

NEW CITY FELLOWSHIP

BIBLICAL

Stewardship

**FINANCE
COURSE**

A RESOURCE PRESENTED BY THE
DEACONS OF NEW CITY
FELLOWSHIP



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BIBLICAL STEWARDSHIP FINANCE COURSE

A Resource presented by the Deacons of New City Fellowship

Biblical Stewardship serves as the foundation of each of the diaconal ministries at NCF. How we handle our finances can help build God's kingdom - through acts of mercy, justice and compassion to the family of believers, strangers, prisoners, immigrants, refugees, enemies, and anyone in need.

BIBLICAL STEWARDSHIP

Biblical Stewardship acknowledges God as the author of all that is good and the provider of all that we have. Stewardship recognizes that as believers in Jesus Christ, we are to use all that we have received for His purposes, and to support those in need.

"The earth is the **LORD's**, and everything in it, the world, and all who live in it." Psalm 24:1

Money is meant to be used as a **tool**. Unfortunately, it can become an **idol** if we turn to it to solve our problems rather than to God. Paul speaks to this:

"For the love of money is a root of all kinds of evil." 1 Timothy 6:10

Money itself is not bad; **greed** is the problem. As a tool, money can be used wisely and prayerfully to meet the needs of our families and to help others. **How we spend our money reveals what we value most in life**. In this course we will take an honest look at our spending and see if our values and our spending are in alignment.

"For where your treasure is, there your heart will be also." Matthew 6:21

We are not called to glorify the pursuit of wealth, but rather to seek God's wisdom in handling HIS resources. God doesn't promise to make us wealthy, but he does say that if we trust him he will take care of our NEEDS. (See *Philippians 4:19, Matthew 6:31-32*)

IF YOU ARE IN A FINANCIAL EMERGENCY AND ARE IN PHYSICAL / MATERIAL NEED, PLEASE REACH OUT TO OUR DEACON TEAM SO WE CAN WALK WITH YOU THROUGH IT.

A Moment in Prayer:

Ask the Lord to help you to submit your finances and plans to Him. No matter how big or small your household income, ask God to help you to control your finances and be intentional about your spending, saving, and giving.

"But seek first his kingdom and his righteousness, and all these things will be given to you as well." Matthew 6:33

"Commit to the **LORD** whatever you do, and he will establish your plans." Proverbs 16:3

"And my God will meet all your needs according to the riches of his glory in Christ Jesus." Philippians 4:19

Three Principles of Stewardship:

1. **God owns it all.** We are just stewards of what He has given us.
2. **Spend less than you earn.** Make a habit of living below your means, giving freely, and saving prudently.
3. **How you spend your resources reveals the priorities of your heart.** Everyone can incorporate good money management practices, no matter how abundant or limited their resources. This requires planning and intentionality.

WORK

What the Bible says about Work:

For even when we were with you, we gave you this rule: “If a man will not work, he shall not eat.”
II Thessalonians 3:10

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

Let the thief no longer steal, but rather let him labor, doing honest work with his own hands, so that he may have something to share with anyone in need. Ephesians 4:28

Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest. How long will you lie there, you sluggard? When will you get up from your sleep? A little sleep, a little slumber, a little folding of the hands to rest— and poverty will come on you like a thief and scarcity like an armed man. Proverbs 6:6-11

I have not coveted anyone’s silver or gold or clothing. You yourselves know that these hands of mine have supplied my own needs and the needs of my companions. In everything I did, I showed you that by this kind of hard work we must help the weak, remembering the words the **LORD** Jesus himself said: “It is more blessed to give than to receive.” Acts 20:33-35

God’s Plan for Work:

The following is a summary of an excerpt from The Oxford Declaration on Christian Faith and Economics:

Work and Human Nature

When God created human beings in the first days of creation, He made it clear that we are “made in His image to rule over all the earth” (Gen. 1:26-28) and that Adam was placed in the Garden of Eden “to work it, and take care of it” (Gen. 2:15). When we as human beings fulfill this mandate, we glorify God. As we go back and forth to our work (Psalm 104:23) we help to fulfill an original purpose of God’s reason for creating mankind.

Work is central to the Creator’s intention for humanity. Work is not simply a chore to be endured for the sake of satisfying human desires or needs, especially the consumption of goods. At the same time, we have to guard against over-valuation of work. The essence of human beings consists in that they are made in the image of God. Their ultimate, but not exclusive, source of meaning and identity does not lie in work, but in becoming children of God by one Spirit through faith in Jesus Christ.

For Christians, work acquires a new dimension. **God calls all Christians to use the gifts that He has given them.** God calls people to enter the kingdom of God and to live a life in accordance with its demands. When people respond to the call of God, God enables them to bear the fruit of the Spirit and endows them individually with multiple gifts of the Spirit. As those who are gifted by the Spirit and whose actions are guided by the demands of love, Christians should do their work in the service of God and Humanity.

The Purpose of Work

In the Bible, meeting one's needs and the needs of one's community (especially its underprivileged members) was an essential purpose of work (Psalm 128:2; 2 Thessalonians 3:8; 1 Thessalonians 4:9-12; Ephesians 4:28; Acts 20:33-35). The first thing at issue in all fields of human work is the need of human beings to earn their daily bread.

The deepest meaning of human work is the almighty God established human work as a means to accomplish God's work in the world. Human Beings remain dependent on God, for "unless the Lord builds the house, those who build it labor in vain" (Psalm 127:1). As Genesis 2:5 suggests, God and human beings are co-laborers in the task of preserving creation.

MONEY AND MONEY MANAGEMENT

What is Money?

Money is a tool that we use to obtain products, goods and services. We can use money to be a blessing or we can use money destructively.

How do people tend to deal with money?

- **HOARDING** money out of fear—never spending on anything other than bare necessities
- **SPENDING** money all out of an "eat, drink, be merry" mentality
- **ACCUMULATING** money at all costs—doing whatever it takes (high risks/oppression)
- **WANDERING** aimlessly
- **PLANNING** toward the future with discipline

Three Truths about Money

1. We all have **limited resources**. None of us has a "bottomless cup" when it comes to money. Therefore we have to choose how we will use those limited funds. You will never be able to do or buy everything you want.
2. **A dollar spent today cannot be used for tomorrow's purposes**. Financial decisions made today have a **direct impact** (positively and negatively) on your future. Wasteful uses of money impact more than just yourself. The **longer** your time perspective, the better the financial decision will be. Think ahead before you spend.
3. How you **spend** your resources will reflect the **priorities of your heart**. We must pray for wisdom and trust God to help us manage our resources well and build his kingdom.

The Importance of Money Management

- It helps you to **feed and care for your family**.
- It helps you to **feed and care for others**.
- It brings **order** to potential chaos.
- It gives you a **roadmap** to the financial path you are on. *How do I get where I want to go?*
- It helps you **identify** the things that are most important (priorities) in your life.
- It brings **discipline** to your life that carries over to other areas.

