

Personal MONEY MANAGEMENT

BY RON CHEWNING



Why is personal money management important?

With so much of life revolving around money and with the challenges that Christians have in managing money faithfully and responsibly, we should not be surprised that there are hundreds or even thousands of verses in Scripture that talk directly or indirectly about money and possessions. The number of Bible references on the subject speaks to its importance. How we view and handle money often causes barriers to our spiritual growth and personal stewardship. One of the root causes of poor financial stewardship is the limiting effect that poor personal management of money has. The desire to possess more “stuff” has a profound influence on individuals and families. This desire often leads to buying things we don’t need with money we don’t have. If we are to manage money according to God’s plan, the church has a responsibility to give guidance to individuals and families in the area of personal money management. The danger to a proper relationship with God due to the love of money and the evils of excess were addressed often by Jesus. This resource addresses this issue and gives some practical assistance for congregations in helping the faithful properly manage their personal finances.

Overview

Our heavenly Father provides for our needs through the various vocations in which He has placed us. One aspect of our vocations is the generation of income. As God’s stewards we are called to be faithful and wise in handling and using our income. Money is an integral part of our lives. We need to spend the necessary amount of time to comprehend how it affects our material and spiritual lives.

This section begins with a brief look at how essential it is that we develop a proper attitude toward money. Our control of money, or its control of us, affects our relationship with our Lord. To help us learn how to gain control over our money, this section offers suggestions on planning, giving, saving, spending, controlling debt and investing. This section is intended to help us become better managers of money as well as see the potential it has for extending God’s kingdom.

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Introduction

Christian money management begins with the conviction that we want to become faithful and good managers of money entrusted to us by God. When we acknowledge God as owner of our resources, we understand our obligation and responsibility to be faithful caretakers. As God's stewards, we realize all things, including our money, are to be used for His purposes. Ask this question: "What is God's will for the money given me?" The answer to this question is found in the various vocations which God has given to us: the roles He has given us to fill in church, family and society.

We understand through the parable of the talents (Matt. 25:14-30) that our heavenly Father is pleased when we manage our money responsibly and displeased when we handle it poorly. Jesus said, "If then you have not been faithful in unrighteous wealth, who will entrust to you the true riches?" (Luke 16:11 ESV). There is a direct connection between our faithful use of money here and now and the "true riches" God wants to entrust to us. Jesus calls us to handle money wisely and prudently as well as have a proper attitude toward money. We live in a money-driven, consumer-oriented society. Many people are shortsighted and unfocused when it comes to managing their money. However as God's money managers, we are to think and live differently. As Martin Luther put it, "There are three conversions necessary in the Christian life: the conversion of the heart, the mind and the purse."

It is easy to get into some kind of quandary over money issues. We ask: "How did I get into this position?" and "How do I get out?" Handling money properly is challenging and difficult, but it is possible. This section provides and equips you with some basic money principles. When you become knowledgeable about money, you can become more prudent and wise in its use. Like athletes who train for their athletic events and musicians who practice for their concerts, we need to prepare adequately for our financial journeys. To succeed and do well at handling money can be time consuming and difficult. Are you willing to devote the time and energy to become a faithful steward who is a responsible manager of money?

Why the right attitude is important

The primary issue with money is attitude. While it is important to have a good spending plan, to be wise investors and to control credit, what matters most is the attitude we bring with us to the task of money management. Do we possess possessions or do possessions possess us? Acknowledging God as the Owner of our money and we as the caretakers of what He entrusts to us is a first step toward ensuring that our possessions are tools for our use rather than things that control us. As Christians, we are not honest if we use the disclaimer, "Jesus can have our hearts but not our money." We can't compartmentalize the Christian life. Our relationship with Christ impacts everything we think and do, including our money management. Money, more than anything else, can separate us from our heavenly Father. Money can be Satan's best tool to deceive God's people. Money has the power to change us and may win the battle for our hearts as we are deceived by the

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thought that more money (instead of trust in God) is the answer to our financial problems. Having money and possessions can make us proud, crowd out our real God and cause us to place our security in our financial well-being instead of our God (Prov. 30:8-10).

In the parable of the sower, Jesus said: "... the thorns (deceitfulness of wealth) grew up and choked [the Word]" (Mark 4:7 ESV). The problem with money is summed up by Jesus: "No one can serve two masters, for either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve God and money" (Matt. 6:24 ESV). As God's people, we can't have a foot in each kingdom. It is impossible to have two masters, so we must choose between God's kingdom and the kingdom of the world. It is one or the other, not both.

