

OVERCOME FINANCIAL FOOLISHNESS

by Andy Manning

In the October 2009 issue of Reader's Digest they did a global survey of 16 countries about the top sources of stress, and in a full 10 out of 16 countries, including the United States, money is the number one source of stress. The survey reported that 48% of Americans say that money is their top source of stress.

Americans are so stressed about money that it's affecting our marriages. 52% of marriages in North America end in divorce. Of those marriages that end in divorce, the number one cause is money fights and money problems. Of those marriages that end in divorce within the first seven years, 90% say that it was because of money fights and money problems. Americans are stressed out about money, and it's strangling the life out of young marriages. With the destruction of marriages comes the breakdown of the family, and ultimately the breakdown of our entire society. Americans are stressed about money.

I want to zoom in on the financial principles found in the book of Proverbs. The book of Proverbs might be my favorite book in the Bible. It's could be called the school of wisdom. If you want to grow in wisdom, understanding, spiritually, mentally, Proverbs is a great way to start. There are 31 chapters, so you can read one chapter a day and finish in a month.

Proverbs is a book of wisdom, and so today I'm going to help you discover 6 nuggets of wealth wisdom. I say "discover," because this article, for many of you, is just going to be the beginning. For some of you, today will be the first time you've ever been exposed to these financial principles. You've been walking in the dark, financially speaking, because you were raised in a home that was ignorant about the Bible's wealth wisdom, and nobody's ever taken the time to teach you. For some of you, today will be a lesson in all you don't know about wealth wisdom, and hopefully, it will ignite a fire in you to begin studying for yourself and learning all that you can about God's financial principles.

To begin, here are a few signs that you are not making wise financial decisions.¹

HOW TO TELL IF YOU ARE LIVING FOOLISHLY

- Your debt is growing each month.
- You are making only the minimum monthly payments to your creditors.
- If you miss one paycheck, you can't cover your mortgage/rent and bills.
- You and your spouse fight about money regularly.
- You are not able to put money into a savings or retirement account every month.
- You are constantly stressed about money.
- Because of your financial situation, you feel like you can't live the life you were created to live.

¹ These signs of financial foolishness are from the book *The Generosity Ladder*, by Nelson Searcy.

If this describes you pretty well, don't despair. The first step to financial peace is recognizing the error of your ways and acknowledging that you have a problem. Now, if you're ready to go from foolishness to wisdom, read on!

6 Nuggets of Wealth Wisdom

1. GLORIFY GOD WITH YOUR FINANCES.

To glorify God means to put God first in your finances. Proverbs 3:9-10 reads, "Honor the Lord with your wealth and with the best part of everything you produce. Then he will fill your barns with grain, and your vats will overflow with good wine."²

The Bible is full of promises that the Lord will provide for you, that he will meet your every need. But God's promise comes with a premise: Put him first in your finances, and he will take care of you. But he will not bless your financial unfaithfulness. You must put God first in your finances.

How do you do this? First, putting God first in your finances literally means putting God's work first. Notice this verse says to honor the Lord with the best part of everything you produce. This has to do with the principle of giving to the Lord's work, financing the church and the expansion of the gospel. Putting God first means putting God's work, his ministry, his kingdom purposes first. The first check you should write every month is to God's work. And the minimum amount you should give to God's work is a tithe, or ten percent.

Second, handle your money in a way that is God-honoring. What's the most important financial principle in the Bible: You don't own anything. You're just a steward, managing God's resources. So learn to manage God's resources faithfully, in a way that brings Him glory. Work on honoring God with every financial decision. Stop acting like your money is yours to spend however you want. Remember, it's all God's, and he expects you to be faithful with it. He expects you to honor him with it. Don't do anything with your money that would violate God's word; that would bring shame to God's name, or to God's church. Handle your money according to God's financial principles.

2. GIVE TO THOSE IN NEED.

What God wants you to do with your money, other than finance the church and expansion of the gospel around the world, is to share with others.

In the United States, we live in the most affluent and wealthy nation in all of history.

