Money and Wealth

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I. Money is as much a part of life as is any other thing.

1. Money answers all things **(Ecc 10:19)**.
    A. Money can't solve all your problems, but it can solve a lot of them.
    B. Managing money well will prevent many problems from arising.
2. Most decisions in life have to do with money in one way or another.
3. The Bible therefore has a lot to say about money and wealth.
4. Money can be a blessing or a curse, a help or a hinderance.
5. If you manage money well, happiness and wellbeing will result.
6. If you manage money poorly, sorrow, stress, and misery will result.

II. How a person uses money will tell others a lot about him.

1. A person who saves a significant amount of his income is *wise*.
2. A person who spends all he makes and saves little or nothing is *foolish*.
3. A person who saves all that he can and spends and gives little or nothing is *miserly*.
4. A person who gives liberally to God and His work is *faithful* and *wise*.
5. A person who does not give to God and His work is *unfaithful* and *foolish*.
6. A person who gives to others is *generous* and *faithful*.
7. A person who never gives to others is s*tingy*.
8. A person who gets a raise and *spends* the same amount of money as before is *wise*.
9. A person who gets a raise and *saves* the same amount of money as before is *foolish*.
10. A person who gets an inheritance and spends it quickly is *a f*ool.
11. A person who gets an inheritance and saves most of it, and enjoys a little of it, is *wise*.
12. A person who takes out a loan for something is *discontent*, *impatient*, *immature*, and *foolish*.
13. A person who waits to buy something until he has saved up the money to pay cash for it is *content*, *patient*, *mature*, and *wise*.
14. "Remember that a person who is foolish with money is foolish in other ways too." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #663)
15. The way a person uses money will reveal his principles, or lack thereof.
    A. "The good thing about principles is that they make life easy. I have heard it said that when someone bases his life on principle, 99 percent of his decisions are already made." (Dave Ramsey, *The Total Money Makeover*, p. 150)
    B. I wholeheartedly agree with Mr. Ramsey. Having well thought-out, Biblically-based principles which one holds to firmly without wavering makes life easier and greatly improves the quality of one's life.
    C. One of the many principles that I live by is that I will never go into debt for anything, God being my helper.
    D. Therefore, many of my life's decisions were automatically made without any deliberation.

III. What is money?

1. <u>Money</u> *n.* - 1. a. Current coin; metal stamped in pieces of portable form as a medium of exchange and measure of value. b. Applied occas. by extension to any objects, or any material, serving the same purposes as coin. c. In mod. use commonly applied indifferently

to coin and to such promissory documents representing coin (esp. government and bank notes) as are currently accepted as a medium of exchange. See *paper money*.

2. Money is a commonly used and accepted medium of exchange.
    A. Items that function as money usually have the following characteristics:
        i. Intrinsic value
        ii. Durability
        iii. Divisibility
        iv. Uniformity
        v. Portability
        vi. Limited supply
        vii. Acceptability
        viii. Noncounterfeitability
    B. Because they have all these qualities, for thousands of years gold and silver have functioned as money.
3. Some history of money
    A. Historically, money consisted of precious metals such as gold and silver, and the value of the money was according to its weight **(Jer 32:9-10)**.
    B. <u>Shekel</u> - 1. a. An ancient unit of weight of the Babylonians, and hence of the Phœnicians, Hebrews, and others, equal to one-sixtieth of a mina (see mina1 1). b. A coin of this weight; esp. the chief silver coin of the Hebrews.
    C. The dollar used to be a unit of weight of gold and silver.
        i. "A dollar was first defined in the Mint Act of 1792 as 371.25 grains of fine silver, exactly the weight of the Spanish mill dollar, which was the most common coin in colonial America and which continued to circulate legally in the United States until 1857, 70 years after the signing of the Constitution." (Peter Schiff, *Crash Proof 2.0*)
        ii. "No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts;" (US Constitution, Article I Section 10).
        iii. The US was on a bi-metallic standard (both silver and gold) which was problematic because the ratio of gold to silver would vary and Gresham's Law would cause the higher valued metal to disappear from circulation.
    D. In 1934 the US government made it illegal for US citizens to own gold.
    E. In 1965 the silver was taken out of quarters and dimes.
    F. In 1971 the "gold window" was closed, and foreign governments were no longer able to redeem gold for dollars.
        i. At that point the dollar became a purely fiat currency backed by nothing.
        ii. With gold-backing gone, nothing was left to restrain the Federal Reserve from printing as much paper money as they wished, and inflation exploded.
    G. This wicked policy of debasing the currency is not new.
        i. The Jews were doing it thousands of years ago, "making the ephah small, and the shekel great, and falsifying the balances by deceit?" **(Amo 8:4-6)**
        ii. <u>Ephah</u> - A Hebrew dry measure, identical in capacity with the bath; see bath n.3; it is variously said to have contained from 4½ to 9 gallons.
    H. God hates this kind of thing **(Pro 20:10; Lev 19:35-36)**.

I. Inflation robs savers of their purchasing power, and it also creates the business cycle which ultimately ends in a bust which destroys the jobs and lives of innocent people.
J. Enough talking about the government's mismanagement of money—let's talk about yours.

IV. Money is not evil.

1. It is not wrong for a Christian to have wealth.
    A. Abraham had great wealth **(Gen 13:2)**.
    B. David was rich **(1Ch 29:28)**.
    C. Solomon had great wealth **(1Ki 10:23)**.
    D. Rich believers are exhorted, not to give away all their wealth, but rather to not trust in it and be willing to give it to those in need **(1Ti 6:17-19)**.
    E. Rich Christians are a blessing to their families, churches, friends, neighbors, and community.
    F. Both rich and poor must be careful to not trust in riches.
        i. The rich have a tendency to trust in their riches to protect them **(Pro 18:11)**.
        ii. The poor have a tendency to trust that riches *would* save them from all their problems.
        iii. The Bible is replete with warnings to not trust in riches.
        iv. If riches increase, set not your heart upon them **(Psa 62:10)**.
        v. To make gold one's hope, or to rejoice in wealth is a sin and a denial of God **(Job 31:24-25, 28)**.
        vi. We must never glory in riches, but only in the fact that we know and understand God **(Jer 9:23-24)**.
        vii. Riches don't last forever **(Pro 27:24; Pro 23:5; Psa 49:10-12)**.
        viii. Trusting in riches will cause one to fall **(Pro 11:28)**.
        ix. Trusting in riches will obstruct one's way into the kingdom of God (the local church) **(Mar 10:23-25)**.
        x. Silver and gold will not save a person from the wrath of God **(Eze 7:19; Zep 1:18)**.

2. It *is* wrong for the acquisition of riches to be your life's goal.
    A. Labour not to be rich **(Pro 23:4)**.
        i. My goal is not to be rich, but to have enough wealth to provide for my wife and myself until we both die, no matter what age that might be.
        ii. That takes a lot of money.
        iii. Don't love riches, but lay them up to provide for your own, or you're worse than infidel **(1Ti 5:8)**.
    B. A man's life consists not in the abundance of the things which he possesses **(Luk 12:15)**.
    C. What good is having a bunch of stuff you don't need anyway? **(Ecc 5:11-12)**.
    D. They that haste to be rich will not be innocent in doing so **(Pro 28:20)**, and they will end up poor in the long run **(Pro 28:22)**.
    E. They that *will be* (desire to be) rich fall into a snare **(1Ti 6:9)**.

F. The love of money is the root of all evil **(1Ti 6:10)**.
G. A man of God must especially be careful to flee these things **(1Ti 6:11; 1Ti 3:3)**.
H. You can't serve God and money **(Mat 6:24)**.
I. Your heart will be where your treasure is **(Mat 6:20-21; Luk 12:33-34)**.
J. Lot chose wealth over righteousness **(Gen 13:10-13)** and ended up with neither.

3. Filthy lucre
   A. The Bible condemns using the ministry for financial gain **(1Sa 8:3; 1Ti 3:3; Tit 1:7, 11; 1Pe 5:2)**.
      i. Lucre *n.* – 1. Gain, profit, pecuniary advantage. Now only with unfavourable implication: Gain viewed as a low motive for action; 'pelf'. *filthy lucre*:
      ii. Pecuniary *adj.* – 1. Consisting of money; exacted in money.
      iii. Filthy *adj.* – 1. a. Full of filth; besmeared or defiled with filth; dirty, foul, nasty, unclean. 3. Morally foul or polluted; obscene. 1611 Bible Col. iii. 8 You also put off all these, anger+filthy communication out of your mouth.
   B. But this does not mean that money or the acquisition of it is evil.
   C. A pastor is supposed to be financially compensated for his labor **(1Co 9:6-14)**, but he is not to be in the ministry for the purpose of making money.

V. Does money buy happiness?
1. A certain amount of money can buy a certain amount of happiness.
   A. $3 will buy a good cup of coffee which will bring some people happiness.
   B. $15 will buy a delicious lunch at one's favorite restaurant which will bring happiness.
   C. $200/month in Florida in August will buy air conditioning which will bring much happiness.
2. Studies and surveys have shown that an increase of income correlates to an increase of happiness, but only to the point at which one's needs are met and one can live comfortably.
   A. "A 2010 study based on a Gallup poll of more than 450,000 respondents suggests that making an income up to $75,000 a year may make you feel more satisfied with your life. This survey only looked at people in the United States. Another Gallup poll from 2017Trusted Source surveyed people from around the world and resulted in similar findings. According to survey results, emotional well-being may be reached when a person earns between $60,000 and $75,000. Satiation may occur when a person earns around $95,000." (Tim Jewell, *Can You Buy Happiness?*, Healthline, 10-29-2019)
   B. "A 2010 study by noted economist and psychologist Daniel Kahneman found that, where wealth is concerned, a person's satisfaction with their life no longer increases after about $75,000 a year. At this point, most people are better able to handle major life stressors like poor health, relationships, or loneliness than if they're making less or are below the poverty line. Beyond that, daily habits and lifestyle are the main drivers of happiness." (Ibid)
   C. Solomon's experience confirms the findings of this study.
   D. Great wealth did not bring him great happiness **(Ecc 2:1-11)**.
   E. If your basic needs are met and you are not happy, chances are you will not be any happier with more money.
   F. For most people, the more they make, the more they spend.

        i. The more they spend, the more stuff they have to manage and maintain.
        ii. The more they have to manage and maintain, the more stress they have **(Ecc 5:11-12)**.
        iii. The more possessions and stress they have, the less time they have to spend building quality relationships which brings true happiness.
3. Money will not buy true happiness.
    A. "Understand that happiness is not based on possessions, power, or prestige, but on relationships with people you love and respect." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #383)
    B. "Don't think you can fill an emptiness in your heart with money." (Ibid, #798)
    C. "Money is the short end of life, but everybody needs a little." (Leon Wagner)

VI. Acquiring money and wealth

1. If we are to have wealth legitimately, it must be worked for.
    A. Wealth that is gotten by hard work will last, but wealth gotten by vanity (luck, lottery, etc.) will not last **(Pro 13:11)**.
    B. Someone that comes into great wealth through inheritance will likely lose it just as quickly **(Pro 20:21)**.
    C. The prosperity of fools shall destroy them **(Pro 1:32)**.
    D. Talk is cheap: people that only talk about making money usually don't have any **(Pro 14:23)**.
    E. Karl Marx's wife allegedly exhorted him to quit writing so much about capital and start working to earn some.

2. Being an employee, self-employed, or an employer
    A. Your income is your greatest wealth-building tool.
        i. "I believe with everything within me that your most powerful wealth-building tool is your income. Ideas, strategies, goals, vision, focus, and even creative thinking are vastly important, but until you get control and full use of your income to build wealth, you will not build and keep wealth. Some of you might inherit money or win a jackpot, but that is dumb luck, not a proven plan to financial fitness. To build wealth, YOU will have to regain control of your income." (Dave Ramsey, *The Total Money Makeover*, p. 109)
        ii. "You'll hear this from me a lot: your income is your most powerful wealth-building tool. But you'll only build that wealth and security if you free your income from accidental, careless spending and an endless cycle of debt payments." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 64)
        iii. Managing your income to build wealth will be covered later.
    B. Employees are called laborers in the Bible.
        i. <u>Laborer</u> *n*. – 1. One who performs physical labour as a service or for a livelihood; *spec*. one who does work requiring chiefly bodily strength or aptitude and little skill or training, as distinguished, e.g., from an artisan

(often with defining word prefixed, as *agricultural, bricklayer's, dock, farm, mason's labourer, etc.*). 2. *gen*. One who does work of any kind, a worker.

ii. Laborers earn wages **(Joh 4:36)**.
    (i) Laborers are hired for an agreed upon wage **(Mat 20:1-2)**.
    (ii) A laborer's pay is called his *hire* **(Deut 24:14-15; Mat 20:8)**.
    (iii) Hire *n*. – 1. Payment contracted to be made for the temporary use of anything. 2. Payment contracted to be made for personal service; wages.
    (iv) A laborer is worthy of his wages **(Luk 10:7; 1Ti 5:18)**.

iii. Employees have the right to negotiate their pay with their employer **(Gen 29:15-18; Gen 30:25-34)**.

iv. There is nothing wrong with being a laborer.

v. There is no such thing as a "base" job **(Pro 14:23)** as long as it is honest work and a man does it diligently **(Rom 12:11)** as unto the LORD **(Col 3:23-24)** with all his might **(Ecc 9:10)**.

vi. Any man who works honestly, diligently, and as unto the LORD will not have a "base" job for long.
    (i) He that is diligent in his business is going places **(Pro 12:24; Pro 22:29)**.
    (ii) Diligent *adj*. - 1. Of persons: 'Constant in application, persevering in endeavour, assiduous', industrious; 'not idle, not negligent, not lazy.'
        1. Assiduous *adj*. - 1. Of persons or agents: Constant in application to the business in hand, persevering, sedulous, unwearyingly diligent.
        2. Industrious *adj*. - 1. Characterized by or showing intelligent or skilful work; skilful, able, clever, ingenious. 2. Characterized by or showing application, endeavour, or effort; painstaking, zealous, attentive, careful.
    (iii) He that works diligently will prosper **(Pro 10:4; Pro 13:4; Pro 21:5)**.
    (iv) Consider the following people in the Bible who were diligent in their business and were promoted for it.
        1. Joseph **(Gen 39:1-6; Gen 41:39-43)**.
            a. Prosperous *adj*. – 1. Having continued success or good fortune; consistently successful; flourishing, thriving.
            b. Prosper *v*. – 1. a. *intr*. Of a person, community, etc.: To be prosperous, fortunate, or successful; to flourish, thrive, succeed, do well.
            c. Joseph was successful in whatever he did because the Lord was with him, and he obviously worked diligently at it.
        (v) David **(1Sa 18:5)**.
        (vi) Jeroboam **(1Ki 11:28)**.
        (vii) Daniel **(Dan 6:3)**.
        (viii) Paul the apostle **(1Co 15:10 c/w 2Co 11:5 & 2Co 12:11)**.

vii. If you are faithful in your current job, your boss will know that you will be faithful with more responsibility and you will be promoted **(Luk 16:10)**.
   - (i) "When you find someone doing small things well, put him or her in charge of bigger things." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #710)
   - (ii) If you are not faithful in your current position, why would anyone want to promote you to a higher one **(Luk 16:11)**.
   - (iii) If you are not faithful with your employer's equipment, money, and customers, why would God give you your own business **(Luk 16:12)**.

C. Employees are called hirelings in the Bible.
   i. Hireling *n*. – 1. One who serves for hire or wages; a hired servant; a mercenary (soldier).
      - (i) Employees almost never care about the business as much as the business owner does **(Joh 10:11-13)**.
      - (ii) If an employee cares about the business and treats it as his own, he will be highly valued by his employer and will almost certain advance in the company.

   ii. A hireling is rewarded for his work with wages **(Job 7:2)**.

D. Employees are a type of servant.
   i. Servant – *n.* A person of either sex who is in the service of a master or mistress; one who is under obligation to work for the benefit of a superior, and to obey his (or her) commands. 1. A personal or domestic attendant; one whose duty is to wait upon his master or mistress, or do certain work in his or her household. (The usual sense when no other is indicated by the context; sometimes with defining word, as domestic servant.) 2. a. In a wider sense: One who is under the obligation to render certain services to, and to obey the orders of, a person or a body of persons, esp. in return for wages or salary.
   ii. Obligation – 1. The action of binding oneself by oath, promise, or contract to do or forbear something; an agreement whereby one person is bound to another, or two or more persons are mutually bound; also, that to which one binds oneself, a formal promise.
   iii. Hirelings are a type of servant **(Job 7:2)**.
   iv. Servants who work for wages are called hired servants **(Lev 25:6, 53; Mar 1:20; Luk 15:17)**.
   v. Hired - *ppl. adj.* 1. Engaged or employed for payment; let out on hire: mercenary.
   vi. Mercenary - *n*. 1. One who labours merely for hire; a hireling, a mercenary person.
   vii. Mercenary - *adj*. 1. Of persons: Working merely for the sake of monetary or other reward; actuated by considerations of self-interest.

E. The employer is the master; the employee is the servant.
   i. Employer - *n.* a. One who employs. Const. of. b. *spec.* One who employs servants, workmen, etc. for wages.
   ii. Master - 1. a. *gen*. One having direction or control over the action of another or others; a director, leader, chief, commander; a ruler, governor.

iii. <u>Employee</u> - *n.* a. A person employed for wages; b. (nonce-use.) Something that is employed.

iv. Though an employer is the master in the relationship, he is still under obligation by God and by the law to pay the wages he has agreed to pay to his laborers/servants when he has agreed to pay them **(Deut 24:14-15; Lev 19:13; Jer 22:13; Mal 3:5)**.

v. If you don't think you're being paid or treated fairly, ask for a raise and/or better working conditions.

vi. If your employer will not grant your request, you have two choices: quit or keep your mouth shut.

vii. Be content with your wages **(Luk 3:14)**.

- (i) If you agreed to work for a certain wage, as long as your employer pays you that wage, you have no right to complain about it **(Mat 20:10-15)**.
- (ii) "Never criticize the person who signs your paycheck. If you are unhappy with your job, resign." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #185).
  1. Side note: never quit a job until you have found another one.
  2. First, you never know how long it might take to find another job.
  3. Second, it's much easier to find a job when you have a job.
     - a. There are two reasons for this.
     - b. First, it looks better to a prospective employer when you have a job. If you are unemployed, it could be due to no fault of your own, but it could also be that you were fired for being lazy, incompetent, disagreeable, or dishonest.
     - c. Second, you will be far more at ease in an interview when you already have a job and don't *need* a different one.
     - d. Interviewers will pick up on desperation and be turned off by it. On the other hand, they will also perceive calmness and confidence and be impressed by it.
- (iii) Complaining about your employer is wrong unless he has not fulfilled his end of the contract **(Gen 29:25; Gen 31:7-8, 41; Jam 5:4)**.
- (iv) Why would you complain about the one person or company in the world who actually employs and pays you when thousands of others offer you no opportunity and pay you nothing?

F. Being an employer is very difficult.

i. He had to work and under-consume to save up enough money to start a business.

ii. He had to risk his savings on an endeavor that was likely to fail (as most start-up businesses do).

iii. He had to put in very long hours to start, grow, and sustain his business.

iv. He has to pay his employees whether or not he makes any money.

v. He has to train his employees and oftentimes make no money from them for a season until they are trained and proficient at their job.
vi. He has to worry about whether he can make payroll.
vii. He has the stress of knowing that his employees and their families depend on him.
viii. He has to pay high taxes.
ix. He has to comply with onerous regulations.
x. He has to forecast future revenue and hire or fire people accordingly.
xi. Honest entrepreneurs and business owners should be respected and admired, not envied and disdained.
xii. "I have no complex about wealth. I have worked hard for my money, producing things people need. I believe that the industrial leader who creates wealth and employment is more worthy of historical notice than politicians or soldiers." (Paul Getty)

G. Being an employee is very easy compared to being an employer.
i. An employee takes on very little risk when he takes job.
ii. He is guaranteed a paycheck, whether or not the company is profitable.
iii. If something goes wrong, the employee could lose his job and have to find another one, but the employer has lost all that he worked for for years.
iv. Normally speaking, when the employee goes home, he doesn't have to worry about the business.
v. He gets paid while he is in training and not making the company much, if any, money.
vi. If he isn't happy with his job, he can find another one doing the same thing or something else.
vii. His taxes are extremely simple.
viii. He has no (or very limited) regulations to comply with.
ix. Most people are not cut out to be self-employed business owners.
x. This is why most people are employees and very few are employers.

H. It is just and right for an employer to make profit from the labor of his employees.
i. An employer assumes a lot of risk when starting a business and hiring employees.
ii. In most cases, the employer must pay his employees for their labor before he receives the revenue they generate.
iii. The employee gets paid for his labor immediately (or within a short period of time) and assumes very little risk.
iv. The employer risks paying the employee, but never getting compensated.
v. The employer provides the employee with equipment, tools, and machines that make him far more productive than he otherwise would be.
vi. The employee would never be able to produce enough output with only his two hands to earn the kind of wage that his employer pays him.
vii. A man would be crazy to start a company, employ others, and take on huge risk to only be paid the same hourly wage that he could make working for someone else.
viii. Profit is the reward that the employer receives for the risk he took.

ix. The only people in this world who are ever going to make a lot of money (with very few exceptions) are business owners.
   (i) Highly skilled people who work for others can make a good living, but they will never make huge sums of money, because one can only trade his hours for a limited amount of money.
   (ii) Trading time for money will never make one super wealthy.
   (iii) Only those who learn how to make money when they are not working will generate large amounts of wealth.
   (iv) "If you don't find a way to make money while you sleep, you will work until you die." (Warren Buffet)
   (v) Although most people will never make huge sums of money from their labor, nearly anyone who has a decent income, is frugal, and saves and invests his money wisely **(Mat 25:16-17)** can accumulate a lot of money over time.

I. Unions
   i. When the topic of unions comes up, always remember that the employer is the master and the employees are the servants.
      (i) Workers have a right to request higher wages and better working conditions.
      (ii) Employers have a right to grant or deny those requests.
      (iii) If a worker doesn't like his wage, benefits, or working conditions, he can quit.
      (iv) Workers have a right to collectively ask for higher wages, etc.
      (v) Employers have a right to deny such requests.
      (vi) Workers only have a right to form a union to bargain for better pay, etc. only if the employer grants them that right.
      (vii) If the employer doesn't want his workers to unionize, he has the right to fire any who try to do so.
   ii. Unions, unless allowed by the employer, are wrong.
      (i) Servants have no right to create an organization that operates within a company without the owner's approval.
         1. The earth cannot bear servants reigning **(Pro 30:21-22)**.
         2. It is not seemly for servants and rulers to switch places **(Ecc 10:5-7; Pro 19:10)**.
      (ii) Servants have no right to demand concessions from their master.
      (iii) An employer has the right to do whatever he wants with his own company and pay his workers whatever he has agreed to pay them **(Mat 20:15)**.
   iii. Unions are unnecessary.
      (i) The free market will raise wages to a fair rate when employers and employees are able to freely negotiate wages.
      (ii) If an employer is offering too low of wages, his employees will go to a competitor who is offering higher wages which will force him to increase his wages or go out of business.
   iv. Unions are harmful.

(i) Unions oftentimes seek to increase wages above the market rate, which will cause companies to become unprofitable and go out of business.
(ii) They also disincentivize hard work and diligence because all workers get raises, regardless of performance.
(iii) They protect lazy people from being fired.

3. Receiving an inheritance
   A. Another way to acquire money and wealth is by inheriting it.
   B. This is an inferior way to build wealth because something that is not worked for is usually not appreciated or managed well.
      i. "*Note that in eight of the ten occupational categories, gift receivers have smaller levels of net worth (wealth) than those who do not receive gifts.*" (emphasis in the original) (Thomas J. Stanley, *The Millionaire Next Door*, p. 152)
      ii. "Many of the most highly productive sons and daughters receive no wealth transfers whatsoever. Yet as we have discussed in Chapter 5, that's one reason they're wealthy!" (Thomas J. Stanley, *The Millionaire Next Door*, p. 176)
   C. Inheritances often turn out to not be the blessings they at first appear to be **(Pro 20:21)**.
      i. An inheritance gotten in youth will be squandered by most people **(Luk 15:12-14)**.
      ii. Many older people quickly spend the inheritance they are given as well.
      iii. I have witnessed this.
      iv. Leaving an inheritance or giving financial gifts to children will often make them worse off in the long run.
         (i) "For example, affluent parents often subsidize their children's purchase of a home. The intent may be to help their children 'get started on the right foot.' The parents assume that such gifts are a once-in-a-lifetime phenomenon. Some have told us that they thought 'this would be the last dollar the kids would ever need.' They assume that the recipients of their kindness will be able to 'do it on their own' in the near future. Nearly half the time, they are wrong.

         "Gift receivers frequently are underachievers in generating income. All too often the income of the gift receiver does not increase at the same rate as his consumption. Remember, expensive homes are typically located in what we call high-consumption neighborhoods. Living in such neighborhoods requires more than just being able to pay the mortgage. To fit in, one needs to 'look the part' in terms of one's clothing, landscaping, home maintenance, automobiles, furnishings, and so on. And don't forget to add high property taxes to all the other items.

"Thus, a gift of a down payment, whether full or partial, can place a recipient on a treadmill of consumption and continued dependence on the gift giver. But the majority of these recipients' neighbors, more likely than not, receive no cash gifts from their parents. They are much more content and confident about their lifestyle than most gift receivers are. Many gift receivers in such situations become sensitive to the need for continued economic outpatient care. Their orientation may even dramatically change from a focus on self-generated economic achievement to one of hoping for and contemplating the arrival of additional gifts. Underachieving income producers in such cases find it nearly impossible to accumulate wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 153)

(ii) "The more dollars adult children receive, the fewer dollars they accumulate, while those who are given fewer dollars accumulate more.

"This is a statistically proven relationship. Yet many parents still think that their wealth can automatically transform their children into economically productive adults. They are wrong. Discipline and initiative can't be purchased like automobiles or clothing off a rack." (Thomas J. Stanley, *The Millionaire Next Door*, p. 168)

(iii) "Is a rent-free environment ideal for a young entrepreneur? We don't think so. Nor is the gift of a business. The most successful business owners are the ones who put much of their own resources behind their ventures. Many succeed because they *have* to succeed. It's their money, their product, their reputation. They have no safety net. They have no one else to rely upon for their success or failure." (Thomas J. Stanley, *The Millionaire Next Door*, p. 168)

(iv) If you want to make your broke, big-spending, financially irresponsible, or lazy children better off, give them nothing.

(v) Sadly, that is the opposite of what most parents do.

(vi) "Often the unemployed have a history of being in and out of work. Others are so-called professional students. Typically, their parents view these children as needing the money more than their brothers and sisters do, now and in the future. Thus, the unemployed are more than twice as likely as their working brothers and sisters to receive inheritances." (Thomas J. Stanley, *The Millionaire Next Door*, p. 191)

D. Wise men often have a sad reality to face—they spend a lifetime saving and being prudent with their money, only to leave it to children or others who will waste it **(Ecc 2:18-21; Psa 39:6)**.

i. Deciding who to leave his wealth to is a very difficult decision for a wise man.
ii. I personally would want to leave my wealth to someone who both needs it and will be wise with it.
iii. But those two things are usually mutually exclusive because those who need money usually are not wise with it, and those who are wise with it usually don't need more.
iv. Some wise men are inclined to leave their wealth to those who are already well-off—having demonstrated an ability to manage money well—and therefore they know that their hard-earned money will not be wasted **(Mat 25:28-29)**.
v. I think this is a wise approach, but one which will make most people angry with you and question your character **(Luk 19:24-26)**.
vi. If a wealthy person has adult children or grandchildren that he is considering leaving an inheritance to, consider doing the following.
    (i) Give $10,000 to each child or grandchild and tell them it is theirs to do whatever they want with it. Tell them that all you ask is that they let you know in a year what they did with the money.
    (ii) Those who spent all or most of it on consumer goods (vehicles, toys, furniture, unnecessary home improvements, etc.) or leisure/entertainment (vacations, going out to eat, going to shows, etc.) should receive no inheritance because have proven that they will waste it **(Luk 16:10b-12)**.
    (iii) Those who save or invest all or most of it are worthy to receive an inheritance because they have shown themselves to be wise, prudent, and responsible with money **(Luk 16:10a)**.

E. It takes wisdom for an inheritance to be a blessing instead of a waste **(Ecc 7:11)**.
F. The prosperity of fools will destroy them **(Pro 1:32)**, especially when it is unearned prosperity.

4. Winning the lottery
    A. Winning the lottery will bring a man wealth and often subsequent poverty just about as quickly.
    B. Wealth gotten by vanity will not last **(Pro 13:11)**.
    C. "Lottery winners are more likely to declare bankruptcy within three to five years than the average American. What's more, studies have shown that winning the lottery does not necessarily make you happier or healthier." (Abigail Johnson Hess, Here's why lottery winners go broke, 8-25-2017)
    D. Lottery winners' lives are often ruined due to lack of money management skills, friends and family seeking money **(Pro 14:20; Pro 19:4, 6)**, and being the target of thieves **(Pro 13:8)**.
    E. The only way that winning the lottery (multiple millions) could be a blessing and not a curse is if the winner did not change his lifestyle and told nobody that he won.
    F. Most people do not have the wisdom and the self-discipline to do that though.

5. Begging
    A. Beg *v.* – 1. To ask alms or by way of alms. a. *trans*. To ask (bread, money, etc.) in alms or as a charitable gift; to procure (one's living) by begging.
    B. Begging is not an honorable way to acquire wealth **(Luk 16:3)**.
    C. Righteous people and their children will not have to beg **(Psa 37:25)**.
        i. This is because God promises to provide for them **(Pro 10:3; Php 4:19)**.
        ii. This is also because they obey the word of God and work for a living, save money, and spend wisely (more on this later).
    D. If you don't work when you should, you might end up having to resort to this ignominious practice **(Pro 20:4)**.
    E. If a man begs because he is blind or incapable of providing for himself, that is one thing **(Mar 10:46; Joh 9:8)**; but if he begs due to laziness or foolish choices, that is another.

6. Theft
    A. Theft is another way to acquire wealth, but it will obviously not be blessed by God **(Exo 20:15)**.
    B. Theft can take many forms other than straight-up forcibly stealing someone else's wealth.
    C. Fraud, unjust lawsuits, or voting for politicians who will steal other people's money through taxation and give it to you are all forms of theft.
    D. "The darkest hour of any man's life is when he sits down to plan how to get money without earning it." (Horace Greeley)

VII. Saving

1. Saving is hard.
    A. It requires sacrifice, self-denial, and discipline, which is why most people don't do much of it.
    B. But it pays off later by giving you a blessed life of peace, satisfaction, fulfillment, and opportunity.
    C. "Most of us want to be wealthy, but most of us do not spend the time, energy, and money required to enhance our chances of realizing this goal." (Thomas J. Stanley, *The Millionaire Next Door*, p. 94)
    D. Discipline is the key.
        i. "When it comes to saving money and building wealth over the long haul, nothing is more important than discipline." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 16)
        ii. "Too many people skip the discipline and try to go straight to the enjoyment. That's a recipe for disaster. That's how so many people get hooked on playing the lottery or go broke in a horrible get-rich-quick scheme that falls apart. Wealth building is a marathon, not a sprint. There really aren't any shortcuts. That's why most people don't do it; if building wealth were easy, everyone would be rich!

“What if you squeezed an extra $100 out of your budget every month? If you saved just $100 a month, every month, from age twenty-five to age sixty-five (your working lifetime) at the stock market average return of 12 percent, you’d retire with more than $1.1 million! You’d be a millionaire with just $100 a month!” (Ibid, p. 17)

iii. “How do you become wealthy? Here, too, most people have it wrong. It is seldom luck or inheritance or advanced degrees or even intelligence that enables people to amass fortunes. Wealth is more often the result of a lifestyle of hard work, perseverance, planning, and, most of all, self-discipline.” (Thomas J. Stanley, *The Millionaire Next Door*, pp. 1-2)

E. “Easy choices, hard life. Hard choices, easy life.” – Jerzy Gregorek

F. **“If you will live like no one else, later you can live like no one else.”** (Dave Ramsey, *The Total Money Makeover Challenge*, p. 5)

i. “…if you will make the sacrifices now that most people aren’t willing to make, later on you will be able to live as those folks will never be able to live.” (Ibid, pp. 5-6)

ii. “Winning at money is 80 percent behavior and 20 percent head knowledge. What to do isn’t the problem; doing it is. Most of us know what to do, but we just don’t do it.” (Ibid, p. 4)

iii. “What have we discovered in all of our research? Mainly, that building wealth takes discipline, sacrifice, and hard work. Do you really want to become financially independent? Are you and your family willing to reorient your lifestyle to achieve this goal? Many will likely conclude they are not. If you are willing to make the necessary trade-offs of your time, energy, and consumption habits, however, you can begin building wealth and achieving financial independence.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 5)

iv. “What if your goal is to become financially independent? Your plan should be to sacrifice high consumption today for financial independence tomorrow.” (Ibid, p. 67)

G. Start now.

i. “The trick is, though, that you have to start *right now!* No matter how young or how old you are, all the time you have is all the time you have. You have to start where you are. So if you’re under twenty-five, stop thinking you have all the time in the world. And if you’re over forty, do not let regret keep you from getting this stuff going now. You have plenty of time left! It’s never too late to start moving in the right direction!” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 20)

ii. To use a principle in scripture, “…To day if ye will hear his voice, harden not your hearts…” **(Heb 3:15)**.

H. My life story pertaining to frugality and saving.

i. “Whatever your income, always live below your means.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 161)

ii. I am supposed to be your example in all areas of life, including my manner of life **(1Ti 4:12; 1Pe 5:3)**.
   (i) Conversation *n*. – 1. The action of living or having one's being in a place or among persons.
   (ii) Church members are to *consider* the *conversation* of their pastor and follow it **(Heb 13:7)**.

iii. You would not be aware of the example I have set in some areas of my life unless I tell you about, especially since a lot of what I am going to tell you happened before you knew me.

iv. Telling my life story to you is Biblical **(Php 3:4-8; Gal 1:13-24; 2Co 11:21-33; Act 22:1-21; 2Ti 3:10)**.

v. Tell the story.

2. Why save?
   A. We must be good stewards of what God has given us.
      i. Saving and investing money is commended by God **(Mat 25:14-30; Luk 19:12-27)**.
      ii. A fool spends everything he makes **(Pro 21:20)**.
      iii. An even bigger fool spends more than he makes (going into debt).
      iv. Strong men retain riches **(Pro 11:16 c/w Pro 24:3-5)**.
      v. If you send everything you make, you are demonstrating that you are a weak, foolish person.
   B. It is wise and godly to save money and not spend everything we make.
      i. We should save to give a portion of our income to God **(1Co 16:1-2; Pro 3:9-10; 1Co 9:7-14)**.
      ii. We should save for a rainy day and for retirement.
         (i) Go to the ant, thou sluggard **(Pro 6:6-9; Pro 30:25)**.
         (ii) Why do ants know to lay up in store for the future, but most Americans don't?
         (iii)The following statistics are from 2015.

