THE ABC's TO BE FINANCIALLY FREE

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Italics added to Scripture quotations reflect the author's own emphasis.
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INTRODUCTION

Who Wants to Be a Millionaire?

Do you want to be a millionaire? If so, you're not alone. According to the ABC television network, tens of millions of viewers tuned in each week to its successful primetime show Who Wants to Be a Millionaire? One of the most highly rated game shows in America, this quiz show has been on the air for more than a decade and is still very popular in syndication.

Why are people so fascinated with this program? The producers claim that viewers are stimulated by the intellectual challenge of the questions. However, one veteran game show producer is skeptical. "Just try making the top prize a thousand dollars instead of a million dollars and see how long people remain interested. It's about the money."

People have always been fascinated with money—and for good reason. Despite all the bad press money gets from us preacher types, think about all the wonderful things money can do: it can relieve stress, provide security, help fulfill our dreams, and offer independence. No wonder some people choose to worship money instead of God. Money, at least at first glance, seems to offer many of the same benefits that God promises. Perhaps that is why Jesus said in Matthew 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.*

Interestingly, Jesus did not say you cannot serve God and sports, or God and work, or God and sex. Instead, He zeroed in on money. Why? Jesus understood the enticing allure of money and knew what obsession with money can do to the human spirit.

There are many Christians who are working at jobs they cannot stand to buy things they do not need in order to impress people they really don't like. Maybe you're one of those people. But God has a unique purpose for your life—a purpose that extends beyond mere consumerism. Money is not the end. Money is simply the means to the end, giving you the freedom to fulfill God's purpose for your life.

The apostle Paul warns believers against becoming preoccupied with money:

> *The love of money is a root of all sorts of evil, and some by longing for it have wandered away from the faith and pierced themselves with many griefs. (1 Timothy 6:10)*

However, most people I talk with have no desire to worship or fall in love with money. One couple facing tuition bills for their first-year college student told me, "All we want is to have enough money so that we don't have to worry about it." As we will see, this is actually a biblical financial goal.

The Financial Goal for Every Christian

King Solomon was the wealthiest man of his day. He certainly knew from firsthand experience the benefits of money. But he also understood that money can be easily lost (Proverbs 23:4–5), can increase stress (Ecclesiastes 5:12), and can rob us of present joy in life (Ecclesiastes 5:13). Given both the benefits and limitation of wealth, he offers a reasonable financial goal for every one of us:

> *Give me neither poverty nor riches; Feed me with the food that is my portion, That I not be full and deny You and say, "Who is the LORD?" Or that I not be in want and steal, And profane the name of my God. (Proverbs 30:8–9)*

In other words, Solomon prayed, “God I don’t want so much money that I forget my need for You. But neither do I want so little so that I am tempted to do something that would dishonor You. Give me just enough to meet my needs.”

The biblical, financial goal of every Christian should be simply to have enough money to do what God has called us to do. In fact, that word enough is a great goal for every Christian.

How do we manage our money so that we will have enough? In The ABCs to Be Financially Free, we will examine what the Word of God, specifically Proverbs, has to say about our finances.

Now I know some of you may be wondering why I am writing an entire book on the subject of money. Shouldn’t I be talking about something more spiritual, like the Holy Spirit, the rapture, or sanctification?

How You Handle Money Is Important to God

The reason Christians talk so much about money is because the Bible talks so much about money. If you look through the Bible, you’ll find a wealth (pardon the pun) of information about money. In fact, sixteen out of Jesus’ thirty-eight parables deal with the subject of finances. Did you know that one-sixth of the Gospels—Matthew, Mark, and Luke—deal with the issues of money? You can hardly turn through a page of Proverbs and not find a verse about money.

Why is money such a prominent theme in the Bible? How we handle our money is important to God for three reasons.

Handling Money Well Is a Measure of Your Faithfulness to God

First of all, how we handle money is a measure of our faithfulness to God. In Luke 16:11, Jesus said, If you cannot handle money wisely, who in the world is going to entrust true riches to you? If God can’t trust you in this little temporal thing called money that one day you're going to leave behind, how can He entrust to you true riches for all eternity?

Handling Money Well Is a Witness to Unbelievers

Handling our money well is also a powerful witness to unbelievers. When a Christian is always delinquent in paying his bills or running around worrying about where his next meal is going to come from, do you think that gives unbelievers a positive witness for God? Do you think people want to worship God when they see His children always fretting about their finances and their future? No. But when we handle our money well, we give a positive witness to unbelievers about the God who promises to take care of all our needs.