² Unless otherwise indicated, all Scripture quotations are taken from the Holy Bible, New Living Translation, copyright © 1996, 2004. Used by permission of Tyndale House Publishers, Inc., Carol Stream, Illinois 60188. All rights reserved.

- Half the planet lives on less than \$2 a day (much of China, India, and Europe.)
- If you earn more than \$1,800 a year, you are in the top 20% of the world's wealthiest people.
- If you earn more than \$25,000 a year, you are in the top 10% of the world's wealthiest.
- If you earn over \$47,000 a year, then you're wealthier than 99% of all humanity. You're among the top 1% of the wealthiest people on the planet.³

And when it comes to our finances, consider this: The question is not how much should you give, but how much should you keep for yourself.

Did you ever wonder why God gives you more than you need? Because someone else is in need.

Over 400 times in the Bible God proclaims His passion for those in need. Proverbs is filled with verses about sharing with those in need. Proverbs 11:24-26 says, "Give freely and become more wealthy; be stingy and lose everything. The generous will prosper; those who refresh others will themselves be refreshed. People curse those who hoard their grain, but they bless the one who sells in time of need." Proverbs 19:17 says, "If you help the poor, you are lending to the Lord—and he will repay you!" And Proverbs 21:13 says, "Those who shut their ears to the cries of the poor will be ignored in their own time of need." Isn't it clear? God gives you more than you need to help those who are in need. And his promise of provision for us is contingent upon us sharing freely with those in need.

3. GET A PLAN.

Thirdly, plan ahead. You will never get ahead financially unless you plan to get ahead financially. As the old saying goes, fail to plan, plan to fail.

Proverbs 21:5 says, "Good planning and hard work lead to prosperity, but hasty shortcuts lead to poverty."

It's been said, "When it comes to finances, everyone ends up somewhere. But few people end up somewhere on purpose."

Any good financial plan begins with goals and a good budget.

Your goals are the "what" of your plan, and the budget is the "how."

You and your spouse, if you're married, need to sit down and set financial goals together. You need to ask questions such as these:

- What do you think about tithing?

³ These stats are from the book *Soul Revolution*, by John Burke.

- How much do you want to give to the church? To other charities?
- What is your plan for your children's education? Private, public, or home school? What about college?
- Do you want to be a one or two income family?
- What do you want to do for a living?
- What is your retirement goal?
- What kind of home do you want to live in, and where?
- What kind of car do you want to drive?
- How soon do we want to accomplish these goals?

Once you set your goals, the “what” of your financial plan, it's time to work on your budget, the “what.” Now, when I mention the word “budget,” I know many of you immediately get scared. But there's nothing to be afraid of. A budget can be a very good thing. I know people who make two to three times what I do and yet I am better off financially because I live by a budget. I have a well-thought-out financial plan, and I try my best to stick to it.

A budget can be a very positive thing. It's simply a tool used to clarify your income and expenses; it helps you to detect problem areas, or areas where you or overspending; it helps you and your spouse to communicate about finances; and it helps you visualize your goals and your progress in attaining them.

It's interesting that while businesses and organizations are expected to live by a budget, households tend to go without.

So how do you get started with your budget? The first thing you need to do is to understand your current financial position. In order to plan a trip you have to know your starting point. Before you can apply a band-aid you have to know where it hurts. Before you can budget effectively you must begin carefully tracking your finances. For one month, keep a record of all your expenses so you can see how much it costs you to live. I recommend using financial software such as Quicken, but this can be done with pencil and paper.

Second, take all your expenses, and organize them into meaningful categories, such as food, auto, entertainment, clothing, savings, insurance, taxes, tithes, and your income.

Third, decide how much money you want to spend in each category every month. When you're calculating your budget, remember to be realistic. For example, many people get overzealous in the budgeting process and don't leave anything for entertainment or clothing, but that's just not realistic. Remember, when you add up all your expenses they must not exceed your income.

Fourth, set a time once a month to review it with your spouse. Keep track of your finances and then come together to evaluate how you've done so that you can know how to improve.

