Guide to family budgeting

Crown Financial Ministries New Zealand

CROWN
Do Well

A GUIDE TO FAMILY BUDGETING

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

We know we will still, from time to time, experience difficulties in the area of finances. Often God will allow the consequences of earlier actions to remain in order to reinforce the lesson. God does not promise to remove every difficulty. But no matter what circumstances are encountered, God promises peace. When God 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.

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.

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

There is no substitute for this step. If you believe that you are the owner of even a single possession, then the events affecting that possession are going to affect your attitude. God will not force His will on us. He will not input His perfect will into our lives unless we first surrender our will 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, "I make 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, you 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.

We should make it our goal to get out of debt altogether. Again, let me define a scriptural debt. Debt exists with any of the following conditions.

a. Payment is past due for money, goods, or services that are owed to other people.

b. 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.

c. 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 for your spending.

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 can lose sight of what are 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 your basic requirements, such as food, clothing, a job, home, transport, 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 second versus managing with one 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 jewellery, 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.

Begin to eliminate expenditures that are not essential and remember that many expenditures are assumed to be essential only because of our society.

If you are struggling with debt you have to to assess what things you can do without, even though your friends and family may have these.

c. Think before buying.

We 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?

Can I continue to subscribe to magazines or online movies or sports 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, cars all fall into this category.) Does it require costly upkeep?

d. Discontinue credit buying.

We 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 is only helpful if new spending habits have been developed; otherwise it treats the symptom rather than the problem.

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.

e. Avoid borrowing against your assets.

When in debt, avoid the use of what is called leverage.

Borrowing money to invest involves risk when 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.

We should save 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.

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 upon a Christian saving anything, since it indicates a lack of faith that he can provide. 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.

3. Establish regular giving.

We should establish regular giving as a testimony to God’s ownership. How can we say that we have given total ownership to God when we have never given testimony to that fact?

It is through giving 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 met.

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 shall 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.

One advantage of the tithe (giving 10 percent of our income) is that it is systematic, and the amount of the gift is easy to compute. The danger of the tithe is that it can be treated as simply another bill to be paid, and by not having the correct attitude I do not put myself in a position to receive the blessings God has for me when I give.

Another potential danger of tithing is the assumption that once I have tithed I have fulfilled all my obligations to give. For many Christians, the tithe should be the beginning of their giving, not the limit.

4. Accept God’s provision.

To obtain financial peace, recognize and accept that God’s provision is used to direct each of our lives. We can 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.

We must learn to live on what God provides and not come under the pressure brought on by 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.

We 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.

6. Put others first.

We must always be willing to put other people first. This does not imply that we have to be a floor mat for others; it simply means that we don't profit at the disadvantage of someone else. Again, the key lies in attitude.

7. Limit time involvement.

We must limit time devoted to our business or our work 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 over-commitment to business or money pursuits.

It's important to remember that the priorities God sets for us are very clear and that everyone 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.

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 the mission God has given us in our community and our church.

8. Avoid indulgence.

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

God's will for us can be found 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 we assess our standard of living. Most of us can reduce our expenditures substantially without a real reduction in living standard.

9. Get Christian counselling.

It is important to seek good Christian counselling. “Without consultation, plans are frustrated, but with many counsellors 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 counsellors.

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 or spending plan, there are several logical steps, each requiring individual effort. Sample forms for recording your spending are shown on pages 15 and 16. Use these forms to guide your budget preparation.

Step 1—List Monthly Expenditures in the Home.

a. Fixed Expenses

    Income tax

    Housing expenses (mortgage/rent)

    Rates

    Property insurance

    Other

b. Variable Expenses

    Food

    Outstanding debts

    Phone, power, gas, etc

    Insurance (life, health, car)

    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 at least 3 months. Every expenditure, even small purchases, should be listed.

Step 2—List monthly income.

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

Salary
Interest
Rents
Dividends
Income tax refund
Other

Step 3—Compare income versus spending.

For couples it is helpful to establish a budget based on one person's income only. If one person loses their job due to redundancy or illness, there is less pressure on the family's finances.

If total income exceeds total expenses, you still need to set money aside for unexpected expenses or loss of income. 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 $75,000 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, are convinced to buy the most expensive home they can afford. Even when interest rates are low, the total amount of interest paid on a 30-year mortgage is large.

It is not necessarily best 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. There are some good online *Rent or Own* calculators available, which help to determine whether renting or owning is better in the long-term.

If you own your house, establish a long-term maintenance budget. One of the most important factors in home maintenance expenses is you. If you can perform routine maintenance and repair, considerable expenses can be avoided.

