

# Budgeting For Believers

(Put your money where your mouth/heart is)



## Budget: The Philosophy / Motivation / Meaning

- What is a budget? A budget is simply a spending plan. If a purchase does not fit into your budget, then you can't buy that item, at least at this time. A budget helps you prevent those spur-of-the-moment, emotional purchases (for no one has unlimited resources)
- How you spend money reveals something about you (Desires/loves/priorities)
- *Therefore, whether you eat or drink, or whatever you do, do all to the glory of God. (1 Cor. 10:31 NKJ)*



- Money is not evil, it is a means to an end (to glorify God), not an end in and of itself
- Disorganization/to be undisciplined, leads to impulse which is not a way to bring glory to God, but to indulge in the flesh
- One of the major motivations for Christians to do a budget is the concept of **stewardship**



## • *Principles of Stewardship*

1. God owns everything. God is the creator, sustainer, and owner of all things. He has the full right and responsibility to do whatever he wants with his possessions. (Ps24:1, Deut 10:14)
- Your attitude toward possessions is very important. If you consider things to be your own property, then you'll have a hard time with stewardship. You must break your attachment to things. Our culture tells us that things make us happy. That's a lie. Your relationship to God should be the true source of happiness and contentment, not the possession of things. Luke 12:15



2. People own nothing. Everything they have comes from God. All abilities, talents, skills, intelligence, inheritance, family, and one's place in life come from God. No one can boast about what God has given him. No one should consider the things he has received or bought as truly his own.

3. God has entrusted all these resources to people. As God's "bankers," we are to manage all that God gives us in a way that God would be pleased with. The primary characteristic God is looking for is faithfulness. God wants his stewards to serve him faithfully.



4. God want's a return on his investment. He wants to see growth and development. Whether one receives much or little, he should attempt to invest whatever resources he has for an increased harvest. The Lord expects believers to do a good job with the things that they have received. God wants stewards who develop and use the talents God entrusts to them. (What does that require from us? Faithfulness, thoughtfulness, discipline and perserverance)

5. Stewards will be evaluated for how they invested their assets. God will reward or punish stewards for how well they carried out their responsibilities.

- 1 Corinthians 3:13-15



## Budget: Goal Setting (Priorities)

- A race without a finish line, makes no sense (pointless) (if you aim at nothing, you're sure to hit it)
- The goals form a roadmap to work towards (target setting and then reverse engineering)
- Plan for disasters (unforeseen circumstances)
- Goals should be communicated and be in writing (and be reviewed often/monthly) and also flexible due to changes in circumstances



- Start to prioritize your life according to Scripture (set priorities, set goals short/medium/long term)
  - o Goals are dependent on God's will "If God wills, then I plan to..." Prov 16:9, James 4:13-15
- The goal is to glorify God in all we do 1 Cor 6:12-20.
- Here are a few ways (categories) to glorify God in your finances (gives purpose and meaning to work):





- Provide for your family (food, housing, clothes, education, safety, medical, schooling etc.) (Men???)
- Provide for the ministry of your church (pastor, property, missions, ministries)
- Provide for future needs (car, house, retirement, marriage, honeymoon, emergency)
- Provide for others in need

P.S giving is not always monetary contributions (hospitality etc)

These should be your motivation/goal (it will glorify God).



- Unwise goals to have
  - To become rich
  - To live in luxury
  - To look good in front of others

Once you have set your priorities, now you can start planning on how much you want/need to spend on each category

Your goals should be measurable and realistic (I want to be financially successful, is not measurable). Be specific, like I want to save/increase 10% of my income



Your goals should reflect a modest lifestyle (not in poverty, but also not in outrageous luxury)

Here are some goal setting examples (requires research):

- Giving goals (10% to Church/missions etc)
- Educational goals (save 40% of all income for university/college/Technicon)
- Saving Goals (save 10% of all income for short-term goals. Save 20% of all income for long-term goals)
- Lifestyle goals (buy used cars. Buy clothes as needed. Buy stereo/sound system/furniture. Fund camping trip/other recreation)
- Retirement goals (be able to retire at 60)



