

FAMILY BUDGETING

It is important for Christians to be able to recognize financial bondage, but it is equally important to know how to achieve freedom. Financial freedom manifests itself in every aspect of lives—relief from worry and tension about overdue bills, a clear conscience before God and before others, and the absolute assurance that God is in control of our finances.

This is not to say that our lives will be totally void of any difficulties in the area of finances. God does not promise to remove every difficulty, but no matter what circumstances are encountered God promises peace. When He manages our finances, we have nothing to worry about. He is the Master of the universe. It is His wisdom we are seeking. We're still human beings and subject to making mistakes at any moment. Even when we understand God's principles, it is possible to step out of His will, and we all do from time to time. But as soon as we admit the error and let God take control again we are back under His guidance.

Once we truly accept and experience financial freedom, there will be a greater desire to stay within God's will, which will result in perfect peace.

In our society, there are some who have found financial freedom, but I have never met a non-Christian who had true freedom from worry, anxiety, tension, harassment, or bitterness about money. Once someone experiences and lives in financial freedom (meaning freedom from the bondage of debts, freedom from oppression of others, freedom from envy and covetousness or greed, and freedom from resentfulness), that person shines like a beacon at sea.

Steps to Financial Freedom

How can we achieve financial freedom? What must we do according to God's plan?

1. Transfer Ownership

Christians must transfer ownership of every possession to God. This means money, time, family, material possessions, education, even earning potential for the future. This is essential to experience the Spirit-filled life in the area of finances (see Psalms 8:4-6).

We must realize that there is absolutely no substitute for this step. If we believe that we are the owners of even a single possession, then the events affecting that possession are going to affect our attitudes. God will not force His will on us. He will not input His perfect will into our lives unless we first surrender our wills to Him.

However, if we make a total transfer of everything to God, He will demonstrate His ability. It is important to understand and accept God's conditions for His control (see Deuteronomy 5:32-33). God will keep His promise to provide every need we have through physical, material, and spiritual means, according to His perfect plan.

It is simple to say that we will make a total transfer of everything to God, but it's not so simple to do. At first, we will experience some difficulty in consistently seeking God's will in the area of material things, because we are so accustomed to self-management and control. But financial freedom comes from knowing God is in control.

What a great relief it is to turn our burdens over to Him. Then, if something happens to the car, we can say, “Father, I gave this car to You; I’ve maintained it to the best of my ability, but I don’t own it. It belongs to You, so do with it whatever You would like.” Then look for the blessing God has in store as a result of this attitude.

2. Become Debt Free

A Christian must get out of debt altogether. Again, let me define a scriptural debt. Debt exists with any of the following conditions.

- ◆ Payment is past due for money, goods, or services that are owed to other people.
- ◆ The total value of unsecured liabilities exceeds total assets. In other words, if you had to cash out at any time, there would be a negative balance on your account.
- ◆ The family’s basic needs are not being met, producing anxiety in the area of financial responsibility.

Six Steps to Becoming Free from Debt

a. Have a Written Plan

A written plan is an absolute necessity for everyone who is in financial bondage.

Use a written plan of all expenditures in their order of importance. The order of importance is crucial because we have lost the point of reference between needs, wants, and desires. Let’s examine the differences between a need, a want, and a desire.

Needs. These are the purchases necessary to provide basic requirements, such as food, clothing, a job, home, medical coverage, and others. *“If we have food and covering, with these we shall be content”* (1 Timothy 6:8).

Wants. Wants involve choices about the quality of goods to be used: dress clothes versus work clothes, steak versus hamburger, a new car versus a used car. These verses give a point of reference for determining wants in a Christian’s life: *“Your adornment must not be merely external—braiding the hair, and wearing gold jewelry, or putting on dresses; but let it be the hidden person of the heart, with the imperishable quality of a gentle and quiet spirit, which is precious in the sight of God”* (1 Peter 3:3-4).

Desires. These are choices according to God’s plan that can be made only out of surplus funds after all other obligations have been met.

“Do not love the world nor the things in the world. If anyone loves the world, the love of the Father is not in him. For all that is in the world, the lust of the flesh and the lust of the eyes and the boastful pride of life, is not from the Father, but is from the world” (1 John 2:15-16).

b. Determine Essentials for Living

A Christian in debt must stop any expenditure that is not absolutely essential for living (see Proverbs 21:17). Look for services around the home that can be done without outside cost. Also begin to develop some home skills. By utilizing individual skills you can begin to cut down on some of the expenditures that are not really essential.

