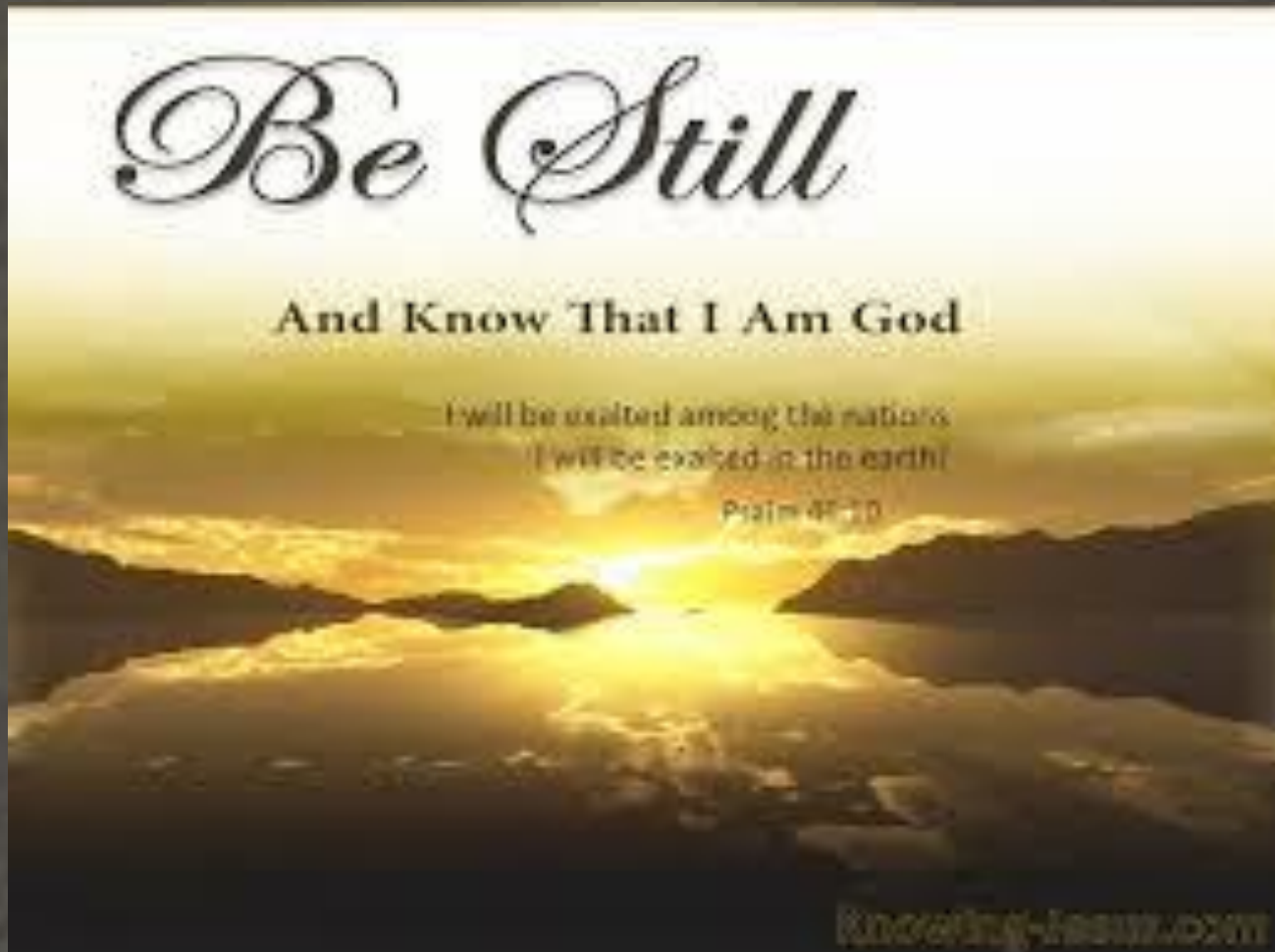


# **Ten biblical principles about money and wealth**

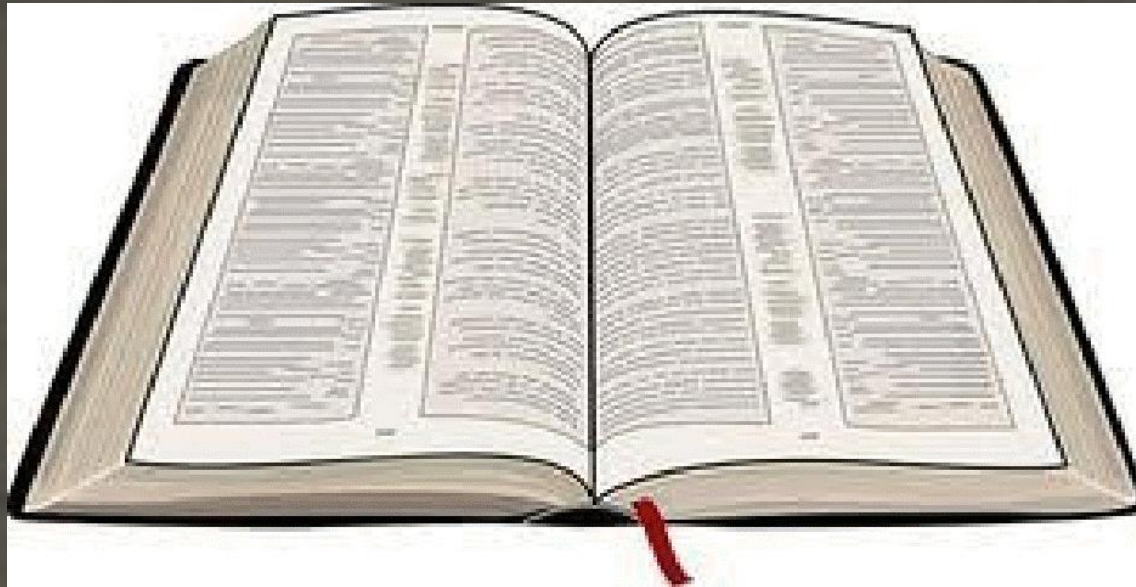
## **A survey of Scripture**

- 1. God owns everything and we are His stewards**
- 2. Worship and trust God rather than money**
- 3. Beware of the love of money**
- 4. God cares how we manage our money**
- 5. Honor God by faithfully giving of our income**
- 6. Develop a lifestyle which creates margin**
- 7. Cultivate a generous heart and live sacrificially**
- 8. Care for the poor, weak, oppressed, and needy**
- 9. Use wealth to glorify God and build treasure in heaven**
- 10. Pursue the true riches rather than material wealth**

## 4. God cares how we manage our money



**The Holy Bible teaches us that God cares how we manage the money God entrusts to us**



# The underlying theme of this seminar

## God wants our heart

The purpose of my instruction is that all believers would be filled with love that comes from a pure heart, a clear conscience, and genuine faith. 1 Timothy 1:5 (NLT)





# Principle #4. God cares how we manage our money

## Practical stewardship



# God's attributes inform our financial world view

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## 4. We manage our money with knowledge and wisdom because God manages his creation with knowledge and wisdom

The Lord does whatever pleases him, in the heavens and on the earth, in the seas and all their depths. He makes clouds rise from the ends of the earth; he sends lightning with the rain and brings out the wind from his storehouses. Ps 135:67.



# Biblical financial principles vs worldly philosophy

- Since God imparts wisdom to mankind (Proverbs 2:6), many worldly principles about money management are wise and are common with Biblical principles.
- However, as in most areas of life, the Bible sometimes contradicts popular cultural values, or exposes their underlying motives.
- These differences will be examined as we study this topic. >



# Money management

## Outline

**I. Obtaining money**

**II. Disbursing money**

**III. Budgeting**

**IV. Saving money**

**V. Investing money**



# Key Bible verses

**Attitude towards money management:** A faithful man will be richly blessed, but one eager to get rich will not go unpunished. Proverbs 28:20

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

**Borrowing:** The wicked borrow and never repay, but the godly are generous givers. Psalms 37:21

**Margin and Budgeting:** The wise have wealth and luxury, but fools spend whatever they get. Prov 21:20 (NLT)

**Savings:** Dishonest money dwindles away, but he who gathers money little by little makes it grow. Proverbs 13:11

**Investing:** But divide your investments among many places, for you do not know what risks might lie ahead. Ecclesiastes 11:2 (NLT) >

# I. Obtaining money

Righteously



Unwisely



Unrighteously



# I. Obtaining money

Righteous  
ly



Unwisely



Unrighteously



# **Brotherly love: The underlying universal principle of righteous commerce**

- **The basic concept of righteous commerce is the voluntary exchange of money for something of value by two willing parties**
- **Those who serve (businesses and employees) show love by meeting needs**
- **Those who are served (customers) show love to those who served them (businesses or employees) by compensating them fairly, gratefully, cheerfully, and promptly -->**



# Microeconomics

## Law of Supply and Demand in a free economy



# Types of righteous income

Active



Passive



# Obtaining money righteously

## Categories of income

### Active income

- Income (wages and salary from our work (labor))
- Profits from a business
- Sales commissions, prizes, awards and fees
- Support from our ministry partners

### Passive income

- Revenue from our assets
- Growth in the value of our investments
- Inheritances and gifts
- Royalties->

# Active income





# 1. Earnings (wages) from our labor

- **Lazy hands make a man poor, but diligent hands bring wealth.**  
Proverbs 10:4
- **Sow your seed in the morning, and at evening let not your hands be idle, for you do not know which will succeed, whether this or that, or whether both will do equally well.** Ecclesiastes 11:6