American Family Financial Statistics	**Data**
Average American family savings account balance	$3,950
Percent of working Americans who are not saving for retirement	40%
Percent of American families who have no savings at all	25%
Average amount saved for retirement	$35,000
Average American household debt	$117,951
Average American family home value	$160,000
Average amount owed on home mortgage	$95,000
Average American household annual income	$43,000
Average credit card debt	$2,200
Percent of American workers who postponed their retirement age this year	24%
Percent surveyed who are very confident about having enough money for retirement	18%
Percent of American adults who do not have a bank account	7.7%
Percent of American adults who have an emergency fund to fall back on	38%

(*American Family Financial Statistics*, Statistic Brain Research Institute, April 27, 2015)

C. The following is from 1996, and, as you can see, things have only gotten worse in the last 30 years.
    i. "The median (typical) household in America has a net worth of less than $15,000, excluding home equity. Factor out equity in motor vehicles, furniture, and such, and guess what? More often than not the household has zero financial assets, such as stocks and bonds. How long could the average American household survive economically without a monthly check from an employer? Perhaps a month or two in most cases. Even those in the top quintile are not really wealthy. Their median household net worth is less than $150,000. Excluding home equity, the median net worth for this group falls to less than $60,000. And what about our senior citizens? Without Social Security benefits, almost one-half of Americans over sixty-five would live in poverty." (Thomas J. Stanley, *The Millionaire Next Door*, p. 2)

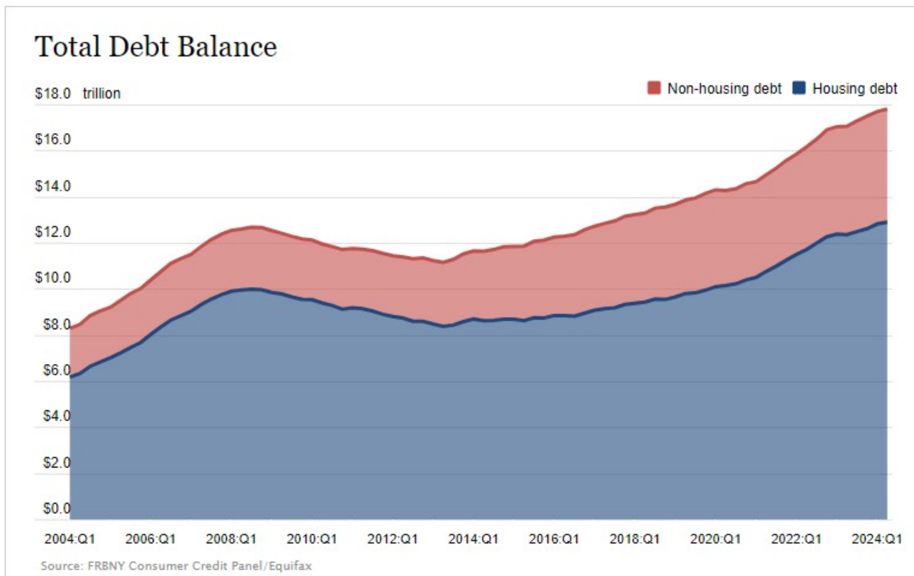
D. "A report from Interest.com, part of financial website Bankrate.com (NYSE: RATE), finds the median household savings nationwide is zero despite the average American having $668 left over each month after paying their bills. The site analyzed data from the Bureau of Labor Statistics and found that consumers are spending the leftover cash." (*Median American Savings: $0*, Fox Business, May 14, 2014)

E. The following statistics are from 2024.
    i. A recent Ramsey survey on the state of personal finance in America in Q3 2024 reported the following:
        - 50% of Americans said they're prepared financially for a recession.
        - 1 in 10 U.S. adults are investing 15% or more, and 50% aren't investing any money at all.
        - 49% of U.S. adults reported some difficulty paying bills, and 1 in 3 Americans (34%) were late on a bill payment in the last 90 days.
        - 36% of Americans said their debt load increased in the past three months, and 34% said they are now carrying more than $10,000 in consumer debt.
        - Over half of Americans (54%) said they have accepted that debt is simply a way of life and no big deal.
        - On average, Americans plan to spend nearly $800 on gifts this coming holiday season.
        - Over half of U.S. adults (54%) said they will make a budget for their holiday spending.
        - 35% of Americans said they probably won't be able to afford their holiday spending and will use credit cards to make up the difference.

        (*The State of Personal Finance in America Q3 2024*, Ramsey Solutions, 10-18-2024)

    ii. From the Federal Reserve Bank of New York:

- “Household Debt Ticks Up to $17.80 Trillion in Second Quarter; Mortgage Originations Remain Low. Total household debt rose by $109 billion to reach $17.80 trillion, according to the latest Quarterly Report on Household Debt and Credit. Mortgage balances were up $77 billion to reach $12.52 trillion, while auto loans increased by $10 billion to reach $1.63 trillion and credit card balances increased by $27 billion to reach $1.14 trillion. The volume of mortgage originations remained low, primarily due to subdued refinancing activity. Homeowners continued to increase balances on home equity lines of credit (HELOC) as an alternative way to extract home equity; HELOC limits rose by $3 billion, marking the ninth consecutive quarterly increase.”



(Household Debt and Credit Report - Q2 2024, Federal Reserve Bank of New York)

iii. From a Radical Fire article:

- 54% of Americans Live Paycheck to Paycheck - According to a PYMNTS and LendingClub survey, 54% of Americans live paycheck to paycheck. In addition to that, 40% of people earning more than $100,000 per year said they lived paycheck to paycheck as well.
- 61% of Americans Struggle to Pay a $1,000 Emergency
- Only 24% of Millennials Have Basic Financial Literacy
- 21% of Americans Don’t Save Anything of Their Annual Income
- 1 in 3 Americans Have Saved $0 For Retirement - 56% have less than $10,000 saved for retirement. 33% of Americans have nothing saved for retirement.

(Marjolein Dilven, *5 Scary Financial Statistics [& How To Avoid Them]*, Radical Fire, 5-31-2023)

iv. "A recent MarketWatch Guides survey found that 66.2% of Americans feel they're living paycheck-to-paycheck. The same survey found that of the 48.6% of respondents who reported being broke, 92.1% were living paycheck-to-paycheck." (*American Savings Statistics*, MarketWatch, 8-9-2024)
v. This is from 2007: "49% of Americans could cover less than one month's expenses if they lost their income." (Dave Ramsey, *The Total Money Makeover*, p. 107)
vi. This is from 2011: "70 percent of Americans are living paycheck to paycheck, just one missed payday away from disaster." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 62)
vii. "National Payroll Week's 2008 'Getting Paid in America' survey found that 70 percent of Americans would have difficulty meeting current financial obligations if their next paycheck was delayed by only one week." (Ibid, p. 76)

F. We should save to help the poor.
   i. Those that help the poor will be blessed **(Pro 22:9)**.
   ii. Those that honor God have mercy on the poor **(Pro 14:31)**.
   iii. God will repay those who give to the poor **(Pro 19:17; Pro 28:27)**.
G. We should save to give an inheritance to our children and grandchildren **(Pro 13:22; Pro 19:14; 2Co 12:14)**.

3. The need for an emergency fund
   A. Unexpected expenses happen and should be planned for **(Ecc 9:11-12)**.
   B. If you own a house, you better be financially prepared for major "unexpected" expenses.
   C. The more vehicles and equipment you own, the more "unexpected" expenses you should expect.
   D. If you have no emergency fund, you are one unexpected expense away from financial hardship, or even financial ruin.
   E. "An emergency fund doesn't just give you peace of mind; it also saves you money on insurance because you can afford a higher deductible!" (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 151)
   F. An emergency fund will be discussed in more detail later in the section on Dave Ramsey's Baby Steps.

4. When to save
   A. Early in life
      i. Parents should teach their children to start saving money (and tithing as well) from the youngest of ages as soon as they acquire money from gifts or from doing tasks around the home for which they are paid.
      ii. Never loan your children money to buy anything.

iii. Make your children save money and pay for things they want which are beyond their basic needs (like food, clothing, shelter, and medical care).
iv. When a child gets his first job, I recommend requiring him to save 50% of his earnings and give 10% to the Lord.
v. This will get him off to a good start in life, both in terms of wealth and money management skills.
vi. Parents, if you do not teach your children to manage money well and to be savers, both by your precept and example, your children will likely end up being broke for their entire lives.
vii. "UAWs [under accumulators of wealth] tend to produce children who eventually become UAWs themselves. What is expected of children who are exposed to a household environment predicated upon very high consumption, few—if any—economic constraints, little planning or budgeting, no discipline, and pandering to every product-related desire? Like their UAW parents, as adults, these children are often addicted to an undisciplined, high-consumption lifestyle. Further, these children typically will never earn the incomes necessary to support the lifestyle to which they have grown accustomed." (Thomas J. Stanley, *The Millionaire Next Door*, p. 89)
viii. On the other hand, parents who are wise with money and are savers will tend to produce children who act likewise.
    (i) "PAWs [prodigious accumulators of wealth] tend to produce children who become PAWs." (Thomas J. Stanley, *The Millionaire Next Door*, p. 90)
    (ii) If you train up a child in way he should go, especially by your example, he will not depart from it when he grows up **(Pro 22:6)**.
    (iii) This includes training him to never borrow money **(Pro 22:7)**.
    (iv) It is likely not a coincidence that Pro 22:7 follows Pro 22:6.

B. Throughout your entire life
i. Saving money should begin in early childhood and last until death (or until one has no income to save).
ii. The amount of money one saves may vary during different periods of life.
iii. Most people save little when they are young and then when they get older and see the hand writing on the wall, they decide to start getting serious about saving.
iv. This is the opposite of what should happen. Saving early in life puts time and interest to work for you instead of against you.

C. As soon as you get paid
i. Most people save whatever is left after they pay all their expenses for the month.
ii. This is foolish because it makes saving one's lowest priority and usually results in very little being saved.
iii. The wise way to save is to move a set amount or percentage into a savings account as soon as one gets paid, and then live off the rest.
iv. This makes saving a high priority and results in more money being saved and less spent and wasted.

5. How to save
    A. Save first before spending.
    B. "Do not save what is left after spending, but spend what is left after saving." (Warren Buffett)
    C. Make it automatic.
        i. If you are on salary and your paycheck is the same every month, fortnight, or week, then this should be very easy. You can set up automatic transfers in your bank account to make this happen so you don't even have to think about it.
        ii. If your income varies from pay period to pay period, then you may have to do this manually.
    D. When you get a raise, don't change your spending, and save the increase.
    E. When you get a bonus or unexpected money, save most of it and only spend a little of it.
        i. Foolish people do the opposite and spend any extra money they get.
        ii. "Many Americans, especially those in the under accumulator of wealth (UAW) category, know how to deal with increases in their realized income. They spend them! Their need for immediate gratification is great." (Thomas J. Stanley, The Millionaire Next Door, p. 29)
    F. Live well below your means.
        i. This is the only way to build wealth.
        ii. This is what all self-made wealthy people do.
        iii. "Fully 90 percent of millionaires who live in homes valued at under $300,000 are extremely satisfied with life." (Thomas J. Stanley, *The Millionaire Next Door*, p. xii) (from the preface written in 2010)
        iv. "About one-half of the millionaires in America don't live in upscale neighborhoods." (Thomas J. Stanley, *The Millionaire Next Door*, p. xiii)
        v. "Interestingly, the millionaires I interviewed in Oklahoma and Texas, for example, had the same set of traditional American values as those whom I interviewed in New York City and Chicago. The large majority was keenly interested in being financially independent. That's why they lived below their means." (Thomas J. Stanley, *The Millionaire Next Door*, p. xiii)
        vi. "But the millionaire-next-door types do it differently. As one millionaire woman trained as an engineer told me, 'After college my husband (also an engineer) and I both got good jobs. We lived on one income and saved the other. Anytime we got raises we just saved more. We have lived in the same modest 1,900-square-foot home for twenty years.... Sometimes my kids ask if we are poor because I make them order from the $1 value menu.'" (Thomas J. Stanley, *The Millionaire Next Door*, p. xiv)
        vii. "Affluent people typically follow a lifestyle conducive to accumulating money. In the course of our investigations, we discovered seven common denominators among those who successfully build wealth.
            1. They live well below their means.
            2. They allocate their time, energy, and money efficiently, in ways conducive to building wealth.

    3. They believe that financial independence is more important than displaying high social status.
    4. Their parents did not provide economic outpatient care.
    5. Their adult children are economically self-sufficient.
    6. They are proficient in targeting market opportunities.
    7. They chose the right occupation."

    (Thomas J. Stanley, *The Millionaire Next Door*, pp. 3-4)

6. How much of one's income to save
    A. It depends on one's income, family size, and many other factors.
    B. A good rule of thumb is 15% of your gross income.
    C. A single man with a good job could and should save much more than this.
    D. A married man with an average salary who has six young children and a stay-at-home wife might not be able to save that much.

7. How much to have saved by the end of your working years
    A. Every Christian should strive to save enough money to take care of both his and his wife's needs for their entire lives.
    B. Parents should not expect their children to take care of them financially in old age if they were foolish with their money during their lives.
        i. Parents ought to lay up for the children, not children for their parents **(2Co 12:14)**.
        ii. If one has done his best to live frugally and save throughout his life and still outlives his savings, then it is his children's responsibility **(Mar 7:10-12)**, or even his grandchildren's or nephews' and nieces' responsibility to provide for his needs **(1Ti 5:4)**.
    C. Even though most people don't live to 90 years old, a Christian better plan on it when preparing for retirement in the event that he does live that long.
        i. A Christian man also must plan to have enough money to provide for his wife for the remainder of her life after he dies, which could be years or even decades later.
        ii. A man who does not make provision for his wife for the rest of her life after his death (when he could have) is worse than an infidel **(1Ti 5:8)**.
    D. How much is enough?
        i. First of all, do not rely on Social Security. The government's own estimates show that the SS trust fund will run out of money in 2033, and that's with optimistic assumptions about inflation, birthrates, unemployment, and economic growth.
        ii. Assuming that Social Security will be gone, or at least greatly diminished by the time you retire, I recommend that one has at least $500,000 saved with no debt by age 70. This would allow a man and his wife to live for 20 years on $36,000 per year ($3,000 per month) assuming they could make 4% interest.
            (i) The above figures do not factor in inflation, so the number would need to be higher than $500k.

(ii) If you need more than $3,000 per month to live by the time you retire (and you likely will), then you will need to have more than $500k saved.
(iii) If you want to stop working (or are forced to by circumstances) before age 70, you will need to have more saved.
(iv) You can use a retirement calculator to figure out how much you need to have saved based on how much money per month you need to live and how long you plan to (or could) live. https://www.calculator.net/retirement-calculator.html

iii. This is not even factoring in expensive medical procedures, nursing homes, etc.
iv. $100,000 of savings can be gone in a very short time these days. Plan accordingly.

E. Follow the example of the ants and work hard and lay up for the future while you can during the spring, summer, and harvest times of life so that when the "winter" of life comes, you will not be a burden on others **(Pro 6:6-8)**.

i. Without a guide, overseer, or ruler **(Pro 6:7)**, the little ant *provides* for her necessities.

(i) Provide *v.* - II. 3. *trans*. To prepare, get ready, or arrange (something) beforehand. Now rare. 1535 Coverdale Prov. vi. 7 In the sommer she prouideth hir meate, & gathereth hir foode together in ye haruest. III. 7. To equip or fit out (a person, etc.) with what is necessary for a certain purpose; to furnish or supply with something implied. In quot. 1628, to provide or furnish with a lodging.
(ii) If any provide not for his own, especially they of his own house, he is worse than an infidel **(1Ti 5:8)**.
(iii) At least half of the people in this country are not providing for themselves and their families, but are relying on the government to do so in one way or another.
(iv) "In 2011, about 49 percent of the population lived in a household where at least one member received a direct benefit from the federal government. A big chunk of these households are retirees. And about 27 percent households benefited from a means-tested poverty program." (*Who receives government benefits, in six charts*, washingtonpost.com, 9-18-2012)
(v) That number has likely grown in the last 13 years.

ii. The ant provides for her own *meat*.

(i) Meat *n.* - 1. a. Food in general; anything used as nourishment for men or animals; usually, solid food, in contradistinction to drink.
(ii) The ant works to eat, and so must we.
(iii) If a man will not work when he can, he should not eat **(2Th 3:10)**.
(iv) An idle man should suffer hunger **(Pro 19:15)**.

iii. Having provided her food in the summer, the ant gathers it in the harvest.

(i) Gather *v.* - 1. To join or unite; to put together, form by union. *Obs.* since early ME. 3. a. To bring (things) together; to collect from different quarters into one mass or place; to acquire by such means, to amass. Also to gather together.

(ii) Harvest *n.* - 1. The third of the four seasons of the year, the autumn. 2. The season for reaping and gathering in the ripened grain.

iv. *Provision* of food is made *in the summer* and *gathering* of it is done *in the harvest*.

(i) The sluggard can learn from the ant about *when in the course of life* it's important to work.

1. Spring
    a. In the springtime of life, a man is just entering his working years.
    b. This is the time to determine what talents, aptitudes, and skills God has given him and begin to get an education or learn a trade to develop his abilities.
2. Summer
    a. In the summertime of life, a man starts into his career and is in growth mode.
    b. During this time, he becomes more knowledgeable and productive and continues to increase his income.
    c. This is the time to start saving money and laying up wealth.
3. Autumn or Harvest
    a. In the Harvest time of life, a man is at the peak of his career.
    b. He has a lot of knowledge and experience and his productive capacity is at its max.
    c. He is still able to work and use his talents that he has spent a lifetime acquiring.
    d. All of the planting, watering, and weeding that he has spent years doing is now paying off with a bountiful harvest.
    e. He is making the most money of his life, and his expenses should be at the lowest point in his life, having paid off all debt and having an empty nest with his children all grown and out of the house.
    f. Now is the time to reap the reward of a lifetime of labor and work and save as much money as possible while he can still work.
    g. As Jesus taught, it's important to work while it's day because the night cometh when no man can work **(Joh 9:4)**.
4. Winter
    a. In the wintertime of life, a man is now beyond his working years.
    b. He is old and physically incapable of working.

c. At this point he should have a large store of wealth laid up that he can live off of for the rest of his life so that he doesn't have to be a burden on anyone else.

F. Americans desperately need to hear this message and learn from the wise ant because the vast majority of them have little to nothing saved for retirement.

i. "A startling new report issued by the non-profit National Institute on Retirement Security found that despite the "recovery" of the last decade leading to all time highs in the stock market, the savings levels of Americans who seek to retire are "deeply inadequate". In fact, the median retirement account balance among working individuals was found to be $0." *("Retirement Crisis": The Typical Working American Has Nothing Saved For Retirement*, Zerohedge.com, 9-19-2018)

ii. "The report found that more than 100 million Americans that are of working age don't have any retirement account assets in an employer sponsored 401(k) type plan, individual account, or pension, at all." (Ibid)

iii. "To make matters worse, 4 out of 5 working Americans were also found to have less than one year's income in their retirement accounts. Even those that are trying to save for retirement are failing to do so effectively, according to the study. It's stated that 77% of Americans come up short of even the most conservative retirement savings targets for their age, based on estimates that have them working until age 67." (Ibid)

iv. "Diane Oakley, who authored the report, stated: 'The facts and data are clear. Retirement is in peril for most working-class Americans. When all working individuals are considered—not just the minority with retirement accounts—the typical working American has zero, zilch, nothing saved for retirement.' She continued, 'What this report means is that the American dream of a modest retirement after a lifetime of work now is a middle-class nightmare. Even among workers who have accumulated savings in retirement accounts, the typical worker had a low account balance of $40,000. This is far off-track from the savings levels Americans need if they hope to sustain their standard of living in retirement.'" (Ibid)

G. A warning about relying on Social Security to provide for you in old age.

i. Middle-aged and younger people should not include Social Security in any of their retirement planning, but should assume they will collect nothing from it.

ii. "Retired" people who are collecting Social Security and relying on it for all, or the majority, of their income should keep working (or start working) as much as they can and saving for as long as they can, while they still can.

iii. There are two main reasons for this.

(i) First, when a spouse of a couple who are living on SS dies, the other spouse will lose between 33-50% of his or her income. The explanation as to why this is follows.

1. A person has to have worked for the equivalent of 10 years (40 quarters) to collect Social Security.
2. If a wife worked for 10+ years, she can collect based on the amount of money she "contributed" to the system.

3. If a wife was a homemaker and did not work outside the home, she can collect half of her husband's SS.
4. Let's consider two different situations.
5. <u>Situation 1</u>: both spouses worked
    a. Let's assume a best-case scenario wherein both husband and wife made the exact same amount of money and can therefore collect the same amount of SS benefits.
    b. To keep the math easy, let's assume they both are "entitled" to collect $2,000 per month.
    c. Their combined household income is therefore $4,000 per month.
    d. When either the husband or the wife dies, the other is left with only his or her SS benefit and therefore has an income of $2,000 per month.
    e. His or her household income just dropped by 50% ($2,000 per month).
6. <u>Situation 2</u>: only the husband worked
    a. To keep the math easy again, let's assume that the husband's SS benefit is $2,000 per month.
    b. Since his wife was a homemaker, she can collect half of his SS, which is $1,000 per month.
    c. Their combined household income is therefore $3,000 per month.
    d. If the husband dies, the wife stops receiving her half of his SS and instead receives his whole SS benefit, which is $2,000 per month.
    e. Her household income just dropped by 33% ($1,000 per month).
    f. If the wife dies, the husband is left with only his SS benefit of $2,000 per month.
    g. His household income has just dropped by 33% ($1,000 per month).
    h. So, no matter which spouse dies first, the other one is left to make due with $1,000 less income per month than before, which is huge.
7. So, no matter the situation, when a spouse dies, the other one is left with between 33-50% less money to live on.
    a. Can you live on 33% less income than you are right now?
    b. Someday, unless you and your spouse die at the exact same time (very unlikely), you will be. Plan accordingly.
    c. A prudent man foreseeth the evil and hideth himself **(Pro 22:3)**.

8. Given this fact, a currently retired man should not stop working and saving until his has at least $250,000 saved. The reason is as follows.
    a. Suppose the husband in Situation 2 above dies in his late 60s or early 70s and leaves his wife who is near the same age (or much younger) a widow.
    b. She could easily live for 10, 15, or even 20 years as a widow.
    c. She now has $1,000 less per month to live on.
        i. That's $12,000 per year less income to live on.
        ii. In 10 years, (in her late 70s or early 80s – or much younger) that's $120,000 in lost (and needed) income.
        iii. In 20 years, (in her late 80s or early 90s – or much younger) that's $240,000 in lost (and needed) income.
        iv. This does not factor in inflation which always outpaces SS cost of living increases.
    d. Having $250,000 saved will cover his widow's lost income if she lives for 20 years after he dies within a few years of retiring.
    e. This assumes that there will be no cuts to Social Security in the coming years, which brings me to the next point.

(ii) The second reason that men relying on Social Security should work as much as they can for as long as they can and save as much as they can while they still can is because the Social Security trust fund will be empty in eight years (2033) (https://www.ssa.gov/policy/trust-funds-summary.html).

1. The trust fund provides about 20% of the Social Security payments to current recipients.
2. "…Social Security's Old Age and Survivor (OASI) and Disability Insurance (DI) Trust Funds are only a supplemental source of Social Security's funding, currently paying for only about 20% of retirement, survivors, and disability benefits." (*What Will Happen If The Social Security Trust Funds Run Out?*, Forbes.com, 4-20-2024)
3. The other 80% comes from SS taxes paid by suckers like me and millions of other working people.
4. When the trust fund runs dry, under current law, there will be an automatic 23% reduction in SS payments *to current recipients*.
5. "Under the current law, benefits to existing retirees and beneficiaries would need to be reduced to the level that could be solely supported by FICA taxes paid by current workers at that time. According to the 2023 Social Security Trustees

Report, benefits could be reduced by as much as 23% in total.” (Ibid)

6. To avoid cutting benefits, FICA taxes would have to be raised (which would further impoverish working people and would be very unpopular) or the government would have fund it from other sources (which would create more inflation).
7. What happens to the people in the above situations if there is an automatic 23% cut when the trust fund is empty?
8. <u>Situation 1</u> (from above)
    a. The couple in Situation #1 receiving $4,000/month from SS would have their benefit cut by $920/month and would only have $3,080/month of income.
    b. The widow or widower in Situation #1 receiving $2,000/month would have his/her benefit cut by $460/month and would only have $1,540/month of income. This means the widow/widower’s SS income would have dropped from $4,000/month when his or her spouse was alive to $1,540/month after the automatic cut took place. This means the widow/widower would experience a 61.5% reduction in household income.
9. <u>Situation 2</u> (from above)
    a. The couple in Situation #2 receiving $3,000/month from SS would have their benefit cut by $690/month and would only have $2,310/month of income.
    b. The widow or widower in Situation #2 receiving $2,000/month would have his/her benefit cut by $460/month and would only have $1,540/month of income. This means the widow/widower’s SS income would have dropped from $3,000/month when his or her spouse was alive to $1,540/month after the automatic cut took place. This means the widow/widower would experience a 48.7% reduction in household income.
    c. Can you live on 48.7% less income than you are right now?
    d. Someday, if you are a widow/widower who lives more than eight years from now and there is an automatic 23% cut to SS benefits, you will be. Plan accordingly.
    e. A prudent man foreseeth the evil and hideth himself **(Pro 22:3)**.
    f. Prepare your horse for battle and then trust the Lord to take care of you **(Pro 21:31)**.

H. You need to start saving for retirement now!

i. “How can I put this delicately? There is no shining knight headed your way on a white horse to save the day. Wake up! This is the real world where sad old people eat Alpo! Please don’t be under the illusion that this government, one that is so inept and dim-witted with money, is going to take care of you in your golden years. That is your job! This is an emergency! The house is on fire! You have to save. You have to invest in your future. You won’t be FINE! Do you get the picture?

“We live in the land of plenty, and that has lulled a large percentage of Americans to sleep, thinking everything will be ‘okay.’ Things won’t be okay unless you make them that way. Your destiny and your dignity are up to you. You are in charge of your retirement.” (Dave Ramsey, *The Total Money Makeover*, p. 54)

ii. “What if your life depended on how you managed your 401k or whether you started your Roth IRA today? Actually, it does—because the quality of your life at retirement depends on your becoming an expert in money management today.” (Ibid, p. 63)

I. "Go to the ant, thou sluggard; consider her ways, and be wise" **(Pro 6:6)**.
   i. By doing so, you will learn a good work ethic.
   ii. By doing so, you will learn how to provide for yourself.
   iii. By doing so, you will learn how to make hay while the sun shines and lay up wealth during your working years to live on during your latter years when you can no longer work.

J. “Don’t outlive your money.” (H. Jackson Brown Jr., *The Complete Life’s Little Instruction Book*, #838)

8. Taking an account of your wealth
   A. We should periodically take an account of our wealth **(Pro 27:23-24)**.
   B. It is a good idea to have a spreadsheet which contains all of your bank account balances, investments, assets, cash, etc. which you update at least once or twice per year.

9. Financial freedom
   A. If you have money saved, you are not tied down to a particular job or location.
   B. If need be, you can quit your job and find a less stressful one.
   C. If something happens to your church, you will have the financial wherewithal to move to be a resident member of another one.

10. Financial security
   A. Money is a defense **(Ecc 7:12)**.
   B. Poor people are vulnerable to harm from any one of a thousand troubles they may face.
   C. “I never been in no situation where havin’ money made it any worse.” (Clinton Jones)
   D. While money is a defense, we must never trust in it **(1Ti 6:17; Pro 18:11)**.

11. Financial peace
    A. "I don't like money actually, but it quiets my nerves." (Joe Louis)
    B. "Financially independent people are happier than those in their same income/age cohort who are not financially secure." (Thomas J. Stanley, *The Millionaire Next Door*, p. 46)
    C. "Too many high-income/low-net worth types live from paycheck to paycheck, fearing a sudden downturn in our economy." (Ibid, p. 49)
    D. If you have money saved, you don't have to worry if the roof needs replaced, the foundation starts leaking, the HVAC system goes out, the car engine blows up, or you have an expensive medical need.

12. Saving money over a lifetime pays off.
    A. If you manage your money foolishly and save little, at the end of your life when you look at your bank account and consider the amount of money you earned over your lifetime ($1-2+ million), you will ask yourself in bewilderment, "Where did it all go?"
    B. If you manage your money wisely and fugally, at the end of your life (or much sooner) when you look at your bank account, regardless of how much money you earned over your lifetime, you will ask yourself in bewilderment, "Where did it all come from?"

13. A warning against greed
    A. <u>Greed</u> *n*. – Inordinate or insatiate longing, esp. for wealth; avaricious or covetous desire.
    B. Saving is good, but being greedy and miserly is not.
    C. They that will be rich fall into a snare **(1Ti 6:9)**.
        i. The love of money is the root of all evil **(1Ti 6:10)**.
        ii. Greed will make a man do terrible things **(Pro 1:10-19; Eze 22:12)**.
        iii. You can't serve God and money **(Mat 6:24)**.
        iv. Greedy men are sometimes drawn into the ministry **(Isa 56:11; Jud 1:4, 11)**, and therefore a pastor must make sure that a man is not such before ordaining him **(1Ti 3:3)**.
    D. Those that haste to be rich shall not be innocent and have an evil eye **(Pro 28:20, 22)**.
    E. We should not work for the sole purpose of becoming rich **(Pro 23:4)**.
    F. Those that hide their eyes from the poor are cursed **(Pro 28:27; Pro 29:7)**.
    G. Those that will oppress and defraud the poor to increase riches will be brought to poverty **(Pro 22:16)**.
    H. Those that are greedy of gain trouble their own house **(Pro 15:27)**.
    I. It's not only the rich who can be greedy; poor, lazy people can be too **(Pro 21:25-26)**.
    J. "Antoine Rivaroli said, 'There are men who gain from their wealth only the fear of losing it.'" (Dave Ramsey, *The Total Money Makeover*, p. 220)
    K. "People that have lots have nothing because they forget about Jesus and want more." (Myra Gagné)

VIII. Investing

1. Investing is often called *trading*.
   A. Invest *v.* – II. 9. a. To employ (money) in the purchase of anything from which interest or profit is expected; now, esp. in the purchase of property, stocks, shares, etc., in order to hold these for the sake of the interest, dividends, or profits accruing from them.
   B. Trading *vbl. n.* – a. The action of the verb TRADE in various senses; *esp*. the carrying on of trade; buying and selling; commerce, trade, traffic.
   C. Trade *n*. – II. 7. a. *lit*. Passage to and fro; coming and going; resort. 8. a. Passage or resort for the purpose of commerce; hence, the buying and selling or exchange of commodities for profit; commerce, traffic, trading.
   D. Trading and investing are permitted **(Gen 34:10)** and even encouraged in the Bible (see verses below).
   E. Trading is condemned only when it is practiced by proud, wicked people in an ungodly manner **(Eze 27:2-3, 12-14, 17; Jam 4:13-16)**.

2. Make your money work for you.
   A. You can do three things with your savings: spend it, do nothing with it, or invest it.
      i. Spending it all is what fools do **(Pro 21:20)**.
      ii. Doing nothing with it is what slothful, unambitious, and fearful people do **(Mat 25:18, 24-30; Luk 19:20-26)**.
      iii. Investing it is what diligent and prudent people do **(Mat 25:14-17, 20-23, 28-29)**.
      iv. All our money is God's money **(Mat 25:20, 27; Luk 19:16, 18, 20, 23)**, and God blesses those who are good stewards of what He has given them.
   B. Investing wisely enables a man to use his money to gain more money **(Luk 19:15-19)**.
   C. Gain *v*. – 1. a. *trans*. To obtain or secure (something which is desired or advantageous). 2. a. To obtain (a sum of money) as the profits of trade or speculation; to be benefited to the extent of (so much) by any transaction or event; to obtain, earn, 'make' (a livelihood). 3. a. *absol.* or *intr.* To make a gain or profit; to be benefited or advantaged, whether pecuniarily or otherwise.
   D. Wealthy people possess income-producing assets **(2Sa 12:2)**, rather than wasting most of their money on consumer goods.

3. Wealth building takes time—it is a marathon, not a sprint.
   A. Those who try to get rich quickly will end up in poverty **(Pro 28:22)**.
   B. Slow and steady wins the race.
      i. "Small amounts invested periodically also become large investments over time." (Thomas J. Stanley, *The Millionaire Next Door*, p. 54)
      ii. "Diligently investing your money, little by little over time is where real, lasting wealth comes from. Simply put, the best way to get rich quick is to get rich slow." (Dave Ramsey, *Baby Steps Millionaires*, p. 67)
      iii. "Beverly Sills, a famous opera singer, reminds us, 'There is no shortcut to any place worth going.' Our data from *The National Study of Millionaires*

indicates that almost no millionaires get there quick and easy with one big hit. Only 3% received an inheritance of $1 million or more. And only 2% of millionaires surveyed said they came from an upper-income family. Not only that, but three out of four millionaires (75%) said that regular, consistent investing over a long period of time is the reason for their success. In other words, they became wealthy slow and steady, not quick and flashy." (Ibid)

iv. "Remember, it takes the average Baby Stepper two and a half to three years to knock out Baby Steps 1-3. Then it takes the average Baby Stepper about seventeen years or less to do Baby Steps 4-7 and reach a million." (Ibid)

v. "A dollar invested in your twenties has the ability to multiply itself over and over. The key is time in the market, not timing the market." (Dave Ramsey (quoting a man named Rafael), *Baby Steps Millionaires*, p. 108)

C. Investing money over long periods of time will yield huge profits, depending on the average rate of return (and the Lord's blessing – **Pro 10:22)**. Here are some examples, which you can verify at: https://www.ramseysolutions.com/retirement/investment-calculator

i. If an 18-year-old kid invested $583.33/month ($7,000/year, which is the current limit on a Roth IRA), at a 10% average rate of return, he would have $1,067,841 by age 46.

(i) If the same man kept investing the same amount until he was 65, he would have $7,477,826.

(ii) If he would have started when he was 25, would have $1,067,841 by age 53.

ii. If a 22-year-old man just out of college making $40,000/year invested 15% of his gross income ($500/month) at a 10% average rate of return, he would have $1,017,423 by age 51.

(i) If he kept investing that same amount, he would have $2.1 million at age 58.

(ii) He would have $4.2 million at age 65.

(iii) He would have $7 million at age 70.

(iv) That is assuming that he never got a raise!

iii. If a 43-year-old man who got off to a late start begins investing $1,000/month (15% of his $80k salary) into his 401(k), at a 10% average rate of return, he would have $1,065,548 by age 66, and $1.6 million by age 70.

iv. It's Biblical and commended by God to invest and multiply your money by many fold, even by 10x or more **(Luk 19:16-17)**.

D. The law of 72

i. To calculate how long it will take your money to double, divide 72 by the interest rate.

ii. Here are some examples:

(i) Money invested at 12% interest will double in six years (72/12=6).

(ii) Money invested at 10% interest will double in 7.2 years (72/10=7.2).

(iii) Money invested at 7.2% interest will double in 10 years (72/7.2=10).

(iv) Money invested at 6% interest will double in 12 years (72/6=12).

(v) Money invested at 4% interest will double in 18 years (72/4=18).

iii. Compound interest is powerful.