What I’m expressing is an attitude of conservatism. Begin to eliminate expenditures that are not essential and remember that many expenditures are assumed to be essential only because of our society. Fifty years ago almost all the labor supplied in the home was done by family members—not professionals who charged for it.

Christians who are in bondage must begin to assess what things they can do for themselves and stop the frivolities. Once a Christian has begun to do these things, whether in debt or not, it will become fun and will help stabilize the family life.

c. Think Before Buying

A Christian who is in debt (and even those who are not) should think before every purchase (see Proverbs 24:3). Every purchase should be evaluated.

- ◆ Is it a necessity? Have I assessed whether it is a need, a want, or a desire?
- ◆ Does the purchase reflect my Christian ethics? (For example, *Playboy* magazine does not reflect Christian ethics.) Can I continue to subscribe to magazines or belong to book, CD, or movie clubs while I owe others?
- ◆ Is this the best possible buy I can get, or am I purchasing only because I have this credit card?
- ◆ Is it a highly depreciative item? Am I buying something that will devalue quickly? (Swimming pools, boats, sports cars all fall into this category.)
- ◆ Does it require costly upkeep?

d. Discontinue Credit Buying

A Christian in debt also should begin buying on a cash-only basis. Often someone in debt with an asset that can be converted into cash will ask, “Would it be better to sell this asset and pay off the debts?” That is a possible option but would be valid only if a person first learned new spending habits; otherwise it treats the symptom rather than the problem.

For example, I remember a couple who was in dire financial bondage from credit card debts. They owed over \$20,000 and paid in excess of \$4,000 a year in interest alone. In our planning, it seemed reasonable for them to sell their home and apply the money to their debts, which would pay them off. They did so, but less than a year later they were back in debt again, with about \$6,000 in credit card debts—and no home this time.

What happened? We had treated a symptom rather than the problem. The problem was an attitude dealing with credit cards. They assured me that they would not use the credit cards; but, without working out a plan for them to discontinue the use of those cards, they fell right back into the same trap again. As soon as they needed something and lacked the cash to purchase it, out came the card.

The principle to observe is this: If you are in debt from the misuse of credit, stop—totally stop—using it. Cut up the cards and mail them back to their respective companies and ask them not to send you any more. Include in your letter the plan for paying that credit card debt, and then commit yourself to buying solely on a cash basis.

Once good habits have been developed and the bondage from the misuse of credit cards has been broken, then evaluate the feasibility of converting assets to pay off the debts. In that way you won't simply be treating the symptom. When someone has overextended his or her finances, it is necessary to sacrifice some of the wants and desires in life to get current; otherwise, that person will continue to borrow and only get deeper into bondage.

e. Avoid Leverage

When in debt, avoid the use of what is called leverage. Leverage is the ability to control a large asset with a relatively small amount of invested capital.

For example, if you bought a piece of property that cost \$10,000 and required \$1,000 down, that represents a nine-to-one lever. You have invested 10 percent of your money and borrowed 90 percent.

Borrowing money to invest is not a scriptural principle, because when a Christian borrows the money from a bank to invest, the repayment of the bank loan is dependent on the investment making a profit. But if a profit is not made and the investor can't make the payments, he or she loses the investment and still owes the bank. The result? Financial bondage.

f. Practice Saving

A Christian should practice saving money on a regular basis. This includes those who are in debt. Even if it is only \$5 a month, develop a discipline of saving.

This does not mean to store up a large amount of money while failing to pay your creditors, but one of the best habits a young couple can develop is to save a small amount on a regular basis.

Everyone in our society living above the poverty level has the capability to save money, but many fail to do so because they believe that the amount they can save is so small it's meaningless. Others believe that God frowns on a Christian saving anything. Neither of these two reasons is scriptural. "*There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up*" (Proverbs 21:20). The common attitude presented in the Bible is to save on a regular basis, and it is important that Christians develop good habits to replace bad habits.

To get out of debt a Christian must utilize these points we've just discussed. There is no alternative under God's plan for being debt free.

3. Establish the Tithe

Every Christian should establish the tithe as the minimum testimony to God's ownership. As mentioned earlier, how can we say that we have given total ownership to God when we have never given testimony to that fact?

It is through sharing that we bring His power in finances into focus. In every case, God wants us to give the first part to Him, but He also wants us to pay our creditors. That requires establishing a plan and probably making sacrifices of wants and desires until all obligations are current.

