

FINANCIAL PEACE

A biblical step-by-step approach to success with money & personal finances.

Lesson #1



If you have questions:

- Please do not interrupt class time.
- Write them down on paper and give them to me.
- Ask me personally after the AM service.
- Send them to me via e-mail: omaramike@juno.com
- For Sept & Oct – my wife and I will be here at 5 PM every Sunday night (1 hour before PM service) to offer a “clinic” to answer questions, offer free help and financial counselling.

START HERE – SELF EVALUATION

- A. How much do you own?** Add up the dollar value of everything (home, cars, cash, retirement, etc.)
- B. How much do you owe?** Add up the total of all your debt (car loans, students loans, personal loans, credit cards, mortgage, medical debt, etc.)
- C. Net Worth = (A) What You Own – (B) What You Owe**
- This is a measure of how you are doing financially



NET WORTH

- If you get a positive number:
 - Good – you want it to be positive (more than \$0)
 - Could be a low or high number – either is okay
 - High – because you have more assets than debt
 - Low - You don't own much OR you have a lot of debt
 - Before retirement you want this to be increasing
- Two controls:
 - (1) increase what you own
 - (2) decrease what you owe

NET WORTH

- If you get a negative number:
 - Bad – it means you are moving backwards financially
 - Could be an income problem (what most think)
 - But you can get additional income if you work more.
 - (Not necessarily true in your later years, so plan ahead)
 - Probably a debt/spending problem (most Americans)
 - This is most likely a behavior problem!
 - You may be making poor choices.
 - Choices that violate God's instruction.

AMERICA IS BLESSED NATION!

- Median household income in USA = \$59,000/year
(If you earn over \$34,000/year YOU are in top 1% in the world)



We live in one of the wealthiest nations on earth, in the most prosperous time in history!
What's the problem?

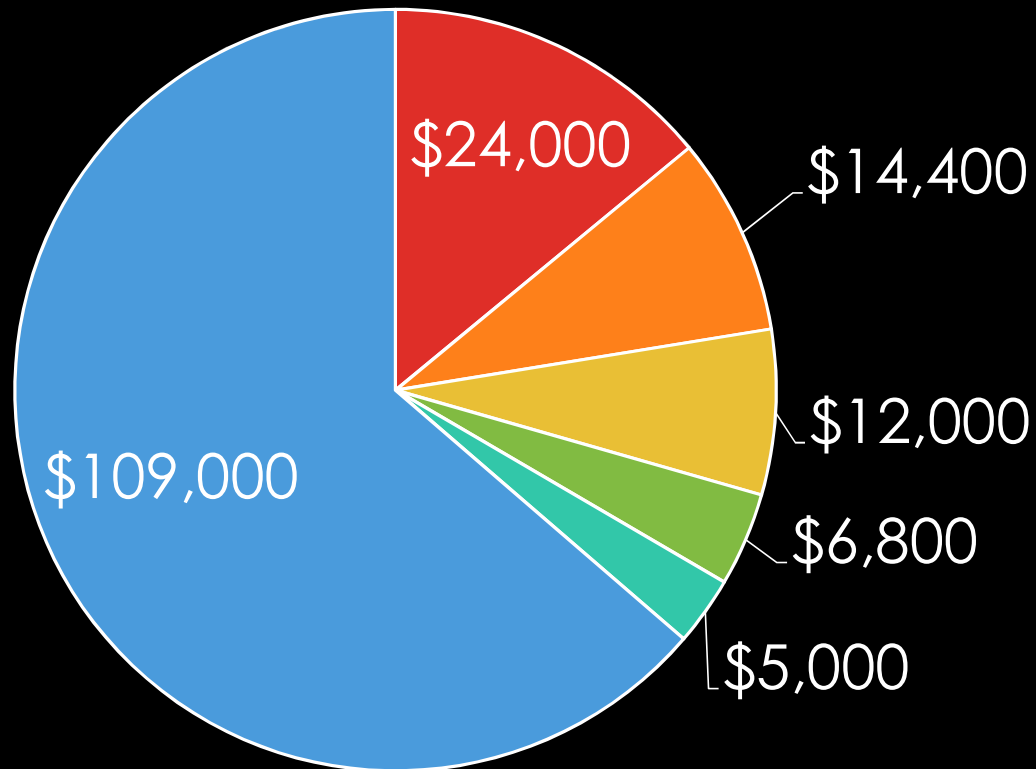
A HUGE PROBLEM!

