Servant SOLUTIONS

# Live Free

*Seven Steps to Financial Freedom*
*for the Devoted Follower of Christ*



Well *planned*.Well *done*.

# SEVEN STEPS TO FINANCIAL FREEDOM


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# LORD OF ALL

## *Getting things in Proper Focus*

In his book ***The Word on Finances,*** Larry Burkett writes, *"God calls each of us to a radical lifestyle—total commitment to Him. You can determine a great deal about spiritual commitment by what Christians treasure…All that truly matters is what we can do for the kingdom of God. Certainly, the things we accumulate are not important. They are simply tools for us to use in accomplishing God's work."*

Did you know that there are hundreds of references to money and possessions in the Bible? That is second only to the subject of love. Clearly, God's provision for His people and our use of His gifts is important not only now, but for eternity. How we live our financial lives sends a clearer message to the world than any sermon ever can.

So, what are your beliefs and attitudes about money? Are they biblical and Spirit-led? These seven steps will examine our financial beliefs and practices in the light of God's Word. Along the way we'll use some practical worksheets and models to help you personally apply biblical principles to your financial life.

Does this sound like work? It is. It will require some organizing of your records and some honest discussion with those you love and live with. But realistically, this work is unavoidable anyway. You'll either spend a little time planning and preparing now or a lot more time cleaning up messes later on.

### What is money for?

**As a follower of Christ, should your answer to that question be different from your non-Christian neighbors?**

**What did Jesus, His disciples, and other people of God do and teach others regarding money?**

## We've designed each Step of this series to take between 30 to 45 minutes.



If you are committing to these seven steps in your Sunday School class, a Wednesday evening series, or some other special gathering, you will find this time spent in prayer, scripture reading and homework will pay dividends.

But don't start yet! First, take a few minutes to pray honestly before the Father either by yourself or with those in your group who have made the same commitment that you have to improve their stewardship through a focused evaluation of personal finances. Commit yourself to spending time daily reading His Word and applying it personally as you complete the homework for each session.

Are you committed to listening and then following God's voice in all of your financial dealings? Then let's get started by telling you something that is already known with certainty about you and your financial practices. No, no one is spying on you. But if you are human, this is true about you just like everyone around you. It is one of those good news/bad news paradoxes.

The bad news is that you are a creature of habit. Your tendency is to do the same things the same way because they are familiar and comfortable. Once a belief or behavior has become a part of your routine, it is very difficult to change. If you have developed some bad habits regarding your stewardship of God's financial blessings, you probably know that you could be doing better but feel overwhelmed and powerless to change.

However, there is good news about being a creature of habit. God has given you the freedom to choose your habits! With a little effort on your part and the help of the Spirit you can overcome bad financial habits with better habits. In fact, the only way to eliminate a bad habit is by practicing a new pattern of living until it becomes a habit itself.

**Choose today to learn to live God's way in your use of money. It may be difficult to change spending patterns at first—especially when it means living differently than most of the world around you—but you have the advantage of God's ever-present help for those who seek His paths.**

**(Proverbs 3:6)**

***Let's get started!***

# STEP #1
# LOCATION
## *Where are you now?*

Suppose friends invite you to their home. Casually you listen to directions on the phone. You sort of know the area and are sure that your "instincts" can get you there. But soon you are lost. And on top of that, you are late!

Embarrassed, you stop and call again. What is the first question your friends ask to help you find the right route to your goal? They ask: "Where are you now?"

Before you, or any financial advisor, can begin to chart a course toward financial freedom and reaching your goals, you must be clear about your starting point. If you are off course, you have to get back on the right road as soon as possible.

And, it helps to be as specific as possible about your desired destination and when you hope to arrive there. Sure there will be detours and delays along the way. But it is always easier to adjust a plan than to try to make one up when you are lost, late, and under additional pressure.

Let's start at the beginning, then, with a little photography of your present financial condition. The next photography session will be a video clip over a period of time. We'll take a look at the direction you are moving and how fast you are traveling along that path. We'll look at the flows of cash into and out of your accounts.

But today's photograph is just one image: a snapshot of this very moment. Camera ready? Say "cheese". Now let's develop the picture and see how your financial portrait looks when we hold it under the light of God's Word.

We'll begin to examine your current financial position by preparing a personal balance sheet: What you own. What you owe. Where you would stand if you "cashed out" and paid all of your debts today. Just follow the four sections, completing the forms as you go, on pages 6-9.




## *ACTION STEP #1:*

***Spend time every day praying for God's direction and wisdom for yourself and one other person in your group.***

# SECTION 1 LIQUID ASSETS (Quickly converted to cash)

Your **assets** are things of value that you own or control. This includes the cash in your wallet, the current market value of your house, what you could get for your car if you had to sell it today, and the closing stock prices of your retirement portfolio.

Assets can be divided into two broad categories. First, **liquid assets** are things held in the form of cash or which can be quickly converted to cash at their true value. These would include checking and savings accounts, money market funds, marketable securities, life insurance cash values, and other investments with daily valuations and the means for quick transactions.

On the following worksheet list the amounts of each of your liquid assets. Consult your bank records and monthly brokerage statements to be as accurate and up-to-date as possible.

## YOUR ASSETS: LIQUID

| | |
|---|---|
| **Cash on hand and checking account** | **$ _____** |
| **Money Market funds** | **_____** |
| **CDs ( _____% interest rate)** | **_____** |
| **Savings ( _____% interest rate)** | **_____** |
| **Marketable securities** | **_____** |
| **Life insurance cash values** | **_____** |
| **Other _____** | **_____** |
| **Other _____** | **_____** |
| **Total Liquid Assets:** | **$ _____** |

# SECTION 2 NON-LIQUID ASSETS
## (Cannot be quickly converted to cash)

The second category of assets is—you guessed it—**non-liquid assets**. This includes the current market value of all of the other things you own. This is where things can get a bit tricky. For example, you may be able to get a reasonable figure for the value of your car by consulting kbb.com and getting the "Blue Book" on a '66 Rambler. But how much could you get for your baseball card collection if you needed to sell it in a hurry?