Remember: A key element in your financial planning is tracking. To accomplish your goals, to be a faithful steward of God's money, you must be keeping track of where your money is going. Proverbs 27:23, "Know the state of your flocks, and put your heart into caring for your herds." Setting goals and making a budget does no good if you're not tracking and evaluating your progress.

4. GATHER FOR THE FUTURE.

One reason many people struggle financially is because they don't save. Any good financial plan will involve a plan for savings.

Let's read Proverbs 6:6-11 again, because it pertains not only to hard work, but to savings. "Take a lesson from the ants, you lazybones. Learn from their ways and become wise! Though they have no prince or governor or ruler to make them work, they labor hard all summer, gathering food for the winter. But you, lazybones, how long will you sleep? When will you wake up? A little extra sleep, a little more slumber, a little folding of the hands to rest—then poverty will pounce on you like a bandit; scarcity will attack you like an armed robber."

If ants are smart enough to gather food for the winter, we should be, too. The best financial advice that I've come across goes like this: Learn to live on 70% of your income.⁴

- The first 10% goes to your tithe.
- The second 10% goes to pay off debt.
- The third 10% goes into savings.

So how should you save? You should be gathering in 4 ways at least.⁵

- Save for **emergencies**. 3-6 months of your monthly income should be saved up for those "oh no" moments in life.
- Save for **purchases**. If you know your car will need to be replaced, or that you will want new bunk beds for the kids, set up a separate bank account now and plan to pay cash.
- Save for **death**. I'm talking about Life insurance, wills, and trusts. 70% of Americans die without planning to provide for their loved ones.
- Save for **retirement**. I don't think it is Biblical to do nothing when you retire; I think retirement should free you up to serve God in different ways. Either way, you must save now for your living expenses then.

5. GET OUT OF DEBT.

⁴ Great advice from Nelson Searcy in his book *The Generosity Ladder*.

⁵ These categories are from the book *Chazown*, by Craig Groeschel. He adds an additional category – a college fund for the kids. Here in Louisiana we are blessed with the TOPS program in which all qualifying students can attend a state school fully funded by the government. TOPS fully funded my undergraduate degree; I hope it's still available for my kids!

The Bible doesn't say it's wrong to borrow. It says it's not a good idea to borrow. Proverbs 22:7 says, "Just as the rich rule the poor, so the borrower is servant to the lender." Any time you borrow, the lender actually is placed in authority over you, and has power over you.

That's why many financial advisors – such as Dave Ramsey and Larry Burkett – recommend that the only time you should use credit and borrow money is for your house. Other than that, you get into the habit of saving up for whatever you need/want.

If you want to win at something, you need to find people who are winning, and learn from them. If you want to get in good physical shape, find someone in good physical shape and take notes. It's the same with your finances. Every year Forbes Magazine publishes a list of the 400 wealthiest people in America. 7 out of 10 are first generation rich; in other words, they started with nothing and became wealthy. Forbes did a survey and asked them what's the most important key to becoming wealthy. 75% said the most important key to becoming wealthy is getting out of debt and staying out of debt.

How do you get out of debt? The Debt Snowball. List all of your debts on paper, smallest to largest, paying the minimum payments on everything but the smallest one. And you attack the smallest one first, regardless of interest rate. You stay current on all your bills, but you put as much as possible on the smallest one. After you pay off the first one, you can take all that money and put it toward the next smallest loan.

Dave Ramsey teaches 5 steps to get started with the Debt Snowball.

1. **Save money** -- \$1,000 as fast as you can – so that aren't tempted to run back to your credit cards when the car breaks down.
2. **Quit borrowing money.** Give yourself a plasectomy – plastic surgery. Cut up the credit cards. This means if you want the new iPhone or some new wheels for your car, you're going to have to wait until you've saved up enough money.
3. **Pray.** Prayer really works. Pray for wisdom and discipline.
4. **Sell something.** Sell something to make ends meet. Sell something to pay off the debt faster.
5. **Take a part-time job.** Ramsey says, "There's a great place to go when you're broke – work!" Consider a second part-time job on the side to help you make ends meet.