- Consumer debt in USA totals \$12,730,000,000,000

TYPICAL AMERICAN FAMILY DEBT PICTURE

Average household Debt totals \$171,200.

- Home Equity Loan
- Vehicle Loan / Lease
- Student Loans
- Credit Cards/ Personal Loans
- Medical Bills
- Home Mortgage



A HUGE PROBLEM!

- Average Credit Card charges interest at APR 16.14%



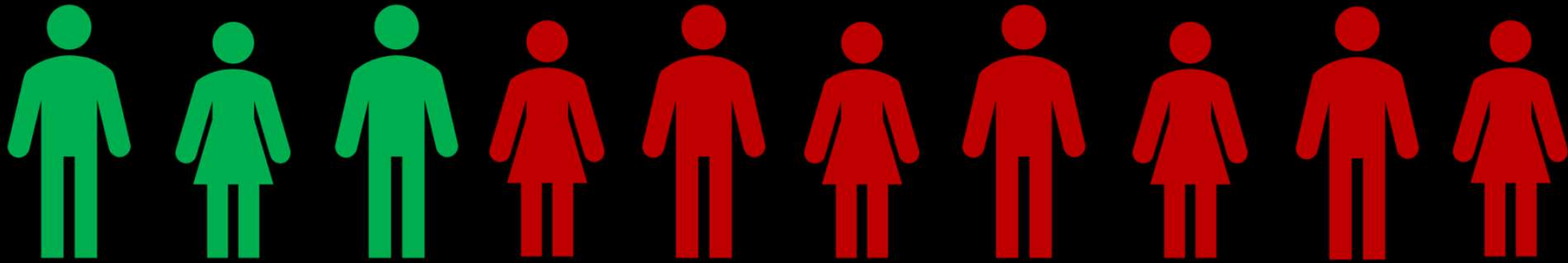
AGE AVERAGE CREDIT CARD DEBT

AGE	AVERAGE CREDIT CARD DEBT
35 or less	\$5,808
35 to 44	\$8,235
45 to 54	\$9,096
55 to 64	\$8,158
65 to 69	\$6,786
70 to 74	\$6,465
75+	\$5,638

Even if on the low end, you are paying \$1,000 in interest annually.

MAKING MATTERS WORSE!

Only 3 of 10 Americans utilize a budget
(So, 7 of 10 people don't consistently make a plan)



Having a budget is a KEY to financial peace.

