

Preparing for Marriage, Part 3

Finances

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1 Finances

1.1 Purpose of Wealth

Question: What is the main goal you want to accomplish using your money?

Your Answer: _____

In the following verses, underline the phrases that indicate God's purpose for wealth:

- “But you shall remember the Lord your God, for it is He who is giving you power to make wealth, that He may confirm His covenant which He swore to your fathers, as it is this day.” (Deut 8:18)
- “Honor the Lord from your wealth and from the first of all your produce” (Prov 3:9)
- “Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where neither moth nor rust destroys, and where thieves do not break in or steal; for where your treasure is, there your heart will be also.” (Matthew 6:19-21)
- “But God said to him, ‘You fool! This very night your soul is required of you; and now who will own what you have prepared?’ So is the man who stores up treasure for himself, and is not rich toward God.” (Luke 12:20-21)
- “And I say to you, make friends for yourselves by means of the wealth of unrighteousness, so that when it fails, they will receive you into the eternal dwellings.” (Luke 16:9)
- “Instruct them to do good, to be rich in good works, to be generous and ready to share, storing up for themselves the treasure of a good foundation for the future, so that they may take hold of that which is life indeed.” (1 Tim 6:18-19)

Question: How does your goal for money compare with God's purposes? If they are different, what changes in your thinking do you need to make?

Your Answer: _____

1.2 Stewardship

1.2.1 Who Owns What?

- “Both riches and honor come from You, and You rule over all, and in Your hand is power and might; and it lies in Your hand to make great and to strengthen everyone. (1 Chronicles 29:12)
- “The earth is the _____¹, and all it contains, the world, and those who dwell in it.” (Psalm 24:1)
- “What do you have that you did not _____²? And if you did _____³ it, why do you boast as if you had not received it?” (1 Corinthians 4:7)
- “For by Him all things were created, both in the heavens and on earth, visible and invisible, whether thrones or dominions or rulers or authorities—all things have been created through Him and for _____.”⁴ (Colossians 1:16)

1.2.2 Faithfulness

- “It is required of stewards that one be found _____.”⁵ (1 Corinthians 4:2)
- Parable of the Unrighteous Manager (Luke 16:1-13)
 - The master praised the unrighteous manager because he acted _____.⁶ (v8)
 - Jesus’ point in telling the parable: Use material wealth to build _____⁷ wealth. (v9)
 - Developing faithfulness begins with the _____⁸.⁸ (vs 10-13)

Question: Are you faithful in the little things, or do you try to cut corners when you think no one will ever know?

Your Answer: _____

1.3 Contentment

1.3.1 Enjoy God's Provision

- Instruct those who are rich in this present world not to be conceited or to fix their hope on the uncertainty of riches, but on God, who richly supplies us with all things to enjoy. (1 Timothy 6:17)

1.3.2 Contentment Commanded

- “Beware, and be on your guard against every form of greed; for not even when one has an _____⁹ does his life consist of his possessions.” (Luke 12:15)
- “Make sure that your character is free from the love of money, being _____¹⁰ with what you have; for He Himself has said, ‘I will never desert you, nor will I ever forsake you’.” (Hebrews 13:5)

1.3.3 Contentment is Learned

- “I have _____¹¹ to be content in whatever circumstances I am. I know how to get along with humble means, and I also know how to live in prosperity; in any and every circumstance I have learned the secret of being filled and going hungry, both of having abundance and suffering need.” (Philippians 4:11-12)

1.3.4 Warnings to the Rich

- 1 Timothy 6:6-11, 17-19:
 - _____¹² is a means of great gain when accompanied by contentment (v6)
 - We should be content with _____¹³ and _____¹⁴. (v8)
 - The desire to get rich is a _____¹⁵. (v9)
 - The _____¹⁶ of money is a root of all sorts of evil. (v10)
 - The rich should fix their _____¹⁷ on God not on uncertain riches. (v17)

Question: Are you content with what God has given you, or do you seek to get rich?

