

Managing your Financial Health

A basic introduction to better managing
Your Financial World

- General Financial Principles
- Getting out of debt
- Learning to budget / spend
- Saving and Investing
- Large purchases (car, home, marriage)



What we will cover

This is only designed to be a high level talk from the good things and bad things I have done in my life..

Planning?

"And I will put enmity between you and the woman, and between your offspring and hers; he will crush your head, and you will strike his heel"
-Genesis 3:15



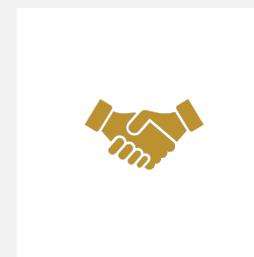
Are you failing to plan

then you are
planning to fail



Are you planning

then you will
most likely
succeed



You need to know yourself

- Investing
- Budgeting
- Spending

Failures are divided into two classes:

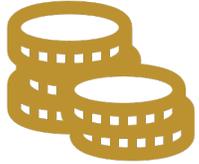
Those who thought and never did, and those who did and never thought

— John Charles Salak



Pay it Forward

Give to God, through your local church. 2 Cor 6-8



Pay yourself

Put money into savings on a regular basis. Once that reaches a certain point move it into investments.



Pay Others

Reduce your debt. There should be no consumer debt and very little other debt.



Pay to Live

Set money aside to pay your monthly expenses and to cover your budget/spending plan.



Pay for the Future

Planning and investing.



General principles

I came up with 5 “PAYS” to keep it simple.

- **Why should I give to charity**

- God commands it (Matt 6:2)
- Sense of purpose – Studies have shown that people who give to charity are happier (The Borgen Project; NY Post Sept 3, 2015;).

- **Why should it be a priority**

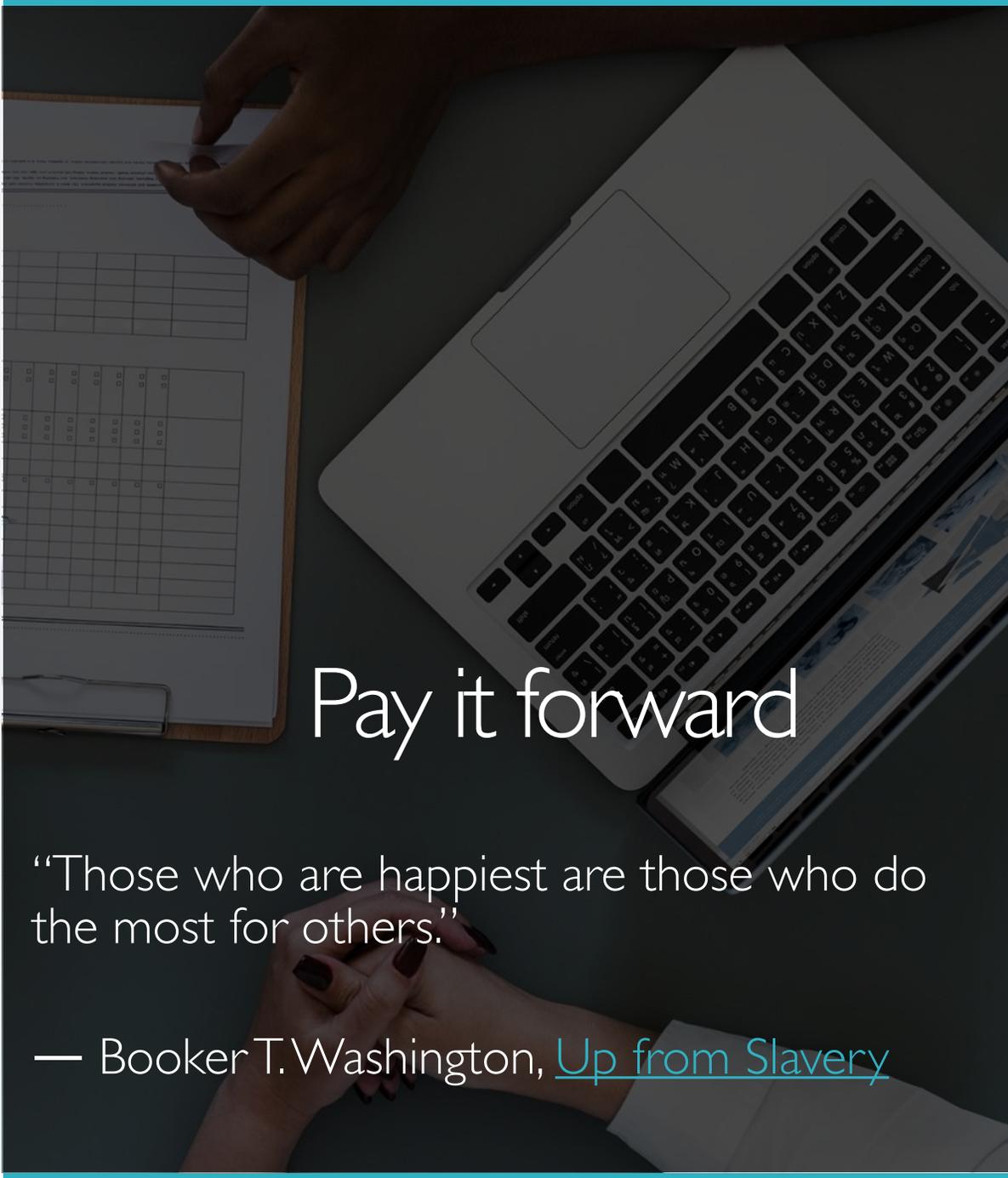
- God commands it
- 2008 study by Michael Norton of Harvard Business School showed even small amounts of giving lead to increased well-being (Harvard Gazette April 17, 2008)