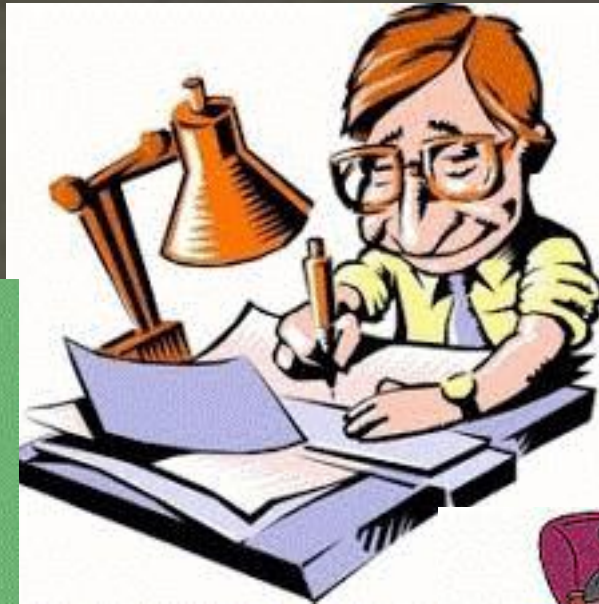


## 2. Profits from a business

- One who heard us was a woman named Lydia, from the city of Thyatira, a seller of purple goods, who was a worshiper of God. The Lord opened her heart to I pay attention to what was said by Paul. And after she was baptized, and her household as well, she urged us, saying, “If you have judged me to be faithful to the Lord, come to my house and stay.” And she prevailed upon us. Acts 16:14-15 (ESV)



# 3. Sales commissions, awards, and fees





## 4. Prizes and rewards





# 5. Support from our ministry partners



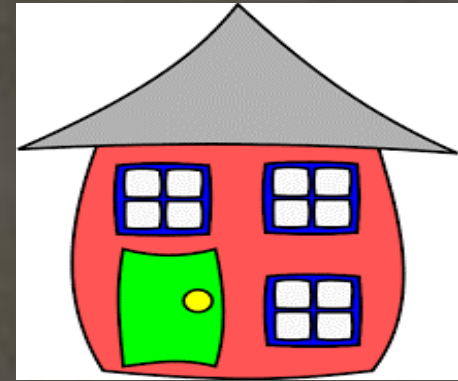
# Types of righteous income

## Passive



# 1. Putting our assets to work

If we have property that is useful to others, we can earn rent from it



If we have savings in a bank or buy a government bond, we can earn interest on it >



## 2. Growth in our investments



Stocks and mutual funds



Land



# 3. Gifts and Inheritances

**A good man leaves an inheritance for his children's children, but a sinner's wealth is stored up for the righteous.**

Proverbs 13:22



# 4. Royalties

- **Books**
- **Art**
- **Music**
- **Photographs**
- **TV shows and movies**
- **Oil wells**
- **Mines**

# Question for discussion

- **What are some of the characteristics of active and passive forms of income?**
- **Discuss the advantages and disadvantages of active vs passive income.**

# Obtaining money foolishly and unwisely

- **Gambling (foolish)**

A faithful man will be richly blessed, but one eager to get rich will not go unpunished.

Proverbs 28:20



- **Borrowing (unwise)**

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





# The folly of gambling



# Let's play the "Christian" lottery

An object lesson in foolishness

บั้งเอ็กคิว	บั้งเอ็กคิว	บั้งเอ็กคิว	บั้งเอ็กคิว	บั้งเอ็กคิว
49	96	47	38	30
45-94	94-64	45-74	34-83	35-83
46-95	95-65	46-75	35-84	36-84
48-96	96-68	47-76	37-85	37-86
49-98	98-69	48-78	38-87	38-87



# The "Christian" Lottery

Win Rs1000 (\$13) !!!





# The "Christian" Lottery

It will cost you only 1 rupee to play

To win, guess six numbers correctly

If you win, you will win 1000 rupees

If you lose, you have lost only 1 tiny rupee

This is a completely honest game

Our trusted banker will hold the bets and the prize money

*Win,  
win!*



*Win, win,  
win!*



# Who wants to play?

It's fun, easy, and so cheap that everyone can afford to play

It will cost you only 1 rupee to play!

Come on--don't be a loser. If you don't play, you won't win. This could be your lucky day. You might win Rs 1,000

OK, show me your money!!!



# The "Christian" Lottery

Pick 6 numbers

Lucky number A (1 -70)

Lucky number B (1 - 1000)

Lucky number C (1 -2)

Lucky number D (1 -40)

Lucky number E (1 -9)

Lucky number F (1 - 6)



It's easy--YOU could be a  
**BIG WINNER** today!!



# Here are the winning numbers!

A) 1-70:

B) 1-1000:

C) 1-2:

D) 1-40:

E) 1-9:

F) 1-6:



**OK. That was just practice. Now let's  
play for BIG money**



**Win Rs 1,00,00 (~\$130)**



**OK, let's play for Rs 1,00,00**

**WOW--THE PRIZE JUST INCREASED BY 10 TIMES.**

**THAT WAS JUST A WARM-UP**

**SHOW ME YOUR MONEY!!!**



# THE **BIG** "CHRISTIAN" LOTTERY

Pick 6 numbers

Lucky number one (1 - 70)

Lucky number two (1 - 1000)

Lucky number three (1 - 2)

Lucky number four (1 - 40)

Lucky number five (1 - 9)

Lucky number six (1 - 6)

You have to be in it  
to win it!



# Winning numbers for the **BIG Rs 10000** lottery

A) 1-70:

B) 1-1000:

C) 1-2:

D) 1-40:

E) 1-9:

F) 1-6:

# The deceptiveness of greed

Your odds of winning were only 1 in  
302,400,000

**Your chances of winning were about  
the same as winning the Indian Lotto**

- The odds of winning the Oct 19, 2018 U.S. Lotto of \$1,000,000,000 were about the same as this game: one chance in 302,400,000.
- Your chance of getting hit by lightning in the US in a given year is 1 in 1,000,000, or 302 times greater than winning the lotto!
- Your chance of being killed by a bee or wasp sting: 1 in 6,100,000 or 50x greater
- Your chance of being killed by a falling meteor were 432 times greater -->

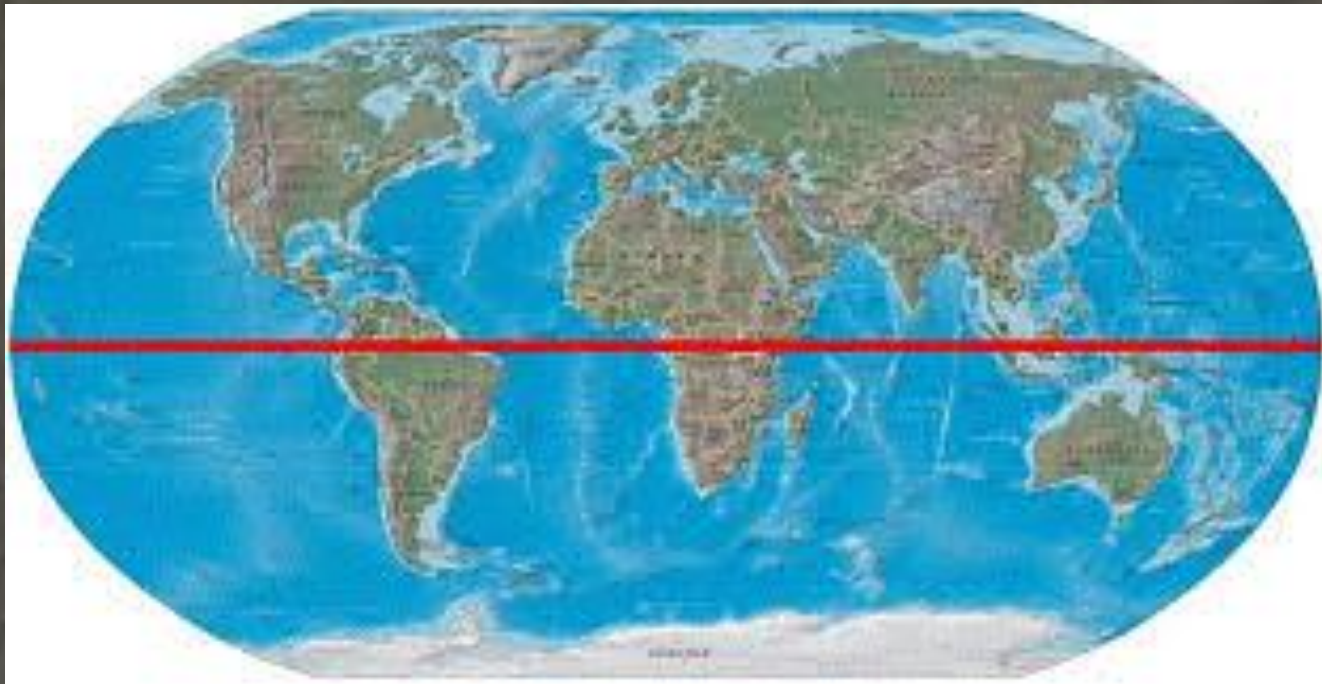


**1 in 300,000,000**

**You have no realistic chance of winning**

- **Imagine a classroom with 70 Bibles in it. Suppose each Bible has an average of 1000 pages, with 2 columns per page, 40 rows per column, 9 words per row, and 6 letters per word.**
- **Suppose at random, without your knowledge, I circled a specific letter in a specific word in a specific row in a specific column on a specific page in a specific Bible.**
- **In order to win this lottery, you would need to guess the exact location of the letter I circled, defined by the six numbers!**
- **I submit no rational person would believe he would guess the chosen letter and would certainly not bet money on it.**

**How long would 300M Rs100 notes be?**  
**Answer: 26,692 miles (42,957 km), or  
more than enough to circle the earth at  
the equator**



# The alluring deception of greed

The world entices us to play through clever logic and half-truths

- Somebody will win
- It could be you
- You can't win if you don't play
- If you don't play, but had the winning numbers in your mind, how
- will you ever forgive yourself?
- Besides, tickets are so cheap you can't afford not to play
- After all, today could be your lucky day
- Come on--what do you have to lose?
- One rupee could change your life forever