You cannot sacrifice God's part—that is not your prerogative as a Christian. "*Now this I say, he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully*" (2 Corinthians 9:6). So what is the key? If a sacrifice is necessary, and it almost always is, do not sacrifice God's or your creditor's share. Choose a portion of your own expenditures to sacrifice.

4. Accept God's Provision

To obtain financial peace, recognize and accept that God's provision is used to direct each of our lives. Often Christians lose sight of the fact that God's will can be accomplished through a withholding of funds; we think that He can direct us only by an abundance of money. But God does not choose for everyone to live in great abundance. As stated before, this does not imply poverty, but it may mean that God wants us to be more responsive to His day-by-day control.

Each Christian must learn to live on what God provides and not come under the pressure brought on by driving desires for wealth and material things. This necessitates planning lifestyles around the provision that God has supplied. It can be done.

5. Keep a Clear Conscience

A Christian must have a clear conscience regarding past business practices and personal dealings. Freedom from these may well require restitution, as well as a changed attitude.

I recall a friend who had wronged an individual financially before he became a Christian. God convicted him about this and indicated that he should go and make restitution. He contacted this individual, confessed what had been done, and offered to make it right. The person refused to forgive and refused to take any money.

For a while it hurt my friend's ego and pride—until he realized that it was not for the offended person that he had confessed but for himself. It was not for the loss that restitution was offered but for his relationship with God. God had forgiven him, and he had done exactly what God had asked. Nothing further was required.

6. Put Others First

A Christian seeking financial freedom must always be willing to put other people first. This does not imply that a Christian has to be a floor mat for others; it simply means that he or she shouldn't profit at the disadvantage of someone else. Again, the key lies in attitude.

7. Limit Time Involvement

A Christian also must limit time devoted to business affairs when family involvement suffers. *"Do not weary yourself to gain wealth, cease from your consideration of it. When you set your eyes on it, it is gone. For wealth certainly makes itself wings like an eagle that flies toward the heavens"* (Proverbs 23:4-5). Many Christians are trapped in this cycle of overcommitment to business or money pursuits.

It's important to remember that the priorities God sets for us are very clear and that every Christian who seeks God's best must understand God's priorities.

The *first priority* in a Christian's life is to develop his or her personal relationship with Jesus Christ.

The *second priority* of a Christian's commitment is to family, which includes teaching them from God's Word. This training requires a commitment to the family unit, and that means a specific time commitment too. Christ deserves the best part of our day. If you study best in the morning, get up early in the morning and give time to the Lord. Sacrifice if necessary to do so. If you find that your family time together can take place best between 8:00 and 9:00 in the evening, commit that time to God.

Turn off the television, have the children do their homework early, and begin to study the Bible together. It is important for the whole family to understand God and to pray together. Pray for those in need too. Help your children become aware that Christians, as intercessors, can pray for others and expect God to answer.

The *third priority* in a Christian's life should be church activities, social groups, work, and all the hobbies that he or she might have.

8. Avoid Indulgence

To achieve financial freedom, every Christian must avoid the indulgences of life.

The range in which God's will can be found is between Luke 9:23 when Christ said, "If anyone wishes to come after Me, he must deny himself, and take up his cross daily and follow Me" and John 6:27: "Do not work for the food which perishes, but for the food which endures to eternal life, which the Son of Man shall give to you, for on Him the Father, God, has set His seal."

Does your lifestyle fit within this range? Are you willing to trust God and deny yourself some indulgences? As you do, He will supply you even more. Unfortunately, most of us are self-indulgers rarely passing up a want or desire, much less a need. But, in light of the needs around us, it is important that Christians assess their standards of living. Most of us can reduce our expenditures substantially without a real reduction in living standard.

9. Get Christian Counseling

It is important to seek good Christian counseling. "Without consultation, plans are frustrated, but with many counselors they succeed" (Proverbs 15:22). God admonishes us to seek counsel and not to rely solely on our own resources. Many Christians become frustrated in financial planning because they lack the necessary knowledge and then give up. God has supplied others with the ability to help in the area of finances. Seek Christian counselors.

The following material is provided as a practical guide to help you establish a family budget.

Steps to Making a Budget

In making and using a budget, there are several logical steps, each requiring individual effort. Sample forms for budgeting are shown on pages 13 and 14. Use these forms to guide your budget preparation.