- **How much should I give**

- Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. (2 Cor 9:7)

- **Where should I give**

- First and foremost to your local church where you are being fed and cared for.
- Some where or something that is meaningful that you feel the Lord is directing you too.



Pay it forward

“Those who are happiest are those who do the most for others.”

— Booker T. Washington, [Up from Slavery](#)

This is my prayer in the harvest
When favor and providence flow
I know I'm filled to be emptied again
The seed I've received I will sow

Desert Song – by Hillsong United

Genesis 4:3-4

Genesis 14:20

Proverbs 11:24-26

Proverbs 22:9

Malachi 3:10

Luke 6:38

2 Corinthians 9:6-15

**Are you at least tithing?
If not, do you have a plan to get there?
If so, do you have a plan to grow your
giving?**

FBC

We Give because GOD Gave First

Biblical Giving

For God so loved the world
that He gave His one and
only Son...

JOHN 3:16



For Emergencies

Accidents and life happen. It is good to have something set aside for when that happens



For Large Purchases

Large items can often be planned for. If you own a car you are going to have to replace it with another at some time. Pay yourself for the replacement a little each month.



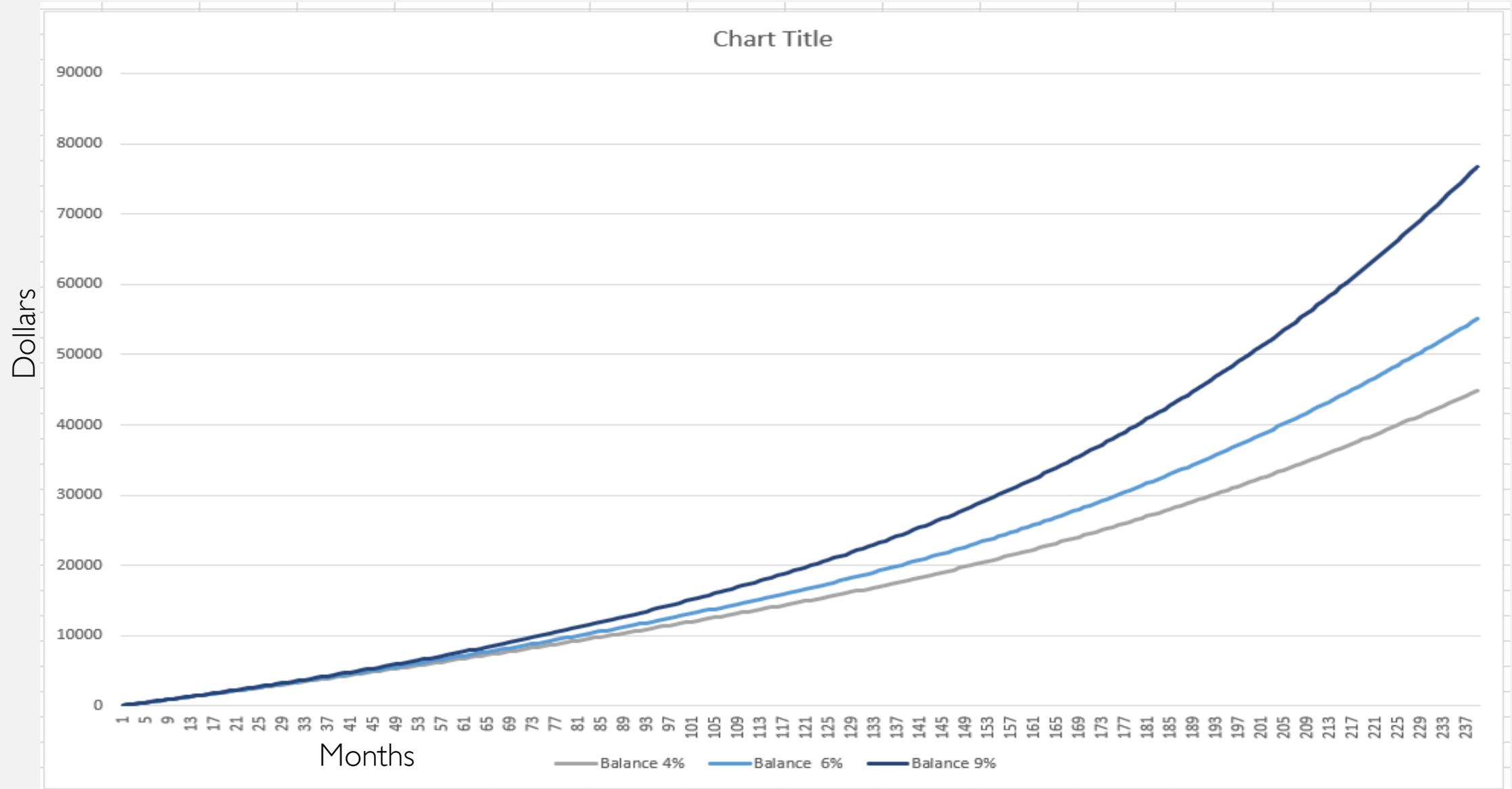
For Retirement

Saving a little bit each month for retirement adds up quickly.

Pay yourself

Make a plan of what you are paying. Stick to the plan. Look ahead to see what it coming.