By itself money has no value. It is only worth the value someone gives it. For some, money represents power and security. Many view the amount of their investments and the number of their possessions as determining factors of their value and worth. Money is looked upon as an end rather than a means. To the world, money is life's report card and source of all happiness. Others see money as a problem and source of their misery. God's stewards know His gifts are for our good. "Every good gift and every perfect gift is from above, coming down from the Father ..." (James 1:17 ESV). As faithful stewards we see money as a means to provide for our needs and as a tool we use to further God's kingdom.

1. How do you know when money is controlling you?
2. How can money separate you from fellowship with God?
3. What are ways you can be a faithful steward with money?
4. What improper attitude does 1 Tim. 6:9-10 discuss?
5. What happens to those who put their wealth ahead of God as presented in Prov. 11:28, 28-20?
6. What should you pray for according to Prov. 30:7-9?

Planning is necessary

Whether God gives us lots of money or very little, we need to become responsible planners of whatever financial resources we have. It is good to plan. Remember the phrase, "If you fail to plan, you plan to fail." Planning enables us to accomplish more with the money God entrusts to us. Because God's Word tells us that we are accountable for the blessings He gives to us, we need to make every

effort to plan responsibly so that we save, spend and give our money wisely and prudently. When we manage our money faithfully, God receives the glory, and we will hear those beautiful words, “Well done, good and faithful servant” (Matt. 25:21 ESV).

Responsible planning keeps us from doing the irresponsible — that is, not establishing a spending plan, a saving plan, a giving plan and neglecting to plan for potential emergencies. Making and establishing financial plans can be challenging, but, as Paul wrote, “I can do all things through him who strengthens me” (Phil. 4:13 ESV). When we seek God’s wisdom and strength, He will enable us to be the faithful stewards of our money that He wants us to be.

An important part of formulating plans and goals is to determine your current financial condition. A way to take inventory of our financial status is through a net worth statement, which lists your assets and liabilities. Your net worth is the dollar value remaining when liabilities are subtracted from total assets. Of course a positive balance is the goal because a negative net worth reflects pending financial crisis. The net worth of a person is important enough to calculate on a yearly basis, so don’t hesitate to make the effort to create a net worth calculation.

SETTING GOALS

A basic step in planning is to determine our goals and to calculate the financial resources needed to accomplish those goals. A goal is a destination, something we want or need, which we acquire by taking certain steps.

- › Save for children’s education
- › Getting out of debt
- › Make a major purchase (car, appliance, home, etc.)
- › Save for retirement
- › Take a major vacation
- › Save for emergencies
- › Give to my church
- › Give more to others

A goal is a measurable statement toward which we believe God wants us to move. A goal motivates us to keep from being sidetracked. Goals should be attainable and include deadlines (dates). It is important to take responsibility and set goals in writing in order to help us stay focused. We need more than an attitude of “Wouldn’t it be nice if ...” or “I’d love to have ...” With realistic financial goals, we can measure progress.

Any goal requires the creation of a plan of action that will outline the steps we need to take in order to achieve it. And then we need to follow that plan. If we don’t follow the plan, we will likely fail in reaching the goal.

The following examples of goals show cost and time frame.

1. Provide one child with four years of college education at a cost today of \$20,000 per year beginning in the year 2018.
2. Buy a new lawn mower in eight months at a cost of \$395.
3. Pay off credit card debt of \$1,900 by the end of the year.

Setting goals not only provides personal motivation, but for married couples, it also provides a strong basis for communication. In addition, when goals are achieved, they provide a great sense of accomplishment and satisfaction whether you are married or single.

Realistic goals ...

- › Establish a framework for financial stability.
- › Help us use our incomes to their best advantage.
- › Help us accept the reality of our particular situation.
- › Make us become initiators rather than responders.
- › Increase the probability of reaching our goals.

In setting goals we start by asking, “What is God’s plan for me?” “For I know the plans I have for you, declares the Lord, plans for your welfare and not for evil, to give you a future and a hope” (Jer. 29:11 ESV).

Do not fail to plan costs. Without careful planning we pay higher taxes or don’t have money for education or retirement. Failure to plan leaves us unprotected from automobile, home or work-related accidents. Most important, a lack of planning represents the possibility of our inability to reach our God-given goals and potential.

The following list shows how much income is earned by working 40 years at different income levels per year.

