Prov 27:23-27

Know the state of your flocks, and put your heart into caring for your herds, for riches don't last forever, and the crown might not be secure for the next generation. After the hay is harvested, the new crop appears, and the mountain grasses are gathered in, your sheep will provide wool for clothing, and your goats will be sold for the price of a field. And you will have enough goats' milk for you, your family, and your servants. **NLT**

Ten Steps to Financial Freedom

1. Determine that all you have is actually God's and that you are only a steward responsible for the use of the resources given you.
(Luke 19:11-27)

2. Believe that a simple lifestyle will not only be a more economical way of life, but it will be more fun and will allow you more time, energy and money with which to serve your Creator. (2 Tim. 2:4; 1 Tim. 6:6-19)

3. Be rigorous in your judgment of how you handle <u>your</u> money, but avoid judging how others handle theirs. (1 Cor. 11:31-32; Rom. 14:4)

4. Determine a percentage of your income that you can <u>cheerfully</u> give to the Lord's work {i.e. for evangelism, discipleship, and meeting the needs of the poor}. (2 Cor. 9:6-8; Deut. 16:17; Mal. 3:8-12)

5. Determine not to borrow (become surety) again to purchase any "depreciating" item {i.e. car, appliance, vacation}. (Prov. 6:1-5)

6. Determine to pay off <u>all</u> existing debt as quickly as possible.
(Rom. 13:8)

7. Determine to begin a regular and systematic savings program to meet future needs. (Gen. 41:48-49; Prov. 6:6-8)

8. Honor God with your integrity. (Prov. 15:27)

9. Trust in God and not in your "well-designed' financial plan.
(Prov. 11:28; Prov. 21:31)

10. Observe a Sabbath. (Ex. 20:8-11; Neh. 13:16-18)

***a tip from the retired CIC, CLU, ChFC: If you want to do well financially, *stay married*; if you want to do very well financially, *stay happily married*!**

Saving and Investment Basics

I. Saving

A. Definition - "to put aside as a reserve"

B. Principle - if possible, start saving when you are young!

II. Nelson's 6 Account Method - On each dollar of earned income less business expenses deposit your predetermined % to your:

A. Giving Account

B. Education Account (yours and then your kids)

C. Next Auto Account

D. Emergency Account (once 5-6 months take home has been been accumulated, redirect savings to the Long Term Savings Acc.)

E. Long Term Savings or "Capital " Account (this becomes your money making machine)

F. Fun/Home Improvement Account

II. Investing

A. Definition - "committing money to someone else's use in the hope of profit"

B. Principle - all investments have an element of risk; the greater the potential reward, the greater the potential risk.

III. Risk

A. Definition - "exposure to loss or injury"

B. Types of Risk

1. Business Risk

2. Financial Risk

3. Purchasing Power Risk

4. Interest Rate Risk

5. Liquidity Risk

6. Market Risk

IV. Investment Vehicles (Plain Jane to the exotic)

A. Passbook savings (require little cash to begin)

B. Certificates of Deposits {CDs} (often require $500)

C. Money Markets (pay slightly higher rates, but often require $2,500 to initiate)

D. Treasury notes require a $5,000 minimum

E. Treasury bills require $10,000.

F. Annuities (fixed rate and variable)

*** the above investment vehicles are generally considered "safe investments" and are quite good for savings plans such as the *6 Account Method.***

G. Bonds (you become a lender)

H. Stocks (you become an owner)

I. Mutual Funds (a professional money manager picks a portfolio of stocks) ***dollar cost averaging*** **- To Discuss**

*** items G - I can be purchased in risk categories from "reasonably safe" to "high risk" (i.e. junk bonds)**

J. Precious metals, income properties (rental units), undeveloped land, collectibles (firearms, antiques, stamps, etc.), commodities, precious gems, jewelry, and art are all considered "high risk" investments and are best left to experts and those who can afford to lose their entire investment and still sleep well at night!

V. Retirement Plans

A. Non-qualified Plans (savings ***after*** **taxes)**

B. Qualified Plans (savings ***before*** **taxes)**

1. Individual Retirement Accounts (IRAs)

2. Tax Sheltered Annuities (TSAs)

3. Pension Plans like the 401 K and Simple 401 K

VI. Investing and taxes - many people have caused themselves considerable loss of time, energy, and <u>money</u> by trying to avoid paying taxes. Remember "if an investment sounds too good to be true, it probably is!"

****Let your character be free from the love of money, being content with what you have; for He Himself has said, "I will never desert you, nor will I ever forsake you." Heb. 13:5***

Twelve Laws of Investing

The Law of:

1. **Goal Setting**
2. **Time Perspective**
3. **Monitoring**
4. **Compound Interest**
5. **Liquidity**
6. **Prudent Investing**
7. **Risk Versus Reward**
8. **Purchasing Power**
9. **Diversification**
10. **Beating the Market**
11. **Frugality**
12. **Capital Preservation**