

# Personal Finance – Budgeting Basics

Romans 13:8

Let no debt remain outstanding..

Luke 3: 14

Content with your pay – we have to watch as Christians that we don't do things to stay up with others

## My system:

Budget Sheet per month

Calculate your useable income

My receipts - my budgeting folder / Receipts, receipts, receipts

End of the month, all receipts in an envelope

close out the numbers and start over / something good about postponing your spending

1. put a number in each category (some are not spent each month, must keep a running total)
2. Adjust until you get numbers that add up / each dollar has a name / your income is “spent” before the month begins.
3. save (in a category for long term purchases) ie furniture, car - don't borrow , save until you have it!
4. If you are in debt, you must put much of your spending life on hold. GO AFTER IT HARD!!!  
One major category in your budget is huge amounts toward the debt each month.  
simplify your life, celebrate with a McD sundae and parches at home (not dinner and a movie)
5. It doesn't have to take a lot of time. Get home gather receipts, right it down done!

## Guiding principles

One of the biggest reasons many are in debt - I deserve it – I have to have my nails done???

\* if you are digging out of debt, you don't have the

money

Life is unfair – medical hardships, layoffs, kids unexpected expenses, people drop, wreck, speed, forget

We must strive to not live a life feeling we are victims.

Give it to God and keep fighting the best you can.

Embrace the simple life. (The life of Jesus, do we believe Jesus was content with almost nothing?)

**“Stop spending money you don't have to buy things you don't need to impress people you don't like...”**

You will have to massage your system constantly, but you will reap a great benefit if you stick with it!

- Proverbs 11:14 / 13: 20 Many advisors, don't get advice from broke people
- Prov. 12:11 Hard work not chasing fantasies, lottery, get rich quick schemes
- Prov. 12: 24 / 27 / Prov. 13: 4 It takes diligence (Rome wasn't built in a day)

Baby Steps / Heavily borrowed from Dave Ramsey – Total Money Makeover

1. Save \$1000.00 in an account that you don't touch Baby Emergency Fund
2. Debt Snowball
  - List your debts. Smallest to largest dollar amount.
  - Attack the smallest debt with all your might!

- Once the smallest is paid off / Declare the victory and move to the next on the list until you knock it out. Get a support group if necessary.
- 3. 3 – 6 Months Expenses in your Emerg. Fund. Ready for Murphy
- 4. Save 15% for retirement (before college fund if possible)
- 5. Save for college / Do what you can to help your kids avoid debt.
- 6. Pay off your house.
- 7. Use your wealth to build God's kingdom and grow in generosity.

## Practical Advice

These are Mike Foley's opinions, not the bible, (but close – ha!) MACRO not MICRO

1. Pay your bills as soon as you see them / avoid relying on your memory etc. handle bills once. Don't wait until they are due. Gives you a more realistic picture of your available cash.
2. College Choice College 529 plan through State of Indiana / 20% tax credit on first \$5000.00 per year saved for college. (\$1000 tax refund)
3. Stay away from credit cards. If you are not paying balance on credit cards you should stop using them. Would you go to a loan officer to borrow money for that Big Mac? Debit vss Credit cards
4. Have a will
5. Pay cash for cars / other stuff/ even with 0% save and pay cash. Get it when you have the money. This is the way our parents lived. Stop thinking "Father *doesn't* know best." **Proverbs 22:7**  
**"...the borrower is the servant to the lender."**  
 Ads for \$199 per month car payment is an insult to your intelligence. Total Cost
6. Get advice from someone whose been there. Proverbs 11:14
7. Term Life insurance if you have dependants.
8. Tithe / Jesus did not encourage people to abandon this practice. Mth 23: 23 / Mk 12: 41-44. Don't be deceived into thinking that the Lord isn't paying attention  
 Proverbs 11:24 / Proverbs 3: 9-10
9. Loaning money divides friends / family. Give it, don't loan it. If you can't afford to give it than you can't afford to loan it.
10. Don't co-sign unless you are resigned to pay for it. There is a reason they need a co-signer.  
 Proverbs 22:26-27
11. Consistently save throughout your life. You don't need the lottery! Prov. 13:11.
12. If you don't have a company retirement. Max out your Roth IRA every year.  
 (may have company plan, but in many cases, Roth still a good idea)