Four Short-Term Money Choices

1. SPEND

| | | |
|------------------|-----------------------|--------------------------|
| <i>Examples:</i> | Name brand clothes | Fast food/prepared foods |
| | Cars | Computers/TVs |
| | Jewelry | Furniture |
| | Household Items | Entertainment |
| | Hair braiding/styling | Cell phone packages |

2. GIVE AWAY

| | |
|------------------|----------------------------|
| <i>Examples:</i> | Charitable organizations |
| | Family members and friends |

3. PAY DOWN DEBT

| | |
|------------------|-------------------------------------|
| <i>Examples:</i> | Furniture Companies (RAC, Aaron's) |
| | Personal Loans (Title/Payday Loans) |
| | Student Loans |
| | Mortgage |
| | Car Loans |
| | Credit Cards |

4. SAVE / ACCUMULATE

| | |
|------------------|------------------------------------|
| <i>Examples:</i> | Savings Accounts |
| | Interest-Bearing Checking Accounts |
| | Certificates of Deposit |
| | Under the Mattress |
| | Piggy Bank / Cookie Jar |

BUT I'M NOT RICH!

Whether you have just one dollar or a million dollars, the reasons and principles behind money management are the same. Don't believe the lie that only rich people need to manage their finances.

Even rich people do not always manage their money well.

Six Long-Term Financial Goals

1. **FINANCE** post-High School Education
2. **BUY A HOME**
3. **PAY OFF DEBT**
4. **OWN A BUSINESS**
5. **LIFESTYLE**—Car, Travel
6. **GIVING**—Will/Inheritance or Charities

COMMITMENTS & PRIORITIES

The choices we make depend on what commitments we've made and what our priorities are.

A **commitment** is something to which we have an obligation — a promise or contract — such as a mortgage, credit card debt, or a pledge to donate to a charitable organization.

A **priority** is anything of high importance or significance in our lives, like taking care of family, being debt-free, or obtaining higher education.

EXAMPLE

Commitment: To repay credit card debt.

Priority: To pay off the balance in 2 years instead of 5 years.

The Flow of Money



The Flow of Money Management

As you can see, you must generate excess cash flow in order to achieve your financial goals. **No matter your income level, it is crucial that you spend less than you earn.** If your income is used up by all your short-term options, then there will not be any funds available for long-term goals/needs. Some people will never be able to save beyond their daily bread—but if you are able, you must have a plan.

ASSESSMENT AND PLANNING

Assessment is obtaining an accurate picture of your current situation—asking the question, Where am I now?

Planning is making short-, intermediate-, and long-term goals based on your commitments and priorities—asking the questions: Where do I want to go? Where do I want to be?

Where is Your Money Going?

Are you covering your expenses and bills with your current income? Or do you find yourself running out of cash long before the next paycheck arrives? Before you start planning for the future, you need to get a good idea of how you have been using your money up until now.

A **cash flow analysis** tells you where your money is currently going. It is a picture of how income is currently distributed among the short-term options.

FAILING TO PLAN = PLANNING TO FAIL

It is necessary to plan for things that the Lord leads us to achieve in life. You must be wise with your money instead of leaving things to chance; if you are not *intentional* about planning the path of your finances, you will surely fail to achieve those future goals of utmost importance to you.

*Identify your bigger purpose:
The accumulation of money is merely a means to an end. It is not an end in and of itself. Ask yourself: **What am I really trying to accomplish?** This purpose will help motivate you to cut back your spending in places that are less important.*

Remember, there are only four things that a person can do with income on a day-to-day basis:

SPEND
GIVE AWAY
REDUCE DEBT
SAVE

HOMEWORK: Cash Flow Analysis Worksheet

FIXED EXPENSES (NON-NEGOTIABLE)

GIVING: Tithe\$_____ per month
Other giving / donations\$_____ per month

SHELTER: Rent or mortgage/homeowner's insurance/real estate taxes\$_____ per month
Utilities (gas, electric, sewer, water, & trash)\$_____ per month
Regular property maintenance\$_____ per month

TRANSPORTATION: Car payment + insurance, fuel, maintenance\$_____ per month

COMMUNICATIONS: Cell phone and/or landline\$_____ per month

GROCERIES & HOUSEHOLD GOODS: Food, cleaning supplies, etc.\$_____ per month

DEBT REPAYMENT: Student loan, credit card, payday loan, etc.\$_____ per month

EDUCATION: Tuition, supplies, uniforms, etc.\$_____ per month

MEDICAL: Health insurance premium, copays\$_____ per month

OTHER COMMITMENTS: Life insurance, etc.\$_____ per month

FLEXIBLE EXPENSES (NEGOTIABLE)

TV & COMPUTER: Internet, cable, website subscriptions, etc.\$_____ per month

DINING OUT & ENTERTAINMENT: Restaurants, movie theater, etc.\$_____ per month

PERSONAL GROOMING: Clothing, hair, nails, etc.\$_____ per month

GIFTS: Birthday & wedding gifts\$_____ per month

SAVING: Savings account, IRA, 401k, etc.\$_____ per month

OTHER: Anything else you can think not listed above\$_____ per month

TOTAL EXPENSES \$_____ **PER MONTH**

Cash Flow Analysis Worksheet (continued)

INCOME

JOBS: Net pay after taxes and other deductions \$_____ per month

GOVERNMENT ASSISTANCE: Disability, TANF, etc. \$_____ per month

FAMILY ASSISTANCE: Support from family & friends \$_____ per month

OTHER: Dividends from investments, etc. \$_____ per month

TOTAL INCOME \$_____ **PER MONTH**

NET CASH FLOW (TOTAL INCOME minus TOTAL EXPENSES) \$_____ per month

How did you do? If your net cash flow is **positive**—Congratulations! You are on the right track and are ahead of most American families. You are covering all your expenses and may even have a positive cash flow from which to save for your long-term goals.

However, if your net cash flow is **negative**—**RED FLAG! You are living beyond your means.** This indicates that you are probably borrowing to finance a lifestyle you cannot afford. If this situation continues much longer, you may be in danger of serious consequences such as bankruptcy, foreclosure, and repossessions, damaged family relationships, and an inability to obtain credit in the future.

If your cash flow is **negative**, you really only have two choices:

- 1) Seriously **reevaluate and reduce your spending**—not only to break even, but to eventually generate a positive cash flow to meet future goals
- 2) **Increase your monthly earnings** by seeking additional employment or working overtime.

If you are continuously falling short every month, you might be living above your means. A lot of people aren't rich, but they might appear that way because they drive fancy cars or wear designer clothing. Don't let appearances deceive you. Oftentimes people who look wealthy are actually just in a lot of debt!

Ideally, you should not need to borrow money to make it through the month. Depending on your current situation this may or may not be possible yet, but it is a good goal to work toward.

One person pretends to be rich, yet has nothing; another pretends to be poor, yet has great wealth. Proverbs 13:7

ESTABLISHING GOALS AND PRIORITIES

Goal setting involves looking down the road of your life and deciding what you would like it to look like at the end of a certain time period (5 years, 20 years, or even 40 years). Going through life without clear, pre-established financial goals is like getting into a car and driving around aimlessly with no destination in mind. A lot of energy is used, but you end up going nowhere.

Why should you set goals?

- Goal setting gives a **purpose, direction and finishing point** to your life.
- Goal setting forces you to **sharpen and solidify** your thought process.
- Goal setting helps you know yourself better by **prioritizing** what is important to you.
- Goal setting provides the **motivation** to get started. Once goals are established, we tend to make choices consistent with accomplishing those goals.
- Goal setting helps **narrow** the field of limitless choices and opportunities in financial decisions. We can ask ourselves, “*Is the choice/purchase I am about to make consistent with what my true goals are?*”

Why do people fail to set financial goals?

