

Lesson 9: Planning Ahead

The Importance of Planning

Now that you are out of debt and are convinced about avoiding debt, how will you *stay* out of debt?

You need *prudence*—the ability to foresee the future and make a plan:

“The prudent man sees the evil and hides himself, but the naïve go on, and are punished” (Pr. 22:3; 27:12).

If you remember from last year in **Theology I** class:

Planning is a part of godliness—as God makes plans, so should we. *Therefore, spontaneity is not a virtue. Because God is sovereign, His plan has the right to trump our plan. Therefore, flexibility is a virtue.*

Planning keeps us humble by acknowledging that we have *limits* and that we are accountable as *stewards*.

Illus. **Time and Money** – both are things we save, spend, and waste

Those who presume on time, as if it were unlimited, procrastinate: “I can get it done later.”

Those who presume on money, as if it were unlimited, overspend: “I still have money on me.”

Both presumptions are “evil”, “arrogant”, and not wise—and incur debt (Jas. 4:16; Pr. 27:1).

What are some of the “evil” bills that prudence foresees and plans for?

three kinds of expenses { Regular – e.g. weekly consumables (food, gas), monthly bills (heat, electric, phone)
Irregular – e.g. doctor bills, car repairs, appliance failure
Catastrophic – e.g. car accidents, major medical expenses (surgery)

How can we plan for unexpected payments, when we do not know what they are or when they will come?

Ans. While we do not know *specifics*, we do know they are coming—not a matter of *if*, but *when*!

“Man is born for trouble, as sparks fly upward” (Job 5:7; cf. Acts 14:22).

Therefore, we make plans that expect the unexpected *at some point* in God’s good and wise plan (Eccl. 3).

Planning with our finances involves three things—a budget, insurance, and keeping the bathtub full.

Keeping the Bathtub Full



Once expenses do not exceed income (i.e. we are not going into debt!), then the *level* is independent of *flow*.

How full should our bathtub be?

If the level is too low, we run the risk of debt for irregular expenses, which is not wise (Pr. 21:20).

Therefore, we keep enough in the bathtub to cover irregular expenses (Dave Ramsey: \$1000 minimum).

Instead of using a credit card with interest, we pay ourselves each month—if it is not needed, we give it!

Insurance

Catastrophes will also come, but we cannot save enough to cover for them, nor should we (cf. Lk. 12:15).

Yes, we should plan. We should not fall into survival mode—to live for today with no financial goals.

For example, a young couple should live off one income—the husband’s income.

The wife’s income can meet a goal (e.g. pay off a debt) and when the baby comes, daycare is avoided.

However, the financial goals involve investment in business (Pr. 27:23-27) and regular giving (Lk. 12:33).

Financial security is *not* the goal—it is a myth (Lk. 12:15) and a rival to God’s kingdom (Mt. 6:32-33).

Our goal is to live in faith with daily bread (Pr. 30 again!)—to patch our boat and keep sailing!

We must be a part of a group, where we regularly contribute to others and have our needs met in crisis too:

Insurance Companies (e.g. medical, auto, home) – involves premiums and deductibles

Christian cooperatives (cf. barn raising) – involves a nationwide network, bigger than a local church

Budget

As a schedule plans how time is spent, a budget plans how money is spent—and both are under God’s plan.

Successful budgeting has three steps:

Step #1 – Collect data: Record and categorize your spending over several months.

Step #2 – Fill in the budget sheet.

Hard decisions are necessary—change the plan until the numbers are realistic and money is left over.

Step #3 – Keep track of your spending within each category.

Spend according to what is left in the budget, not in the bank or in your wallet or purse.

Let us go through the sample budget spreadsheet together—and may the Lord bless us all with prudence!