\$30,000 = \$1,200,000	\$80,000 = \$3,200,000
\$40,000 = \$1,600,000	\$90,000 = \$3,600,000
\$50,000 = \$2,000,000	\$100,000 = \$4,000,000
\$60,000 = \$2,400,000	\$125,000 = \$5,000,000
\$70,000 = \$2,800,000	\$150,000 = \$6,000,000

How well will we account for all this money? Will what we have done with our money indicate we have planned and managed it well or mismanaged it? One of the biggest obstacles to planning and setting goals is procrastination. Begin today. Best intentions get nowhere. By setting goals we avoid waking up one day to find we have to borrow to meet goals like education or equity for a home. Of course, goals keep changing and need to be checked every year.

SEEKING FINANCIAL COUNSEL

God encourages us to secure insights, suggestions and alternatives that will aid us in making proper decisions. In Prov. 19:20 we read, “Listen to advice and accept instruction, that you may gain wisdom

in the future.” We should make every attempt to find counsel from people who have a solid understanding of God’s ways of handling money. It would be a mistake to allow our pride or stubbornness to get in the way of seeking and accepting advice.

1. Why are goals helpful?
2. What does a workable goal contain?
3. Why don’t people set goals?
4. In the parable of the rich fool (Luke 12:13-21), what was the farmer’s mistake?
5. Read Prov. 15:22. What does the verse say about counseling?
6. What does Scripture say about planning (Prov. 14:15, 16:3, 21:29, 27:12)?

Great money principles never change

Give 10 percent. Save 10 percent. Live on 80 percent. (10/10/80)

This old principle has served people well for years. There is nothing radical or complicated about the principle of giving God the first 10 percent (a tithe), saving the next 10 percent and adjusting our lifestyles so we can live on the remaining 80 percent. How much we give, save and spend speaks volumes about us as people.

GIVE 10 PERCENT

The 10/10/80 principle applies biblical principles of giving. When we give our first 10 percent to God, we give the Lord our firstfruits and give proportionately. Prov. 3:9 reads, “Honor the Lord with your wealth and with the firstfruits of all your produce.” God directs us to give Him the firstfruits from all we receive. As faithful stewards, we willingly respond to Him with our gifts out of love and commitment because we know He first loved and gave so much to us. We acknowledge God to be the Creator and Provider of all things. Consequently, we are simply returning to Him what He already has given to us. Paul wrote: “What do you have that you did not receive?” (1 Cor. 4:7 ESV).

Proportionate or percentage giving gives all Christians an equal privilege and opportunity to share in extending God’s kingdom. Since God blesses us in different ways and amounts, the sizes of our gifts will vary. “For if the readiness is there, [the gift] is acceptable according to what a person has, not according to what he does not have” (2 Cor. 8:12 ESV). The person giving \$100 from \$1,000 of income is giving proportionately just as someone earning \$100,000 gives \$10,000. We can give proportionately whether we are rich or poor.

We are able to give proportionately by faith. The proportionate percentage we give will be determined more by our spiritual maturity than by our financial ability. Giving generously demonstrates that “your love also is genuine” (2 Cor. 8:8), and it shows our trust in and dependence on the Lord. We also are called to give in “generosity” (2 Cor. 9:11). If a tithe was a requirement in the Old Testament and Christians are called to be generous, it is hard to see the tithe as anything but the floor of Christian giving.

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SAVE 10 PERCENT

When we save 10 percent we demonstrate discipline and an orientation for the future. Unfortunately, we have become less and less interested in saving. Yet when we save faithfully we maintain better control of our financial future and avoid much of the stress and anxiety experienced by those who continually spend their entire paychecks. Saving increases the probability of reaching our financial goals, insulates us from unforeseen needs and provides a well from which our generosity towards others can spring forth.

Scripture provides insight into the value of saving: “Precious treasure and oil are in a wise man’s dwelling, but a foolish man devours it” (Prov. 21:20 ESV). “Go to the ant, O sluggard; consider her ways, and be wise. Without having any chief, officer, or ruler, she prepares her bread in summer and gathers her food in harvest” (Prov. 6:6-8 ESV).

Follow these four basic saving principles:

1. Save more

Some of us have “piggy banks” into which we deposit our loose change each evening. As far as a saving plan goes, that’s a good start. However, if we’re saving for more than a pizza at the end of the week, we must commit to saving more. A better step is to set aside a predetermined amount each week or each paycheck. The key in saving is to establish well-defined goals that motivate you to increase your savings. Make yourself accountable to your goals.