E. Do you see how investing is critical when it comes to building wealth?

4. Different types of retirement accounts
   A. We are going to learn how to turn our "pound" into "ten pounds" through investing **(Luk 19:12-19)**.
   B. There are different types of retirement accounts which have tax and other advantages.
   C. 401(k)
      i. 401(k) plans are offered by employers to their employees.
      ii. Most employers offer a Traditional 401(k).
         (i) With a Traditional 401(k), the employee can make contributions tax-free up to $23,500 per year (2025), and the employer often matches a percentage of the amount the employee contributes (e.g. 50% of the first $5,000).
         (ii) Both the contributions and the account earnings grow tax-free until distributions are taken after age 59½, at which time they are taxed as regular income.
      iii. Some employers also offer a Roth 401(k).
         (i) A Roth 401(k) works similarly to a Traditional 401(k) except that the contributions are made with after-tax income.
         (ii) Account earnings are tax-free as long as the withdrawal rules are met (must be at least 59½ and have been contributing to the Roth account for 5 years).
         (iii) Contributions can be taken out tax-free at any time since they were already taxed.
   D. One-Participant 401(k) — (also called, self-employed 401(k), solo 401(k), or individual 401(k))
      i. A One-Participant 401(k) is for self-employed business owners with no employees.
      ii. It works like a regular 401(k), except the business owner can contribute as both the employee and the employer, which means he can contribute up to a maximum of $70,000 per year (2025), depending on his income.
   E. IRA
      i. IRA stands for Individual Retirement Account.
      ii. IRAs can be Traditional (pre-tax contributions) or Roth (after-tax contributions).
      iii. They are setup by the account holder, not an employer.
      iv. They work similarly to 401(k)s except there is not employer matching funds and the contribution limits are much lower ($7,000 per year in 2025).
      v. They offer more investment options than 401(k)s often do.
   F. SEP IRA
      i. Self-employed people can contribute up to 25% of their income into a SEP IRA up to a maximum of $70,000/year (2025).

        ii. They are simpler alternative to Solo 401(k)s for business owners who have no employees.
    G. Discount brokerage account
        i. Examples are Charles Schwab, Fidelity, or E*Trade.
        ii. These accounts are not tax-advantaged, and are not considered “retirement” accounts by most people.
            (i) They are funded with after-tax dollars.
            (ii) The gains are taxed as capital gains.
            (iii) Investments held for less than a year are considered short-term capital gains and are taxed as ordinary income (your marginal income tax rate).
            (iv) Investments held for more than a year are considered long-term capital gains and are taxed at either 0%, 15%, or 20% depending on household income.
        iii. Advantages of using a discount brokerage account.
            (i) It’s free to open an account.
            (ii) Trades (buying and selling stocks) are free.
            (iii) You can by whatever you want (stocks, ETFs, mutual funds, etc.)
            (iv) Money can be withdrawn at any time without penalty.

5. Where to invest your money
    A. Invest 15% of your gross income (before taxes) into retirement accounts.
    B. Take advantage of your company’s 401(k) plan if they have one, especially if they do a match.
        i. Nearly half of millionaires rank investing in an employer-sponsored 401(k) first among financial vehicles to build wealth.
        ii. “As Table 22c indicates, 47% of millionaires in the study [The National Study of Millionaires] ranked the employer-sponsored retirement plan first, while another 30% ranked it second. As a result, this tool ended up with the largest importance factor on the list at 6.17. When combined with information from Figure 22a, the research indicates that a vast majority of millionaires used a company plan to build wealth and believe it is *the primary tool* for reaching financial independence. Likewise, the millionaires also see the importance of investing outside of the company. Nearly two-thirds of respondents ranked this as either first or second, which produced a weighted importance score of 5.84. In the research interviews, millionaires mentioned taking advantage of IRAs and ETFs (specifically low-cost index funds) as some of the keys to growing their wealth.” (Dave Ramsey, *Baby Steps Millionaires*, p. 195)
    C. If your employer offers a Roth 401(k), consider going with it because it will likely cause you to have more in the end after all taxes are paid.
        i. Your contributions are made with after-tax dollars.
        ii. The contributions and the earnings then grow tax-free, so when you begin to take distributions, they are not taxed.
        iii. This assumes that the government will not change the rules someday and tax the distributions of a Roth.

iv. For those with high incomes, a Traditional 401(k) will save a lot of money in taxes up front which could be invested in a Roth IRA.
    (i) For instance, if a man has an effective tax rate of 25% and is contributing the maximum of $23,500/year in his Traditional 401(k), he would save $5,875/year in taxes.
    (ii) He could then invest that $5,875 into a Roth IRA.
        1. Using this strategy, he could invest $29,375/year and have the same out-of-pocket expense as if he had invested $23,500 in a Roth 401(k).
        2. If he used this strategy for 30 years (age 30-60, for example), the extra $5,875/year that was saved on taxes and invested in a Roth IRA would be worth $1,106,689 million, assuming a 10% average rate of return.
        3. His investments in his Traditional 401(k) would be worth $4,426,781 after 30 years, assuming a 10% average rate of return.
        4. His total investments (Traditional 401(k) and Roth IRA) would be worth $5,533,470 ($4,426,781 + $1,106,689).
    (iii) However, the $4,426,781 in his Traditional 401(k) would be taxed when he took distributions at age 60.
        1. If the $4.4M was taxed at 30% over the course of 20 years, he would only have $3,098,746 left after taxes, which means that his investments would be worth a total of $4,205,436 after taxes ($3.1M + $1.1M).
        2. If his effective tax rate was 35%, he would have at total of $3,984,097 after taxes.
        3. If his effective tax rate was 40%, he would have at total of $3,762,758 after taxes.

v. Despite the taxes saved up front, it appears that investing in only a Roth 401(k) would still be the most profitable after taxes are paid in the end.
    (i) If the same man invested the max of $23,500/year in his Roth 401(k), his investment would have grown to $4,426,781 over 30 years, assuming a 10% average rate of return.
    (ii) This would all be tax-free money when he starts taking distributions at age 60.
    (iii) By using only the Roth 401(k), after all taxes are paid, he would end up with between $221,345 to $664,023 more money than if he used the Traditional 401(k) and invested the money saved in taxes in a Roth IRA.

D. If your employer doesn't offer a Roth 401(k), then open a Roth IRA for you, and another one for your spouse, if need be, in order to invest 15% of your gross income (Roth IRA contribution limits are $7,000 per year in 2025).

E. Here's what Dave Ramsey recommends.
    i. First, contribute the minimum percentage of your gross income into your company's 401(k) that is required to get the full employer match (6%, for instance) because the match is free money.

ii. Next, max out both your and your spouse's Roth IRAs until you are contributing 15% of your gross income.
iii. If you were not able to get to 15% of your gross income using the Roth IRAs, then go back and fund your 401(k) with enough to get to 15% of your gross income.
iv. Inside your 401(k) and IRA, invest in good mutual funds averaging 12% per year over the long term.
v. Put 25% into each of these four categories of mutual funds: growth (mid-cap), growth and income (large-cap), aggressive growth (small-cap), and international.

F. Here's what Carlton Moore, founder of *Kingdom Wealth Building*, recommends.
  i. Like Ramsey, he recommends contributing the minimum percentage of your gross income into your 401(k) that is required to get the full employer match because the match is free money.
  ii. Inquire with your 401(k) provider to see if you can have your account "unlocked" which will allow you to invest in whatever stocks or funds you choose instead of the limited options they offer.
    (i) Do the same thing before opening a Traditional IRA and/or a Roth IRA.
    (ii) Only open an IRA (traditional or Roth) if you can "unlock" it.
  iii. Inside your unlocked 401(k) or IRA, or your individual brokerage account (i.e. Charles Schwab, Fidelity, E*Trade, etc.), buy the S&P 500.
    (i) "The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices and includes approximately 80% of the total market capitalization of U.S. public companies, with an aggregate market cap of more than $49.8 trillion as of March 31, 2025." (Wikipedia, S&P 500, 4-7-2025)
    (ii) The S&P 500 has averaged about a 10-12% return over its history since 1926.
      1. "Since its inception in 1926, the index's compound annual growth rate—including dividends—has been approximately 9.8% (6% after inflation), with the standard deviation of the return over the same time period being 20.81%. While the index has declined in several years by over 30%, it has posted annual increases 70% of the time, with 5% of all trading days resulting in record highs." (Wikipedia, S&P 500, 4-7-2025)
      2. "Historically, the 30-year return of the S&P 500 has been roughly 10–12%." (Investment Calculator, RamseySolutions.com)
      3. Here is a chart showing the historical returns of the S&P compared to some other stocks, bonds, and gold. (Historical Returns on Stocks, Bonds and Bills: 1928-2024)
    (iii) It is very easy to "buy the S&P" today using index funds such as mutual funds and exchange traded funds (ETFs).

1. “Index funds, including mutual funds and exchange-traded funds (ETFs), can replicate, before fees and expenses, the performance of the index by holding the same stocks as the index in the same proportions. ETFs that replicate the performance of the index are issued by The Vanguard Group (NYSE Arca: VOO), iShares (NYSE Arca: IVV), and State Street Corporation (SPDR S&P 500 ETF Trust, NYSE Arca: SPY and NYSE Arca: SPLG). The most liquid based on average daily volume is (NYSE Arca: SPY), although SPY has a higher annual expense ratio of 0.09% compared to 0.03% for VOO and IVV, and 0.02% for SPLG. Mutual funds that track the index are offered by Fidelity Investments, T. Rowe Price, and Charles Schwab Corporation.” (Wikipedia, S&P 500, 4-7-2025)
2. You can buy the S&P 500 by simply buying shares of one of the ETFs that replicate it such as VOO, IVV, SPY.

iv. Warren Buffett, considered by many to be the greatest investor of all time, recommends that people should just buy the S&P 500.
   (i) “‘Consistently buy an S&P 500 low-cost index fund,’ Buffett said in 2017. ‘Keep buying it through thick and thin and especially through thin.’” (*Warren Buffett's Golden Advice: S&P 500 Index Funds Reign Supreme For Retirement Success*, Yahoo Finance, 1-16-2024)
   (ii) “‘I recommend the S&P 500 index fund and have for a long, long time to people,’ billionaire investor Warren Buffett said at Berkshire Hathaway’s annual shareholders meeting last May.” (*Warren Buffett's simple investing advice that's beaten most pros for 12 straight years: Morning Brief*, Yahoo Finance, 4-27-2022)

v. Carlton says that 90% of money managers fail to “beat the market”, i.e. get a better return over the long run than the S&P 500.
   (i) Yahoo Finance reports close to the same thing.
   (ii) “In a report published last month, S&P Dow Jones Indices (SPDJI) analysts found that 85.1% of U.S. large-cap equity fund managers underperformed the S&P 500 in 2021. It was the 12th straight year that more than half of the managers in this category lagged the index. In other words, investors following Buffett’s advice have outperformed most professional money managers every year for more than a decade.” (Ibid)
   (iii) Before choosing a mutual fund in your 401(k) or IRA, go to Google Finance (finance.google.com) and enter the ticker symbol of the mutual fund and then do a “compare to” with the S&P 500 index to see how it has performed against it.

vi. Buying the S&P and holding for the long term is the easiest way to invest your retirement money.

vii. If the S&P continues to do what it has done historically, then you will do well over time.

viii. If you think that the US stock market and economy are going to crash and never recover, then buying the S&P or mutual funds in the US stock market will probably not be your choice.

G. Here's what Peter Schiff, owner of *Euro Pacific Asset Management* and *Schiff Gold*, recommends.
   i. Schiff recommends, and has for a long time, to invest outside of the US in good, foreign, dividend paying stocks.
   ii. He recommends investing in gold and silver (more on this below) and other commodities which tend to do well in inflationary times.
   iii. He also recommends investing in gold and silver mining companies.
      (i) When the price of the precious metals goes up, the mining companies' profit goes up, and therefore their stock prices go up.
      (ii) Typically, the price of the mining companies will go up multiples of the price of the metals.
      (iii) As of 4-17-2025:
         1. Gold is up 75% from its old record high in 2011 ($1,900 to $3,330).
         2. Gold mining stocks as a group are *down* 21% from their old record high in 2011.
         3. Gold is up 215% from when it bottomed out in the end of 2015 ($1056 to $3,330).
         4. Gold mining stocks as a group are up 291% from when they bottomed out in end of 2015.
         5. In the previous bull market (2008-2011), gold was up 150% while gold mining stocks were up 265%.
      (iv) This divergence will probably not last for much longer before gold mining stocks begin to outperform gold.
      (v) Gold mining stocks are up 51% since the beginning of this year (as of 4-17-2025).
      (vi) I think there is a large potential gain to be had at this time by investing in gold mining stocks as a whole, which one can do by buying the VanEck Gold Miners ETF (symbol: GDX).
      (vii) However, investing in gold and silver mining stocks is risky and the market is very volatile, so be cautious.
   iv. Peter Schiff predicted the housing and financial crisis of 2008 years before it happened.
   v. He has also predicted that the US economy and stock market will crash and will be outperformed by foreign and emerging markets.
   vi. He is bearish on the US stock market.
   vii. Time will tell if he is right.
   viii. He may have just been years early, but being years early means missing out on a lot of gains during that time.
   ix. You have to make up your own mind when it comes to whose investment advice to follow.

6. Investing in precious metals
    A. Gold and silver should be a part of every portfolio, in my opinion.
    B. Gold and silver have been valued by people for thousands of years, and that is not likely to change **(Psa 19:10; Pro 3:13-14)**.
    C. The word "gold" and its cognates are found 489 times in the Bible.
    D. The word "silver" is used 320 times in the Bible.
    E. Gold (and usually silver) will generally maintain their purchasing power over time and increase in value in terms of currency at the true inflation rate.
    F. But they are not an investment per se, like stocks, because they do not normally grow exponentially over time, except in times of high inflation.
        i. For instance, if one would have invested $100 in the S&P 500 in 1928, it would have been worth $982,817.82 in 2024. If one bought $100 worth of gold in 1928, it would have been worth only $12,649.47 in 2024. (*Historical Returns on Stocks, Bonds and Bills: 1928-2024*, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html)
        ii. However, the price of gold has increased much more than the S&P 500 so far in the 21st century.
            (i) Since January, 2000, the price of gold went from $284/oz to $3,324/oz (4-24-2025), which is a 1,070.42% increase.
            (ii) Since January, 2000, the S&P 500 went from $1,469 to $5,444 (4-24-2025), which is a 270.2% increase.
    G. How much precious metal should one own?
        i. I do not recommend putting all, or the majority, of one's net worth in gold and silver because they will not grow your wealth like good quality stocks will, at least in normal times.
        ii. However, during times of high inflation, as we saw above, they have outperformed the stock market.
        iii. Some people recommend putting 5-10% of one's net worth in gold, while others recommend more in times of high inflation.
        iv. It is each man's choice of how much to own.
        v. In an environment like today's where the dollar could lose its global reserve currency status and inflation could soar, it might make sense to have more than 5-10% of one's net worth in gold, possibly even much more.

7. Real estate
    A. Real estate investing is another option to build wealth.
    B. Purchasing real estate is a Biblical practice **(Jer 32:44)**.
    C. Investing in real estate for the future is also Biblical **(Jer 32:6-15)**.
    D. There are different ways to make money in real estate.
        i. Land can be purchased and sold later after it appreciates.
        ii. Rental properties (houses, duplexes, apartments, etc.) can be purchased and rented out.
    E. Real estate investing has various tax advantages.
        i. "One of real estate investment's most compelling tax benefits is the ability to defer capital gains taxes through a 1031 exchange. This strategy allows you

to sell a rental or commercial property and reinvest the proceeds into a like-kind property without triggering an immediate tax liability. By deferring capital gains taxes, you can preserve more capital for reinvestment, compounding your wealth over time. For instance, if you sell a property with significant appreciation and reinvest in a higher-value property, you continue to grow your portfolio without losing capital to taxes. The IRS has guidelines for this process, including identifying a replacement property within 45 days and completing the transaction within 180 days." (*The Top Tax Benefits of Real Estate Investments In 2024*, Forbes.com, 1-20-2025)

ii. "Depreciation is another tax benefit that sets real estate apart. Even as your property appreciates in value, the IRS allows you to deduct the depreciation of the building over time, typically 27.5 years for residential properties and 39 years for commercial properties. This non-cash expense reduces your taxable income, saving you thousands of dollars annually." (Ibid)

iii. "Certain types of real estate investments come with valuable tax credits. For example, projects that involve historic building restoration or low-income housing development may qualify for federal and state tax credits. These credits directly reduce your tax liability, offering dollar-for-dollar savings." (Ibid)

F. Real estate investing also comes with headaches such as dealing with tenants who might not pay or might trash your property.

G. It's also a lot of work, such as taking care of maintenance, leases, collecting rent, evictions, dealing with tenants, etc.

H. One rule to remember when investing in real estate is: never borrow money to do so! Always pay cash for investment properties.

8. Crypto

A. Crypto currencies like Bitcoin, Ethereum, XRP, etc. are digital tokens which speculators trade.

B. They have become popular over the last decade.

C. Bitcoin was the first crypto currency and was originally created in 2009 to be a digital currency that was intended to be outside the banking system, anonymous, unregulated, and uninflatable.

i. In the early days it was mostly used only by libertarians.

ii. It was supposed to be a currency that would replace the dollar and could be used for everyday transactions.

iii. Eventually it became too slow and expensive to be used for small transactions.

iv. It was then marketed as "digital gold" and claimed to be a store of value like gold.

v. It is now regulated and taxed just like any other asset.

vi. It is basically nothing, backed by nothing, used for nothing, and has only gone up in price because people buy it expecting it to go up in price.

vii. I first heard of Bitcoin in 2013 when it was under $100, and I have been watching it ever since. It peaked in January 2025 at almost $110k, then fell to $82k in April, and is now at $94k (as of 4-30-2025).

D. Bitcoin, and crypto in general, is an extremely volatile asset, and is something that a person should not invest money in that he is not prepared to lose.
    i. Nobody knows what Bitcoin and other cryptos will do in the future.
    ii. Be very cautious in investing any serious money into it.
    iii. Doing so could make you rich or broke, depending on what happens.
    iv. "Wealth gotten by vanity shall be diminished: but he that gathereth by labour shall increase." **(Pro 13:11)**

9. Financial advisors
    A. It is wise to seek counsel when making important decisions **(Pro 20:18; Pro 24:6)**.
    B. A wise man will do so **(Pro 1:5; Pro 18:15)**.
    C. People who make important decisions without wise counsel are heading for trouble **(Pro 11:14)**.
    D. The more important a decision is, the more important it is to get multiple opinions **(Pro 15:22)**.
    E. This is important in investing and wealth management.
        i. "Your ability to hire high-grade financial advisors is directly related to your propensity to accumulate wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 105)
        ii. "…most of the PAWs [prodigious accumulators of wealth] we have interviewed make their own investment decisions. They take the time and energy to study investment opportunities. They consult with financial advisors, but ultimately their investment decisions are their own." (Thomas J. Stanley, *The Millionaire Next Door*, p. 103)
        iii. "Choose a financial advisor who is endorsed by an enlightened accountant and/or his clients with investment portfolios that in the long run outpace the market. If you don't have an accountant, hire one." (Thomas J. Stanley, *The Millionaire Next Door*, p. 108)
    F. When seeking a financial advisor, it's important to consider that we are living in very different times than we were 70, 60, 50, 40, 30, 20, or even 5 years ago.
    G. If a financial advisor is blindly doing what everyone did in generations past, he may be leading you into a ditch.
    H. Ways to determine if you want to work with a financial advisor.
        i. How does he treat you and interact with you?
            (i) Is he there to help you understand your options and make informed decisions?
            (ii) Or does he talk over your head and tell you what to do?
            (iii) If he doesn't have the nature of a teacher and a servant, then you should probably look elsewhere.
            (iv) Do you understand what he is recommending or what investments he has put you into?
                1. If you do not understand, and cannot explain to others, the investments you have, that is not good.
                2. If you can't explain it, you should probably not be investing in it.

3. Does a potential financial advisor promise to put you into investments with guaranteed high rates of return and no loss of principle?
   a. If so, look for another advisor.
   b. If it sounds too good to be true, it is.

ii. How much does he charge?
   (i) Does he charge an hourly rate for consultations?
   (ii) Does he charge an annual fee to manage your account?
      1. This is fine, but make sure he doesn't charge more than 1% (or very close to it) of your portfolio balance per year.
      2. Anything more than that is too much.
      3. If he charges 1% per year, make sure there are no additional fees for anything else.
   (iii) If he charges an annual fee, what exactly is he doing on a regular basis to manage your account.
   (iv) Does he charge per trade (every time he buys or sells anything for you)?
      1. Some companies charge you every time they make a trade (buying or selling).
      2. Some popular financial planning companies charge an upfront fee of as much as 5% on every fund they buy for you.
      3. This is a huge rip-off.
      4. You would have to get a 5% return just to break even.
   (v) Are there hidden management fees in the mutual funds or other financial instruments that he recommends for his clients?
   (vi) Even if you are not paying these fees to him, you may be paying them to the company who manages the fund without realizing it.

iii. What is his net worth?
   (i) Don't be afraid to ask this question.
      1. I have asked five financial advisors this question.
      2. Three answered it, and two would not.
      3. The answers of the three were impressive and gave me confidence in their ability to manage money and investments.
   (ii) If he is young, does he have a net worth over $100k?
   (iii) If he is middle-aged, does he have a net worth over $500k, excluding home equity?
   (iv) If he is nearing retirement, does he have a net worth over $1M, excluding home equity?
   (v) If he doesn't have a high net worth for his age, then he is obviously not good at managing his own money—so why would you have him manage yours? **(Rom 2:21)**

iv. Has he beat the S&P over the last 10+ years?
   (i) Ask a financial advisor to see a 10-year (or more) track record of his performance and see how it compares to the S&P 500.

(ii) Ask him for a few examples of mutual funds he recommends, and then compare them to the S&P 500 in Google Finance to see how they performed against it.
    1. Prove all things, and hold fast to what is good **(1Th 5:21)**.
    2. Don't be stupid and just believe what he claims, but look into it to see if he has actually done what he says he can **(Pro 14:15)**.

(iii) If his track record, or the funds he recommends, did not out-perform the S&P 500, then you may as well skip paying him and just buy the S&P.

v. If you don't know much about finance or investing, talk to someone you know who does and ask his opinion on the financial advisor and his recommendations.

IX. Budgeting

1. "A budget is people telling their money where to go instead of wondering where it went." (Dave Ramsey quoting John Maxwell, *The Total Money Makeover*, p. 62)
2. Jesus taught the principle of budgeting when He used the illustration of the man sitting down and counting the cost before starting a building project **(Luk 14:28-30)**.
3. The Bible implicitly teaches budgeting because it teaches the concept of tithing (which is budgeting by definition), saving, staying out of debt, giving to the poor, etc., all of which require that a man set aside some of his income for other purposes rather than immediately spending it all on his immediate desires.
4. There are only two ways that I know of to build wealth: budgeting or imposing artificial scarcity upon oneself.
    A. This is what nearly all millionaires do, and it's how they became millionaires.
    B. "Do you plan your consumption spending according to a variety of food, clothing, and shelter categories each year? Mrs. Rule does, and so do most millionaires. In fact, in our latest national survey of millionaires, we found that for every 100 millionaires who don't budget, there are about 120 who do.

       "We anticipate your question about those millionaires who don't budget. How did they become millionaires? How do they control spending? They create an artificial economic environment of scarcity for themselves and the other members of their household. More than half of nonbudgeters invest first and spend the balance of their income. Many call this the "pay yourself first" strategy. These people invest a minimum of 15 percent of their annual realized income before they pay the sellers of their food, clothes, homes, credit, and the like." (Thomas J. Stanley, *The Millionaire Next Door*, pp. 40-41)
    C. I have done both of these things for my entire adult life.
5. It's good idea to create a budget.
    A. Having a budget and sticking to it will:
        i. Keep you out of debt
        ii. Help you build wealth for the future
        iii. Help you to enjoy the fruit of your labor responsibly

B. A budget will help you to tell your money where to go each month and see where it went.
    i. Always pay God first (tithing).
    ii. Pay yourself second (saving).
    iii. Pay for necessary things next (food, shelter, utilities, transportation).
    iv. Pay for unnecessary and fun things last.
C. Couples should create a budget together.
    i. Both partners should agree on where all the money has been allotted to and then agree to stick to it.
    ii. A budget will minimize marital strife.
D. You can use an Excel spreadsheet to create a budget.
    i. A spreadsheet will allow you to easily calculate percentages and totals.
    ii. Numbers will automatically adjust when changes are made.
E. I recommend using the "Spending" app and entering your income and all expenses into it.
    i. It can be synced so that the data will be shared on your and your spouse's phone.
    ii. You can enter each expense in a category which will help you to easily see where your money is going.
    iii. Every time you buy something, get a receipt and put it in your wallet so that you will be reminded to enter it into the Spending app.
    iv. When you pay your credit card balance daily (and you should), you can verify that all the new charges are in the Spending app.
    v. When you enter your income into the app, be sure to enter the income tax as an expense.
        (i) Remember that taxes are just another expense like rent, house payments, insurance, utilities, etc.
        (ii) Your gross income before taxes *is* your income.
            1. Self-employed people understand very well that taxes are just another expense and that their income is the profit they make *before* taxes are paid.
            2. Employees tend to view the amount of their paycheck as their income because the taxes are automatically withheld.
            3. This is one of the reasons our taxes are so high. If most people were self-employed and writing out a big fat check to the United States Treasury every three months, there would have likely been a tax revolt long ago.
        (iii) So, in your budget, when you calculate the percentage you give to God and save for retirement, it should be calculated from your gross income before taxes, because that is your actual income.
    vi. Enter any other expenses that are automatically withheld from your paycheck such as medical insurance premiums, 401k contributions, etc. into the Spending app as an expense.
    vii. Remember to enter the money you give to God as an expense.
    viii. You can setup automatic recurring expenses in the app for expenses that are the same every month.

ix. By using the Spending app, you will be able to see exactly where your money is going, and how much you have left at the end of the month and year.
x. Ramsey Solutions also sells the *Every Dollar* app which syncs with your bank account (the free version does not).
    (i) It allows you to budget your income at the beginning of every month.
    (ii) You determine where every dollar is going to be spent (in categories) before the month begins and then assign every expense to a category throughout the month.
    (iii) This way you determine where your money will go at the beginning of the month instead of wondering where it went at the end of the month.

6. Find a bank which will allow you to have many shares within one main account.
    A. Here are some suggestions for separate shares to create:
        i. God's money
        ii. Emergency fund
            (i) Should have 3-6 months of living expenses in it.
            (ii) This is for unknown and unplanned for large expenses.
            (iii) It's best to have this in a high-yield savings account.
        iii. General savings
        iv. Checking
        v. Bill money
        vi. Generosity (different from God's money)
        vii. Fun money (going out to eat, for example)
        viii. Husband's fun money
        ix. Wife's fun money
        x. Vacation and travel
        xi. Taxes (income)
        xii. Taxes (property)
        xiii. Car fund
        xiv. Medical fund
        xv. Insurance (car, property, renter)
        xvi. College
        xvii. Children's savings
        xviii. House fund (savings for a house, maintenance for existing house, appliances)
        xix. Retirement
        xx. Electronics (laptops, phones, etc.)
        xxi. Groceries
        xxii. Clothing
    B. Put a certain percentage or dollar amount in each of these accounts every paycheck or month so that you have money set aside for these types of expenses.
        i. Having these different shares will serve two purposes.
            (i) It will ensure that funds are available for larger, periodic expenses such as vacations, tax bills, car purchases or repair bills, medical emergencies, bi-annual car insurance payments (which save you

money over monthly payments), house repairs, and new laptops or phones. These are called "sinking funds."

(ii) It will ensure that you don't overspend on things like going out to eat, entertainment, clothes, and buying junk you don't need.

ii. Having these funds makes fun purchases actually fun and frustrating expenses no big deal.

X. Giving

1. "Live like no other so that later you can give like no other." (modified Ramsey quote)
2. "Remember that what you give will afford you more pleasure than what you get." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #899)
3. "It is more blessed to give than to receive." (The Lord Jesus Christ, **Act 20:35**)
4. "…Andrew Carnegie said, 'Surplus wealth is a sacred trust to be managed for the good of others.'" (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 319)
5. God made us to be givers because He is a giver **(1Ti 6:17; Jam 1:5; 1Jo 5:11)**, and we are made in His image **(Gen 1:27)**.
    A. "We are made in God's image . . . and God is a *giver*. Giving is the key that unlocks our full potential—in our life *and* in our money." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 306)
    B. "I believe that God puts us through the mechanical act of giving even when we don't fully understand the reasons why because the act of giving changes us. It crushes our hearts and reforms us into something that looks and acts a little bit more like Christ. You can't say you're a follower of Christ when you're not giving. You can't walk around with the clenched fist and tell people about how amazing Jesus is. There's a disconnect. They won't believe you because your whole attitude is one of selfishness, fear, and greed. Remember, the clenched fist is the sign of anger. Jesus never talked to people about the love and grace of God with His hands balled up into fists!" (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 312)

    C. "Unselfish people have more of a tendency to prosper in relationships and wealth. You know who makes the best fathers, mothers, business partners, merchants, bosses, team members, clients, or salespeople? Unselfish people. These are the people you can trust and the ones you actually want to spend time with and do business with. The only place greedy people prosper is television. In the real world where you and I live, that's not how it works. If you want to build wealth and have fantastic relationships, you've got to give.

    "I'm not just talking about giving in a church setting, either. Sure, I believe that Christians ought to give to their local churches like the Bible says, but I also think Christians and everyone else in the world should be actively giving and serving in their communities. You want to change someone's whole outlook on life? The next time you're traveling during the holidays, leave a hardworking waitress a $100 tip on a $5 tab. There's only one reason she'd be waiting tables on Christmas Eve: she needs the money! Think about what you could do in that person's life with a simple act. You don't need the credit or the thank-you. Just leave Ben Franklin on the table and say, "Merry Christmas." Then go hide in the parking lot and watch through the window as she sees what you've left. That's some of the most fun you can have with money!

"If you start doing stuff like this, crazy things will start happening in your life. You'll be energized, more creative, more passionate, and more excited about life. Something inside of you will be unlocked and you may have no idea what's happening to you. I can tell you what's happening: you were *made* to be a giver, and when you start living up to that potential, you start becoming more and more of what you were made to be." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 313)

6. Giving to God
   A. Christians are under obligation to honor God with their substance **(Pro 3:9)**.
      i. We must give God the firstfruits of all our increase.
         (i) <u>Firstfruit</u> *n.* – 1. The fruits first gathered in a season; the earliest products of the soil; esp. with reference to the custom of making offerings of these to God or the gods.
         (ii) In other words, to give one's firstfruits is to give God a portion of one's income *first* before any other expenses are paid.
         (iii) When creating a budget, a Christian should determine what percentage of his income that the LORD should get and make that the *first* line of his budget.
         (iv) The remainder of the budget should then be allotted for all other expenses such as savings, taxes, housing, transportation, food, clothing, utilities, education, entertainment, etc.
         (v) Sadly, some Christians budget precisely opposite of God's prescription: they pay all of their expenses first and then give God whatever is left, if there is anything.
         (vi) That is called giving God the *leftovers*, not the *firstfruits*.
      ii. The Bible teaches proportional giving, meaning that the amount you give should increase at the same rate as your income does.
         (i) We should give as God prospers us **(1Co 16:2)**.
         (ii) That is the whole idea of a tithe (10%) which was practiced by Abraham and Jacob prior to the law of Moses, and by the entire nation of Israel after it.
         (iii) The amount you give to God should change every time your pay changes, whether up or down.
         (iv) A poor person who gives a small dollar amount which is a significant portion of his income is far more pleasing to God than a rich person who gives a larger dollar amount which is a small portion of his income **(Mar 12:41-44)**.
      iii. How much of one's income is considered the firstfruits?
         (i) Under the law of Moses, the *firstfruits* of one's increase was a tithe, which is a tenth **(2Ch 31:4-5)**.
         (ii) Giving the firstfruits was proportional giving.

1. If the crop was plenteous, the firstfruits would be plenteous; if the crop was paltry due to a drought, the firstfruits would be paltry.
2. What about today under the New Testament?
3. There is no explicit commandment to give ten percent in the New Testament, but it does teach proportional giving: "let every one of you lay by him in store, as God hath prospered him" **(1Co 16:2)**.
4. If God has prospered us with much, then we should give more; if God has prospered us with little, then we should give less.

(iii) Without a specified percentage given by God in the New Testament, what proportion of his income should a Christian then give?

1. That is up to each man to decide for himself as "he purposeth in his heart" **(2Co 9:7)**.
2. As for me and my house, we will walk in the steps of our fathers in the faith, Abraham and Jacob, and follow their example of giving 10% of our gross income to the Lord **(Heb 7:1-6; Gen 28:20-22)**.
3. I know of no example in the Bible of giving less than 10% of one's income to God, but I have numerous examples of giving that much (Abraham and Jacob) or more (Israel under the law which gave two tithes per year **(Num 18:21; Deut 14:22-27)** plus a third tithe every three years **(Deut 14:28-29)**).

(iv) Should a Christian give based on his gross (before taxes) or net (after taxes) income?

1. This is a common question among Christians who are employees, because their taxes are taken out of their income before they are paid.
2. This question is much more rare among self-employed Christians because they understand that taxes are just another personal expense like anything else including their rent, electricity, phone bill, insurance, etc.
3. To "tithe" after taxes is no different than "tithing" after 401(k) contributions, rent, groceries, health insurance, car insurance, vacations, medical bills, eating out, and every other expense.
4. If most people "tithed" after expenses, they would "tithe" little to nothing because they have little to nothing left over after their expenses.
5. It is up to the individual if he "tithes" before or after taxes, but just know that if you "tithe" after taxes, you are not "tithing" your whole income.

6. Furthermore, many people not only have taxes taken out of their paychecks, but also their health insurance and 401k contributions.
7. Depending on how much these withholdings amount to, a Christian who is “tithing” could be more like “5-percenting” his actual income to God.

B. When Christians give to God, He will bless them financially **(Pro 3:10)**.
   i. It is not hard for the carnal mind to understand that if seed is taken from the storehouse and sown in the earth it is not wasted, but rather is put to profitable use and will return more than was spent.
      (i) But the reasoning of fallen men would conclude that what is given to God and His work in the earth is lost.
      (ii) Faith, on the other hand, understands that, like the earth, God returns what was given to Him with dividends **(2Co 9:6)**.
      (iii) Those that scatter will increase, but those that withhold more than is meet will tend to poverty **(Pro 11:24)**.
      (iv) When we give to the poor, we lend to the Lord who repays us generously **(Pro 19:17)**.
   ii. In the Old Testament, the LORD offered Israel a challenge.
      (i) They had not been giving Him their tithes and offerings that were required in those days **(Mal 3:8-9)**.
      (ii) God told them to prove Him by bringing in their tithes and then wait and see if they were not overwhelmed with blessings from Him **(Mal 3:10-12)**.
      (iii) If Christians will obey Jesus' commandment and "seek ye first the kingdom of God, and his righteousness,” then “all these things [material needs] shall be added unto [them]" **(Mat 6:33)**.
      (iv) Israel experienced this very thing in the days of king Hezekiah **(2Ch 31:10)**.
      (v) If a child of God by faith takes God's challenge to Israel and proves Him, he should not be surprised when God makes good on His word and "[his] barns be filled with plenty, and [his] presses shall burst out with new wine."
   iii. A faithful Christian trusts that God will supply his needs despite giving a significant portion of his income to Him **(Php 4:14-19)**.
   iv. Withholding from God what He is due is counterproductive for one’s financial wellbeing **(Hag 1:2-11)**.

7. Giving to the poor
   A. One of the reasons that we should work is to have money to give to those in need **(Eph 4:28)**.
   B. The purpose of working and earning income is not just to provide for your own (and your immediate family’s) needs.
   C. We should remember the poor **(Gal 2:10)**.
   D. We are blessed when we help the poor **(Pro 14:21, 31; Pro 22:9)**.