Step 1—List Monthly Expenditures in the Home.

a. Fixed Expenses

Tithe

Federal income taxes (if taxes are deducted, ignore this item)

State income taxes (if taxes are deducted, ignore this item)

Federal Social Security taxes (if taxes are deducted, ignore this item)

Housing expenses (payment/rent)

Residence taxes

Residence insurance

Other

b. Variable Expenses

Food
Outstanding debts
Utilities
Insurance (life, health, auto)
Entertainment, recreation
Clothing allowance
Medical/dental
Savings
Miscellaneous

NOTE: In order to accurately determine variable expenses, it is suggested that both husband and wife keep an expense diary for 30 days. Every expenditure, even small purchases, should be listed.

Step 2—List Available Monthly Income.

NOTE: If you operate on a non-fixed monthly income, use a yearly average divided into months.

Salary	Interest
Rents	Dividends
Notes	Income tax refund
Other	

Step 3—Compare Income Versus Expenses.

I encourage couples to establish a budget based on the husband's income only. I recommend the wife's income be applied to one-time purchases only—vacations, furniture, cars—or to savings or debt reduction. Too many times the wife's income is interrupted by illness, pregnancy, or a change in the husband's employment location.

If total income exceeds total expenses, you only have to implement a method of budget control in your home. However, if expenses exceed income (or more stringent controls in spending are desired), additional steps are necessary. In that case, to reduce expenses, an analysis of each budget area is called for. These areas are outlined below.

“Budget busters” are the large potential problem areas that can ruin a budget. Failure to control even one of these problems can result in financial disaster in the home. This area is evaluated by typical budget percentages for a \$35,000 annual income (family of four). Naturally these percentages are not absolutes and will vary with income and geographical location.

a. Housing (36 percent of net income)

Typically, this is one of the largest home budget problems. Many families, motivated by peer pressure or some other pressure, buy homes they can't afford. It is not necessary for everyone to own a home. The decision to buy or rent should be based on needs and financial ability, rather than on internal or external pressure.

b. Food (12 percent of net income)

Many families buy too much food. Others buy too little. Typically, the average American family buys the wrong type of food. The reduction of a family's food bill requires quantity and quality planning.

Hints for Grocery Shopping

- ❖ Always use a written list of needs.
- ❖ Try to conserve gas by buying food for a longer time period and in larger quantities.
- ❖ Avoid buying when hungry (especially if you're a "sugarholic").
- ❖ Use a calculator, if possible, to total purchases.
- ❖ Reduce or eliminate paper products—paper plates, cups, napkins (use cloth napkins).
- ❖ Evaluate where to purchase sundry items, such as shampoo, mouthwash. (These are normally somewhat cheaper at discount stores.)
- ❖ Avoid processed and sugar-coated cereals. (These are expensive and most of them have little nutritional value.)
- ❖ Avoid prepared foods, such as frozen dinners, pot pies, cakes. (You are paying for expensive labor that you can provide.)
- ❖ Determine good meat cuts that are available from roasts or shoulders, and have the butcher cut these for you. (Buying steaks by the package on sale is fairly inexpensive also.)
- ❖ Try store brand canned products. (These are normally cheaper and just as nutritious.)
- ❖ Avoid products in a seasonal price hike. Substitute or eliminate.
- ❖ Shop for advertised specials. (These are usually posted in the store window.)
- ❖ Use manufacturer's coupons (cents-off on an item or items) only if you were going to buy the item anyway and it is cheaper than another brand would be without the coupon.
- ❖ When possible, purchase food in bulk quantities from large discount stores; the per-item cost is cheaper. Do not buy from convenience stores except in case of emergency.
- ❖ Avoid buying non-grocery items in a grocery supermarket except on sale. (These are normally "high mark-up" items.)
- ❖ For baby foods, use normal foods processed in a blender.
- ❖ Leave the children at home to avoid unnecessary pressure.
- ❖ Check every item as it is being "rung up" at the store and again when you get home.
- ❖ Consider canning fresh vegetables whenever possible. Make bulk purchases with other families at farmers' markets and such. (NOTE: Secure canning supplies during off seasons.)

c. Automobiles (12 percent of net income)

The advertising media refers to us as "consumers," but that's not always the best description. I believe that P.T. Barnum had a more apt word—"suckers." Often we are unwise in our decision making when it comes to our machines—especially cars.

