

**FINANCIAL  
STEWARDSHIP  
BIBLICAL & PRACTICAL**

**NAVIGATORS  
2008 KEY MEN'S  
INVITATIONAL  
CONFERENCE**

**FEB 21-24, 2008**

# Home Budgeting

## *Practical Biblical Stewardship*

### I. Introduction

4:00

#### **A. Who are we?**

#### **B. Why are you here?**

#### **C. What are we going to do?**

1. Discuss Biblical Stewardship
2. Discuss Budgeting. What is it? Is it Biblical? Why do I need one?
3. Activity 1: How do I make a budget?
4. Activity 2: How do I use a budget?
5. Discuss PC vs. non PC possibilities.
6. Discuss questions and concluding comments.
7. Fill out the evaluation.

### II. What is Biblical Stewardship

4:05

#### **A. Webster defines steward as one who manages another's property**

1. Biblical Stewardship involves faithfully using the resources that God has given me to provide wisely for His priorities, my family, others, and myself in a way that honors and pleases Him.

#### **B. Recognition that everything belongs to God**

1. 1 Chron 29:11-14...Both riches and honor come from Thee, ...
2. James 1:17...Every good thing bestowed and every perfect gift is from above ...

#### **C. Financial Responsibility**

1. We need to know what's coming in and know what's going out.
2. Know what you own. Prov 27:23...Know well the condition of your flocks and pay attention to your herds.
3. Know what you owe. Prov 23:5...When you set your eyes on it, it is gone. For wealth certainly makes itself wings, like an eagle that flies toward the heavens.
4. Matt 25:14-30...Parable of the talents. (Using God's gifts wisely)

#### **D. Doctrine of Contentment**

1. 1 Tim 6:8...And if we have food and covering, with these shall we be content.
2. Heb 13:5...Let your character be free from the love of money, being content with what you have;
3. Phil 4:12...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.

### III. What is a Home Budget?

4:15

#### **A. It is a written plan for home income and expenses**

1. "A short pencil is better than a long memory!"
2. Prov 16:9...The mind of man plans his way, but the LORD directs his steps.
3. A budget is simply a plan for living within the limit of your income ... i.e. planning all of your expenses (daily, weekly, monthly, semi-annual, annual and even one-time) to be supported by your known and expected income.
4. *Prov 21:5*...The plans of the diligent lead surely to advantage, but everyone who is hasty comes surely to poverty.
5. "Plan as if you'll live forever, but live as if today is your last!"

## **Home Budgeting**

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#### **IV. Why do I Need A Budget**

4:20

##### **A. Cheerfully Prioritize My Giving Commitment and Generosity**

1. Prov 3:9-10...Honor the LORD from your wealth, and from the first of all your produce; So your barns will be filled with plenty, and your vats will overflow with new wine.
2. 2 Cor 9:6-7...Now this {I say,} he who sows sparingly shall also reap sparingly; and he who sows bountifully shall also reap bountifully. Let each one {do} just as he has purposed in his heart; not grudgingly or under compulsion; for God loves a cheerful giver.
3. Among churchgoers, 17% say they tithe, but only 3% of them actually do. 37% give nothing annually; 33% say they have severe financial problems; and 23% buy lottery tickets weekly. Christians pay about five times in interest what they give to all charitable sources.
4. Rather than asking God, "How much should we give?" ask Him, "How much should we keep?"

##### **B. Get Out of Bondage - Debt is bondage**

1. Prov 22:7...The rich rules over the poor, and the borrower {becomes} the lender's slave.
2. Luke 16:10-13...He who is faithful in a very little thing is faithful also in much; and he who is unrighteous in a very little thing is unrighteous also in much. "If therefore you have not been faithful in the {use of} unrighteous mammon (money), who will entrust the true {riches} to you? "And if you have not been faithful in {the use of} that which is another's, who will give you that which is your own? "No servant can serve two masters; for either he will hate the one, and love the other, or else he will hold to one, and despise the other. You cannot serve God and mammon."
3. How to get out of and avoid debt? (Shorter mortgage, living in a smaller or older house, pre-saving for major purchases, planning ahead, budgeting, & delaying desires). Getting out of debt may mean sacrificing for ten or fifteen years now in order to live debt-free in the future.