Handling Money Well Frees You to Serve Christ

Finally, handling our money well frees us to serve Christ. Remember the biblical goal of money is not to have too much or too little, but to have enough. God wants us to have enough money so that we are free from having to think about it—and free to serve Him.

Perhaps you are thinking, Well, it would be easy to handle my money if I were earning a six-figure salary. But there's no hope for my financial situation. Oh yes, there is. Every individual and family's financial circumstances are unique, but there are solid, biblical principles that you can apply to your finances no matter what your salary or financial obligations may be.

In this book, I will share with you four practical suggestions for helping you spend your way to wealth. I call these the ABC's to be financially free.

CHAPTER 1

Adjust Your Spending Below Your Income

When I served as pastor in another church, Christian financial consultant Ron Blue came to talk to our congregation. He told a story about going into a jewelry store one day. At the counter was a man who was trying on Rolex watches. Ron said he just observed the man, who decided to buy the new Rolex. The salesman asked, “How are you going to pay for it?” The man said he didn’t have the money to pay for it, so he signed up for monthly payments. He put down $200 and then signed up for payments for $200 a month for the rest of his life (and probably for the rest of his children’s lives as well). Ultimately, due to interest charges, he would end up paying twice the actual price of the watch. Now, could that man truly afford a Rolex watch? Of course not. But he wanted to look like he could, and he probably left the store feeling like a tycoon.[1]

There are many people like this man who want to look like and act like they have more money than they really do. Here in Texas, we have an expression for people who pretend to be wealthy when they’re not. We say such people are “all hat and no cattle.”

Solomon described this kind of person in Proverbs 13:7:

There is one who pretends to be rich, but has nothing;
Another pretends to be poor, but has great wealth.

Solomon understood that the way to accumulate financial margin was not by spending more than you could afford to spend—and certainly not by spending everything you could afford to spend—but by spending less than you are able to afford to spend.

This brings us to the first principle of the ABC’s to be financially free.

The “A” stands for Adjust your spending below your income. If you want to have financial margin, you must first spend less than you earn.

Whatever You Earn, Spend Less

Do you have enough money to meet both your current and your future needs? Ask yourself following questions to help determine where you stand:

1. If you and/or your spouse were to lose your job, how many months could you survive?

2. If you add up all your financial assets and subtract your financial liabilities, do you end up with a positive or negative number?

3. If you still have children at home, how do you plan to fund their college education, given that the cost of a four-year education at a public university is approximately $50,000 today and twice that for private college?

4. How much money have you accumulated for your retirement? Although there are numerous formulas to help you determine what you should have already accumulated in financial assets, here’s a simple one recommended by some financial advisers: Multiply your age by your salary and divide by ten. The resulting number is what you should already have in liquid financial assets. (For example, if you are forty years old and earn $50,000 per year, you should have accumulated $200,000 in retirement savings by now.)

What do your answers to these four questions reveal about your financial condition? If you are feeling discouraged about your finances, you might be interested to know that you’re in good company. The majority of Americans owe more than they own, have not made adequate plans for their retirement, and could not survive more than a few weeks without a job. In fact, a survey conducted by Barna Research revealed that fewer than three out of every ten families have saved enough money to maintain their current standard of living for six months if their primary breadwinners were to lose their jobs.[2]

Why is that?

The average person believes that the only way to be financially free is to earn more money, win the lottery, or hope that Aunt Bessie dies before the children go to college. But in this book, we will discover Solomon's secret for achieving financial security. And it has nothing to do with earning, winning, or inheriting. Instead, the way to wealth is, as Samuel Johnson wrote years ago, "Whatever you earn, spend less."

The secret for success in finances is spending your way to wealth. In other words, if you want to have enough money in your life to do what God has called you to do, the key to being financially free is not through earning, it's not through saving, and it's not through investing. The way to have financial freedom in your life is through spending—specifically, through spending below your income.

The Millionaire's Secret

Did you know this is the secret that millionaires have already discovered? The way to accumulate money over a long period of time is to spend less than you earn over the long haul. That's how most millionaires have accumulated their wealth.

That's not just my imagination. A few years ago Thomas Stanley and William Danko wrote a best-selling book called The Millionaire Next Door.[3] In that book they surveyed the spending habits of thousands of millionaires in the United States, and they found out some very interesting things. Listen to this:

- Fifty percent of millionaires surveyed had never spent more than $399 for a suit, $140 for a pair of shoes, or $235 for a watch.

- Fifty percent had never spent more than $29,000 for an automobile.

