

ROCK SOLID FINANCES

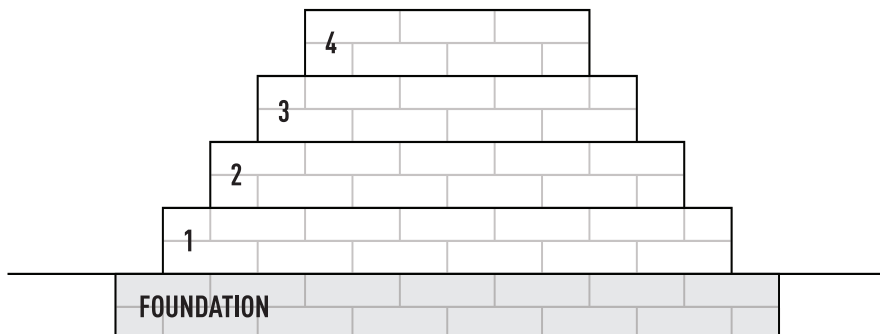


CHRIST'S CHURCH
OF THE VALLEY

ROCK SOLID FINANCES

This class will provide sound financial strategies based on the truth of God's Word. We will cover topics on budgeting, debt management and managing money God's way by applying biblical principles.

MATTHEW 7:24-25 (MSG)



- You have to have a **PERSPECTIVE** **CHANGE** about money.

- Nothing in my possession is **MINE**; God **OWNS** it all!
- I'm God's money **MANAGER**.
- Biblically, this is referred to as being a **STEWARD**.

To what degree do I see myself as a steward?

1 3 5 7 10
Low High

"Where your treasure is, there your heart will be also."
MATTHEW 6:21 (NIV)

“No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money (Mammon).”
MATTHEW 6:24 (NIV)

“Again, it will be like a man going on a journey, who called his servants and entrusted his property to them.”
MATTHEW 25:14 (NIV)

“... Everything in the heavens and on earth is Yours, O Lord, and this is Your kingdom. We adore You as the one who is over all things. Wealth and honor come from You alone, for You rule over everything. Power and might are in Your hand, and at Your discretion people are made great and given strength.”
1 CHRONICLES 29:11B-12 (NLT)

The earth is the Lord's, and everything in it, the world, and all who live in it.
PSALM 24:1 (NIV)

You may say to yourself, 'My power and the strength of my hands have produced this wealth for me.' But remember the Lord your God, for it is He who gives you the ability to produce wealth.
DEUTERONOMY 8:17-18 (NIV)

QUIT CLAIM DEED

This **QUIT CLAIM DEED**, made the _____ day of _____

From: _____

To: The Lord

I (we) hereby transfer to the Lord the ownership of the following possessions:

Stewards of the possessions above
(please print name):

Signatures:

Witnesses who hold me (us) accountable
in the recognition of the Lord's ownership:

This instrument is not a binding legal document and cannot be used to transfer property.

4 ROCK SOLID PRINCIPLES

PRINCIPLE #1

As **MANAGERS** of God's money, a steward **INVESTS** a portion of what God's given him in what God cares about most.

WHAT DOES GOD CARE ABOUT MORE THAN ANYTHING ELSE?

God's #1 concern: PEOPLE going to **HEAVEN**.

God chose the Church, His bride, as the way to accomplish this.

"Husbands, love your wives, just as Christ loved the church and gave Himself up for her..."
EPHESIANS 5:25 (NIV)

"But first be concerned about God's Kingdom and His righteousness, and all of these things will be provided for you as well"
MATTHEW 6:33 (GNB)

HOW DO WE PUT HIS KINGDOM FIRST WITH OUR FINANCES?

Tithe = **10%** of our gross income to the local church.

Only place in the Bible we are invited to **TEST** God.

Your response results in a **BLESSING** or a **CURSE**.

"... Return to me, and I will return to you," says the Lord Almighty. "But you ask, 'How are we to return?' Will a man rob God? Yet you have robbed Me! But you say, 'In what way have we robbed You?' In tithes and offerings. You are cursed with a curse, for you have robbed Me, even this whole nation. Bring the whole tithe into the storehouse, that there may be food in My house. Test Me in this," says the LORD Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it. Then all the nations will call you blessed for yours will be a delightful land," says the LORD Almighty.
MALACHI 3:7B-12 (NIV)

TAKEAWAY:

90% with God always goes further than **100%** on your own.

Tithing is the **STARTING** **POINT**.