Many families will buy new cars they cannot afford and trade them long before their utility is depleted. Those who buy a new car, keep it for less than four years, and then trade it for a new model have wasted the maximum amount of money. Some people, such as salespeople who drive a great deal, need new cars frequently; most of us do not. We swap cars because we want to—not because we have to. Many factors enter here, such as ego, esteem, and maturity.

d. Insurance (5 percent of net income)

It is unfortunate to see so many families misled in this area. Few people understand insurance, either how much is needed or what kind is necessary. Who would be foolish enough to buy a Rolls Royce when he or she could afford only a Chevrolet? Yet many purchase high-cost insurance even though their needs dictate otherwise.

Insurance should be used as supplementary provision for the family, not for protection or profit. An insurance plan is not designed for saving money or for retirement. Ask anyone who assumed it was; the ultimate result was disillusionment and disappointment.

In our society, insurance can be used as an inexpensive vehicle to provide future family income and thus release funds today for family use and the Lord's work. In excess, this same insurance can put a family in debt, steal the Lord's money, and transfer dependence to the world.

One of your best insurance assets is to have a trustworthy agent in charge of your program. A good insurance agent is usually one who can select from several different companies to provide you with the best possible buy and who will create a brief, uncomplicated plan to analyze your exact needs.

e. Debts (5 percent of net income)

It would be great if most budgets included 5 percent debts or less. Unfortunately, the norm in American families is far in excess of this amount. As previously discussed, credit cards, bank loans, and installment credit have made it possible for families to go deeply into debt. What things can you do once this situation exists?

- ◆ Destroy all credit cards as a first step.
- ◆ Establish a payment schedule that includes all creditors.
- ◆ Contact all creditors, honestly relate your problems, and arrange an equitable repayment plan.
- ◆ Buy on a cash basis, and sacrifice your wants and desires until you are current.

f. Entertainment/Recreation (6 percent of net income)

We are a recreation-oriented country. That is not necessarily bad if put in the proper perspective. But those who are in debt cannot use their creditor's money to entertain themselves. The normal tendency is to escape problems, even if only for a short while—even if the problems then become more acute. Christians must resist this urge and control recreation and entertainment expenses while in debt.

What a terrible witness it is for a Christian who is already in financial bondage to indulge at the expense of others. God knows we need rest and relaxation, and once our attitude is correct He will often provide it from unexpected sources. Every believer, whether in debt or not, should seek to reduce entertainment expenses. This usually can be done without sacrificing quality family time.

Recreation Hints

- ❖ Plan vacations during “off seasons” if possible.
- ❖ Consider a camping vacation to avoid motel and food expenses. (Christian friends can pool the expenses of camping items.)
- ❖ Select vacation areas in your general locale.
- ❖ Use some family games in place of movies (like some of those unused games received at Christmas).
- ❖ To reduce expenses and increase fellowship, consider taking vacation trips with two or more families.
- ❖ If flying, use the least expensive coach fare (i.e., late night or early morning usually saves 10 percent to 20 percent).

g. Clothing (5 percent of net income)

Many families in debt sacrifice this area in their budget because of excesses in other areas. And yet with prudent planning and buying your family can be clothed neatly without great expense. This requires effort on your part in terms of:

1. Saving enough money to buy without using credit.
2. Educating family members on care of clothing.
3. Applying discipline with children to enforce these habits.
4. Developing skills in making and mending clothing.

Learn to be utilizers of resources rather than consumers. How many families have closets full of clothes they no longer wear because they are “out of style”?

Many families with large surplus incomes spend excessively in the area of clothes. Assess whether it really matters that you have all of the latest styles. Do your purchases reflect good utility rather than ego? Do you buy clothes to satisfy a need or a desire?

Budget Hints

- ❖ Make as many of the clothes as time will allow. (Average savings is 50 percent to 60 percent.)
- ❖ Make a written list of clothing needs and purchase during the “off” season when possible.
- ❖ Select outfits that can be mixed and used in multiple combinations rather than as a single set.
- ❖ Frequent the discount outlets that carry unmarked name-brand goods.
- ❖ Shop at authentic factory outlet stores for close-out values of top quality.
- ❖ Select clothing made of home washable fabrics.
- ❖ Use coin-operated dry cleaning machines instead of commercial cleaners.
- ❖ Practice early repair for damaged clothing.
- ❖ Learn to utilize all clothing fully (especially children’s wear).

h. Savings (5 percent of net income)

It is important that some savings be established in the budget. Otherwise, the use of credit becomes a lifelong necessity and debt a way of life. Your savings will allow you to purchase items for cash and shop for the best buys, irrespective of the store.