A part of care and maintenance around the home relates to family life, particularly the training of children. When they see their parents willing to do some physical labour to help around the home, they will learn good habits. Where else will they ever learn the skills of self-sufficiency?

Some people avoid working on home projects because they say they lack the necessary skills. Well, those skills are learned, not gifted. Ask a friend to help and there are many online guides that detail every area of home maintenance. Consider borrowing some of the expensive tools and resources from friends or family instead of buying your own.

b. Food (12 percent of net income).

There is wide variation in what households spend per person on food. Reducing a family's food bill requires planning.

Hints for grocery shopping:

Always use a written list of needs.

Try to shop once a week. There is a tendency to spend more if you shop more regularly.

Avoid buying when hungry (especially if you're a "sugarholic").

Use a calculator for estimating what is the best buy – sometimes bulk purchases are more expensive.

Reduce or eliminate disposable products—paper plates, cups, wipes etc.

Evaluate where to purchase items, such as shampoo, mouthwash. These may be 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.

Try store brand products. These are normally cheaper and may be the same product as the brand products.

Avoid products in a seasonal price hike. Substitute or eliminate.

Stock up on items that are on special and store well.

For baby foods, try normal foods processed in a blender.

Shop without your children to avoid unnecessary pressure.

Check every item as it is being "rung up" at the store and again when you get home.

Consider preserving or freezing fruit and vegetables whenever possible.

Reduce the amount of food wasted.

Make bulk purchases with other families.

Pakn'Save is cheaper than Countdown or New World.

c. Motor Vehicles (12 percent of net income).

Many families will buy cars they cannot afford, borrowing against their house, and trade them long before they need to.

Before you buy a second car, consider the options available, such as public transport, car pooling, walking or cycling. It is estimated the annual cost of owning a car in New Zealand is around $4,000 a year, before you add in fuel and other running costs. The cost is higher if you have to borrow to purchase the vehicle.

Consider popular makes, where second-hand parts are more likely to be available.

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. Health and income protection insurance is not necessary for most families.

Insurance should only cover the big expenses we can't afford ourselves, such as major damage to your house, and damage to someone else's vehicle or property (third-party car insurance).

Basic life insurance is important for couples with a mortgage, but reduce the amount of cover as you pay the mortgage off.

It is cheaper to pay premiums on an annual basis, and discounts are often offered if you purchase more than one insurance policy from the same company.

You may save money if you have the time to research different policy options. Look at the *Consumer* reports as a starting point. Review your insurance regularly – does a competitor offer a better policy or lower cost, how much insurance do you need?

e. Debts (5 percent of net income).

It would be great if most budgets included 5 percent or less of spending on paying debts. Unfortunately, the norm in New Zealand families is far in excess of this amount. Credit cards, bank loans, and layby 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 only on a cash basis, and sacrifice your wants and desires until you are debt free.

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.

Recreation hints:

> Plan holidays during "off seasons" if possible, but schools are not supportive of this if you have children at school and the off-season is during a school term.

Consider a camping vacation to avoid motel and food expenses. Friends can pool the expenses of purchasing camping items.

Consider options for exploring New Zealand rather than overseas holidays.

Use family games in place of movies.

To reduce expenses, consider taking trips with one or more families.

If flying or using the Cook Strait ferries, book well ahead on the internet.

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:

Saving enough money to buy without using credit.

Educating family members on care of clothing, applying discipline with children to enforce these habits.

Developing skills in making and mending clothing, practicing early repair for damaged clothing.

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

Budget Hints:

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.

Discount outlets that carry unmarked “name brand” goods and second-hand stores sometimes offer great bargains.

Select clothing made of home washable fabrics.

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:

Set up an automatic payment into a savings account. It’s good to have a savings account for short-term needs and another for major expenses, such as house maintenance and car replacement.

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 your teeth or eyesight due to lack of planning.

Ask about generic drugs, for example for hay fever or headaches. 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).

Some merchants will give 5 to10 percent discount for cash purchases of major items, such as cars or appliances.

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).

This includes expenses for after-school care 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 their children's education, helping them into home ownership, retirement or other long-term goals. As debt-free status is achieved, more money can be diverted to this category.

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.

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.

	Estimated Yearly Cost $	**Estimated Cost Per Month $**
Holiday		
Dentist		
Doctor		
Motor Vehicle		
Life Insurance		
Health Insurance		
Car Insurance		
Home Insurance		
Clothing		
Investments		
Other		

Living Expenses are divided into 12 categories. Each category is described more fully below.