But it shouldn't be the **STOPPING** **POINT**.

You can't out give **GOD**.

WHAT COMMITMENT WILL I MAKE TODAY?

1. I will trust and start
2. I will continue
3. I will increase my trust

BIBLICAL REFERENCES

"The first of the firstfruits of your land you shall bring into the house of the LORD your God."

EXODUS 23:19 (AMP)

"Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal."

MATTHEW 6:19-20 (NIV)

... The Lord Jesus himself said: "it is more blessed to give than to receive."

ACTS 20:35B (NLT)

Every Sunday each of you must put aside some money, in proportion to what you have earned, and save it up, so that there will be no need to collect money when I come.

1 CORINTHIANS 16:2 (GNT)

"Give, and it will be given to you. A good measure, pressed down, shaken together and running over, will be poured into your lap. For with the measure you use, it will be measured to you."

LUKE 6:38 (NIV)

"How terrible it will be for you teachers of religious law and you Pharisees. Hypocrites! For you are careful to tithe even the tiniest part of your income, but you ignore the important things of the law – justice, mercy, and faith. You should tithe, yes, but you should not leave undone the more important things."

MATTHEW 23:23 (NLT)

"Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much."

LUKE 16:10 (NIV)

PRINCIPLE #2

A steward has a **PLAN** for how they are going to use money that isn't their **OWN**.

That plan is called a **BUDGET**.

"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.'"

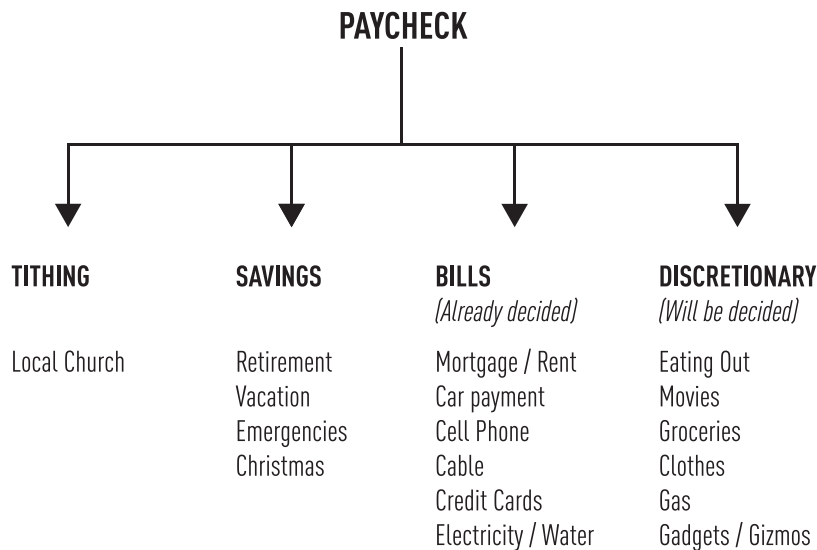
LUKE 14:28-30 (NIV)

The best budget in the world is the one that gets **USED**.

GREAT ADVICE ON BUDGETING

A great budget is a **TEAM** **SPORT**.

Find a budget that **WORKS** for **YOU**.



WHAT COMMITMENT WILL I MAKE TODAY?

1. I have a budget, I use it, and I keep it up.
2. I have a budget, but I don't use it. I will create a new budget by _____.
3. I don't have a budget and I will create one by _____.
4. I don't have a budget and I need some help putting one together.

BUDGETING RESOURCES

Dave Ramsey - daveramsey.com/category/tools

Crown Ministries - crown.org/tools

SIMPLE BUDGET

WHAT I SPEND \$ ON		BANK ACCOUNT	MONTHLY
PAYCHECK INFO	MY SALARY & SPOUSES SALARY		
	Tithe - Minimum 10% of Gross		
	Taxes		
	Retirement (401k, 403b, etc.)		
	Medical / Dental Insurance		
	Other		
My Income minus Giving, Taxes, Retirement, and Medical			
WHAT I HAVE LEFT TO SPEND	BANK ACCOUNT	\$	
EXPENSES	HOUSING		
	Home Mortgage / Rent	Bills	
	Electricity	Bills	
	Gas for Home	Bills	
	Water	Bills	
	Home Phone	Bills	
	Cell Phone	Bills	
	TV	Bills	
	Internet	Bills	
	Property Taxes	Savings	
	Home Owners Association	Bills	
	Trash	Bills	
	Other	Bills	
	Other	Bills	
	Roommate Revenue (offset)	Bills	
	FOOD		
	General Food Budget	Cash	
	DEBT (credit cards, etc.)		
	Credit Card	Bills	
	Other Debt	Bills	
OTHER			
Vacation	Savings		
Emergency Fund	Savings		
AUTO & INSURANCE			
Car Payment 1	Bills		
Car Payment 2	Bills		
Car Tags /Registration	Bills		
Car Maintenance (oil, tires, brakes)	Bills		
Insurance (Auto)	Bills		