Future value of savings at different interest rate. Saving 100/month for 20 years.



Pay Others (Debit Reduction)

If your debt is high, once you have an emergency fund you should focus on debt reduction. Cutting down how much you pay yourself until your debt is under control.

Debt Snowball

- Pay minimum amount due on all debt
- Pay as much as possible on smallest loan until it is paid off
- Repeat

Debt Avalanche

- Pay minimum amount due on all debt
- Pay as much as possible to highest interest load until it is paid off
- Repeat

Your Debt

Creditor	Balance	Rate	Interest Payment	Principle Payment	Total Payment	Balance Rank	Rate Rank
Capital One	\$ 6,900.00	22.0%	\$ 126.50	\$ 69.00	\$ 195.50	3	2
Car Loan	\$ 20,000.00	5.5%	\$ 84.23	\$ 297.79	\$ 382.02	4	4
Car Loan	\$ 35,000.00	3.5%	\$ 93.42	\$ 543.29	\$ 636.71	5	5
Chase Visa	\$ 3,500.00	28.0%	\$ 81.67	\$ 35.00	\$ 116.67	1	1
Discover	\$ 4,200.00	18.0%	\$ 63.00	\$ 42.00	\$ 105.00	2	3

Snowball Payoff (Balance Rank – Lowest Balance first)

Creditor	Balance	Rate	Interest Payment	Principle Payment	Total Payment	Balance Rank	Payment
Chase Visa	\$ 3,500.00	28.0%	\$ 81.67	\$ 35.00	\$ 116.67	1	\$ 216.67
Discover	\$ 4,200.00	18.0%	\$ 63.00	\$ 42.00	\$ 105.00	2	\$ 105.00
Capital One	\$ 6,900.00	22.0%	\$ 126.50	\$ 69.00	\$ 195.50	3	\$ 195.50
Car Loan	\$ 20,000.00	5.5%	\$ 84.23	\$ 297.79	\$ 382.02	4	\$ 382.02
Car Loan	\$ 35,000.00	3.5%	\$ 93.42	\$ 543.29	\$ 636.71	5	\$ 636.71

After Chase Visa is paid off this would be your payments.