Savings Hints

- ◆ Use a company payroll withdrawal, if possible. This removes the money before you receive it.
- ◆ Use an automatic bank withdrawal from your checking account.
- ◆ Write your savings account a check just as if it were a creditor.
- ◆ When an existing debt is paid off, allocate any extra money toward the next largest debt. When all consumer debt is paid off, then reallocate that money to savings.

i. Medical/dental expenses (4 percent of net income)

You must anticipate these expenses in your budget and set aside funds regularly; failure to do so will wreck your plans and lead to indebtedness. Do not sacrifice family health due to lack of planning; but, at the same time, do not use doctors excessively. Proper prevention is much cheaper than correction.

You can avoid many dental bills by teaching children to eat the right foods and clean their teeth properly. Your dentist will supply all the information you need on this subject.

Many doctor bills can be avoided in the same way. Take proper care of your body through diet, rest, and exercise, and it will respond with good health. Abuse your body and you must ultimately pay through illnesses and malfunctions. This is not to say that all illnesses or problems are caused by neglect, but a great many are.

Do not be hesitant to question doctors and dentists in advance about costs. Also, educate yourself enough to discern when you are getting good value for your money. Most ethical professionals will not take offense at your questions. If they do, that may be a hint to change services.

In the case of prescriptions, shop around. You will be amazed to discover the wide variance in prices from one store to the next. Ask about generic drugs. These are usually much less expensive and are just as effective.

j. Miscellaneous (variable expenses) (5 percent of net income)

These can include a myriad of items. Some of the expenses occur monthly and others occur on an as-needed basis (such as appliances).

One of the most important factors in home expenses is you. If you can perform routine maintenance and repair, considerable expenses can be avoided. Many people rationalize not doing these things on the basis that time is too valuable. That is nonsense. If every hour of the day is tied up in the pursuit of money, as previously defined, then you're in bondage.

A part of care and maintenance around the home relates to family life, particularly the training of children. When they see mom and dad willing to do some physical labor to help around the home, they will learn good habits. But if you refuse to get involved, why should they? Where will they ever learn the skills of self-sufficiency?

Some men avoid working on home projects because they say they lack the necessary skills. Well, those skills are learned, not gifted. There are many good books that detail every area of home maintenance. As previously mentioned, at some point in the future many of these skills will be necessities rather than choices.

k. School/Child Care (6 percent of net income) (If this category is used, other categories must be adjusted downward a total of 6 percent.)

An ever increasing segment of our population has expenses for private school and/or child care. This category must reflect those expenses. All other categories must be reduced to provide these funds.

l. Investments (5 percent of net income)

Individuals and families with surplus income in their budgets will have the opportunity to invest for retirement or other long-term goals. As debt-free status is achieved, more money can be diverted to this category.

m. Unallocated Surplus Income

Income from unallocated sources (garage sales, gifts) can be kept in one's checking account and placed in this category. This category is also useful for recording income information for tax purposes.

Variable Income Planning

Families with variable monthly incomes need budgets even more than families on fixed salaries. Many people with fluctuating incomes get trapped into debt because they borrow during lean months and spend what they make during high-income months, rather than repaying what they previously borrowed. Proverbs 27:12 says, "*A prudent man sees evil and hides himself, the naive proceed and pay the penalty.*"

Living on a fluctuating income can be very deceiving—and difficult. Months of high income can easily be construed as a windfall profit. To properly budget a variable income you must conservatively estimate what your annual income is likely to be, divide that by 12, and then develop your monthly budget based on that amount. You should put all your income into a savings account and withdraw your average monthly salary from that account each month.

This method will allow surplus funds from higher income months to accumulate in the savings account to cover budgeted expenses during months of lower income. This is not hoarding; it is planning according to Proverbs 6:6-8.

