve Board, a grace period is "the date by which or the period within which any credit extended for purchases may be repaid without incurring a finance charge." A grace period is offered at the discretion of the credit card issuer, so not all issuers offer a grace period.

Many consumers are confused about a grace period. They often think that new purchases do not start accruing finance charges until after the grace period has expired. In fact, if any part of a balance, even one penny, is carried over from a previous month, **all** *new purchases made during the current month will start accruing interest immediately. In addition, consumers do not generally get the whole grace period free of interest unless they meet two conditions: the entire "balance due" has been paid by the due date, and all "new purchases" have been paid in full by their due date. In short, if consumers carry a balance from month to month, grace periods do not apply, even if the issuer of the card offers one.*

Balance calculation method

Card issuers have devised four main ways to determine the balance on which finance charges should be assessed: Average Daily Balance, Excluding New Purchases; Two-Cycle Average Daily Balance, Excluding New Purchases; Average Daily Balance, Including New Purchases; and Two-Cycle Average Daily Balance, Including New Purchases. Most of the national credit card issuers use the Average Daily Balance, Including New Purchases method.

With the Average Daily Balance method, every day the bank adds charges and payments to determine what is owed for that day. It adds these totals and divides that figure by the number of days in the month to determine the average daily balance. The bank then divides the annual interest rate by 12 to get to the monthly periodic interest rate. This rate is then multiplied by the average daily balance to obtain the finance charge for the month. Some banks include charges made during the month in the daily balance (including new purchases), and others exclude new purchases until the next billing period.

With a Two-Cycle Average Balance method, banks retroactively eliminate the grace period by basing the finance charges on the sum of the average daily balances for both the previous and current months. Some banks include new purchases in their daily balance calculations; others do not.

The following example shows the monthly cost difference between the four methods. We assume that a consumer starts the month with a zero balance and charges $1,000 on a credit card that has an APR of 19.8 percent. The next month the consumer pays the minimum monthly amount due, but charges an additional $1,000. By the third month, the minimum monthly payment due on the $2,000 charged varies with the four balance calculation methods. Note that in each of the four cases the balance will be paid in full in 36 months and there will be no additional purchases.

Average Daily Balance, Excluding New Purchases--------------$ 66.00 monthly minimum

Two-Cycle Average Daily Balance, Excluding New Purchases--$131.20 monthly minimum

Average Daily Balance, Including New Purchases---------------$132.00 monthly minimum

Two-Cycle Average Daily Balance, Including New Purchases---$196.20 monthly minimum

In a best case scenario, the $2,000 charge will cost the consumer at least $2,376. In a worse case scenario, the $2,000 charge will cost the consumer at least $7,063.

Annual fees

Annual fees, sometimes called membership fees, average about $20 annually, although some Platinum cards charge upward to $300 annually. Some cards, however, carry no annual fees. Nevertheless, issuers always get their money. Unless consumers pay the entire balance each month, they pay interest to the issuers. In addition, merchants pay issuers of the credit cards from 1.5 to 10 percent of the cost of all items charged on the card, just for the privilege of accepting the card.

Conclusion

Although it may seem that credit card issuers have multiple ways of capturing consumers' money, there are ways to lower credit card costs: switch to a low APR credit card with no annual fee, make sure the **entire balance** *is paid monthly before the due date and do not allow a balance to be carried over into the next month, and do not take cash advances against the credit card.*

Plans and goals

February 28, 2005 - by Crown Financial Ministries

Planning is an essential element for any financial program, but it is particularly important for Christians. Too often Christians argue whether they should plan at all. Some say that God does not expect us to plan but, rather, to rely on Him for everything. Others say that we should plan every minute of our lives, covering all potential circumstances and situations. These plans are so inflexible that they no longer are responsive to God's leading. The answer lies somewhere between the two.

Getting starting with a plan

The first place to start is to develop a change of attitude. This attitude must be founded on the premise that God owns it all and we are only managers of what He has entrusted to us to manage. This plan must be according to God's directives, His principles, and His convictions. By maintaining this type of relationship, there will be little temptation to make financial decisions instantly (or before praying and thinking about the decisions) or to become involved in get-rich-quick schemes.

Next, the plans must be flexible. Do not make plans that are totally dependent on financial increases. Sometimes God's will is accomplished by a loss rather than by a gain. Practice patience. Nevertheless, don't change plans just because somebody else encourages a change from the developed plan.