##### **C. How Do I Eliminate Debt...Debt Snowball**

1. Prioritize debt from smallest balance to largest and work on paying off one at a time, rolling the allocated payment to each subsequent debt once paid down.
2. See attachment...via Dave Ramsey

##### **D. Get Out of Bondage - Greed is bondage**

1. Matt 6:24...No one can serve two masters; for either he will hate the one and love the other, or he will be devoted to one and despise the other. You cannot serve God and wealth.
2. 1 Tim 6:9-10...But those who want to get rich fall into temptation and a snare and many foolish and harmful desires which plunge men into ruin and destruction. For the love of money is a root of all sorts of evil, and some by longing for it have wandered away from the faith, and pierced themselves with many a pang.
3. Any workaholics here? Any hoarders? How much is enough? Is it ever enough? Where is our security? Do our finances demonstrate a heart for God? "*Show me a man's checkbook and I'll tell you where his heart is.*" - Gene Warr

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#### **E. Plan For The Future**

1. Prov 21:5 The plans of the diligent lead surely to advantage, but everyone who is hasty comes surely to poverty.
2. Gen 41:34, 36 Let Pharaoh take action to appoint overseers in charge of the land, and let him exact a fifth of the produce of the land of Egypt in the seven years of abundance. Let the food become as a reserve for the land for the seven years of famine, which will occur in the land of Egypt, so that the land will not perish during the famine.

#### **V. Preparing Your Marriage For A Budget**

4:35

##### **A. Prepare to Lead**

1. If you are going into the process to win then it's for the wrong reason.
2. If you are going into the process to increase your stack then it's for the wrong reason.
3. Make God the object of your faith in the stewardship process.
4. How big is your God...believe that you can be faithful with God's provision for you.

##### **B. Prepare to Argue**

1. You're going to be disappointed with your spending when you analyze it; do not pass blame.
2. You're going to feel like she let you down in some spending habits...your lack of leadership and partnership, nurtured some of this environment.
3. You're going to want to man-up and get it done when you start the process...this isn't football...be intentional but not aggressive.
4. Proverbs 4:23...Guard your heart for it is the wellspring of life.
5. Ephesians 4:26...In your anger do not sin. Do not let the sun go down while you are still angry.

##### **C. Don't go on Autopilot**

1. Create the environment where she has shared responsibility...not all of it.
2. Dictating a budget and creating the processes, and then walking away will result in failure and sin.
3. Shared knowledge of spending promotes accountability and intimacy.

##### **D. Know Your Wife**

1. Women do not respond to an environment of fear; do not be someone with whom it is difficult to share the truth.
2. What are your wife's strengths...organization, details, finance...utilize them wisely.
3. What are her sin-susceptibility points...spending, independence, materialism, etc.
4. 1 Peter 5:8...Be self-controlled and alert. Your enemy the devil prowls around like a roaring lion looking for someone to devour.

## Home Budgeting *Practical Biblical Stewardship*

### VI. How Do I Make A Budget

4:45

#### **A. Workshop Activity I**

1. Use known anticipated monthly Income to plan for anticipated monthly Expenses.
2. Distinguish between Financial Accounts and Budget Categories.
3. Allocate existing liquid assets to Budget Category balances.

#### **B. Income/Giving/Taxes**

1. What is my Gross Income for one paycheck?
2. How often do I receive my paycheck? 12/year, 24/year, 26/year? (Even if you receive 26 paychecks per year, you should build your budget based on two checks per month.)
3. What amounts are withheld in taxes? Federal, State, Local, FICA, Medicare?
4. What amount is withheld for Health Insurance?
5. What amount is withheld for 401K?
6. What other amounts are withheld?
7. What percentage of my Gross Annual Income has God laid on my heart for the purpose of Giving? 5%, 10%, 15%?
8. How much is that per month?
  - a) Multiply your Gross Annual Income times your Giving percentage.
  - b) Divide that sum by the number of paychecks you receive per year.
  - c) Multiply that amount by number of budget pay periods per month.
9. Your Monthly "Net Spendable Income" is your Monthly Gross Income – Taxes – Giving.
10. At this point, Budget categories 1 & 2 (Giving & Taxes) are complete.

#### **C. Budget Expense Categories**

1. What is my monthly home mortgage principal & interest payment?
2. What is my monthly home insurance or escrow payment?
3. What (if any) do I pay in annual real estate taxes?
4. What is my average monthly electric bill?
5. What is my average monthly heating/gas bill?
6. What is my average monthly water/refuse bill?
7. What is my average monthly phone bill?
8. What amount am I going to budget for home maintenance?
9. What other home budget amounts do I have?
10. As these amounts are added to the budget, they should be deducted from the Monthly Net Spendable Income amount.