E. We are cursed when we see the plight of the poor and could help but don't **(Pro 21:13; Pro 29:7)**.
F. If God has blessed you with much, but you don't help the poor when you should, you are not in good company **(Eze 16:49)**.
G. Helping people financially should be limited to supplying their *needs*, not lusts **(Rom 12:13; Jam 2:15-16)**.
H. The love of God is not in us if we will not give to someone in genuine need **(1Jo 3:17)**.
I. When brethren in the church are in need due to no fault of their own, those that have been blessed with abundance should supply for their need **(2Co 8:13-15)**.
J. Rich men should be ready and willing to give to people who are in need **(1Ti 6:17-18)**.
K. This should be done voluntarily, not through compulsion by government.
    i. When the government gives to the poor, they do so by forcing one person to hand over their wealth to another person.
    ii. When the government provides help to those in need, it does so very inefficiently.
    iii. Government aid also reduces the incentive for individuals to help the poor because they assume that they are already doing so through their taxes.
    iv. The best thing the government can do to help the poor is to not help them and instead let society help them.
        (i) The government can do so by ceasing to tax and regulate businesses which will enable them to hire more people and increase wages which will do much to help the poor.
        (ii) The government can also help the poor by not running up deficits and printing money which devalues the money and increases the costs of everything.
L. Charity should begin close to home **(Deut 15:7-11)**.
    i. When charity begins close to home, the money will more likely be given only to those who can't work, not to those who won't work **(2Th 3:10)**.
        (i) Money will also likely not be given to people who are wasteful **(Pro 18:9; Pro 12:27)** and foolish with money **(Pro 21:20)**.
        (ii) This will cause those who can provide for themselves to repent of their foolishness and amend their ways.
    ii. When charity is kept close to home, a wise man can give with discretion because he has personal knowledge of the need **(Psa 112:5)**.
        (i) This will help to greatly reduce fraud.
        (ii) This will also help to ensure that charitable giving is a means to an end for the poor, not the end itself.
M. A righteous person shows mercy toward the needy and gives to them **(Psa 37:21)**.
    i. A virtuous woman helps the poor **(Pro 31:20)**.
    ii. We should not withhold help from those who need it when we are able to do it **(Pro 3:27)**.
    iii. The wicked lazy man covets all day long, but a righteous man gives liberally **(Pro 21:25-26)**.

iv. When we give to the poor we are lending unto God, and He will repay us and bless us for it **(Pro 19:17; Pro 22:9; Mat 25:34-40)**.
v. If we give unto the poor, the LORD will make sure that we don't lack **(Pro 28:27)**.
vi. As we have opportunity, we should do good unto all men, but especially to our brethren **(Gal 6:10)**.

N. We will never be able to end poverty entirely **(Mat 26:11)**, but we can help to alleviate it in the lives of those with whom we are in contact within our families and communities.
  i. But we must do so by "teaching people how to fish" not just "giving them fish," when possible.
  ii. In other words, we should try to *genuinely help* those who are in need.
  iii. That means giving to those who cannot provide for themselves and encouraging and teaching those who can provide for themselves to do so.

O. When to give and when not to give
  i. While a good man will give or lend unto the poor, he should also do so with discretion **(Psa 112:5)**.
  ii. Sometimes giving people money who are in need is more harmful than helpful.
  iii. Here are my personal recommendations.
  iv. If someone is poor due to no fault of his own, then we should give liberally to him. This would include situations such as the following:
    (i) Serious illness that requires costly medical treatment or prevents him from working.
    (ii) An accident that disables him or causes large medical bills.
    (iii) Loss of a job for a prolonged period due to no fault of his own.
    (iv) A natural disaster.
  v. If someone is in financial trouble due to foolish choices and living beyond his means, then we should either not help him and let him suffer the consequences of his actions, or we should help him only under certain conditions.
    (i) No job
      1. If the person doesn't have a job and has no family to help him, then help should be given for a limited, predefined amount of time.
      2. If a job is not found in that amount of time, then the aid needs to be cut off.
      3. If a job (any job) is offered to him and he refuses it, then the aid needs to be cut off.
    (ii) Has a job
      1. If the person has a job, then help should only be given contingent on him balancing his budget.
      2. No money should be given to such a man until he provides a complete accounting of his income and all of his expenses.
      3. If he doesn't like that idea and thinks you are being too intrusive, then tell him to ask someone else for help.

4. If his expenses exceed his income, then enough money should then be given to him to enable him to pay his bills for the current month.
5. If his expenses do not exceed his income, then he either doesn't need help, or he has not listed all of his expenses, and therefore he must do so.
6. We should then go through his list of expenses and start cutting everything that is not absolutely necessary, and reducing those things that can be reduced.
7. This could be cell phones, cable TV, subscriptions, memberships, going out to eat, entertainment, buying junk on Amazon, hobbies, pets and related expenses, grocery expenses, car payments, rental or house payments, etc.
8. If the man cuts everything that can be cut and he still doesn't have enough to make ends meet, then he must look for a higher paying job, or for an additional job.
9. If he is unwilling to make the cuts, then the aid should be cut off.

(iii) Helping a man in this way is truly helping him.

(iv) Helping him indiscriminately is not truly helping him, but is harming him.

vi. Dave Ramsey's advice on helping others financially.

(i) "First, I tell people to stop giving these needy friends and relatives an endless stream of money! If they don't change the behaviors that keep getting them into trouble, every dollar you give them in the name of "helping" actually hurts them, because it just enables their bad behavior.

"Second, I tell people not to be scared to put conditions on a financial gift. You could give them money only if they agree to go through *Financial Peace University*. You could give them a copy of this book or another one of my books, *The Total Money Makeover*, and "pay" them to write you a book report. You could require that they submit three monthly budgets to you as you continue to help them through a transitional time. If they accuse you of butting in, just remind them that they are ASKING you to butt in by giving them money. If they want your help, they need to take *all* of your help, not just your money.

"Third, I remind people that they can only help others if they have the cash on hand themselves. Never cosign a loan to "help" someone else, and never loan money to a friend or relative. That just keeps them in debt longer, strains the relationship, and keeps the cycle of destruction going." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 47)

(ii) “Second, remember that you can't answer a question that hasn't been asked. If someone you love is goofing up with their money, don't barge into their business! Instead, you need to get them to ask for your help. That puts them in a position to actually listen to and receive your advice. Until they want your help, they'll just see you as intruding into their lives, and you'll risk losing the relationship.” (Ibid, p. 48)

8. Setting up a “God’s Money” fund
   A. A "God's money" fund is a separate account (or box, envelope, etc.) which is set aside specifically and solely for the things which the Bible says we are required to support financially, such as the ministry **(1Co 9:14; Gal 6:6; 1Ti 5:17-18)**, church needs **(2Ki 12:4-11; 1Ti 5:3-4, 9, 16; 1Co 16:1-3)**, and the poor **(Gal 2:10; Pro 19:17)**.
      i. I recommend that church members each purpose in their hearts what percentage of their income they are going to give to the Lord **(2Co 9:7)** and then lay by themselves that amount **(1Co 16:1-2)** into a separate account, box, etc. every time they get paid or receive money.
      ii. The money in that account, box, etc. then becomes "God's money" to be used for supporting the aforesaid things which God requires us to.
      iii. This is what I have done myself since I was converted.
      iv. Some companies allow their employees to have more than one Direct Deposit set up for their paycheck.
         (i) If your company offers this, you could have whatever percentage you choose automatically deposited into your “God’s Money” account.
         (ii) This will save you time and effort.
         (iii) I have a friend who does this.
         (iv) I would have definitely done so when I was an employee if it was an option.
   B. How each person divides up “God’s money” for the things listed above (the ministry, church, and poor) is up to him.
      i. I recommend (and do so myself) keeping back a little bit of that money every month and letting it accumulate in one's "God's money" account until there is a sufficient amount of money available to meet an emergency or pressing needs within the church or in the lives of other people who are truly in need.
      ii. That way, if a need arises, we all have some money saved up in our "God's money" account to give.
      iii. Of course, we can give to needs out of our own money as well if we decide to.
   C. I think this is a much better system than giving all of one's “tithe” to the church fund.
      i. I cannot find a scriptural command nor example in the NT of church members giving all of their “tithes” and offerings to the church to be distributed to the pastor, church needs, and the poor.

ii. This is why we have no "church box," nor do we take up an offering for the church on a regular basis (or ever, so far).
iii. This way, each person/family is in control of their own "God's money" and can give to godly causes as they see fit.
iv. When there is a need within the church (or in another church, or even outside the church) which would scripturally qualify for our support, I bring it before the church, and anyone who chooses to can give towards it from their "God's money."
v. If a person doesn't think it's a valid cause, then he doesn't have to give.
vi. This limits disputes about what particular causes should be supported with "God's money" and what shouldn't be.
vii. On the other hand, if all the church members gave their Lord's money to a church fund, and then out of it the pastor was paid, church needs were covered, and the poor were helped, then the church would collectively have to decide how much should be given to each thing, which could cause strife because different people would have different preferences.

D. Using this method, each church member/family decides how much of, and to whom, their Lord's money will be given, and they are accountable only to God for their decision.

9. Generosity

A. The most exciting and rewarding thing about making money for a Christian should be the opportunity to give generously to the Lord and to others **(Act 20:35)**.
i. It truly is more blessed to give than to receive.
ii. Don't ever refuse a gift, because in so doing, you are depriving the giver, as well as yourself, of a blessing.
iii. Don't block a blessing.

B. If we view our money as all belonging to God, giving becomes easy.
i. All that we have belongs to God **(Psa 24:1; 1Ch 29:11)**.
ii. What we give to God and others is only giving back to God what He first gave to us **(1Ch 29:12-14)**.
iii. "It's always easier to give *someone else's* money away, because we feel no attachment to it.

"The Bible says, 'The earth is the LORD's, and the fulness thereof.' You know what that means? God is the *owner*. He owns it all—not a tithe, not a love offering, not our leftovers; *He owns it all*. When we view our wealth like that, then suddenly, giving becomes easy because we're not giving *our* money away at all. We're just asset managers for the Lord, doing what the owner (God) tells us to do with the money." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 308-309)

C. Being generous towards others is putting your wealth to good use.
i. "Money is like manure, good for nothing if it be not spread." (Matthew Henry, Job 27:11-23)

ii. “Riches do not consist in the possession of treasures, but in the use made of them.” (Napoleon Bonaparte)
iii. “Don’t admire people for their wealth but for the creative and generous ways they put it to use.” (H. Jackson Brown Jr., *The Complete Life’s Little Instruction Book*, #556)
iv. “If you make a lot of money, put it to use helping others while you are living. That’s wealth’s greatest satisfaction.” (H. Jackson Brown Jr., *The Complete Life’s Little Instruction Book*, #890)
v. “It’s more important to make a difference than a fortune.” (C. E. Wagner)

D. Being generous teaches others to be generous.
   i. People oftentimes do not become givers until they are first given to.
   ii. Oftentimes after a person has been the object others’ charity and generosity, he is motivated to do likewise to others.
   iii. Don’t let the chain of love end with you.

E. Being generous not only gives one a feeling of gratification, but it will also increase one’s wealth through the blessing of God.
   i. The liberal soul shall be made fat **(Pro 11:25a)**.
      a. Liberal *adj*. – 2. a. Free in bestowing; bountiful, generous, open-hearted.
      b. Fat *adj*. – III. With reference to the amount of produce or supply. 9. Yielding or capable of yielding excellent and abundant returns. 10. Well supplied with what is needful or desirable. a. Of a person: Affluent, wealthy.
      c. In other words, the man who is free in bestowing gifts to others and is bountiful, generous, and open-hearted shall be well supplied, affluent, and wealthy.
      d. Those who scatter their wealth to others will increase **(Pro 11:24)**.
      e. He that gives to the poor will not lack **(Pro 28:27)**.
      f. He that sows bountifully shall reap bountifully **(2Co 9:6-11)**.
   ii. He that waters shall be watered himself **(Pro 11:25b)**.
      a. The man that furnishes others with needful things when they need them will be treated the same way when he needs something.
      b. He who gives to others will have others give to him when his time of need comes **(Luk 6:38)**.
      c. He that gives to the poor lends to the Lord who will repay him **(Pro 19:17)**.
      d. Those who are generous towards others will find themselves blessed by others and by God who sees all and rewards every man according to his works, either in this life or the next **(Luk 14:14)**.
      e. “If I clench my fist around that $1,000, none of it will leave; but at the same time, my hand’s not open to receive any more. I’ve put up a wall that keeps my money from getting away *and* keeps more money from coming in.” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 307)
   iii. Those who are greedy and do not give will end up losing what they have **(Pro 11:24b)**.

a. An analogy might help to illustrate the point.
b. My bidet was leaking water from the connection at the handle. It did not come with the correct o-ring, so I had to improvise and use a couple of rubber washers. When it began to leak, I tightened it up a little, but it didn't stop leaking. So I tightened it up more, and the more I tightened it, the worse it leaked.
c. I then tore it apart, cleaned the washers, put it back together, and tightened it just snuggly. It stopped leaking.
d. The same is true with money, the more tightly you hold onto it, the more quickly it will slip through your fingers.

F. Create a generosity fund.
i. Similar to how Christians should lay up money by them in store for giving to the Lord's work and helping the brethren in need **(1Co 16:1-2)**, I recommend setting up a generosity fund.
ii. Put a certain amount or percentage of your income in the generosity fund each pay period, and then use that money to bless others.
iii. Tell the story of the man who started the generosity fund when he started his business.
iv. The generosity fund is not for things you would use God's money for (supporting the minister and the church, helping those in genuine need, etc.).
v. It's for things like:
(i) doing nice things for others that you are under no obligation to do.
(ii) giving gifts.
(iii) random acts of kindness.
(iv) supporting organizations that you believe in.
vi. Having a generosity fund will help people who are not naturally generous to be generous, and it will help those who are too generous from being irresponsible with their money.

XI. Spending

1. The key to spending money wisely is also the key to success in nearly every area of life: *moderation* **(Php 4:5)**.
A. <u>Moderation</u> *n*. – 1. The action or an act of moderating. †a. Limitation, restriction; a fixed limit; a restricting provision or clause. *Obs*. b. Control, rule, governance. 2. a. The quality of being moderate, in various senses; now only with reference to conduct, opinions, demands, desires, or their indulgence; avoidance of extremes; self-control, temperance; occasionally, †avoidance of severity or rigour, lenity, clemency.
B. We must therefore exercise self-control when it comes to everything we do, including how we spend money.
C. Moderation in spending (and saving) will over the long run result in prosperity **(Joe 2:23-24)**.
D. We should be temperate in all things **(1Co 9:25)**.
i. <u>Temperate</u> *adj*. – 1. Of persons, their conduct, practices, etc.: Keeping due measure, self-restrained, moderate. b. Moderate and self-controlled as

regards the indulgence of appetites or desires; abstemious, sober; continent; in late use spec. moderate or abstemious in the use of alcoholic drinks.

ii. Temperance *n*. – 1. The practice or habit of restraining oneself in provocation, passion, desire, etc.; rational self-restraint. (One of the four cardinal virtues.) a. Self-restraint and moderation in action of any kind, in the expression of opinion, etc.; suppression of any tendency to passionate action; in early use, esp. self-control, restraint, or forbearance, when provoked to anger or impatience.

iii. We must practice self-restraint when indulging our appetites and desires, which is directly connected to spending money.

E. Temperance is:

i. a fundamental tenant of faith in Christ **(Act 24:24-25)**.

ii. a fruit of the Spirit **(Gal 5:22-23)**.

iii. a requirement for the ministry **(Tit 1:7-8)**.

iv. a requirement for old men **(Tit 2:2)**.

v. a Christian virtue which must be added to our faith to make our calling and election sure **(2Pe 1:5-11)**.

2. If you have expensive taste and you indulge it regularly, you will be poor **(Pro 21:17, 20)**.

A. Having wine taste on a beer budget is a recipe for poverty.

B. Spending too much money on eating out and drinking will make you poor **(Pro 23:21)**.

C. Millionaires spend less on groceries, eating out, and clothing than the general American population does.

i. "Based on the research, the average millionaire in this study [The National Study of Millionaires (2017)] spends approximately $412 each month on groceries as a group. Meanwhile, one report from the USDA states that a comparable family in the general population spends more than $582 a month on groceries. So, in general, it can be said that millionaires are more frugal than non-millionaires in their approach to grocery shopping." (Dave Ramsey, *Baby Steps Millionaires*, p. 188)

ii. "The median millionaire in this study [The National Study of Millionaires (2017)] stated that they spend less than $200 each month at restaurants. Meanwhile, the Bureau of Labor Statistics reports that the median American household spends approximately $251 eating out each month. Figure 19 demonstrates that roughly two-thirds of millionaires spend less than $300 at restaurants each month, with 36% spending less than $150. Only 17% spend more than $450 a month, dispelling the image of a stereotypical millionaire eating out at extravagant restaurants every night. The research shows that a vast majority of millionaires are much more frugal than their general population counterparts." (Ibid, p. 189)

iii. "The millionaires included in this research [The National Study of Millionaires (2017)] reported that they spend an average of $117 a month on clothes, while the Bureau of Labor Statistics reports that the average American household spends $154 a month." (Ibid, p. 190)

D. A man who spends money indiscriminately and wastefully will quickly blow through his inheritance and have nothing **(Luk 15:11-14)**.

E. “Many people who live in expensive homes and drive luxury cars do not actually have much wealth. Then, we discovered something even odder: Many people who have a great deal of wealth do not even live in upscale neighborhoods.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 1)
F. “Most people have it all wrong about wealth in America. Wealth is not the same as income. If you make a good income each year and spend it all, you are not getting wealthier. You are just living high. Wealth is what you accumulate, not what you spend.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 1)
G. “It is unfortunate that some people judge others by their choice in foods, beverages, suits, watches, motor vehicles, and such. To them, superior people have excellent tastes in consumer goods. But it is easier to purchase products that denote superiority than to be actually superior in economic achievement. Allocating time and money in the pursuit of looking superior often has a predictable outcome: inferior economic achievement. What are three words that profile the affluent? FRUGAL FRUGAL FRUGAL” (Thomas J. Stanley, *The Millionaire Next Door*, p. 28)
H. “Being frugal is the cornerstone of wealth-building. Yet far too often the big spenders are promoted and sensationalized by the popular press.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 29)
I. “If you buy things you don’t need, you will soon sell things you need.” (Warren Buffett)

3. There are two things that people spend money on carelessly that keep them broke: big things and little things.
   A. “But small expenses become big expenses over time. Small amounts invested periodically also become large investments over time.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 54)
   B. Lattes, drinks, eating out, and unnecessary small purchases add up over time.
   C. However, you can be as frugal as you want with little items and it won’t make much difference if you are paying tens or even hundreds of thousands of dollars in interest on a 30-year mortgage, financing new vehicles, and buying expensive “toys.”
   D. This is called being “penny-wise and pound-foolish.”

4. High-paying professionals are usually big spenders and are therefore broke.
   A. You might think that high-paid professionals such as doctors, lawyers, accountants, executives, etc. are wealthy people, but in many cases, you would be wrong.
   B. High income professionals are expected to “look the part” and have a high-consumption lifestyle of living in high-end homes, driving expensive cars, wearing expensive clothes, etc.
   C. They walk in vain show **(Psa 39:6)**.
   D. They believe that they have to do this because their clients will judge them as unsuccessful if they live a modest lifestyle.
   E. Many of them are therefore broke.
   F. Being a “highly educated” professional is more likely a curse than a blessing when it comes to saving money and building wealth.

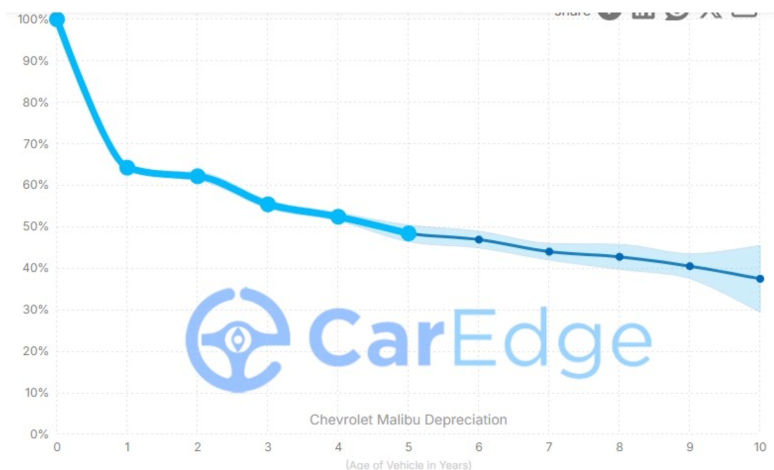
G. "Another reason very well-educated people tend to lag behind on the wealth scale has to do with the status ascribed to them by society. Doctors, as well as others with advanced degrees, are expected to play their parts. Mr. Denzi is a small business owner. In spite of being wealthy, he is not expected by society to live in an exclusive neighborhood. He would not be out of place living in a modest home or driving a nondescript sedan. His domestic overhead is significantly lower than Dr. Dokes's.

   "Many people tell us that you can judge a book by its cover, meaning that high-grade doctors, lawyers, accountants, and so on are expected to live in expensive homes. They also are expected to dress and drive in a style congruent with their ability to perform their professional duties. How do you judge the professionals you patronize? Too people judge them by display factors. Extra points are given to those who wear expensive clothes, drive luxury automobiles, and live in exclusive neighborhoods. They assume a professional is likely to be mediocre, even incompetent, if he lives in a modest home and drives a three-year-old Ford Crown Victoria. Very, very few people judge the quality of the professionals they use by net worth criteria. Many professionals have told us that they must look successful to convince their customers/clients that they are." (Thomas J. Stanley, *The Millionaire Next Door*, pp. 75-76)
H. As a pastor, I have honestly felt a bit uncomfortable at times with where I live and what I drive because it does not look "becoming of a man of the cloth."
   i. But then I have to remind myself, "Why should I care what broke people think?"
   ii. I felt the same way to a certain extent when I was an engineer and all my friends lived in nice homes or apartments and drove expensive cars while I lived in the cheapest one-bedroom apartment I could find and drove a cheap, old, small car.
   iii. But again, I didn't care what broke people thought.
   iv. We should not care what other people think if we are living wisely **(1Co 4:3-4; 2Co 3:1)**.
I. We should not judge according to appearance, but judge righteous judgment **(Joh 7:24; 1Sa 16:7; 2Co 10:7; Isa 11:3-4)**.
   i. I have heard people ask, "would you choose an investment advisor who was wearing an old worn-out suit and driving an old clunker for a car?"
   ii. I personally would be intrigued by such a fellow and would want to enquire more about him to see if he was good at his job.
   iii. I don't care what kind of car a financial advisor drives. As a matter of fact, I would be very wary of one who drives a brand-new expensive car because that tells me he probably doesn't make good financial decisions.
   iv. For me, one of the most important questions for a financial advisor is, "What is your net worth outside of your home equity?"
   v. If he doesn't have a net worth at least in the multiple hundreds of thousands, depending on his age, he apparently doesn't know how to manage his own money, so why would I trust him to manage mine?

5. Look for good deals and ask for discounts
    A. You can save a ton of money by buying clothes at a thrift store.
    B. I have bought most of my clothes over the years at thrift stores and have saved hundreds and probably thousands of dollars doing so.
    C. Buying things on sale or from “scratch and dent” retailers can save a lot of money.
    D. If you pay cash (actual, physical cash) for things, you can often get a discount.
        i. This goes for products (new and used), lodging (hotels and B&Bs), furniture, cars, houses, medical care, services (mechanic, plumber, etc.), and many other things.
        ii. Always ask for a discount.
    E. Learn to negotiate, especially on larger purchases.
        i. “Just start with the assumption that you can get anything at a discount. Assume that the sticker or sales tag says, ‘Price starting at:’ before the actual listed price. It’s the starting point. It’s not the final price. Get it into your head that everything in every store in every city in the world is negotiable. You just have to ask. You have to make it a way of life.” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 178-179)
        ii. Ramsey’s seven basic rules of negotiating
            (i) Always tell the absolute truth.
                1. Never deceive when negotiating **(Pro 20:14)**.
                2. This applies to buying or selling.
            (ii) Use the power of cash.
            (iii) Understand and use “walk away” power.
            (iv) Shut up! Don’t talk too much. **(Pro 17:27-28; Pro 29:11)**
            (v) “That’s not good enough!”
            (vi) Good guy, bad guy.
                1. This is what sales reps do when they “go to talk to the manager” and come back with a number.
                2. They try to position themselves as the “good guy” between you and the “bad guy” manager.
                3. Be aware of this when dealing with sales reps.
            (vii) “If I” take-away technique.
                1. “This one can be fun, because you never know what you get out of it. You use this one near the end of the deal, after you've pretty much figured out that the price has gotten as low as it can go. That's when you say, ‘Okay, if I take the car for that price, you've got to throw in new wipers and floor mats.’ Or, ‘If I take the house for that price, you'll have to cover the closing costs.’ The point is to agree to the price, but then throw something else into the deal.” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 186)

6. One major reason that most Americans are broke (and have very little money saved), and will be for the rest of their lives, is ***vehicles***.
    A. "There is an inverse relationship between the time spent purchasing luxury items such as cars and clothes and the time spent planning one's financial future." (Thomas J. Stanley, *The Millionaire Next Door*, p. 84)
    B. "Certainly the consumption of very expensive automobiles has a dampening effect on the probability that one will ever accumulate significant wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 86)
    C. "Most vehicle buyers are not wealthy. Thus, one might logically expect them to spend more time and energy shopping for the best deal. Our research shows the opposite. Those who are not wealthy are less likely to shop, haggle, and negotiate than those who are millionaires. Car-buying behavior does indeed help explain why some people are wealthy while most are not and never will be." (Thomas J. Stanley, *The Millionaire Next Door*, p. 126)
    D. Many Americans drive new (or newer) expensive vehicles.
    E. Many Americans drive the most expensive vehicle that the bank will give them a loan for.
    F. Just look at the number of people who drive large SUVs and pickup trucks as daily drivers.
    G. Vehicles are the number one biggest waste of money because they are very expensive and depreciate quickly.
        i. If you want to be poor (or at least not wealthy) for the rest of your life, then buy new, expensive vehicles.
        ii. Even less expensive new cars are a huge waste of money because they depreciate astronomically in the first 1-2 years.
        iii. According to CarEdge (caredge.com/depreciation), new vehicles depreciate around 20%–35% in the first year and around 44%–55% in the first five years (see six examples below).
        iv. Let's look at some examples (next page).

v. <u>Chevy Malibu</u>



Chevrolet Malibu Depreciation

Years Old	Depreciation	Residual Value	Resale Value	Mileage	Resale Year
1	$9,218	64.27%	$16,582	13,500	2025
2	$9,755	62.19%	$16,045	27,000	2026
3	$11,499	55.43%	$14,301	40,500	2027
4	$12,270	52.44%	$13,530	54,000	2028
5	$13,302	48.44%	$12,498	67,500	2029

(i) New price (2025): $25,800

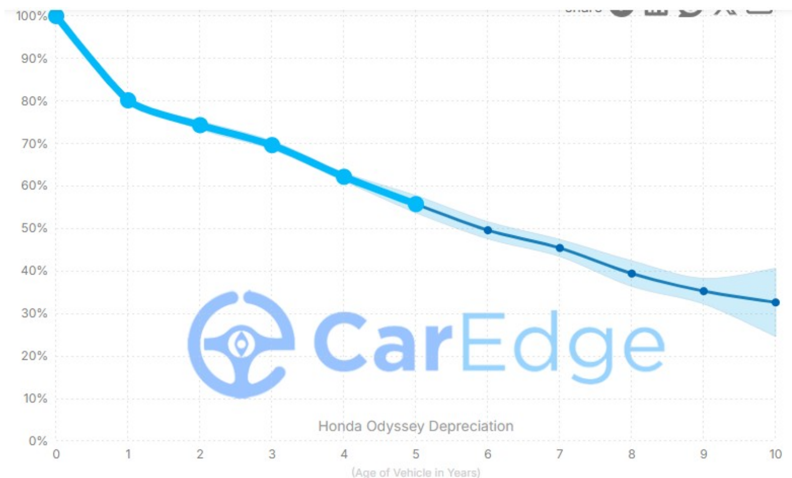
(ii) Value after one year: $16,582

1. Depreciation after one year: $9,218
2. Depreciation % after one year: 35.7%
3. Money wasted by buying a new car vs a one-year-old car: **$9,218**
4. Amount of money thrown out the window each week during the first year: $177.27
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

(iii)Value after five years: $12,498

1. Depreciation after five years: $13,302
2. Depreciation % after five years: 51.6%
3. Money wasted by buying a new car vs a 5-year-old car: **$13,302**
4. Amount of money thrown out the window each week during the first five years: $51.16
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

vi. <u>Honda Odyssey</u>



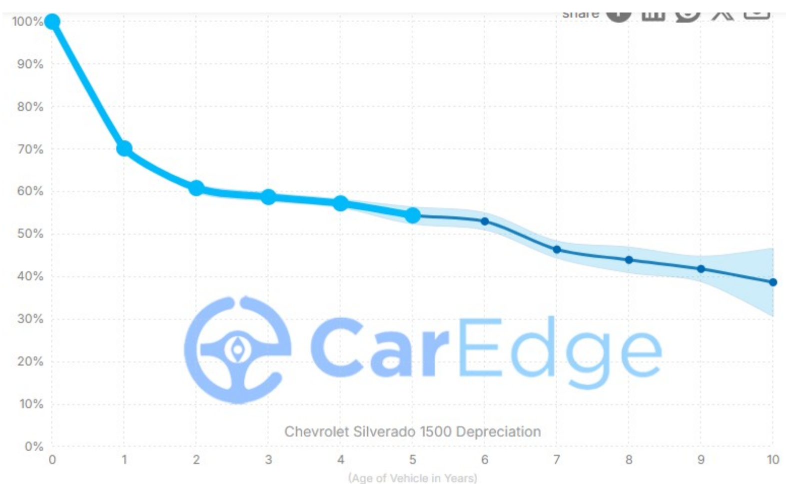
Honda Odyssey Depreciation

Years Old	Depreciation	Residual Value	Resale Value	Mileage	Resale Year
1	$8,368	80.18%	$33,852	13,500	2025
2	$10,834	74.34%	$31,386	27,000	2026
3	$12,818	69.64%	$29,402	40,500	2027
4	$15,963	62.19%	$26,257	54,000	2028
5	$18,678	55.76%	$23,542	67,500	2029

(i) New price (2025): $42,220
(ii) Value after one year: $33,852
1. Depreciation after one year: $8,368
2. Depreciation % after one year: 19.8%
3. Money wasted by buying a new car vs a one-year-old van: **$8,368**
4. Amount of money thrown out the window each week during the first year: $160.92
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

(iii)Value after five years: $23,542
1. Depreciation after five years: $18,678
2. Depreciation % after five years: 44.2%
3. Money wasted by buying a new van vs a 5-year-old van: **$18,678**
4. Amount of money thrown out the window each week during the first five years: $71.84
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

vii. <u>Chevy Silverado 1500</u>



Chevrolet Silverado 1500 Depreciation

Years Old	Depreciation	Residual Value	Resale Value	Mileage	Resale Year
1	$14,920	70.16%	$35,080	13,500	2025
2	$19,585	60.83%	$30,415	27,000	2026
3	$20,635	58.73%	$29,365	40,500	2027
4	$21,385	57.23%	$28,615	54,000	2028
5	$22,800	54.40%	$27,200	67,500	2029

(i) New price (2025): $50,000

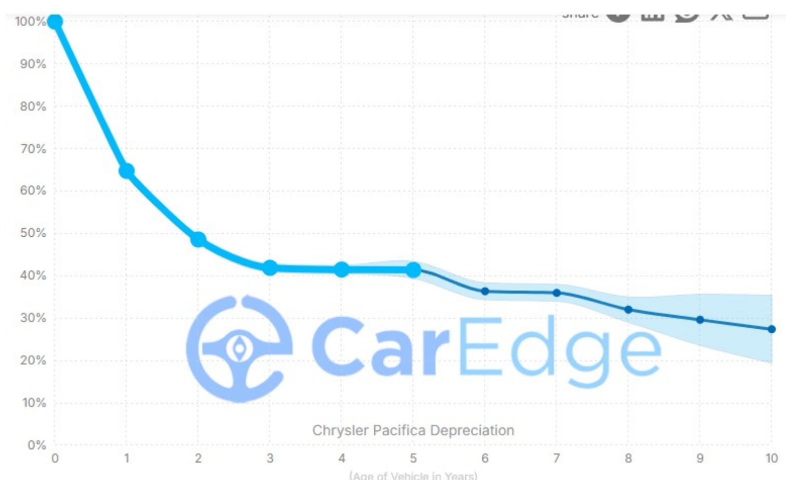
(ii) Value after one year: $35,080

1. Depreciation after one year: $14,920
2. Depreciation % after one year: 29.84%
3. Money wasted by buying a new truck vs a one-year-old truck: **$14,920**
4. Amount of money thrown out the window each week during the first year: $286.92
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

(iii)Value after five years: $27,200

1. Depreciation after five years: $22,800
2. Depreciation % after five years: 45.6%
3. Money wasted by buying a new truck vs a 5-year-old truck: **$22,800**
4. Amount of money thrown out the window each week during the first five years: $87.69
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

viii. <u>Chrysler Pacifica Minivan</u>



Chrysler Pacifica Depreciation

Years Old	Depreciation	Residual Value	Resale Value	Mileage	Resale Year
1	$14,959	64.76%	$27,491	13,500	2025
2	$21,832	48.57%	$20,618	27,000	2026
3	$24,672	41.88%	$17,778	40,500	2027
4	$24,842	41.48%	$17,608	54,000	2028
5	$24,884	41.38%	$17,566	67,500	2029

(i) New price (2025): $42,450

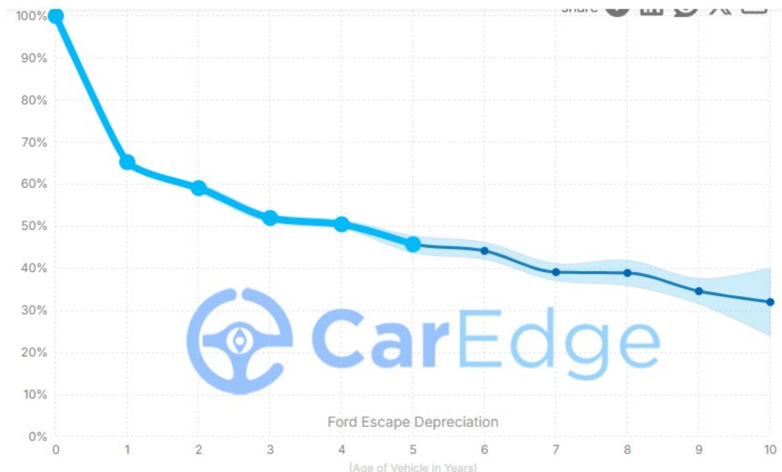
(ii) Value after one year: $27,491

1. Depreciation after one year: $14,959
2. Depreciation % after one year: 35.24%
3. Money wasted by buying a new van vs a one-year-old van: **$14,959**
4. Amount of money thrown out the window each week during the first year: $287.67
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

(iii)Value after five years: $17,566

1. Depreciation after five years: $24,884
2. Depreciation % after five years: 58.62%
3. Money wasted by buying a new van vs a 5-year-old van: **$24,884**
4. Amount of money thrown out the window each week during the first five years: $95.71
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

ix. <u>Ford Escape</u>



Ford Escape Depreciation

Years Old	Depreciation	Residual Value	Resale Value	Mileage	Resale Year
1	$11,367	65.28%	$21,373	13,500	2025
2	$13,394	59.09%	$19,346	27,000	2026
3	$15,718	51.99%	$17,022	40,500	2027
4	$16,210	50.49%	$16,530	54,000	2028
5	$17,765	45.74%	$14,975	67,500	2029

(i) New price (2025): $32,740

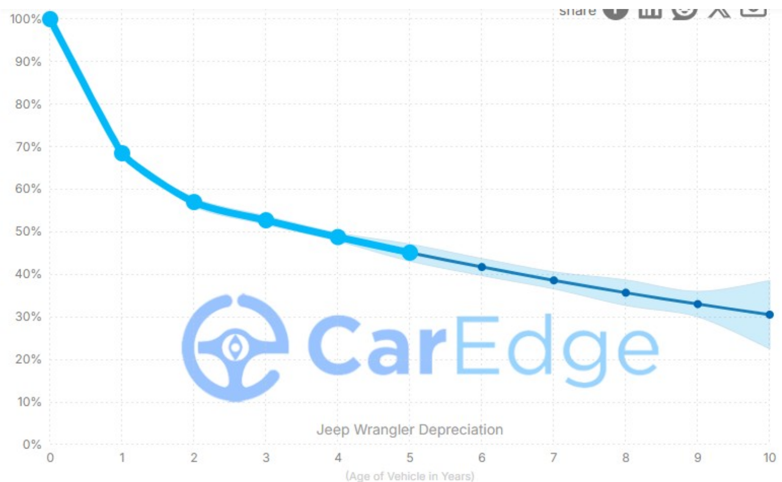
(ii) Value after one year: $21,373

1. Depreciation after one year: $11,367
2. Depreciation % after one year: 34.72%
3. Money wasted by buying a new SUV vs a one-year-old SUV: **$11,367**
4. Amount of money thrown out the window each week during the first year: $218.60
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

(iii)Value after five years: $14,975

1. Depreciation after five years: $17,765
2. Depreciation % after five years: 54.26%
3. Money wasted by buying a new SUV vs a 5-year-old SUV: **$17,765**
4. Amount of money thrown out the window each week during the first five years: $68.33
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

x. **<u>Jeep Wrangler Rubicon</u>**



Jeep Wrangler Depreciation

Years Old	Depreciation	Residual Value	Resale Value	Mileage	Resale Year
1	$17,185	68.48%	$37,337	13,500	2025
2	$23,439	57.01%	$31,083	27,000	2026
3	$25,773	52.73%	$28,749	40,500	2027
4	$27,926	48.78%	$26,596	54,000	2028
5	$29,922	45.12%	$24,600	67,500	2029

(i) New price (2025): $54,522

(ii) Value after one year: $37,337

1. Depreciation after one year: $17,185
2. Depreciation % after one year: 31.52%
3. Money wasted by buying a new Jeep vs a one-year-old Jeep: **$17,185**
4. Amount of money thrown out the window each week during the first year: $330.48
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

(iii)Value after five years: $24,600

1. Depreciation after five years: $29,922
2. Depreciation % after five years: 54.88%
3. Money wasted by buying a new Jeep vs a 5-year-old Jeep: **$29,922**
4. Amount of money thrown out the window each week during the first five years: $115.08
5. This does not include all the extra money wasted on sales tax and interest on the car loan that nearly everyone takes out when buying a new car.