# The practical truth

## A realistic attitude to have

- **Somebody will eventually win the lottery, but it won't be me**
- **My chances of winning are about the same whether I play or don't play (Pastor Don Leigh)**
- **I don't want God to think I have such low regard for a hard-earned rupee**
- **I do not want to leave my life's "random" experiences up to luck or fate. I want God to control them.**





# The folly of gambling

- Playing the lottery is as foolish as burning our money
- We are sure to lose it
- The allure of gambling can become addictive, and many have been ruined financially by yielding to its deceptive charms
- The basic premise behind gambling is to enrich oneself at the expense of others--the opposite of sacrificial love
- When we gamble, we are trying to get rich quick, which is discouraged in Scripture
- Gambling may be a sign of greed, distrusting God, foolishness, and/or an ungrateful heart ->



# The folly of gambling

## Biblical admonitions against “Get rich quick” schemes

- **Wealth from get-rich-quick schemes quickly disappears; wealth from hard work grows over time.** Proverbs 13:11 (NLT)
- **Greedy people try to get rich quick but don't realize they're headed for poverty.** Proverbs 28:22 (NLT) >

# Quiz--true or false

1. Playing the lottery is a wise use of money
2. Your odds of winning improve if the ticket is cheaper
3. Those who gamble in order to get rich quick may be replacing God with luck as their provider
4. Gambling may be a sign of greed, an ungrateful heart, foolishness, or all of these
5. You can gamble to your heart's content without the fear of becoming addicted to it
6. It's fine to play games of chance strictly for fun, even if money is involved-->

**Debt—a heavy load to carry**

**An unwise way to obtain money**





# **The Bible discourages indebtedness**

## **It's a form of self-induced slavery**

- **The rich rule over the poor, and the borrower is a servant to the lender. Proverbs 22:7**
- **But even though it's in the realm of finances, in which may not seem like servitude, I believe God does not want us to be a slave in any way to anyone but to Christ himself.**

# **It's best not to owe anything to anyone**

## **With one exception**

- **Owe nothing to anyone—except for your obligation to love one another. If you love your neighbor, you will fulfill the requirements of God's law. Romans 13:8 (NLT2)**

# Borrowing money is like skating on thin ice

We run the risk of not repaying

- The wicked borrow and never repay, but the godly are generous givers. Psalms 37:21



"Alas, my poor brother!"

# Debt is dangerous and discouraged in Scripture

## Summary

- Borrowing is not evil but is unwise and is discouraged in Scripture
- If we borrow, we must repay, but we may not be able to repay:
- It may lead to bankruptcy (thereby not repaying the debt), which results in a form of wickedness: Psalms 37:21a
- Going into debt presumes upon the future and therefore presumes upon God's plan
- The need to borrow might be a sign that God is saying "no" or "wait" cont'd>



# The dangers of debt

## Summary (cont'd)

- The need to borrow is usually a reflection of poor planning, impatience, greed, or just plain foolishness
- It may rob us of experiencing God's miraculous provision and mighty power on our behalf Don Leigh
- It usually means we can't afford the standard of living to which we aspire
- By going into debt today, we are always punished with a lower standard of living in the future Ron Blue
- We should be very prayerful, cautious and conservative if we are considering borrowing money->

# Debt inflicts punishment on the borrower

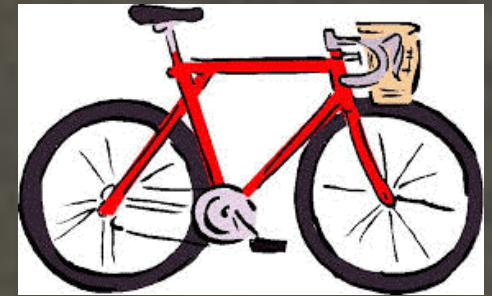
**“By going into debt today, we sentence ourselves to a lower standard of living in the future.” Ron Blue**



# Let's consider Isaac

## He wants a new bicycle-today

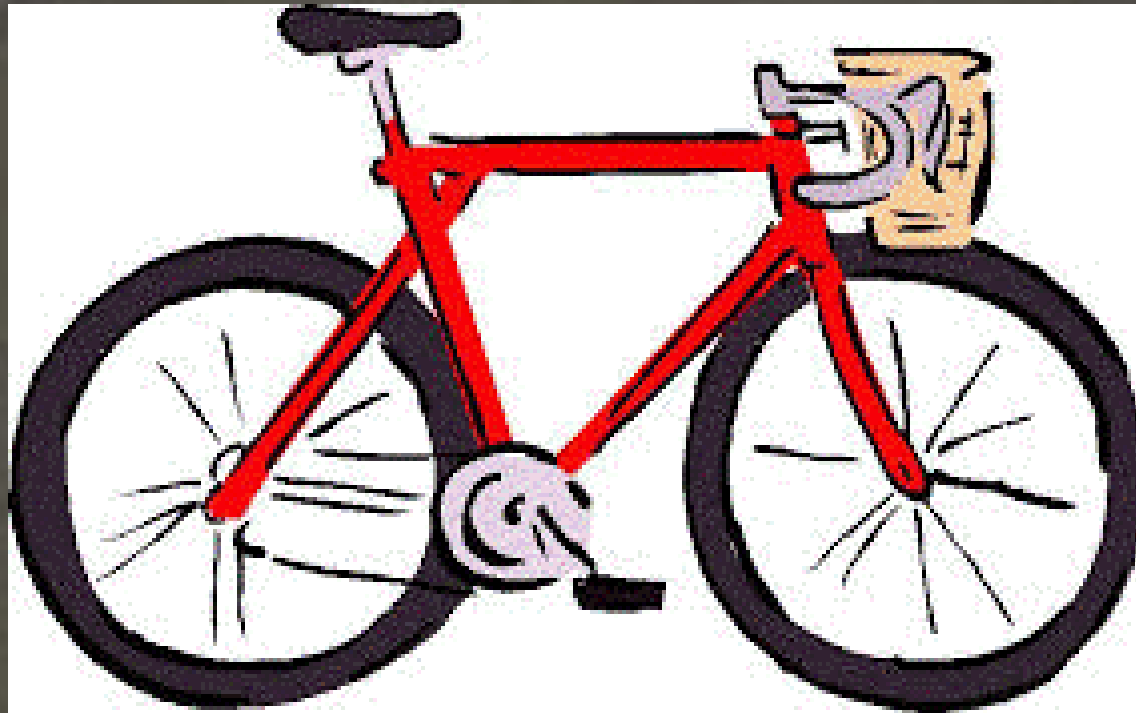
- I gotta have it today:
  - Monthly income: RS 4000
  - Monthly spending on lifestyle: Rs 4000
  - Borrow Rs 14400 to buy new bicycle
  - Promise to repay at Rs 400/mo for 36 months
- Result: for the next 3 years:
  - Monthly income: Rs 4000
  - Debt repayment: Rs 400
  - Monthly spending on lifestyle: Rs 3600
- This example assumes 0% interest; in reality Isaac's new standard of living will be even lower or much longer due to paying interest on the debt
- It also ignores additional expenses such as tires, maintenance and repairs



**Rs 144,00**

# Question for discussion

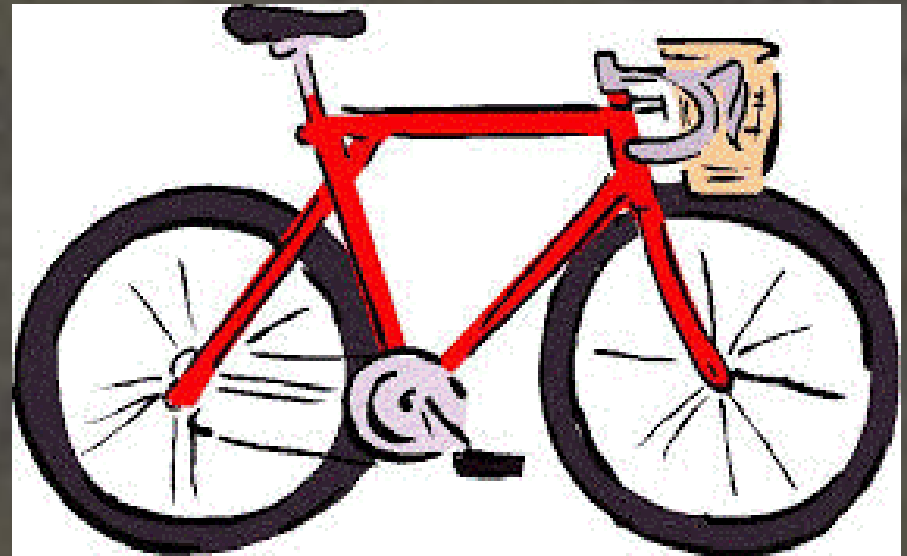
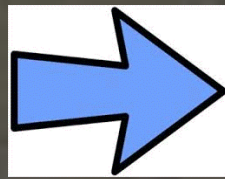
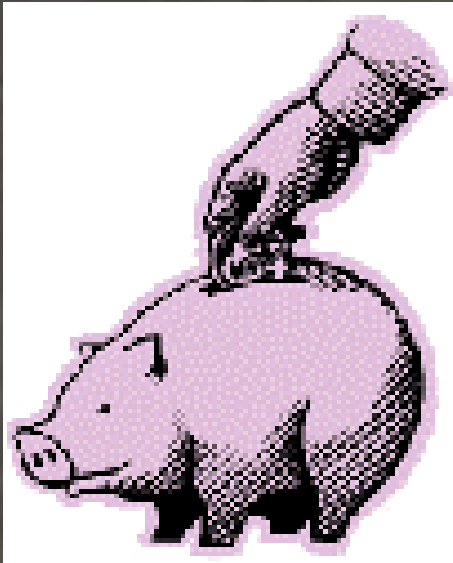
What would be a better way for Isaac to acquire the bicycle?