Creditor	Balance	Rate	Interest Payment	Principle Payment	Total Payment	Balance Rank	Payment
Discover	\$ 4,200.00	18.0%	\$ 63.00	\$ 42.00	\$ 105.00	1	\$ 321.67
Capital One	\$ 6,900.00	22.0%	\$ 126.50	\$ 69.00	\$ 195.50	2	\$ 195.50
Car Loan	\$ 20,000.00	5.5%	\$ 84.23	\$ 297.79	\$ 382.02	3	\$ 382.02
Car Loan	\$ 35,000.00	3.5%	\$ 93.42	\$ 543.29	\$ 636.71	4	\$ 636.71

Avalanche Payoff (Rate Rank – Highest Rate first)

Creditor	Balance	Rate	Interest Payment	Principle Payment	Total Payment	Rate Rank	Payment
Chase Visa	\$ 3,500.00	28.0%	\$ 81.67	\$ 35.00	\$ 116.67	1	\$ 216.67
Capital One	\$ 6,900.00	22.0%	\$ 126.50	\$ 69.00	\$ 195.50	2	\$ 195.50
Discover	\$ 4,200.00	18.0%	\$ 63.00	\$ 42.00	\$ 105.00	3	\$ 105.00
Car Loan	\$ 20,000.00	5.5%	\$ 84.23	\$ 297.79	\$ 382.02	4	\$ 382.02
Car Loan	\$ 35,000.00	3.5%	\$ 93.42	\$ 543.29	\$ 636.71	5	\$ 636.71

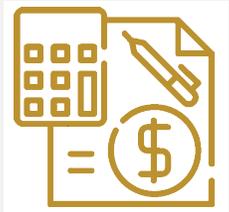
After Chase Visa is paid off this would be your payments.

Creditor	Balance	Rate	Interest Payment	Principle Payment	Total Payment	Rate Rank	Payment
Capital One	\$ 6,900.00	22.0%	\$ 126.50	\$ 69.00	\$ 195.50	1	\$ 421.17
Discover	\$ 4,200.00	18.0%	\$ 63.00	\$ 42.00	\$ 105.00	2	\$ 105.00
Car Loan	\$ 20,000.00	5.5%	\$ 84.23	\$ 297.79	\$ 382.02	3	\$ 382.02
Car Loan	\$ 35,000.00	3.5%	\$ 93.42	\$ 543.29	\$ 636.71	4	\$ 636.71



Either a budget or spending plan

- You have to understand your own make up. Are you very detailed, methodical and structured? Then a budget is probably good for you.
- Do you hate feeling restricted? Then maybe a spending plan is better.
- Which ever you use you should do it by month.



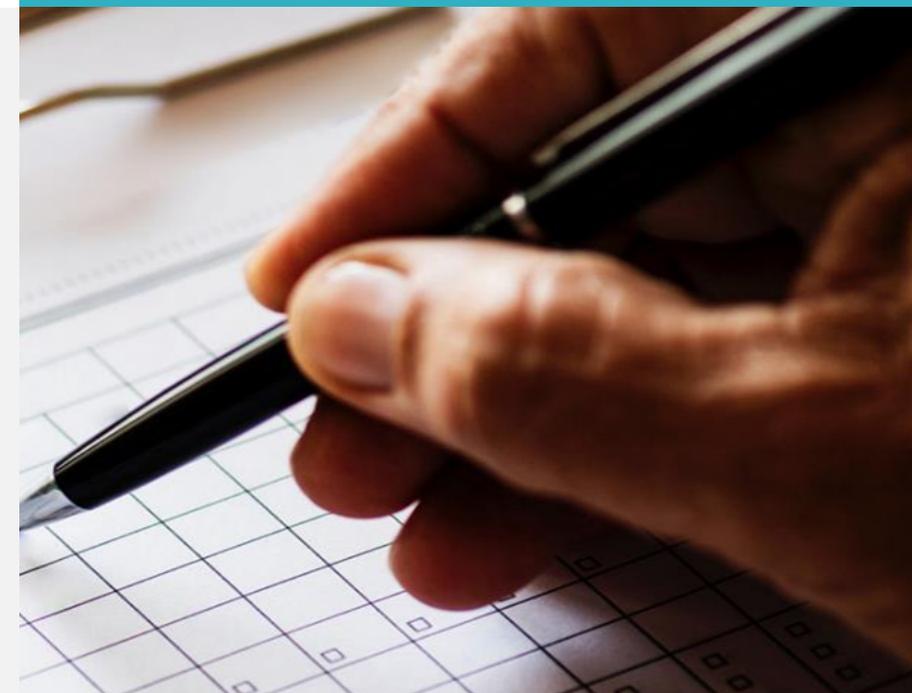
Budget

- Set aside for all hard expenses.
- Plan what to do with the rest in detail.
- Don't over spend any category.