H. "If you live fake rich, you'll become real broke." (George Kamel – The Ramsey Show)

I. Let's do some math and determine how much the average person spends on vehicles over 40 years.

   i. Many people buy a new car every five years, and many more do so every ten years.

   ii. Buying a new truck every five years.

      (i) A new 2025 Ford F-250 four door truck *starts* at [$76,975](#).

         1. According to the depreciation calculator on [CarEdge.com](#), after five years, that truck will lose $34,677 in value and only be worth $42,298.
         2. But that doesn't factor in interest payments, taxes, and fees.
         3. If financed for five years at 6% interest, that truck will cost a total of $100,314.11 according to the auto loan calculator on calculator.net.
         4. That means that after five years, the sucker who financed that truck will have lost $58,016.11 ($100,314.11 - $42,298).
         5. By year 5, he has spent $100,314.11 on vehicles.

      (ii) In five years, the sucker trades in the truck for $42,298 and "buys" another one for $76,975 (it would actually be more than this because of inflation).

         1. He now takes out a loan for $34,677 ($76,975 - $42,298).
         2. If financed for five years at 6% interest, that truck will cost a total of $46,466.01 according to the auto loan calculator on calculator.net.
         3. By year 10, he has spent $146,780.12 on vehicles ($100,314.11 + $46,466.01).
         4. Every five years he will trade in his truck for $42,298 and "buy" another one for $76,975.
         5. This will cost him a total of $46,466.01 with interest, taxes, and fees every 5 years (not factoring in inflation).
         6. By year 15, he will have spent $193,246.13 on vehicles ($146,780.12 + $46,466.01).
         7. By year 20, he will have spent $239,712.14 on vehicles ($193.246.13 + $46,466.01).
         8. By year 25, he will have spent $286,178.15 on vehicles ($239,712.14 + $46,466.01).
         9. By year 30, he will have spent $332,644.16 on vehicles ($286,178.15 + $46,466.01).
         10. By year 35, he will have spent $379,110.17 on vehicles ($332,644.16 + $46,466.01).
         11. **By year 40, he will have spent $425,576.18 on vehicles** ($379,110.17 + $46,466.01).

      (iii) Is it any wonder why most Americans are broke?

iii. Buying a new truck every ten years.
   (i) A new 2025 Ford F-250 four door truck *starts* at [$76,975].
      1. According to the depreciation calculator on [CarEdge.com], after ten years it will lose $49,603 in value and only be worth $27,372.
      2. But that doesn't factor in interest payments, taxes, and fees.
      3. If financed for five years at 6% interest, that truck will cost a total of $100,314.11 according to the auto loan calculator on calculator.net.
      4. After 10 years, the sucker will have lost $72,942.11 ($100,314.11 - $27,372)
      5. By year 10, he has spent $100,314.11 on vehicles.
   (ii) In ten years, the sucker trades in the truck for $27,372 and "buys" another one for $76,975 (it would actually be more than this because of inflation).
      1. He now takes out a loan for $49,603 ($76,975 - $27,372).
      2. If financed for five years at 6% interest, that truck will cost a total of $65,467.78 according to the auto loan calculator on calculator.net.
      3. By year 20, he has spent $165,781.89 on vehicles ($100,314.11 + $65,467.78).
      4. Every ten years he will trade in his truck for $27,372 and "buy" another one for $76,975.
      5. This will cost him a total of $65,467.78 with interest, taxes, and fees every 10 years (not factoring in inflation).
      6. By year 30, he will have spent $231,249.67 on vehicles ($165,781.89 + $65,467.78).
      7. **By year 40, he will have spent $296,717.45 on vehicles** ($231,249.67 + $65,467.78).
   (iii) Is it any wonder why most Americans are broke?

iv. Buying a new SUV every five years.
   (i) A new 2025 Ford Explorer Platinum SUV *starts* at [$52,250].
      1. According to the depreciation calculator on [CarEdge.com], after five years, that SUV will lose $24,134 in value and only be worth $28,116.
      2. But that doesn't factor in interest payments, taxes, and fees.
      3. If financed for five years at 6% interest, that SUV will cost a total of $68,837.58 according to the auto loan calculator on calculator.net.
      4. That means that after five years, the sucker who financed the SUV will have lost $40,721.58 ($68,837.58 - $28,116).
      5. By year 5, he has spent $68,837.58 on vehicles.
   (ii) In five years, the sucker trades in the SUV for $28,116 and "buys" another one for $52,250 (it would actually be more than this because of inflation).

1. He now takes out a loan for $24,134 ($52,250 - $28,116).
2. If financed for five years at 6% interest, that SUV will cost a total of $33,044.09 according to the auto loan calculator on calculator.net.
3. By year 10, he has spent $101,881.67 on vehicles ($68,837.58 + $33,044.09).
4. Every five years he will trade in his SUV for $28,116 and finance another one for $24,134.
5. This will cost him a total of $33,044.09 with interest, taxes, and fees every 5 years (not factoring in inflation).
6. By year 15, he will have spent $134,925.76 on vehicles ($101,881.67 + $33,044.09).
7. By year 20, he will have spent $167,969.85 on vehicles ($134,925.76 + $33,044.09).
8. By year 25, he will have spent $201,013.94 on vehicles ($167,969.85 + $33,044.09).
9. By year 30, he will have spent $234,058.03 on vehicles ($201,013.94 + $33,044.09).
10. By year 35, he will have spent $267,102.12 on vehicles ($234,058.03 + $33,044.09).
11. **By year 40, he will have spent $300,146.21 on vehicles** ($267,102.12 + $33,044.09).

(iii)Is it any wonder why most Americans are broke?

v. Buying a new SUV every ten years.

(i) A new 2025 Ford Explorer Platinum SUV *starts* at $52,250.

1. According to the depreciation calculator on CarEdge.com, after ten years, the SUV will lose $34,866 in value and only be worth $17,384.
2. But that doesn't factor in interest payments, taxes, and fees.
3. If financed for five years at 6% interest, that SUV will cost a total of $68,837.58 according to the auto loan calculator on calculator.net.
4. That means that after ten years, the sucker who financed the SUV will have lost $51,435.58 ($68,837.58 - $17,384).
5. By year 10, he has spent $68,837.58 on vehicles.

(ii) In ten years, the sucker trades in the SUV for $17,384 and "buys" another one for $52,250 (it would actually be more than this because of inflation).

1. He now takes out a loan for $34,866 ($52,250 - $17,384).
2. If financed for five years at 6% interest, that SUV will cost a total of $46,706.62 according to the auto loan calculator on calculator.net.
3. By year 20, he has spent $115,544.20 on vehicles ($68,837.58 + $46,706.62).

4. Every ten years he will trade in his SUV for $17,384 and "buy" another one for $52,250.
5. This will cost him a total of $46,706.62 with interest, taxes, and fees every 10 years (not factoring in inflation).
6. By year 30, he will have spent $162,250.82 on vehicles ($115,544.20 + $46,706.62).
7. **By year 40, he will have spent $208,957.44 on vehicles** ($162,250.82+ $46,706.62).

(iii)Is it any wonder why most Americans are broke?

vi. Keep in mind, these figures are for only one vehicle per household. Most people have at least two vehicles.

vii. Is it any wonder why most Americans are broke?

viii. The following are Dave Ramsey's thoughts on buying new cars and financing cars, with which I wholeheartedly agree.

(i) "Myth: Car payments are a way of life; you'll always have one.

"Truth: Staying away from car payments by driving reliable used cars is what the average millionaire does; that is how he or she became a millionaire.

"Taking on a car payment is one of the dumbest things people do to destroy their chances of building wealth. The car payment is most folks' largest payment except for their home mortgage, so it steals more money from the income than virtually anything else. *USA Today* notes that the average car payment is $464 over sixty-four months [it was $734 over 68.48 months in 2024 - CEW]. Most people get a car payment and keep it throughout their lives. As soon as a car is paid off, they get another payment because they "need" a new car. If you keep a $464 car payment throughout your life, which is "normal," you miss the opportunity to save that money. If you invested $464 per month from age 25 to 65, a normal working lifetime, in the average mutual fund averaging 12 percent (the seventy-year stock market average), you would have $5,458,854.45 at age sixty-five. Hope you like the car!

"Some of you had your nose in the air as intellectual snobs when I illustrated how bad Rent-to-Own is because you would never enter such an establishment, and yet you are doing worse on your car deal. If you put $464 per month in a cookie jar for just ten months, you would have more than $4,000 for a cash car. I am not suggesting you drive a $4,000 car your whole life, but that is how you start without debt. Then you can save the same amount again and trade up to an $8,000 car ten months later and up to a $12,000 car ten months after that. In just thirty months, or two and a half years, you can drive a paid-for $12,000 car, never having made a payment, and never have to make payments again. Taking on car payments because everyone else does it does not make it smart. Will your broke relatives and friends make fun of your junk car while you do this? Sure they will, but that is a very good sign you are on the right track.

"Having been a millionaire and gone broke, I dug my way out by making a decision about looking good versus being good. Looking good is when your broke friends are impressed by what you drive, and being good is having more money than they have." (Dave Ramsey, *The Total Money Makeover*, pp. 32-33)

(ii) "Today I am convinced that my wife and I are able to do anything we want financially partially because of the car sacrifices we made in the early days. I believe, with everything within me, that we are winning because of the heart change that allowed us to drive old, beat-up cars in order to win. If you insist on driving new cars with payments your whole life, you will literally blow a life's fortune on them. If you are willing to sacrifice for a while, you can have your life's fortune *and* drive quality cars. I'd opt for the millionaire's strategy." (Ibid, p. 34)

(iii) "No, you can't afford a new car unless you are a millionaire and can, therefore, afford to lose thousands of dollars, all in the name of the neat new-car smell. A good used car that is less than three years old is as reliable or more reliable than a new car. A new $28,000 car will lose about $17,000 of value in the first four years you own it. That is almost $100 per week in lost value. To understand what I'm talking about, open your window on your way to work once a week and throw out a $100 bill.

"The average millionaire drives a two-year-old car with no payments. He or she simply bought it. The average millionaire is unwilling to take the loss that a new car dishes out; that is how they became millionaires." (Ibid, p. 37)

(iv) "The car dealer will tell you that you are "buying someone else's problems." Then why do they sell used cars? Wouldn't that be morally wrong? The truth is that most slightly used cars have gotten all the kinks worked out of them and were not traded because they were bad cars. Since almost 80 percent of the new cars this year will be fleeced [Ramsey's word for *leased*], more than likely you are buying a car that came off a lease. My last two car purchases were one- and two-year lease turn-ins with low miles.

"If you understand what I am saying about this huge loss in value, you now realize that 0 percent interest isn't really "no cost." While the money to borrow isn't technically costing you, you are losing so much in value that you have still been taken. Zero percent, however, is used quite often by guys (seldom gals) to rationalize their “need” for some new wheels. So even though the interest rate is attractive, pass it up because the whole transaction still means throwing $100 bills out the window each week.

“Some people want to buy a new car for the warranty. If you lose $17,000 of value over four years, on average you have paid too much for a warranty. You could have completely rebuilt the car twice for $17,000! Also, keep in mind that most manufacturers’ warranties will still cover you when buying a slightly used car.” (Ibid, p. 37-38)

(v) “What if your kids really got this message early enough and applied it to buying cars? Starting with their first car at age sixteen, they could go their entire lives without a car payment. Most Americans can’t even fathom that. You could retire a multi-millionaire just by avoiding car payments! Why don’t they teach that in school?” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 16)

(vi) “I hear this a hundred different ways every day: "You'll *always* have a car payment. Car payments are a way of life. You're always going to have a payment, so you might as well drive a nice car." That is one of the biggest lies in the debt industry, but it has been packaged so well that most people believe it. And trust me, if you go through life thinking you'll always have a car payment, there will be plenty of people who will help you to always have a car payment.

“We Americans *love* our cars. We put our whole identity in them, like we're actually saying, "I'm a Lexus." We'll drop $600 a month on a payment just to impress someone at a stoplight that we'll never meet. That's crazy, and it's not at all how real millionaires behave. The average millionaire drives a nice, slightly used, two- or three-year-old car that they bought with cash, and they practically never drive a brand-new car off the lot.

“People always say, "Well, Dave, if I were a millionaire, I'd be able to pay cash for a car, too!" No, you're not getting it. These people don't buy with cash because they're rich; they're rich because they buy cars with cash! Think about how much the average American spends on car payments over his lifetime. The average payment is around $464 a month right now. If you invest $464 in a good mutual fund every from age thirty to age seventy, you'll end up with more than $5 million. Now, I love nice cars, but I've never seen one worth $5 million!

“If you call my radio show, struggling to get out of debt, you can almost guarantee that the first words out of my mouth will be, "Sell the car!" If you want to take control of your money, you've got to amputate the out-of-control lifestyle. For most people, that starts with the car payment.” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 86)

ix. Here’s what Dave Ramsey has to say about leasing a vehicle, which is the most expensive way to operate one.

(i) “Have you ever wondered why car dealers focus most of their advertising and sales techniques on leasing instead of buying? Let me clear it up for you: they make more money on a lease than anything else (with the exception of the repair center). Car leasing is a total sinkhole of financial waste. If a dealer sells you a car for cash, they make about $80 profit. That's not a great deal for them. If they sell you a car on payments, they do better; they'll make around $775 by selling the loan to another bank. If they can get you to lease it, however, their profit jumps up to more than $1,300 per car. So let's see... cash sales make them $80, and a lease makes them $1,300. Which one would they possibly prefer you to take? Duh.

“A good friend of mine runs a luxury car lot. According to him, about 78 percent of the cars that drive off the lot are lease deals. That means three out of every four of his buyers take bad deals in order to look like something they're not. They're broke, and they're doing broke people stuff. You see, rich people ask, "How much?" Broke people ask, "How much down and how much per month?" When a rich person says she can afford it, she means she can actually afford the car. When a broke person says she can afford it, she means she can probably make the monthly payment as long as there are no emergencies and she doesn't lose her job. You'll never get rich as long as you do broke people stuff.” (Ibid, p. 87)

x. How millionaires buy cars versus how broke people do so.

(i) The following is from 1996.

(ii) “How do millionaires go about acquiring motor vehicles? About 81 percent purchase their vehicles. The balance lease. Only 23.5 percent of millionaires own new cars (see Table 4-1). Most have not purchased a car in the last two years. In fact, 25.2 percent have not purchased a motor vehicle in four or more years.

“How much do millionaires pay for these vehicles? The typical millionaire (those in the 50th percentile) paid $24,800 for his most recent acquisition (see Table 4-2). Note that 30 percent spent $19,500 or less.

"Also note that the average American buyer of a new motor vehicle paid more than $21,000 for his most recent acquisition. This is not much less than the $24,800 paid by millionaires! Moreover, not all of these millionaires purchased new vehicles. How many indicated that their most recent vehicle was used? Nearly 37 percent. In addition, many millionaires indicated that they traded down recently—that is, purchased lower-priced vehicles than they had before.

"What is the most that these millionaires every paid for their motor vehicles? Fifty percent of the millionaires we surveyed never spent more than $29,000 in their entire lives for a motor vehicle. About one in five, or 20 percent, never spent more than $19,950. Eighty percent paid $41,300 or less to acquire their most expensive motor vehicle.

"What if we separate out from our sample those millionaires who told us they had inherited their wealth—nearly 14 percent of the millionaires in our sample? The typical wealth inheritor spent in excess of $36,000 for his most expensive motor vehicle. In sharp contrast, the typical *self-made* millionaire paid much less—approximately $27,000, or almost $9,000 less than millionaires who inherited their wealth. Thus, the typical American buyer of a new motor vehicle today spends about 78 percent of what the typical self-made millionaire does for his most expensive motor vehicle." (Thomas J. Stanley, *The Millionaire Next Door*, pp. 112-113)

(iii) And that, my brethren, is why most Americans are broke.

7. Enjoying the fruit of your labor
    A. There is nothing wrong with enjoying some of the money one has earned.
    B. A man has an unbalanced life who saves everything he makes and never enjoys any of it.
    C. Spending money on things or experiences which bring enjoyment is not wrong.
    D. God has given us richly all things to enjoy **(1Ti 6:17)**.
    E. Solomon said that there is nothing better than to eat and drink and enjoy the fruit of one's labor **(Ecc 2:24)**.
    F. It is the gift of God to enjoy the good of one's labor **(Ecc 3:13; Ecc 5:18-19)**.
    G. It is good to eat and be merry **(Ecc 8:15)**.
    H. It is good for a man to enjoy good food and drink with his wife **(Ecc 9:7-9)**.
    I. It is foolish and sad to constantly work and bereave one's soul of good **(Ecc 4:8)**.
    J. You can make yourself rich and yet have nothing if you don't enjoy any of it, nor use it to bless others **(Pro 13:7)**.
    K. Just remember two things when it comes to enjoying your money:
        i. First, wait to enjoy the fruit of your labor until you are out of debt (except your home) and have a fully funded emergency fund (3-6 months of living expenses).

(i) If you have any debt outside of your 15-year mortgage (credit cards, personal loans, student loans, car loans, home equity loans, etc.) then you should spend every spare cent to pay off those loans as quickly as possible.
    1. At this stage, you need to be INTENSE about paying off debt and getting your emergency fund fully funded.
    2. You should not be enjoying the fruit of your labor until all of your non-mortgage debt is paid off and you have a fully funded emergency fund.
    3. This means no going out to eat, no going out to the movies, no entertainment, no vacations, no getting your nails done, no shopping, no Netflix, no cable, no golfing, no coffee shops, no unnecessary spending.

(ii) Once you are out of debt except your 15-year mortgage, you have 3-6 months of living expenses in an emergency fund, and you are investing 15% of your gross income for retirement, then you can loosen up and enjoy some of the fruit of your labor.
    1. At this point, you go from being INTENSE to INTENTIONAL with your money.
    2. You should still be putting extra money on your 15-year mortgage every month to pay it off early in this stage.

ii. Second, exercise moderation **(Php 4:5)**.

L. After you pay off your home, are completely debt-free, and are investing 15% of your gross income into retirement, then you can loosen up even more and start living (and giving) like no one else because you spent years living like no one else.

8. You can't take it with you.
    A. We will leave this world with exactly what we brought into it: nothing **(1Ti 6:7; Ecc 5:15; Psa 49:17)**.
    B. Steve Jobs left this world with nothing more than a homeless bum.
    C. We came in naked and we will leave the same way **(Job 1:21)**.
    D. If you lay up treasure for yourself and are not rich toward God, God might take you out of this world, and your wealth will become another's **(Luk 12:16-21; Jer 17:11)**.
    E. While we can't take our money with us when we die, it is foolish try to spend it all before we leave this world.
        i. First, a Christian should leave an inheritance to his children and grandchildren (leaving an inheritance will be covered later).
        ii. Second, one does not know how long he will live. He could die at 65 or 95, and people do every day.
        iii. I would rather die with a million dollars in the bank that I never got to enjoy, than be a one-dollar burden on my family or society prior to my death.

XII. Lending

1. When to lend
   A. We should lend (or give) to the poor when they are in need according to Biblical standards.
      i. A righteous man is ever merciful and lends *to the poor*—in that they are the ones who need a loan **(Psa 37:26)**.
         a. In the law of Moses, God required loans made to fellow Israelites to be forgiven every seven years **(Deut 15:1-2)**.
         b. If a man had a poor brother in Israel who was in need, he was to open his hand wide unto him and lend him sufficient for his need **(Deut 15:7-8)**.
         c. Even if the seventh year was right around the corner, they were still to lend to their poor brethren **(Deut 15:9-11)**.
      ii. A righteous man is *ever* merciful and lends, even at times when he knows that he will not be paid back.
      iii. Jesus taught that we should lend hoping for nothing in return, which is being *merciful* **(Luk 6:34-36)**.
         a. Giving is better than lending **(Mat 5:42; Luk 6:38)**.
         b. If you cannot afford to give someone money, you should probably not lend it to him.
         c. Many loans to friends and family become gifts because they will not repay them.
         d. I recommend saving yourself the hassle and hard feelings and just give them money if they are truly in need (more on this later).
      iv. When we give to the poor, we will never lack **(Pro 28:27; Pro 19:17)**.
      v. The righteous lends and gives to the poor, but the wicked is stingy and will not **(Pro 29:7; Jam 2:15-16; 1Jo 3:17)**.
   B. We can lend to others at our discretion **(Psa 112:5)**.
      i. <u>Discretion</u> *n*. – III. [Cf. discreet.] 6. Ability to discern or distinguish what is right, befitting, or advisable, esp. as regards one's own conduct or action; the quality of being discreet; discernment; prudence, sagacity, circumspection, sound judgement.
      ii. A good man lends to others with *discretion*, not *abandon*.
      iii. He will carefully consider if the man asking for a loan needs the money and if loaning it to him will make the man better or worse off in the long run.

2. When not to lend
   A. We should not lend money to people for unnecessary things or in situations which would make them worse off in the long run.
   B. Be cautious about lending money.
      i. "Be cautious about lending money to friends. You might lose both." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #243)
      ii. "Neither a borrower nor a lender be
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry." (Shakespear, 'Hamlet')

iii. It's better to give someone money who is in need rather than loan it to him.
    (i) Loaning money to family changes the relationship from being family to being in a master-slave relationship **(Pro 22:7)**.
    (ii) Thanksgiving dinner will not be the same.
    (iii) Loaning money to someone exacerbates his problem.
    (iv) It teaches a person that the solution to poor money management and being in debt is going into more debt.

iv. If you can't afford to give someone money to help him, then you probably can't afford to loan him money either because there's a good chance you will not be paid back.

C. Do not loan money to your children for anything.
   i. Make them save for things they want and pay cash for them.
   ii. Loaning money to children teaches them to go into debt at an early age.
   iii. It teaches them that they don't need to work and save for what they want.
   iv. It teaches them to desire instant gratification.

D. Do not loan money to fools who have demonstrated that they cannot manage money.
   i. Doing so will only exacerbate their problems.
   ii. What they need is tough love, not a loan.

E. Do not loan money to people who *could have paid you back*, but refused to. You need to teach them a lesson.

3. Interest
   A. The Bible calls interest usury.
   B. <u>Usury</u> *n*. – 1. The fact or practice of lending money at interest; esp. in later use, the practice of charging, taking, or contracting to receive, excessive or illegal rates of interest for money on loan.
   C. Interest is essentially a charge for the use of borrowed money.
      i. If one loans a car to a stranger for a month, it is not unreasonable that he would charge him for the use of the car, since during that time he cannot use it himself.
      ii. If one allows someone to occupy his house for a year, it is not unreasonable to change him rent for the use of it, since during that time he cannot use it himself.
      iii. Neither is it wrong to charge someone for the use of borrowed money, assuming the person is not poor and doesn't need the money to meet his basic needs for survival.
         (i) If one loans money to another, the owner of the money cannot use it for his own needs.
         (ii) He incurs a loss when he loans money, even if the money is eventually repaid.
         (iii) The first reason is obvious: he loses the interest/return he would have made on the money in the bank or in investments.
         (iv) The second reason for the loss is as follows: during the time the money is loaned out, the owner cannot enjoy the things the money

can buy, just as he could not enjoy the use of his car or house while it is loaned to another person.

(v) There is a principle here at play called the time-value of money.

1. Money, or the things money can buy, are preferred in the present over the future.
2. Men prefer to have things now over having them in the future, all other things being equal.
3. Therefore, present goods or services have more subjective value than future goods or services.
4. When one loans money, he is in effect exchanging more valuable present goods or services for less valuable future goods or services.
5. Therefore, in order to be compensated for the loss, he charges interest on the borrowed money.

D. The practice of lending money on usury is not always forbidden in scripture.

i. In the parable of the talents, Jesus taught that the lord (which represents Him in the parable) of the servant rebuked him for hiding his talent in the earth, saying that he should have put the money to the exchangers (bank) and obtained usury on it **(Mat 25:27)**.
ii. Jesus taught the same thing in the parable of the pounds **(Luk 19:23)**.
iii. Israel was able to lend money on usury to strangers **(Deut 23:20)**.

E. Taking usury in the following circumstances was forbidden in the Old Testament.

i. Charging interest when lending money to the poor **(Exo 22:25; Lev 25:35-37; Pro 28:8; Eze 18:12-13)**.
ii. Lending money on usury to their brethren **(Deut 23:19-20; Neh 5:7-11)**.
iii. Greedily gaining by extortion through the exorbitant use of usury **(Eze 22:12)**.
iv. This is the type of usury that a righteous man will not take part in **(Psa 15:5; Eze 18:8, 17)**.

F. We can loan money under certain circumstances and charge interest, such as:

i. A business loan.
ii. A loan to a person for something that is not a need.

G. Both loaning and borrowing money on usury, although not always forbidden in scripture, is a good way to become reviled by men.

i. Jeremiah lamented that he had neither lent nor borrowed money on usury and was nevertheless cursed by everyone around him **(Jer 15:10)**.
ii. This shows that both borrowers and lenders on usury will be cursed by men.
iii. Men will curse those who lend on usury (even to those who do so lawfully) because of envy.
iv. Men will curse those who borrow on usury because those who do so in many cases are foolish.

XIII. Taxes

1. "A tax is a fine for doing well, a fine is a tax for doing wrong." (Mark Twain)
2. Taxes are also referred to as *custom* in the Bible **(Mat 9:9)**.

3. Custom *n*. – 3. Customary service due by feudal tenants to their lord; customary rent paid in kind or in money; any customary tax or tribute paid to a lord or ruler. 4. a. Tribute, toll, impost, or duty, levied by the lord or local authority upon commodities on their way to market; *esp*. that levied in the name of the king or sovereign authority upon merchandise exported from or imported into his dominions; now levied only upon imports from foreign countries.
4. Taxes are the means by which governments bring in revenue **(Ezr 4:13)**.
    A. Tribute *n*. – 1. a. A tax or impost paid by one prince or state to another in acknowledgement of submission or as the price of peace, security, and protection; rent or homage paid in money or an equivalent by a subject to his sovereign or a vassal to his lord.
    B. Governments tax the people to pay off debts owed to other nations **(2Ki 15:19-20; 2Ki 23:35)**.
    C. Tax *n*. – 1. a. A compulsory contribution to the support of government, levied on persons, property, income, commodities, transactions, etc., now at fixed rates, mostly proportional to the amount on which the contribution is levied.
5. Governments like to expand their empires so they can have a larger tax base **(Luk 2:1)**.
6. Those who are taxed are a subjugated people **(Jos 17:13; 1Ki 9:21)**.
7. Lazy people will be put under tribute **(Pro 12:24)**.
8. God will put a wicked nation under heavy taxation as a judgment **(2Ki 23:31-33)**.
9. God's ministers should not have to pay taxes on their income **(Ezr 7:24)**.
    A. Jesus paid taxes **(Mat 17:24-25)**.
    B. But He did so for pragmatic reasons, not because He owed it to them **(Mat 17:25-27)**.
10. Jesus taught us to render unto Caesar what is Caesar's **(Mat 22:17-21),** and so did Paul **(Rom 13:6-7)**.
    A. The government does provide some necessary services which they need money to fund, such as national defense, a court system, and a few other things.
    B. It is not wrong to pay a very low tax to support these necessary things.
11. Though we are supposed to pay taxes, we are not under obligation to pay as much tax as possible.
    A. Take every legal deduction you can.
    B. The less you pay in taxes, the more you will have to save, invest, and give.
    C. Talk to an accountant about ways to lower your taxes such as tax-advantaged retirement saving, health savings accounts, etc.
    D. When investing in non-retirement brokerage accounts, depending on your income, you can save money on taxes by holding a position for at least one year so that the profit is taxed at a lower rate as a long-term capital gain.
    E. Small business owners can structure their company as an s-corp to lower the amount of social security taxes they pay, depending on their situation.

XIV. Debt

1. Debt has been the American way for many decades, but it didn't used to be that way.
    A. A short history of credit in America.
        i. "We usually forget, though, that debt has not always been a way of life. In the scope of American history, debt is still relatively new. Our great-

grandparents pretty much believed debt was a sin! They thought it was morally wrong. As a matter of fact, I have an old Sears catalog from 1910 that says plain as day, ‘Buying on credit is folly!’ Can you imagine Sears telling you that today?

“Sears wasn't alone in the anti-debt stance, either. Have you ever wondered what the ‘J. C.’ stands for in J. C. Penney? It's named for the founder, James "Cash" Penney. He never allowed credit to be offered in any of his stores while he was alive. It was only after his death that credit cards and store credit slipped into J. C. Penney's business. And now, old James ‘Cash’ is spinning in his grave.

“Henry Ford hated debt so much that he didn't allow the use of credit at Ford Motor Company until ten years after the other carmakers were making car loans. With Henry long gone, Ford Motor Credit is now a huge part of the family business.

“So our great-grandparents thought debt was a sin. Our grandparents weren't quite as strict, but they still thought it was really stupid and only borrowed on a few things. In 1950, Frank McNamara changed the whole financial landscape of the country with a little piece of plastic called Diner's Club. He had made deals with several restaurants in New York City, who all agreed to accept this single form of payment across all the different businesses as a "convenience" to the consumers. Right then and there, the credit card was born.

“A few years later, in 1958, a little bank on the West Coast, called Bank of America, sent a mailing out to about sixty thousand of their customers that contained a similar piece of plastic called the BankAmericard. That same year, a new company emerged to "help" consumers make easy payments, and American Express was born. Now, of course, American *Excess* is a way of life, but then, our grandparents were a lot less trusting. Our parents were more accepting, though, and they started borrowing on even more things. Credit cards started popping up more often, and in 1976, BankAmericard changed its name to Visa. Heard of them? Ten years later, in 1986, Sears got into a big dispute with Visa, which resulted in Sears branching out and taking Visa on head-to-head with their new card, which they called Discover. Discover quickly became the most profitable division of Sears, so a while later, when Sears was in serious financial trouble, selling off the Discover brand was one of the things that saved them from bankruptcy.

“I usually don't dive into the history of debt in this kind of detail, but I personally find it fascinating. Credit practically didn't exist, as we know it, just fifty years ago, but today, we can't imagine living without car loans and credit cards! The thought of actually paying with cash at a department store has become somewhat of a novelty. Can you imagine that in 1970, only about 15 percent of Americans had a credit card? Today, 77 percent of all adults have at least one card, and the average cardholder has more than seven cards! It feels like the Visa brand has been around since the dawn of time, but Visa as a household name is just a little over thirty years old. Again, that's some *incredible* marketing power." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 79-81)

B. I seem weird to most people because I refuse to go into debt for *anything*, but 115 years ago, I would have seemed normal to most people.
C. If you follow the Biblical teaching of staying out of debt and actually paying for everything you have, people will think you are strange and may even speak evil of you **(1Pe 4:3-4)**.
D. But those people who think you are strange are all broke, and who cares what broke people think of you!
E. "Albert Einstein said, "Great spirits have always found violent opposition from mediocre minds." (Dave Ramsey, *The Total Money Makeover*, p. 16)

2. Americans are in debt up to their eyeballs.
    A. On average, American households have $6,140 of credit card debt. Missouri households have an average of $5,539 of credit card debt. (*Merry Christmas... Here's The Average Credit Card Debt In Every US State*, ZeroHedge.com, 12-25-2024)
    B. "Bankrate's analysis points out that when making only minimum payments, it would take more than **17 years** to pay it off the national average debt: $6,140." (Ibid)
    C. Do you remember the old commercial which went as follows? "I'm Stanley Johnson. I've got a great family. I've got a four-bedroom house in a great community. Like my car? It's new. I even belong to the local golf club. How do I do it? I'm in debt up to my eyeballs. I can barely pay my finance charges. Somebody help me."
    D. That commercial describes most Americans.
    E. See pages 19-22 for more statistics on how indebted Americans are.
3. Debt destroys the lives and marriages of young people.
    A. "Financial expert and author Larry Burkett used to say that modern couples spend the first five to seven years of their marriage trying to attain the same standard of living as their parents—only it took their parents thirty-five years to get there.