Your Answer: _____

1.4 Giving

1.4.1 Israel's Mandatory Tithes

By law, the Israelites were obliged to give approximately 25% of their annual income:¹⁸

The Levite's Tithe	10% to support the ministry of the Levites (Number 18:21-29)
The Festival Tithe	10% for an annual celebration commemorating God giving Israel their own land to live in securely.
The Poor Tithe	10% every three years (3.3% annually) for the Levites, aliens, orphans and widows living in the land.
Miscellaneous other offerings	2% annually (Leviticus 19:9-10; Nehemiah 10:32-33)

In addition to the mandatory tithes, there were voluntary offerings:

- First Fruits (Numbers 18:12-13)
- Freewill (Exodus 25:1-2)

1.4.2 Grace Giving in the New Testament

2 Corinthians 8 – 9:

- Macedonian churches gave out of the _____.¹⁹ (v8:2)
- They viewed giving as a _____.²⁰ (v8:4)
- They gave _____²¹ first to the Lord (v8:5)
- Giving is not a _____²² but an expression of _____.²³ (v8:8)
- The supreme model of giving is _____²⁴ (v8:9)
- He who sows _____²⁵ reaps _____.²⁶ He who sows _____²⁷ reaps _____.²⁸ (v9:6)
- Give _____²⁹ not under _____.³⁰ (v9:7)

Promised spiritual blessing from giving:

- “Give, and it will be given to you. They will pour into your lap a good measure – pressed down, shaken together, and running over. For by your standard of measure it will be measured to you in return.” (Luke 6:38)

Give _____.³¹

- “On the first day of every week each one of you is to put aside and save, as he may prosper, so that no collections be made when I come.” (1 Corinthians 16:2)

1.4.3 Questions

- How much (what percentage) of your income do you give to the Lord?
- Do you calculate that percentage from your gross income or net (after-tax) income?
- To whom do you give the majority of your money (the church you attend or some other organization)?
- Do you give joyfully or reluctantly from a sense of guilt?

1.5 Obligations

1.5.1 Debt

With regard to incurring debt, the only strictly biblical guidance we have is the following two statements:

1. Incurring debt, in and of itself, is a question of wisdom, not morality. (Proverbs 22:7)
2. Debt assumes moral qualities if:
 - A Christian incurs debt and does not repay it. (Psalms 37:21)
 - A Christian is unfaithful with his/her money and takes sinful actions that force him/her into debt (1 Corinthians 4:2; Luke 16:1-13). For example, selfishly purchasing non-essentials that he/she cannot afford.
 - A Christian's debt prevents him from fulfilling his other obligations. (1 Tim 5:8)

Some example Scriptures on debt:

- “The rich rules over the poor, and the borrower becomes the lender’s slave.” (Proverbs 22:7)
 - Not a _____³² against debt, simply an _____³³ of reality.
- “The _____³⁴ man borrows and does not repay.” (Psalms 37:21)
- “Render to all what is due them: tax to whom tax is due; custom to whom custom; fear to whom fear; honor to whom honor. Owe nothing to anyone except to love one another; for he who loves his neighbor has fulfilled the law.” (Romans 13:7-8)

Question: Do you have any sinful debt?

Your Answer: _____

1.5.2 Provision for Family

- “But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever.” (1 Tim 5:8)
- “If anyone is not willing to work, then he is not to eat, either.” (2 Thess 3:10)

1.5.3 Taxes

- “Is it lawful to pay a poll-tax to Caesar?” ... “Render to Caesar the things that are Caesar’s, and to God the things that are God’s.” (Mark 12:13-17)
- “Therefore it is necessary to be in subjection, not only because of wrath, but also for conscience’ sake. For because of this you also pay taxes, for rulers are servants of God, devoting themselves to this very thing.” (Romans 13:5-6)

Question: Do you pay less than the legal minimum amount of tax to the government?

Your Answer: _____

1.5.4 Cars

One common definition of an asset is something that has monetary value if sold. There are two general kinds of assets:

- Depreciating – loses value over time
- Appreciating – grows in value over time

Except for some rare collectible models, cars are depreciating assets. They lose their value most rapidly when they are new. For example, a new car can lose 20% or more of its value simply by someone purchasing it and driving it off the lot of a new car dealer.