**Income:** I plan to make R \_\_\_\_\_ monthly.

**Giving:** I plan to give \_\_\_\_\_ % of my income to the church.

**Education:** I plan to save \_\_\_\_\_ % or R \_\_\_\_\_ each month for tertiary education.

**Savings:** I plan to save \_\_\_\_\_ % or R \_\_\_\_\_ each month for short-term and long-term goals.

**Retirement:** I plan to save \_\_\_\_\_ % or R \_\_\_\_\_ each month for retirement.

**Lifestyle:** I plan to spend \_\_\_\_\_ % or R \_\_\_\_\_ each month on lifestyle expenses.



## Budget: Data Gathering and Analysis

- Stop and analyze/summarize your current situation
  - List all available income (if your income is not steady, take average of 3 to 4 months)
  - List all normal monthly expenses (use your bank statements). You may have to keep track of this for a month or two to find out what is normal for you.



Compare income versus expenses. Determine how much you *are* spending in each of the below categories and estimate how much you *want to* spend in each category (compare with your goals – gap analysis). Write down these amounts to the last cent.

	<u>Planned</u>	<u>Actual</u>	<u>Variance</u>
- Giving to church [10-15%]	Rx	Rx	Rx
- Taxes [10-20%]	Rx	Rx	Rx
- Housing [20-30%]	Rx	Rx	Rx
- Insurance [5%]	Rx	Rx	Rx



	<u>Planned</u>	<u>Actual</u>	<u>Variance</u>
- Food [20%]	Rx	Rx	Rx
- Vehicle [10%]	Rx	Rx	Rx
- Clothing [5%]	Rx	Rx	Rx
- Medical and dental [5%]	Rx	Rx	Rx
- Entertainment/recreation [5%]	Rx	Rx	Rx
- Savings [5-10%]	Rx	Rx	Rx
- Other [5%]	Rx	Rx	Rx



## Budget: Corrective Measures

- Identify high risk areas and habitual overspending (Look for hearts issues. Ask why. Put off/Put On)
- Huge task? How do you eat an elephant?
- Remember that you want to keep the important things, the important things and so to glorify God, you want to prioritize your family and giving.
- With corrective measures comes change in how things were done. Communicate the goals and corrective actions to achieve these goals. Write is down!





- What is keeping you from glorifying Him more fully in your finances? Debt? Overspending on material and unimportant things (undisciplined/impulsive)?
- If your debt is out of hand, take decisive action:
  - o Have a plan to become debt free by a specific time and throw all resources toward reaching that goal (don't save before your debt is not under control or paid off). Maybe some "*plastic surgery*" is needed (cost for credit is expensive...start with most expensive 1st), or to cut on unnecessary expenses and/or to increase your income



## ■ Types of debt

- Home
- Car
- Cellphone
- Credit card
- Clothes
- Furniture/appliances
- Study

- Adopt a cash financial policy and avoid debt as far as possible
- Greed/love of money/material possessions, covetousness, being discontent, ignorance, co-signing for a loan will lead to debt
- Before buying something on credit, ask yourself, is it a need or simply want? Ask why you want this item Luke 12:15, 1 Tim 6-6-10.



- Live within your means/income
- Always look to save (shop around, research)
- Don't invest borrowed money
- Don't make debt to pay off other debt
- Don't co-sign for a loan
- Plan for what you will do in situations that you know you will be tempted



- Now that your debt and unnecessary expenses are down or eliminated, now you are free to provide for your family, to give generously and to live responsibly, all to the glory of God. And you can do it worry/guilt free, since you have planned for it and disciplined yourself, so it become a possibility and a reality.



## Budget: Final Thoughts

- Be sure to evaluate and monitor your budget regularly and adjust where needed. Best is to review monthly (keeping you calendar close for unusual events or occasions).
- For the areas that you tend to overspend, use cash (if the cash is finished, then it is finished)
- God resist the proud by give grace to the humble
- Give grace to yourself and persevere
- Cultivate an attitude of gratitude and contentment towards God for His gifts to you
- Reject a fearful spirit (be a faithful steward and trust God)
- Read good Christian books on finances