       "That's how most couples start out these days. Out of school with some student loans, one or two car loans, a new house on crazy payments and no equity, a houseful of furniture on 90-days-same-as-cash, and a pretty lousy income. In fact, the average household income for a twenty-five-year-old couple is only $27,047. With that kind of intense financial stress on a young marriage, is it any wonder why the divorce rate is so devastating for couples in their first few years of marriage? They're starting their lives together with a boat anchor around their necks. They don't stand a chance." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 78-79)

4. Reasons to avoid debt like the plague
    A. You pay more for everything because of interest.
        i. For example, a house costs over twice as much with a 30-year mortgage than when one pays for it in cash.
        ii. "Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it." (Albert Einstein)
    B. You acquire things you don't need.
    C. You do not learn contentment **(Heb 13:5)**.
    D. You are a bad example to others.
    E. You enslave yourself **(Pro 22:7)**.
        i. The next time you sign your name on a loan application or swipe your credit card when you know you will not pay it tomorrow, just imagine a pair of handcuffs being placed onto your hands and a chain being attached to them with a heavy steel ball attached to it that you will carry around until your debt is paid.
        ii. Braden, remember this when anyone encourages you to borrow money or take out a loan for *anything* except possibly your first home, or when anyone tells you that you should get a credit card. – Think of the handcuffs and the ball and chain.
        iii. "Proverbs 22:7 says it clearly, "The borrower is the slave of the lender." [Ramsey is not using the KJV.] SLAVE. A slave can't go where he wants or do what he wants, because he is always working for somebody else. He can't make his own decisions, and he isn't free to become the person he wants to be. That's exactly what debt does to you. When you go into debt, you aren't using someone else's tools; you're submitting yourself to a new master. It doesn't get any clearer than that." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 94-95)
    F. You will never acquire much wealth.
        i. "Why are so few people in America affluent? Even most households with six-figure annual incomes are not affluent. These people have a different orientation than does Johnny Lucas. They believe in spending tomorrow's cash today. They are debt-prone and are on earn-and-consume treadmills. To many of them, those who do not display abundant material possessions are not successful. To them, nondisplay-oriented people like Johnny Lucas are their inferiors." (Thomas J. Stanley, *The Millionaire Next Door*, p. 36)
        ii. You may look like you have wealth if you have debt, but it will only be the illusion of wealth.
    G. You restrict your freedom.
    H. You bring extra stress into your life.
        i. Debt is risky and dangerous.
        ii. "Remember the old proverb, "Out of debt, out of danger." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #895)
    I. You will end up doing things you wouldn't normally do due to desperation **(1Sa 22:2)**.
    J. You put your assets at risk as collateral **(Pro 22:26-27)**.

i. The Bible calls collateral a pledge **(Exo 22:25-26; Deut 24:10-13; Eze 18:7; Pro 20:16)**.
ii. Never use your house as collateral (which is what people do when they take out a home equity loan, otherwise called a HELOC or second mortgage) or anything else that is essential to your survival **(Deut 24:6)**.

K. You will be at the mercy of unmerciful men who will take all they can if you can't pay **(Job 24:3)**.
L. You are a burden on others.
   i. You could be a financial burden on others.
   ii. If nothing else, you will be a mental and emotional burden on others who worry about your financial situation.
M. You can't help others in need.
N. You are part of the problem.

5. It is foolish to be in debt.
   A. Sin is called debt **(Mat 6:12 c/w Luk 11:4)**.
   B. We are to owe no man anything **(Rom 13:8)**.
   C. The borrower is servant to the lender **(Pro 22:7)**.
      i. If you're in debt, you're a slave **(Neh 5:3-5)**.
      ii. If you're in debt (a slave), you have less rights **(Exo 21:2, 20-21)**.
      iii. We are not to be servants of men **(1Co 7:23)**.
      iv. To be debt-free is to *be free*.
   D. It is foolish to be in debt because you pay more for whatever you buy because of interest.
   E. To be in debt and to be a conservative or a libertarian is to be a hypocrite.
      i. How can you criticize the government for its deficits and be in debt yourself?
      ii. Take the beam out of your own eye before you try to take the mote out of Washington DC's eye **(Mat 7:1-5)**.
   F. A person who is in debt is contributing to our country's demise.
      i. Every time a loan is made, new money is created which inflates and dilutes the money supply.
      ii. Saving money creates reserves that businesses can borrow from to invest in producer goods which are used to create consumer goods which causes economic growth.
      iii. Borrowing money to spend on consumer goods wastes resources and increases our trade deficit.

6. The broke-person mindset versus the wealthy-person mindset
   A. When a wealthy person (or even just a financially responsible person) is considering a purchase, he asks "how much?"
   B. A broke person asks "how much down and how much per month?"
   C. Until you stop thinking in terms of "how much per month," you will be broke for the rest of your life.
   D. Our culture has a broke-person mindset.

   i. Just go to a car dealer and ask "how much will this car cost me out the door?", and 100% of the time you will get an answer of "$xxx per month."
   ii. Do the same thing with a realtor, and you will get the same result.
   iii. It never even crosses their minds that someone might actually be *paying* for the car or house.

7. The "build your credit" myth
   A. We are encouraged to "build our credit" today as if it's some kind of status symbol.
   B. Your credit score has nothing to do with how much money you have or how trustworthy you are.
   C. To a person who follows the Bible's precept to "owe no man anything" **(Rom 13:8)**, a credit score is worthless because he will never need it, nor use it, for anything.
   D. Dave Ramsey blows away the "build your credit" myth, even as it pertains to getting a home mortgage.
      i. "The best myth is the 'build your credit' myth. Bankers, car dealers, and unknowledgeable mortgage lenders have told America for years to 'build your credit.' This myth means we have to get debt so we can get more debt because debt is how we get stuff. Those of us who have had a Total Money Makeover have found that cash buys stuff better than debt. But if I were selling debt, as the banker is, I also would tell you to get debt to get more debt. This is, however, a myth.

         "Yes, you will need to 'build your credit' by borrowing and repaying debt in a timely fashion if you want to live a life of credit cards, student loans, and car payments. Not me. The one question we must answer is, 'How do I get a home mortgage?' Later, I will introduce you to the 100-percent-down plan, or if you must, how to settle for a fifteen-year fixed rate mortgage. But if you want that fifteen-year fixed rate with a payment that is no more than 25 percent of your take-home pay so I won't yell about it, don't you need credit? No.

         "You will need to find a mortgage company that does actual underwriting. That means they are professional enough to process the details of your life instead of using only a Beacon score (lending for dummies). You can get a mortgage if you have lived right. Let me define 'lived right.'

         "You can qualify for a Conventional fifteen-year fixed-rate loan if:

         - You have paid your landlord early or on time for two years.
         - You have been in the same career field for two years.
         - You have a good down payment, which is more than 'nothing down.'
         - You have no other credit, good or bad.
         - You are not trying to take too big a loan. A payment that totals 25 percent of take-home pay is conservative and will help you qualify.

> "Don't let anyone tell you to go into debt to make way for a mortgage; that is a lie. A quality mortgage professional can get you into a home if he or she knows how to do underwriting. As for building credit for other stuff, leave that to the losers. With your Total Money Makeover, you won't be taking on that kind of debt anyway." (Dave Ramsey, *The Total Money Makeover*, pp. 38-39)

8. Don't buy or build a house until you are financially prepared to do so **(Pro 24:27; Pro 24:3)**.
   A. You are not financially prepared to buy or build a house until all of the following are true.
      i. You have no debt (credit cards, student loans, car loans, personal loans, etc.).
      ii. You have 3-6 months of living expenses saved in an emergency fund.
      iii. You are investing 15% of your gross income for retirement.
      iv. You have a 20% downpayment saved.
      v. You can take out a 15-year fixed rate mortgage with a payment that is not more than 25% of your take-home pay.
      vi. Only when all of these things are true can you afford to buy a house.
   B. With today's interest rates (approx. 7.03%), financing a house with a small downpayment for 30 years will end up costing you almost three times as much as the house is worth.
   C. If you must get a mortgage, get a 15-year mortgage rather than a 30-year.
      i. The mortgage rate is lower on a 15-year loan than a 30-year.
      ii. Currently the rate on 30-year fixed rate mortgage is 7.03%, while the rate on a 15-fixed rate is 6.34%.
      iii. Consider the difference between financing a $250,000 house with a 20% downpayment ($50,000) with a 30-year mortgage versus a 15-year mortgage (includes property taxes ($2,302/year) and insurance (2,000/year).

30-year mortgage		15-year mortgage	
Monthly payment	$1,693.14	Monthly payment	$2,083.17
Total interest paid	$280,469.32	Total interest paid	$110,440.85
Total paid for house	$609,529.32	Total paid for house	$374,970.85

      iv. You will save $170,028.47 in interest by taking out a 15-year loan instead of a 30-year loan.
      v. Millionaires don't waste their money on 30-year mortgages.
         (i) That's why they're millionaires.
         (ii) "In our *National Study of Millionaires*, we found that 67% of millionaires have a paid-off home, and it took them an average of 11.2 years to pay it off. Take that in for a moment: Millionaires don't spend thirty years paying off their house. They pay it off in roughly ten years. They're also not living in a 10,000-square-foot mansion. They live, on average, in a 2,600-square-foot home they've been in

an average of seventeen years." (Dave Ramsey, *Baby Steps Millionaires*, p. 26)

vi. Millionaires live below their means when it comes to their homes.
  (i) That's why they're millionaires.
  (ii) Millionaires, on average, live in houses that are slightly smaller than the average new American home.
  (iii) "…the millionaires in this study [The National Study of Millionaires] live in relatively modest homes located in ordinary neighborhoods. The U.S. Census Bureau states that the average square footage of the new American home is around 2,660 square feet. *The National Study of Millionaires* found that the random sample's average home size is actually slightly smaller at 2,600 square feet." (Dave Ramsey, *Baby Steps Millionaires*, p. 146)

D. Dave Ramsey recommends that your mortgage payment should be no more than 25% of your take-home pay on a 15-year mortgage.
  i. If you spend more than 25% of your take-home pay on a house payment, you will be what is called "house poor" because you will not be able to cover your other living expenses and meet your saving and giving responsibilities.
  ii. Unfortunately, based on this wise guideline, buying an average home today in America is impossible for the average family.
  iii. An example of this in our local area.
    (i) At today's housing prices and interest rates, that means that to buy a $250,000 house with a 20% downpayment with a 15-year mortgage, one would have to have an annual take-home pay of $99,992.16, which would be an annual gross income of about $125,000.
    (ii) To finance the same house with a 30-year mortgage, one would have to have an annual take-home pay of $81,270.72, which would be an annual gross income of about $101,588.40.
    (iii) According to census.gov, in 2023 dollars, the per capita income in MO is $38,497 and the median household income is $68,920.
    (iv) This means that the average family in Excelsior Springs, MO today cannot even come close to affording an average priced home using a 15- or 30-year mortgage.
  iv. A national example.
    (i) As of May 2025, the national median household income is $83,150. (source)
      1. That means that the median household take-home pay is approximately $5,543/month (20% taken out for taxes).
      2. According to the Home Affordability Calculator on RamseySolutions.com, following the no-more-than-25%-of-your-take-home-pay-with-a-15-year mortgage rule, that means that the average family can only afford a $140,255 house with a 20% downpayment ($28,051).
      3. This would be a $1,386/month payment.

(ii) According to RamseySolutions.com, the median home price today (July, 2025) in America is $440,000.

(iii) **That means that the average family in America would have to save up <u>a downpayment of $327,796</u> to afford the average house with a 15-year mortgage.**

(iv) Even if the average American family used a 30-year mortgage, which Ramsey strongly advises against, they could only afford a $183,641 house with a 20% downpayment ($36,728) – a $1,386/month payment.

(v) **That means that the average family in America would have to save up <u>a downpayment of $293,087</u> to afford the average house with a 30-year mortgage.**

v. These numbers show that housing is astronomically unaffordable today.

vi. We need a huge crash in the housing market, and it can't come soon enough.

E. You also need to consider the cost of owning and maintaining a home before buying one.

i. "Financial experts recommend budgeting **1% to 4%** of a home's value each year for maintenance and repairs." (Average Home Maintenance Costs, Homeguide.com, 5-20-2024)

ii. This means that for a $250,000 house, one should budget between $2,500 - $10,000 per year for house maintenance, depending on the age, condition, and features of the house.

iii. This means setting aside between $208 - $833 per month for house maintenance.

iv. This would cover routine maintenance tasks such as AC tune-ups, AC coil cleaning, dryer vent cleaning, furnace cleaning, air duct cleaning, landscaping maintenance, gutter cleaning, deck sealing or staining, painting, chimney sweeping, tile and grout cleaning, window cleaning, carpet cleaning, plumbing repair, electrical repair, and appliance repair.

v. If you are handy, you can do some or all of these things yourself, but if you do, be prepared to spend a lot of time maintaining your house.

vi. Setting aside money every month will build up a house maintenance fund that can be used for larger maintenance costs, such as:

- Water heater replacement ($600 - $3,100) — every 8-12 years
- Appliance replacement ($350 – $1,700) — every 10-15 years
- Roof replacement ($5,700 – $16,000) — every 15-20+ years
- Gutter replacement cost ($750 – $2,300) — every 15-30 years
- Window replacement ($4,500 – $22,500) — every 15-30+ years
- HVAC system replacement ($5,000 – $16,000) — every 15-25 years
- Exterior house painting ($1,900 – $6,900) — every 5-10 years
- Exterior siding replacement ($10,000 – $32,500) — every 20-40+ years
- (Average Home Maintenance Costs, Homeguide.com, 5-20-2024)

F. Home ownership is expensive, even if you have your mortgage paid off (more on this later).

9. Christians should be lenders, not borrowers **(Deut 15:6)**.
    A. Christians who hearken diligently unto God and keep His commandments will be blessed by God to be lenders, not borrowers **(Deut 28:1-2, 12)**.
    B. They will be the head and not the tail **(Deut 28:13)**.
    C. What does being a lender say about a Christian?

10. Being a debtor is to be cursed and under the judgment of God **(Deut 28:15, 44)**.
    A. Debtors are the tail and not the head.
    B. What does being in debt say about a Christian?

11. Avoid and hate debt
    A. If you are ever going to get out of debt and never get back into it again, you have to hate it.
    B. Remember that debt is likened unto sin in the Bible (see above).
    C. We should hate every false way which is against God's precepts (which includes being in debt) **(Psa 119:128; Psa 97:10)**.
    D. Avoid debt, pass not by it, turn from it, and pass away **(Pro 4:14-15)**.
    E. Purpose in your heart that you will not transgress God's commandments concerning debt **(Psa 17:3-4)**.

12. Pay your debts
    A. The wicked borrow and don't repay **(Psa 37:21)**.
    B. Don't tell someone you cannot repay him if you have the money or could sell something to get it **(Pro 3:28)**.
    C. If a Christian does borrow money, he should keep his word and pay it back according to the terms of the loan.

13. Contentment
    A. A person that finances something is an impatient and discontent person.
        i. <u>Content</u> *adj*. – 1. Having one's desires bounded by what one has (though that may be less than one could have wished); not disturbed by the desire of anything more, or of anything different; 'satisfied so as not to repine; easy though not highly pleased' b. In imper. *be content*: be satisfied in mind; be calm, quiet, not uneasy.
        ii. A content person is happy with what he *has* **(Heb 13:5)**.
        iii. A discontent person is not happy with what he has and borrows money that he doesn't have to buy something he wants (and probably doesn't need).
        iv. Contentment is learned **—** it doesn't come naturally **(Php 4:11-12)**.
        v. Start practicing.
        vi. "It is human nature to want it and want it now; it is also a sign of immaturity. Being willing to delay pleasure for a greater result is a sign of maturity. However, our culture teaches us to live for the now. "I want it!" we scream, and we can get it if we are willing to go into debt. Debt is a means to obtain the "I want its" before we can afford them." (Dave Ramsey, *The Total Money Makeover*, p. 17)

vii. "You know what I've discovered? Every one of us has a little, spoiled, red-faced, grocery store kid living inside of us. His name is Immaturity, and he wakes up when we're shopping. At the electronics store, he wants a big-screen TV. At the outdoors store, he wants a bass boat. At the car lot, he wants a convertible. At the furniture store, he wants a new leather sofa. If we let that kid make our financial decisions, we'll always be broke. Children do what feels good; adults devise a plan and follow it." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 140)

B. Wise words about contentment.

i. "He is rich – not who possesses much, but who desires little." (Brentius)

ii. "Nature is content with little, grace with less, but lust with nothing." (Matthew Henry)

iii. "Be happy with what you have while working for what you want." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #1167)

iv. "One of the outstanding marks of a Christian should be a serene sense of gentle contentment." (Phillip Keller, *A Shepherd Looks at Psalm 23*, p. 48)

v. "As the children of God, the sheep in the Divine Shepherd's care, we should be known as the most contented people on earth. A quiet, restful contentment should be the hallmark of those who call Christ their Master." (Ibid)

14. Keeping up with the Joneses

A. Many people are in debt because they want to look impressive to their friends, family, and neighbors.

i. "We buy things we don't need with money we don't have in order to impress people we don't like." (Dave Ramsey, *The Total Money Makeover*, p. 30)

ii. "One of the paradoxically dumb things we do is to destroy our finances by buying garbage we can't afford to try to make ourselves appear wealthy to others." (Ibid, p. 82)

iii. "Don't even consider keeping up with the Joneses. THEY'RE BROKE!" (Ibid, p. 83)

iv. "Remember, if the Joneses (all the broke people) think you are cool, you are heading the wrong way. If they think you are crazy, you are probably on track." (Ibid, p. 105)

B. Train yourself to stop thinking that people who drive new expensive cars, live in nice expensive houses, wear expensive clothes, have a lot of toys, and take nice vacations have money, and instead realize that they most likely have a lot debt and are broke.

C. Chances are, you will not recognize a millionaire when you see one.

i. "In his study of millionaires, Stanley discovered that their habits and value systems were not what most people think. When we think of millionaires, we think of big houses, new cars, and really nice clothes. Stanley found that most millionaires don't have those things. He found the typical millionaire lives in a middle-class home, drives a two-year-old or older paid-for car, and buys blue jeans at Wal-Mart. In short, Stanley found that the typical millionaire found infinitely more motivation from the goal of financial security than from what friends and family thought. The need for approval and respect from others based on what they owned was virtually nonexistent." (Ibid, p. 82)

ii. We need to stop equating *looking* wealthy with *being* wealthy.

15. Covetousness

A. Covetousness is the opposite of contentment **(Heb 13:5)**.

B. Covetousness *n*. – 1. Strong or inordinate desire (*of*).

C. Covetous *adj*. – 1. Having an ardent or excessive desire of (or for) anything; eagerly desirous *to do*, *have*, or *be*.

D. Covetousness is a driving force behind taking on debt.

i. A man has a strong desire for something which he cannot afford.

(i) He cannot afford it because he doesn't have the cash to pay for it.

(ii) Note: always remember, if you don't have the cash to pay for something, you can't afford it.

(iii) And oftentimes, even when you do have the cash to pay for something, you still can't afford it because you are using money that should be laid up for the future to fulfill the inordinate desire of the present.

ii. So, instead of waiting and denying his desires, he takes out a loan for the thing.

E. A man's life consists not in the abundance of things which he possesses **(Luk 12:15)**.

i. Most of the things people go into debt for are things they don't need.

ii. And if a man goes into debt for things he does need (like putting groceries, clothes, etc. on a credit card), it's because he previously spent his money on things he didn't need.

iii. "If you buy things you don't need, you will soon sell things you need." (Warren Buffett)

16. How to get out of debt

A. See sections below on *Pastor Wagner's Practical tips on Money Management* and *Dave Ramsey's 7 Baby Steps to get out of debt and become wealthy* to learn how to get out of debt as quickly as possible.

B. Getting out of debt should be very high on a Christian's priority list.

XV. Gambling

1. Gambling is a foolish way to spend money.

A. The odds are you are going to lose; the house always wins in the end.

B. Gambling is for people who have never taken a class on probability and statistics.

C. If you win, the money was gotten by vanity and will soon be diminished **(Pro 13:11)**.

2. Gamblers are not in good company **(Psa 22:18 c/w Mat 27:35; Joe 3:3)**.

3. Gambling could be a sin if it is done in a casino or other place where women are dressed immodestly, or where other sinful behavior is being indulged in.

A. We should make not provision for the flesh to fulfill the lust thereof **(Rom 13:14)**.

B. We should abstain from all appearance of evil **(1Th 5:22)**.

4. While gambling is not strictly forbidden in scripture, Christians should be very cautious if they engage in it.
5. Here are some guidelines.
    A. If you have an addictive personality (e.g.: problems controlling desires for alcohol, tobacco, food, caffeine, exercise, etc.), do not gamble.
    B. Never gamble with any money that you need and can't lose.
    C. If you play a slot machine, at a table, etc., limit yourself to a small amount of money before you start, and when that money is gone, do not under any circumstances spend any more.
    D. If you are doing it for entertainment and not with hopes of making money, then it could be permissible if done in moderation and with great caution.
    E. Do not gamble often.

XVI. Bankruptcy

1. Bankruptcy is the legal process whereby a debtor can be relieved of some or all of his debts he owes to his creditors.
2. "Bankruptcy is a legal proceeding in which you put your money in your pants pocket and give your coat to your creditors." (Joey Adams)
3. Bankruptcy is not scriptural.
    A. The concept of having a judge order a creditor to forgive a debt is not Biblical.
    B. It is up to the mercy of the creditor as to whether or not he will forgive a debt **(Mat 18:26-27; Luk 7:41-42)**.
    C. In the Bible there was the concept of debtor's prison **(Lev 25:39; 2Ki 4:1; Mat 18:23-25, 28-30)**.
    D. There were debtor's prisons in America until the mid-1800s where people who could not pay their debts would be incarcerated until they worked off the debt they owed.
    E. If we still had debtor's prison today, people would be much more careful about how much debt they took on.

XVII. Being surety

1. <u>Surety</u> *n*. - II. Means of being sure. 5. A formal engagement entered into, a pledge, bond, guarantee, or security given for the fulfilment of an undertaking. 7. A person who undertakes some specific responsibility on behalf of another who remains primarily liable; one who makes himself liable for the default or miscarriage of another, or for the performance of some act on his part (e.g. payment of a debt, appearance in court for trial, etc.); a bail: = *security* 9.
    A. A man that is surety for a friend has put himself under legal obligation to guarantee the payment of his debt or other obligations.
    B. "Cosigning" is another term for being surety.
    C. A man who is surety for another assumes the blame if the obligation is not fulfilled **(Gen 43:9)**.
2. The Bible warns us of the danger of being surety for another's debt **(Pro 6:1-5)**.
3. A stupid person strikes hands and becomes surety in the presence of his friend **(Pro 17:18)**.

A. His friend is present when he does it which implies that he is striking hands with a third party for the benefit of his friend **(c/w Pro 6:1)**.
B. A man that becomes surety *for his friend* is stupid (void of understanding) **(Pro 17:18)**.
    i. It is a good way to go broke if something happens and your friend can't pay **(Pro 22:26-27)**.
    ii. It is a good way to lose a friend if he can't pay.
    iii. It is a good way to get sued or killed if you don't have the money to pay your friend's debt if he defaults.
C. If a man that becomes surety *for a friend* is stupid, then a man that becomes surety *for a stranger* is exceedingly stupid.
    i. A friend will be more likely to pay his debt so you're not left on the hook for it.
    ii. A stranger has little to no incentive to pay it because he doesn't know you and will likely never deal with you again.
    iii. Thus, he that is surety for a stranger shall smart for it **(Pro 11:15)**.
        (i) <u>Smart</u> *v.* - 1. *intr*. Of wounds, etc.: To be a source of sharp pain; to be acutely painful.
        (ii) Solomon is trying to spare his son pain.
    iv. If a man is stupid enough to be a surety for a stranger, you better take some collateral from him to hedge against the likelihood that neither he nor the stranger will pay **(Pro 20:16)**.

4. He that hates, and therefore stays away from, suretyship is sure **(Pro 11:15)**.
    A. <u>Sure</u> *adj*. - 1. a. Free from or not exposed to danger or risk; not liable to be injured or destroyed; = *safe* a. 6, *secure* a. 3.
    B. It is always a safe bet to not be a guarantor of someone else's debt.
5. You should never cosign for someone else for anything, even if he is family.
    A. A person should not be going into debt for anything with the possible exception of buying his first house (and even borrowing money for this should be avoided if at all possible).
    B. All other things including cars, home maintenance and upgrades, appliances, tools, equipment, furniture, four-wheelers, motorcycles, boats, other toys, etc. should be paid for in cash.
        i. If a person doesn't have the cash to pay for something, he can't afford it, and he shouldn't buy it.
        ii. You certainly should not cosign for a loan for any such thing.
    C. If a man wants to finance a house or a business startup, the bank will determine if he is creditworthy.
        i. If he is not creditworthy, and they will not give him a loan, then you would be a fool to cosign for him.
        ii. If the bank is dumb enough to give him a loan but he can't afford the down-payment, then you would be a fool to loan it to him.
    D. The reason a person needs a cosigner is because the bank does not think he will repay the loan.
    E. Why in the world would you put yourself on the hook for a man's debt whom the bank thinks will not repay?

F. If you cosign on a loan for someone, if he cannot or will not pay for any reason, the bank will come after you for the payments.
G. Avoid cosigning like the plague.

6. In Pro 6:1-5, Solomon instructs us on how to deliver ourselves if we have been foolish enough to be surety for another. See sermons on Pro 6:1-5 in the Proverbs series for a full exposition of these verses (https://pastorwagner.com/proverbs-commentary).

XVIII. Insurance

1. Insurance is risk mitigation.
    A. Bad things sometimes happen to good people (remember Job?).
    B. In a world where families and communities don't take care of their own, insurance becomes a necessity.
        i. The early death of a husband without life insurance could mean poverty and desperation to a wife, especially one with young children **(2Ki 4:1)**.
        ii. Without home insurance, a house fire or a tornado could mean great financial hardship.
        iii. Without health insurance, one accident or disease could easily bankrupt you.
    C. Prudent people will foresee the evil and hide themselves from it **(Pro 22:3)**.
2. There are some types of insurance you should have.
    A. Life insurance
        i. Don't waste your money with whole-life insurance or any other life insurance except term-life.
            (i) It's very expensive and does not give you a good return on investment.
            (ii) Get a cheap term life policy (more on this below), and invest the money you would have paid into a whole-life policy.
            (iii) "…you never want to use an insurance plan as an investment. Insurance is for insurance. It *costs* you money because you're transferring risk. Keep your investments separate and you'll always come out ahead." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 166)
            (iv) This is only true if you actually save and invest the money you would have paid into your whole-life policy.
            (v) If you are undisciplined and will just blow the money, you may as well get a whole-life policy and then you will have something saved instead of nothing.
        ii. Get a term life insurance policy which will cover you until your early-to-mid-60s.
            (i) Term life insurance is dirt cheap compared to whole life insurance.
            (ii) Dave Ramsey recommends getting a term life policy for 10-12 times your annual income.
            (iii) Stay-at-home mothers should have a term life policy also which will cover the cost of child care and possible maid services in the event she dies.

    iii. By the time you're 60, your house should have been paid off a long time ago, your kids are grown, you should have no debt, and you should have a large amount of money saved for retirement.
    iv. If you die after age 60, you should be "self-insured," meaning that your wife should be able to live on your savings for the rest of her life.
  B. Health insurance
    i. One major illness or injury could ruin you financially if you do not have health insurance.
    ii. High-deductible, high out-of-pocket-maximum policies will save you money.
    iii. Health cost sharing ministries are much cheaper than health insurance.
      (i) I have used Christian Healthcare Ministries for over a decade. I am a cash-payer when it comes to routine medical care such as doctor's appointments, urgent care visits, etc.
      (ii) However, I get free telemedicine which includes unlimited virtual doctor and urgent care visits.
      (iii) If I end up in the hospital for something, CHM reimburses me for the cost after my personal responsibility amount of $3,000 has been paid.
      (iv) My CHM plan costs $180/month per person regardless of age (all children in the family are covered as one person) for unlimited coverage per illness.
      (v) Health insurance costs many times this much.
  C. Home insurance
    i. A fire, tornado, or another natural disaster could leave you in serious financial distress without house insurance.
    ii. You should not be without it.
  D. Car insurance
    i. Liability insurance is a must (and legally required).
    ii. Dave Ramsey recommends at least $500,000 in liability insurance to protect yourself from bankruptcy in the event you are at fault for a major accident.
    iii. Depending on the age and value of your car, collision and comprehensive coverage is a good thing to have.
    iv. If your car is old and not worth much, you should do the math to see if having full coverage on it is worth it.
    v. High-deductible policies will save you money. If you have a car fund with plenty of money in it (and you should), paying the deductible if something happens should be no big deal.
3. Some other types of insurance you should consider.
  A. Long-term disability insurance
    i. This coverage can often be purchased through one's employer at a reasonable rate.
    ii. It might be a good idea for the provider of a family to have just in case.
  B. Long-term care insurance
    i. Nursing homes are very expensive.
    ii. Missouri is the second cheapest state in the US for nursing home care, costing $5,262/month for semi-private care and $5,931/month for private

care. This is about 57% of the average cost in the United States. (*Nursing Home Costs by State 2024*, worldpopulationreview.com)

iii. Nevertheless, it would still cost MO residents approximately $63,144/year to live in a nursing home.
iv. A few years (or months for a lot of people) of that will wipe out most people's savings, leaving nothing for their spouses, and no inheritance for their children.
v. Long-term care insurance isn't extremely expensive if you get it by age 60.
    (i) "The average cost of long-term care insurance is $1,200 a year for a 60-year-old man for $165,000 coverage, according to the American Association for Long-term Care Insurance (AALCI). The average long-term care insurance cost for a 60-year-old woman is $1,960 for the same coverage.

    "Married couples can buy a more affordable joint policy. For instance, married couples who are 60 years old pay $2,550 annually on average for a joint policy with $165,000 coverage, but that comes with a combined coverage limit rather than two separate limits." (*What Is The Cost Of Long-Term Care Insurance?*, Forbes.com, 8-5-2024)
vi. If you manage your money during your lifetime like you have learned in this series, you will quite likely have enough money to hire someone to live with you and provide you with in-home 24-hour care instead of going into a nursing home.
vii. In-home care will likely not cost any more than living in a nursing home.

XIX. Being rich

1. Being rich should not be vilified **(Ecc 10:20)**.

2. God gives men power to get wealth **(Deut 8:18)**.
    A. Riches come from God **(1Ch 29:12)**.
    B. The Lord is the maker of the rich as well as the poor **(Pro 22:2)**.
    C. The blessing of the Lord makes men rich **(Pro 10:22)**.
    D. God gives us richly all things to enjoy **(1Ti 6:17)**.
    E. God even gives wealth to those who misuse it **(Hos 2:8)**.
    F. Therefore, if a person despises a rich man who earned his wealth honestly, he is really despising God who gave it to him.

3. There is nothing wrong with being rich.
    A. Abraham was rich **(Gen 13:2)**.
    B. David was rich **(1Ch 29:28)**.
    C. Solomon was rich **(1Ki 10:23)**.
    D. Joseph of Arimathaea, a disciple of Jesus, was rich **(Mat 27:57)**.
    E. These were godly men (despite their flaws), and they were very rich.

F. Paul instructed rich Christians to be generous with their wealth **(1Ti 6:17-19)**, but he did not condemn them for having it nor tell them they didn't deserve it.
G. "Dallas Willard, in his book *The Spirit of Disciples*, says to *use* riches is to cause them to be consumed, to *trust* in riches is to count upon them for things they cannot provide, but to *possess* riches is to have the right to say how they will or will not be used. If you are a good person, it is your spiritual duty to possess riches for the good of mankind. If you are a Christian like me, it is your spiritual duty to possess riches so that you can do with them things that bring glory to God." (Dave Ramsey, *The Total Money Makeover*, p. 221)

4. God sometimes chooses to bless those who are humble and fear Him and delight greatly in His commandments with wealth and riches **(Job 36:11; Psa 112:1-3; Pro 22:4)**.
5. Wealth is usually, but not always, acquired by those who earned it and deserve it.
   A. Some people are hardworking and industrious, and such often are, and deserve to be, wealthy **(Pro 10:4; Pro 13:4)**.
   B. Oftentimes wise men acquire riches **(Pro 8:18; Pro 14:24; Pro 24:3-4)**.
   C. Some people have strength of character and wisdom, and therefore retain riches **(Pro 11:16 c/w Pro 24:5)**, while some are weak and have no self-control, and thus lose it.
   D. Sometimes fools stumble into wealth by chance **(Ecc 9:11)**.
   E. But that's not how most wealthy people became wealthy.

6. With wealth comes much responsibility.
   A. To whom much is given much is required **(Luk 12:48)**.
   B. Most people cannot handle wealth, which is why most people don't have any.
   C. It takes a man strong in character and discipline to retain riches **(Pro 11:16)**.
   D. Weak and foolish men spend all they make and save nothing **(Pro 21:20; Luk 15:12-14)**.
   E. There is always time to change though. If you have been foolish with money in the past, you can reform your ways today, no matter your age.
   F. "It is never too late to start. George Burns won his first Oscar at eighty. Golda Meir was prime minister of Israel at seventy-one. Michelangelo painted the ceiling of the Sistine Chapel lying on his back on scaffolding at seventy-one. Colonel Sanders never fried any chicken for money until his was sixty-five, and Kentucky Fried Chicken is a household name worldwide. Albert Schweitzer was still performing surgery in Africa at eighty-nine. It is never too late to start. The past has passed. Start where you are, because that is your only option." (Dave Ramsey, *The Total Money Makeover*, p. 164)

7. Wealth makes many friends **(Pro 14:20; Pro 19:4)**.
   A. Every man is friend to him that giveth gifts **(Pro 19:6)**.
   B. Men will praise thee when thou doest well to thyself **(Psa 49:18)**.
   C. Sometimes wealth will make you the wrong kind of friends **(2Ch 18:1)**.
   D. "Make money and the whole world will conspire to call you a gentleman." (Mark Twain)
   E. "With money in your pocket, you are wise, and you are handsome, and you sing well too." (Jewish proverb)

F. We should not show favoritism to the wealthy **(Lev 19:15; Job 34:19)**, especially in the church **(Jam 2:1-4)**.

8. Warnings about wealth
   A. Gain is not godliness **(1Ti 6:5)**.
      i. In fact, great wealth will hinder many from following Christ and being in the kingdom of God **(Mar 10:21-25; Mat 13:22)**.
      ii. Never get the idea that a wealthy man is *necessarily* a godly man or a saved man **(Mar 10:24, 26; 1Pe 1:18; Psa 17:13-14; Psa 49:6-12; Psa 73:3, 12)**.
      iii. In fact, the opposite is often true **(Jam 5:1-3)**.
      iv. A church can be materially rich, yet spiritually poor **(Rev 3:17-18)**.
      v. A church can be materially poor, yet spiritually rich **(Rev 2:9; 2Co 8:1-5)**.
   B. Don't trust in wealth **(1Ti 6:17)**.
      i. When men become prosperous, they can easily begin to trust in their riches **(Luk 12:16-19)**.
         (i) They think that their wealth will last forever **(Psa 49:11)**.
         (ii) God can take your riches or your life in an instant **(Psa 49:12; Luk 12:20)**.
         (iii) If God has blessed you with wealth, don't trust in it, but rather be rich toward God with it **(Luk 12:21)**.
      ii. If riches increase, set not your heart upon them **(Psa 62:10)**.
         (i) Riches are not forever **(Pro 27:24)**.
         (ii) They make themselves wings and fly away **(Pro 23:5)**.
         (iii) Banks can fail and investments can go broke and leave you with nothing **(Ecc 5:13-14)**.
         (iv) You may never get to enjoy your wealth.
      iii. "Antoine Rivaroli said, 'There are men who gain from their wealth only the fear of losing it.'" (Dave Ramsey, *The Total Money Makeover*, p. 220)
      iv. Righteous men do not put confidence in their wealth or rejoice in it **(Job 31:24-25)**.
      v. Those who trust in riches will hinder themselves from entering the kingdom of God (Christ's church on this earth) **(Mar 10:24)**.
      vi. Rich men trust in their wealth for protection **(Pro 10:15; Pro 18:11)**.
      vii. <u>Conceit</u> *n*. – That which is conceived in the mind, a conception, notion, idea, thought; device.
      viii. He that trusts in his riches shall fall **(Pro 11:28; Psa 52:5-7)**.
      ix. Money must never take God's place as a man's trust and confidence **(Psa 9:10; Pro 3:26)**.
      x. Riches will not save a man in the day of God's wrath **(Pro 11:4; Eze 7:19; Zep 1:18; Jam 5:1-3)**.
   C. Don't be proud of your wealth **(Psa 49:6)**.
      i. <u>Boast</u> *v*. – II. To speak ostentatiously. 3. *intr*. To speak vaingloriously, extol oneself; to vaunt, brag; to brag *of*, *about*, glory *in*.
      ii. Rich men are often wise in their own eyes **(Pro 28:11)**.
         (i) The rich man equates wealth with wisdom and assumes that anyone that has not the former lacks the latter.