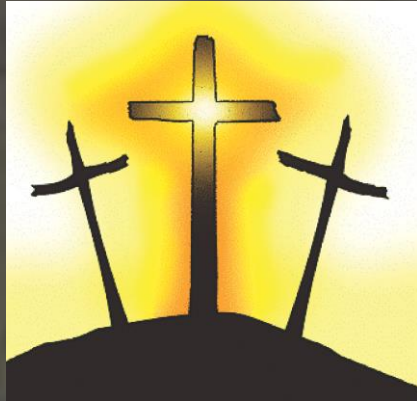
# Answer

A better way: save for it and pay cash



# Debt sometimes may be necessary or justified

- We are all susceptible to unforeseen emergencies, disasters or illnesses that could leave us penniless
- Sacrificial giving
- Purchasing a home (appreciating asset)
- Attempting fast financial growth in certain situations



# Compassion for the poor

## Sometimes borrowing may be a necessity

- The poor have little opportunity to save for future emergencies so borrowing in certain situations may be justified
- The poor place their faith in God for their provision. He may provide for them through the state, the community, their family or the church. -->



# Debt repayment

**If we must borrow, follow these principles:**

- **Borrow as little as we possibly can**
- **Negotiate as low an interest rate as we can**
- **Pay off the debt as quickly as we can**



**If borrowing money is not God's preference for us, what would he rather have us do?**



# God wants his people to be lenders, not borrowers

- “The foreigners living among you will become stronger and stronger, while you become weaker and weaker. They will lend money to you, but you will not lend to them. They will be the head, and you will be the tail! Deuteronomy 28:43-44 (NLT)
- The rich rules over the poor, And the borrower *becomes* the lender's slave. Proverbs 22:7 (NASB)

# Lending money can be good or it can be costly

## Two situations

- Lending money to a business or bank: This can be a righteous form of income
- Lending money to an individual: This can be costly



# Charging rent on money loaned to a bank or business is righteous



- When we lend money to a bank, it is called a savings account (your piggy bank within the biggie bank)
- When consumers lend money to a company, it is called purchasing a bond
- In both cases, the entity borrowing the money intends to make a profit, and the money lender has the same expectation (known as earning “interest” or “coupon”)
- Therefore, a return of the money loaned (principle) plus a reasonable fee for renting out the money (interest/coupon) is expected and justified: Matthew 25:27 >





# Why is earning interest righteous?

It is similar to earning rent on a house

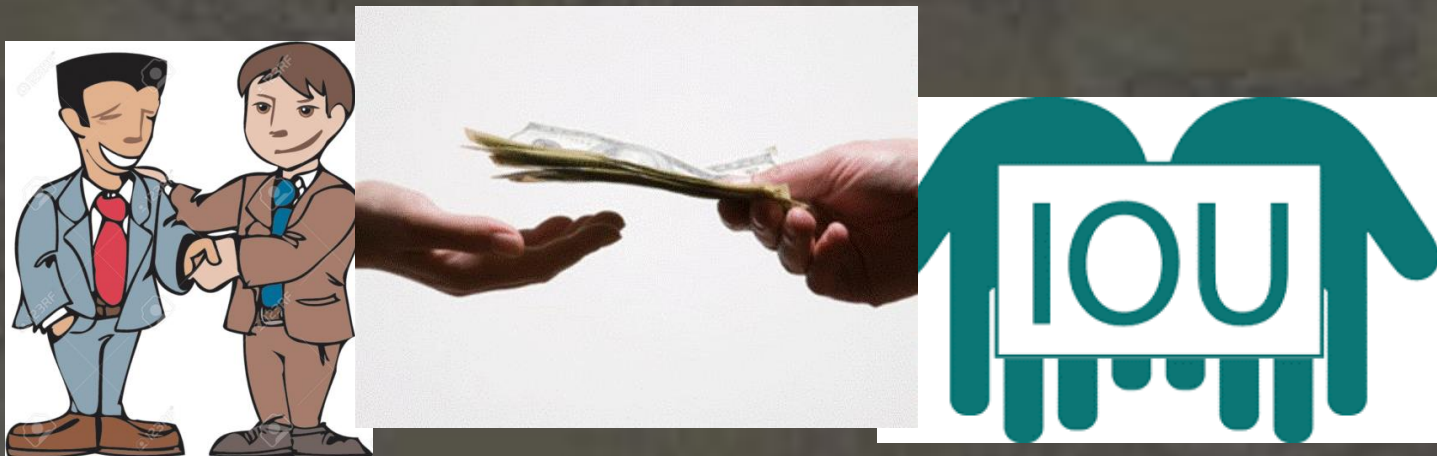
- “But the master replied, ‘You wicked and lazy servant! If you knew I harvested crops I didn’t plant and gathered crops I didn’t cultivate, why didn’t you deposit my money in the bank? At least I could have gotten some interest on it.’ Matthew 25:26-27 (NLT)”



# Lending money to others can be costly

The situation may appear to be good at first

- The lender has the money to lend, and the borrower has the reasonable prospects of repayment
- The arrangement is agreeable with both parties
- An IOU note is signed
- **Warning:** loaning money to a relative or friend could cost you the relationship
- **Make sure you are loaning money you can afford to lose**



**What if the borrower later becomes destitute and unable to repay?**



# Forgiving our debtors

Then Peter came to Jesus and asked, "Lord, how many times shall I forgive my brother when he sins against me? Up to seven times?" Jesus answered, "I tell you, not seven times, but seventy-seven times. "Therefore, the kingdom of heaven is like a king who wanted to settle accounts with his servants. As he began the settlement, a man who owed him ten thousand talents was brought to him. Since he was not able to pay, the master ordered that he and his wife and his children and all that he had be sold to repay the debt. "The servant fell on his knees before him. 'Be patient with me,' he begged, 'and I will pay back everything.' The servant's master took pity on him, canceled the debt and let him go.



# Forgiving our debtors

"But when that servant went out, he found one of his fellow servants who owed him a hundred denarii. He grabbed him and began to choke him. 'Pay back what you owe me!' he demanded. "His fellow servant fell to his knees and begged him, 'Be patient with me, and I will pay you back.' "But he refused. Instead, he went off and had the man thrown into prison until he could pay the debt. When the other servants saw what had happened, they were greatly distressed and went and told their master everything that had happened. "Then the master called the servant in. 'You wicked servant,' he said, 'I canceled all that debt of yours because you begged me to. Shouldn't you have had mercy on your fellow servant just as I had on you?' In anger his master turned him over to the jailers to be tortured, until he should pay back all he owed. "This is how my heavenly Father will treat each of you unless you forgive your brother from your heart." Matthew 18:21-35

# Forgiving our debtors

## Lessons from Matthew 18

- God is a merciful God, full of compassion and willing to forgive
- Our sins constitute a debt to God that is impossible for us to repay
- When we asked for forgiveness, he forgave our debt through our faith in Jesus Christ
- Because God's mercy on us was limitless, our gratitude should be boundless
- Out of gratitude, we should treat those who are indebted to us with the same compassion God showed to us. If we lend money to someone who later becomes impoverished and unable to repay the debt, make an accommodation to his needs, or forgive the debt completely >

# Lend money without interest to Christian brothers or poor people who are in need

- “If you lend money to any of my people who are in need, do not charge interest as a money lender would. Exodus 22:25 (NLT)
- When I heard their complaints, I was very angry. After thinking it over, I spoke out against these nobles and officials. I told them, “You are hurting your own relatives by charging interest when they borrow money!” Then I called a public meeting to deal with the problem. Nehemiah 5:6-7 (NLT)
- Those who lend money without charging interest, and who cannot be bribed to lie about the innocent. Such people will stand firm forever Psalm 15:5 (NLT) >

**Better than making a loan to the poor is  
to happily give them the money to meet  
their need**



**A “Blessings Fund” is a wonderful  
mechanism to meet various needs**



# Questions for discussion

- Give an example of justifiable borrowing of money
- What would have been required to make the borrowing unnecessary?
- What was given up in order to repay the loan?
- Looking back, was going into debt worth it?
- What advice would you give your son or daughter who is considering debt? Your friend?

# The Bible warns against co-signing for a loan

## It's dangerous

- Don't promise to be responsible for someone else's debts. If you should be unable to pay, they will take away even your bed. Proverbs 22:26-27 (TEV)
- There's danger in putting up security for a stranger's debt; it's safer not to guarantee another person's debt. Proverbs 11:15 (NLT2)



# Dangers of cosigning

## You may have to repay it yourself

- A person who co-signs for a loan is guaranteeing that he will repay the loan if the borrower defaults
- Therefore, the co-signer has the same obligation to repay the loan as the borrower.
- Do not cosign for another unless you are willing to pay back the loan yourself: Prov 22:26-27
- Recognize that the borrower may not qualify for a loan from a bank, so why would you take greater financial risk than a banker?
- Co-signing is not recommended, even for family members
- Financial entanglements between family members can be devastating

# **“I’ve cosigned—now what?”**

**Get out of it as fast as you can**

- **My child, have you promised to be responsible for someone else's debts? Have you been caught by your own words, trapped by your own promises? Well then, my child, you are in that person's power, but this is how to get out of it: hurry to him, and beg him to release you. Don't let yourself go to sleep or even stop to rest. Get out of the trap like a bird or a deer escaping from a hunter. Proverbs 6:1-5 (TEV)**



# I. Obtaining money

Righteously



Unwisely



Unrighteously



# Obtaining money by evil means



# Evil ways of obtaining money

- **Stealing:** Exodus 20:15 John 12:4 - 6; Ps 62:10
- **Violence:** Proverbs 11:16
- **Dishonesty:** Micah 6:10 - 12 Proverbs 15:27
- **Charging interest on loans to the poor and needy:**
  - Proverbs 28:8
- **Murder and corruption:** Habakkuk 2:12 - 13 Jude 1:11
- **Betrayal and bribery:** Matthew 26:14 -16
- **Greed:** Proverbs 1:18 - 19
- **Religious deception:** 1 Tim 6:3-5, 2 Peter 2:1-3 >

# Multiple choice quiz

**Which one of the following statements is true about borrowing money?**

- a. It is better to borrow than to lend**
- b. Borrowing is usually a reflection of poor planning, impatience, or greed**
- c. Borrowing money is a good way to enhance our lifestyle, especially if we do it with great joy**
- d. If we borrow, we do not have to pay it back if there are better uses for our money-->**



# Multiple choice quiz

**If you must borrow, which one of the following suggestions is foolish?**

- a. Negotiate the highest interest rate you can**
- b. Negotiate the lowest interest rate you can**
- c. Borrow as little as possible**
- d. Pay it back as quickly as you can**

# Multiple choice quiz

If you borrow and are having a difficult time repaying, which one of the following actions should you take?