WHAT I SPEND \$ ON	BANK ACCOUNT	MONTHLY
Gas	Cash	
Auto Replacement Fund	Savings	
Life Insurance	Bills	
OTHER GIVING		
Missionary 1	Bills	
ENTERTAINMENT / RECREATION		
Dining Out / Weekend	Cash	
Babysitting	Cash	
Health Club	Bills	
Books / Magazines	Bills	
DISCRETIONARY		
Clothing	Cash	
Fun Money	Cash	
MISC		
Toiletries	Cash	
Haircuts, etc.	Cash	
Gifts	Cash	
Education / Childcare	Bills	
Allowance	Cash	
Kids Clothes	Cash	
Other	Cash	
TOTAL EXPENSES (from above)		
INCOME MINUS EXPENSES		

TOTAL OF ALL EXPENSES		
Bank Account	Monthly	Per Paycheck
Bills		
Cash		
Savings		
xyz		
xyz		
Total		

PRINCIPLE #3

A steward **SAVES** a portion of what they earn.

Is it biblical to save money? **YES**

“The wise man saves for the future, but the foolish man spends whatever he gets.”
PROVERBS 21:20 (TLB)

THERE ARE 2 REASONS TO SAVE MONEY:

1. Short-Term Savings

EMERGENCIES

- At least **\$1,000** in an emergency fund
- In Debt? 1 month of essential living expenses
- No Debt? 3 months of essential living expenses

PERIODIC Expenses

- Real estate taxes, insurance premiums, vacations, Christmas, etc.

2. Long-Term Savings

Your future **HOPES** and **DREAMS** .

- Saving for retirement and college

RULE OF THUMB:

<u> 10% </u>	<u> 10% </u>	<u> 80% </u>
TITHING	LONG-TERM SAVINGS	LIVING EXPENSES (Bills & Discretionary)

WHY IS LONG-TERM SAVINGS IMPORTANT?

The longer you **WAIT** the less **COMPOUND** **INTEREST** works for you.

WHAT COMMITMENT WILL I MAKE TODAY?

1. I will put aside \$_____ every pay check to build a \$1000 emergency fund.
2. I will increase my emergency fund to 1 or 3 months of essential expenses by saving \$_____ per/paycheck.
3. I have an emergency fund and will save 10% of my income in a retirement account.
4. I need to increase my retirement savings to 15% +.

BIBLICAL REFERENCES

Steady plodding brings prosperity; hasty speculation brings poverty.
PROVERBS 21:5 (TLB)

Wealth from get-rich-quick schemes quickly disappears; wealth from hard work grows over time.
PROVERBS 13:11 (NLT)

RECOMMENDED READING

Financial Peace – Dave Ramsey

I Was Broke Now I'm Not - Joseph Sangl

The Treasure Principle - Randy Alcorn

The Blessed Life - Robert Morris

The ABC's of Financial Freedom - Barry L. Cameron

NOTES:

[illegible]

Principle #4

A steward avoids DEBT because it's SLAVERY.

"The borrower is servant to the lender."
PROVERBS 22:7 (KJV)

WHAT IS DEBT?

Dictionary: "Money or property that you are obligated to pay another."

Reality: "Having something, you CAN'T afford, that you must repay."

WHAT DOES THE BIBLE SAY ABOUT DEBT?

There are only 2 kinds of people in the world:

1. Those who PAY interest.
2. Those who EARN interest.

Our goal in life is to be completely DEBT FREE.

THE CREDIT CARD (DIS)ADVANTAGE

If you paid the MINIMUM PAYMENT on a \$6,000 credit card at 18% interest, what would it "cost" you?

42 years.

\$ 16,400 interest.

HOW DO I GET OUT OF DEBT?

1. Commit to stop BORROWING more money.
2. List all your debts from SMALLEST to LARGEST.
3. Pay the MINIMUM PAYMENT on every debt except the smallest.
4. DEMOLISH your smallest debt.
5. When you have paid off the smallest, ROLL that amount to your next debt.