MONTHLY INCOME AND EXPENSES

<p>GROSS INCOME PER MONTH _____</p> <p>Salary _____</p> <p>Interest _____</p> <p>Dividends _____</p> <p>Other (_____) _____</p> <p>Other (_____) _____</p> <p>LESS:</p> <p>1. Tithe _____</p> <p>2. Tax (Est. - Incl. Fed., State, FICA) _____</p> <p>NET SPENDABLE INCOME <u> </u></p> <p>3. Housing (36%)* _____</p> <p>Mortgage (rent) _____</p> <p>Insurance _____</p> <p>Taxes _____</p> <p>Electricity _____</p> <p>Gas _____</p> <p>Water _____</p> <p>Sanitation _____</p> <p>Telephone _____</p> <p>Maintenance _____</p> <p>Other (_____) _____</p> <p>Other (_____) _____</p> <p>4. Food (12%)* _____</p> <p>5. Automobile(s) (12%)* _____</p> <p>Payments _____</p> <p>Gas and Oil _____</p> <p>Insurance _____</p> <p>License/Taxes _____</p> <p>Maint./Repair/Replace _____</p> <p>6. Insurance (5%)* _____</p> <p>Life _____</p> <p>Medical _____</p> <p>Other (_____) _____</p> <p>7. Debts (5%)* _____</p> <p>Credit Card _____</p> <p>Loans and Notes _____</p> <p>Other (_____) _____</p> <p>Other (_____) _____</p>	<p>8. Enter./Recreation (6%)* _____</p> <p>Eating Out _____</p> <p>Baby Sitters _____</p> <p>Activities/Trips _____</p> <p>Vacation _____</p> <p>Other (_____) _____</p> <p>Other (_____) _____</p> <p>9. Clothing (5%)* _____</p> <p>10. Savings (5%)* _____</p> <p>11. Medical Expenses (4%)* _____</p> <p>Doctor _____</p> <p>Dentist _____</p> <p>Credit Card _____</p> <p>Other (_____) _____</p> <p>12. Miscellaneous (5%)* _____</p> <p>Toiletry, cosmetics _____</p> <p>Beauty, barber _____</p> <p>Laundry, cleaning _____</p> <p>Allowances, lunches _____</p> <p>Subscriptions _____</p> <p>Gifts (incl. Christmas) _____</p> <p>Cash _____</p> <p>Cable/Internet _____</p> <p>Other (_____) _____</p> <p>Other (_____) _____</p> <p>13. School/Child Care (6%)¹ _____</p> <p>Tuition _____</p> <p>Materials _____</p> <p>Transportation _____</p> <p>Day Care _____</p> <p>Other (_____) _____</p> <p>14. Investments (5%)² _____</p> <p>TOTAL EXPENSES <u> </u></p> <p>INCOME VERSUS EXPENSES</p> <p>Net Spendable Income _____</p> <p>Less Expenses _____</p> <p>15. Unallocated Surplus Income³ _____</p>
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* Percentages are based on the net spendable income of a \$35,000 annual income (family of four).

¹ Using this category requires adjustment of the other categories by an equal amount.

² This category is used for long-term investment planning, such as college education or retirement.

³ This temporary category can be used until the funds are allocated to another category.

INCOME ALLOCATION

INCOME		INCOME SOURCE/PAY PERIOD			
BUDGET CATEGORY	MONTHLY ALLOCATION				
1. TITHE					
2. TAX					
3. HOUSING					
4. FOOD					
5. AUTO					
6. INSURANCE					
7. DEBTS					
8. ENTERTAINMENT/ RECREATION					
9. CLOTHING					
10. SAVINGS					
11. MEDICAL/DENTAL					
12. MISCELLANEOUS					
13. SCHOOL/CHILD CARE					
14. INVESTMENTS					
15. UNALLOCATED SURPLUS INCOME					

A Principle Under Scrutiny

Finances and Your Relationship with God

By Larry Burkett

Without a doubt, there is a great need in Christianity to get back to the basics of God's Word. This is true whether we're talking about salvation, sanctification, service, or finances.

Where finances are concerned, there is a great deal of false service by many who profess to serve God but actually want God to serve them. They will give, but they always expect to be repaid. They will help the needy, but it's to keep God from allowing some tragedy to befall them. The list could go on and on and eventually would touch every one of us. Why? Because I believe so few really understand the function that finances play in our spiritual lives.

The financial principles given throughout God's Word are not there to see if we're strong enough to live by them; they're given because God knows that they are the best for us. God's principles of finances are not an arbitrary set of rules by which to govern us; they are a loving Father's wisdom to those who will listen and trust Him.

Why Did Christ Teach on Finances?

It surprises many Christians to learn that approximately two-thirds of the parables that Christ used in teaching deal specifically with finances. The reason for this is very simple: He chose a topic with which everyone could identify to use as an example.