Incurring debt to purchase a car (or any other depreciating asset) can be a significant risk. The car could lose its value more rapidly than the debt is repaid. If this occurs, the owner is said to be “upside down”, meaning the car is worth less than the amount owed. If the owner needed to sell the car, the sale price would not be enough to retire the debt.

However, having a car is often a necessity. Without a car, most people could not go to work. If you do not have enough money to pay for a car in full, you have no choice but to finance the car purchase.

There is no biblical guidance specific to purchasing a car. However, in light of general biblical principles and generally recognized wisdom, two principles apply:

- Unless you are financially free (see below), or at least able to pay for a car without debt, consider purchasing only good used cars.
- If you must finance a car purchase, repay the loan as quickly as possible.

See <http://www.biblebb.com/files/MAC/SC03-1056CDNotes.htm> for an example of the “2-4-junk” approach to buying cars. Using this approach, you can progress (over the course of eight years) from having to finance a car to always being able to pay cash for a car.

Questions: Do you buy new or used cars? Do you finance your car purchases? Why or why not?

Your Answers: _____

1.5.5 Houses

Everyone has to live somewhere, and for many people owning their own home is a major life aspiration. Since a house is normally the most expensive thing people buy in their lifetime, very few people can afford to buy a house without financing it with a mortgage. Fortunately, as a general rule, houses are appreciating assets, that is, they tend to grow in value over time. However, local market conditions and large scale economic events can and do cause houses to lose value.

As with cars, there is no biblical guidance specific to purchasing a house. Unlike cars, unfortunately, the question of debt is very controversial, especially as it relates to housing and investment real estate. Even Christian writers on the subject argue polar opposite positions.

Two statements that nearly every honest financial advisor would agree with are:

- The monthly payment for your house (principal, interest, taxes and insurance) should be no more than approximately one third of your after-tax income.
- The more you owe on your house (as a percentage of the house's value), the greater your risk.

Where sincere Christians disagree is on the strategy for managing risk. The simplest (and traditional) strategy is to pay off the mortgage as quickly as possible. For example, if you can make one extra mortgage payment each year, you will retire the loan in approximately half the normal time and save a tremendous amount of money that you would otherwise pay in mortgage interest. The advantage of this strategy is that it is effective, relatively simple and easy to understand.

There are more sophisticated strategies which can potentially make better use of your money. However, they are less intuitive than the traditional strategy and require significant study to understand and use responsibly.

The following three books present good strategies, one traditional and two innovative:

- *The Automatic Millionaire Homeowner* by David Bach. Bach does a great job of explaining the time-tested approach to growing wealth through homeownership.
- *How to Own Your Home Years Sooner - Without Making Extra Interest Payments* by Harj Gill. Gill presents a non-traditional but relatively easy to understand way of using a HELOC (Home Equity Line of Credit) to dramatically reduce the amount of time needed to pay off a mortgage.
- *Becoming Your Own Banker: The Infinite Banking Concept* by Nelson Nash. Available from <http://www.infinitebanking.org/>. Nash's approach is known and understood by remarkably few investment, accounting and insurance professionals. However, specialized insurance agents, typically those who serve high income clients, have used this basic concept for quite some time. Nash is a professing Christian.

1.5.6 Credit Cards

Credit cards provide a certain amount of convenience, but also enable the financially undisciplined to accumulate burdensome (and sinful) debt very rapidly. Using credit cards, many people fall prey to the temptation to “buy things they don’t need with money they don’t have to impress people they don’t like”.³⁵

As with cars and houses, there is no biblical guidance specific to the use of credit cards. However, the general biblical principles of contentment and faithfulness certainly apply since credit cards are a primary means of incurring debt.