13. Take advantage of full amount your employer is willing to match for your retirement. FREE MONEY!!! (not until out of debt, everything else on hold until all debts but mortgage are paid)
14. Find things you and your friends and family enjoy doing that don't cost so much money. You don't have to spend money to have fun with your friends and family.
15. Set goals. college plan /pay cash for cars/ pay off house in 5 yrs / it is possible
16. At 60 yrs old, get Long Term Care Insurance
17. Consider how much you "need" cable TV, cell phones with data (for your 10 yr old), land line, eating out. If you are in debt, shouldn't see the inside of a restaurant unless you work there.
18. WATCH OUT WHEN BUYING A HOME; they will loan you more money than you can afford to live with. Conservative Goal: 15 year fixed loan, with house payment less than 25% of your monthly take home pay. Don't become "house poor" - imagine college years for your kids w/ no mortgage!
  - + Irregular Income strategy
  - +How to use the cash flow worksheet- money comes out of cash flow as soon as u know of the bill
  - +Go over budget worksheet and discuss how it works / constant "massaging"
  - +You must have the mindset that we will have to sacrifice and be aggressive in our frugality in all areas . The more aggressive you are , the sooner you can get this monkey off your back
  - + We will try to set you up with a budget helper. I can't work with each of you, someone can.

## **BUDGETING**

**A simple, reliable way to ensure your money works for you.**

*Proverbs 27:23-27 Be sure you know the condition of your flocks, give careful attention to your herds; for riches do not endure forever, and a crown is not secure for all generations. When the hay is removed and new growth appears and the grass from the hills is gathered in, the lambs will provide you with clothing, and the goats with the price of a field. You will have plenty of goats' milk to feed your family and to nourish your female servants.*

**DON'T BOTHER TO BUDGET, unless...**

- You want to have more control over what you spend and how you spend.
- You want to be worry-free in the area of finances.
- You are interested in getting out of debt and into some investing for the future.
- You are tired of hiding from the truth.
- You want to become more spiritual in your giving and in your spending habits.
- You aren't afraid to be open.

**WHAT DO I NEED TO KNOW BEFORE I BEGIN?**

- Income
- Expenses
- Debt details
- Priorities for the future

**AFTER COMING UP WITH A GOOD BUDGET...**

- Stick with your budget. (Envelope system, online bill pay, allowance, etc.)
- Assess where your money is going. Does it reflect your priorities?
- Do your spending habits indicate a history of meeting the need OR meeting the impulse?
- Evaluate your short-term and long-term expenses for possible reductions.
- Take a look at the bottom line.

Giving to Church									
Mortgage	Note:	Should not be more than 1/4 of your monthly income							
Retirement - Company plan or Roth IRA *									
Savings									
vacation									
college savings - Special 529 plan in Indiana				<a href="http://www.collegechoicedirect.com">www.collegechoicedirect.com</a>	*				
life insurance									
cell phones	NOTE: LUXURY ITEM NOT A NECESSITY	(little suzy does not need a cell phone)							
utilities									
car payment	Note: Total Value of all of your cars should not be more than 1/2 your yearly income								
Car Insurance									
Paying Off Debt Payment	AS HIGH A NUMBER AS POSSIBLE OR YOU WILL NEVER GET OUT OF DEBT !!!!!								
Cable	Should be the first thing to go if you are in debt - think digital antenna, and learn to play cards!								
Christmas									
Children school lunches									
Special Contribution									
netflix									
church conferences and special events									
* Should not contribute to Retirement of College Fund until you are out of debt with house payment only									
Total									

**EMERGENCY FUND**

**It is going to rain. You need a rainy day fun.**

*Luke 14:28-30 Suppose one of you wants to build a tower. Won't you first sit down and estimate the cost to see if you have enough money to complete it? For if you lay the foundation and are not able to finish it, everyone who sees it will ridicule you, saying, 'This person began to build and wasn't able to finish.'*

**Save \$1000 as a starter emergency fund**

- Make it a priority to fully fund your emergency fund.
- Only use it for an emergency!
- When you have to dip into the emergency fund, get it back fully funded again.
- When you are out of debt, you should increase it to 3 to 6 month of expenses.

### **WHERE TO START?**

- Budget for it.
- Evaluate your expenses: utilities, insurance, groceries, transportation, vacations, etc.
- Evaluate your income.