#### **D. Allocate existing liquid assets to budget category balances.**

1. Continue asking similar questions for the remaining budget categories.
2. The Percentage Guide For Family Income sheet will help guide you on what percentage of NSI should be allocated to each major budget category.
3. The Envelope Budget Report gives samples of items in each category to stimulate your thinking about all of the items that need to be budgeted.

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#### VII. How Do I Use A Budget

5:00

##### A. Workshop Activity II

1. The financial accounts\* total balance should always equal the budget categories total balance. Therefore, EVERY transaction has two parts: the entry to the financial account and a corresponding entry to the budget category.
2. How do I make Cash transactions, Checking transactions, and Credit Card transactions?
3. How do I allocate Income?
  - a) As received.
  - b) Pre-Allocate at the beginning of the month.
4. How/Why do I reconcile Financial Accounts with financial statements?
5. How do I close the month and "balance the budget"?

##### B. Income Allocation

1. Pre-allocating monthly income at the beginning of the is the simple method of filling up all of the budget category balances at the beginning of the month based on your budget – *anticipating* that you will receive the budgeted income during the month. (This is filling up your budget buckets before you've actually received the paychecks.)
2. In some cases, pre-allocating is difficult if your initial cash/checking/savings balance is very low, because the budget categories show that funds are available to be spent and the income hasn't yet been received. So, it might be preferable to allocate income into the budget categories "as it is received" to insure the budget category funds are indeed available. However, this method requires more manual intervention. Over time, your financial account balances will increase due to planned saving within the budget categories. Then pre-allocating income is the easiest method.

##### C. Cash Transaction

1. How much did I spend out of my cash in my wallet?
2. Which budget category should get a corresponding expense?
3. For recording cash transactions, it is best to round the transaction up to the nearest dollar or you'll go crazy trying to keep track of *every penny*.

##### D. Checking/Debit Card Transaction

1. How much was the check or debit card amount to be deducted from my checking account?
2. Which budget category should get a corresponding expense?

##### E. Credit Card Transaction

1. How much was charged to the credit card? (This will cause a zero-balance credit card to go negative.)
2. Which budget category should get a corresponding expense?
3. (Later after the credit card statement is received, a check will be written for the amount of the credit card payments. This transaction will reduce the checking account balance and then should *increase* the negative credit card balance and – hopefully – bring the credit card balance back to zero. Since the budget category expensed at the time of purchase, no budget categories are affected/changed when the credit card statement is paid.)

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#### ***F. Reconciling Financial Accounts with Financial Statements***

1. Reconciling a financial account is confirming that your financial accounts "agree" with the statement from the financial institution.
2. This process is the same as balancing your checkbook. Items that have "cleared" on the financial institution statement should be "cleared" on your account register and the remaining items should allow your current register balance to "agree" with the statement balance.
3. ALL financial accounts should be reconciled when statements are received. This includes, Mortgage statements, Loan statements, Credit Card statements and Investment statements.
4. Cash accounts should also be reconciled about once per month. This is done by comparing the cash in your wallet to the cash register balance.