The plan needs to be written. A written plan provides a visible and objective standard to work toward, and it will help measure progress better and keep the plan on track. An example of a written plan is a family budget. A budget shows where the family is financially, how much the family is currently spending, and how much the family can spend according to the current income. Very few, if any, families with financial difficulties have a written plan.

The primary ingredients necessary to develop a plan are goals. Plans are generally divided into **short-range plans***, which are centered around short-range goals, and* **long-range plans***, which are centered around long-range goals.*

Short-range plans

Short-range plans are those that happen daily and require attention today. Short-range plans are basically day-to-day occurrences. Included in this day-to-day schedule should be some sort of plan for paying bills. In order to develop a short-range plan, five short-range goals should be considered: (1) **excellence***; (2)* **limit credit***; (3)* **set personal family goals***; (4)* **work to honor God***; and (5)* **establish sharing***.*

Excellence*. God wants us, as Christians, to excel at whatever we do to the best of our ability. We can excel at whatever we do daily, without egotism, and expect excellence as part of our daily goals.*

Limit credit*. A part of every short-range plan should be to limit and curtail the use of credit. God's best is to adopt a cash-only policy. This doesn't mean that Christians shouldn't ever use credit cards, but they should use them wisely, always keeping the balance current. The first time the credit card balance extends beyond the month-long, no-interest period, the cards should be destroyed.*

Set personal family goals*. Establish goals relative to the family's relationship with God and His directives, not what friends, relatives, and neighbors suggest or ask. There are limitless ways to lose money; one of the best is by following bad advice given by those the family trusts.*

Work to honor God. *The following are a few questions that Christians must answer if their work is to honor God. (1) Will my daily actions be a witness for Christ? (2) Can I do my work and honor God? (3) Am I helping* *others violate principles that I believe? and (4) Am I providing a service or simply satisfying an ambition? "* **Let us not lose heart in doing good, for in due time we will reap if we do not grow weary** *" (Galatians 6:9).*

***Establish sharing**. Because the tithe is a material testimony to a spiritual commitment, one of the first goals a Christian family should establish is to tithe the first part of their income.*

Long-range plans

In addition to short-range planning, Christians need to develop long-range plans and visualize their long-range financial objectives. Not every Christian will be wealthy, nor should everyone be wealthy, but everyone has a responsibility to plan well, to have good sound objectives, and to operate according to God's principles. In order to develop long-range plans, four long-range goals should be considered: (1) **set a maximum goal** *; (2)* **have a surplus plan** *; (3)* **obey God's principles** *; and (4)* **develop a family plan** *.*

***Set a maximum goal**. Families should have a goal of the maximum amount that they want to accumulate. Once that is established, peer approval will cease to be important, and the truth of Proverbs 11:28 will be more apparent: "* **He who trusts in his riches will fall, but the righteous will flourish like the green leaf** *."*

***Have a surplus plan**. There should be some specific goals developed for the use of surplus funds that God provides. How much should be returned to the work of the Lord? How much should be invested? How much should be set aside for children's wants? Establish a surplus plan now, while the opportunity and the capability exist. Do not count on future income or future events.*

***Obey God's principles**. In formulating long-range plans, pay specific attention to obeying God's principles. Be honest. Never allow the family to be trapped into anything that is unethical, immoral, or dishonest, no matter how inviting it seems. Precondition attitudes so that when the opportunity arises the family will not take advantage of an unfortunate situation but, rather, will show compassion and will do as Christ would do. God also demands obedience to the laws of the land, especially tax laws.*

***Develop a family plan**. Christians must establish long-range family plans that include financial priorities, long-range giving goals, education goals for children, estate and family provision goals in case of death, and retirement goals. In addition, there should be a family contingency plan in the event wealth is accumulated faster than anticipated or is lost due to unforeseen disaster.*

Conclusion

God is an orderly Provider and expects His people also to be orderly. The physical world we live in is not chaotic but is orderly and well planned because God is in control. Finances are just another aspect of the Christian's life that God wants to manage. If we are stewards and God is the owner, it is His wisdom upon which we must rely. His wisdom is best revealed through regular communication with Him and the study of His Word.