- Seven times as many millionaires had a Sears card than had an American Express Platinum card.

- More than 36 percent of millionaires surveyed owned cars that were more than three years old.
- Twenty-five percent of millionaires had never spent more than $24 for a haircut.
- Seventy percent of millionaires had their shoes resoled and repaired.
- Forty-eight percent had their furniture reupholstered or refinished instead of buying new.
- Nearly 50 percent of millionaires buy their household supplies in bulk at warehouse stores like Sam's or Costco.[4]

In our culture people are encouraged to spend everything they have, but millionaires have learned the secret to accumulating margin in life—spend less than you earn over a long period of time. The way to build financial cushion is by leaving some margin between our income and our expenditures.

Financial consultant and author Dave Ramsey tells about two couples who came to him for advice. The first couple, each forty years of age, had an annual household income of $35,000 and had accumulated $150,000 in their 401(k) plans. They had no personal debt on their credit cards and had only three years left to pay on their $70,000 mortgage. They had saved enough funds to cover unexpected emergencies and enjoyed nice family vacations (paid for in cash) every year.

The second couple had no savings but $64,000 in credit card debt. They drove two leased cars and were still paying off a ten-year-old student loan. They also had a $175,000 outstanding mortgage on their home.

What is the source of their financial difficulty? You might guess that they make less money than the first couple, but you would be wrong. They earn $84,000 per year compared to the first couple's earnings of $35,000 per year! How is it that one couple can prosper on $35,000 and another couple is near bankruptcy on $84,000?[5]

The answer is that the first couple has learned Solomon's secret—which is also the millionaire's secret for building financial reserves: spend less than you earn during a given time. You see, most people think the way to become wealthy is by earning a large salary or inheriting a huge sum of money. The truth is that only 8 percent of millionaires inherited 50 percent or more of their wealth; 61 percent of today's millionaires never received any money from inheritances or trust funds.[6]

As the couple described above illustrates, high incomes do not necessarily generate wealth. Solomon observes,

> *When good things increase, those who consume them increase. (Ecclesiastes 5:11)*

Today Solomon might put it this way: "The more you make, the more you spend."

The only way to create financial security is to spend less than you earn over time. One author, Dr. Richard Swenson, refers to this practice as creating "margin."[7] What is margin? It is a buffer zone between where we are and our limits.

Instead of always pressing the limits, we need to allow a safety net in our calendars, in our emotional lives, and also in our finances. For example, look at this page for a moment. Do you notice that there is some "wasted" space on this page? Not every inch of this page is filled with type. Instead there is space between words, between lines, and around the edges of the page. The empty spaces provide margin, making reading much more pleasurable.[8]

Similarly, the way to enjoy financial comfort in life, regardless of your income, is to create some breathing room between your income and your expenditures.

The Importance of Creating Margin

Without financial margin,[9] we are doomed to a life of drudgery. I read about one sewer worker in Chicago who said, "I dig the ditch to get the money to buy the food to get the strength to dig the ditch." Sadly, some of you who are reading this identify all too well with this worker's lament.

Those who live without margin also become victims of unrelenting stress. You live from paycheck to paycheck worried that you will run out of money before you run out of month. You figure that you can keep your head above water as long as nothing catastrophic happens. But you suffer from an underlying fear that any emergency such as a car repair or steep medical copayment could sink your financial ship. And as far as those big-ticket items such as college tuition and retirement—well, you can't even bear to think about those!

But you do think about them, don't you? And such concerns produce stress. One financial planner estimates that 90 percent of all divorces are precipitated by financial stress.[10]

Solomon, an expert in creating wealth, understood the importance of financial margin. In Proverbs 21:20 he observes,

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

The fool is shortsighted and can only think about today, so he consumes all his resources. Mortgage or rent, car payments, utility bills, groceries, insurance, and miscellaneous expenditures take every available penny. “Someday,” he sighs, “things will be easier.” He may even justify his lack of margin with pious-sounding excuses such as “I am depending on God to take care of my future needs” or “I am living one day at a time. After all, no one knows what the future holds.”

Solomon says that the person who spends every resource that he has, who lives from paycheck to paycheck, is foolish. The wise man doesn’t consume everything he has. And by spending less than you earn, you’re able to create the financial margin that gives you freedom.

Does God want us to live with a financial safety net between our income and expenditures? Does financial margin lessen our dependence upon God? Not at all! Instead, there are three primary benefits of having a cushion between your spending and your income.

Financial Margin Offers Freedom

First, financial margin offers us the freedom to do what we should do.