- **Fear of failure.** The perception is that it is more painful to set a goal and not achieve it than it is to have never set the goal. In reality, however, it causes more pain in the end to have never set goals for yourself.
- **Lack of time.** The perception is that goal setting takes too long to do. It does take time to think through and prioritize goals, and a little time to write them down. However, it is well worth the time!
- **Lack of knowledge as to what goals to set.** Most people do not naturally think in terms of long-term financial objectives. It is important to set appropriate goals and be realistic about your situation.
- **Lack of knowledge as to how to set goals.** Many people feel overwhelmed by not knowing where to start—and so they never begin.

NOTE: *It will be necessary to re-evaluate and reprioritize your goals periodically throughout your life (especially when you go through major life changes: graduation, marriage, children, job changes, etc.).*

*Going through life without **clear, pre-established financial goals** is like getting into a car and driving around aimlessly with no destination in mind. A lot of energy is used, but you end up going nowhere.*

HOMEWORK: Goal Setting Worksheet

Do your best to think of several things you would like to accomplish over the next few years that will require careful financial planning. Some of these may be personal goals or they may involve friends or family.

SHORT-TERM (within 2 years)

| GOALS | RANK (PRIORITY) | MONEY NEEDED |
|-------|-----------------|--------------------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| | | SUBTOTAL \$ _____ |

INTERMEDIATE-TERM (2-10 years)

| GOALS | RANK (PRIORITY) | MONEY NEEDED |
|-------|-----------------|--------------------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| | | SUBTOTAL \$ _____ |

LONG-TERM (10+ years)

| GOALS | RANK (PRIORITY) | MONEY NEEDED |
|-------|-----------------|--------------------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| | | SUBTOTAL \$ _____ |

Look back at the totals in each section—these are the **finish lines** you are aiming for! *What will it take to get there?*

Calculate how much money you will need to save each month (or year) to achieve your goals within the given time frames (including any interest you may earn over that period of time). You will then know how much cash flow you need to generate each month (or year) and how to “ earmark ” funds anytime excess cash becomes available.

The Power of Compounding

Most people who achieve long-term goals do so not because they have a large income— but because they began saving small amounts years before. So if you have the ability to place a little savings in an **interest-bearing bank account**, start early and add a little more as often as possible—the interest earned will pay off in the long-term! The secret ingredient is time.

Example

\$50 per month x 20 years = \$12,000 - **stuffed under a mattress**

\$50 per month x 20 years = \$22,000 - **invested in a moderate-yield savings account**

What the Bible Says About Tithing

A tithe of everything from the land, whether grain from the soil or fruit from the trees, belongs to the **LORD**; it is holy to the **LORD**. Leviticus 27:30

Be sure to set aside a tenth of all that your fields produce each year. Deuteronomy 14:22

And Melchizedek king of Salem brought out bread and wine; now he was a priest of God Most High. He blessed him and said, “Blessed be Abram of God Most High, Possessor of heaven and earth; And Blessed be God Most High, Who has delivered your enemies into your hand.” He gave him a tenth of all. Genesis 14:18-20

Honor the **LORD** from your wealth , and from the first of all your produce; So your barns will be filled with plenty, And your vats will overflow with new wine. Proverbs 3:9-10

“Will a man rob God? Yet you rob me. But you ask, ‘How do we rob you?’ In tithes and offerings. You are under a curse—your whole nation—because you are robbing me. Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this,” says the Lord Almighty, “and see if I will not throw open the floodgates of heaven and pour out so much blessing that there will not be room enough to store it” Malachi 3:8-10

“Woe to you, teachers of the law and Pharisees, you hypocrites! You give a tenth of your spices—mint, dill and cumin. But you have neglected the more important matters of the law—justice, mercy and faithfulness. You should have practiced the latter, without neglecting the former” Matthew 23:23

*When you get paid, tithe
10% of your earnings,
then try to save another
10%. Put savings away
right after tithes based on
your priorities and goals.*

ESTABLISHING A BUDGET

A **budget** is a financial plan to show you how to allocate your income among the short-term options. It takes into account all **commitments** first (fixed expenses) and then allocates discretionary income (flexible expenses) based on **priorities**.

Why Establish a Budget?

- It helps you to **use effectively what God has given you**, freeing you to be generous with others.
- It helps to **restrain you from a consumptive lifestyle**, which can bring excessive debt and a negative cash flow. You can ask, “*Is this spending option in my budget?*”
- It brings **order** to your life and takes out the guesswork.
- It forces you to plan for **generating a positive cash flow**—so you can achieve your financial goals.
- If you are married, it helps you and your spouse **work together** to form a joint financial plan.

Reasons People Do Not Establish a Budget

- **It takes too much time.** Establishing a budget can be tedious, but an afternoon invested will reap great rewards afterward.
- **It is too restrictive.** The perception is that living on a budget will constrain them from doing what they want to do. The reality is that a budget is one of the most freeing things a person can have. There is always freedom in boundaries.
- **They fear the outcome.** Many people are afraid to take a look at how they are really using their income. They would frankly rather not know.

How to Establish a Budget

- Start with a **Cash Flow Analysis** of how you are currently spending your income.
- **Adjust your lifestyle to accommodate your savings and commitments**—not your savings and commitments to accommodate your lifestyle.
- **View every category with a very critical eye.** Always ask yourself, “*Is there a way that I could reduce this expense?*” Look honestly at which expenses are truly **non-negotiable**.

Effective budgeting always puts **commitments as top priority**. You may need to revise your budget 2 or 3 times to come up with realistic and livable numbers. A few months down the road, you may find yourself adjusting multiple categories as you seek to live by your established budget. **It is healthy to make adjustments to your budget often!**

A Moment in Prayer: *Ask God to help you commit to managing your personal finances! Ask God for His guidance and leading. If you are not currently tithing, ask God to help you reach this Biblical goal..*

Downsize Your Spending

If you are wishing you had a better cash flow, consider making several small lifestyle changes that will make a big difference in allowing you to adjust your budget. Try picking **ONE** thing at a time that you can change to save money in your budget.

- Move to an apartment or house with a **smaller rent/mortgage** payment.
- Purchase a **more modest car** to reduce car loan and insurance payments.
- Bring a **packed lunch** to work instead of eating out. (Eating at home instead of eating out will save your family a LOT of money - and it's usually healthier too!)
- **Go easy on the thermostat** in your home. If you're hot or cold, change your clothing before you change the thermostat. Save energy and money by acclimating to the seasons as much as possible.
- Change how and where you shop for **food and clothing**.
- Choose vacations that allow for **driving** instead of flying.
- Get a **prepaid cell phone** instead of an expensive plan with a contract, or at least change your cell phone plan to something with less bells and whistles. (Airvoice Wireless or Ting)
- Learn a **new skill** on Youtube. Do your own home improvements. Cut your own hair.
- Try **free entertainment** for a month, rather than paying for entertainment. (Frisbee in the park instead of going to the movies.)

Negotiable vs Non-Negotiable

Negotiable – expenses that can be altered with a change in lifestyle (clothing, entertainment, dining out, etc.)

Non-Negotiable – expenses that cannot be altered in the immediate future due to prior commitments or necessity (mortgage, debt repayment, medical expenses, etc.)

Many items that seem to be non-negotiable are really negotiable if we choose to make a change in our lifestyle (smaller living space, more modest car, cooking/eating at home instead of eating out, buying off-brands or used items).