Spending Plan

- Set aside for all hard expenses and funding priorities
- With what's left over, you can freely spend on your needs that month
- Don't spend more than is left.



Pay to Live

Are you as rich as you are, or
as rich as you think you are?

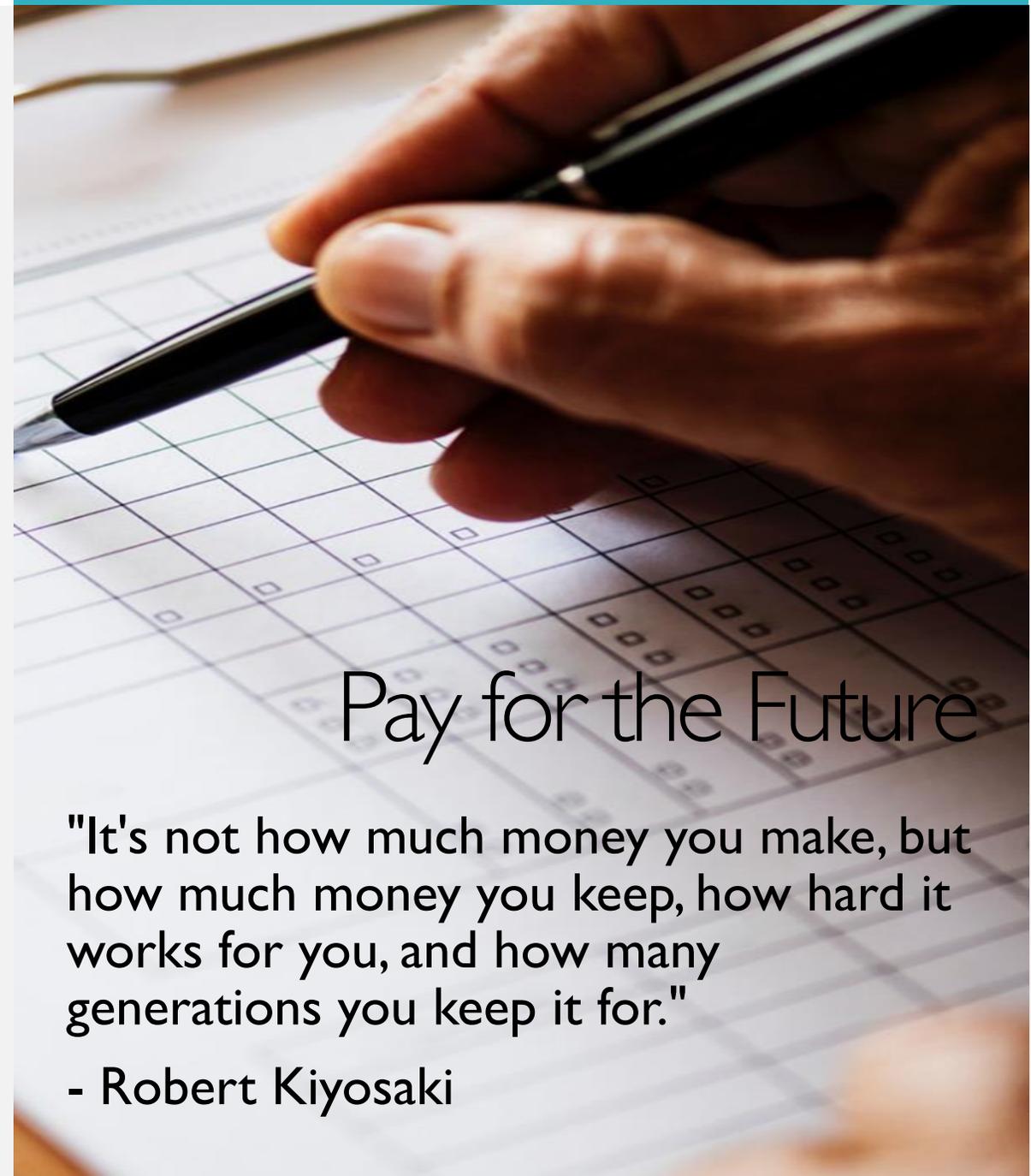
— Jay McBee

Budget sample 1

Budget sample 2

Once your debt is gone;
You have emergency fund in place;
You have savings plan in place;
Start Investing to grow your wealth!

1. Know yourself
2. Start small
3. Study (look for passive income, not just gains)
4. Plan
5. Practice
6. Have fun!



Pay for the Future

"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."