#### **VIII. Software 5:20**

##### ***A. Preferred Vendors***

1. Mvelopes
2. Money Matters
3. Crown Money Map

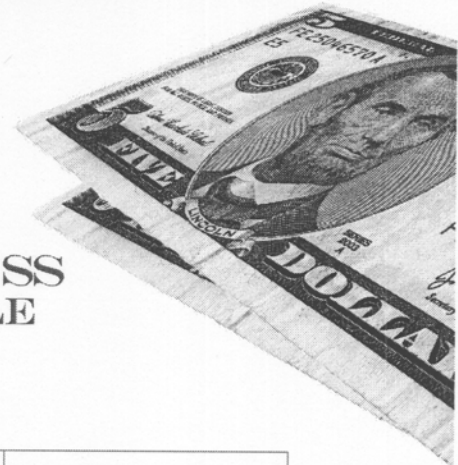
##### ***B. Others***

1. QuickBooks
2. Microsoft Money
3. Dave Ramsey
4. Excel
5. Non-software Envelope Method

#### **IX. Fill Out Evaluation and Discuss Questions 5:25**

#### **X. Follow-Up**

- A. Please contact us with questions or for a copy of an Excel budget***

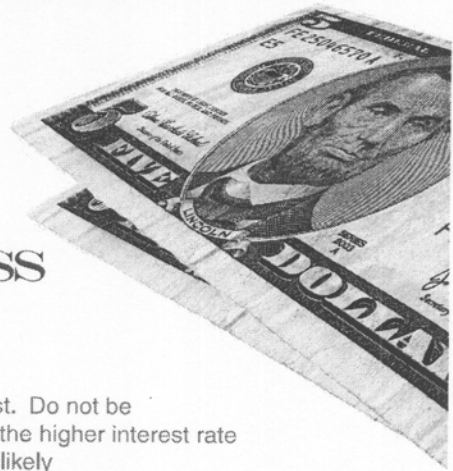


## MIND YOUR OWN BUSINESS DEBT SNOWBALL EXAMPLE

Debt	Total Owed	Min. Payment	New Payment
Sears (18%)	\$450	\$50	$50 + 200 = 250$
Dillards (18%)	\$650	\$30	$30 + 250 = 280$
Parents (0%)	\$1600	\$200	$200 + 280 = 480$
Visa (18%)	\$1800	\$30	$30 + 480 = 510$
Car (10%)	\$7000	\$400	$400 + 510 = 910$
School (6%)	\$9000	\$200	$200 + 910 = 1110$

- Payoff paying minimum payments = \_\_\_\_ months.
- Debt snowball payoff = \_\_\_\_ months. (Difference of 99 months)
- Additional \$1110 invested at 12% for 99 months = \$\_\_\_\_\_





## MIND YOUR OWN BUSINESS DEBT SNOWBALL FORM

List your debts in order from smallest to largest with the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar payoffs, then list the higher interest rate debt first. Paying the little debts off first shows you quick feedback, and you are more likely to stay with the plan.

Redo this sheet each time you payoff a debt so you can see how close you are getting to freedom. Keep the old sheets to wallpaper the bathroom in your new debt-free house. The "New Payment" is found by adding all the payments on the debts listed above that item to the payment you are working on, so you have compounding payments which will get you out of debt very quickly.

"Payments Remaining" is the number of payments remaining on that debt when you get down the snowball to that item.

"Cumulative Payments" is the total payments needed, including the snowball, to payoff that item. In other words, this is your running total for "Payments Remaining."

### Count Down to Freedom !!

**Step One:** \$1000 Emergency Fund

**Step Two:** Pay off all debt using the debt snowball (except the house)

Item	Total Payment	Minimum Payment	New Payment	Payment Remaining	Cumulative Payment

**Step Three:** FINISH EMERGENCY FUND (3-6 months expenses in savings)

**Step Four:** Fund Retirement (15% into Roth and 401K)

**Step Five:** Fund College

**Step Six:** Then pay off house (pay off home early)

**Step Seven:** BUILD WEALTH!!! (Mutual Funds / Real Estate)

**Budget**

Gross	\$ 40,000.00
Tithe	\$ 4,000.00
Tax	\$ 7,200.00

**Net Spendable \$28,800.00**

**Actual**

	Annual	Annual Difference	Monthly	Monthly Difference	Monthly
Housing	\$ -	\$ 8,680.00	\$ 723.33	\$ 723.33	\$ -
Food	\$ -	\$ 4,000.00	\$ 333.33	\$ 333.33	\$ -
Auto	\$ -	\$ 6,880.00	\$ 573.33	\$ 573.33	\$ -
Insurance	\$ -	\$ 4,160.00	\$ 346.67	\$ 346.67	\$ -
Debt	\$ -	\$ 400.00	\$ 33.33	\$ 33.33	\$ -
Entertainment	\$ -	\$ 360.00	\$ 30.00	\$ 30.00	\$ -
Clothing	\$ -	\$ 360.00	\$ 30.00	\$ 30.00	\$ -
Savings	\$ -	\$ 480.00	\$ 40.00	\$ 40.00	\$ -
Medical	\$ -	\$ 1,200.00	\$ 100.00	\$ 100.00	\$ -
Miscellaneous	\$ -	\$ 1,280.00	\$ 106.67	\$ 106.67	\$ -
School	\$ -	\$ 200.00	\$ 16.67	\$ 16.67	\$ -
Investments	\$ -	\$ 800.00	\$ 66.67	\$ 66.67	\$ -
	\$ -	\$ 28,800.00	\$ 2,400.00	\$ 2,400.00	\$ -