The important thing at this point is not that you have exact figures. You still have to find a buyer willing to pay whatever price you believe things are worth, right? That's why they are called "non-liquid" assets. What's more important is being realistic in your estimates. When it comes to home furnishings and used garden tools, what could you get for them in a garage sale or estate auction? That's what your things are really worth, not what you paid for them at a retail store last month.

Back to the worksheet. Record your non-liquid asset values on the lines provided.

# YOUR ASSETS: NON-LIQUID

| | |
|---|---|
| **Home (market value)** | **$**_____ |
| **Land (market value)** | _____ |
| **Business valuation** | _____ |
| **Real estate investments** | _____ |
| **Limited partnerships** | _____ |
| **Boat, camper, tractor, etc. (market value)** | _____ |
| **Automobiles (market value)** | _____ |
| **Furniture & personal property (market value)** | _____ |
| **Coin & stamp collections, antiques, etc.** | _____ |
| **IRAs** | _____ |
| **Retirement & profit-sharing plans** | _____ |
| **Receivables from others** | _____ |
| **Other** _____ | _____ |
| **Other** _____ | _____ |
| **Total Non-Liquid Assets:** | **$**_____ |

# SECTION 3 YOUR LIABILITIES

Has it been fun to add up all you own? Now for the dark side of the force. Who do you owe and how much do you owe them? These amounts are called **liabilities** because they are "liable" to sink your financial ship if they get too large.

The next section of the worksheet is a listing of the most common liabilities for most families today. List not only the current balance of your debt, but also the interest rates, monthly payments, and scheduled length for each obligation. We'll only use the first column for our snapshot today, but getting the other information from your credit documents will save you time when we construct your video clip of financial activity for Step #2. Be honest and complete as you fill in these amounts on your worksheet below.

## YOUR LIABILITIES

| | Creditor | Balance Due | Interest Rate | Monthly payment | Est. Payoff Date |
|---|---|---|---|---|---|
| 1. | _____ | $ _____ | _____ | $_____ | _____ |
| 2. | _____ | _____ | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ | _____ | _____ |
| 4. | _____ | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ | _____ |
| 7. | _____ | _____ | _____ | _____ | _____ |
| 8. | _____ | _____ | _____ | _____ | _____ |
| 9. | _____ | _____ | _____ | _____ | _____ |
| 10. | _____ | _____ | _____ | _____ | _____ |
| 11. | _____ | _____ | _____ | _____ | _____ |
| **Total Liabilities:** | | $ _____ | | $_____ | |

*(Enter this figure on page 9)*

# SECTION 4 NET WORTH

Now you are ready to determine your **net worth**—financially speaking of course. Your real worth is so great that God was willing to give everything to reclaim you for eternity (Romans 8:31-32). But what does the world say you are worth in monetary terms today?

Add the lists for your liquid assets, non-liquid assets, and liabilities. Transfer the totals to the Balance Sheet Analysis below and follow the directions to compute the totals and ratios. Together these will form a snapshot of your financial health at this moment.

## YOUR PERSONAL BALANCE SHEET ANALYSIS

**NET WORTH**

**Assets:**

| | |
|---|---|
| **Liquid** | **$** _____ |
| **Non-liquid** | **+** _____ |
| **TOTAL ASSETS** | _____ |
| **Less: TOTAL LIABILITIES** | **–** _____ |
| **NET WORTH** | **$** _____ |

**LIQUIDITY (Liquid Assets)** _____
(For emergencies, bills, major purchases, and investment opportunities)

**DEBT RELIANCE RATIO** _____
(Liabilities divided by Assets)

**PROPENSITY TO ACCUMULATE** _____
(Net Worth divided by years worked)

# MAKING SENSE OF THE NUMBERS

What does it all mean? Let's start with the first calculation: your net worth. If you are a young person just out of college it is possible that your **net worth** is a negative number. Your school loans may still be large and your time to save from your career earnings has been short. In other words, your liabilities exceed your assets.



Starting in negative territory isn't shameful in this case because your real asset—not recorded on your balance sheet—is an educated you. Remember, you took out school loans to increase the value of your greatest financial asset: yourself and your ability to work and earn an income.

However, staying in negative net worth territory while employed full time may indeed be something to hang your head about. It may indicate that you are living beyond your means and depending on debt to pay for a lifestyle you can't really afford.

Next, consider your **liquidity figure** *(available cash to handle the unexpected)*. How well positioned are you to pay your bills on time? Could you handle the costs of a medical emergency? A broken refrigerator? The loss of a job?

Third, look at your **debt reliance ratio** *(managing debt wisely)*. A wise man once said that when your outflow exceeds your income, your upkeep will be your downfall. God's Word has much to say about credit and debt *(see the Bible references at the end of this page)*.

Three basic principles are clear: 1) being in debt should never be normal for God's people; 2) credit should never be long-term; and 3) we should never take on debt without an absolutely certain way to pay. We'll consider this further in Step #2.

Finally, take a hard look at your **propensity to accumulate** figure *(searching for treasure in your own checkbook)*. Not every year you work will give you the same opportunities to save for the future. But on average, are you improving your position each year? If not, why not? Where are the dollars you could be saving for future goals instead being spent in the present?

If you'll stay with our study for Step #2 we'll help you answer that question and, as a reward, we'll give you $1,400 to give your net worth a jump start. Interested? Get ready by spending the next few minutes in God's Word starting with the scriptures below.

What are the right attitudes for God's people concerning money?

Matthew 6:25-34
Luke 16:10, 13
Proverbs 30:7-9
Psalm 37:4-6
1 John 2:15-17

Should God's people be in debt? Should they lend to fellow believers? To others? What about declaring bankruptcy?