- a. Borrow even more money to make your payments
- b. Play the lottery and win the money
- c. Decide you won't repay and ignore it
- d. Simplify your lifestyle, sell some assets, or get another job-->

# Money management

## Outline

I. Obtaining money

**II. Disbursing money**

III. Budgeting

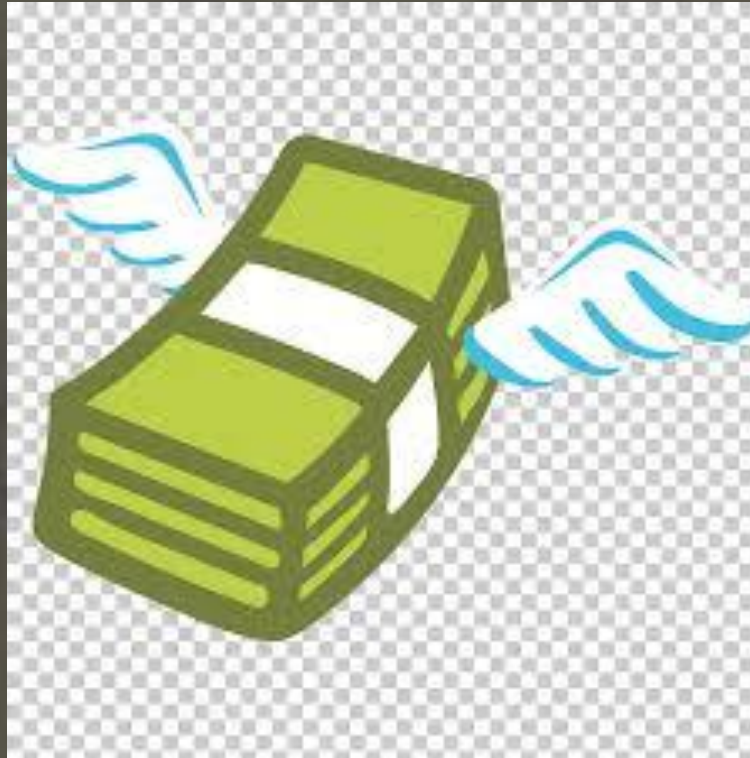
IV. Saving money

V. Investing money



# Money talks

It says “bye-bye” (Brian Kluth)





# Methods of disbursing money

- **Spend**
  - responsibly (stewardship)
  - irresponsibly (uncontrolled)
- **Give it away**
- **Lose or destroy it**
- **Someone can steal it**
- **It can lose its value (inflation, economic crisis, social change, etc)**
- **Set it aside for the future, either in a savings account or an investment**

# Money management

## Outline

- I. Obtaining money
- II. Disbursing money
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- V. Investing money



**A budget is a tool for disbursing our money in a controlled manner**



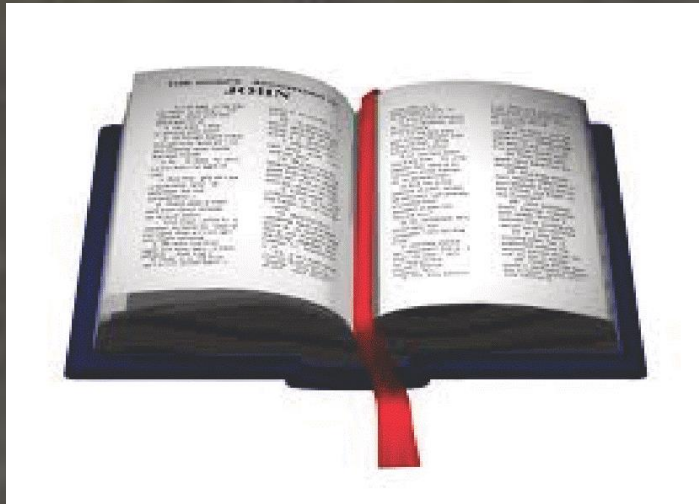
# The budget

A budget is a written plan for controlling our spending





# The biblical basis for budgeting



# God is a planner

## He has a plan for us

- Long before He [God] laid down earth's foundations, He had us in mind, had settled on us as the focus of His love, to be made whole and holy by His love. Long, long ago He decided to adopt us into His family through Jesus Christ. (What pleasure He took in planning this!) He wanted us to enter into the celebration of His lavish gift-giving by the hand of His beloved Son. Ephesians 1:3-6 (MSG)

# God is a planner

He had a plan for Sennacherib

**Sennacherib, now listen to me, the LORD. I planned all of this long ago. And you don't even know that I alone am the one who decided that you would do these things. I let you make ruins of fortified cities.** Isaiah 37:26 (CEV)

# God is a planner

## He manages his property well

- Yours, O LORD, is the greatness, the power, the glory, the victory, and the majesty. Everything in the heavens and on earth is yours, O LORD, and this is your kingdom. We adore you as the one who is over all things. Wealth and honor come from you alone, for you rule over everything. Power and might are in your hand, and at your discretion people are made great and given strength. 1 Chronicles 29:11-12 (NLT)



# Godly (wise) men plan

- For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, 'This man began to build and was not able to finish.' Luke 14:28-30 (ESV)
- Commit to the LORD whatever you do, and your plans will succeed. Proverbs 16:3



# Budget basics

**There are only 5 elements of a budget**

- **Taxes**
- **Giving**
- **Debt repayment**
- **Margin (to save for future needs and opportunities)**
- **Living expenses**

# 6 characteristics of a successful budget

- A budget is a tool for the steward to manage God's resources responsibly
- Establishing a budget requires us to balance a multitude of present and future needs, goals, and opportunities
- It requires the setting of priorities through prayer, foresight, and Godly wisdom
- It brings order into our lives
- It requires discipline to maintain
- It should be periodically reviewed >

# Three realities of a budget

(Source: Ron Blue)

- **There are no independent financial decisions: every rupee spent on one thing eliminates all other options for that rupee--it is gone forever**
- **The more long range the perspective the better the decision**
- **Financial decisions made today have lifetime implications**

**It's all about controlling our cash flow**



# Secrets to successful budgeting

## Controlling our cash flow

- **Develop a non-consumptive attitude.**
- **Plan prayerfully and realistically**
- **Avoid impulsive decisions. Stick with our budget. If it needs to be changed, do it with careful consideration**
- **Share with our spouse the responsibility and commitment to control expenses (cultural?)**
- **Use some system of control (ledgers, envelopes, etc)**
- **Eliminate the use of credit cards if we are not able to stick to our budget**

## **Controlling our cash flow** (Continued)

- **Consider maintaining our present standard of living even if our income increases**
- **Be willing to get another job or lower our standard of living if our income decreases**
- **Our budget is not our master. It is just a plan. So be flexible, but make permanent changes carefully.**
- **Be prepared to respond If God presents us with some opportunity to show generosity**

# Budgeted expenses: four time periods to consider

1. Regular, monthly living expenses (budget)
2. Planned short term, lump-sum living expenses (every year or less-contained in margin)
3. Planned mid-term living expenses--providing for replacements and major purchases (every 1-5 years, contained in margin)
4. Long term planning--providing for unexpected expenses, owning your own business, retirement, leaving an inheritance, life-style changes, investing in the Lord's work, systematically adding to your blessings fund-(contained in margin) >

# 5 steps to follow in managing our budget

## Administer it in 'reverse' order

1. Set aside money out of gross income that which belongs to the government (taxes), leaving what we will refer to as "net income".
2. Set aside money out of our net income the amount we have committed to give to the Lord's work
3. Set aside money needed to repay our loans
4. Deposit into a savings account money we have designated for future needs and opportunities (margin)
5. Live the rest of that month on the remainder
  - Hint: consider living on 50-90% of our net income.