OUTSTANDING DEBTS

(SMALLEST TO LARGEST)

	Creditor	Balance Owed	Interest Rate	Monthly Payment
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

WHAT COMMITMENT WILL I MAKE TODAY?

1. I will stop borrowing more money.
I need to _____ to stick to that commitment.
2. I will sell _____ to pay off debt.
3. I will sacrifice or eliminate _____ from my budget and use this extra money to pay off debt.
4. I will pay an additional \$ _____ from my budget towards paying off debt.

BIBLICAL REFERENCES

Lending is a blessing.

If you fully obey the Lord your God by keeping all the commands I am giving you today, the Lord your God will exalt you above all the nations of the world. You will lend to many nations, but you will never need to borrow from them.

DEUTERONOMY 28:1-2, 12 (NLT)

Our goal should be to be debt free.

Let no debt remain outstanding.

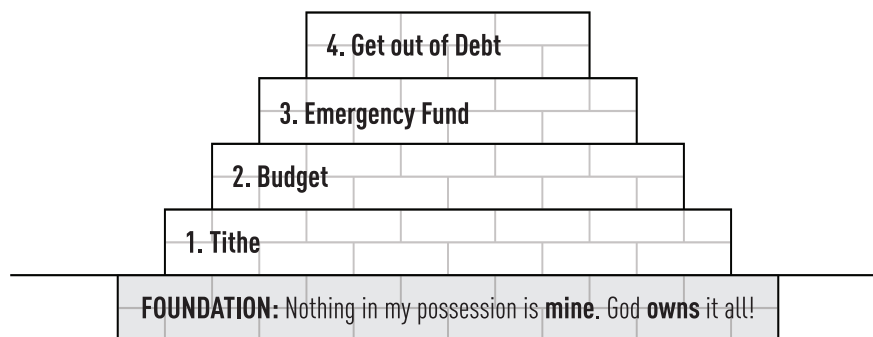
ROMANS 13:8 (NIV)

Having to borrow is a curse.

"But if you refuse to listen to the Lord your God..." "The foreigners will lend money to you, not you to them. They will be the head, and you will be the tail!"

DEUTERONOMY 28:15, 44 (NIV)

HOW SHOULD I PRIORITIZE EVERYTHING I'VE HEARD TODAY?



You can't expect the **BLESSINGS** of God unless you are following the **PRINCIPLES** of God.

Rock Solid Finances requires **SURRENDER**.

ANSWER SHEET

PAGE 2 - Perspective, Change, Mine, Owns, Steward

PAGE 4 - Managers, Invests, Heaven, 10%, Test, Blessing, Curse

PAGE 5 - 90%, 100%, Starting, Point, Stopping, Point, God

PAGE 6 - Plan, Own, Budget, Used, Team, Sport, Works, You

PAGE 8 - Saves, Yes, Emergencies, \$1,000, Periodic, Hopes, Dreams, 10%, 10%, 80%, Wait, Compound, Interest

PAGE 10 - Debt, Slavery, Can't, Pay, Earn, Debt, Free, 42, \$16,400, Borrowing, Smallest, Largest, Minimum, Payment, Demolish, Roll

PAGE 12 - Blessings, Principles, Surrender

APPENDIX

STEPS TO MAKING A BUDGET

By Crown Financial Ministries

Many people feel intimidated when they hear the word “budget.” However, a budget is simply a plan for how to spend money.

Transfer Ownership

Creating a spending plan begins with following some simple steps. The first and most important step is to transfer ownership of possessions to God. He is the owner of all things, and we are merely stewards of what He has entrusted to us.

List Income and Outgo

The next step is to clearly see the income and outgo of resources. List all available income, including the following:

- Salary
- Interest
- Dividends
- Rents
- Notes
- Income Tax Refund
- Other

NOTE: If you operate on a non-fixed monthly income, use a yearly average divided into 12 months. See the section on Variable Income Planning at the end of this article.

Then, make a list of the monthly expenditures in the home, starting with the fixed expenses.

- **Tithe**
- Fixed Expenses
- Federal income taxes (if taxes are deducted, ignore this item)
- State income taxes (if taxes are deducted, ignore this item)
- Federal Social Security taxes (if taxes are deducted, ignore this item)
- Housing expenses (mortgage payment or rent)
- Residence taxes
- Residence insurance
- Other

Now list the variable expenses, items that vary from month to month but that you still have to pay out each month.