Psalm 37:21
Deuteronomy 23:19-20
Romans 13:7-8
Proverbs 22:26-27
Matthew 16:26

## STEP #2

# DESTINATION

*Where in the world are you going?*

You're here looking for the $1,400 promised, aren't you? It's really an easy offer for us to make. You see, if you are currently employed and earning above minimum wage, you've already got it. We just want to help you find it and use it to help achieve the things that matter most. Let's zero in on this with a story that may sound familiar to you.

A colleague begins each day by stopping by a local coffee shop for a gourmet cappuccino at a cost of $5. At lunch he grabs the "Big Gulp" drink for another $2. He sometimes adds to this daily beverage tab by stopping by the vending machines on his way to meetings, but we'll keep it simple by focusing on the $7 per day that is his habit.

Now, if he does this every day his beverage bill adds up to $35 each week. And if he worked just 40 weeks a year (he works more!), that would total $1,400 each year that he pays for brown sugar water.

What is the alternative? He could drink the coffee out of the break room at work for free. He could get complimentary water with lemon at lunch. And what could he do with the $1,400? That would cover airfare and hotel to most destinations. Or it could help a lot toward building a child's college fund.

"But it's only seven dollars!" you say? That's the point. New habits involving small amounts can pay big dividends over time.

You don't drink coffee, you say? What do you do that takes more than it gives back in improving your quality of life? Entertainment? Gadgets? Clothes? Cars? Only you—in honesty before God—can sort out His desires regarding needs, wants, and luxuries. Do you really want to be "wealthy" (not just in the sense by which the world measures)? Then seek first the Kingdom (Matthew 6:33). But how can you improve your net worth with the things that are "added unto you"? It's simple. Just spend less than you make and wisely invest the surplus. See, it's not complicated. Just hard to do with so many spending options and today's easy access to credit.



Take a few minutes right now to get an honest picture of how cash flows into and out of your home (here's that video clip we told you about). Start by pulling out your checkbook and credit card statements. Gather six to twelve months of data if you can. Then, with a feel for your "average" monthly expenditures, complete the following two-page worksheet.

## ACTION STEP #2:

***Complete this sentence: During my life I want to...***

*do* _____

*have* _____

*be* _____

*give* _____

# WHAT ARE YOUR CASH FLOW NEEDS?

## Income

| | Average Mo. Income | Annual Income | Last Year's Income |
|---|---|---|---|
| Take Home pay – yourself | | | |
| – your spouse | | | |
| Bonuses (net) | | | |
| Self-employment income | | | |
| Net income from rental property | | | |
| Interest | | | |
| Dividends | | | |
| Other _____ | | | |
| _____ | | | |
| _____ | | | |
| TOTAL: | $_____ | $_____ | $_____ |

## Fixed Expenses

| | Average Mo. Expense | Annual Expense | Last Year's Expense |
|---|---|---|---|
| Tithe to church | | | |
| Savings | | | |
| Rent/house payment | | | |
| Property taxes | | | |
| Income and Social Security taxes not withheld by employer(s) | | | |
| Car insurance | | | |
| Car payment | | | |
| Student loan payment | | | |
| Other installment and credit card payments | | | |
| Cell phone service | | | |
| Utilities | | | |
| Life insurance premiums | | | |
| Disability insurance | | | |
| Homeowner's/renter's insurance | | | |
| Other _____ | | | |
| TOTAL: | $_____ | $_____ | $_____ |

## Adjustable Expenses

| | Average Mo. Expense | Annual Expense | Last Year's Expense |
|---|---|---|---|
| Groceries | | | |
| Entertainment | | | |
| Clothes | | | |
| Travel | | | |
| Vacations | | | |
| Medical, dental bills | | | |
| Gasoline | | | |
| Furniture | | | |
| Streaming subscriptions | | | |
| Laundry/dry cleaning | | | |
| Music and other lessons | | | |
| Educational expenses | | | |
| Day care | | | |
| Personal care | | | |
| Fun money | | | |
| Household help | | | |
| Household maintenance and repairs | | | |
| Yard maintenance and outside help | | | |
| Donations to church, charities above tithe | | | |
| Subscriptions | | | |
| Personal gifts | | | |
| Other _____ | | | |
| _____ | | | |
| TOTAL: | $_____ | $_____ | $_____ |
| Surplus or Deficit (income minus outgo) | $_____ | $_____ | $_____ |

*Are you living within your income? If not, where are you spending dollars that could be saved? If you are not regularly saving and investing for future goals, that future you desire will never arrive. In Step #5 we'll look for additional savings dollars, but it all begins with your daily spending habits. Study your current cash flows and consider these principles from God's Word:*

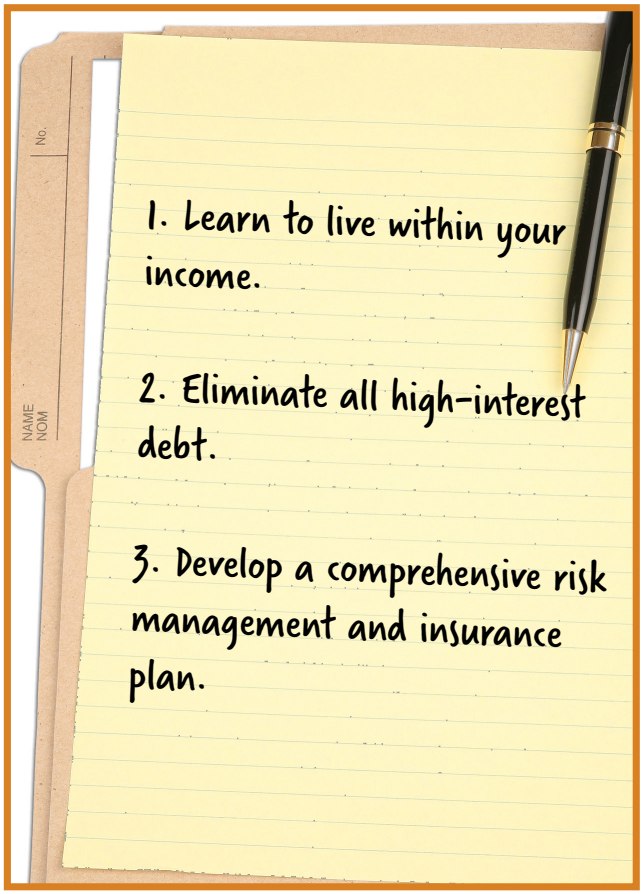
**How should a Christian earn and spend money?**
**Mark 10:17-31**
**Matthew 6:19-34**
**1 Timothy 5:8; 6:3-10, 17-19**
**Psalm 49**