# Avoid becoming obsessed with money

- God wants us to trust him for our present and future needs
- “Don’t love money; be satisfied with what you have. For God has said, ‘I will never fail you. I will never abandon you.’ So we can say with confidence, ‘The LORD is my helper, so I will have no fear. What can mere people do to me?’” Hebrews 13:5-6(NLT)

**Remember that God is our only true provider**



# Discussion questions

- **What are the dangers with not having a plan to control spending?**
- **How might God intervene with our (His) plan?**
- **What do you think would be a good percentage of our net income to designate as margin?**

# Team assignment

Develop a budget for a teacher with a wife and two young children who makes Rs 12,000 per month and who must make Rs 1000 each month in debt repayment

- Assume 10% must be allocated for taxes
- Decide on how much to give to the Lord's work
- Deduct for debt repayment
- Decide on how much margin to create
- Establish a lifestyle that he can sustain with the remainder
  - - Rent/utilities
  - - Food
  - - Clothes
- The remainder will be used for all other monthly needs >

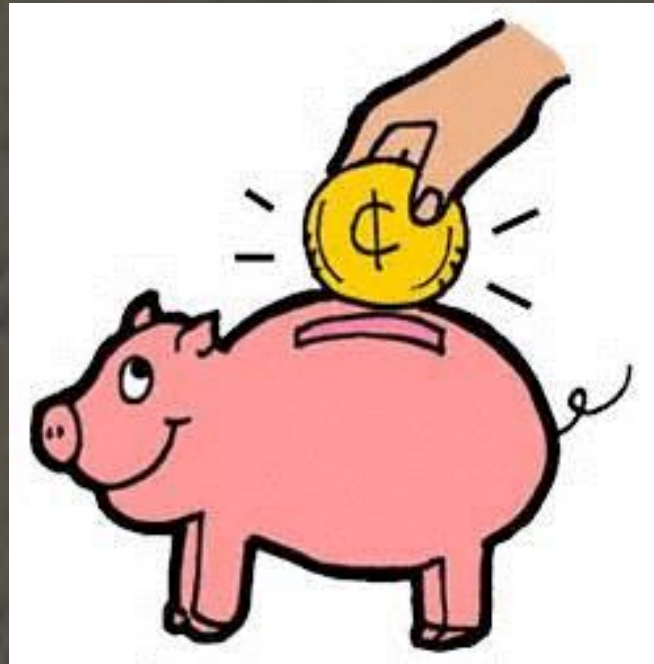
# Money management

## Outline

- I. Obtaining money
- II. Disbursing money
- III. Budgeting and creating margin
- IV. Saving money**
- V. Investing money

# Saving money

The process of accumulating margin in order to meet future needs and opportunities

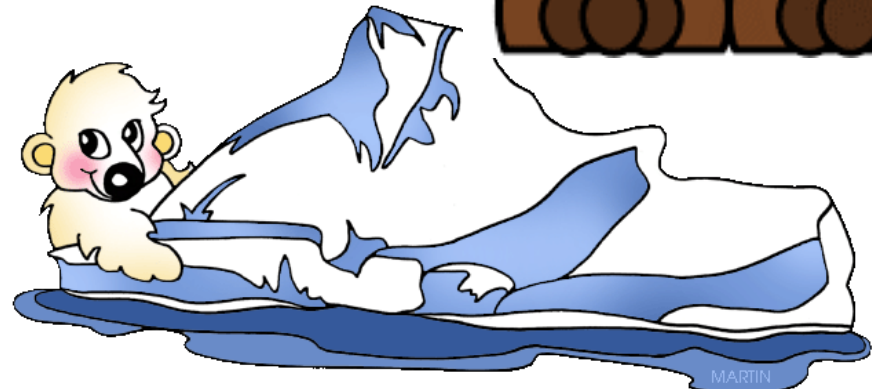
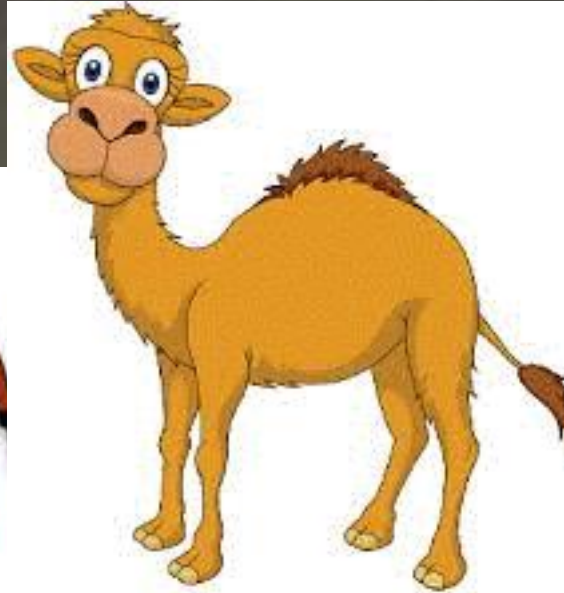
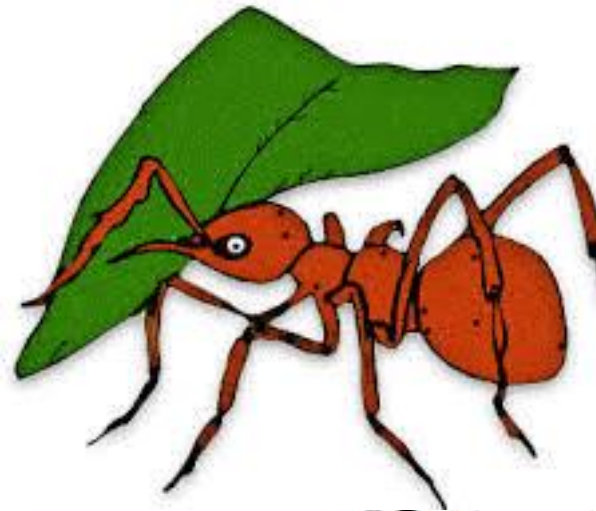


# **Saving money: A brief overview**

- **In order to save money we must create margin in the budgeting process**
- **Margin (surplus) requires spending less than we receive**
- **It means sacrificing short term pleasure for the benefit of funding long term needs and opportunities**
- **It requires living below our means**
- **When we create margin on a consistent basis, we build a savings account.**

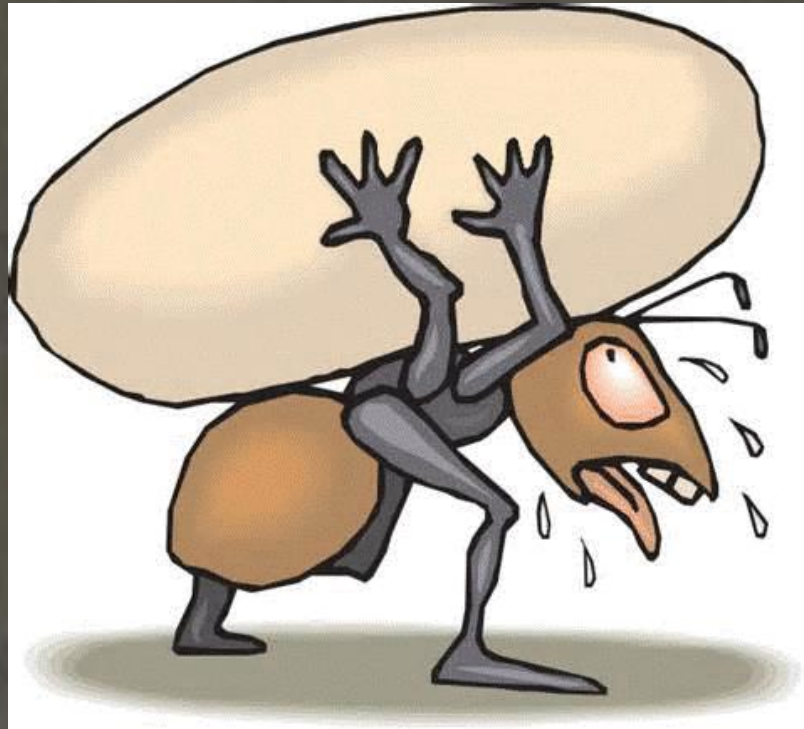


# Examples of savings in nature



# Ants

**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.** Proverbs 6:6-8



# Bears



# Camels





# Squirrels





# Glaciers



# Biblical examples of saving



# Building a tower

## Planning is essential for success

- "Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it? For if he lays the foundation and is not able to finish it, everyone who sees it will ridicule him, saying, 'This fellow began to build and was not able to finish.'" Luke 14:28-30

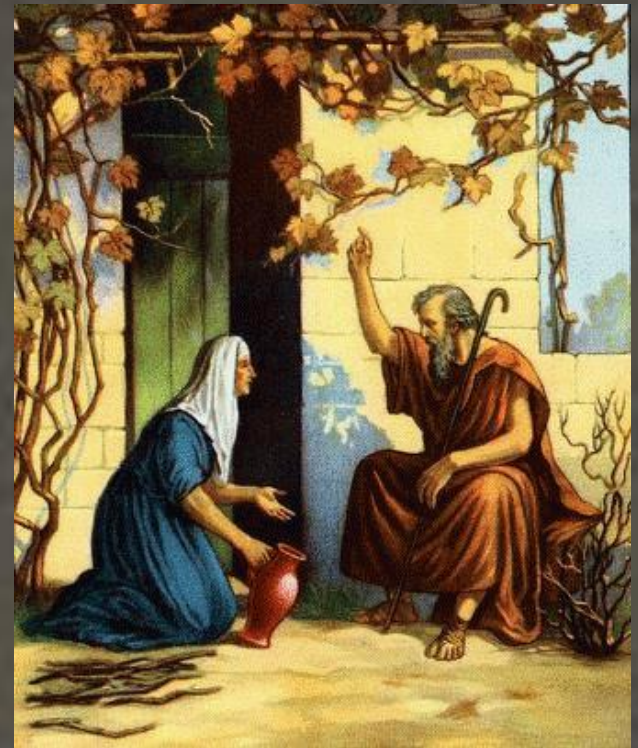




# The widow's oil

## Her miraculous savings were substantial

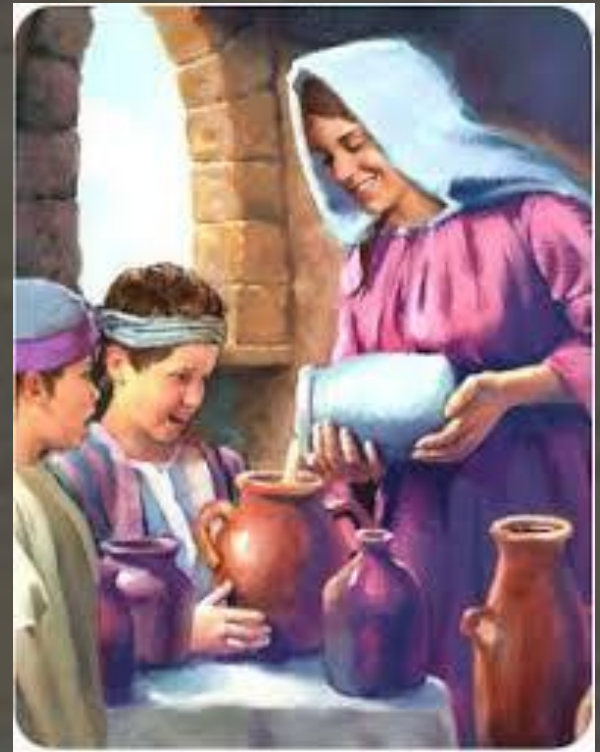
- The wife of a man from the company of the prophets cried out to Elisha, "Your servant my husband is dead, and you know that he revered the LORD. But now his creditor is coming to take my two boys as his slaves." Elisha replied to her, "How can I help you? Tell me, what do you have in your house?" "Your servant has nothing there at all," she said, "except a little oil." Elisha said, "Go around and ask all your neighbors for empty jars. Don't ask for just a few.