Alternate use of tithes

October 30, 2004 - by Crown Financial Ministries

Part of being a good steward (manager) of what God has provided is to give a portion back to Him. We pay the tithe, or 10 percent, of whatever we receive from Him. That tithe should be paid on our gross salary. It's not that God needs our money; rather, giving serves as an external, material testimony that God owns both the material and spiritual things of our lives.

The tithe is an indicator of obedience to all of God's laws. He is looking for the right attitude in our giving. If there isn't a willingness to give back to the Lord a portion of what He has entrusted to us, then giving tithes upon tithes will not make a difference.

Many people give above 10 percent and have much more to give, but their hearts are not right (1 Corinthians 13:3). Then there are people who cannot give that much but their hearts are dedicated to God (Mark 12:42-44). This is what God is looking for, regardless of the amount you give.

In the Old Testament book of Malachi we're told that God wants us to direct our entire tithe into the storehouse. A storehouse in the Old Testament had four functions. It was used to feed (1) the tribe of Levi and the priests of Aaron, (2) the prophets, (3) the Hebrew widows and orphans living within the city, and (4) the widows and orphans of the Gentiles who were living in and around the Hebrew city.

However, the equivalent of the Old Testament storehouse in the New Testament, as well as in our present day society, is the local church. God's Word tells us to bring our tithes into the storehouse (Malachi 3:10). When we obey Him and pay our tithes to the church, God holds the leaders of the church responsible for the distribution of the tithes (Nehemiah 12:44-45, 13:5,13). If we associate the functions of the Old Testament storehouse to the New Testament and current local church, its fourfold function would be to provide for the needs of (1) the pastor and staff, (2) missionaries and evangelists, (3) widows, orphans, single parents, and invalids in the local church, and (4) the unsaved who surround the local church.

Some churches in America are faithful in serving the Lord through the fourfold function, but many do not. If a local church is not accepting the responsibility of the fourfold function, then believers need to ensure that the function is being accomplished through other means. The church of today is representative of the whole brotherhood of believers, not the individual church on the street corner. When God speaks of His church, it is the corporate body of Christ. When we give to the church, it is to every part of the body, not just the denominational portions.

Although no one should be encouraged to redirect their tithe from their local church completely, since the tithe is a recognition of our obedience and submission to God and is given in thanksgiving for His faithfulness in providing, our giving should not be legalistic. So, if your church is not fulfilling the fourfold function mandated by God's Word, and if you feel God's direction to help others outside your local church and you have no funds other than the tithe, then who is to say that you are disobeying God's Word if you give as the Lord directs you.

Give tithes to help family members

In the Ten Commandments there is an admonition to "honor your father and mother," but nothing is said about giving to God. Therefore, honoring and helping father and mother, as well as other needy family members, is a direct commandment. In Matthew 15:5-6, Christ confronted the Pharisees with their hypocrisy, saying that they say that they could not help their parents because they had committed the funds to God and the funds could not be redirected. He implied that their parents were just as much a part of the kingdom of God as the storehouse. So, if your parents or other immediate family members (such as spouse or children) have needs and you have no additional money other than the tithe to meet that need, they should be your *first priority. However, Malachi 3:10 tells us that if we rob God of tithes and offerings, He will simply allow the devourer to come in and take it away from us anyway, so be sure you have sacrificed your portion of all funds available before you decide to give to others what belongs to God. Otherwise you could be robbing God in order to maintain a lifestyle.*

Give tithes to pay for Christian education

The tithe belongs to God. It's our material testimony that God owns everything in our lives. When we take a portion of our tithe and divert it to keep our children in Christian schools, it's really a gift in self-interest. Educational costs are your normal responsibility. Therefore, if God wants your children to attend private school He will provide the funds without your having to divert His tithe for that purpose.

Give tithes to secular humanitarian organizations

Because our tithes are given as a testimony in His name, the ministries that serve in God's name should be the recipients of our tithes. Therefore, the tithe should not be used to support secular organizations. However, that doesn't mean that there are not worthy organizations to which you can give. It simply means that the tithe—the first 10 percent of your gross income—should not be used to support secular organizations.