## STEP #3

# PROVISION

## *You're in good hands*

After looking over your spending patterns, are you inspired and ready to begin saving and investing? ***Don't do it!*** At least not yet. You have no business investing until you have done three important things:




Why that third item? Think about it. It makes little sense to sacrifice and save only to have some calamity erase all your progress. Let's be realistic. Life is often messy and usually unpredictable. No one plans to be hospitalized with a severe disease. You don't anticipate a hailstorm destroying the roof of your house. And no one knows when the bread-winner of the family may be called home to be with the Lord.

God's Word to His people is full of promises about His provision for those who trust Him. That doesn't mean we'll escape all the world's problems, of course. Remember, Jesus told His disciples that *"In this world you will have trouble. But take heart. I have overcome the world" (John 16:33).*

The Word also admonishes us to care for the needs of those around us. In some of His earliest instructions to His people God said, *"If one of your countrymen becomes poor and is unable to support himself among you, help him as you would an alien or a temporary resident, so he can continue to live among you. Do not take interest of any kind from him, but fear your God, so that your countryman may continue to live among you" (Leviticus 25:35-36).*

We are called to directly help our neighbors, and especially fellow believers. There will be times when God leads us to give dollars, clothing, food, even cars and homes to people in need.

But we also have a regular, ongoing, and organized way to prepare for both our own difficulties as well as those of our neighbors. It is called **insurance**. Insurance policies can help us share with our neighbors both the risks of living and the resources to help those in need.

But insurance is complicated, confusing, and costly. How much is enough? How much is too much? No one can afford to insure every risk. So how can you prioritize and get the most for the dollars you have available?

Unfortunately, because every family situation is different, there is no set of instructions that will fit every scenario. Some insurance products fit very specific needs for one, but would be a total waste of premium dollars for another. However, there are some universal principles that can help us ask the right questions and evaluate our options. So let's think through this together by drawing upon both the advice of experts and the wisdom of scripture.

First, we must build a network of trusted insurance advisors. The sad truth about insurance is that we usually spend more and shop less for it than for anything else in our budgets. We rarely think about our risks until a brother-in-law or golfing buddy becomes an insurance agent and asks to meet with us at our kitchen table. Decisions this important deserve the best trained, most experienced advisors we can find. It pays to shop around. Ask friends and family members that have made claims to local insurers. Go on-line and review articles and ratings. Take a few days to meet with agents and prayerfully consider how they have served you. Make sure they speak in terms you can understand and evaluate.

Next, along with your trusted advisors, **consider the categories of risk that your family faces**. This list will vary with geography, career responsibilities, size of family, health, type of home, and dozens of other issues. Be as complete as possible here. You may not choose to cover all these risks with insurance, but it helps to be aware of all your risk exposures and then consciously choose the costs you will assume yourself.

Finally, **shop around**. Make insurers compete for your business. Consider more than just price. Look at the experience and financial stability of the companies you review. How easy is it to report a claim? Do they have claims adjusters in your area? Are you comfortable with the agent and staff in the office you will work with?

## *ACTION STEP #3:*

***Review all insurance policies: auto, life, homeowners (including umbrella), health, identity theft, and long-term care. Note: Some companies offer significant discounts when placing more than one type of coverage with the same company.***

## *Consider this advice from both insurance experts and mature people of faith:*

Be realistic about how much you can afford to spend for insurance and still be able to save for college expenses, retirement, or other needs.

Prioritize not by how likely it is for a risk to occur, but instead by how financially devastating it would be to have it happen.

Consider raising your deductibles to lower your premiums. But be sure to add to your emergency fund enough to cover your deductible in case of a claim.

Buy broad coverage only. Stay away from narrow policies such as cancer, flight insurance, mortgage and credit card life coverage, student accident, hospital indemnity and double-indemnity.

Go online to keep up with insurance trends and prices. Start at zanderinsurance.com or insurify.com.

"Some Christians debate whether buying insurance violates their trust in God. Because of His love for us, God can be trusted to give us wisdom in every situation of life. But 'trusting God' doesn't excuse us from unwise decisions about life's practical concerns. It is possible to 'trust in insurance' rather than trusting in God to supply our needs. But a sensible amount of insurance is actually good stewardship of the resources God lends us." – from A Christian's Guide to Worry-Free Money Management, Daniel D. Busby, et al.

"God promises that He will bless those who obey and serve Him. He will provide for those who trust Him. Many times we equate provision with great wealth—according to the standards of the rest of the world. But the promises of God do not include wealth. God's promises to deal with what He says He will give us in order to accomplish His plan for our lives. The more we act as good stewards and manage God's resources according to His direction, the more God will entrust to us. If we really trust God with everything we have, He will satisfy all our needs as He promised." – from The Word on Finances by Larry Burkett.

"In his heart, a man plans his course, but the Lord determines his steps" —Proverbs 16:9.