Not long ago I was listening to a popular radio talk show. A woman called in asking for advice. Her father was dying of cancer in another state, and she really wanted to be with him during the final weeks of his life. However, she couldn’t afford to take off from work for several weeks, much less afford the cost of a plane ticket. She was caught in a dilemma. Does she choose financial insolvency for her family, or does she opt for a lifetime of regret for not being with her father in his final days on earth?

That’s what happens when you don’t have financial margin—you don’t have freedom to do the things that you need to do. But margin saves us from such painful choices. Instead, a financial safety net gives us the ability to do what we know we should do. For example, financial margin might give you the freedom to:

- quit that job that has frustrated you for years
- take that mission trip you feel God leading you to take
- start that new business you have been dreaming about
- begin a nonprofit ministry

In his book The Official Guide to Success, author Tom Hopkins describes the value of financial margin, which he calls "go-to-town money."

Millions of people stay in jobs they hate, or they settle for less than they should get, because they don't have any go-to-town money.

What is that? It's enough money to allow you to face change with a stout heart. How much go-to-town money do you need? Whatever it takes to make you feel strong enough to risk losing what you have now in order to reach for a greater opportunity. This is the executive's equivalent of a strike find. It's the salesperson's ace in the hole. It's everybody's hold-out money.

Go-to-town money provides you with extra courage and clear-headedness to meet the surprises and alarms of life. If it improves your performance under the pressures of tough negotiations, it can double or triple your rate of climb.[11]

I once heard W. A. Criswell describe an older Presbyterian minister whose church leaders felt it was time for him to retire. When they attempted to force him out of his ministry, they were surprised by his reply: "If you want me to leave, that is fine. I have more than enough money to live on. However, if you want me to stay, I would be happy to serve even without a salary." His response surprised the leaders and transformed their attitude about their pastor. No longer did they view him as a drain on the church's resources; instead, they saw him as a servant of God. In fact, they not only voted to retain him as pastor but to keep paying him as well! The pastor's go-to-town money gave him the freedom to do what was right.

Now some of you may be thinking, Shouldn't we have the courage to do the right thing regardless of whether we have a financial safety net? Of course we should! Yet as flawed individuals, we don't always do what we should. We allow concerns about our security to influence our decisions. But financial margin is one of God's means for giving us the courage to do what we should do.

The rich man's wealth is his fortress,
The ruin of the poor is their poverty. (Proverbs 10:15)

Those who spend every dollar they earn teeter on the edge of financial ruin. It takes just one unexpected circumstance to push them over the brink. Conversely, people with financial margin have options—and the freedom that comes with those options.

You may have read the verse above and thought, Wait a minute, Solomon. Shouldn't you say, "God is his fortress" instead of "Wealth is his fortress"? As we will see, money is never meant to be a substitute for trusting God. Nevertheless, the person who is intent on living well understands that building financial margin is part of God's plan for achieving the security and freedom He wants us to enjoy.

Financial Margin Provides Security for Future Needs

Another benefit of financial margin is that it provides the security we need to meet future needs.

Consuming less than we earn over a long period of time and investing the difference are how we build margin to fund the expected and unexpected needs of the future. Those expected high-ticket expenditures could include a down payment on a home, college tuition for our children, or retirement for ourselves. For example, few people have a sufficient salary to be able to fund a $20,000 annual college tuition bill or to come up with a $15,000 down payment on a home. And most people would find it very difficult to survive on nothing but a Social Security check. We all know about these major expenditures on the horizon, not to mention unexpected contingencies such as job loss, illness, or the care of elderly parents.

So let me ask you a question I posed earlier: How do you intend to provide for these very real needs that you are going to confront? You may say, "I'm going to trust God to provide for those needs. After all, He owns the cattle on a thousand hills." I certainly agree about God's ability to provide. But the real question is not "Can God provide for your future needs?" but "How does God want to provide for your future needs?" Solomon says that setting aside current income for future needs is God's chosen method of providing for our future.

Go to the ant, O sluggard,
Observe her ways and be wise,
Which, having no chief,
Officer or ruler,
Prepares her food in the summer,
And gathers her provision in the harvest. (Proverbs 6:6–8)

An ant's brain is so small that it cannot be seen with the naked eye. Yet God has placed within the ant an awareness that the abundant food surrounding it during the summer and fall will not always be there. That is why the ant sets aside some of its food for future needs.