What the Bible Says About Materialism

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, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also. Matthew 6:19-21

Do not love the world or anything in the world. If anyone loves the world, the love of the Father is not in him. For everything in the world—the cravings of sinful man, the lust of his eyes and the boasting of what he has and does—comes not from the Father but from the world. 1 John 2:15-16

Why spend money on what is not bread, and your labor on what does not satisfy? Listen, listen to me, and eat what is good, and your soul will delight in the richest of fare. Isaiah 55:2

Do not wear yourself out to be rich; have the wisdom to show restraint. Cast but a glance at riches, and they are gone, for they will surely sprout wings and fly off to the sky like an eagle. Proverbs 23:4-5

“An Ounce of Prevention is Worth a Pound of Cure”

It is best to make major lifestyle decisions after you have worked out a reasonable budget. Decide in advance how much you can spend on a given expense. Too many people let their emotions get in the way of sound decision-making—they make commitments to spending to support a certain lifestyle only to find out that there is no cash flow left with which to meet their future financial goals.

If you fall in this category of compulsive or emotional spending, seek counsel! There are likely deeper issues to be resolved—things that have nothing at all to do with money.

*Be very careful about the commitments you make in your life. If you are not ready to make it a top priority, do not commit yourself to it. A credit card purchase or a loan turns a **desire** for an item into a **commitment**. Always ask yourself, **Am I willing to make this a priority in my life?***

HOMEWORK: Budget Worksheet

Family: _____
Family Size: _____

NEW CITY FELLOWSHP Budget Worksheet Income and Expenses

Date: _____

| | Prior Month (Actual) | Current Month (Planned/ Actual) | Next Month (Planned) |
|------------------------------------|-------------------------|------------------------------------|-------------------------|
| MONTHLY INCOME* (list type) | | | |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

TOTAL INCOME:

**Including Wages, Social Security, Disability, Food Stamps, TANF, Unemployment, Military Pay, Child Support, WIC, Savings Account, Financial support from Family Members*

MONTHLY EXPENSES

INVESTMENTS and SAVINGS (15%)

| | | | |
|-------------------------|-------|-------|-------|
| Tithe | _____ | _____ | _____ |
| Emergency Fund | _____ | _____ | _____ |
| Savings Account | _____ | _____ | _____ |
| Retirement/Stocks/Bonds | _____ | _____ | _____ |

HOUSING EXPENSES (35-40%)

| | | | |
|-------------------|-------|-------|-------|
| Rent/Mortgage | _____ | _____ | _____ |
| Electric Utility | _____ | _____ | _____ |
| Gas Utility | _____ | _____ | _____ |
| Sewer Utility | _____ | _____ | _____ |
| Water | _____ | _____ | _____ |
| Trash | _____ | _____ | _____ |
| House Insurance | _____ | _____ | _____ |
| House Maintenance | _____ | _____ | _____ |

TRANSPORTATION (20%)

| | | | |
|----------------------------|-------|-------|-------|
| Car Payment | _____ | _____ | _____ |
| Car Insurance | _____ | _____ | _____ |
| Gas for Car | _____ | _____ | _____ |
| Car Maintenance | _____ | _____ | _____ |
| Public Transportation/Taxi | _____ | _____ | _____ |

EXPENSES SUBTOTAL FROM THIS PAGE:

HOMEWORK: Budget Worksheet

Family: _____

NEW CITY FELLOWSHP Budget Worksheet Income and Expenses

Date: _____

Family Size: _____

| | Prior Month | Current Month | Next Month |
|---------------------------------------------------------------------|-------------|---------------|------------|
| MONTHLY EXPENSES <i>continued</i> | | | |
| OTHER LIVING EXPENSES (20%) | | | |
| Telephone (Home/Cell) | _____ | _____ | _____ |
| Internet | _____ | _____ | _____ |
| Cable TV/Video on Demand Service | _____ | _____ | _____ |
| Groceries | _____ | _____ | _____ |
| Eating Out (snacks, meals, etc) | _____ | _____ | _____ |
| Personal Care (toiletries, haircuts, etc) | _____ | _____ | _____ |
| Household goods (cleaning supplies, detergents, toilet paper, etc.) | _____ | _____ | _____ |
| School Supplies/School Fees | _____ | _____ | _____ |
| Childcare/ Babysitting | _____ | _____ | _____ |
| Clothes | _____ | _____ | _____ |
| Life Insurance | _____ | _____ | _____ |
| Medical (prescriptions, co-pays) | _____ | _____ | _____ |
| Health Insurance | _____ | _____ | _____ |
| Gifts | _____ | _____ | _____ |
| Entertainment | _____ | _____ | _____ |
| Support of others | _____ | _____ | _____ |
| DEBT (5%) | | | |
| Credit Card Payment(s) | _____ | _____ | _____ |
| Credit Card (balance this month)* | [_____] | [_____] | [_____] |
| Other Debt Payment (personal/student loans/medical bills) | _____ | _____ | _____ |
| Other Debt Payment (personal/student loans/medical bills) | _____ | _____ | _____ |
| Other (balance this month)* | [_____] | [_____] | [_____] |
| EXPENSES SUBTOTAL FROM THIS PAGE: | | | |
| <i>*Do not include balances in the "TOTAL"</i> | | | |
| _____ | | | |
| TOTAL EXPENSES: | | | |
| <i>(subtotal p.1 + subtotal p.2)</i> | | | |
| _____ | | | |
| TOTAL INCOME <i>minus</i> TOTAL EXPENSES: | | | |
| _____ | | | |

CONTROLLING CASH FLOW

Now that you have established a working budget, you will have to stick to it. You have to **manage your cash flow** to make sure that you are being consistent with what you said you wanted to do (commitments, priorities, & goals).

Three Principles to Controlling Cash Flow

1. Take care of tithe, bills and commitments **immediately** upon getting paid. Do not delay!
2. Put aside your pre-determined amount of **savings** in the appropriate account.
3. **Live on what is left over** after all commitments are met.

Some Methods for Tracking Your Money

1. **Envelope Method** – This is an old classic but still very effective, especially if you prefer to use cash rather than checks or a debit card for your flexible expenses each month. Put your predetermined amount of money allotted for the week/month in an envelope labeled with the purpose: Groceries/Lunches/Gas/Clothing/Entertainment. Every time you remove money, write down on the outside of the envelope the date, purpose, and amount spent. When the money runs out of the envelope, you are done for the week/month until the next income period (unless you choose to transfer money from another category/envelope where you don't need it).
2. **Spreadsheet** – Keep an account of everything you spend either in a handwritten spreadsheet or in a computer spreadsheet program like Excel. Set it up to match your budget structure, and allow enough room under each category heading to record expenses as you incur them. Show at the top of each ledger page the amount budgeted for the week/month. Keep a running total to see when you are close or have gone over your budgeted amount. An Excel template can be provided for you upon request.
3. **Apps / Websites** – There are several budgeting platforms like Mint and Personal Capital that help you track expenses in the same way the spreadsheet does, right from your phone. While online banking will give you access to all your transactions, it is nice to see your spending categories and info from multiple accounts all in one place. Keep in mind, it is easiest to track your spending this way if you don't use cash very often.

ATM Machines—Friend or Foe?

U.S. banks generate billions of dollars each year from ATM fees and bounced check fees as a result of cash withdrawals. (People often do not record their ATM withdrawals faithfully.)

Each time you use a non-bank ATM machine, you are generating \$2.50-4.00 in extra fees for yourself with each transaction. If you use non-bank ATMs just two times per week, you are incurring about \$20-32 per month in ATM fees alone (that's \$240-384 per year)!