***Good insurance decisions require study, the counsel of trusted advisors and sincere prayer. As you pray, search the scriptures for God's promises and God's provision for His people. Start with these passages:***

***1 Kings 3:11-13 Job 5:17-20 Psalm 34:19 Romans 10:11-12 Philippians 4:19***

## STEP #4

# ANTICIPATION

*A goal is just a dream with a deadline*

In Lewis Carroll's classic ***Alice's Adventures in Wonderland,*** Alice finds herself walking an unfamiliar area in Wonderland. She comes to a fork in the road with a large Cheshire cat sitting at the junction. Upon asking the cat which of the two paths she should take, Alice hears the reply:

> "That depends a good deal on where you want to get to," said the Cat.
> "I don't much care where - -" said Alice.
> "Then it doesn't matter which way you go," said the Cat.
> "- - so long as I get SOMEWHERE," Alice added as an explanation.
> "Oh, you're sure to do that," said the Cat, "if you only walk long enough."



But we're guessing that if you have committed yourself to these steps of financial planning, you do care where you "get to". First you determined where you are now. Then you clarified the directions that your current income and spending patterns are taking you. Now you need to be specific about where it is you want to go and when you hope to arrive. With that information you can then chart a course to get there and see if your current cash flow practices will allow you to reach your destinations on time.

**Before you put your personal goals in writing, take a few minutes to review God's Word.**

**Next to each scripture reference on the next page, write the principles that God speaks to your heart.**

***1 Corinthians 16:1-2***

_____

***2 Corinthians 9:6-15***

_____

***Proverbs 30:7-9***

_____

***Philippians 4:10-20***

_____

Now, on the worksheet that follows, specify your goals for both your daily lifestyle today and your longer-term goals for lifestyle and important events in the future.

Now it is time to map your course to your desired destinations. In financial terms, it's time to make a **goal-directed budget**.

With your goals now clearly stated, use the following **Budget Goal-Setting Worksheet** to divide your monthly income into the categories that will help you achieve each goal. For online budgeting helps, see crown.org, ramseysolutions.org/everydollar and yoru yown bank's online tools.

No budget is worth the time it takes to prepare if you and your family won't use it. Keep it simple enough to understand. And build in some flexibility for unexpected income and expenses. Then set a regular time to write monthly checks and compare your actual spending to your budget. Make yourself accountable to a mature Christian that will ask you specific questions about following your budget plans.

If you've budgeted well, you are first paying off all high-interest debt and then saving towards your future goals.

Not finding enough in your budget to save for your goals? Next we'll consider some strategies to find savings dollars and examine our options for investing. Close today with a prayer for God's help to prepare and live by a budget that will glorify Him and extend His kingdom.

## *ACTION STEP #4:*

***Complete the "Budget Goal-Setting Worksheet". Number the goals in order of importance, select your top goal and decide the amount you will need to set aside to fund that goal. Develop a strategy for saving toward that goal. Do this with each of the goals.***

# BUDGET GOAL-SETTING WORKSHEET

| | Short Term (within next yr) | Medium Term (within 5 yrs) | Long Term (next 5-10 yrs) | Longest Term (over 10 yrs) |
|---|---|---|---|---|
| Pay off credit cards | | | | |
| Build up emergency reserve | | | | |
| Buy a car | | | | |
| Buy adequate insurance | | | | |
| Increase charitable giving | | | | |
| Fund IRA or Keogh Account | | | | |
| Create college fund for children | | | | |
| Save down payment for home | | | | |
| Make home improvements | | | | |
| Take a dream vacation | | | | |
| Start a business | | | | |
| Change jobs | | | | |
| Make a charitable bequest | | | | |
| Pay off mortgage early | | | | |
| Achieve adequate retirement income | | | | |
| Take early retirement | | | | |
| Help child finance home | | | | |
| Identity theft precautions (www.daveramsey.com) | | | | |
| Other | | | | |

# STEP #5
# DEDICATION
## *Enough is enough. Or is it?*

A billionaire was once asked how much money it would take to make him happy. His sad answer was, "Just a little bit more."

> ***The belief that a certain amount of money will one day meet all of our needs and desires is one of the most destructive lies that Satan tells us. It too often keeps us from dealing wisely with the resources God has already given us.***

Previously you began a budget. Our prayer is that with the leading of the Spirit you will live by your plans and reach your long-term goals. However, no long-term goals can be reached if you spend all the money in your checking account each month. You need a way to move funds from current spending into savings and investments that can help you fulfill your dreams.

So how can you squeeze savings dollars from an already tight budget? You can start by taking an honest look at your budget for areas of spending that could be reduced or eliminated. Let us give a few proven strategies to get your ideas flowing.



### SHORT-TERM PAIN FOR LONG-TERM GAIN

Consider these powerful illustrations...

Some friends have found that they can get the entire family excited about extreme budget cuts over a short time. It's sort of like the "pain for gain" philosophy of exercise. Here is how it works:

They have chosen the month of February–the shortest month—to challenge each other to minimalist living. For those 28 days they eat all meals at home. No restaurants allowed. Snack foods are eliminated from the grocery list, saving calories as well as dollars.

They cancel the streaming services. They play board games or read instead of going to movies. They review and reconfigure their wardrobes rather than buy new clothing. They even give awards for the ideas that save the most money.

You get the picture. By working together they save significant dollars that they use for summer vacations, college funds, weddings, and other family goals. And, they have found that many of their practices in February have become new habits which help them save even more the other eleven months each year.

## DON'T DRIVE ME CRAZY

How about this strategy for finding investment dollars:

Your car is primarily a means of transportation, right? Yes, we all enjoy the status, comfort, and new car smell of late-model vehicles, but at what price?
When I taught at Anderson University, students were encouraged to delay buying a new car right after graduation. Instead, it is suggested that they do this:

| | |
|---|---|
| *1.* | ***Keep driving their current car*** |
| *2.* | ***Price the new car of their dreams and determine what the monthly payments would be including the cost of insurance.*** |
| *3.* | ***Begin making those monthly payments into a savings account.*** |

For online information about car prices and monthly payments, see:

**www.autoweb.com**
**www.edmunds.com**

They are told that if they will do this for a full year that they will benefit in several ways. First, they will learn just how much of their income will be consumed by this single expense item. It is a real shock to see just how this limits their opportunities for saving or spending in other areas.