# The widow's oil

## Her miraculous savings were substantial

- Then go inside and shut the door behind you and your sons. Pour oil into all the jars, and as each is filled, put it to one side." She left him and afterward shut the door behind her and her sons. They brought the jars to her and she kept pouring. When all the jars were full, she said to her son, "Bring me another one." But he replied, "There is not a jar left." Then the oil stopped flowing. She went and told the man of God, and he said, "Go, sell the oil and pay your debts. You and your sons can live on what is left." 2 Kings 4:1-7





# Joseph

His savings plan saved preserved Christ's lineage



# Uses of a savings account

## A partial list

- **Significant gifts to the Lord's work**
- **Defense against job loss, major illness, accidents, or other emergencies**
- **Funding future needs and opportunities**
  - **Replacements (shoes, tires, appliances)**
  - **Maintenance and repairs**
  - **Large purchases (house, car, computer)**
  - **Education (ourselves or someone else)**
  - **Starting a business**
  - **Retirement**
  - **Inheritances**

# Saving is different from hoarding

## Hoarding is discouraged in Scripture

Hoarding is excessive accumulation with no purpose in mind. It is driven by pride or compulsion.

Saving is accumulating for a purpose. It is driven by planning, discipline, responsibility and foresight-->





# **Saving is different from investing**

- **Savings involve money we can't afford to lose and must be kept safe**
- **Savings are to meet short, medium, and long term future needs**
- **Investments involve risk, require a longer term perspective, and should be made only after all savings goals are met, with money you can afford to lose-->**



# Putting savings into a biblical perspective

- **Trust God for our future needs, not our savings account**
- **We are to be prudent money managers, saving for realistic future needs and opportunities, and living responsibly on the rest**
- **God does not want us to worry about the future**
- **Avoid hoarding**
- **Obsessively trying to save enough money to cover every imaginable future circumstance is not possible and will rob us of joy, peace, and blessing**
- **Don't love money; be satisfied with what you have. For God has said, "I will never fail you. I will never abandon you." So we can say with confidence, "The LORD is my helper, so I will have no fear. What can mere people do to me?" Hebrews 13:5-6(NLT) -->**

# Class discussion

- **Compare saving with hoarding. Give some examples of each**
- **Share some other examples of saving from nature or the Bible**
- **What is meant by the statement “It is neither possible, desirable, nor Scriptural to attempt to save for every future need or eventuality”? In what ways do you agree or disagree?**

# Quiz

## True or false

- We should save enough money for every conceivable future circumstance requiring money
- A savings account is accumulated margin
- For most people, creating margin will require abiding by a budget
- It is a good idea to wait until all of our monthly spending is finished before creating margin
- A savings account should be in financial institutions that make potentially high paying, but risky, investments
- There are no examples of saving in nature

# Money management

- I. Obtaining money
- II. Disbursing money
- III. Budgeting
- IV. Saving money
- V. Investing money





# Principles of investing money

## What is investing?

- Investing involves putting money to work for a long period of time with the expectation that it will increase in value.
- Investments are speculative, involve risk, and thus are different than savings which is relatively safe
- Successful Investments benefit from the power of compound interest
- Successful investments can provide for long term needs, such as retirement, generous gifts, and inheritances.
- Unlike savings, investments place our money at risk of loss, Therefore, investments should be made with money we can afford to lose.
- Whether we save or invest, we must trust the Lord for our security and our future

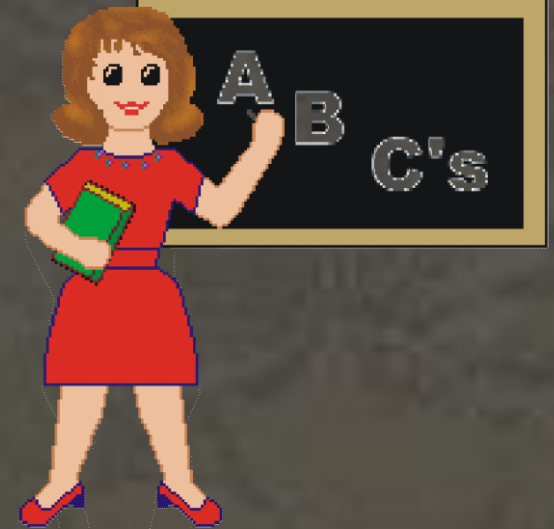
# The benefits of investing

The potential growth of a good investment is higher than a simple savings account



# Examples of investing

- The farmer
- The parent
- The pastor
- The teacher
- The missionary



# Investor example—the farmer

He sows his seeds in the Spring, hoping for a great harvest





# Investor example—temporal parenting

The honorable secular parent trains his child in worldly wisdom and values, hoping to produce a responsible, moral citizen



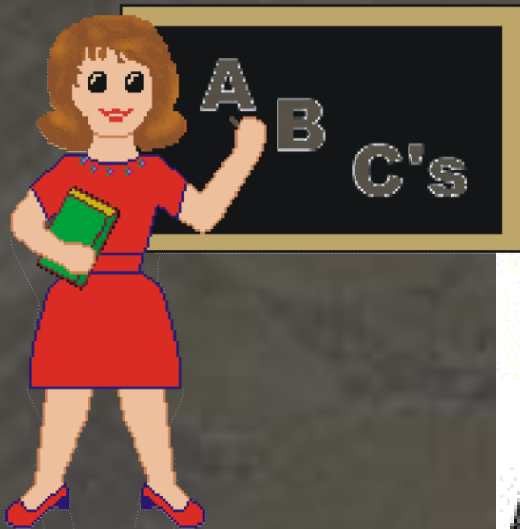
# Investor example—spiritual parenting

The godly Christian parent also nurtures his child spiritually, asking God to produce a citizen of the kingdom of heaven



# Investor example: the teacher

She imparts her knowledge to her students now, hoping for productive citizens in the future



## Investor example: The pastor

He preaches God's word today, hoping to produce mature believers tomorrow





# Investor example: missionary

He or she shares the gospel in this life, hoping to populate heaven in the life to come

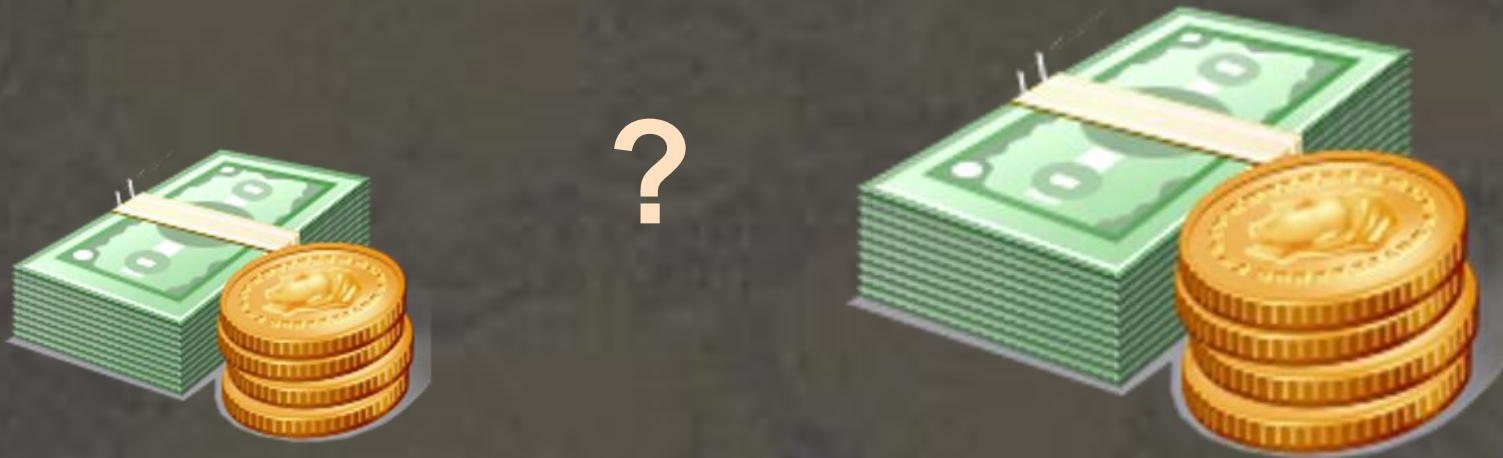


# **What do all of these investors have in common?**

- **They all involve risk because the outcome is uncertain**
- **They all require huge expenditures of time, energy, and money**
- **They all involve a long term perspective**
- **They all may fail to produce the intended result**
- **They all have the potential of great rewards**
- **They all require vision, commitment, patience, and prayer**
- **They all depend on God for success**

# Investment calculator

## Doubling your investment



# The rule of 72

**Case 1: determining how many years it takes to double your investment at a given interest rate**

**Formula:  $72/\text{interest rate}$**

- **Suppose the interest rate you can earn at a bank savings account is 6%/year**
- **$72/6 = 12$**
- **Your money invested at 6%/yr will double in 12 years**
- **Examples:**
  - **Rs100 will grow to Rs200 in 12 years**
  - **Rs 50000 will grow to Rs100000 (1 Lakh) in 12 years**



# The rule of 72

## Case 2: determining the required interest rate to double your money in a given amount of time

Formula:  $72/\text{years}$

- Suppose you want to double your principle in 3 years. What interest rate must you earn?
- $72/3 = 24$
- You would have to earn 24%/year to double your money in 3 years
- Examples:
  - Rs100 will grow to Rs200 in 3 years if the interest rate is 24%/year
  - Rs 50000 will grow to Rs100000 (1 Lakh) in 3 years if the interest rate is 24%/year

# Quiz

## Using the rule of 72

How many years would it take for your deposit to double in value if you earn 12% interest on it?