Unlike cars and houses, credit cards are not a necessity. There are alternative ways to make purchases (cash, checks, debit cards, etc.). Consider honestly whether it is wise for you to use credit cards. If you determine that you can use credit cards and still honor God by obeying the biblical principles of contentment and faithfulness, follow these wise practices:

- Only buy things for which you already have money in your bank account.
- Pay off the credit card balance in full every month. Interest charges on carried balances dramatically increase the cost of the items purchased using a credit card.
- Consider setting up automatic payment of the full balance directly from your bank account.
- Consider using a debit card directly from your bank account, rather than a credit card.

Questions: Do you buy things with a credit card before you have the money to pay for them? Do you make impulse purchases using a credit card?

Your Answers: _____

Question: Do you pay off your credit card balance in full every month?

Your Answer: _____

1.6 Planning

1.6.1 The Sovereignty of God

In the following verses, underline the phrases that indicate God’s control of our plans:

- “The mind of man plans his way, but the Lord directs his steps.” (Proverbs 16:9)
- “Many plans are in a man’s heart, but the counsel of the Lord will stand.” (Proverbs 19:21)
- “Come now, you who say, ‘Today or tomorrow we will go to such and such a city, and spend a year there and engage in business and make a profit.’ Yet you do not know what your life will be like tomorrow. You are just a vapor that appears for a little while and then vanishes away. Instead, you ought to say, ‘If the Lord wills, we will live and also do this or that.’” (James 4:13-15)

1.6.2 Biblical Principles

_____ ³⁶ the condition of your flocks, and _____ ³⁷ to your herds, for riches are not forever, nor does a crown endure to all generations. (Proverbs 27:23-24)

Parable of the tower builder and the king (Luke 14:26-35):

- Jesus’ objective for using these two parables is to illustrate the required level of _____ ³⁸ to Him by those who wish to be His _____ ³⁹.
- Our _____ ⁴⁰ for Him should be so _____ ⁴¹ that our love for our _____ ⁴² and our _____ ⁴³ looks like _____ ⁴⁴.
- Jesus’ explanation relies approvingly on the principle of _____ ⁴⁵.

Planning principles from Nehemiah (Nehemiah 2:4-9):

- _____ ⁴⁶ (v4)
- _____ ⁴⁷ (v5)
- Set a definite _____ ⁴⁸ (v6)
- Obtained passive _____ ⁴⁹ from those who could be an obstacle (v7)
- Obtained material _____ ⁵⁰ (v8)
- Credited _____ ⁵¹ for the provision of what he needed (v8)
- Brought _____ ⁵² against those who might actively oppose his work (v9)

1.6.3 Budget

A budget is simply a plan for how you will spend the money God has given you.

- See pages 349 – 352 in Appendix Eight of *Exemplary Husband* for a sample budget worksheet.
 - Consider using computer software
- What is your income?
- What are your expenses?
- What is your **cash flow** (income – expenses)?
 - Negative cash flow = bankruptcy is only a matter of time
 - Positive cash flow = seed money for financial freedom (see below)
- How often do you and your spouse review and update your budget together?
 - Consider doing this at least once a year.

1.6.4 Bookkeeping

Managing money is a serious matter. Even so, in some senses money functions like a game with a (sometimes complex) set of rules. Bookkeeping is the way we keep score.

- See pages 353 – 354 in Appendix Eight of *Exemplary Husband* for an example expense recording worksheet.
 - Consider using computer software
- Who will be responsible for keeping accurate financial records for the family?
- If both spouses work, will you keep separate accounts?
 - The biblical principle of unity and mutual submission in marriage suggests that spouses should be joint owners of all personal financial accounts.
 - The advice to keep separate marital accounts usually comes from divorce lawyers!

1.6.5 Time and Money Planning Meeting (TMPM)

- Encourages regular and frequent communication and agreement on financial matters
- Short (less than 15 minutes) weekly family meeting:
 - Confirm that bookkeeping is current
 - Review previous week's spending compared with budget. Very easy if using computer software for budget and bookkeeping.
 - Plan spending for the coming week
 - Plan schedule for coming week
 - Plan tasks for coming week

1.6.6 Financial Freedom (Not Retirement)

A popular conception of “retirement” is quitting your job and spending your time in various forms of self-indulgent recreation. However, neither the word nor the concept of retirement appears in Scripture. From the beginning, God created man to work (Genesis 1:26, 28; 2:15). It was only after Adam and Eve sinned that work became laborious (Genesis 3:17-19). The biblical norm is that to live means to engage in fruitful labor for the Lord (Philippians 1:21-22).