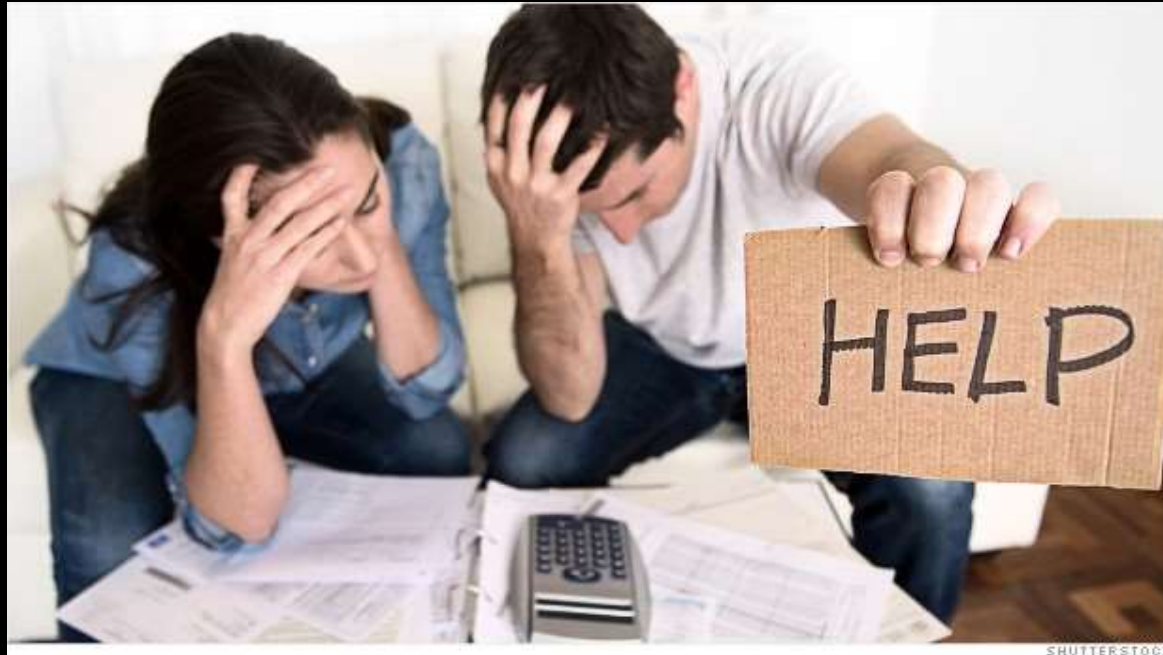
WHAT'S THE RESULT?

- 78% of Americans are broke, living paycheck to paycheck, thinking they don't make enough money.



AND WHEN LIFE HAPPENS...

- 44% of Americans can't cover a \$400 emergency.
- 66% of Americans would struggle to pay for \$1,000 emergency.



Most Americans live beyond their means!

WHO CAN AFFORD TO INVEST?

- 42% of Americans are not saving/investing for retirement, and have less than \$10,000 put away for the future.
(note: 58% of Millennials ARE saving for retirement)
- The future is coming! The bible teaches us to be prudent and plan for the future (not stress about it or ignore it).
- Let's look at what the bible says...



GOD HAS A LOT TO SAY ABOUT MONEY IN THE BIBLE.



For where your treasure is, there will your heart be also.

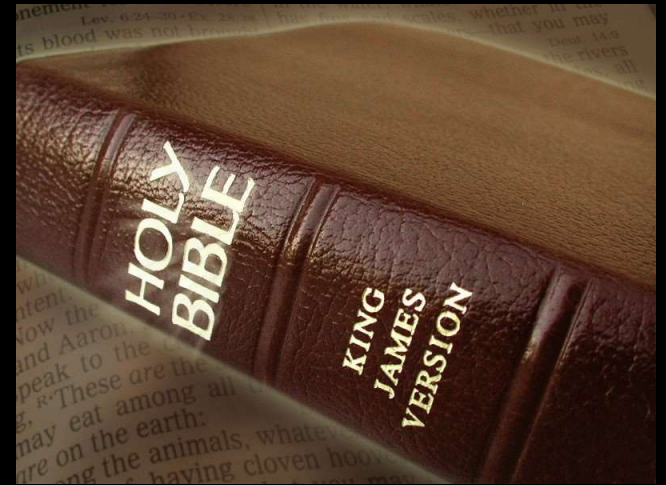
—Matthew 6:21

- Are personal finances important to God? Luke 16:11
- What about my spending habits/behavior?
 - Proverbs 21:20 - What does a foolish man do?
- What about saving for the future?
 - Proverbs 11:16 - What do strong men do?
- God gives you power to earn money – Deut. 8:18
- The most powerful tool you have to get rid of debt & build wealth is your income. (Proverbs 13:11)

We are to work & earn money. We are to save some, not spend it all. And no where do you find the bible saying it is okay to spend what you don't have and live in perpetual debt.

GOD HAS A LOT TO SAY ABOUT MONEY IN THE BIBLE.