- Variable Expenses
- Food
- Outstanding debts
- Utilities
- Insurance (life, health, auto)
- 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 30 days. Every expenditure, even small purchases, should be listed.

Compare Income versus Expenses

We encourage couples to establish a budget based on the husband's income only. We recommend the wife's income be applied to one-time purchases only—vacations, furniture, cars—or to savings or debt reduction. Too many times the wife's income is interrupted by illness, pregnancy, or a change in the husband's employment location.

If total income exceeds total expenses, you only have to implement a method of budget control in your home. However, 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 \$45,000 annual income (family of four).

Naturally these percentages are not absolutes and will vary with income and geographical location.

A. Housing (33% of net income)

Typically, this is one of the largest home budget problems. Many families, motivated by peer pressure or some other pressure, buy homes they can't afford. It is not necessary 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.

B. Food (12% of net income)

Many families buy too much food. Others buy too little. Typically, the average American family buys the wrong type of food. The reduction of a family's food bill requires quantity and quality planning.

Hints for Grocery Shopping

- Always use a written list of needs.
- Try to conserve gas by buying food for a longer time period and in larger quantities.
- Avoid buying when hungry (especially if you're a "sugarholic").
- Use a calculator, if possible, to total purchases.
- Reduce or eliminate paper products—paper plates, cups, napkins (use cloth napkins).
- Evaluate where to purchase sundry items, such as shampoo, mouthwash. (These are normally somewhat 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. (You are paying for expensive labor that you can provide.)
- Determine good meat cuts that are available from roasts or shoulders, and have the butcher cut these for you. (Buying steaks by the package on sale is fairly inexpensive also.)
- Try store brand canned products. (These are normally cheaper and just as nutritious.)
- Avoid products in a seasonal price hike. Substitute or eliminate.
- Shop for advertised specials. (These are usually posted in the store window.)
- Use manufacturer's coupons (cents-off on an item or items) only if you were going to buy the item anyway and it is cheaper than another brand would be without the coupon.
- When possible, purchase food in bulk quantities from large discount stores; the per-item cost is cheaper. Do not buy from convenience stores except in case of emergency.
- Avoid buying non-grocery items in a grocery supermarket except on sale. (These are normally "high mark-up" items.)
- For baby foods, use normal foods processed in a blender.
- Leave the children at home to avoid unnecessary pressure.
- Check every item as it is being "rung up" at the store and again when you get home.
- Consider canning fresh vegetables whenever possible. Make bulk purchases with other families at farmers' markets and such. (NOTE: Secure canning supplies during off seasons.)

C. Automobiles (15% of net income)

The advertising media refers to us as “consumers,” but that’s not always the best description. P.T. Barnum had a more apt word—“suckers.” Often we are unwise in our decision making when it comes to our machines—especially cars.

Many families will buy new cars they cannot afford and trade them long before their utility is depleted. Those who buy a new car, keep it for less than four years, and then trade it for a new model have wasted the maximum amount of money. Some people, such as salespeople who drive a great deal, need new cars frequently; most of us do not. We swap cars because we want to—not because we have to. Many factors enter here, such as ego, esteem, and maturity.

D. Insurance (5% 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. Who would be foolish enough to buy a Rolls Royce when he or she could afford only a Chevrolet? Yet many purchase high-cost insurance even though their needs dictate otherwise.

Insurance should be used as supplementary provision for the family, not for protection or profit. An insurance plan is not designed for saving money or for retirement. Ask anyone who assumed it was; the ultimate result was disillusionment and disappointment.

In our society, insurance can be used as an inexpensive vehicle to provide future family income and thus release funds today for family use and the Lord’s work. In excess, this same insurance can put a family in debt, steal the Lord’s money, and transfer dependence to the world.

One of your best insurance assets is to have a trustworthy agent in charge of your program. A good insurance agent is usually one who can select from several different companies to provide you with the best possible buy and who will create a brief, uncomplicated plan to analyze your exact needs.

E. Debts (5% of net income)

It would be great if most budgets included 5 percent debts or less. Unfortunately, the norm in American families is far in excess of this amount. As previously discussed, credit cards, bank loans, and installment 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 on a cash basis, and sacrifice your wants and desires until you are current.

F. Entertainment/Recreation (6% of net income)

We are a recreation-oriented country. That is not necessarily bad if put in the proper perspective. But those who are in debt cannot use their creditor’s money to entertain themselves. The normal tendency is to escape problems, even if only for a short while—even if the problems then become more acute. Christians must resist this urge and control recreation and entertainment expenses while in debt.