In the same way, God encourages us to set aside a part of our present income for the inevitable needs of the future. We have a great illustration of this principle in the Old Testament story of Joseph, found in Genesis 41. You may remember that Pharaoh had a troubling dream concerning seven fat cows and seven lean cows ascending from the Nile River. Unable to make sense of the dream, Pharaoh sent for Joseph, God's spokesman, to interpret the dream. Here's my paraphrase of what Joseph said:

Pharaoh, the seven fat cows represent seven years of prosperity that our country will enjoy. But those seven years of prosperity will be followed by a seven-year recession, in spite of what the Federal Reserve might do with interest rates. Here is my suggestion. Let's set aside 20 percent of the grain we are producing now and save it for the seven years of famine. When the recession comes, the country will be able to weather the storm, and you will be able to stay in office.

Pharaoh agreed with Joseph's plan and set aside the grain. Now let me ask you a question. Was Pharaoh's decision to store grain a lack of faith? No! It was an act of obedience. Through Joseph, God told Pharaoh that a time of famine was coming when his financial needs would exceed his resources. Furthermore, God told Pharaoh that he had more resources than he needed to satisfy his current needs. Finally, God instructed Pharaoh to set aside some of the present excess for a future need. Pharaoh believed God, and he acted accordingly.

God has delivered the same sobering message to you and me. Each of us is going to face some time of financial famine in our lives—a time when our needs are greater than our present resources. That period of financial famine might be the college years for our children, the care of our elderly parents, the loss of a job, some other unforeseen emergency, or our retirement years. A time of financial famine is definitely coming.

But God has not only predicted a future need in your life; He has also provided a way to prepare for that need. By setting aside and investing a portion of your current income, you can grow a financial reserve that will be there when you need it in the future. That's not a lack of faith—that's a sign of obedience. That's following God's will for preparing for the future.

Financial Margin Enables Us to Support God's Work

The third benefit of financial margin is that it allows us to experience the joy of supporting God's work.

The apostle Paul understood the relationship between financial margin and God's work. In his letter to the church at Corinth, Paul commanded,

On the first day of every week each one of you is to put aside and save, as he may prosper, so that no collections be made when I come. (1 Corinthians 16:2)

I confess that through the years I have misused this verse in my preaching. Like many other pastors, I have quoted this verse as biblical support for regular giving to the ministry of the church. But a closer study of the context reveals that Paul is not referring to giving money for ministry needs but to saving money for ministry needs. (Notice the words "put aside and save.")

Paul was collecting a special offering for the impoverished Christians in Jerusalem, and when he arrived to collect the Corinthians' gift he did not want to have to plead for their financial support. The only way they would be able to make a sufficient contribution would be by systematically setting aside money for the future offering Paul was going to collect.

Today there are also numerous special needs in the church, including mission offerings, building funds, and ministry opportunities. What is God's plan for meeting those needs? Financial margin. Only those Christians who have accumulated a financial surplus by spending less than they earn will be in a position to support unique ministry needs.

The reason God left you and me here on earth was not to build our own kingdom but to build God's kingdom. And many times in God's work there comes a special need beyond the regular ministries of the church. The only way we can meet those great opportunities for ministry is if we have set aside some money to take care of those needs. God wants us to be able to take advantage of opportunities to spread His Word and to invest in His projects. And that's why we're to have financial margin, to be able to experience the joy of supporting God's work.

Saving versus Hoarding

Obviously, some people who take Solomon's advice on creating financial margin to the extreme. You know the type. They are always turning off lights, driving across town to save a nickel on a loaf of bread, and postponing that vacation until they have just a "little more" money. They're so focused on saving for some future rainy day that they miss out on the sunshine of the present day. Solomon didn't mince words in describing this obsessive penny pincher:

> *There is a grievous evil which I have seen under the sun: riches being hoarded by their owner to his hurt. (Ecclesiastes 5:13)*

The key word in this verse is hoard. There is a big difference between saving money and hoarding money. Saving is setting aside a reasonable percentage of our income for a future need; hoarding is stockpiling as much money as we possibly can to try to protect ourselves against every conceivable adversity in life. I know people, especially those who lived through the Great Depression, who panic at the prospect of spending money. The result is that they not only rob themselves but others around them of the enjoyment of the present.

When Solomon speaks of financial margin, he is not advocating the hoarding of money. Rather he is encouraging us to build financial security by systematically saving a sensible portion of our income for future needs.

Remember the wise words of Solomon in Proverbs 21:20:

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

YOUR ROAD TO FINANCIAL FREEDOM

1. Do you have a clear, overarching financial goal that you could articulate in one or two sentences? If not, take the time to write one below.