Housing - all monthly expenses necessary to operate the home, including mortgage or rent payments, insurance, maintenance, electricity, telephone, and any furnishings you plan to purchase or improvements you anticipate making.

Food - all grocery expenses, including paper goods and non-food products normally purchased at supermarkets or markets.

Transportation - Include car repayments, insurance, petrol, oil, maintenance, parking, licenses, registration, repair and replacement, and bus fares.

Insurance - include any other insurance, such as health, life, and disability. Do not include those associated with the home or car.

Debts - include all monthly payments required to meet debt obligations. Home mortgage and car payments are not included here.

Entertainment and recreation - include events, holidays, books, videos and meals or drinks purchased.

Clothing and footwear

Savings – short-term savings

Medical - include medical bills, eyeglasses, prescriptions, dentist, and so forth.

Miscellaneous - expenses that do not fit anywhere else are included in the miscellaneous category.

Investments - individuals and families with surplus income in their budgets will have the opportunity to invest to meet their long-term financial needs

School/Child Care - school tuition, tutoring, school books and materials, child care, and any other similar expenses are included in this category.

Record Income and Spending

Month **Year**

Category	Income	Tithe / giving	Taxes	Housing	Food	Transport	Insurance	Debts
Allocated amount								
Date								
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
This month subtotal								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
This month Actual								
This month Surplus/Deficit								
Year to Date Actual								
Year to Date Spending Plan								
Year to Date Surplus/Deficit								

Plan Summary

	This Month			Previous Month / Year to Date	
	Total Income	______		Total Income	______
	Minus Total Expenses	______	+	Minus Total Expenses	______
	Equals Surplus / Deficit			Equals Surplus / Deficit	

Record Income and Spending

Category	Entertainment / recreation	Clothing	Savings	Medical	Miscellaneous	Investments	School / childcare
Allocated amount							
Date							
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
This month subtotal							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
This month Actual							
This month Surplus/Deficit							
Year to Date Actual							
Year to Date Spending Plan							
Year to Date Surplus/Deficit							

		Year to Date
	Total Income	
=	Minus Total Expenses	
	Equals Surplus / Deficit	

Estimated Spending Plan

Monthly Income

GROSS MONTHLY INCOME
Monthly Salary
Interest Income
Net Business Income
Other Income

LESS

1. Tithe/Giving

2. Taxes

NET SPENDABLE INCOME

Monthly Living Expenses

3. Housing
Mortgage/Rent
Insurance
Electricity
Gas
Water
Telephone
Maintenance
Other

4. Food

5. Transportation
Car Debt Payment
Petrol & Oil
PMV
Insurance
Registration
Maintenance/Repair/Replace
Other

6. Insurance
Life
Other

7. Debts
(except car and house payments)

8. Entertainment/Recreation
Eating Out/ Lunches
Activities / Trips
Holidays
Other

9. Clothing

10. Savings

11. Medical
Doctor
Dentist
Prescriptions
Other

12. Miscellaneous
Toiletries / Cosmetics
Hair Dresser/Barber
Laundry / Cleaning
Allowances
Gifts (including Christmas)
Cash
Other

13. Investments

14. School/Child Care
School Tuition
Materials, etc
Transportation
Child Care

Total Living Expenses

Income vs. Living Expenses

Net Spendable Income

Less Total Living Expenses

Surplus or Deficit

Personal Financial Statement

Date:

Assets (Present market value)	Amount	
Cash On hand		
Savings accounts		
Shares, unit trusts and bonds		
Home		
Loans to other people		
Business valuation		
Motor vehicle(s)		
Furniture		
Other personal property		
Pension		
Other assets		
Total Assets:		

Liabilities (Current amount owed)		
Credit card debt		
Motor vehicle loans		
Home mortgages		
Personal debt to others (family, friends)		
Business loans		
Unpaid bills		
Bank or money lender loans		
Other debts and loans		
Total Liabilities:		
Net Worth (Total assets minus total liabilities)		

Debt List

Date:

Creditor	Describe what was purchased	Monthly payments	Balance due	Scheduled pay off date	Interest rate	Payments past due
Totals						
Car Loans						
Total car loans						
Home mortgages						
Total home mortgages						
Business/investment debt						
Total business/investment debt						

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 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 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 materials things were problems. He said that they were symptoms of the real problems. He warned us to guard our hearts against greed, covetousness, ego, and pride. These are the tools Satan uses to control and manipulate this world. Christ warned us more about materialism than He did about any other sin (see Luke 12:15). 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. 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 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 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.

Christ warned those who are rich to always be on their guard (see Luke 12:15-21). There is a 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 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 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 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 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 need.

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