- What does it say about Debt?
- Proverbs 22:7 “The rich ruleth over the poor, and the borrower is servant to the lender.”
- Romans 13:8 “Owe no man any thing, but to love one another...”



GOD HAS A LOT TO SAY ABOUT MONEY IN THE BIBLE.

- What Else?
- Luke 16:13 “No servant can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.”
- 1 Timothy 6:10 “For the love of money is the root of all evil: which while some coveted after, they have erred from the faith, and pierced themselves through with many sorrows.
- Luke 16:9 “And I say unto you, Make to yourselves friends of the mammon of unrighteousness;”



LET'S SUM IT ALL UP

- Lots of verses in the Bible. To sum them all up...
 - Work. Earn money.
 - Spend LESS than you make.
 - STOP spending money that you don't have.
(Creating debt)
 - If you are in debt, get out.
 - Use money the way God instructs.
(includes tithes, offerings, alms giving)
 - Money is simply a necessary tool.
 - Learn how to use it properly / biblically.



HOW DO I GET STARTED?

BIBLICAL

STEWARDSHIP

- Statistics show that most of us will have a “negative financial event” in any 10-year period.
 - Health problems, car breakdown or accident, loss of job, appliance quits, lawsuit
 - How would you handle it today?

The answer is that you need cash saved to cover emergencies!

(Would that change your attitude when unexpected things happen?)

STEP 1: AN EMERGENCY FUND

Step 1: Save \$1,000 to start your emergency fund.

- ▶ Put it in a savings acct or money market acct
- ▶ Keep paying your bills, but (if you're in debt) stop spending on everything but the essentials (food, clothes, housing, transportation) and minimum debt payments. (This is only temporary.)
- ▶ If in debt, stop any other saving or investing (including 401k, retirement savings) and set aside \$1,000. This will give you a small buffer against emergencies while you pay down debt.

STEP 1: AN EMERGENCY FUND & A BUDGET

- ▶ “Adults devise a plan and follow it. Children do what feels good. A lack of emotional maturity will make you broke.”
– Dave Ramsey
- ▶ Hebrews 12:11
 - ▶ chastening = affliction for correction
- You (and your spouse) need to get a handle on your personal finances. While you are working at saving \$1,000, create a detailed budget.

We're adults?! When did that happen and how do we make it stop?



STEP 1: AN EMERGENCY FUND & A BUDGET

- ▶ Most people do a budget monthly – this is great.
(My wife & I budget weekly for 2 years out.)
- ▶ Start simple and refine it over time.
- ▶ A budget is simply YOU deciding and planning where every dollar you bring in will be spent...**before** each month begins.
- ▶ YOU tell your money where it's going to go, instead of wondering where it went at the end of the month.

STEP 1: AN EMERGENCY FUND & A BUDGET

- ▶ YOU need to make decisions on where every dollar you bring in will go, and a budget causes you to get your priorities in line by creating a written plan.
- ▶ It will help you stop using money unwisely (and then creating debt in an “emergency”).
- ▶ Sounds horrible, right?

GOD SAID...

Look at what God said in Proverbs 13:12

“Hope deferred maketh
the heart sick...”

...but when the desire
cometh, it is a tree of life.”



You can do this, but you need to desire it!

QUICK REVIEW

- Your financial life is important to God.
- You can get a quick read on how you're doing with the NET WORTH calculation. (Please, spend 10 minutes figuring it out.)
- Most (78%) Americans have a spending and/or debt problem. If you do – you must STOP! That is what results in stress and anxiety – not peace.
- Why? Because God says to work hard, earn money, spend less than you make, stay out of debt...and some other very important things we'll talk about in coming weeks.
- How do you do that in practice? Where do you start?
 - Step #1 - Save \$1,000 to start an emergency fund.
 - Step #1b – Create a detailed budget and begin to use it.

NEXT WEEK

- I will talk about credit cards.
- I will provide some rules of thumb for budgeting. These will help you discover what you could be doing wrong financially.
- We will talk about step #2 (which comes after step #1 is done)
- We will talk about step #3, (which comes after step #2 is done)





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