If you must use ATM machines, follow these rules:

- Use ATM machines only from your own financial institution or from cooperating institutions. This will eliminate non-bank fees from both sides of the transaction. Most banks do not charge their own customers for use of their ATMs. Many credit unions will not charge customers from other credit unions for use of their ATMs.
- Avoid taking out extra cash for “walking around” money. Take out only the amount of money that you have already designated for a particular purpose in your budget.
- Keep all receipts and record your withdrawals/purchases as soon as possible in your checkbook, spreadsheet or envelope. If you are using the envelope method, remove the amount of your withdrawal from the appropriate envelope and deposit it back into your bank account. (Otherwise, you will have spent twice as much as you have allocated.)

Wasteful Spending Habits

Even the smallest purchasing decision has implications for the future.

Let's try a simple exercise. Pick a small-change spending habit that you have—something you do several days per week. This should be something that you want (snack, soda, coffee) but not something you need (a meal).

(\$ _____ per day) (____ days per week) (52 weeks per year) = \$ _____ per year

Now... how else could you have spent that money if you'd saved it instead?

If you catch yourself saying, "Oh, it's ONLY A DOLLAR!"—think again! Once you spend it, that dollar is gone.

What the Bible Says About Contentment

Keep your lives free from the love of money and be content with what you have, because God has said, "Never will I leave you; never will I forsake you." Hebrews 13:5

But if we have food and clothing, we will be content with that. 1 Timothy 6:8

And why do you worry about clothes? See how the lilies of the field grow. They do not labor or spin. Yet I tell you that not even Solomon in all his splendor was dressed like one of these. If that is how God clothes the grass of the field, which is here today and tomorrow is thrown in the fire, will he not much more clothe you, O you of little faith? So do not worry, saying, 'What shall we eat?' or 'What shall we drink?' or 'What shall we wear?' for the pagans run after all these things, and your heavenly Father knows that you need them. But seek first his kingdom and his righteousness and all these things will be given to you as well. Therefore do not worry about tomorrow, for tomorrow will worry about itself. Each day has enough trouble of its own. Matthew 6:28-34

Do not be anxious about anything, but in every situation, by prayer and petition, with thanksgiving, present your requests to God. And the peace of God, which transcends all understanding, will guard your hearts and your minds in Christ Jesus. Philippians 4:6-7

I know what it is to be in need, and I know what it is to have plenty. I have learned the secret of being content in any and every situation, whether well fed or hungry, whether living in plenty or in want. I can do all this through him who gives me strength. Philippians 4:12-13

Grocery Shopping

- **Make a list** before you go of everything you need and buy only what is on the list! Buying too many perishables at a time can lead to food waste. Figure out how quickly your family eats certain things, like milk and bananas so that you buy the correct amount.
- **Shop weekly, semi-monthly, or even monthly** to cut down on extra purchases.
- Look for **coupons** for the items you were **already planning to buy**. Sometimes these come in the mail, and sometimes you get them at the store. Do not use a coupon just because you have one—you will end up buying things you don't really need.
- Try shopping at **ALDI** - it is a discount grocery store with great prices. Don't forget to bring a quarter for your shopping cart (you get it back when you return the cart) and your own shopping bags (you bag your own groceries.)
- **Don't go to the store on an empty stomach!** If you are hungry while shopping, you will likely buy things you don't need.
- At the store, look for the **cheapest brand** of each item you need. A lot of signs will have the unit price listed so comparison shopping is easier.
- If you see a **very good sale** on something non-perishable on your list and you have enough money that day, go ahead and stock up on it.
- If a fresh fruit or vegetable you need for cooking is too expensive, buy **canned or frozen instead** (such as canned tomatoes or frozen green pepper). This will also cut down on food waste, as you don't have to worry about using it up before it goes bad.

Comparison Shopping

No matter what kind of purchase you are making – always shop around! Taking a little time to find out who has the best deal can make a big difference in your budget.

This is especially important when you are lining up a contract, such as cell phone or Internet service. Know what features are available from different providers so you can determine if it is a good fit for you.

Buying Clothing

- **Department stores** (Macy's, Nordstrom) **sell this season's new clothing at full price**. These are usually very fashionable but very expensive. The only time to buy at a department store is when they have big "75% OFF" sales. Then you can get new, good-quality clothing very cheap.
- **Discount stores** (TJ Maxx, Marshall's) **offer last year's new clothing at a lower price**. However, if your budget is extremely tight, even these prices may be more than you can afford.
- **Thrift stores** (Goodwill, St. Vincent DePaul) **sell used clothing at extremely low prices**. Sometimes you can get a perfectly good shirt for only \$2-3! At thrift stores, you must be careful to look for tears or holes in the fabric or other damage (like broken zippers). If possible, try clothing on at the store to avoid buying things that don't fit. (You can't always trust the size on the label.) Some thrift stores even have weekly sales to help move their inventory! Even in a thrift store, it is possible to spend too much money. Go in with a plan (a list of what you really need) and buy what is on your list. It is very easy to buy lots of things you didn't plan to buy just because they are so cheap. It isn't a good deal if you didn't need the item in the first place.

Even in a thrift store, it is possible to spend too much money. Go in with a plan (a list of what you really need) and buy what is on your list. It is very easy to buy lots of things you didn't plan to buy just because they are so cheap!

A Word on Shopping Ethically

In the book *Practicing the King's Economy*, authors Michael Rhodes and Robby Holt remind us that as Christians, we have a responsibility to care for the poor and needy. This can influence all areas of our lives, including our purchasing decisions.

Once you have positive cash flow, they recommend taking a look at whether or not the products you buy on a regular basis are **ethically made**. Unfortunately, many clothing and food manufacturers around the world don't pay their workers fair wages. For example, coffee beans and chocolate that aren't fair trade certified may have been produced at the exploitation of the workers. Since ethical, fair-trade products understandably cost a bit more than their competitors, you may need to *drink less coffee* or *eat less chocolate* in order to afford these products. But since these food products are ultimately luxuries and not necessities, it is something worth considering.

Cheap clothing can sometimes come from a sweatshop or involve child labor. New ethical clothing can be expensive too. If you can't afford to shop ethical companies, shopping mainly at thrift stores is a good alternative. No matter who produced the clothing at the thrift store, you aren't supporting the companies that exploit their workers when you shop at a thrift store. Instead, your money is essentially a donation to whatever charity owns the thrift store - since all the clothing items are donated.

You can also look for small, minority-owned businesses to support, and companies that give back to the local community.

Every purchase you make is an opportunity to “vote with your dollar” in support of brands that are ethical, diverse, and giving back.

DEBT

Debt is anything or any amount of money owed to someone as repayment for any product or service you have already purchased and enjoyed.

What the Bible Says About Debt

It is better not to make a vow than to make one and not fulfill it. Ecclesiastes 5:5

The rich rule over the poor, and the borrower is slave to the lender. Proverbs 22:7

Don't agree to guarantee another person's debt or put up security for someone else. Proverbs 22:26

Categories of Debt

1. **Credit card** debt
2. **Consumer** debt (car loans, student loans, furniture/appliance loans, etc.)
3. **Mortgage** debt
4. **Business** debt (small business loan)
5. **Investment** debt (savings accounts, cd's, bonds)
6. **Government** debt (taxes, penalties, etc.)

Not all debt is created equal. There are times when debt is necessary and helpful in reaching your long-term goals:

- Buying a home
- Funding education—student loans
- Anytime the interest rate charged on the debt is less than you could earn by investing the funds elsewhere
- Unique business opportunities

Co-signing for Another Person

The Bible warns against putting your own credit and financial health on the line by guaranteeing someone else's debt (Proverbs 17:18).