Tithe while in debt

A farmer always keeps a portion of each harvest as seed stock to be planted next season. If he didn't, he could never grow another crop. As Christians, our tithes are our seed stock (2 Corinthians 9:10). Proverbs 3:9-10 says that we are to honor God with the firstfruits of all that we receive. It doesn't belong to anyone else, not even creditors. Nevertheless, we must remain true to biblical principles. So, if you have made a prior vow (in the form of taking on a debt) to someone, God directs that vow to be maintained in order to present a good witness (Proverbs 22:1). In this case, the tithe should be paid on money not already pledged to the creditors but available to disperse at your will. However, this would only be true if the vow was made before pledging to tithe. A commitment to give to God always takes precedence over any payments or commitments to creditors for debts that were contracted after a pledge to tithe.

Because tithing is a matter of the heart, we should be looking for reasons to give rather than looking for ways not to give. Perhaps those in debt could start with a smaller amount than 10 percent and remain faithful to that commitment, increasing it as God provides. Or perhaps their giving could be some sort of volunteer service to the church or to people in need within the body of Christ.

Conclusion

Tithing is a principle. God is looking for the right attitude in our giving. If there is not a willingness to give back to the Lord a portion of what He has entrusted to us, then giving tithes upon tithes will accomplish nothing. Because God is concerned more with the attitude in our giving than the actual gift or designation of it, we need to ask God what to do with the money we are returning to Him.

Giving and Tithing

October 25, 2004 - by Crown Financial Ministries

Psalms 24:1 declares, ***"The earth is the Lord's, and all it contains,"*** *and in 1 Corinthians 4:7, Paul asks,* ***"And what do you have that you did not receive?"***

God owns everything and all blessings come from Him. We are to be good stewards – managers – of the many blessings for which we should be thankful. Money isn't our possession; it's God's possession, which we hold in trust.

Tithing
Giving is an external testimony of God's ownership of everything in our lives. And tithing is one of the first standards of giving found in the Bible – Abraham tithed 430 years before the Law was given to Moses.

The tithe is mentioned in the Law, but no reprimand is indicated for failing to tithe. Tithing has always been a voluntary act on the part of God's people (see Malachi 3:10).

The tithe is not a limit. The Jews were advised to give nearly one-fourth of their income each year.

God never asked less than a ***tenth*** *from anyone. But if 10 percent bothers you, why not give 11 percent, 12 percent – or twice as much if you'd like!*

Being under grace means we're not compelled to do anything by virtue of a written law; but grace is not a license to do nothing.

God doesn't own just 10 percent of our money, He owns the other 90 percent too.

Tithe and give with the right attitude. Not out of necessity, but with thanksgiving to the Lord.

Let your children witness your joyful giving and teach them the importance of commitment.

Beyond The Tithe
Giving beyond the tithe should be an outward material expression of the spiritual commitment of a willing and obedient heart. When giving beyond the tithe, give out of your abundance, according to the principle taught in 2 Corinthians 8:14.

Faith promise – *A commitment to give a certain amount. It's understood that if God doesn't provide the funds, you're not obligated to give them.*

Pledge – An absolute commitment to pay something. This type of giving is presumptuous, but a faith promise is scriptural. ***"Now faith is the assurance of things hoped for, the conviction of things not seen"*** *(Hebrews 11:1).*

Non-cash *– This includes your time or services to an organization or gifts such as food, furniture, and clothing. You may also give gifts with appreciated values (an asset you bought at a low price that is now worth much more), such as stocks, bonds, real estate, or anything that grows in value.*

Draw the line on borrowing *– It is not scriptural to borrow in order to give. It requires little trust to borrow money. In the Scriptures God never uses a loan to manifest His will in the lives of His people.*

Balanced approach to sacrificial giving *– Sacrificing to give is a way to honor God, but this should be the result of a heart attitude and not a desire to impress others.*

Remember that God is more concerned about the attitude of your heart in giving than the percentage or the amount given. Nevertheless, the minimum He asks His people to give is the tithe.

Bottom-Line Discipleship

October 30, 2004 - by Gordon MacDonald for Generous Giving

5/22/2002

Then a teacher of the law came to [Jesus] and said, "Teacher, I will follow you wherever you go."
Jesus replied, "Foxes have holes and birds of the air have nests, but the Son of Man has no place to lay his head."
Another disciple said to him, "Lord, first let me go and bury my father."
But Jesus told him, "Follow me, and let the dead bury their own dead."
Matthew 8:19-22

It is often said that Jesus never accepted volunteers into his inner circle. They were all recruited, chosen. Here is a story, briefly told (also told in Luke 9:57), of some men who thought they were putting their best foot forward when they offered themselves.