(ii) He could not be more wrong according to the scriptures: "the rich man is wise in his own conceit; but the poor that hath understanding searcheth him out."

iii. Riches can make people proud **(Eze 28:4-5; Psa 30:6)**.

(i) When people become rich, they sometimes have no more time for the word of God **(Jer 22:21; Mar 4:19)**.

(ii) Proud rich men feel like they don't have to courteous to others **(Pro 18:23)**.

(iii) Wicked rich people think they are morally superior to others **(Hos 12:7-8)**.

(iv) Never let wealth go to your head and start looking down on those less fortunate than yourself.

(v) Money is not good or bad; it merely amplifies who you are.

1. If you are proud and think highly of yourself, having money will increase your pride and opinion of yourself.
2. If you have a disposition to be rude to others, having money will make you ruder.
3. If you are stingy, having money will make you stingier.
4. If you are humble have a low opinion of yourself, having money will not change that.
5. If you are kind and courteous, having money will not change that.
6. If you are generous, having money will make you more generous.

iv. Rich men should not glory in their riches **(Jer 9:23 c/w Est 5:11)**.

v. God can take it away in an instant.

vi. Riches can be a in righteous man's house **(Psa 112:3; Pro 15:6; Pro 21:20)**, but should never be in his heart **(Psa 62:10)**.

D. Use your wealth for good **(1Ti 6:17-18)**.

i. Being wealthy comes with great responsibility.

ii. Wealthy people should be ready to distribute **(Rom 12:13)** and willing to communicate (give) **(Heb 13:16)** of their wealth to others in need.

iii. Helping the poor is doing good **(Mar 14:7)**.

iv. The most enjoyable thing to do with wealth is to give it away.

(i) Wealthy people are in a blessed position to be able to help others, because doing so usually requires money.

(ii) "If you want to help someone, many times you can't do so without money. The Bible states that pure religion is actually helping the poor, not theorizing over why they are poor (see James 1:27). Margaret Thatcher said, "No one would have remembered the good Samaritan if he hadn't had money." The good Samaritan had a good heart and a heavy enough purse to pay an innkeeper to help take care of the injured man. Money was involved. Money was at its best that day. Money gives power to good intentions. That's why I'm unashamedly in favor of building wealth." (Dave Ramsey, *The Total Money Makeover*, p. 213)

E. Don't make it your overarching goal in life to be rich.
    i. Being wise with money to build wealth so that you can take care of you and your wife during your latter years, leave an inheritance to your children and grandchildren, and give generously to God and others is a great goal.
    ii. But making it your goal to be rich so that you can spend it all on yourself, live a lavish life, live for pleasure, and try to impress others is a bad and dangerous goal.
    iii. He that makes haste to be rich has an evil eye and shall not be innocent **(Pro 28:20, 22)**.
        (i) Evil men who amass riches by unjust means will be divested of it, and God will see to it that it is given to a good man who will pity the poor **(Pro 28:8)**.
        (ii) The wealth of the sinner is laid up for the just **(Pro 13:22; Exo 3:21-22; 2Sa 9:7-9; 2Ch 20:23-25; Est 8:1-2; Job 27:16-17; Psa 105:44; Ecc 2:26; Isa 23:17-18; Mat 25:28; Luk 19:24)**.
    iv. They that *will be* (desire to be) rich fall into temptation, snares, and destruction **(1Ti 6:9)**.
    v. The *love* of money is the root of all evil **(1Ti 6:10)**.
    vi. It's better to be in the middle station of life, rather than in poverty or riches **(Pro 30:8-9)**.
    vii. There are more important things in life than having riches.
        (i) Christians should rejoice in God's word more than in riches **(Psa 119:14)**.
        (ii) The word of God is far more precious than riches **(Psa 19:10)**.
        (iii) Wisdom found in the word of God is far more valuable than gold or silver **(Pro 16:16; Pro 3:13-15)**.
        (iv) Being with the people of God and suffering the reproach of Christ is more valuable than earthly riches **(Heb 11:25-26)**.
        (v) A good name is to be chosen over great riches **(Pro 22:1)**.

F. Being rich comes with its share of troubles.
    i. Sometimes after amassing a lot of wealth, one is not able to enjoy it due to bad health or other reasons, which is a source of vexation **(Ecc 6:1-2)**.
    ii. Much riches and many possessions are a source of trouble **(Pro 15:16; Ecc 4:6)**.
    iii. You don't own stuff—it owns you.
    iv. The abundance of the rich suffers him not to sleep **(Ecc 5:12)**.
        (i) Having too many things (vehicles, equipment, anything with wheels or a motor, houses, buildings, etc.) creates a wearisome and chaotic life which consists of attending to one crisis after another and never getting caught up.
        (ii) Wealth brings stress due to having to manage it, invest it wisely, try to minimize taxes, and make difficult decisions about who to help with it and leave it to.
        (iii) "A good mind possesses a kingdom: a great fortune is a great slavery." (Seneca)

v. Wealth also is a temptation to forget about God **(Deut 6:10-12; Deut 8:11-20; Deut 32:15; Neh 9:25-26)**.

vi. "The human race has had long experience and a fine tradition in surviving adversity. But we now face a task for which we have little experience, the task of surviving prosperity." (Alan Gregg)

G. Wealth will not bring contentment to the discontent and covetous.

i. He that loveth silver shall not be satisfied with silver **(Ecc 5:10; Ecc 4:8)**.

(i) "Nature is content with little, grace with less, but lust with nothing." (Matthew Henry)

(ii) "…the evil lies in the love—not the possession of silver." (Charles Bridges)

(iii) "He is rich—not who possesses much, but who desires little." (Brentius)

ii. The eyes of man are never satisfied, especially in his carnal state **(Pro 27:20; Ecc 1:8; Ecc 6:7)**.

iii. "Riches enlarge, rather than satisfy appetites." (Thomas Fuller)

XX. Being poor

1. The poor will always be with us.

A. Our Lord Jesus Christ taught that there will always be poor people on this earth **(Mar 14:7)**.

B. The same principle was taught in the law of Moses **(Deut 15:11)**.

C. "If you seized all the money from everybody in the world, and everyone had to start from zero once again, 95% percent [sic] of the money would end up back in the hands of the people who had it originally." (Dean Graziosi, *Totally Fulfilled*, p. 23)

2. It is not necessarily a sign of a lack of spirituality or godliness for a Christian to be poor.

A. God makes people poor **(1Sa 2:7)**.

B. The Lord is the maker of the poor as well as the rich **(Pro 22:2)**.

C. Gain does not equal godliness **(1Ti 6:5-8)**.

D. Never assume that a man is poor because he is not pure and upright **(Job 8:6)**.

E. Jesus was poor **(2Co 8:9)** and didn't even own a house **(Luk 9:58)**.

F. Peter was not wealthy **(Act 3:6)**.

G. Paul and the other apostles went without at times in their lives **(1Co 4:11)**.

H. The saints in Jerusalem were poor **(Rom 15:26)**.

I. The saints in Macedonia were very poor, but very generous **(2Co 8:1-2)**.

J. The church in Smyrna was materially poor, but spiritually rich **(Rev 2:9)**.

K. The poor are blessed **(Luk 6:20-21; Jam 2:5; Isa 66:2)**.

L. It is better to be poor than a rich, dishonest fool **(Pro 28:6; Pro 19:1; Pro 19:22)**.

M. It's better to be righteous and only have a little than to be wicked and be rich **(Psa 37:16)**.

N. An upright poor man is better than a perverse rich man **(Pro 28:6; Pro 19:22)**.

O. A godly poor man is wiser than a proud rich man **(Pro 28:11)**.

P. Being poor does not necessarily mean that one is foolish; there are plenty of poor people who are wise **(Ecc 9:15-16)**.

Q. If you make yourself poor for God's sake, you have great riches **(Pro 13:7; 2Co 6:10)**.

3. It *is* indicative of a lack of spirituality or godliness if a Christian is poor because of laziness, wastefulness, foolishness, or imprudence.
    A. If you are lazy, you will likely be poor **(Pro 6:9-11; Pro 10:4; Pro 13:4; Pro 19:15; Pro 20:4; Pro 20:13; Pro 21:25; Pro 23:21; Pro 24:30-34)**.
    B. If you are lazy and don't work when you can, you should not eat **(2Th 3:10)**.
    C. If you are wasteful, you will likely be poor **(Pro 12:27; Pro 18:9)**.
    D. If you are foolish with your money, investments, or business ventures, you will likely be poor **(Pro 13:18; Pro 13:23; Pro 21:20)**.
    E. If you love pleasure and the "finer things in life," you will be poor **(Pro 21:17)**.
    F. “The petty economies of the rich are just as amazing as the silly extravagances of the poor.” (William Feather)
    G. “I’ve never been poor, only broke. Being poor is a frame of mind. Being broke is a temporary situation.” (Mike Todd – quoted by Dean Graziosi, *Totally Fulfilled*, p. 8)
4. It is best to be neither rich nor poor, but to be in that middle station of life.
    A. Poverty is to be avoided if possible.
        i. Poverty is destructive **(Pro 10:15)**.
        ii. The poor are hated by their neighbors **(Pro 14:20; Pro 19:4)**.
        iii. The poor are even hated by their own siblings and friends sometimes **(Pro 19:7)**.
        iv. The poor are often oppressed **(Deut 24:14; Job 20:19; Psa 12:5; Pro 14:31; Pro 22:16; Pro 22:22; Pro 28:3; Ecc 5:8; Eze 18:12; Eze 22:29; Amo 4:1; Zec 7:10; Jam 2:6)**.
    B. A wise man should want neither poverty nor riches **(Pro 30:8-9)**.
    C. We should pray for God to give us our *daily* bread, not our lifetime bread, nor no bread at all **(Mat 6:11)**.
    D. We should be content to have food and clothing **(1Ti 6:8)**.

XXI. Retirement

1. The Bible knows nothing of modern “retirement.”
    A. Today, “retirement” means hitting a magic age in one’s 50s or 60s, stopping working, collecting a check from the government, and spending the next decade or so in leisure.
    B. Such a concept is not found in the Bible.
    C. “Natural retirement” and “earned retirement” are different and will be discussed later.

2. Modern retirement is sleeping during harvest **(Pro 10:5)**.
    A. In a figurative sense, *harvest* is the *season of life* in which the effort of a lifetime of labor and diligence produces maximum income.
        i. It is the period right before the "winter" of life when a man can no longer work.
        ii. It is the time in a man's career where he is at his peak and is earning the most money of his life.
        iii. This is the time of life when the most money can be earned and saved for the coming "winter" of life, especially if a man has not saved enough up to this point.

iv. Just as a son who sleeps during the literal harvest causes shame, so does the son of God who figuratively sleeps during the harvest time of life.
v. Make hay while the sun shines.
vi. As Jesus taught, it's important to work while it's day because the night cometh when no man can work **(Joh 9:4)**.

B. Millions of Americans have been "sleeping during harvest" for the last generation or two.
   i. The American Dream for many has been to retire as soon as possible and spend the rest of their life playing and enjoying leisure.
   ii. Florida is full of such people.
   iii. Many of these people were able to get away with living beyond their means and saving very little for their entire lives because they trusted that pensions and social security were going to provide for them in their old age.
   iv. Most pension plans, and the socialist insecurity system itself, are insolvent.
   v. By the government's own calculations, social security will run out of money by 2033 and cuts will have to be made.
   vi. If you are under 60 years old, I suggest that you do not even figure social security into your retirement plan. You are on your own! Plan accordingly!
   vii. If social security checks continue to be sent in the future, they will be able to buy less and less because they will not keep up with inflation.
      (i) I have been warning about this repeatedly for many years.
      (ii) In 2021, the effects of all the government spending, and money printing which facilitates it, finally began to show up in significantly higher consumer prices.
      (iii) The CPI (Consumer Price Index) was 7% in 2021, which means that, according to the government, prices went up by 7%.
      (iv) The government changed the CPI calculation in the 1980s so that it would understate inflation which would allow them to give smaller cost of living increases to SS recipients.
      (v) This means that social security payments increase at a slower rate than prices are rising.
      (vi) This means that the income *in real terms* of social security recipients is decreasing every year.
      (vii) The real inflation rate in 2021 was about 15% or more.
      (viii) That means that social security recipients actually got a cut in their benefits by 8% in real terms that year.
      (ix) It is very unlikely that inflation is going to come back down to pre-2020 levels, but will most likely continue to rise every year due to more and more money printing.
   viii. It won't be long until those who have been "sleeping in harvest" are going to wake up in the dead of winter and realize that the shelves are bare.
      (i) At that point, they are going to have to go back to work, not because they want to, but because they *have to*.
      (ii) The American Dream will be over, and it will be time to get back to reality.

(iii) This has been happening for years, but I think it will begin to happen a lot more in the coming years.
   1. I saw old men coming back to work 12+ years ago when I worked at an engineering firm.
   2. I saw the same thing when I was driving a school bus 7 years ago.
   3. They didn't do so because they wanted to, but because they *had to*.

(iv) There are going to be a lot of people in their 60s, 70s, and even 80s coming back into the labor force competing with younger people for jobs.

(v) They will likely not get the high paying jobs they had when they retired, but will have to settle for much less desirable jobs due to their advanced age and diminished abilities.

(vi) If they would have been like the ant and laid up during the summer, and worked diligently during the harvest of life, they would be able to rest during the end of their lives when they truly are a point where they can't work, or can barely work.

(vii) It's sad, but decisions have consequences.

3. Retirement is not only bad for your finances; it is also bad for your health and wellbeing.
   A. "In 2003, Dr Harry Prosen stepped down as head of psychiatry at the Medical College of Wisconsin, but the then 71-year-old had no plans to retire. Rather, the doctor intended to focus on other "jobs" that would keep him busy.

      "Now 83, Prosen still sees several patients, consults for a number of organisations, recently reviewed a 600-page manuscript for a friend and regularly pores over a handful of medical journals because he "just wants to keep up," he said.

      "It's not just a love of working that has kept Prosen toiling away 30 hours a week as an octogenarian. He also sees keeping busy as a matter of life or death.

      "Prosen said he is certain that if he stopped working entirely, he would literally die not long after.

      "He could be on to something. A number of studies show that retirement is, in fact, bad for your health.

      "A May 2013 report published by the London-based Institute of Economic Affairs found that retirement increased the chances of suffering from depression by 40%, while it increased the probability of having at least one diagnosed physical ailment by about 60%. That impact was assessed after controlling for the usual age-related conditions.

      "Gabriel Sahlgren, director of research at the Centre for Market Reform of Education and author of the IEA report, was surprised by just how much retirement undermined health. He looked at 9,000 people across 11 European Union countries and found that across borders, people suffered in the same ways and to similar degrees.

"In the first year of retirement, health actually improved — "It's nice to get some rest from work," he said — but two to three years later retirees' mental and physical conditions began deteriorating.

"Other studies have shown similar results. Between 1992 and 2005, Dhaval Dave, an associate professor of economics at Bentley University in Waltham, Massachusetts, looked at 12,000 Americans and found that, on average, people experience some sort of ailment within six years of retiring. Hypertension, heart disease, stroke and arthritis are common physical ailments, Dave said. He, too, found that depression increased after retirement.

"Though retirement ages may differ from country to country — in China men retire at 60, in India people retire between 60 and 65 and in Norway it's closer to 67 — studies done in other nations have produced comparable findings. Health problems, both physical and mental, are exacerbated by retirement, whether a retiree is 65 or 75." (Bryan Borzykowski, *Can retirement kill you?*, bbc.com, 8-13-2013)

4. The only retirement in the Bible is death **(Rev 14:13; Rev 6:11; Isa 57:1-2)**.
    A. But even this "retirement" is not sitting around all day doing nothing or living a life of leisure.
        i. "Since work began before sin and the Curse, and since God, who is without sin, is a worker, we should assume human beings will work on the New Earth. We should assume we'll be able to resume the work started by Adam and Eve, exercising godly dominion over the earth, ruling it for God's glory.

           "But we don't need to just assume this. Scripture directly tells us. When the faithful servant enters Heaven, he is offered not retirement but this: "Well done, good and faithful servant; thou hast been faithful over a few things, I will make thee ruler over many things: enter thou into the joy of thy lord" (Matthew 25:23, KJV)." (Randy Alcorn, *Heaven*, p. 332) [The scripture quotation was changed to the KJV text.]
        ii. We will work in heaven (both the present heaven and the new earth) including serving God **(Rev 7:13-15; Rev 22:3)**, building houses and planting vineyards **(Isa 65:21)**, working with our hands **(Isa 65:22)**, and laboring **(Isa 65:23)**.
        iii. If you don't like to work, you better learn to, quickly.
    B. What I call "natural retirement" is fine.
        i. As a man gets older and weaker, he should naturally do less work, especially physically and mentally intensive work.
        ii. If he lives long enough, he may get to the point where he is incapable of doing anything that would qualify as work; and that is fine.

        iii. But this is completely different from the American idea of reaching a magic age and quitting one's job and not working at all when one is still in good health and capable to being productive.

    C. What I call "earned retirement" is also fine.
        i. If a man in his 50s, 60s, or 70s has saved $1 million+ and can live on his investments for the rest of his life and wants to quit his stressful job and work full or part time at a less demanding job, that is fine.
        ii. Such a man could also choose to keep busy by volunteering, helping friends and family, spending time with his grandchildren, etc.
        iii. He has *earned* the right to do that, literally.
        iv. However, he will miss the blessing and personal fulfillment of doing productive labor if he chooses to take "earned retirement."

5. "Money is something you got to make in case you don't die." (Max Asnas)
6. "Behind every retired man is a wife wishing he would go back to work." (Unknown)
7. "Two weeks is about the ideal length of time to retire." (Alex Comfort)

XXII. Leaving an inheritance

1. Leaving an inheritance is Biblical **(Deut 21:16-17)**.
2. Parents are to lay up for their children **(Pro 19:14; 2Ch 21:3; 2Co 12:14)**.
    A. Children are not supposed to lay up for their parents **(2Co 12:14)**.
    B. However, children are supposed to take care of their aging parents if they cannot take care of themselves **(Mar 7:10-13; 1Ti 5:4, 8, 16)**.
    C. Be wise with your money so that you will not be a burden on your children or society when you get old.
3. A good man will save enough to give an inheritance to his grandchildren **(Pro 13:22)**.
4. Leaving a monetary inheritance to children in conjunction with teaching them to manage money prudently will result in generational wealth.
    A. Leaving your children an inheritance is only going to benefit them if you teach them to manage money wisely **(Ecc 7:11)**.
    B. You must start this when they are toddlers and not stop until they are out of the house.
    C. "That said, there's nothing "wrong" with being a spender. Sure, spenders can be impulsive, but they can also be incredibly generous. And there's nothing "right" about being a saver. Savers can tend to be more patient and responsible, but they can also be stingy. We are all wired one way or the other. The goal is to understand the personalities of our kids so we can teach them how to find the balance and be wise spenders *and* savers." (Dave Ramsey, *Baby Steps Millionaires*, p. 85)
    D. If you don't teach your children to manage money wisely, don't bother giving them an inheritance because it will quickly be gone **(Pro 20:21; Luk 15:11-14)** and all of your labor, thrift, diligent investing, and wise-living will have been for nought.
5. A parent is not obligated to leave all of his wealth to his children **(Pro 17:2)**.
    A. Rebellious or foolish children should receive no inheritance **(Pro 11:29)**.
    B. Jesus did not teach that inheritance should be evenly divided among children, nor that a child who receives an inheritance must share it with his siblings **(Luk 12:13-14)**.

C. I would not leave an inheritance to a child or anyone else who has demonstrated that he cannot manage money well (except possibly in special circumstances).
   i. Those who are in debt, have little or no money saved, or spend money foolishly would not be candidates for heirs of mine.
   ii. This would include my own children if I had any.
   iii. If you choose to not leave an inheritance to one of our children, do the right and difficult thing and tell him that he is not in the will.
      (i) This will potentially save your other children a lot of headache and heartache because the sibling will end up blaming them.
      (ii) This could also give the child a chance to change his ways before you die.

D. I would much rather leave my hard-earned money, which was acquired by years of labor, discipline, and self-denial (and the blessing of God), to a wealthy person who would manage it and use it wisely, rather than to a lazy, undisciplined poor person who would squander it **(Mat 25:26-29; Luk 19:24-26)**.

6. Passing down the faith to your children and grandchildren is a good inheritance **(Deut 4:9)**.
   A. However, this is not a replacement for leaving your children and grandchildren a monetary inheritance.
   B. Do not use this as a copout to shirk your responsibility.
7. Make a will.
   A. It is irresponsible to die without a will.
   B. If you have worked hard your whole life acquiring wealth, why would you want to leave it up the State to determine who gets it?
   C. You can make a will for free online and have it notarized very inexpensively, so there is no excuse not to have one.
   D. "Estate planners tell us that 70 percent of Americans die without a will." (Dave Ramsey, *The Total Money Makeover*, p. 75)
   E. "A will is a gift you leave your family or loved ones. It is a gift because it makes the management of your estate very clear and light-years easier. You are going to die, so go out in style, and die with a will in place." (Ibid, p. 76)
8. Get a Nokbox.
   A. A Nokbox is a "Next of Kin" box.
   B. It is a box that has premade folders for all your important papers and everything your next of kin will need to take care of your estate when you're gone.
   C. It has folders and instructions for:
      i. House (mortgage, lease, utilities, etc.)
      ii. Vehicles (titles, registration, maintenance records, etc.)
      iii. Bank accounts
      iv. Insurance policies (life, homeowners, vehicle, etc.)
      v. Investments
      vi. Debt (this folder should be empty!!!)
      vii. Income
      viii. Assets
      ix. Family, friends, pets
      x. Education and career (past employment, transcripts and diplomas, military service records, etc.)

   xi. Health (current and past medical records, Medicare, etc.)
   xii. Communities and online accounts (subscriptions and memberships, social media, etc.)
   xiii. Legal and tax
   xiv. Estate documents (will or trust, power of attorney, medical directives, guardianship, funeral arrangements)
   xv. Key bag and key labels

D. The Nokbox makes it much easier to store and organize all your important documents in one place.
E. You can purchase one at: https://www.thenokbox.com.

XXIII. Pastor Wagner's Practical Tips on Money Management

1. <u>Rule #1: Don't finance anything</u> (with the possible exception of your first house).
   A. If you don't have the cash in hand to buy something, then don't buy it.
   B. Never take out a loan for *anything* except your first (small and modest) house.
   C. Braden, listen to me.
      i. In not that many years, you will want a car.
      ii. Start saving for it now so you can buy it yourself with cash.
      iii. NEVER buy a car if you don't have the money in your hand to pay for it!
      iv. NEVER take out a car loan!
      v. If you go to a car dealer and he tells you that you can buy a car without paying for it by signing your name on a form and taking out a loan which you will make payments on for years to come, look him in the eye and ask him, "Do you think I'm stupid? Why would I take out a loan and pay interest on a depreciating asset?"
      vi. Someday when you are buying something at a store and the cashier tries to get you to apply for a credit card so you can get a discount, look him or her in the eye and say, "I am not a debt-slave, and I never intend to be one."
      vii. If someone ever encourages you to take out a student loan for college, look him or her in the eye and say, "Why are you trying to ruin my life?"
   D. If you do not want to be a slave, never finance anything **(Pro 22:7)**.

2. <u>Rule #2: Pay for things with physical cash, not credit</u>. This will make you much more conscious of what you are spending your money on and will help you to keep within your budget.

3. <u>Rule #3: If you use a credit card, use it as cash and pay it off daily.</u>
   A. NEVER keep a balance on a credit card for more than a day or two.
   B. If you have ever had credit card debt, do not use a credit card, but rather use a debit card.
      i. A man has to know his limitations.
      ii. Just as a wise man who was once an alcoholic will never drink (even moderately) again because he knows he has a weakness toward it, so a wise man who once had credit card debt will never use credit card again for the same reason.
   C. Isn't a debit card riskier if a scammer gets a hold of it?

i. The bank will give you the same fraud protections with a debit card as with a credit card.
ii. If you leave only $1,000 in your checking account as your "zero" balance, your temporary loses will be small until the bank puts the money back in your account.

4. <u>Rule #4: Get out of debt as quickly as possible.</u>
    A. In order to pay down debt, first stop spending money on unnecessary things like:
        i. Eating out for lunch instead of packing (this can easily cost you $264/month ($12 x 22 days)).
        ii. Eating out for dinner (depending on the size of your family and the frequency, one could easily spend hundreds of dollars per month on eating out).
        iii. Getting coffee or specialty drinks at coffee shops (one drink per day can easily cost you $150/month ($5 x 30 days)).
        iv. Smart phones (easily can cost $100 or more per month depending on the size of your family).
        v. Cable or satellite TV ($65 - $80+ /month) — getting rid of this filth will save your budget and your soul.
        vi. Netflix and similar subscriptions ($7.99 – $24.99/month) — instead of watching filth, read a book, spend time with your family, or go outside.
        vii. Amazon Prime ($14.99/month) — you can still get free shipping by waiting to place an order until you have $35 worth of items.
        viii. Internet ($45 - $100+ per month) — the Internet is almost becoming a necessity in today's modern world, but if you are in debt, you could cut it out if necessary and use the library's connection or free public Wi-Fi.
        ix. Pets — pets are quite expensive (buying the pet, food, vet bills, grooming, flee treatment, boarding, etc.)
        x. Smoking (can cost hundreds of dollars per month - and destroy your health).
        xi. Going shopping for clothes you don't need.
        xii. Going out to the movie theater.
        xiii. Going to professional sports games.
        xiv. Going to concerts.
        xv. Extra cars and toys (four wheelers, side-by-sides, motorcycles, boats, snow mobiles, etc.)
        xvi. If you are doing any of the previously listed things with any frequency, it is no wonder you are in debt and are struggling to get by.
        xvii. If you are in debt and/or are not saving money, cutting out these things will save you several hundreds (or even thousands) of dollars per month that you can put towards paying off debt and/or saving money.
    B. Once you have gotten your spending under control by eliminating wasteful and unnecessary purchases, then start working on paying off your debt.
        i. List all of your debts from smallest to largest.
        ii. Start with your smallest debt first and attack it with a vengeance, putting all of your spare money each month towards it. Make minimum payments on all other debts.

iii. Paying off your smallest debt quickly will give you a sense of accomplishment and will motivate you to pay off the rest.
iv. After paying off the smallest debt, put all available money toward the next debt, including all the money you were paying on the first debt.
v. Don't worry about interest rates, except in the case where two debts are of similar size, in which case pay the one off first which has the higher interest rate.
    (i) You might think it makes mathematical sense to pay off the high interest loans first.
    (ii) This is not a math problem; it's a behavior problem. If you were good a math, you wouldn't be in debt.
    (iii) Pay them off smallest to largest.
vi. Repeat this process as you pay off each debt on the list, smallest to largest.
vii. The money you freed up from paying off the smaller debts will allow you to pay off the larger debts more quickly. Dave Ramsey calls this the Debt Snowball method (more on this below).
viii. Once you're out of debt, stay out of debt by saving all the money that you were paying on your debts.

5. Rule #5: Create a budget and make it automatic.
    A. "A budget is people telling their money where to go instead of wondering where it went." (Dave Ramsey quoting John Maxwell, *The Total Money Makeover*, p. 62)
    B. "You have to tell money what to do or it leaves." (Dave Ramsey, *The Total Money Makeover*, p. 97)
    C. "Money won't behave unless you tame it. P.T. Barnum said, 'Money is an excellent slave and a horrible master.' You wouldn't build a house without a blueprint, so why do you spend your lifetime income of over $2 million without a blueprint?" (Ibid)
    D. "Is anyone in your household responsible for budgeting? All too often the answer is "not really." All too often people allow their income to define their budgets. When we tell our audiences about the budgeting and planning habits of the affluent, someone always asks a predictable question: Why would someone who is a millionaire need to budget? Our answer is always the same: They became millionaires by budgeting and controlling expenses, and they maintain their affluent status the same way." (Thomas J. Stanley, *The Millionaire Next Door*, pp. 39-40)
    E. Find a bank or credit union which allows you to open up many checking and savings accounts (10 or more—20 would be better) under one login.
    F. Set up different bank accounts and automatic transfers to transfer set amounts of money every time you get paid to those different accounts for various things such as (these are my recommendations):
        i. God's money fund (I recommend 10% of your gross income - see Giving to God series)
            (i) Remember, God gets the firstfruits, not the leftovers **(Pro 3:9-10)**.
                1. If you give God the firstfruits of all your increase, He promises to bless you with abundance.

2. The reason that some Christians don't do this is because they obviously don't believe that God will do what He says He will.
3. If they believed God, they would do it.

(ii) If you skimp on God, you will not prosper **(Hag 1:3-9)**.

1. Do you feel like you are always struggling to get by? Consider your ways.
2. Do you wonder why you can't ever seem to get ahead? Consider your ways.
3. Do you wonder why you can't ever seem to get out of debt? Consider your ways.

ii. <u>Generosity fund</u>

(i) Put a set amount of each paycheck in this fund to be used to be generous towards others.

(ii) This is different from God's money.

(iii) This money can be used to give gifts to people, give them money to help them out, do random acts of kindness, take people out to eat, donate to causes or organizations you believe in and want to support, etc.

(iv) Having a generosity fund will help people who are irresponsible with their money to be more careful, and it will help those who are not naturally generous to be so.

iii. <u>Taxes fund</u>

(i) This is essential for anyone who is self-employed.

(ii) Put a set percentage, based on your income level and tax bracket, of all income you receive into this fund.

(iii) You will then use this fund to pay your quarterly taxes and any taxes that are due at filing time.

(iv) Make the percentage higher than you think it needs to be.

(v) If you put too much in this fund, it just becomes extra savings you can use for something else next year.

(vi) If you don't put enough in it, you will be in a pickle next April.

iv. <u>Emergency fund</u>

(i) After paying off your debt, put every spare dollar in this account until it is fully funded with 3-6 months of living expenses.

(ii) This is your rainy-day fund for when unexpected things come up such as house repairs, health costs, child related costs, etc.

(iii) This fund will also give you peace of mind in case of a job loss.

(iv) You should have enough to cover all your expenses (not your income) for at least three to six months with no income.

(v) This fund should be liquid, meaning that you can easily and quickly access it.

1. A separate high-yield savings account or money market account is a good place to keep your emergency fund.

2. It should not be in CDs, stocks, or precious metals because these are not liquid enough.
3. It should not be too easy to access though, such as in your checking or savings account along with the rest of your money.

v. <u>Retirement fund</u>

(i) I recommend investing 15% of your gross income in a retirement account (401k, IRA, Roth IRA, etc).

(ii) See prior section on <u>Investing</u> for the details.

vi. <u>House fund</u>

(i) If you are renting, rent the cheapest decent apartment you can find and save money for a house, if you want one.

1. Save at least 20% of the value of the house that you want.
2. If you put less than 20% down on a house, that means you can't afford the house.

(ii) "The fastest way to become a homeowner is through a Total Money Makeover while renting the cheapest thing you can suffer through." (Dave Ramsey, *The Total Money Makeover*, p. 60)

(iii) Renting a small, cheap apartment while saving for a house is not "throwing away money" as the commonly repeated myth says.

1. Renting a small, cheap apartment is actually *saving* you money.
2. When you factor in property taxes, insurance, utilities, and maintenance, a small, cheap apartment will cost less per month than a *bought-and-paid-for* average house does.
3. Here is a comparison to make the point.
4. 2-bedroom apartment
    a. Rent = $833/month
    b. Renter insurance = $11
    c. Utilities = $50/month (average)
    d. **Total = $894/month**
5. 3-bedroom, 2-bathroom, $250,000 house
    a. Property tax = $200/month ($2,300/year)
    b. Home insurance = $233/month ($2,800/year in MO)
    c. Utilities (electric, gas, propane, water, sewer, garbage, etc.) = $300/month (average)
    d. Maintenance = $200/month (this is very conservative – experts recommend budgeting 1-4% of the house's value per year for maintenance, which would be $208 - $833/month)
    e. **Total = $933/month**
6. Renting an apartment is <u>$39/month cheaper</u> than *owning* (not mortgaging) a house ($933 - $894 = $39).
    a. And if you put the $250,000 that you would have used to buy the house in a high-yield 4% savings account,

you would make $833/month in interest (about $625/month after taxes).

   b. That means that renting an apartment is actually <u>$664/month cheaper</u> than *owning* (not mortgaging) a house ($933 – ($894-$625) = $664)).

7. If you don't actually own the home, when you factor in a $1,300+ monthly mortgage payment (30-year loan at 7.15% interest with 20% down, not including taxes and insurance), renting an apartment is FAR cheaper than buying a house (<u>$1,339/month cheaper</u>). ($1,300 + $933 - $894 = $1,339)
8. Don't ever let anyone tell you that you are wasting money renting a small, cheap apartment.
9. Never care what broke people think of you.

(iv) Your house fund should include savings for repairs, appliances, etc. as well.

(v) After you buy a house, put your old rent payment in your house fund to cover your housing costs (taxes, insurance, utilities, maintenance, etc.)

vii. <u>Car fund</u>

(i) Make your "car payment" to your car fund, and you will never have an actual car payment again because you will be able to pay cash for a car.

(ii) You can also use this fund to cover repairs on your car as they come up so that you are not scrambling to find money for them, or putting it on a credit card.

(iii) If you are currently financing a car, pay it off as quickly as possible, and when it is paid off then make that same "payment" to your car fund.

(iv) If you have an expensive car that isn't paid off, consider selling it and buying a less expensive car that you can pay off more quickly so that you can begin saving to pay cash for the rest of the cars you buy in your lifetime.

(v) Drive your car for five years after it is paid off, while making the "payment" to your car fund.

1. You can afford to do this because you were already making the payment to the bank.
2. After 5 years, you can pay cash for your next car.
3. Then keep making that "payment" to your car fund, and in 5 years you can buy your next car with cash.
4. Repeat this process for the rest of your life and you will never have a car payment again.
5. You only have to "sacrifice" for a few years, and you will never have to make another car payment again.

(vi) You will also spend far less on cars because you will be *making* interest instead of *paying* it, and you will likely not buy that

$50,000+ vehicle when doing so means writing out a $50,000+ check for it.

(vii) If you are not putting a sufficient amount of money in your car fund every month now, you will be going into debt for a car in the future.

1. Hope is not a financial plan.
2. Start saving for your next car now, or you will soon be a debt slave again.

(viii) If you want to make your pastor happy, inform me someday that you just bought a car with cash.

1. After teaching this for about a decade, I have yet to see a church member do it.
2. That is very sad.

viii. <u>Car insurance fund</u>

(i) By automatically putting a little in this account every paycheck, you will never be surprised and scrambling for money when your biannual car insurance bill comes due.

