

Mike's Money Management Basics
-Session 1-
Life Church
Angleton, Texas.
January 2013
Introduction

- **Everyone thinks everyone else has it all together – not true**
- **The person that appears well off may not be and they that do not appear well off may be.**
- **Background:**
 - **Stacy was a missionary**
 - **I had 4 kids in a 850 ft² apartment**

Is this what your MM feels like?

How do we get started?
- **How to change–vision&discipline**
- **What does the Bible say about \$**
- **3 basic rules & Baby steps**
- **Budgeting – what is the plan**
- **Tracking –am I working the plan**
- **Debt snowball and investments**

Get from here to there

- **Change takes stress – inside or out**
- **Change takes work – discipline and prayer**
- **Change takes vision – the map to success**

Husband and wife agreed and supporting vision

Ex. Husband leaving pizza out – why, fear of change

- **What should a vision look like?**
 - ⑩ **All the money I need, no more debt, etc.**
 - ⑩ **Spend minimum time possible thinking \$\$\$**
 - ⑩ **Survey - 76% of Americans are worried about \$**
- **10% Tithe - 15% Saving- 75% Living Rule**

Consequences of staying where I am

- **Limit ability to be used by God**
 - Ex. Couple wanting to go into the ministry**
- **Cannot bless other people**

- **Ability to choose what to do with found \$\$\$**
 - AIA NZ support with Stacy new status**
 - **No financial peace, no matter how much \$\$\$**
 - What is your definition of rich?**
 - Someone else**
 - High income or lottery winners, not about \$\$\$**
- Ex. Aggie Green – Dr.’s wife new ear rings**
- Now let’s get started**

Bible say about money

Deut 28:12-14

12 The LORD will open for you His good storehouse, the heavens, to give rain to your land in its season and to bless all the work of your hand; and you shall lend to many nations, but you shall not borrow. 13 And the LORD shall make you the head and not the tail, and you only shall be

Deut 28:12-14 (cont)

above, and you shall not be underneath, if you will listen to the commandments of the LORD your God, which I charge you today, to observe them carefully, 14 and do not turn aside from any of the words which I command you today, to the right or to the left, to go after other gods to serve them.

Ex. Dog's head vs tail – which one

Love of money root of evil (money is a tool)

1 Tim 6:10 – For the love of money is the root of all sorts of evil: which while some coveted after, they have erred from the faith, and pierced themselves through with many sorrows

Love of money root of evil

Matt 19:23-24

23 And Jesus said to His disciples, "Truly I say to you, it is hard for a rich man to enter the kingdom of heaven. 24 "And again I say to you, it is easier for a camel to go through the eye of a needle , than for a rich man to enter the kingdom of God."

**ex. Think what I could do if I won
Reader's Digest - \$10 vs \$10 M**

Bible-Tithe & Offerings

Gen 14:18-20 (Tithe)

18 And Melchizedek king of Salem brought out bread and wine; now he was a priest of God Most High.

19 And he blessed him and said, "Blessed be Abram of God Most High, Possessor of heaven and earth;

Bible-Tithe & Offerings

Gen 14:18-20 (cont)

20 And blessed be God Most High, Who

has delivered your enemies into your hand.” And he gave him a tenth of all.

Abraham gave the first tithe

Bible-Tithe & Offerings

Mal 3:8-10

8 "Will a man rob God? Yet you are robbing Me! But you say, 'How have we robbed Thee?' In tithes and offerings. 9 "You are cursed with a curse, for you are robbing Me, the whole nation of you! 10 "Bring the whole tithe into the storehouse, so that there may be food in My house,

Bible-Tithe & Offerings

Mal 3:8-10 (cont)

and test Me now in this," says the LORD of hosts, "if I will not open for you the windows of heaven, and pour out for you a blessing until it overflows. NASB

ex. Combined churches lost the tithe

Bible-Tithe & Offerings

Acts 10:1-3, 29-31

10:1 Now there was a certain man at Caesarea named Cornelius, a centurion of what was called the Italian cohort, 2 a devout man, and one who feared God with all his household, and gave many alms to the Jewish people, and prayed to God continually.....