Also, they learn that by saving ahead they gain the added dollars from interest paid on their accounts. When you take out a large car loan, the bank gets the interest. When you save ahead, they pay you. This means that it takes less of your regular income to purchase the vehicle.

There are, of course, valid reasons to trade cars. Issues such as changing space needs and safety concerns for older cars may force you into the market sooner, but most of us could spend far less in this area if we maintained our cars better and drove them longer. For articles and information on getting the most for your transportation dollars, please see www.consumerreports.org.

## THE INCOME SIDE OF THE EQUATION

All strategies for finding additional investment dollars deal with one of two principles. You either reduce expenses in some way or you increase your income. We've looked at some ideas for cutting costs, but what about the cash inflow side of the equation?

Are there ways that you could better utilize your time to generate additional income for your family? What are your most marketable skills?

Can you find things that both increase income and also meet other goals such as spending time with your children working at a common task?



For example, there is a family that has contracted with a local business to clean their offices. Twice a week the entire family—Mom, Dad, and four children—finish dinner and then head for the office building. Together they empty trash, vacuum, and mop floors for about an hour. The kids see results in higher allowances, better family vacations, and personal college funds. The parents see their kids developing a strong work ethic and learning about the relationship between effort and reward.

## LET'S TALK ABOUT IT

By now the point should be clear: a better financial future can only be achieved by practicing better habits. One definition of insanity is doing the same things but expecting different results. New results require new strategies.

But if you are in a family, choosing the strategies that will help you reach your goals requires discussion and input from everyone affected. You've been here before, haven't you? Money discussions often lead to painful disagreements.

Let's take the pressure off of you. We'll be the "impartial third party" asking the hard questions. As your family answers them together, it is our prayer that some clear values and strategies will emerge and help you find the funds necessary to achieve your goals. Discuss these questions together and jot your answers on a sheet of paper that you'll keep with your budget sheet.

## *ACTION STEP #5:*

***List two spending habits that you would like to change over the next six months. How much do you estimate that you can save? To which goal could this savings be applied?***

**1. What do we believe God has called us to be as individuals and as a family?**

**2. How has God provided for us in the past? Jobs? Bonuses?**

**3. As we look at our budget, what does each family member see as priorities? Without criticism or defensiveness, let each person name three areas where money might be saved.**

**4. Together, let's examine our motives for spending. Who are we trying to please? To impress? How do those motives line up with our understanding of God's desires for His followers?**

**5. Now, can we pray together about how God wants us to use His gifts for His glory and our eternal satisfaction?**

***Finish your time together by searching the scriptures to find a more Godly perspective and some practical strategies for saving and investing.***

***Luke 12:15***
***Proverbs 24:3-4***
***1 Timothy 6:9-10***

## STEP #6

# PREPARATION

*Retirement planning and investing*



God believes in order, plans and schedules. The following scriptures will convince you of this:

***Genesis 1:1; 2:3***
***Genesis 6:14-16***
***Exodus 39:32***
***Proverbs 20:12-13***
***Ecclesiastes 3:1-2***
***Luke 14:28-32***
***Galatians 4:4***
***Numbers 8:23-26***

Do you have plans to retire? At what age? We are told today that one-third of a person's life will be spent in retirement. Benjamin Franklin said: "Everyone wants a long life, but no one wants to be old." Medical science, clean water, and good food have helped lengthen our lives dramatically. We are blessed indeed to live in this day.

Today you are busy. You have a job that is important. You are needed and necessary. You have an outlet for your desire to serve. You have status. Many of your social contacts are tied up with your work. People understand your nervousness and occasional irritability because your job is demanding. You have reasons and excuses for the things you do and don't do. You work hard for, perhaps, forty years or more. Then you retire. What are you going to do when you retire? Rest? Then what? Take a trip? Then what?

Find a new interest? *Then cultivate those interests now.* Find a new avenue of service? *Then start now.* Move to a new location? *Visit that place now.* Get in shape? *Start now.* Do volunteer work? *Find out what is needed now.* Stop worrying about finances? *It's time to turn the corner* ***today.***

A major question that currently needs to be answered is: How will you finance your retirement? It is estimated that only about 40% of persons in the U.S. will arrive at retirement time well prepared. Many must continue to work into later years. Even more depend upon children and others, and only a very few are financially independent.

Financial counselors often suggest that you'll probably need a minimum of 80% to 100% of your final salary to live comfortably in retirement—and that amount will need to rise along with inflation.

## RETIREMENT INCOME

From where will your income come in retirement? Social Security? Take a close look at what it will provide. The Social Security Administration now provides an annual statement to you by law. In general, Social Security only provides for approximately one week out of the month's needs. Get an estimate quote from your retirement plan or plans. Review IRAs you have or other funds earmarked for retirement. Review Social Security, IRAs, and your retirement projected income as a whole.

The following charts give you a clear idea of the importance of starting as soon as possible. Even if you are behind, begin a strategy today and work upward over time.

## RETIREMENT INVESTMENT VEHICLES

Today IRA and Roth IRA accounts can be useful vehicles in helping one accumulate considerable wealth for the future.

If your employer provides a retirement benefit or access to a plan, be sure to enroll as soon as possible. If you are already enrolled, be sure to evaluate your level of contributions yearly to assure adequate retirement income.

## FINANCIAL BREAKS IN RETIREMENT

Expenses usually lessen in retirement. When you were employed there were lunches to buy, clothing, transportation costs, laundry and cleaning bills, cosmetics, and possibly more frequent eating out.