Discipline and consistency along with short-term sacrifices yield dividends in the future. Consistent saving makes a lot of money over the long haul. By finding leaks in our routine spending, we can find money to save. The following is a list of some simple habits that costs us money:

Item	Cost	Times per year	Cost per year
Specialty coffee	\$3.25	200	\$650.00
Dining out	\$25.00	65	\$1,625.00
Movie tickets	\$8.00	15	\$120.00
Soft drinks	\$1.50	150	\$225.00
Cigarettes	\$5.00	400	\$2,000.00

2. Save systematically

There is little probability of saving if we save just the leftovers. To save money, we must demonstrate that it is a priority. Treat savings as an expense. One of the better methods of saving is to withdraw money systematically from your paycheck or checking account to deposit into an investment vehicle.

3. Save tax-advantaged

When possible, save money in ways that avoid or defer taxes. The most common method is through 401(k) plans offered by profit-oriented businesses or by 403(b) plans offered by nonprofit entities. Both plans allow employees the advantages of investing pre-tax money to avoid current taxation and defer taxes on the investment gains until the money is withdrawn. Savings will grow much faster in value without the subtraction of taxes. Another popular method of saving tax-advantaged is the Individual Retirement Account (IRA). Unless we have large incomes we can use our IRA contributions as tax deductions. We can choose either a traditional IRA or a Roth IRA. With a Roth IRA, the money grows tax-free. With a traditional IRA, the taxes are deferred until the investor withdraws the money.

4. Save smart

Saving smart implies increasing the returns on savings without unnecessary risk. After accumulating an emergency fund (a minimum of six months of income invested in a liquid fund), we can start investing our savings. Saving too conservatively is a common mistake. Wise investors diversify their investments. Bank CDs or Lutheran Church Extension Fund (LCEF) investments can be part of a savings plan, but it is wise to use another portion to seek more growth in investment vehicles. Since 1926, the stock market has provided investors with an approximate 10 percent annualized return. While past performance is no guarantee of future performance, the stock market is one option for investing to consider alongside investing in commodities and real estate.

SPEND 80 PERCENT ON OUR LIFESTYLES

Does God want us to live in substandard housing or in mansions? God doesn't give us specifics about the cars we drive, the houses we live in or the clothes we wear. He does give us principles. *"As for the rich in this present age, charge them not to be haughty, nor to set their hopes on the uncertainty of riches, but on God, who richly provides us with everything to enjoy"* (1 Tim. 6:17 ESV). Living comfortably is not a sin. Living comfortably with an arrogant attitude, however, is displeasing to God. Putting our hope in something other than God is futile and idolatrous. God commands us to put Him first. *"But seek first the kingdom of God and His righteousness, and all these things will be added to you"* (Matt. 6:33 ESV). Trusting this promise, we honor the Lord with our lives and live as faithful stewards. To live on 80 percent of our incomes, we need to control spending. Impulsive spending must stop. If we consider the purchase of an item not part of our spending plan, we need to take time to determine if it is a wise expenditure. We need to examine how much we spend on hobbies. Are you spending money to combat loneliness or boredom? Are you caught up in the need to spend to keep up with the Joneses? Be careful not to become a victim of the foolish desires money can create. Improper spending habits are among the biggest hindrances to accumulating any savings.

Scripture does not forbid debt but it does discourage it. Excessive debt can devastate a family's financial future, create tension and chaos in the family, strain marriages and cause health problems.

1. What are the main points of the 10-10-80 principle?
2. Why does God ask us to give Him the firstfruits of our income?
3. Why is saving important? How can you save more? What are principles of saving?
4. How important are effort and discipline in financial activities (Prov. 14:23, 21:5)?
5. Paul wrote, *"Whoever sows sparingly will also reap sparingly, and whoever sows bountifully will also reap bountifully"* (2 Cor. 9:6 ESV). How does this apply to managing money?
6. What determines your lifestyle? What lifestyle pleases God?

The dangers of debt

Financially speaking there are three types of people: those who have, those who have not and those who have not paid for what they have. Unfortunately, debt has become a way of life. We borrow and take on debt so frequently it is possibly the most violated money principle in God's Word. Scripture does not forbid debt but it does discourage it. Excessive debt can devastate a family's financial future, create tension and chaos in the family, strain marriages and cause health problems.

WHAT IS DEBT?

The dictionary defines debt as "money that a person is obligated to pay to another." We are in debt when we ...

- › can't pay off our bills or credit cards each month.
- › have a negative net worth.
- › can't afford to pay for basic needs.