Acts 10:1-3, 30-31 (cont)

30 And Cornelius said, "Four days ago to this hour, I was praying in my house during the ninth hour; and behold, a man stood before me in shining garments, 31 and he said,' Cornelius, your prayer has been heard and your alms have been remembered before God. NASB

**Giving– God lead specific purpose ex.
Dentist giving, Stacy Bible**

Bible - Debt and Taxes

Prov 22:7

**7 The rich rules over the poor, And the borrower becomes the lender's slave.
NASB**

Prov 21:20

20 There is precious treasure and oil in the dwelling of the wise, But a foolish man swallows it up. NASB

Bible - Debt and Taxes

Matt 22:21

**21 They said to Him, "Caesar's." Then He said to them, "Then render to Caesar the things that are Caesar's; and to God the things that are God's."
NASB**

Attitude is beginning

- **Starts with a “Vision” – what will financial success look like**
- **Takes a strategic partnership – between God and me, between me and my spouse**
- **Financial freedom/peace**
- **God blesses with extra money – what**

can I do with this \$\$\$

3 Rules of \$ Management

- ⑩ You can not out give God**
- ⑩ Take care of the pennies and the dollars take care of themselves –
Where does it go?
(ex. Verizon couple – add lines to get phone)**
- 3. It takes money to make money
(ex. Trip to Europe for \$450 - opportunity)**

Dave Ramsey Baby Steps

- ⑩ Make a written Budget**
- ⑩ Establish a \$1,000 emergency**
- ⑩ Get rid of credit cards**
- ⑩ Pay off all debt – debt snowball**
- ⑩ 3-6 months expenses in savings**
- ⑩ Invest 15% of household income**
- ⑩ College Funding**
- ⑩ Pay off home early**
- ⑩ Build wealth and Give**

■ **Dave Ramsey Financial
Advice Radio –
700 AM M-F 2 PM-4 PM**

■ **Life Church Financial Peace University –
Tommy Gaines**

You can change your family tree

**Budgeting
how does it work?**

- **Giving**
- **Savings**
- **Weekly expenses**
- **Monthly expenses**
- **Annual periodic expenses**
- **Debt elimination**
- **Discretionary money to spend**

Excel Budget Tool

1 BUDGET TYPICAL Rev A3.xls

Dave says:

“Rice and Beans–Beans and Rice”

“Gazelle Intense”

People are going to call you weird

Budget – can it help?

Starting point = \$581 extra / year

**Take \$100/wk from spending
\$5,777/year**

**Take \$200/mo from debt
\$8,375/year**

**Take \$300/mo from car
\$12,272/year**

Budget – can it help?

**Revelation – it is the small things that
make the difference.**

Have to get headed in the right direction.

Cannot get there unless we have a map for the plan. Remember the vision.

Luke 14:28

28 "For which one of you, when he wants to build a tower, does not first sit down and calculate the cost, to see if he has enough to complete it? NASB

Time to be Disciplined

The budget is written down.

How can I be disciplined?

- **Get weekly money in cash**
 - **Use envelope system**
 - **Over spend 1 item, decide to adj.**
 - **Use Excel or other tracking tool**
- Ex. Monday morn. (2nd thought) - new car**

**Resources can be downloaded
www.life4square.com/m3.htm**

Fill out blank budget form

Small Group Questions

End of session 1

Mike's Money Management Basics -Session 2- Life Church Angleton, Texas. January 2013

Sayings that keep people broke

- **Used cars aren't reliable or cost too much maintain.**
- **What a deal, 0% interest. I can not afford not to buy it.**
- **But it is extra money because it is Overtime, Tax Refund, etc.**
- **If I make more money, I will have to pay more taxes.**
- **I deserve to buy it because I work so hard.**

Sayings that keep people broke

- **I can make the monthly payment. The price does not matter.**

- **I am young so I want to have fun.**
- **I am too old so it is too late for me to do anything about it.**
- **School loans (for college) are “good” debt.**
- **I will just pay the minimum payment.**

Sayings that keep people broke

- **Do not pay off my mortgage since I can take the interest off taxes.**
- **Spend some for just “myself”**
- **You can not take it with you.**
- **Just this once.**
- **I will start tomorrow.**
- **I will pay it all off each month.**
- **But other kids (or adults) have it.**
- **I do not have enough money to give my tithe.**

Sayings that keep people broke

**There is a difference between
“poor” and “broke”**

Poor – condition of circumstance

Broke – condition of attitude

Session 1 Review

- **How to change–vision&discipline**
- **What does the Bible say about \$**
- **3 basic rules & Baby steps**
- **Budgeting – what is the plan**
- **Tracking –am I working the plan**
- **Debt snowball and investments**

3 Rules of \$ Management

- ⑩ **You can not out give God**
- ⑩ **Take care of the pennies and the dollars take care of themselves –
Where does it go?**
3. **It takes money to make money**

God or Wealth

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. **NASB**

Dave Ramsey Baby Steps

- ⑩ **Make a written Budget**
- ⑩ **Establish a \$1,000 emergency**
- ⑩ **Get rid of credit cards**
- ⑩ **Pay off all debt – debt snowball**
- ⑩ **3-6 months expenses in savings**
- ⑩ **Invest 15% of household income**
- ⑩ **College Funding**
- ⑩ **Pay off home early**
- ⑩ **Build wealth and Give**

Budget – can it help?