2. If you have not already done so, answer the four questions posed in this chapter. What do your answers reveal about your financial situation?

3. What is the difference between trusting in money and trusting in God?

4. If you had enough financial margin, what changes would you make in your life? What would you do if you weren't limited by financial resources?

5. What specific changes can you make to your finances to begin creating financial margin?

CHAPTER 2

Be Careful of Debt

Nothing will devour your financial margin more quickly than debt. Debt will completely erase your financial margin. That's why the second principle of financial margin—the "B" in the ABCs of financial freedom—stands for Be careful of debt.

Now we need to be balanced in what we say about debt. Some Christians are very legalistic about this. They say it's a sin to ever borrow money for any reason at any time. The Bible doesn't teach that. Yet to support this idea, sometimes people quote Romans 13:8, in which Paul says,

Owe nothing to anyone except to love one another.

Yet if you look at that verse in context, you discover that Paul was warning Christians not to be delinquent in paying their taxes. In other words, don't be delinquent in paying anything you owe—the only thing you want to owe people is the debt of love. This verse is not an absolute prohibition against debt.

Nevertheless, the Bible does warn about the dangers of debt, especially excessive debt. In the book of Proverbs, Solomon refers to debt as a surety. In Solomon's day, if you wanted to borrow money to purchase something, you would sign a pledge, like a promissory note today, and you would need collateral to back it up.

When Solomon writes about debt, he is warning about borrowing money without sufficient collateral. For example, if you are borrowing money for a home, the bank considers the house itself collateral. If you home has been properly appraised, you would rarely risk losing more than your down payment on your home in case you defaulted on the loan.

My point is that we would be wrong to say that the Bible absolutely prohibits any kind of debt. However, Solomon sounds some clear warnings about being overly dependent on debt. He said before you go into debt and you make a pledge, you better make sure you've got the means to repay it. In fact, in Proverbs 22:26–27 this is how he words it:

Do not be among those who give pledges,
Among those who become guarantors for debts.
If you have nothing with which to pay,
Why should he take your bed from under you?

Can you imagine being asleep in the middle of the night when the debt collector comes, and—swoosh!—your bed is gone? That's what Solomon is talking about. He says that before you enter into debt, ask yourself, "What's the worst thing that could happen to me if I cannot repay this debt?" Solomon does not prohibit debt completely, but he does say to be very careful of it. And there's a reason for that. In Proverbs 22:7, Solomon observes,

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

When you borrow money from somebody, you become that person's slave. And today there are millions of Americans who are slaves to MasterCard, Visa, and American Express.

I read some very interesting statistics about debt. As of this writing, the average American owes $7,000 in credit card debt. But as I probed further in that research, I found that figure is the average including all American households. But of those American households that actually have debt, the average doubles to more than $15,000, with an average interest rate of 17 percent. To give you some perspective of what that means: if you have a $2,000 credit card balance, and you make just the minimum payment every month at 17 percent interest, do you know how long it will take you to pay off that debt? Thirteen and half years. After thirteen and a half years you will have paid over $1,700 of interest—almost double what you originally owed.1 Now you understand why your mailbox is full of credit card applications all the time. They are making lots of money off of you. I read one study this week that said 25 percent of all household income every month is spent on consumer debt. When you put that on top of mortgage payments, car payments, food, and all the other necessities of life, it's no wonder so few people have any margin in their finances.

The primary problem with debt is that it allows us to artificially live beyond our means and thus erases any financial margin we have. Here is a good illustration of that. Let's say you decide it's time for your family to have a new car. So you do some research and find a car that will meet your family's need. When you go shopping for the car, you realize that for $500 a month, you could buy a used car that is a few years old. But for $800 a month, you could buy a brand-new car. You like the smell of the new car, so you reason that it might cut down on car repair bills if you got the new one. Then you say to yourself, If I really stretch and everything goes okay, I can probably fit that $800 monthly payment into my budget just as long as there are no problems. Then after a couple of months you run into some problems. Your son breaks his arm at football practice and has to have an expensive emergency room treatment. Or maybe your accountant tells you that you owe more income tax than you thought was going to be due. Or the transmission in your other car drops out. And suddenly you have no margin in your finances because you're using every available dollar you had to buy that new car instead of that used car.

You see, that's what debt does. Debt allows us to artificially buy more than we're really capable of buying and to erase the margin in our life. That's why I say that consumer debt is enemy number one of financial margin. Remember, God doesn't want us to be a slave to anyone except to Himself. So be careful of debt.