In both cases Jesus made it clear that they were not ready. If you take the words of Jesus and think them through, you get a sense of the sorts of things Jesus saw in the hearts of these men that no one else would have been able to see.

The first man probably had a problem with creature comforts, with things. Jesus' comment to him revealed the bottom line: I don't have anything; I'm not making anything; and no one is getting rich by coming alongside of me. If this man had any ideas about benefiting financially from this association, they were immediately done away with.

Even today, more than a few "followers" of the Lord harbor thoughts of what they can get out of the association: if not money, perhaps prestige, respect, social standing. Others might quietly reason, If I'm faithful to God, he'll be faithful to me, financially. My career will take off, my wallet will thicken, my net worth will increase. Think again!

"We follow a crucified and stripped Savior," a noble Christ-follower once wrote. A servant is not greater than his master. Bottom line: we do not follow Christ with the profit motive in mind.

The second would-be disciple had priority problems. And so Jesus responded accordingly: If you are going to worry about all the normal routines and customs of life, then you're probably not cut out for the tasks of kingdom-building that are just ahead.

A harsh response, some might say. But this is typical of the Lord. To those who are privileged and comfortable, He always manages to raise the bar a little bit higher. He desires to test the heart to see if money, things, privileges, and comforts are really in charge. You can't serve the Savior and all that stuff on an equal footing. One has to take precedence. And until you decide, you can't be a disciple.

Generous Giving is an educational stewardship ministry that seeks to encourage givers of all income levels—as well as ministry leaders, pastors and teachers and professional advisors—to fully understand and embrace what it means to live generously, according to God's word and Christ's example.

Where Do You Do Your Banking?

October 30, 2004 - by Gordon MacDonald for Generous Giving

7/2/2002

"Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven. For where your treasure is, there your heart will be also" *(Matthew 6:19-21).*

Most of us are forever collecting things—treasures, if you will. Children collect stuffed animals, toys, lucky stones, and special mementos. Teenagers collect music CDs, baseball cards and caps, celebrity pictures. And we adults? Money, expensive playthings, and trophy homes.

And why do we do this? Perhaps it has something to do with the attempt to add to our own personal sense of value. Or maybe it has to do with our perceived need for security. If I have this much at my disposal, I can protect myself from any catastrophe. Then again, having more than we really need may be bound up in the issue of power: The more I have, the more weight I can throw around.

Wherever Jesus went, he saw people acquiring wealth the way squirrels store up nuts for the winter. He saw the farmer (the rich fool?) build bigger barns to store greater volumes of crops. He knew of Pharisees who worked to find loopholes in their religious obligations--even denying their parents financial support to hoard away just a little more. One rich young community leader Jesus knew was afraid to part with what he had in order to follow Christ.

Jesus saw each of these individuals, and many more like them, storing up what they had: secreting it, protecting it, expanding it, bragging about it. However, this is not the kind of treasure Jesus encouraged his followers to store. His warning rings in our ears today: "Don't do it!"

Holding on to earthly treasure makes you increasingly vulnerable. By their very nature, these treasures are only temporal. For that reason, putting your main attention into acquiring these things is not a prudent investment. In the final analysis, God is our security, our provider, our judge.

Falling into the kind of perspective of which Jesus warns us is not difficult. Often it grows on us gradually, until one day all we can think about is, How can I get more? How can I protect what

I've got? How can I make sure that everyone knows how much I'm worth?

Not a good way to live, our Lord says.

Generous Giving is an educational stewardship ministry that seeks to encourage givers of all income levels—as well as ministry leaders, pastors and teachers and professional advisors—to fully understand and embrace what it means to live generously, according to God's word and Christ's example.

How to know to whom to give

November 16, 2004 - by Crown Financial Ministries

Biblical principle of giving
When we recognize that God owns everything and all blessings come from Him, our role as managers, or stewards, becomes evident.

Part of being a good steward is giving back to God a portion of what He has entrusted to us.

It is not that God needs our money. Rather, giving serves as an external, material testimony that God owns both the material and the spiritual things of our lives and that He is the source of all our supply.

In the Old Testament the Hebrew people brought approximately 23 percent of their increase to the "Lord's storehouse."