Starting point = \$581 extra / year

**Take \$100/wk from spending
\$5,777/year**

**Take \$200/mo from debt
\$8,375/year**

**Take \$300/mo from car
\$12,272/year**

- **Dave Ramsey Financial Advice Radio –
700 AM M-F 2 PM-4 PM**

- **Life Church Financial Peace University –
Tommy Gaines**

You can change your family tree

Tracking – why do it

- **We now have a written budget, what good is the budget if we do not stick to the budget?**
- **69% of lottery winners are bankrupt within 10 years (why is that?) It is not about the money.**

Tracking – why do it

- **Michael Jackson, Mike Tyson, others are now bankrupt (why is that?) Not about money.**

Ex. Minister > \$400,000 but never more than \$15,000/yr

- **It is said, people seldom hit what they do not aim at.**

Excel Tracking Tool

2 BUDGET TYPICAL_BILL Rev A2.xls

Dave says:

**Paid off home mortgage replaced
the BMW
as the status symbol of choice !!!!**

Where did the money go?

- **Excel Spending Workbook
(envelope system – Dave’s wife still uses)**
- **How to manage small cash
(Do not drive yourself crazy with tracking)**
- **Use of comments on Excel cells**
- **How to handle CC charges – now or later**

Where did the money go?

- **Other spending straight forward**

- **You can use other money management software, but it needs to be easy and quick to use. I have tried.**

Determine Where My Treasure is Located?

Store up treasure in heaven and not earth

Matt 6:19-21

19 "Do not lay up for yourselves treasures upon earth, where moth and rust destroy, and where thieves break in and steal. 20 "But lay up for yourselves treasures in heaven, where neither moth nor rust destroys, and where thieves do not break in or steal; 21 for where your treasure is, there will your heart be also. NASB

Debt Snowball - getting out

- **\$11 trillion American debt in 2012**
- **1.4 M personal bankruptcies 2009**
- **Avg CC debt - \$15,328**
- **Avg student loan debt - \$34,703**

Ask God for direction, getting principles

(This is how a father teaches a child)

Debt Snowball - getting out

Myths about Debt –

(say it long enough, it will be accepted)

- **A good credit score is critical**
- **Car payments are a way of life**
- **Can not pay off house in a few yrs**
- **It is best to buy a new car
(or a car lease is best)**

Debt Snowball - getting out

- **Can't get hotel, rent a car, etc. w/o CC.
Debit card will work.**
- **Give a CC to kids to teach our to use.
Watch the mail.**
- **Truth – debt limits how you can serve
God**
- **Truth – Using cash results in 12% to
18% less spending**

Steps to get out of debt

- **Prayer really works**
- **Quit borrowing more money**
- **You must save money**
- **Sell something**
- **Temporary part-time job or overtime if**

possible

Steps to get out of debt

- **2 sides of the equation – spending and income (bigger shovel)**
- **Understand and avoid debt – use debt snowball**
- **Fear is the biggest reason people do not tithe – no spirit of fear**

Debt Snowball

Excel Debt Snowball Tool

3 & 4 Budget Typical payoff schedule Rev A3.xls

Dave says:

Stop paying “stupid tax”

We have all paid way too much !!!!

Minimum Pay Schedule

+\$100 = 2020 2016

30 Yr Mortgage 125 k

30 Yr Mortgage 78 k

- **Purchased in 1984**
- **10.78% interest**
- **Sold in 2002, 18 years (220 mo)**
- **Payoff = 58 k**

**At a different interest rate
Balance % about the same
But monthly payment lower**

Refinance Calculations

- **Current – 4.25% for 15 years**
- **Option 1**
 - 2.65% for a cost of \$3,800**
- **Option 2**
 - 3.50% for a cost of \$300**

Which is the better deal?

**Resources can be downloaded
www.life4square.com/m3.htm**

Small Group Questions

End of session 2

Mike's Money Management Basics
-Session 3-
Life Church
Angleton, Texas.
January 2013
Session 1/2 Review

- **How to change–vision&discipline**
- **What does the Bible say about \$**
- **3 basic rules & Baby steps**
- **Budgeting – what is the plan**
- **Tracking –am I working the plan**
- **Debt snowball and investments**

3 Rules of \$ Management

- ⑩ **You can not out give God**
- ⑩ **Take care of the pennies and the dollars take care of themselves –
Where does it go?**
- 3. **It takes money to make money**

Dave Ramsey Baby Steps

- ⑩ **Make a written Budget**

- ⑩ **Establish a \$1,000 emergency**
- ⑩ **Get rid of credit cards**
- ⑩ **Pay off all debt – debt snowball**
- ⑩ **3-6 months expenses in savings**
- ⑩ **Invest 15% of household income**
- ⑩ **College Funding**
- ⑩ **Pay off home early**
- ⑩ **Build wealth and Give**

Budget – can it help?