YOUR ROAD TO FINANCIAL FREEDOM

One way to know if you are borrowing too much money is to do a simple calculation. Many financial consultants say we should spend no more than 30 to 35 percent of our income every month on all of our debt, including house payments, car payments, and credit card payments.[2]

To find out if you're a slave to debt, answer the following questions:

1. Are you spending more than 30 to 35 percent of your income on debt?

2. Are you borrowing to pay for items that you used to buy with cash?

3. Are you taking out new loans before paying off previous loans?

4. Are your expenses growing faster than your income?

5. Do you dip into savings to pay regular bills?

6. Are you approaching the limits of your credit lines?

7. Do you make only the minimum payments each month?[3]

If you answered yes to many or all of these questions, it's time to reconsider your spending habits and break the bonds of slavery to debt. Consider this: What are some practical ways you could adjust your spending to reduce your debt and create financial margin?

CHAPTER 3

Consistently Save Part of Your Income

How do you create financial margin in your life? We've come to the third principle in the ABCs to be financially free. The "C" stands for Consistently save part of your income.

Remember Proverbs 6:6–8? Solomon said,

Go to the ant, O sluggard,
Observe her ways and be wise,
Which, having no chief,
Officer or ruler,
Prepares her food in summer
And then gathers her provision in the harvest.

Even an ant understands that the bountiful food that it enjoys in summertime won't last forever. So it sets aside some of the food in the summer and in the fall to prepare for the winter when there is no food.

The same thing is true for us. If we're wise, we're going to set aside some of our income for future needs. As we saw earlier, setting aside a portion of your current income for future needs is not a lack of faith but an act of obedience.

How much income should we set aside? Obviously the answer to that question depends upon your age and circumstances. Many financial planners recommend that we set aside at least 10 to 15 percent of our income for our retirement needs, and then set aside more than that to cover emergencies, college educations, and other big-ticket items.

Whatever percentage you feel is right for you to save, I want to suggest three important concepts that will help you build margin by saving for the future and help you understand the benefits of saving. Whether you are a young adult, in midlife, or a senior adult, this information is essential for your financial freedom.

Immediacy

The best time to begin saving money is now. The earlier you begin to save, the better off you will be. As we will see, smaller amounts of money saved early in life are much more valuable than large amounts of money saved later in life—all because of the magic of compound interest.

Let me illustrate this concept for you. Let's say there are two people, Dick and Jane. Remember Dick and Jane from the first grade? Well, they've grown up now, and they both go to work for ACME Corporation on the very same day. Jane goes to see the HR person on her first day of the job, and HR person says, "Jane, we have a 401(k) plan here, and if you invest some of your money, it will help you prepare for the future." Jane says, "That sounds like a good idea to me." She signs up to put $1,250 a year into her 401(k) plan. She does that every year for eight years. After eight years of working for the ACME Corporation, Jane decides to retire and become a full-time homemaker. But she also decides to leave the money she has accumulated over those eight years in that 401(k) plan. For the next twenty-two years she doesn't touch it or add anything to it.

Dick goes to work on the same day as Jane did. And the HR person also tells him about the 401(k) plan. But Dick says, "I know I should do that, but I have so many family responsibilities and expenses, I just can't afford to do that right now." So for the first eight years of his working life at ACME, he doesn't contribute a penny to his 401(k) plan. But after the first eight years, he reads a book like this and decides that he really needs to take advantage of this financial opportunity. So he starts contributing $1,250 a year to his 401(k) plan, and he does so for the next twenty-two years.

At the end of the thirty years, who's going to end up with more money? Is it going to be Jane, who invested $1,250 a year for eight years for a total of $10,000 and then never added a penny to it? Or is it going to be Dick, who invested $1,250 a year for twenty-two years? Who's going to have the most money at the end of thirty years?

Ready for some surprising news? At 8 percent interest, Jane is going to have more money than Dick. She will have accumulated $74,000, while Dick will have accumulated $71,000. You ask, "How is that possible? One person saves the same amount for only eight years, while the other person saves for twenty-two years." The answer to that question is what John D. Rockefeller called "the eighth wonder of the world": compound interest. Money is more efficient saved early in life, even if for a shorter amount of time, than a large amount of money saved later in life.1

Somebody once said, "The best time to plant an oak tree was twenty years ago. The next best time is today."[2] The same thing is true with your saving. Regardless of what you haven't done in the past, today is the best time to start.

Consistency

To save successfully, the need for immediacy is followed closely by a second important concept: consistency.