(ii) You will also save money by paying your car insurance every six months instead of monthly.

ix. <u>Medical fund</u>

(i) This fund can be used for things like doctor's appointments, medicine, urgent care, dental work, eye appointments, and your personal responsibility amount if you have Christian Healthcare Ministries instead of health insurance like me.

(ii) You will save money and be in control of your own healthcare instead of dealing with horrible insurance companies which have been causing prices to rise exponentially and are contributing to the destruction of our healthcare system.

(iii) If you have health insurance, this fund can be used for deductibles, co-pays, out-of-pocket costs, uncovered medical care (of which there is plenty), dental work, eye appointments, etc.

(iv) You should have at least enough in this fund to cover your yearly out-of-pocket max.

x. <u>Clothing fund</u> (could be done in cash)

(i) Put a little money from each paycheck in this fund to be used to buy clothes for your family.

(ii) If there is no money in the fund, wear your old clothes.

(iii) If one or more members of your household likes to shop for clothes, create a separate fund for her so she doesn't blow the rest of the family's budget.

(iv) If you will be patient and shop in thrift stores, you will save a TON of money on clothes.

xi. <u>Electronics fund</u>

(i) Put a set amount of money in this account every month to buy computers, smartphones, and other consumer electronics you think you need.

(ii) Figure on buying a new computer every 8-10 years and new phone every 4-6 years, do the math on what that will cost over a ten-year period, then divide it by 120 and you will know how much to put in the fund every month.

xii. Vacation fund

(i) By automatically putting a little in this account every paycheck, you will have money to go on a vacation.
(ii) If this fund is empty, don't go on vacation.
(iii) Financing a vacation on a credit card is a mark of insanity.

xiii. Fun money fund

(i) It’s best to keep this fund in cash.
(ii) Put a set amount of cash in an envelope at the beginning of each month to be used exclusively for having fun.
(iii) This can be for eating out, entertainment, etc.
(iv) When the money is gone, no more going out to eat or having fun for the month!
(v) This will force undisciplined people to limit the amount of money they spend on having fun, and it will force ultra-frugal people to have some fun.

xiv. Husband fun money fund

(i) Put a little in this fund every month for the husband to spend on whatever he wants.
(ii) This should be separate from the general Fun Money fund.

xv. Wife fun money fund

(i) Put a little in this fund every month for the wife to spend on whatever she wants.
(ii) This should be separate from the general Fun Money fund.

xvi. Children’s fund

(i) Do not give your children an “allowance.”
(ii) By doing so, you will teach them to be lazy little entitled socialists.
(iii) Make them do jobs around the house for money from the time they are little until they are teenagers and can get a job.
(iv) Pay them out of this fund.
  1. When they want anything outside of food, clothing, and other basic needs, make them save for it and buy it.
  2. Every time they get money from working, or from gifts, have them divide it in to three different envelops: 10% for God, 50% for savings, 40% for spending.
  3. Tell them from an early age that you will not buy them a car, nor will you pay for their car insurance or gas, and that they need to be saving for these things.
  4. If you want to offer a 50% match up to a certain amount towards a car for them, that might be something to consider.
(v) Once they become teenagers, help them to open their own bank account with a debit card (never a credit card).

1. Deposit the money that you have budgeted for their clothing, sports fees, and other expenses that you pay for into their bank account and have them manage the money and pay for these things themselves.
2. Let them know that you will not bail them out.
3. If they mismanage the money and have nothing left to buy clothes or pay for their sports things, they will wear their old clothes and not play sports until they have the money for it.

xvii. <u>College fund</u>

(i) Set a little money away each month for each of your children in a separate bank account for college (boys), trade school (boys), or just money to get them started in life (boys and girls), but don't tell them about it.

(ii) Since this is long term savings, consider putting it into gold or silver so that its purchasing power is not destroyed by inflation.

(iii) There are tax-favorable accounts similar to IRAs which you can use to save for your son's college, if you choose to.

(iv) I personally don't recommend sending your daughters to college for any reason, and only sending your sons to college if they want to pursue a career in science, technology, engineering, medicine, or a similar field for which, 1) a degree is absolutely necessary, and 2) there is a high likelihood that the degree will secure them a high-paying job.

(v) I recommend strongly discouraging your children from taking out student loans which will be a heavy chain on their necks keeping them (mostly likely) in debt slavery for life.

(vi) If you can't help your son with college costs, tell him several years in advance, and tell him that he will need to pay for it himself, and that he should do so without debt.

xviii. <u>Groceries fund</u> (should be done in cash)

(i) Budget a certain amount of money each month for groceries.

(ii) I recommend using cash for this fund because it will make it easier for your wife to keep within the budget when shopping.

(iii) I give my wife a certain amount of cash at the beginning of every month for groceries, and she knows when the money's gone that we must make due with what we have.

(iv) If there is money left over at the end of the month, I put it in a "grocery surplus" fund that can be used if we need a little extra in a future month.

6. <u>Rule #6: When you get a raise or your income increases, spend the same and save more.</u>

A. When you get a raise, don't change your spending habits, but rather save that extra money proportionally in your different accounts.

i. Start this as soon as you get your first job and you will not be a lifelong debt-slave like the rest of the serfs in our society.

ii. After you have paid off all your debt, have a fully-funded 3-6 month emergency fund, are giving generously, and are investing 15% of your gross income into retirement accounts, then you can move from being intense to intentional and start to enjoy some of your money.
iii. After your house is paid off and you are doing the above-mentioned things, you can enjoy even more of your money.
iv. Live like no one else, so that later you can live and give like no one else.

B. When fools get a raise, they immediately spend the extra money they have each month.
   i. They increase their standard of living, and they save no more than they did previously.
   ii. They therefore never build wealth and will be broke debt-slaves their entire lives.
   iii. This the broke-man mindset.

C. When wise men get a raise or increase their income, they save the extra money and spend the same amount as before.
   i. Their standard of living doesn't change at all (or very little) as they make more money.
   ii. They therefore build wealth.
   iii. If their income goes down for some reason, it's no big deal to them because they have already been living well below their means.
   iv. This is the millionaire-mindset.

7. <u>Rule #7: Get on the same page with your spouse and manage money together.</u>

A. It's very important for spouses to be on the same page about money.
   i. If you are not, it will be very difficult or impossible to build wealth.
   ii. "Most people will never become wealthy in one generation if they are married to people who are wasteful. A couple cannot accumulate wealth if one of its members is a hyperconsumer. This is especially true when one or both are trying to build a successful business. Few people can sustain profligate spending habits and simultaneously build wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 37)
   iii. "…it is very difficult for a married couple to accumulate wealth if one is a spendthrift. A household divided in its financial orientation is unlikely to accumulate significant wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 80)

B. When looking for a spouse, this should be one of your highest priorities because it is the thing that causes more marital trouble than anything else.

C. If you are not like-minded about money, I recommend having a family meeting about money.
   i. The marriage partner who is more financially responsible should suggest to the other partner that they put together a budget that they both agree to and then stick to it.
   ii. If the husband is financially responsible and the wife is an uncontrolled spender and will not change her ways, then it is easier because the husband can just tell his wife that they are going to live by a budget, cut up her credit

and debit cards, and give her an allotted amount of cash each month for groceries, household items, clothes, etc. This will limit her profligate spending.

iii. If the husband is the irresponsible one, God help you!
    (i) Try your best to meekly and gently persuade him to make a budget with you and live by it.
    (ii) If things are really bad, ask him to go to Dave Ramsey's Financial Peace University with you.
    (iii) You may also need to go to a marriage counselor.

D. Dave Ramsey's advice on this.

i. "So what are you supposed to do? First and foremost, you simply need to talk to your spouse. You didn't marry a mind reader, so don't expect your mate to immediately be on the same page with you if haven't told him or her what page you're on! If they haven't picked up this book or gone to an FPU class with you yet, just sit them down and explain why you're so excited about what you're learning. Share the dreams and hopes you have for your family's money situation. Sometimes, one spouse's passion and excitement is all it takes to get the other spouse excited too.

"If that's not enough to move the conversation forward, you're going to need to try a little harder. Take the time to write out exactly what you're concerned about in your current financial plan and how you believe life could be different for your family if both spouses were engaged in the process. Sometimes, the written word will get a spouse's attention more than a conversation.

"You could also try the Valentine's approach: 'Honey, the most romantic thing you could do for me is to sit down and work on the budget with me. On a scale of one to ten, dinner and a movie is a three, but working together to get out of debt is a nine.'

"Or the security approach: 'Sweetie, what do you think I'd feel like if we had $10,000 in the bank just for emergencies? Can you even imagine that?'

"Just get creative. Your spouse is your partner for life, so make sure he or she knows how important this is to you and how much you need him or her on board with you." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 33-34)

ii. "Couples who actually agree on and live according to a written plan will automatically remove many of the money fights that plague so many marriages. Don't get me wrong, though; working on a budget together can actually *cause* a lot of marriage fights, so don't forget what we talked about in the last chapter! But long term, if you and your spouse work together on this money stuff, you're doing more than managing your income. You're coming together to agree on your goals, dreams, and priorities. I've heard from couples a million times that actually working on their finances saved their marriages. That's because it's not just about money. This is powerful stuff, and it has the power to create unity in your marriage. Don't miss that incredible opportunity." (Ibid, pp. 64-65)

8. Taking out a 30-year mortgage so that you can write off the interest on your taxes is stupid.
    A. Only an idiot would spend a dollar to save 30 cents.
    B. You don't get back all the interest you paid on your mortgage on your tax refund.
    C. You simply don't pay income tax on the amount that you paid in interest.
    D. So, if you paid your banker-master $1,000 in interest, you don't have to pay the government 30% of that $1,000 in income tax.
    E. So, you paid $1,000 in interest to your banker-master and you saved $300 on your taxes, for a net loss of $700.
    F. If you would have paid $0 in interest to your banker-master and paid $300 to the government, you would only have a net loss of $300.
    G. It doesn't make financial sense to spend $1000 to save $300.
    H. If you don't agree, then give me $1000, and I will give you $300 back.
    I. I will gladly make you this deal as often as you wish.

XXIV. Dave Ramsey's 7 Baby Steps to get out of debt and become wealthy

1. "If you will live like no one else, later you can live like no one else." (Dave Ramsey)

2. <u>Baby Step #1: Save $1,000 Fast</u>
    A. Save $1,000 for a mini-emergency fund as quickly as possible.
    B. Create a budget, cut out ALL unnecessary spending, and have a garage sale if necessary and sell things you don't need.
    C. Make minimum payments on all debts until you have the $1,000 saved.
    D. This should not take long.
    E. Do not touch this money, except in the case of an actual emergency.
    F. Do not charge another penny of debt to a credit card, ever.

3. <u>Baby Step #2: Start the Debt Snowball</u>
    A. List your debts smallest to largest.
        i. "The Debt Snowball method requires you to list all your debts in order of smallest payoff balance to largest. List all your debts except your home; we will get to it in another step. List *all* of your debts—even loans from Mom and Dad or medical debts that have zero interest. I don't care if there is interest or not. I don't care if some have 24 percent interest and others 4 percent. List the debts smallest to largest! If you were so fabulous with math, you wouldn't have debt, so try this my way." (Dave Ramsey, *The Total Money Makeover*, p. 114)
        ii. "The reason we list smallest to largest is to have some quick wins." (Ibid)
    B. Apply all extra money each month to the smallest debt while making minimum payments on all other debts.
        i. You must declare war on your debt and do so with what Ramsey calls "Gazelle Intensity" (running like your life depends on it…because it does).

        ii. No eating out, no vacations, no unnecessary spending on anything until your debt (except the mortgage) is gone.
        iii. "The major elements of making the Debt Snowball work are using a budget, getting current before you start, smallest-to-largest payoff (no cheating), sacrifice, and focused intensity. Total, sold-out, focused intensity is possibly the most important. This means saying to yourself and meaning it, *To the exclusion of virtually everything else, I am getting out of debt!*" (Ibid, pp. 119-120)
        iv. "If you think this Debt Snowball stuff is cute and you might sort of give it a try, it won't work. Total, sold-out, focused intensity is required to win. Aiming at the goal and nothing else is the only way to win. You have to know where you are going, and by definition know where you aren't going, or you will never get there." (Ibid, p. 120)
    C. Once you pay off the smallest debt, put all extra money on the next smallest debt, including the money that was being put toward the previously paid debt.
    D. Continue this process until all debts are paid, except for the mortgage.
    E. You must stop borrowing, or you will never get out of debt and stay out of it.
        i. "An obvious step to working the Debt Snowball is to stop borrowing. Otherwise, you will just be changing the names of the creditors on your debt list. So you must draw a line in the sand and say, "I will never borrow again." As soon as you make that statement, there will be a test. Trust me. Your transmission will go out. Your kid will need braces. It is almost as if God wants to see if you are really gazelle-intense. At this point, you are ready for a plastectomy—plastic surgery to cut up your credit cards. A permanent change in your view of debt is your only chance. No matter what happens, you have to pursue the opportunity or solve the challenge without debt. It has to stop. If you think you can get out of debt without huge resolve to stop borrowing, you are wrong. You can't get out of a hole by digging out the bottom." (Ibid, p. 123)
    F. If you can't find the money in your budget to pay all your debts off within 18-20 months (except your house), then get another part-time job or sell things to bring in money.
        i. "One way to do that is to sell something. You could sell lots of little stuff at a garage sale, sell a seldom-used item on the Internet, or sell a big precious item through the classifieds. Get gazelle-intense and sell so much stuff that the kids are afraid they are next. Sell things that make your broke friends question your sanity. If your budget is stopped-up and your Debt Snowball won't roll on its own, you are going to have to get radical." (Ibid, p. 124)
        ii. Selling possessions to pay off debt is Biblical **(2Ki 4:7)**.
        iii. This might include selling your precious car, truck, toy, or even your pets to get out of debt.
        iv. Ramsey recommends selling your car (or anything else besides your house) if you can't pay it off in 18-20 months.
    G. While you're paying off your debts (except your mortgage) using the debt snowball method, postpone retirement savings.

i. "While you're working your debt snowball, I suggest you temporarily stop all retirement savings, even a 401(k) that has an employer match. This makes a lot of people nervous, and I understand that. I'm a math nerd, and I know that getting a 100-percent match on your contributions is a sweet deal. That's why I want you to get out of debt as fast as possible, so you can get back to your investments and really do it with style without worrying about debt payments hanging over your head!" (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 101)
ii. When you do this, make sure you are putting *all* the money you were putting toward retirement toward your debt, and then get back to saving for retirement as soon as you finish your emergency fund (Baby Step #3).

4. <u>Baby Step #3: Finish the Emergency Fund</u>
   A. Put all extra money in your budget toward fully funding your emergency fund.
   B. A fully funded emergency fund should be able to cover 3-6 months of living expenses, not income.
   C. I recommend having 6 months of living expenses in your emergency fund.
   D. This fund should only be used for true emergencies.
   E. It should be liquid, meaning that it is in a savings or money market account that you have instant access to.
   F. The emergency fund is often more important to women than men because women desire security and safety.
      i. Men, act like men and make sure you have a fully funded emergency fund for your wife's sake, and your own as well.
      ii. "Men, for example, use money like a scorecard and lose self-esteem when money problems pop up. Women, on the other hand, experience fear—my wife actually says *terror*—when money problems come up, because money represents security to them. This is why guys usually resist saving up three to six months of expenses as an emergency fund. Just having that much money sitting around doing nothing seems like a waste to men, but their wives will likely tell you it's the most important key to their financial plan." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 28)
   G. Don't buy a house until you have a fully funded emergency fund.
      i. "I love real estate, but do not buy a home until you finish this step. A home is a blessing, but if you move into home ownership with debt and no emergency fund, Murphy will set up residence in the spare bedroom. I believe in the financial and emotional advantages of home ownership, but I have known many stressed-out young couples who rushed to buy something before they were ready.

         "Saving for a down payment or cash purchase of a home should occur after becoming debt-free in Step Two and after finishing the emergency fund in Step Three. That makes saving for a down payment Baby Step Three (b). You should save for the home if you have the itch before moving on to the next step. Many people are worried about getting a home, but please let it be a blessing rather than a curse. It will be a curse if you buy something while you are still broke. There are all sorts of folks who are eager to “work with you” so you can make it happen sooner, but the definition of “Creative Financing” is “Too Broke to Buy a House.” (Dave Ramsey, *The Total Money Makeover*, p. 148)

ii. “If you don't have $200,000 in the bank to pay cash for a house today, that's okay. You've got time. Even if you never pay cash for a house, you still need to only buy when you're ready. How do we define ready? Let's look at the Baby Steps. If you are not out of debt and don't have a full emergency fund of three to six months' worth of expenses, you aren't ready to buy a house. Buying a house when you can't afford it is one of the best ways to ruin your life. Home ownership brings with it a ton of risk, from faulty water heaters to a bad roof. If you don't have savings to cover this stuff, you'll be running back to credit cards and equity loans when something "unexpected" comes up.

“If you're working the debt snowball or haven't finished your emergency fund, you should rent. There is absolutely nothing wrong with renting for a little while. People will tell you, ‘Rent? No way! That's just flushing money down the toilet! It's always better to own!’ No, it's not. Broke people should not buy houses. That's a recipe for disaster. The money you pay in rent while you're cleaning up your debt and saving up your emergency fund and down payment demonstrates patience. Look, I don't want you renting forever as a way of life; I just want you to be ready before you buy! Make a goal to hit Baby Step 3 and then save up a big down payment as quickly as possible! I love home ownership, but it will kill you if you're not ready for it.” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 299)

H. Don’t ever take out a home equity loan, especially in place of an emergency fund.
   i. “The home-equity loan is one of the most aggressively marketed loans today. The average American in debt to his eyeballs has exhausted all means of borrowing except the big second mortgage on his home. This is very sad because we now put our homes at risk to go on vacation, open a business, consolidate debt, or just for an emergency fund. Families come to us in dire straits when the home-equity loan is their last bad mistake and the straw that breaks the camel’s back.” (Ibid, p. 197)

5. Baby Step #4: Invest 15% of Your Household Income in Retirement
   A. Invest 15% of your gross income (before taxes—not your take-home pay) in tax-advantaged retirement accounts like 401(k)s, IRAs, and Roth IRAs.
   B. See prior section on Investing for the details.
   C. “Once we have covered these basic steps and laid a foundation, the time has come to build some wealth. Remember, that is why we started a Total Money Makeover. We wanted not just to be out of debt, but to become wealthy enough to give, retire with dignity, leave an inheritance, and some expensive fun.” (Ibid, p. 150)
   D. “You need to reach the point where your money works harder than you do.” (Ibid, p. 152)

E. Most people in this country are not prepared for retirement.
    i. The following was written in 2007.
    ii. "*USA Today* reports that out of one hundred people age sixty-five, ninety-seven of them can't write a check for $600, fifty-four are still working, and three are financially secure. Bankruptcies among those sixty-five and older have gone up 164 percent in the last eight years. Getting older is going to happen! You must invest now if you want to spend your golden years in dignity. Investing with the long-term goal of security is not a theory to ponder every few years; it is a necessity you must act on now. You must actually fill out the paperwork for your mutual fund. You must actually put money in that thing. According to these statistics, the level of denial the average person has on this subject is alarming." (Ibid, p. 154)

F. Do not rely on Socialist Insecurity for your retirement.
    i. "By the same token, do not use your potential Social Security benefits in your calculations. I don't count on an inept government for my dignity at retirement, and you shouldn't either. A recent survey said more people under age 30 believe in flying saucers than believe they will receive a dime from Social Insecurity. I tend to agree. I'm not taking a political position (although I'm not above it), but the mathematics of that system spell doom. I'm not Chicken Little predicting the sky is falling; entire books have been written on the Social Security mess. Understand, it is your job to take care of you and yours, so part of your Total Money Makeover is to invest now to make that happen. If Social Security isn't there when you retire, you'll be glad you listened to my advice. If by some miracle Social Security is there when you retire, that will mean I was wrong. In that case, you'll have some extra money to give away. I'm sure you'll forgive me for that." (Dave Ramsey, *The Total Money Makeover*, p. 156)

G. Anyone can become wealthy by investing 15 percent of his gross income from a young age.
    i. "If a young couple really got this message in their twenties and took a few years to get out of debt and save up a full emergency fund, they could start investing 15 percent of their income from age thirty on. Even if they only had a household income of $40,000, they could be looking at more than $5 million at age seventy just by faithfully investing 15 percent every month—*and that's if they never got a raise!*

    "I've said it before: there's no excuse for anyone to retire broke in America! These opportunities are available to everyone, no matter when you get started! All it takes is some discipline and attention to a few simple concepts, and anyone can become a millionaire, totally change their family tree, and leave an incredible legacy of generous giving. So go do it!" (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 240-241)

6. <u>Baby Step #5: Save for College</u>
    A. Ramsey recommends beginning to save for your children's college as soon as they are born in a tax-favored college saving plan.
    B. I do not recommend this, unless you have a boy who you have good reason to believe will need to go to college for science, technology, engineering, medicine, and related fields that require a college degree and pay well.
    C. College is one of the worst places you can send children today; so beware.
    D. If you do send your children to college, tell them to not take out student loans under any circumstances.
        i. "All the savings options we've covered just go to support my first rule of college: pay cash. If you can't pay cash, put the kid to work for a semester and then send him back to pay cash later. Student loans may look like a quick fix, but they turn into a nightmare and send college graduates out into the world with a boat anchor of debt around their necks." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 246)
        ii. "...all debt is horrible, so you can go ahead and get rid of any notion of college loans being 'good debt.' There's no such thing. The only 'good debt' is no debt. The unending stream of payments from student loans doesn't look or feel any different than an unending stream of payments from a car loan or credit card. There's nothing "good" about that, emotionally or financially." (Ibid, p. 247)
        iii. "Bottom line: Student loans look easy on the front end, but they will absolutely destroy your graduate as he or she enters the workforce. Students on average graduate from a four-year college with over $20,000 in student loans. If you include all students (graduate and undergraduate), that number tops $42,000. Can you imagine what it feels like to step out of college and, on the first day of your adult life, have over $40,000 of debt on your shoulders? That's no way to start a career, and the student loan bills start coming whether you have a job or not. Don't put that kind of stress on your kids. Avoid student loans like the plague!" (Ibid, pp. 247-248)
    E. They can work summer jobs, parttime jobs while in college, and get scholarships to pay for it, and go to cheap state schools to keep costs lower.
    F. "College is just like anything else we spend money on: You don't deserve it unless you can pay for it." (Ibid, p. 243)
    G. Don't allow your children to ruin their lives by being chained down with student loan debt for (oftentimes) worthless degrees that do not pay, and are many times not necessary for the career they will end up in.

7. <u>Baby Step #6: Pay Off Your Home Mortgage Early</u>
    A. Once you have all your other debts paid off, have 3-6 months of expenses saved in an emergency fund, and are putting 15% of your gross income into retirement savings, now it's time to focus on paying off your house early.
    B. If you have a 30-year mortgage, refinance into a 15-year fixed rate mortgage.
        i. This will save you a huge amount of money (see figures on page 89), and will deliver you from debt slavery 15 years earlier.

ii. "Thirty-year mortgages are for people who enjoy slavery so much they want to extend it for fifteen more years and pay thousands of dollars more for the privilege. If you must take out a mortgage, pretend only fifteen-year mortgages exist." (Dave Ramsey, *The Total Money Makeover*, p. 191)

iii. "When asked about mortgages I tell everyone never to take more than a fifteen-year fixed-rate loan, and never have a payment of over 25 percent of your take-home pay. That is the most you should ever borrow." (Ibid, p. 198)

iv. "Only get a fifteen-year fixed-rate conventional mortgage with at least 10 percent down and a payment that is no more than 25 percent of your take-home pay." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 300)

v. "If you can't put at least 10 percent down, that's a sure sign that you aren't ready to buy a house. I'd prefer you put 20 percent or more down, though. That gives you a more solid position and it keeps you out of the PMI territory." (Ibid, p. 300)

vi. "If more than a fourth of your take-home pay is eaten up by your house payment, you'll essentially be what is known as 'house poor.' That just means you have too much of your monthly cash flow tied up in mortgage payments. Even though you should be debt-free with a full emergency fund before you buy, a house payment of 35-50 percent of your pay can put a serious strain on your family and prevent you from hitting Baby Steps 4-6 like we've talked about." (Ibid, pp. 300-301)

C. Don't fall for the trap of taking out a 30-year mortgage and promising yourself you will pay it off in 15 years or less.

i. "Myth: Take out a thirty-year mortgage and promise yourself to pay it like a fifteen-year, so if something goes wrong you have wiggle room.

"Truth: Something will go wrong.

"One thing I am sure of in my Total Money Makeover, I had to quit telling myself that I had innate discipline and fabulous natural self-control. That is a lie. I have to put systems and programs in place that make me do smart things. Saying, "Cross my fingers and hope to die, I promise, promise, promise I will pay extra on my mortgage because I am the one human on the planet who has that kind of discipline," is kidding yourself. A big part of being strong financially is that you know where you are weak and take action to make sure you don't fall prey to the weakness. And we ALL are weak.

"Sick children, bad transmissions, prom dresses, high heat bills, and dog vaccinations come up, and you won't make the extra payment. Then we extend the lie by saying, "Oh, I will next month." Grow up! The FDIC says 97.3 percent of people don't systematically pay extra on their mortgage." (Dave Ramsey, *The Total Money Makeover*, p. 190)

ii. "Stay away from adjustable rates, balloons, ARMS, and all the other garbage options. And definitely stay away from a thirty-year loan! Let's break down some hard numbers. If you take a thirty-year loan on a $225,000 mortgage at 6 percent, your payment will be around $1,349. The same loan on a fifteen-year term will have a payment of about $1,899, or $550 more. These are the numbers most people look at when they're sitting at the finance table. But remember, rich people don't ask, "How much per month?" Instead, they ask, "How much?" So let's see "how much" this deal eventually costs.

   "In this example, if you took out the thirty-year mortgage, you'd end up paying $485,000 for that $225,000 loan. But if you take the fifteen-year, you'd end up paying just $341,000. That means for an extra $550 per month, you'd save yourself $143,000 and fifteen years of debt! And the thing about fifteen-year mortgages is that they *always* pay off in fifteen years—or less. If you get a thirty-year and think you'll pay it off like a fifteen-year, you're fooling yourself. Something else will also be more important or more urgent, and you'll never systematically pay it off early." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 89)

D. Make extra payments on the 15-year mortgage, if possible, to pay it off in less than 15 years and save yourself a lot more money in interest.
E. "Every dollar in your budget that you can find above living, retirement, and college should be used to make extra payments on your home. Attack that home mortgage with gazelle intensity." (Dave Ramsey, *The Total Money Makeover*, p. 156)
F. A better option than a 15-year mortgage: Pay cash for your home.
   i. Most people will tell you that it's impossible to pay cash for a home.
   ii. This is not true. It used to be much easier to do before housing prices exploded in 2020, but it is still possible today if you have a decent income and are disciplined, patient, and can be content with less than you desire for a time.
   iii. "I don't borrow money—ever. Luke called me from Cleveland to tell me that some of our listeners and readers are doing what Sharon and I have done, "The 100-Percent-Down Plan." Pay cash. Most people don't think that can be done. Luke did it.

   "Luke made really good money. His income at twenty-three years old was $50,000, and he married a young lady making $30,000. His grandfather had preached to him never to borrow money. So Luke and his new bride lived in a very small apartment over a rich lady's garage. They paid only $250 a month for it. They lived on nothing, did nothing that cost money, and they saved. Man, did they save! Making $80,000 in the household, they saved $50,000 a year for three years and paid cash for a $150,000 home. They closed on the home on Luke's wife's twenty-sixth birthday. They lived like no one else, and now they are living like no one else. If you make $80,000 per year and don't have any payments, you can become very wealthy very quickly. Keep in mind, though, that Luke's friends and relatives thought he should be committed. They made fun of his cars, his lifestyle, and his dream. Only his bride and his grandfather believed in his dream. Who cares what broke people think?

"You may not make $80,000 per year, but you may not need a $150,000 home as your starter either. You may not make $80,000 per year, so your dream might take five years instead of three, like Luke's. Ask any eighty-year-old if five years of sacrifice is worth it to change your financial destiny for the rest of your life! Ask any eighty-year-old if five years of sacrifice is worth it to have the satisfaction of knowing you changed your family tree. Paying cash for a home is possible, very possible. What's hard to find is people willing to pay the price in sacrificed lifestyle." (Ibid, pp. 198-199)

G. Rental real estate
   i. "Don't mess around with real estate until you are out of debt, have a full emergency fund, have maxed out your 401(k) and Roth IRA options, have paid off your own house, and have some wealth built up. Only *then* are you ready.

   "And, of course, don't even think about real estate as an investment until you can pay cash for the houses. Never, never, *never* borrow money for an "investment." The risk is enormous.

   "I've seen literally thousands of so-called investors lose their shirts in real estate because they bought houses when they were broke. If you start playing with rental real estate without any money, you will crash. I promise. That is *exactly* how I went broke and ended up in bankruptcy court myself. I know what I'm talking about here." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, pp. 212-213)

8. <u>Baby Step #7: Build Wealth and Give Like No Other</u>
   A. Now that you have no debt, a fully funded emergency fund, retirement savings, and a paid-for house, now it's time to build wealth.
   B. After years of sacrifice, you can now enjoy some of the fruit of your labor.
   C. And, most importantly, now is the time to give like no other.
   D. Giving is the most fun use of money.
   E. "Someone who never has fun with money misses the point. Someone who never invests money will never have any. Someone who never gives is a monkey with his hand in a bottle. Do some of each, and if you are married, let your spouse have some slack as soon as there is some." (Ibid, p. 217)
   F. "If you will live like no one else, later you can live like no one else." – Dave Ramsey
   G. The Pinnacle Point
      i. "In your money, the Pinnacle Point is the point when your savings and investments—after years and years of dedication and hard work—make more money for you in a year than you make for yourself. It's when your investments produce a higher return than your work. That's the best downhill

ride you'll ever have." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 196)

ii. "When your money makes more than you do, you are officially wealthy. When you can comfortably live on your investment income, you are financially secure. Money is a hard worker, harder than you. Money never gets sick, never gets pregnant, and is never disabled. Money works twenty-four hours a day, seven days a week. Money gets its job done, and it asks only for directions and a firm master.

    "You have reached the Pinnacle Point when you can live off 8 percent of your nest egg. Go ahead, multiply your nest egg by .08, and if you can live on that number or that number is more than you make, you are coasting downhill. Congratulations! Your money makes more than you do! By doing this calculation, you will discover how close you are to hitting this major financial security milestone. You will be able to calculate what your Pinnacle-Point nest egg is, and then, using all your available income, see how many years it will take you to climb that hill. Believe me, everything is downhill after that. Enjoy the ride." (Dave Ramsey, *The Total Money Makeover*, p. 212)

XXV. Forget about being "normal."

1. Forget about living like everyone else.
2. "You must walk to the beat of a different drummer, the same beat that the wealthy hear. If the beat sounds common or normal, evacuate the dance floor immediately. The goal is not to be normal because, as my radio listeners know by now, normal is broke." (Dave Ramsey, *The Total Money Makeover*, p. 76)
3. "The bottom line is this: 'Normal' in North America is broke. 'Normal' is using credit cards, taking on a lifetime of car payments, and spending more than you make. 'Normal' is living on a razor's edge, where any unexpected emergency can send you into panic mode. I finally figured out that I don't want to be 'normal.' I want to be weird." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 22)

XXVI. My hope

1. When I preached on Money Management 10 years ago, I ended by stating my fears which were as follows:
    A. You're not going to listen to a thing I've said.
    B. You're going to keep piling on more debt and saving little to nothing.
    C. Kids -- please listen to me and take heed before you embark on a life long journey of serfdom and debt-slavery.
    D. Chances are, you won't listen to me either.
    E. I am just a lonely preacher fighting against a world of banksters, politicians, media, commercials, teachers, parents, and peers.

    And you still can hear me singin' to the people who don't listen,

To the things that I am sayin', prayin' someone's gonna hear.
And I guess I'll die explaining how the things that they complain about,
Are things they could be changin', hopin' someone's gonna care.

I was born a lonely singer, and I'm bound to die the same,
But I've got to feed the hunger in my soul.
And if I never have a nickel, I won't ever die ashamed.
'Cos I don't believe that no-one wants to know.

- Johnny Cash, *To Beat the Devil*

F. I said, "if you think I'm being ridiculous, please prove me wrong."
    i. Come to me and tell me that you:
        (i) Created a budget and stopped wasting money.
        (ii) Paid off your credit card.
        (iii) Paid off your car loan.
        (iv) Paid cash for a car.
        (v) Saved up a 20% down payment on a house.
        (vi) Paid off your house.
        (vii) Are debt-free.
        (viii) Saved up a three-month emergency fund.
        (ix) Are saving for retirement.
        (x) Have set up multiple bank accounts and automatic transfers to save for various things.
    ii. I said, "if the majority of you do that, I will publicly apologize and admit that I was wrong."
    iii. I said, "If you refuse to heed this instruction, don't be surprised if you end up in poverty" **(Pro 13:18)**.
    iv. Not one person told me that they had done any of those things, with the exception of paying off a car loan, which is involuntary.

2. But I am not going to end this series the way I did 10 years ago.
    A. I think that you are going to heed my advice.
    B. I think that you are going to create a budget and take control of your money and tell it where to go, not wonder where it went in 10 years from now.
    C. I think that you are going to pay off your debts as if your life depends on it, because it does.
    D. I think that you are going to save up 3-6 months of expenses in an emergency fund so that you never again have to take on another penny of debt by the grace of God.
    E. I think that you are going to save for your retirement and not rely on socialist insecurity to take care of you in your last years.
    F. I think you are going to pay off your houses early using a 15-year mortgage.
    G. I think you are going to build wealth and be generous givers.
    H. I think you are going to be a blessing to others, not a burden on them.
    I. I am like Paul, "Having confidence in thy obedience I wrote unto thee, knowing that thou wilt also do more than I say." **(Phm 1:21)**
    J. Please do me a favor.

i. As you start to take control of your finances and follow this teaching, please give me feedback.
ii. You will make me inestimably happy if you tell me in the future that you:
    (i) Created a budget and stopped wasting money.
    (ii) Paid off your credit cards.
    (iii) Paid off your car loan and will never have one again.
    (iv) Paid cash for a car.
    (v) Saved up a 20% down payment on a house.
    (vi) Switched from a 30-year mortgage to a 15-year mortgage.
    (vii) Paid off your house early.
    (viii) Are debt-free.
    (ix) Saved up a six-month emergency fund.
    (x) Are saving 15% of your gross income for retirement.
    (xi) Have set up multiple bank accounts and automatic transfers to save for various things.

XXVII. It's never too late to start.

1. If you are old, and just now deciding to take control of your finances and build wealth, you will probably not die a millionaire, but you can still, "Hear counsel, and receive instruction, that thou mayest be wise in thy latter end" **(Pro 19:20)**.
2. "It is never too late to start. George Burns won his first Oscar at eighty. Golda Meir was prime minister of Israel at seventy-one. Michelangelo painted the ceiling of the Sistine Chapel lying on his back on scaffolding at seventy-one. Colonel Sanders never fried any chicken for money until his was sixty-five, and Kentucky Fried Chicken is a household name worldwide. Albert Schweitzer was still performing surgery in Africa at eighty-nine. It is never too late to start. The past has passed. Start where you are, because that is your only option." (Dave Ramsey, *The Total Money Makeover*, p. 164)