Before you commit yourself to any kind of debt, always ask yourself the following questions:

- Does this debt **make sense**? How will paying back this debt affect my monthly budget?
- What **personal goals** am I trying to meet by taking on this debt that can be **met in no other way**?
- How much **interest** will I end up paying over the course of this loan? Is that amount still worth it?
- Do I feel at **peace** with assuming this debt **or** is there a sense of **anxiety** over how I will pay it back?
- If married - are my spouse and I in **complete agreement** that assuming this debt is a good idea?

Avoid Getting in Over Your Head

- With debt, compounding interest works **against** you instead of for you. You will wind up paying far more money than you originally borrowed. The **lender** is the one instead who gets to enjoy the benefit of positive compounding interest.
- The **glamour** of the item purchased usually wears off long before the debt is paid. You are still committed to repay the debt even though the item may be damaged, lost, stolen, or just worn out.
- You have **reduced** or **eliminated** choices for the future. The money that you use to repay the debt can no longer be used for other things.
- Debt is so **easy** to get into and so **difficult** to get out of. Getting into debt is as easy as sliding down the side of an ice-covered mountain. Getting out of debt is like trying to climb back up that mountain.
- Credit card debt is one of the most difficult to pay off because of their **high interest rates**, which can be 16%-29% with significant late fees and penalties involved. We strongly recommend that new immigrants/refugees do not get credit cards for a minimum of 1-2 years.

Need vs. Greed

A **need** is a condition or situation in which something is required; a necessity or an obligation. **Greed** is an excessive desire to acquire or possess more than what one needs or deserves, especially with respect to material wealth. Before taking on any debt, determine if you are funding a **need or greed**. If you have determined that it is a need, calculate how this debt will affect your budget. If it creates an insufficient or negative cash flow, try to fund the need another way (such as selling assets).

Already in debt?

If you have excessive debt, stop using your credit cards and start paying cash. Pay off your debt as soon as possible.

If you don't know how to go about paying it off—or you feel like you are in over your head—please ask the NCF Deacons to advise you.

Excessive debt could be a sign of deeper rooted issues—greed, impatience, poor self-image, lack of self-discipline, etc. If you find yourself in debt because you are spending compulsively, seek counseling.

Credit Reports

Credit reports show your **past history of debt repayment**. They tell potential creditors the probability of your repaying a debt in a timely manner. Information on credit reports—good or bad—does not go away.

Information is tracked via your Social Security Number and includes:

- Names of any creditors you have currently or in the past
- The date and amount of each original loan
- The current balance owed on each loan
- The minimum monthly payments required on your outstanding debts
- All responsible parties for the debt (co-signers)
- Your payment history (on time? missed payments? slow pay? quick pay?)
- How long you have been employed at your current job
- How long you have lived in your home
- Overdue child support payments
- Unpaid tax liens (up to 15 years)
- Bankruptcies (up to 10 years)
- Any recent requests for credit or inquiries on your records
- Your personal credit rating

Debt-free?

If debt is not a problem, don't start! Credit cards are a great tool if you're able to use them carefully and responsibly.

- *Only use one credit card with a low interest rate to help establish your credit history*
- *Only charge what you had already budgeted to spend in cash so that you can pay off the balance each month.*
- *BONUS: If you have a credit card with cash-back rewards, use points for things you would buy anyway!*

How Credit Reports are Used

- To determine if more credit should be issued to you (mortgage, car loan, etc.)
- To rent an apartment
- Background check for employment
- To determine the rate a lender is willing to charge you for a loan (better rating = lower rate)

How to Obtain/Keep a Good Credit Report

1. **Start now.** If you don't have a credit history, start building it now. Not having any credit history can be unfavorable.
2. Use a **credit card** to purchase small items for which you were **already planning to pay for with cash**. Put the money aside immediately and use those funds to pay off the debt in full when the bill comes due.
3. **Be very disciplined!** Take on only as much debt as you can really manage. Do not over-extend your debt to the point where you cannot make your required payments.
4. **Pay your debts on time (or even a little early).** Late payments lower your credit rating and, in the case of credit cards, substantially increase your interest rate.
5. **Pay more than the minimum due.** Minimum payments consist of **mostly interest** and **very little principal repayment**. Making minimum payments not only shows that you are probably over-extended, but also can mean that you will end up paying 3-5 times more than the original debt in interest.

How to Obtain a Copy of Your Credit Report

If you have been denied credit for any reason, you may obtain a copy of your credit report for free. Even if you have not been denied credit, you may obtain a free copy of your credit report **once per year** under the Fair and Accurate Credit Transactions Act (FACT Act). Otherwise, there is a nominal fee.

Free Annual Credit Report / Annual Credit Report Request Service, www.annualcreditreport.com

FINANCIAL TRAPS TO AVOID

Identity Theft

- Check your accounts and balances on a regular basis so that you'll know immediately if your identity has been stolen.
- If you see activity on your account that you don't recognize, notify customer service right away so they can freeze that account and investigate.
- You can protect yourself from identity theft by protecting your online passwords, avoid logging onto your accounts on shared computers, and shredding all mail that contains your personal information.
- Never agree to purchase a product or discuss your finances with anyone you don't know over the phone.

Identity Theft

Check your credit report once per year – if you see anything that you are sure you aren't responsible for (an extra credit card or major purchase, for example), your identity has been stolen and you will need to take action immediately.

Cable TV

Very frequently the deacons counsel people in dire financial circumstances who are paying \$45-\$60 per month on elaborate cable, digital, or satellite TV packages. Regular TV is free. ***If you are having financial problems, cable is the first thing you should cut from your budget.***

Predatory Lending

Predatory lending describes unfair, deceptive, or fraudulent practices of some lenders who are **targeting** people who have very little income and no assets. Most people who are victims of predatory lending resort to those kinds of loans because they feel **desperate**. Once the loan is made, it is nearly impossible to pay back (far more difficult than typical credit card debt) because legal loopholes allow the lender to charge up to **400% interest** in "fees".

Beware of Loan sharks - A person or an entity that loans money at **extremely high interest rates** and often uses **threats of violence to collect debts**. Loan sharking is **illegal** and the interest rates applied by them are extremely high. Some loan sharks will threaten you by saying you will be prosecuted and even sent to prison if you don't pay up. This can't happen – an unauthorized lender such as a loan shark has no legal right to recover the debt. In fact, they have no legal right to make you pay the loan back at all – because the loan is illegal. Despite the outrageously high interest, there are many people who still turn to loan sharks in need of money.

Some of the most common types of predatory lending, as described in detail are: title loans, payday loans, burial insurance, and loans through shady used car dealers.

Short-Term Loans

Title loan and payday loan businesses can be seen everywhere in low-income parts of our city. They offer **extremely high-interest loans** to people in tight financial circumstances. You should **NEVER, UNDER ANY CIRCUMSTANCES**, take one of these loans. For emergencies, please contact a deacon to find out if you are eligible for help from the NCF deacon's fund.

What a Deal!

If an offer seems "too good to be true", that's usually because it is!

Used Cars

This is a huge source of problems among NCF members. Older cars are expensive to maintain.

- If you can possibly afford to do so, you should consider purchasing a newer used car from the first owner, or one from a car rental company where you are getting a vehicle that has been well-maintained and is still under warranty.
- If you cannot afford a newer car, be very cautious and do research before you buy a used vehicle. Have an experienced mechanic you trust check the car over **before you purchase it**.
- “Used Car Lots” should be avoided, as there are very few that are reputable or honest.
- Sometimes you can find great deals through websites like Craigslist or CarSoup, but these sites are also notorious for scams.