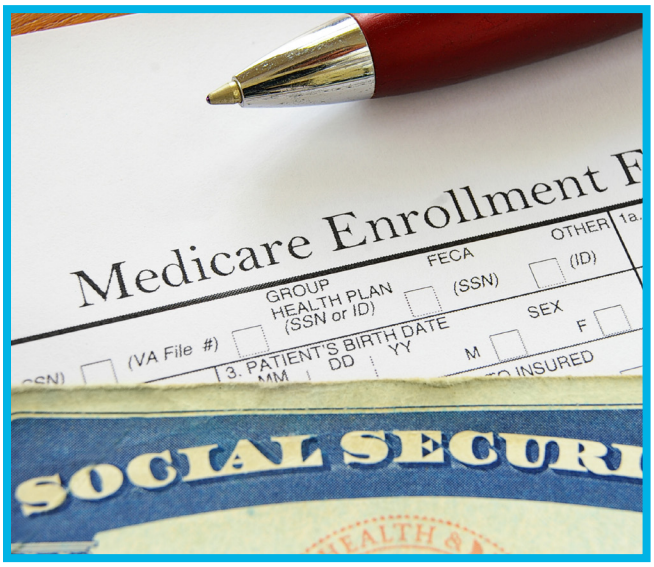
And there are tax breaks in retirement. Instead of paying for Social Security, you now collect it. The personal tax exemption is larger after age 65. Medicare takes care



of part of your medical bills. There are senior citizen discounts and perhaps your visits to the restaurant come at noon when meal prices are more reasonable than evening. You may rent or own a smaller home and keep your car a little longer since you may put fewer miles on it than before.

## GOOD RETIREMENT IS YOUR CHOICE

It is up to you. Review your savings strategy today. Plan to invest regularly and diversify your investments. Don't delay.




### *ACTION STEP #6:*

***If you are contributing to a retirement plan, check your contribution percentage. Make sure that you are contributing at least the amount that the company matches. Increase your amount by at least 1% per year until you reach the maximum contribution level. If you do not have a retirement plan, begin by setting up an IRA and making monthly contributions, even if it is only $25/per month.***

# HOW MUCH WILL YOUR MONEY BE WORTH?

Here's how much your money - savings or investments - will be worth in the future.

Example: What will $5,000 be worth 15 years from now, assuming a 6% rate of return and ignoring inflation, using this chart?

***MULTIPLIERS TO CALCULATE GROWTH OF YOUR MONEY***

| | RATE OF RETURN | | | |
|---|---|---|---|---|
| YEARS | 3% | 6% | 9% | 12% |
| 5 | 1.16 | 1.33 | 1.53 | 1.76 |
| 10 | 1.34 | 1.79 | 2.36 | 3.10 |
| 15 | 1.55 | 2.40 | 3.64 | 5.47 |
| 20 | 1.80 | 3.20 | 5.60 | 9.64 |
| 25 | 2.09 | 4.29 | 8.62 | 17.00 |

***Investment X Multiplier = Future Worth***
***$5,000 X 2.40 = $12,000***

# PUMP UP YOUR SAVINGS

Socking away a little each month is the best way to reach your financial goals. The table below shows what $1 deposited monthly would grow to in different time periods at different interest rates.

| | RATE OF RETURN | | | |
|---|---|---|---|---|
| YEARS | 3% | 6% | 9% | 12% |
| 1 | $12.36 | $12.72 | $13.08 | $13.44 |
| 3 | 38.20 | 40.50 | 42.88 | 45.35 |
| 5 | 65.62 | 71.70 | 78.28 | 85.38 |
| 10 | 141.69 | 167.66 | 198.72 | 235.86 |
| 15 | 229.88 | 296.07 | 384.04 | 501.04 |
| 20 | 332.12 | 467.91 | 669.17 | 968.38 |
| 25 | 450.64 | 697.88 | 1,107.89 | 1,792.01 |

# RETIREMENT SAVINGS NEEDED

*This table shows the amount of investment capital needed, earning 5% or 8%, to generate pre-tax monthly income of $1,000 to $4,000.*

| PRE-TAX MONTHLY INCOME | INVESTMENT CAPITAL NEEDED TO GENERATE INCOME 5% RETURN | 8% RETURN |
|---|---|---|
| $1,000 | $250,000 | $150,000 |
| $2,000 | $500,000 | $300,000 |
| $3,000 | $750,000 | $450,000 |
| $4,000 | $1,000,000 | $600,000 |

# HOW MANY YEARS WILL YOUR MONEY LAST?

*RATE OF WITHDRAWAL OF ORIGINAL CAPITAL*

| *ACCOUNT EARNINGS RATE* | 6% | 7% | 8% | 9% | 10% | 11% | 12% | 13% | 14% | 15% | 16% |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 12% | | | | | | | | 22 | 17 | 14 | 12 |
| 11% | | | | | | | 23 | 17 | 14 | 12 | 11 |
| 10% | | | | | | 25 | 18 | 15 | 13 | 11 | 10 |
| 9% | | | | | 26 | 20 | 16 | 14 | 12 | 11 | 9 |
| 8% | | | | 28 | 20 | 16 | 14 | 12 | 11 | 9 | 9 |
| 7% | | | 30 | 22 | 17 | 14 | 12 | 11 | 10 | 9 | 8 |
| 6% | | 33 | 23 | 18 | 15 | 13 | 11 | 10 | 9 | 8 | 8 |
| 5% | 36 | 25 | 20 | 16 | 14 | 12 | 11 | 9 | 9 | 8 | 7 |

*The amount you can afford to withdraw depends on how much you expect your portfolio to earn over time. This table illustrates how long your money will last if you want to take out more than your retirement fund earns. For example, if you withdraw 8% of the original capital each year, and your savings earn 6% on average, your money will last 23 years.*

# STEP #7
# CELEBRATION
## *Celebrate the goodness of the Lord*

### FINDING PRAYER AND ACCOUNTABILITY PARTNERS

In the past six steps you have taken inventory of your family finances. You have visited the scriptures and hopefully taken time to pray and ask for guidance. Often times the changes needed in our finances are adjustments that result in new-found freedom.