Starting point = \$581 extra / year

**Take \$100/wk from spending
\$5,777/year**

**Take \$200/mo from debt
\$8,375/year**

**Take \$300/mo from car
\$12,272/year**

**■ Dave Ramsey Financial
Advice Radio –**

700 AM M-F 2 PM-4 PM

**■ Life Church Financial Peace University –
Tommy Gaines**

**You can change your family tree
Compounding Interest**

- Ben invests \$2,000 age 19 to 26 =
\$16,000**
- Arthur invests \$2,000 age 27 to 65 =
\$78,000**

- At 65 at 12% interest:
Ben = \$2,288,996 Arthur =
\$1,532,166**

**Arthur never caught up. Start as early as
you can.**

- Invest \$1,000 at age 25, at age 65:
18% - \$750,378
12% - \$ 93,050
6% - \$ 10,285
\$100/mo @ 10% = \$226,000 at 30
years**

**Saved/Invested \$36,000 in all
1 time \$11,600 = \$226,000 at 30 years**

Saved/Invested \$11,600 in all

Excel Investing Tool

**3 & 4 Budget Typical payoff schedule Rev
A3.xls**

Dave says:

“Live like no one else

So

You can live like no one else !!!!!”

Rule of 72 to double

■ **Divide 72 by interest = years**

Or

■ **Divide 72 by years = interest**

Ex. 72/12% = 6 years

Or 72/10 years = 7.2%

to double money

Investing story – Friday call

Practical Applications

■ **Having the resources to take advantage**

of a deal – if you need it

- **Saying no to a sale if you would not have otherwise bought it – impulse buying (marketing)**
- **What does 19% interest really mean – to the total amount paid**
- **How does 0% for 12 months really work?**

Practical Applications (cont)

- **How does interest work to make money grow?**
- **Ex: 2% minimum wage (i.e. \$247/yr) at 8% for 50 years = \$850,000 or about \$5,000/mo income (compared to SS)**
- **How much does that pretty thing really cost me – lost opportunity cost because no money to make money**

Why does MM Matter? (cont)

Why does MM Matter?

Why does MM Matter? (cont)

Why does MM Matter? (cont)

Interesting Tax data?

Interesting Tax data?

Interesting Tax data?

How much tax do we pay?

How much tax do we pay?

Interesting Tax data?

MMM Conclusions

- **Money is a necessity**
- **God is the source of all real wealth**
- **Never seen a u-haul trailer behind hearse**
- **Bottom line – store up treasures in heaven and not treasures on earth**

MMM Conclusions

- **Everyone can afford heavenly treasure**
–
- **the humble more likely to have heavenly treasure than the proud**
- **Souls of our brothers and sisters are our heavenly treasure**

Major Components of a Healthy Financial Plan – by Dave Ramsey
Samuel Thomas –

Integrity without knowledge is weak and ineffective.

Knowledge without integrity is dangerous and dreadful.

Success takes both
Secret of Millionaires
RD December 2007

- **Dave Linhadhl – Real estate investor, drives a Ford Explorer**
- **Rick Sikorski – Fitness Mogul, does not drink bottled water**
- **Steve Maxwell – Finance teacher, \$700 M versus \$1500 M house**

Secret of Millionaires
RD December 2007 (cont)

- **Tyra Banks – keeps magazine perfume samples**
- **Sara Blakely – Founder Spandex, gets her hair done at Supercuts**
- **Warren Buffet – 3rd richest person, lives in the same house for 40 years**
- **He bought for \$31,500.**

Is this what you want

your MM to feel like?

**It is like pushing a car.
Slow to get going
but builds momentum.**

**But you have to start doing something
differently !!!**

Your Companion

**I am your constant companion.
I am your greatest helper or your
heaviest burden.**

**I will push you onward or drag you to
failure.**

**I am at your command.
Half of the tasks that you do you might
just as well turn over to me.**

I will do them quickly and correctly.

**Now you may run me for profit
or you may run me to ruin.**

It makes no difference to me.

**Take me, train me, be firm with me, and I
will lay the world at your feet.**

Be easy with me and I will destroy you.

Your Companion

Who am I?

I am called Habit

**Resources can be downloaded
www.life4square.com/m3.htm**

Questions

Small Group Questions

End of session 3 and MMM