- a) 3 years, b) 6 years, c) 12 years, d) 24 years

What interest rate must you receive on your deposit if you wish it to double in value in 36 years?

- a) 2%; b) 6%; c) 12%; d) 36%

A Rs1000 deposit earning 3% annual compound interest will grow to Rs2000 in 12 years, true or false?

You deposit Rs2000 today and earn 12%/yr interest on it for 6 years. You then take your new balance and take out a new deposit earning 24% interest for 3 years. At the end of the third year (ninth year overall), you take your final balance out of the bank. How much money did you collect?

- Aa) Rs1000: b) Rs 2000: c) Rs4000; d) Rs8000

# Quiz

**If you must borrow, which one of the following suggestions is foolish?**

- a. Negotiate the highest interest rate you can**
- b. Negotiate the lowest interest rate you can**
- c. Borrow as little as possible**
- d. Pay it back as quickly as you can**

# Multiple choice quiz

If you borrow and are having a difficult time repaying, which one of the following actions should you take?

- a. Borrow even more money to make your payments
- b. Play the lottery and win the money
- c. Decide you won't repay and ignore it
- d. Simplify your lifestyle, sell some assets, or get another job



# The practical reality of investing

## Risk

- **Investing involves risk (speculation)**
- **Risk may be defined as the likelihood our investment will decline in value.**
- **Since risks tend to be higher in the short term, sound investing is a long-term proposition**
- **Successful investing is the fastest way to achieve our long term goals**
- **Unsuccessful investing can leave us impoverished**
- **Investments should be made with money you can afford to lose**

# Some risk factors

## Variables outside our control

- Type of investment (some investments are more risky than others)
- Rate of return (the higher the expected return, the greater the risk)
- Duration (the shorter the duration, the higher the risk)
- Inflation (the higher the rate of inflation, the less the purchasing power of your investment)
- Politics, economy, geology, etc, etc, etc -->

# Risks

## Team assignment-10 minutes

- List some reasonable risks that a person might take in investing his money
- List some foolish risks that one should avoid in investing his money

# Quiz

## True/False

- Investing is similar to saving because they both involve the same amount of risk and have the same rate of return
- You should invest only the money you can afford to lose
- You should expect to lose your money if you place it in a savings account at a reliable financial institution
- We see examples in God's creation of both saving and investing



# Prerequisites to investing

## A prioritized plan

1. Save 1-6 month's income for emergencies and savings opportunities
2. Save for planned expenses
3. Pay off all consumer and credit card debt
4. Save 6-12 months income for loss of job and other unplanned expenses
5. Save for major purchases and long term opportunities
6. Invest in long range goals, such as retirement and building an estate in order to leave an inheritance -->

# 12 biblical principles of wise investing

## 1. Don't make riches our objective

Do not toil to acquire wealth; be discerning enough to desist. Proverbs 23:4 (ESV)

## 2. Don't fall in love with our money

Don't wear yourself out trying to get rich. Be wise enough to know when to quit. In the blink of an eye wealth disappears, for it will sprout wings and fly away like an eagle Proverbs 23:4-5 (NLT)

## 3. Intentionally cultivate a generous heart so that successful investments will produce eternal value

Sometimes you can become rich by being generous or poor by being greedy. Proverbs 11:24 (CEV)

# 12 biblical principles of wise investing

(cont'd)

## 4. Don't invest with money needed for future obligations

- The prudent understand where they are going, but fools deceive themselves. Proverbs 14:8 (NLT)

## 5. Since investing is speculative by nature, and we could lose everything, don't borrow money to invest:

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

## 6. Prayerfully set realistic plans and goals

- "But don't begin until you count the cost. For who would begin construction of a building without first calculating the cost to see if there is enough money to finish it? Luke 14:28 (NLT)

# 12 biblical principles of wise investing

(cont'd)

## 7. Invest using wisdom and good sense

- By wisdom a house is built, and through understanding it is established; Proverbs 24:3

## 8. Get wise advice

- Plans fail for lack of counsel, but with many advisers they succeed. Proverbs 15:22

## 9. Don't make an investment simply because it is presented to us as a "good deal"

- Don't be stupid and believe all you hear; be smart and know where you are headed. Proverbs 14:15 (CEV)



# 12 biblical principles of wise investing

(cont'd)

## 10. Be patient and avoid hasty speculation

- The trustworthy person will get a rich reward, but a person who wants quick riches will get into trouble Proverbs 28:20 (NLT)
- Wealth from get-rich-quick schemes quickly disappears; wealth from hard work grows over time Proverbs 13:11 (NLT)
- Greedy people try to get rich quick but don't realize they're headed for poverty. Proverbs 28:22 (NLT)

# 12 biblical principles of wise investing (cont'd)

## 11. Honor God and remember the poor when we make a successful investment

- He who gives to the poor will lack nothing, but he who closes his eyes to them receives many curses. Proverbs 28:27

## 12. Diligently manage our assets

- Know the state of your flocks, and put your heart into caring for your herds, for riches don't last forever, and the crown might not be passed to the next generation Proverbs 27:23-24 (NLT)

# Poor motives for investing

## Self esteem

- First pride, then the crash— the bigger the ego, the harder the fall. Proverbs 16:18 (MSG)

## Desire to get rich quick

- Wealth gained hastily will dwindle, but whoever gathers little by little will increase it. Proverbs 13:11 (ESV)

## Envy, greed or love of money

- Then he said, “Beware! Guard against every kind of greed. Life is not measured by how much you own.” Luke 12:15 (NLT) >

# Poor motives for investing (cont'd)

- **Reliance on money for our security**

- and call upon me in the day of trouble; I will deliver you, and you will honor me" Psalm 50:15

- **Intent to hoard**

- And he told them this parable: "The ground of a certain rich man produced a good crop. 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 all my grain and my goods. And I'll say to myself, "You have plenty of good things 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 anyone who stores up things for himself but is not rich toward God." Luke 12:16-21

# **Principle #4. God cares how we manage our money**

## **Summary**

- I. Obtaining money**
- II. Disbursing money**
- III. Budgeting**
- IV. Saving money**
- V. Investing money**



# Obtaining money summary

- We are to earn our money honestly through skill and hard work.
- There are several other ways of obtaining money righteously, such as through our own labor or that of others (business), interest on savings, rent on assets, or appreciation of investments
- Obtaining money by gambling is foolish and by borrowing is unwise. If circumstances justify going into debt, do it prayerfully and cautiously

# Spending money summary

- **We are to disburse our money as wise and faithful stewards.**
- **Christians should be quick to pay their obligations, including taxes, debt repayment, and promised support for the Lord's work.**
- **Let the Lord guide our spending**

# **Budgeting money and creating margin summary**

- **For most people, controlling their expenses to create margin will require developing a budget.**
- **Creating a budget will require prayer, planning, counsel, and wisdom**
- **Discipline is required to maintain a budget**

# **Saving money summary**

- **The steady accumulation (saving) of margins over a long period of time provides us with the ability to pay for our future predictable and unexpected needs and opportunities, and to building God's kingdom.**
- **A special savings account (Blessings Fund) provides a convenient means to help others in need**
- **We should have a plan for our savings to avoid hoarding, unreasonable accumulation, and emotional responses to “good deals”**
- **Since our savings have a future purpose, they should be put at minimal risk.**

# Investing money summary

- Investing is putting money to work with the expectation that it will increase in value over a long period of time.
- Investments are speculative, involve risk, and thus are different than savings.
- It is unwise and presumptuous to speculate with money we cannot afford to lose or with borrowed money.
- Fulfill our savings goals first, then invest
- Successful investments can provide for long term needs, such as retirement, generous lifetime gifts, and inheritances.
- Investments should be made carefully, prayerfully and with proper guidance
- Whether we save or invest, we must trust the Lord - not our money - for our future welfare and security.



# Final thoughts about managing our money according to biblical principles

- Obtain money honestly
- Spend money prayerfully
- Give money generously
- Budget money carefully
- Create margin intentionally
- Save money purposefully
- Invest money wisely



**Remember that we are managers of His money**

# Class assignment

## Essay

- **What attitudes and practices do you need to cultivate within your own life to be able to manage your cash flow and produce margin on a consistent basis?**
- **What things should you begin saving for now in order to have the money to purchase them when needed?**

# **Ten biblical principles about money and wealth**

## **A survey of Scripture**

- 1. God owns everything and we are His stewards**
- 2. Worship and trust God rather than money**
- 3. Beware of the love of money**
- 4. God cares how we manage our money**
- 5. Honor God by faithfully giving of our income**
- 6. Develop a lifestyle which creates margin**
- 7. Cultivate a generous heart and live sacrificially**
- 8. Care for the poor, weak, oppressed, and needy**
- 9. Use wealth to glorify God and build treasure in heaven**
- 10. Pursue the true riches rather than material wealth**