- Robert Kiyosaki



How do I get there?

Adapted from Dave Ramsey Baby steps

Step 1: Build saving account to 20% of your monthly income to start.

Step 2: Pay off all debt.

Step 3: Build up savings to cover 6 months living expenses.

Step 4: Save for big purchases (Car, Home, Marriage, etc)

Step 5: Invest to grow wealth

Fun with numbers

“The goal of retirement is to live off your assets-not on them”
— Frank Eberhart



Scenario one

A 25 puts \$1000 in an IRA every year for first 10 years of their career, then just lets it sit until he/she retire at 65.



Scenario two

Another person at age 35 starts putting \$1000 in an IRA every year and does so until they are 65.

Both invest at 6% return. Who ends up with more?

Fun with numbers

“The goal of retirement is to live off your assets-not on them”
— Frank Eberhart



Scenario one

At 65 the 25 year old would have about \$85,989. However, they would have put in 10,000 of their own money.



Scenario two

After putting in 1,000/year for 30 years this person would have \$84,801.68, but would have put in \$30,000 of their own money.

Time is always the friend of compounding

Fun with numbers

"I try not to borrow, first you borrow then you beg."
— Ernest Hemingway



Scenario one

I decide I need the newest Pixel phone. I put it on my credit card (24.42% interest) and make minimum payment each month. How much do you think I will end up paying for the \$700 phone?



Scenario two

I decide I need the newest Pixel phone. I put it on my credit card and pay it off in equal installments over 24 months. How much do you think I will end up paying for the \$700 phone?

Bonus

How long would it take to save enough to buy the phone if I put the same amount as the 2 year payment install in a savings account at 5% interest?

Fun with numbers

"I try not to borrow, first you borrow then you beg."
— Ernest Hemingway



Scenario one

Making minimum payments on one CC I checked will cost a total of \$2447.84



Scenario two

Paying it off in 2 years will cost \$886.23 with monthly payment of about \$38.

Bonus

About 17 months at 5% interest on saved money and I would have only put in about \$646 of my money. So almost a 8% discount on phone for planning ahead.

Small amounts make for large gains over time

Year	SNP 'Shares'	DJIA 'Shares'	Amount Invested	SNP Value	DJIA Value	Monthly Amount
1973-7	0	0	0	0	0	25.00
1983-7	\$ 42.84	\$ 5.17	\$ 4,547.87	\$ 6,963.35	\$ 6,219.39	\$ 53.50
1993-7	\$ 71.59	\$ 8.95	\$ 12,266.73	\$ 32,489.28	\$ 31,786.85	\$ 76.81
2003-7	\$ 84.45	\$ 10.49	\$ 22,694.45	\$ 81,658.32	\$ 92,815.13	\$ 97.21
2013-7	\$ 95.36	\$ 11.67	\$ 35,918.21	\$ 155,602.48	\$ 176,518.25	\$ 122.31
2023-7	\$ 101.36	\$ 12.36	\$ 51,888.77	\$ 423,996.94	\$ 407,097.13	\$ 157.10

According to one study, people age 25-34 spend on average \$2000 / year at Starbucks.
This is about \$166 / month.

Perspective:

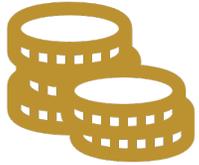
I am sure you have heard a lot about the “1%”

Income	Rank
\$ 19,200.00	10%
\$ 29,000.00	5%
\$ 40,500.00	2.50%
\$ 60,000.00	1%



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Plan and invest, know yourself and your calling.



Summary: 6P's

Keep everything in
PERSPECTIVE.

Remember who you are in Christ
and your calling.

Mark 8:36 For what does it profit
a man to gain the whole world and
forfeit his soul?



Additional resources

- Dave Ramsey; Baby Steps program
- <https://ptmoney.com/spending-plan-budget/>
- <https://www.thepennyhoarder.com/debt/>
- <https://www.doughroller.net/tools-resources/money-toolbox/>

Specific resources

- Snowball Savings Calculator Sheet
<https://www.vertex42.com/Calculators/savings-snowball.html>
- Debt Reduction Calculator Sheet
<https://www.vertex42.com/Calculators/debt-reduction-calculator.html>
- Budgeting Sheets
<https://www.frugalfanatic.com/free-monthly-budget-template>
<https://california.blogspot.com/2013/06/monthly-budget.html>
- Real estate information
<https://www.magicbricks.com/>
- Rate information
<https://www.moneycontrol.com/fixed-income/banks-deposits/>