6. GIVE UP WASETFUL SPENDING.

Proverbs 10:16 says, "The earnings of the godly enhance their lives, but evil people squander their money on sin." Many people are struggling financially and are missing out on God's best in their finances because they are squandering their money. To squander is to spend wastefully. They are simply wasting their money, throwing it away on things that are worthless.

Instead of their money enhancing their lives, or using their money to help others, or to extend the Kingdom of the God, it's squandered, wasted away on nothing.

We live in a very affluent society, the richest in the history of the world. And it's very easy in the United States to get caught up in materialism, where, without even thinking, we throw our money away on things that have little or no value.

We end up buying things we don't need with money we don't have to impress people we don't like.

- The neighbor gets a new car, you buy a new car.
- You walk past a new gadget at Brookstone in the mall, and you just have to have it.
- You drive by Raisin Canes, and you just have to stop and eat.
- You see a cool commercial for a jet ski, and you buy a jet ski.
- The coworker gets a new suit, you buy a new suit.
- Your friend eats out three times a week. You eat out three times a week.
- Your friend goes to the spa twice a month. You go to the spa twice a month.
- Ford comes out with a new truck. You buy a new truck.
- The neighbors kids get new shoes, your kid gets new shoes.

How do you know if you're squandering your money?

- You make purchases without regard for utility.
- You always have to have the newest and best.
- You are consistently trading cars and appliances for new models.
- You have closets full of clothes that are seldom or never used.
- You spend money frivolously on any "sale" item.

Many people are struggling to make ends meet, not because they don't make enough, but because they're squandering their money. Many people are in debt way over their heads not because they lost their jobs, but because they're wasting money. Many people can't afford to give to God and share with others because they are squandering their money.

So what's the cure? First, you must understand the difference between needs, wants, and desires. Needs are the basic living requirements, wants are to improve our standard of living, and desires are the luxuries of affluence. Take food, for example. A need would be tuna (you have to eat, right?); a want would be shrimp; a desire would be lobster. Or how about clothing? A need would be Goodwill; a want would be Target; and a desire would be Banana Republic. Got it? Needs, wants, and desires.

The problem is that some people are struggling month to month, living with significant financial stress, behind on their payments, can't afford to give to God, because they're eating lobster

three times a week and wearing nothing but Banana Republic. Do you see where I'm going with this?

So here's the point: Before you purchase anything, determine whether it's a need, want, or a desire. Pay for necessities first, then wants, and then desires. Remember, God promises to meet your needs, so if you have some needs that aren't being met, check to see if you aren't wasting too much money on wants and desires.

Here's the second cure for wasteful spending: Think before you buy. Many times people spend money without even carefully thinking it through. Here are a few statements to help you think before buying.⁶

Think Before Buying

- Realize that nothing is a good deal if you can't afford it. Paying \$50 for a pair of \$100 sounds like a good deal, but not if you have to put it on the credit card.
- Recognize that God isn't behind every good deal. Just because you can afford it, just because it's on sale, doesn't mean that it's the best way to invest God's money. Just because it's a good value doesn't mean you have to buy it.
- Understand the difference between spending money and saving money. Saving money is setting money aside for a future purpose. If you pay \$30 for an \$80 sweater, you haven't saved \$50, you just spent \$30.
- Pray before you spend. Before you pay, pray.

I know I've probably overloaded you with information. But if I could leave you with just one concept in your mind, it's this: Put God first in your finances. God doesn't promise that he will make you rich if you put him first. He doesn't promise that you'll never face any financial setbacks. But he does promise that if you follow his wealth wisdom, he will always provide for you, he will always take care of you, and you'll never regret it. I've never met or even heard of someone who spent their life trying to live by God's wealth wisdom and then regret it. Never. It's always the best investment of your life to live God's way, to put him first.

Proverbs 15:16 says, "Better to have little, with fear for the Lord, than to have great treasure and inner turmoil."

⁶ These statements are from the book *Money, Possession & Eternity*, by Randy Alcorn. He has several more statements as well that I didn't have room to include.