***What can be freeing about living with a budget, you say?***

Don't forget that the hard work invested so far in these activities is a roadmap to financial security. The family that learns to live within its means will soon enjoy a new-found freedom that comes from living with debt under control *(or even eliminated)* and the ability to respond to the needs God impresses on the heart.

The scripture tells us *"There is one who scatters, yet increases more; and there is one who withholds more than is right, but it leads to poverty. The generous soul will be made rich, and he who waters will also be watered himself" (Proverbs 11:24-25).*

By all means depend upon God for guidance and wisdom. *If anyone lacks wisdom, let that person ask God who gives generously (James 1:5).* He is our Shepherd and He longs to lead us in paths of proper living *(Psalm 23)*. His promises are true.

You see, debt and sloppy spending habits mortgage your future. A financial mistake today has negative ripple affects on our family for a long time to come. But just as Christ has given us new life in Him, we have a fresh opportunity to change the course of our finances for the benefit of our families and the glory of God. Don't miss the miracle of having a solid financial roadmap. All of us as members of the body and the church can make an indelible mark on those we come into contact with through the witness of our finances.

It is said that our checkbooks are the most revealing evidence of our priorities in life. What does your checkbook say to you about the things that are most important to you? If it does not reveal the resilience of your Christian walk that you desire, this is the time to make the changes necessary.

Missionary Jim Elliot said it well… "He is no fool who gives up what he cannot keep in order to gain what he cannot lose."



Compiled data from studies indicates that the average Christian gives about 3%. As you finish this seven-step exercise ask yourself if you are satisfied with your giving level to the church and other Christian ministries. Likely at some time you have been moved to pledge an amount beyond your capacity. Did the Lord provide miraculously? Those of us who have experienced that type of miracle fully understand the concept of the windows of heaven opening up and flooding you with blessing after blessing *(Malachi 3:10)*. Celebrate the rich and lavish blessings that come from God.

Let's celebrate in the fact that *"all that we have comes from God, and we give it out of His hand" (1 Chronicles 29:14)*. As you have reflected on your work through this devotional, hopefully it has occurred to you once again just how gracious and generous our Lord is to each of us. In different measures we are all entrusted with great wealth and resources from His bounty. Let's celebrate the goodness of our heavenly Father and the good gifts He has provided.

If you are married, be certain that there is unity in your approach and commitment to a new financial horizon. It may be that you would like to share your commitment to this new strategy for healthy family finances with a trusted Christian friend(s), as well. Don't hesitate to do so. Often, having the prayerful support and accountability of another makes a big difference in staying the course. As you pray, ask the Lord to give wisdom, strength, and guidance over the financial decisions that you make day by day.

May the Lord bless you and keep you. May He richly bless you and each member of your household, and may He honor your commitment and efforts to be a faithful steward of the resources He has given to you.

## ACTION STEP #7:

***Create a celebration experience for completing this course. Congratulations!***

# FOLLOW US ON FACEBOOK AND LINKEDIN









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# GOT QUESTIONS?

*Whether you're just getting started or preparing for retirement,*
***these are the kinds of conversations we have every day.***
*If one of these questions has crossed your mind, you're not alone.*



*How much should I be saving?*

*Can you help me understand Housing Allowance?*

*How should I budget?*

*Am I in the right investments?*

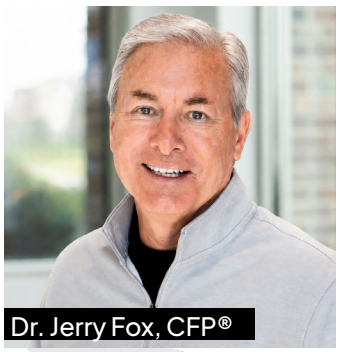
*Can you help me understand personal finance?*

*What if I can't contribute much?*

*How much do I need to retire?*

*Should I be in Roth?*

*Will I be able to retire?*


Dr. Jerry Fox, CFP®


Nate Bowers


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# FREE!

The very term can convey several meanings. One meaning might be to "receive without cost". However, here it is meant to convey "liberation that comes from knowing and following Christ". When one accepts Christ everything changes including our very behavior. The consumer-driven messages of the world no longer hold the same sway while our spirit is transformed to live in freedom that only comes from a relationship with Jesus Christ. Jesus wants us to Live Free!

The result is a life lived that includes principals of stewardship found in God's Word. This seven-step booklet is designed to use over a seven-week period perhaps on consecutive Wednesday evenings or over a series of weeks in a Sunday School class, for example. Think what might happen in your church if Christians, young and old, became fully committed to stewardship principles that lead to a flexible ministry future. To God be the glory for all that will be accomplished!!

***LIVE FREE TEAM MEMBERS:***

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***Our thanks to Dr. Jerry Fox for providing the primary development of the "Seven Steps to Financial Freedom"***



Jerry Fox grew up in a family filled with excellent models of growing Christians seeking to honor God in all aspects of life, including the stewardship of finances. The son and grandson of Church of God pastors, Jerry attended Anderson University where he studied accounting and finance. He then became a Certified Financial Planner before doing graduate studies in finance at Indiana University and doctoral studies in organizational development at Union Institute & University.

Jerry is the author of dozens of articles on personal financial planning and stewardship. He holds the position of Professor of Management at the Falls School of Business at Anderson University where, in his Personal Financial Planning course, he challenges university students to build their lives and financial plans on the rock-solid foundation of God's word. Outside the classroom you'll often find him in business, family, and church settings as a personal finance and management consultant. An active member of the Madison Park Church of God in Anderson, he serves in church ministries and leadership at the local, state, and national levels.

Jerry and his wife Deborah, also an accomplished author and professor of English and creative writing at Anderson University, together manage the schedules and finances for a home they share with their six children.

***Special thanks to the following persons for their work on this project…***

***Dr. Harold Conrad*** . . . . . ***Contributing Editor***

***Diana Hedge*** . . . . . ***Initial design, edit and layout***




*Serving Those Who Serve*

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