The keepers of the storehouse, the Levites, in turn used what was given to care for the widows, the needy foreigners in the area, the orphans, and the Levites.

In the New Testament, no longer did the people bring their tithes and offerings to a physical storehouse. Instead, they gave of their increase in tithes, offerings, and alms to the fellowship of believers. In turn, the believers used the gifts for spreading the Gospel, the general and administrative support of the church, and to care for the poor, widows, orphans, and needy.

Today's storehouse
Ideally, the church should serve as the storehouse in God's economy today. When Christians obey Him and give to the church, God holds the leaders of the church responsible for the distribution of those funds (see Nehemiah 12:44-45, 13:5,13).

In today's American society the Levites and priests (Numbers 18:24-26; 28-29) are equivalent to pastors and other church staff, evangelists, and missionaries.

The feeding of Hebrew widows and orphans (Deuteronomy 14:28-29) would be equivalent to widows *and orphans being served in a local church.*

The Gentile poor (Deuteronomy 14:28-29) would be equivalent to the unsaved people in the community where the church is located.

However, in truth, a majority of local churches do not minister fully in all the areas of ministry that exemplified the Old Testament storehouse.

Because giving to the Lord is an indicator of obedience to God's laws and principles, He is looking for the right attitude in giving.

If there were not a willingness to give back to the Lord a portion of what He has entrusted, then any giving will not make a difference.

So, since the tithe's purpose is to be a testimony of God's ownership, people should give bountifully and cheerfully. "Each one must do just as he has purposed in his heart, not grudgingly or under compulsion, for God loves a cheerful giver" (2 Corinthians 9:7).

Giving other than to the local church

The church of today encompasses the whole brotherhood of believers, not just the individual church on the street corner.

When God speaks of His church, it is the corporate body of Christ. When a believer gives to the church, it is to every part of the body, not just the denominational portions or a physical facility.

Therefore, to the extent that a local church is lacking in specific areas of ministry, it would be acceptable for funds to be given to an individual ministry, a parachurch organization, or a missionary organization if they are "filling the gap" left open by the church.

In essence, the ministries that serve in God's name, whether the local church or outside of the local church, who are fulfilling the standards set forth in God's Word and whose motives are compatible with those standards, should be recipients of believers' giving.

Nonetheless, during the past few years, a number of well-known ministers have come under fire because of deception and lavish lifestyles. Their followers gave millions to support ministry activities at home and abroad but found out later that portions of their contributions had been used to buy huge personal homes, extravagant cars, and other luxuries for ministry leaders.

Therefore, before giving the Lord's money to any organization, whether Christian or secular, Christians must ask the following fundamental questions.

How an organization answers these questions should determine whether funds should be distributed to them. Just because an organization asks for funds does not necessarily mean that God is directing His people to give to that organization. Ask for God's direction before giving. "If any of you lacks wisdom, let him ask of God, who gives to all generously and without reproach, and it will be given to him" (James 1:5).

Who are the people asking for the funds? If you are not personally familiar with exactly what the organization does, get a list of references from that organization that can be verified through well-known groups. Also ask for a doctrinal statement and compare it to the truth of God's Word. Is the ministry fruitful? Is the organization multiplying itself? Is it accomplishing its goals?

For what purpose will the funds be used? Ask for a projected budget, an audited financial statement, and a copy of the organization's Form 990. Verify that funds are being used as indicated or specified.

How are the funds raised and managed? It's wise to ask if a fund-raising group is involved and what percentage of the funds goes to that group. If more than 25 percent of the resources are being used for fund raising, be cautious.

A good indication of financial management is the debt to income ratio and changes in overhead expenses from year to year.

Definitely avoid giving to ministries that use high-pressure fund-raising techniques or gimmicks or to ministries whose leaders maintain lavish lifestyles. The laborer is worthy of his hire, but a true servant of Christ will have a servant's attitude when it comes to material possessions.

Is God leading you to give to that organization (see 2 Corinthians 9:7)?

Conclusion
Although Christians should not be encouraged to redirect their giving from their local churches completely, there also should not be any legalism involved in how and to whom money is given.

So, if believers feel the need, and God's direction, to help ministries outside of their local churches, it would be hard to say that they are disobeying God's Word if they give as the Lord has directed them to give.