The biblical mandate to work does not necessarily mean “work as an employee”. Of course, working as an employee may be exactly what God wants of a man so that he can be an ambassador for Christ (2 Cor 5:20) in his work environment. However, “work” also means serving others to the glory of God. If someone physically capable of work were able to pay their regular expenses without an earned income, they would have greater freedom to serve (working for the Lord without the demands of an employer).

Naturally, as we grow older, nearly everyone will eventually become physically unable to work for money to pay regular expenses. For that reason alone, eventually everyone will need a means of paying for regular expenses without an earned income. That means could be in the form of financial support from one’s family or from investment returns.

If your plan involves using investment returns (after ending one’s employment earlier or later in life), then you must become financially free. Financial freedom is the ability to pay all your expenses using passive income. It is a number you can easily calculate. Scripture contains no promise that anyone will be financially free. However, if God grants financial freedom to a Christian, the younger the better for the sake of fruitful labor for the Lord.

Financial Freedom Number (FFN):

- *Definition:* passive income – current expenses
- $FFN < 0$ = dependent on earned income
- $FFN > 0$ = financially free
- Improve FFN by reducing current expenses or increasing passive income

Examples of passive income:

- Interest on savings account
- Dividends on stock
- Rental income from investment real estate
- Profits from a passively-owned business

Highly recommended book:

- *Safe Strategies for Financial Freedom* by Steve Sjuggerud, Van Tharp and D.R. Barton
- Sjuggerud is a former hedge fund manager and a fanatic for numerical analysis.
- Barton is the COO and risk manager for a hedge fund, and a professing Christian (based on his “Credits” statement at the beginning of the book).
- Tharp is respected trading instructor. The technical aspects of his instruction are sound, but he teaches a trading *psychology* (not presented in this book, thankfully) that is heavily influenced by new age philosophy. Beware of his non-technical materials.

2 Homework

Read chapter 12 in *The Exemplary Husband*. Underline the 10 most significant sentences in the chapter.

3 End Notes

- ¹ Lord's
- ² receive
- ³ receive
- ⁴ Him
- ⁵ trustworthy
- ⁶ shrewdly
- ⁷ eternal (or spiritual)
- ⁸ little things
- ⁹ abundance
- ¹⁰ content
- ¹¹ learned
- ¹² godliness
- ¹³ food
- ¹⁴ clothing
- ¹⁵ snare
- ¹⁶ love
- ¹⁷ hope
- ¹⁸ See chapter 15 "Discipline of Giving" in *Disciplines of a Godly Man* by R. Kent Hughes.
- ¹⁹ poverty
- ²⁰ privilege (favor)
- ²¹ themselves
- ²² command
- ²³ love
- ²⁴ Jesus
- ²⁵ sparingly
- ²⁶ sparingly
- ²⁷ bountifully
- ²⁸ bountifully
- ²⁹ cheerfully
- ³⁰ compulsion
- ³¹ regularly
- ³² prohibition
- ³³ observation
- ³⁴ wicked
- ³⁵ *Disciplines of a Godly Man*, page 184.
- ³⁶ Know well
- ³⁷ pay attention
- ³⁸ commitment
- ³⁹ disciples
- ⁴⁰ love
- ⁴¹ great
- ⁴² self
- ⁴³ family
- ⁴⁴ hatred
- ⁴⁵ planning
- ⁴⁶ humility – he submitted his plan to God
- ⁴⁷ boldness – he made a personal request of the king
- ⁴⁸ time
- ⁴⁹ cooperation
- ⁵⁰ resources
- ⁵¹ God
- ⁵² protection