Daily food allowance \$ 10.96

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## Envelope Category Detail

	Monthly	% of gross	% of nsi
Housing	723.33	21.7%	30.1%
Housing:Cable/Internet	33.33	1.0%	1.4%
Housing:Electricity	83.33	2.5%	3.5%
Housing:Gas	45.00	1.4%	1.9%
Housing:Insurance	-	0.0%	0.0%
Housing:Maintenance	25.00	0.8%	1.0%
Housing:Mortgage	466.67	14.0%	19.4%
Housing:Telephone	50.00	1.5%	2.1%
Housing:Water & Sewer	20.00	0.6%	0.8%
Food	333.33	10.0%	13.9%
Food:Dining	66.67	2.0%	2.8%
Food:Groceries	266.67	8.0%	11.1%
Automobile	573.33	17.2%	23.9%
Automobile:Gas and Oil	200.00	6.0%	8.3%
Automobile:Insurance	41.67	1.3%	1.7%
Automobile:License/Taxes	6.67	0.2%	0.3%
Automobile:Maintenance/Repair	16.67	0.5%	0.7%
Automobile:Payments	300.00	9.0%	12.5%
Automobile:Pikepass	8.33	0.3%	0.3%
Insurance	346.67	10.4%	14.4%
Insurance:Life	10.00	0.3%	0.4%
Insurance:Health Insurance	336.67	10.1%	14.0%
Debts	33.33	1.0%	1.4%
Debts:Credit Card Visa	33.33	1.0%	1.4%
Entertainment/Recreation	30.00	0.9%	1.3%
Entertainment/Recreation:Activities	-	0.0%	0.0%
Entertainment/Recreation:Baby Sitters	8.33	0.3%	0.3%
Entertainment/Recreation:Camp	8.33	0.3%	0.3%
Entertainment/Recreation:Health Club	13.33	0.4%	0.6%
Entertainment/Recreation:Vacation	-	0.0%	0.0%
Clothing	30.00	0.9%	1.3%
Clothing:Clothing Mom	8.33	0.3%	0.3%
Clothing:Clothing Kids	13.33	0.4%	0.6%
Clothing:Clothing Dad	8.33	0.3%	0.3%
Savings	40.00	1.2%	1.7%
Savings:Education	-	0.0%	0.0%
Savings:General	40.00	1.2%	1.7%
Savings:Retirement	-	0.0%	0.0%

### Envelope Category Detail

Medical Expenses	100.00	3.0%	4.2%
Medical Expenses:Dental	30.00	0.9%	1.3%
Medical Expenses:Doctor	13.33	0.4%	0.6%
Medical Expenses:Drugs	16.67	0.5%	0.7%
Medical Expenses:Eyecare	6.67	0.2%	0.3%
Medical Expenses:Medical Payments	-	0.0%	0.0%
Medical Expenses:FSA	33.33	1.0%	1.4%
Miscellaneous	106.67	3.2%	4.4%
Miscellaneous:Beauty	20.00	0.6%	0.8%
Miscellaneous:Christmas Gifts	20.00	0.6%	0.8%
Miscellaneous:Computer	3.33	0.1%	0.1%
Miscellaneous:Film/Stamps	3.33	0.1%	0.1%
Miscellaneous:Furnishings	6.67	0.2%	0.3%
Miscellaneous:Gifts	10.00	0.3%	0.4%
Miscellaneous:Laundry, Cleaning	16.67	0.5%	0.7%
Miscellaneous:Newspaper	-	0.0%	0.0%
Miscellaneous:Pet Care	26.67	0.8%	1.1%
School/Child Care	16.67	0.5%	0.7%
School/Child Care:Activities	16.67	0.5%	0.7%
School/Child Care:Day Care	-	0.0%	0.0%
School/Child Care:Materials	-	0.0%	0.0%
School/Child Care:Tuition	-	0.0%	0.0%
Investments	66.67	2.0%	2.8%
Investments:Bonds	-	0.0%	0.0%
Investments:Mutual Funds	-	0.0%	0.0%
Investments:Stocks	-	0.0%	0.0%
Investments:401k	66.67	2.0%	2.8%
Total Allocated Income	\$ 2,400.00		
Tithing	\$ 333.33		
Taxes	\$ 600.00		
Total Monthly Income	\$ 3,333.33		
Crosscheck	\$ 3,333.33		
Variance	\$ -	0.0%	<b>balanced</b>