Unless you have a lot of experience in this area, this is a financial decision that you should not undertake alone. Feel free to consult with your house church leader, the Auto Ministry, or anyone of the deacons before you purchase a vehicle.

High-Interest Home Loans

For most of us, purchasing a home is one transaction that requires the use of credit. For that reason, you need to be extremely cautious about the **terms** of your home loan as well as the related terms of the **buyer’s contract and closing costs**.

Also, keep in mind:

- You will mostly likely need to have between 10-15% of the purchase price in savings before you buy a home.
- First-time homeowners often qualify for FHA loans, special grants or special rates through state programs like those offered by the Missouri Housing Development Commission. Talk to your bank’s loan specialist about this.
- Refugees should inquire about IDA savings accounts through the International Institute to help with buying a home, car, computer, or for education costs.

Because buying a home is such a complex process, we recommend that you consult an attorney or someone very familiar with contracts before you finalize your purchase. The deacons can refer you to honest Christian attorneys who will charge reasonable fees to represent you in this kind of transaction.

Furniture & Electronics

Companies like Rent-A-Center and Aaron’s are notorious for enticing people to obtain new, expensive furniture or electronics for a fixed payment each month. These loans almost always still remain after the items wear out, which means you are still committed to repaying the debt.

- ♦ If you think you need to rent furniture because **you don’t have anything at all**, consider buying furniture at a resale shop like Goodwill instead. **You may also ask the deacons for assistance. If we have furniture available for no cost in The Exchange, you are welcome to it!**
- ♦ If you are tempted to rent furniture or electronics **because you want something nice and new**, don’t give in to the temptation—you will end up paying more than twice what you should because of the interest. You are better off to be **patient** and save up the cash so you can buy it outright.

Insurance

Insurance fraud is probably the next most prevalent problem we see at NCF. Unless you are the major “breadwinner” in your family and have dependents, the only types of insurance you need are health and, if you own a car, auto insurance. If you own a home, you will also be required to maintain homeowner’s insurance.

There are many **life and burial insurance schemes** that are expensive and **very unnecessary**. Any insurance purchase should be done through a reputable broker. We suggest obtaining a referral from a house church leader or one of the deacons.

Short-Term Training/Vocational Schools

We have several members who have signed up for short-term training programs such as **truck driving schools**. Many of these schools lure people with promises of deferred tuition payments and a high-paying job immediately upon finishing. In fact, few graduates obtain immediate jobs, because companies want months of experience before hiring. Within a short time, graduates start getting demands to pay back the tuition in the form of a high interest loan. If possible, talk to someone who has graduated from the school and see how their experience was and if they found a job quickly upon graduating.

Trial Offers

If a company offers to sign you up for a “really great deal” if you agree to just try their product or service for 30 days, **read the fine print**. Most of the time you are committing to ongoing payments after that 30 days is over unless you remember to take the time to cancel the free trial before it’s over. And let’s be honest—how often do we do that?

Rebates

Generally the only situation where you should take advantage of a rebate is if the rebate is **instant**—meaning it is deducted from the bill before you complete the purchase. If the offer requires you to fill out paperwork and mail it in, you may never receive the money, or if you do it may not come for weeks or even months.

The Bottom Line:

If an offer seems “too good to be true” that’s usually because it is!

Remember the three principles of stewardship we talked about at the beginning of this course?

2 was: “Spend Less Than Your Earn.” Once you’ve reached a point that you have a positive cash flow every month - you are living below your means - you now have the freedom to steward the rest of your resources towards **giving and saving**.

GIVING

What the Bible Says About Generosity

The wicked borrow and do not repay, but the righteous give generously. Psalm 37:21

A generous man will prosper; he who refreshes others will himself be refreshed. Proverbs 11:25

Jesus sat down opposite the place where the offerings were put and watched the crowd putting their money into the temple treasury. Many rich people threw in large amounts. But a poor widow came and put in two very small copper coins, worth only a few cents. Calling his disciples to him, Jesus said, “Truly I tell you, this poor widow has put more into the treasury than all the others. They all gave out of their wealth; but she, out of her poverty, put in everything—all she had to live on.” Mark 12:41-43

Each man should give what he has decided in his heart to give, not reluctantly or under compulsions, for God loves a cheerful giver. II Corinthians 9:7

“If there is a poor man with you, one of your brothers, in any of your towns in your land which the **LORD** your God is giving you, you shall not harden your heart, nor close your hand from your poor brother; but you shall freely open your hand to him, and shall generously lend him sufficient for his need in whatever he lacks. “Beware that there is no base thought in your heart, saying, ‘The seventh year, the year of remission, is near,’ and your eye is hostile toward your poor brother, and you give him nothing; then he may cry to the **LORD** against you, and it will be a sin in you. “You shall generously give to him, and your heart shall not be grieved when you give to him, because for this thing the **LORD** your God will bless you in all your work and in all your undertakings. “For the poor will never cease to be in the land; therefore I command you, saying, ‘You shall freely open your hand to your brother, to your needy and poor in your land.’ Deuteronomy 15:7-11

If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever. I Timothy 5:8

At the present time your plenty will supply what they need, so that in turn their plenty will supply what you need. Then there will be equality. II Corinthians 8:14

Because of the service by which you have proved yourselves, men will praise God for the obedience that accompanies your confession of the gospel of Christ, and for your generosity in sharing with them and with everyone else. II Corinthians 9:13

Whoever is kind to the poor lends to the **LORD**, and he will reward them for what they have done. Proverbs 19:17

John answered, "Anyone who has two shirts should share with the one who has none, and anyone who has food should do the same." Luke 3:11

Religion that God our Father accepts as pure and faultless is this: to look after orphans and widows in their distress and to keep oneself from being polluted by the world. James 1:27

Dear children, let us not love with words or speech but with actions and in truth. 1 John 3:18

The accumulation of many things does not reveal a truly financially secure situation. If you have borrowed excessively in order to acquire those assets, you are not the true owner – the lender is.

Sacrificial Giving

Christian generosity is about more than just giving 10% tithe and spending the leftover however we want. The Bible teaches us to give sacrificially. (2 Cor. 9:6-7) In fact, **Jesus teaches us that giving is less about the actual amount we give, and more about what that amount means to us.** Consider what Jesus says about the poor widow and her two coins in Mark 12:43. “Truly I tell you, this poor widow has put more into the treasury than all the others.”

Whether you are able to give just a few dollars, or make donations in the hundreds of thousands, **what truly matters is your heart.** The kind of generosity Jesus teaches isn’t about following “the letter of the law.” The question isn’t “How little can I get away with giving and still be a good steward?”, but rather: **“Do I give in such a way that I feel it?”**

After our needs are met, are there wants that we aren’t able to do because we were generous? Does our giving influence how we live our lives and make daily spending decisions?

Wisdom and Discernment

Pray for wisdom about which individuals and organizations you should be giving toward. Do research and use discernment to be certain that your donation is going where you think it is. **If you’re wanting to donate to a local organization, consider setting up a tour and see your “money at work” in the community.** (Not only does this encourage transparency for the organization, it might just inspire you to get MORE involved!)

