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Financial Planning and Education from a Biblical Worldview Since 1978

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THE FOUR LAWS OF MANAGING MONEY

~ Tracking, Targeting, Trimming and Training ~

First, you need to **Track your spending**

- Keep a record of every penny spent.
- If you can't measure it, you can't manage it
- The process of tracking, alone, will improve one's financial situation.

Next, you must **Target your spending**

- Set realistic goals
 - In the absence of clearly defined goals, we are forced to concentrate on activity and ultimately become enslaved by it.
1. Goals must be written
 - Goals not written down are only wishes, easily forgotten and changed
 2. Goals must be your own
 3. Goals must be positive
 - don't focus on how much you have to scrimp, budget, belt-tighten; focus on the good you are doing and the security your building for the future, the contentment of being completely out of debt.
 4. Goals must be measurable
 - "you get better results from what you inspect than what you expect"
 5. Goals must be stated in the most visible terms available
 - Be out of debt by a specific time
 - Have \$xx dollars saved by specific date
 - Be able to pay cash for a luxury item- new car, dream vacation
 6. Goals must contain deadlines
 - Murphy's Law - "The first 10% of the work consumes 90% of the time allowed for the job. The remaining 90% often require an additional 90% of time, that's why jobs take twice as long to finish.
 - Deadlines are the foundation of commitment, the adrenaline boosters and integrators
 7. Goals must contain personality changes
 - Poor people also tend to have poor ways of managing their lives.
 - "You must first set goals to *Become* before you set goals to *Have*."
 8. Goals work better if they contain benefits and rewards
 - Establish an arbitrary reward when a goal is accomplished.



9. Goals must be realistic and obtainable

Examples of financial goals:

- Establish short-term liquid savings using a money market fund
- Get out of debt and stay out of debt
- Increased giving and supporting specific missionaries
- Retire early with financial security
- Buy/pay off a home
- Gain control of finances and Reduce financial stress
- Reduce taxes
- Own a business
- Own a better car, free and clear or Money for dream vacation
- Fund college education for kids and help with first home down payment
- Own farm or mountain cabin
- Own motor home, boat or build swimming pool or spa

What other kinds of goals should you establish? Physical, Spiritual, Marital, etc.

Third, you must Trim and Prioritize your expenses

Live on less than you earn so you can have a surplus to get out of debt and invest in assets that appreciate.

The Key: after your giving (or tithe), **pay yourself before** you pay your bills.

Save to Become a Millionaire		
<u>Starting age</u>	<u>years to age 65</u>	Goal: <u>\$1 Million</u>
15	50	\$ 7 a month
20	45	\$ 15 a month
25	40	\$ 30 a month
30	35	\$ 70 a month
35	30	\$ 150 a month
40	25	\$ 300 a month
45	20	\$ 650 a month
50	15	\$1,500 a month

Assumes you earn an average of 10% interest a year. Actual returns on investments will fluctuate over time and may or may not equal 10%. This is simply illustrative and not a guarantee of future performance.

Fourth, a wise steward will Train himself and stay informed

Learn as much as you can. "Success happens when preparation meets opportunity."

- Read financial magazines such as *Investors Business Daily* and *Smart Money*.
- Get to know a financial advisor (not a salesman) you can trust.
- Learn how to minimize income taxes and be sure you have an up to date will and related estate planning documents. Try to avoid probate and federal estate taxes.

Remember: You only fail when you quit trying.
Never, never give up, make it work!

Proverbs 21:5 Planning leads to profit, haste leads to poverty
Proverbs 21:20 A wise man saves, a foolish man lives paycheck to paycheck
Proverbs 22:3 A wise man plans, a foolish man suffers punishment
1 Timothy 5:8 To "provide" for your own means to have a plan in advance