WHY DOES SCRIPTURE DISCOURAGE DEBT?

- › Debt enslaves a person to a creditor. *"The rich rules over the poor, and the borrower is the slave of the lender"* (Prov. 22:7 ESV). Each time we take on debt or increase debt, we give up some freedom to a creditor.
- › Debt obligates a person to earning pressures. Because of debt we have a greater need to earn money. When we are deep in debt, disruption to earnings can be life-changing and, possibly, life-threatening. Debt forces us to work multiple jobs or excessively long hours. Some debt is due to circumstances beyond our

control: accidents, illnesses, job losses, etc. However, debt can be avoided if we say “no” to some of our wants and desires.

- › Debt undermines joy. When in debt, we experience added tension and anxiety. Debt prevents enjoyment of pleasurable activities.
- › Debt erodes giving opportunities. Because of God’s love we have the ability and desire to help others. Our need to pay off debt prevents our financial ability to give to others.
- › Debt unmasks our flaws. With debt, we show lack of contentment, patience, trust and self-discipline.

God wants us to be content when we are fed, clothed and sheltered. It is important to understand the difference between needs and wants.

- › Needs: clothes, food and shelter comprise basic needs. Paul says, *“But if we have food and clothing, with these we will be content”* (1 Tim. 6:8 ESV). He also says, *“And my God will supply every need of yours according to his riches in glory in Christ Jesus”* (Phil. 4:19 ESV).
- › Wants: A want is anything in excess of needs. I may want an exotic trip to the Bahamas. I may own a Ford Focus but I want a BMW. I may have a 27-inch color TV but want a 50-inch TV.

SEVERAL FACTORS LEAD TO DEBT:

- › Failure to set goals; poor planning
- › Lack of information and/or ignorance
- › Too many commitments or fixed expenses
- › Impulse buying
- › Failure to say “no” to self or to children
- › Failure to stay organized or to keep records
- › Availability of easy credit
- › Lack of resistance to sales
- › Indulgences

GETTING AND STAYING OUT OF DEBT

Before we take on debt or add to our existing debt, ask some basic questions. Be slow, deliberate and cautious before borrowing.

- › Have I prayed about borrowing?
- › When I borrow am I getting enough value to make it worth the added obligation?
- › Will the asset purchased appreciate in value?
- › Will borrowing still allow me to give, save and maintain my lifestyle?
- › Does borrowing fit my budget? Could we simply save up for the item instead of borrowing now?
- › Will borrowing cause any tension or anxiety in my family?

Credit card debt solution:

Eliminate your credit cards if you don’t pay the credit cards off in full during the 30-day grace period. Credit cards should contain the clause: “This credit card can be hazardous to your interest and financial well-being.”

Spend money wisely

In order to be good stewards of money, we must develop plans that help us give generously, save diligently and spend wisely. Spending plans match income with expenses. View your spending plan as a road map to help you see where you are going and to tell you how to get there. A spending plan requires action, discipline and commitment.

Spending plans have several benefits:

- › Enable us to become proactive rather than reactive
- › Help us develop priorities and reach financial goals
- › Help us reduce or eliminate impulse spending
- › Increase our ability to stay out of debt
- › Enable us to exert control over money
- › Reduce some anxiety and tension in handling money

Spending plans have two sides:

1. What we earn
2. What we spend

Spending plans cover two kinds of expenses:

1. Fixed expenses: constant items such as mortgage or rent payments, car payments, insurance premiums, utilities, etc.
2. Variable expenses: payments made regularly, varying in amount depending on degree of use or need, such as food, clothing, household maintenance, car maintenance, dry cleaning, magazine subscriptions, gifts, etc.

It is important to plan ahead and set money aside for other than monthly expenses. For example, money needs to be set aside each month to pay for life insurance premiums that are due quarterly or semi-annually. Cars and appliances inevitably need repair. Without financial reserves, we find ourselves in stressful circumstances. Set money aside every month and experience fewer surprises and problems.

1. Why does God’s Word discourage debt? What is your view of debt and how do you feel about your debt situation?
2. Who does not repay debt (Ps. 37:21)?
3. How does a consumer-oriented society contribute to debt? Why do companies offer such easy credit?
4. What is a spending plan? Why is it a good idea?
5. What are the differences between fixed and variable expenses? Identify some of each.