Remember that God is concerned more with the attitude in giving than with the actual gift or designation of it.

Give and it will be given to you

January 17, 2005 - by Crown Financial Ministries

"Give, and it will be given to you. They will pour into your lap a good measure—pressed down, shaken together, and running over. For by your standard of measure it will be measured to you in return" (Luke 6:38). Few Scripture verses are quoted more often than Luke 6:38 regarding giving and receiving. Does it really mean what it seems to say? Does God promise to give to us abundantly? Do God's promises depend on our giving first? What about those who have nothing to give? Does that mean that they will receive nothing from the Lord?

The promise by Jesus recorded in Luke 6:38 was not made exclusively to the rich, spiritual, gifted, or talented. It was a promise to anyone who would apply its principles. Although the promise does *include prerequisites, they are not prerequisites that involve one's spiritual maturity or social status. The prerequisites are ones of action: give first, then you will receive.*

Giving types

Generally Christians in America are divided into five giving types or giving groups.

The first group gives either nothing or very little (far less than 10 percent of their incomes) to work being done in the Lord's name. Most American Christians belong to this group.

The second group gives at least 10 percent of their incomes regularly but seldom experiences what can be considered God's abundant material supply or spiritual bounty.

The third group gives at least 10 percent of their incomes and can identify times when God has given to them both material and spiritual abundance.

The fourth group is small. This group gives far above 10 percent of their incomes but seldom identifies with God's abundant material return.

The fifth group is even smaller. This group gives far above 10 percent of their incomes and identifies with God's material and spiritual abundant return.

Those who give nothing or less than 10 percent of their income have, by their lack of giving, limited what God can do for them according to His Word. "Will a man rob God? Yet you are robbing Me! But you say, 'How have we robbed You?' In tithes and offerings" (Malachi 3:8). Paul the Apostle amplifies the same admonition. "Now I say, he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully" (2 Corinthians 9:6). The lack of giving is an external indicator that there is something wrong spiritually.

Those who give more than 10 percent but not necessarily sacrificially and experience God's abundant supply are meeting God's prerequisites for where they are in their spiritual growth at that time. As they continue to grow and as God continues to teach them, the outward material abundance may change, as different lessons need to be learned.

Some of those who give far beyond 10 percent of their income and do not experience God's abundance could be giving with the wrong motive. They may be trying to bribe God; they require and even demand God's blessings because they gave, as they say, sacrificially. They are not in subjection to God but are trying to exercise control over Him. Others in this category, who give abundantly but receive little physical evidence of God's return, may receive that return in other ways. These could include excellent health, a good and stable job, children and family who are committed to Christ, a car that seldom needs repairs, and so on.

Those who give abundantly and receive abundance in return from the Lord generally give because they desire to give, and although they may expect back from the Lord they do not demand it or become discouraged if they do not receive it in the manner or bounty they expected. Their giving is out of a desire to please God, not to profit from their relationship with Him. They are thankful when God gives back to them and show their thanks by giving back to God even more than they had given before the blessing. Yet, they are also thankful even if God gives them nothing materially in return and will continue to give abundantly. Many in this group go through periods of overflowing abundance from the Lord, as well as long periods of no abundant return. In either period, they continue to give because *their desire is to give to the Lord's work. If they receive an abundant return from the Lord, they feel that the return was given so that they can give more. If they do not receive an abundant return, they know that they are in the midst of a time of training and learning from the Lord for the next life stage that He has for them. As such, they usually conclude that their giving must not decrease but, rather, it should increase.*

Conclusion

The spiritual principles behind Luke 6:38 are indeed giving and receiving, but we do not give to receive. The prerequisites to receiving are found in Luke 6:27-37. A Christian who lives by these principles practices the surrendered life. Therefore, the giving is simply a material expression of the deeper spiritual obedience to Christ. Nearly every Christian desires to be obedient to God, and in many ways most are. However, Christ warned us that one of the greatest threats to our walk with God is the appeal of the materialistic world. "The one on whom seed was sown among the thorns, this is the man who hears the word, and the worry of the world and the deceitfulness of wealth choke the word, and it becomes unfruitful" (Matthew 13:22).

This article is an adaptation of Larry Burkett's Biblical Principles Under Scrutiny article entitled "Give and it will be Given to You," published by Christian Financial Concepts, 1985.