Christ never said money or material things were problems. He said that they were symptoms of the real problems. He constantly warned us to guard our hearts against greed, covetousness, ego, and pride, because these are the tools that Satan uses to control and manipulate this world. Christ warned us a great deal more about materialism than He did about any other sin (see Luke 12:15). In fact, in the parable about salvation in Matthew 13:18-23, "the deceitfulness of wealth" is given as a cause for unfruitfulness.

Satan has taken the very riches provided by God to enhance our lives and bring others to salvation and has diverted them for his use. Today, even Christians evaluate (or value) others on the basis of how much they have and how successful they are in worldly terms.

Is It Wrong to Be Rich?

Rich is a very subjective term, but here it's used in context with having enough money to meet all of your reasonable needs and still have funds left over. Clearly, God's Word teaches that many of His people will fit into this category. They not only will be able to meet their needs but they also will be able to help others who have needs.

The entire 25th chapter of Matthew's gospel is dedicated to teaching the management and distribution of a surplus. Obviously, in God's economy, He must either provide a material surplus to some Christian to meet the needs of others, or He must provide manna from Heaven. God's plan is clearly stated in 2 Corinthians 8:14-15, which says that our abundance at the present time will meet the needs of others. Later, their abundance will meet our needs (a good alternative to welfare is within the church.)

Christ warned those who are rich to always be on their guard (see Luke 12:15-21). There is a great temptation to trust in the security that a surplus can provide. The greater the surplus, the greater the temptation. That's why those who are rich (most of American Christianity) must guard their hearts and minds with the principles from God's Word.

Finances: Our Spiritual Barometer

A definition of "faith," according to Hebrews 11, is trusting God **totally**. It means trusting God for things we cannot see or manipulate into happening.

Most of us truly desire to be able to exercise this faith. But the world around us tells us to do just the opposite. If you don't have the money for what you "need," borrow to get it. If it's too expensive for your income, so what? You deserve it; besides, you have to stretch yourself if you want to be successful in this world. God's Word tells us to learn to be content and to dedicate ourselves to serving God.

The Greatest Need

The greatest need in our generation is for God's Word to be taught clearly and undiluted. The next greatest need is for Christians who will demonstrate that it works. In Romans 10:14 we are told that, for the unsaved to believe, someone must tell them about Jesus. The book of James tells us that we are the walking, talking evidence before the unsaved world that God's Word is true. As I think about our witness before the unsaved, it would appear to be evident that in our most visible area, finances, we don't have much of a witness.

In great part, this is because Christians just haven't been taught what God's Word says. A few examples from the Word should clearly point this out.

BORROWING—We are told to borrow very modestly and cautiously and always repay what is owed (see Psalm 37:21; Proverbs 3:27-28).

LENDING—Christians should lend to one another without charging interest and should not engage in lawsuits to recover their losses (see Deuteronomy 23:19-20; 1 Corinthians 6:1-7).

SHARING—Christians should provide for every legitimate need within their own fellowships. This would include funds for illnesses, unemployment, and old age (2 Corinthians 8:14-15).

What Should We Do?

I would be negligent if I concluded this study of how finances reflect our faith without pointing out some simple steps to start applying God's wisdom.

FIRST—Study the available materials on God's principles for managing finances. You could glean all of the principles out of the Bible yourself—and many Christians have. However, an organized study can reduce the time involved and give additional insights from others who have applied the principles.

SECOND—Apply godly discipline to your lifestyle. It's clear that God doesn't demand the same lifestyle for any two families. Each of us is to witness to those whom God has placed around us. So there will be Christians at every level of income and society. But God's Word makes it very clear that lavishness and waste are worldly, not godly, values. Each Christian family must look at their spending habits, and particularly their waste, and give an account of their stewardship to God.

THIRD—Teach your children God's principles. The toll that worldly financial values place on young families today is enormous. More than one-half of their marriages will fail because of unnecessary financial pressures. The vast majority can be avoided or salvaged if they are taught (early) how to anticipate and avoid these problems. When a young couple is required to develop a budget prior to marriage, and then another couple works with them and monitors the budget for the first year, the financial problems are reduced dramatically. Christian parents should never let their children leave home without equipping them with the fundamental knowledge of finances that they will need to survive in a materialistically insane society.

FOURTH—Teach your neighbors. There are now several hundred Christian couples who regularly teach courses on God's principles of finances and basic budgeting in homes and churches around the country. Those who feared they would meet with indifference or disinterest found themselves swamped with requests for counseling and advice. Millions of people are hurting and don't know where to go for help. They will respond not only to the financial advice but also to the Gospel message that always must go with it.

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