Invest wisely

In Grandpa's day, the family savings often were tucked under a mattress or in the sugar bowl. This offered no risk except for theft or loss of purchase power because of inflation. Today's investment environment is more complex. The old economic rules no longer apply. The economy and markets have become global. All this impacts how we invest today. Investing begins by determining financial goals.

The following are some factors that will influence your investment goals:

- › Investment time frame: How long do you have before the money is needed?
- › Priorities: Do you need income or growth?
- › Investment funding potential: Will there be an ongoing stream of income to invest?
- › Return on investments: What do you expect from investments?
- › Age and career stage: Are you young or old? Do you have potential for additional income?
- › Income needs: Does the investment provide all or part of the income needed?
- › Risk tolerance: How much risk are you willing or able to take?

Once we have established our goals we can identify investment objectives such as:

- › Safety and preservation of investment dollars: Many investors are conservative and don't want loss of principal.
- › Hedge against inflation: Because of inflation, money's purchasing power is diminished. To hedge against inflation means the return on investments equals or exceeds the rate of inflation.
- › Tax-free income: Investors in a high tax bracket are interested in investments that legally avoid federal and state income tax.
- › Current income: Many investors need income distributed currently from the investment.
- › Appreciation/growth: Investments that increase in value show appreciation and growth.
- › Liquidity of the investment: Investors often need investments available immediately without fluctuation in value.
- › Ease of management: If there is a lack of interest or time, investors are wise to seek investments that do not require a lot of attention.
- › Ability to add or withdraw: Investors seek investments that allow ease in investing or withdrawing funds.
- › Diversification: Through diversification investment risk is reduced. The proverb is true: Don't put all your eggs in one basket.

AVOID RISKY INVESTMENTS

Unfortunately, thousands of people each year lose money in highly speculative investments and scams. Can't-miss-get-rich schemes often do miss. We need to learn not to be vulnerable to investments that seem too good to be true.

The key to investing is diversification. The perfect investment doesn't exist so we need to diversify and not put all our eggs in one basket. Below is a listing of investments based on risk:

- › Very low risk: CDs (FDIC insured), U.S. government bonds
- › Low risk: highly rated municipal and corporate bonds, blue chip utility stocks and money market funds, properly researched real estate and commodities (gold, silver)
- › High risk: commodity futures, collectibles, small company stocks, etc.

UNDERSTANDING COMPOUNDING

Albert Einstein referred to the magic of compounding as the eighth wonder of the world. The compounding effect is illustrated by investing \$1,000 per year over a number of years.

Rate	Year 5	Year 10	Year 20	Year 30	Year 40
6%	5,975.00	13,972.00	38,993.00	83,802.00	164,048.00
8%	6,336.00	15,645.00	49,423.00	122,346.00	279,781.00

As shown, an increase in rate earned has a remarkable effect on the amount accumulated. A 2 percent increase almost doubles the total over 40 years. Of course this is true of the interest rates we pay on our debts as well!

MUTUAL FUNDS

A mutual fund is an investment company owned by shareholders. A mutual fund company makes investments on behalf of individual investors. In a mutual fund our money is pooled with other investors. Mutual funds are popular and make investment sense for the following reasons:

- › Professionally managed: Professional managers manage mutual fund assets.
- › Diversification: Mutual fund investments are pooled with other investors. Mutual-fund managers can invest in hundreds of different companies, providing diversified portfolios. This diversification reduces the risk because the investment is spread out over many different equities.
- › Reinvestment: Additional money can be contributed to mutual funds every month and the income and capital gains can be reinvested. Reinvestment allows for growth by accumulation of additional shares of the fund.
- › Withdrawals: Mutual funds investors can receive a check each month.
- › Choice of investment objectives: Mutual funds offer a variety of investment choices that let you match needs and goals with objectives of the fund. Fund objectives include income, tax-free income, conservative growth, aggressive growth, international investing, etc.

- › Liquid: Mutual funds can be sold quickly and usually without redemption charge.
- › Easy to buy: Funds are sold either by a broker or directly to the public through advertising.

Of course, in recent years there have been two major downturns in the stock market as well. Whether or not to invest in the stock market is a decision each family needs to make based on their own needs, risk aversion and common sense.

1. What factors influence your investment goals?
2. Why would a person want or need liquidity in an investment?
3. What are some investment options?
4. What warnings are given about get-rich schemes (Prov. 10:2, 12:11, 13:11; Ps. 37:7)?
5. How important is it to seek knowledge and wisdom in your investing (Prov. 15:14, 16:16, 23:23, 24:3-4)?
6. What do you read regarding the wise in Prov. 21:20?

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