Team ministry is a core value at New City Fellowship. In a team, we’re able to help fill in one another’s blind spots. We’re able to make better, more informed decisions in a team than we are as individuals. It probably isn’t a good idea to make a habit of giving large amounts of money to individuals - especially without a team around you. You may feel like you’re helping the individual, but without wise counsel you could get caught in a cycle of enabling.

Helping or Hurting?

Enabling friends and family members by bailing them out of bad financial decisions again and again isn’t actually helping them. Sometimes people need to bear the consequences of their own mistakes in order to learn and grow. If they don’t actually change their habits, they might end up right back where they started in a month or two. Other times, someone is in over their head by no fault of their own and just needs a little boost in order to gain independence. **It can be tough to tell the difference, and this is where team ministry plays an important part.** At New City, we form **Mercy Teams** around people to help walk with them through their struggles. We can’t fix everything for them nor do we try to, but we want them to know that they aren’t alone, and that God is with them and ready to give wisdom freely as we seek it.

Consider this giving “rule” from C.S. Lewis:

“I am afraid the only safe rule is to give more than we can spare. If our giving habits do not at all pinch or hamper us, I should say they are too small. There ought to be things we want to do but cannot do because our giving expenditures exclude them.”

Impact Investing

Practicing the King's Economy suggests that one way to empower those in need without creating dependence is through "impact investing." More than just a handout, **impact investing is giving directed toward education, resources, and entrepreneurship**. There are many ways to do this. Here's just one example: Kiva.com is a website that provides 0% interest microloans to small entrepreneurs all over the world. As of 2017, Kiva reported a 97.1% repayment rate. So investors can give toward empowering small business owners worldwide, and when the loan is repaid they can reinvest to impact even more small businesses! Truly a gift that keeps on giving! (And you don't have to be wealthy to practice impact investing. Kiva loans start at just \$25.)

Recommended Reading

For more ideas on using your resources to empower and lift up the materially poor, we recommend:

- **Practicing the King's Economy** by Michael Rhodes and Robby Holt
- **When Helping Hurts** by Steve Corbett and Brian Fikkert

SAVING

As Christians, our end goal should not be to build large amounts of earthly wealth. Our ultimate goal should be to help build God's kingdom on earth as it is in heaven. (Matthew 6:10) Money itself is not the problem. Greed, idolatry, the love of money is what leads to sin. (1 Timothy 6:10) Yes, we can still save and invest. But there is a difference between planning out of wisdom and hoarding out of fear or greed. It is ultimately a difference of the heart.

What the Bible Says About Greed

Keep falsehood and lies far from me; give me neither poverty nor riches, but give me only my daily bread. Proverbs 30:8

It is easier for a camel to go through the eye of a needle than for someone who is rich to enter the kingdom of God." Mark 10:25

No one can serve two masters. Either you will hate the one and love the other, or you will be devoted to the one and despise the other. You cannot serve both God and money. Matthew 6:24

For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs. 1 Timothy 6:10

The **LORD** detests dishonest scales, but accurate weights find favor with him. Proverbs 11:1

Then he said to them, "Watch out! Be on your guard against all kinds of greed; life does not consist in an abundance of possessions." And he told them this parable: "The ground of a certain rich man yielded an abundant harvest. He thought to himself, 'What shall I do? I have no place to store my crops.' "Then he said, 'This is what I'll do. I will tear down my barns and build bigger ones, and there I will store my surplus grain. And I'll say to myself, "You have plenty of grain laid up for many years. Take life easy; eat, drink and be merry."' "But God said to him, 'You fool! This very night your life will be demanded from you. Then who will get what you have prepared for yourself?' "This is how it will be with whoever stores up things for themselves but is not rich toward God." Luke 12:15-21

Emergency Fund (Savings Account)

Once you are living below your means, the first step is to save an “emergency fund” - **a chunk of money that will allow you to weather medium-sized financial storms** (car breakdown, replacing an appliance, medical emergency, etc.) **without going into debt**. Dave Ramsey recommends having an emergency fund of \$5000, or if that is unrealistic, at least set a goal of \$500-1000. This emergency fund can be kept in a savings account at a bank, where it is safer than cash at home and you can earn a little interest on it, while still being able to easily access it if needed.

Retirement

- The sooner you’re able to start saving for retirement, the more compounding interest will benefit you. Even if you’re very young, the sooner you can start saving for retirement, the better.
- If your employer has a 401(k) plan, you should try to contribute a small amount of your paycheck (3-7%). You will get a federal income tax deduction on your contributions, and the contributions will grow over time - a double bonus!
- If your employer “matches” 401(k) contributions, you should definitely contribute at least the amount they will match - Employer matching is literally free money for your future - making it a triple bonus!
- If you don’t have an employer that offers a 401(k), you can still set up a personal retirement account with a company like Vanguard and get the double bonus of a current tax deduction and future growth.

College Funds

In Missouri, you can start saving for your child’s college education as soon as they are born - through a 529 savings plan. You will get a state tax deduction on your contributions, and the contributions earn interest over time - a double bonus. While it is possible for kids to work their way through college or apply for scholarships, if you’re able to start a college savings fund while they are young, they will have that resource to draw on when they are older. (And if your child doesn’t end up using it for education, you can transfer the beneficiary to another family member, or pay a 10% penalty tax on earnings to withdrawal for other expenses.)

More info: www.missourimost.org/529/plan

Index Funds (Stock Market)

After saving for retirement, emergencies, and college (and after more generous giving!), if you still have money to save, you can earn higher returns by making long-term investments in the stock markets. You don’t have to be ultra-wealthy or super intelligent, nor do you have to pay an advisor. “Index funds” allow you to buy small shares that are automatically diversified across the market.

We recommend creating a Vanguard account and making regular contributions to it either monthly, or several times a year. Investing some of your savings in index funds rather than just a savings account or certificate of deposit is recommended for long-term investments (10 or more years). While markets may go up or down in a single year, over longer time spans they average higher returns (ex. 7%) than a savings account.

It’s important that you don’t try to “beat” the stock market by buying and selling individual stocks. This is risky, and more like gambling than true investing. Rather, **“buy and hold” diversified index funds for the long-term**. While there is still some level of risk involved, this has historically been a reliable path to increasing wealth.

More info: investor.vanguard.com

NOTE: *If you are in a position to save and invest in this way, resist the temptation to forget the Biblical principles of stewardship as you accumulate wealth, and always be asking the Lord what he wants you to do with it. Every dollar that goes to “saving” is not meant to stay there forever, but to eventually be sent back to “living” or “giving”. You may want to consider having a “financial accountability partner.”*

CONCLUSION

Hopefully by now you've noticed what was and wasn't working about how you handled your money in the past. Hopefully you've discovered some tools and accountability to help you going forward. Hopefully you've made some goals and have a plan on how to reach them.

Going Forward

- Have a budget to serve as a roadmap.
- Have specific, timely financial goals to motivate you.
- Live simply so you can give generously and invest wisely.

Three Principles of Stewardship

1. **God owns it all.** We are just stewards of what He has given us.
2. **Spend less than you earn.** Make a habit of living below your means, giving freely, and saving prudently.
3. **How you spend your resources reveals the priorities of your heart.** Everyone can incorporate good money management practices, no matter how abundant or limited their resources. This requires planning and intentionality.

Request a Follow-up Meeting

If you feel you need some personalized assistance getting your finances in order, **our deacons would love to meet with you** and help you modify your budget and monitor your cash flow.

NCF DEACONS

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Much of this curriculum is based on Julia Richer's ABC course, which she developed to teach high school students how to plan for their future.

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