What a terrible witness it is for a Christian who is already in financial bondage to indulge at the expense of others. God knows we need rest and relaxation, and once our attitude is correct He will often provide it from unexpected sources. Every believer, whether in debt or not, should seek to reduce entertainment expenses. This usually can be done without sacrificing quality family time.

Recreation Hints

- Plan vacations during “off seasons” if possible.
- Consider a camping vacation to avoid motel and food expenses. (Christian friends can pool the expenses of camping items.)
- Select vacation areas in your general locale.
- Use some family games in place of movies (like some of those unused games received at Christmas).
- To reduce expenses and increase fellowship, consider taking vacation trips with two or more families.
- If flying, use the least expensive coach fare (i.e., late night or early morning usually saves 10 percent to 20 percent).

G. Clothing (5% 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:

1. Saving enough money to buy without using credit.
2. Educating family members on care of clothing.
3. Applying discipline with children to enforce these habits.
4. Developing skills in making and mending clothing.

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

Many families with large surplus incomes spend excessively in the area of clothes.

Assess whether it really matters that you have all of the latest styles. Do your purchases reflect good utility rather than ego? Do you buy clothes to satisfy a need or a desire?

Budget Hints

- Make as many of the clothes as time will allow (average savings is 50 to 60 percent).
- 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.
- Frequent the discount outlets that carry unmarked name-brand goods.
- Shop at authentic factory outlet stores for close-out values of top quality.
- Select clothing made of home washable fabrics.
- Use coin-operated dry cleaning machines instead of commercial cleaners.
- Practice early repair for damaged clothing.
- Learn to utilize all clothing fully (especially children’s wear).

H. Savings (5% 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

- Use a company payroll withdrawal, if possible. This removes the money before you receive it.
- Use an automatic bank withdrawal from your checking account.
- Write your savings account a check just as if it were a creditor.
- 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 (4% 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 family health due to lack of planning; but, at the same time, do not use doctors excessively. Proper prevention is much cheaper than correction.

You can avoid many dental bills by teaching children to eat the right foods and clean their teeth properly. Your dentist will supply all the information you need on this subject.

Many doctor bills can be avoided in the same way. Take proper care of your body through diet, rest, and exercise and it will respond with good health. Abuse your body and you must ultimately pay through illnesses and malfunctions. This is not to say that all illnesses or problems are caused by neglect, but a great many are.

Do not be hesitant to question doctors and dentists in advance about costs. Also, educate yourself enough to discern when you are getting good value for your money. Most ethical professionals will not take offense at your questions. If they do, that may be a hint to change services.

In the case of prescriptions, shop around. You will be amazed to discover the wide variance in prices from one store to the next. Ask about generic drugs. These are usually much less expensive and are just as effective.

J. Miscellaneous/Variable (5% 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).

One of the most important factors in home expenses is you. If you can perform routine maintenance and repair, considerable expenses can be avoided. Many people rationalize not doing these things on the basis that time is too valuable. That is nonsense. If every hour of the day is tied up in the pursuit of money, as previously defined, then you're in bondage.

A part of care and maintenance around the home relates to family life, particularly the training of children. When they see mom and dad willing to do some physical labor to help around the home, they will learn good habits. But if you refuse to get involved, why should they? Where will they ever learn the skills of self-sufficiency?

Some men avoid working on home projects because they say they lack the necessary skills. Well, those skills are learned, not gifted. There are many good books that detail every area of home maintenance. As previously mentioned, at some point in the future many of these skills will be necessities rather than choices.

K. Investments (5% of net income)

Individuals and families with surplus income in their budgets will have the opportunity to invest for retirement or other long-term goals. As debt-free status is achieved, more money can be diverted to this category.

L. School/Child Care (6% of net income)

An ever increasing segment of our population has expenses for private school and/or child care. This category must reflect those expenses. All other categories must be reduced to provide these funds.

**** If this category is used, other categories must be adjusted downward a total of 6%.**

M. Unallocated Surplus Income

Income from unallocated sources (garage sales, gifts) can be kept in one's checking account and placed in this category. This category is also useful for recording income information for tax purposes.

N. 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. Proverbs 27:12 says, "A prudent man sees evil and hides himself, the naive proceed and pay the penalty."

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.

This article was adapted from "A Guide to Family Budgeting" pamphlet by Larry Burkett.

NOTES:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