Again, a small amount of money regularly saved over a long period of time can do wondrous things. Most people don't want to think about saving because they don't want to deprive themselves. They think that if they save money, they're depriving themselves of current enjoyment of life. But you don't have to be an Ebenezer Scrooge to have financial margin.

Let's imagine someone has just graduated from college and is just beginning her work life. And this twenty-two-year-old young adult starts investing $100 a month in a mutual fund. She invests a $100 a month, never increases it at all. Let's say the mutual fund earns 12 percent a year. Did you know by age seventy-two how much money she will have accumulated? By investing $100 a month, never increasing it, by age seventy-two she will have accumulated $3.9 million. If she puts it in a Roth IRA (talk to your financial adviser about this), she can have that money tax-free.3 In other words, for the price of a café latte every day, this person can retire as a multimillionaire!

Now I know some of you are going to write me and say, "An earning rate of 12 percent is too high. Nobody's earning 12 percent now." Well, people did in the 1990s. It's true today that people are not earning 12 percent. So we'll make it 10 percent or 9 percent. You can still have multiple millions of dollars by saving a small amount of money over a long period of time. That's what we're talking about here—consistency.

Diversity

The third key in saving money is to diversify your savings. Mark Twain said, "Put all of your eggs in one basket, and watch the basket." But Solomon says that is a prescription for financial disaster. Instead, listen to what he suggests in Ecclesiastes 11:2:

> *Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth.*

Consider what it would be like to have all your eggs in one basket. If all your savings are invested in growth stocks, you are vulnerable to the ups and downs of the economic cycle. How did you fare financially and psychologically when the stock market plunged following the terrorist attacks on September 11, 2001? How will you fare when the market takes other dives in the future?

On the other hand, if all your investments are in cash (that is, savings accounts and money-market funds), you are equally vulnerable because your purchasing power can erode during periods of high inflation. Since no one can predict economic events, you should spread your investments over a variety of asset classes: blue-chip growth stocks, value stocks, small-cap stocks, bonds, and cash.

Let me illustrate the wisdom of diversification. From 1900 to 1999, the average annual return for investing entirely in US bonds was 5.5 percent while the average annual risk to your investment would have been 8 percent. On the other hand, investing entirely in the S&P 500 Index during that time would have generated an annual return of 12.1 percent with an average annual risk of 19 percent. But by spreading your investments over both stocks and bonds, you can maximize return and minimize potential risks. For example, a blend of 40 percent stocks and 60 percent bonds would have produced an average annual return of 8.1 percent with only a slightly higher risk (8.8 percent) than the all-bond portfolio.4

So don't put all of your money in stocks. Don't put all of your money in bonds. Don't put it all in real estate. Diversify, because you really don't know what the future holds.

Having a balanced investment portfolio will enable you to create financial margin by taking advantage of some things that are up while other things are down.

YOUR ROAD TO FINANCIAL FREEDOM

1. This chapter mentions three important words related to saving: immediacy, consistency, and diversity. Which word best describes what you do well with your finances?

2. Which word—immediacy, consistency, diversity—describes something you need to do differently with your finances?

3. Describe your current investment portfolio. How much do you have in stocks? In bonds?

4. If you don't have any money in interest-bearing investments, how much can you start putting aside each month? Even if you can only invest $25 or $50 a month in an interest-bearing account, that money will add up over time.

5. Write down two action steps you are going to take to begin saving consistently part of your income to create financial margin.

CHAPTER 4

Devote a Portion of Your Income to God

So far we have seen that we can create financial margin in our life by doing the following:

A—Adjust your spending below your income

B—Be careful of debt

C—Consistently save a portion of your income

In this chapter, we will discover the final and most important principle of financial freedom. "D" stands for Devote a portion of your income to God.

Solomon offered another piece of financial counsel that is overlooked by many people and explains why so many Christians have trouble with their finances.

Honor the LORD from your wealth
And from the first of all your produce;
So your barns will be filled with plenty
And your vats will overflow with new wine. (Proverbs 3:9–10)

Now, these verses are not a blanket promise that if you give to God, you will automatically be wealthy. If that were the case, if giving to God ensured that you would always, 100 percent of the time, be financially successful—then giving would not be a matter of making an offering; it would be making a wise investment, wouldn't it? Nevertheless, as you look through the whole counsel of God on the subject of giving you find that more often than not, God promises to bless those who give and to judge those who withhold offerings that belong to him.

In fact, when you don't give to God, He calls that robbery. Refusing to give God what belongs to Him is tantamount to robbing God. Through the Old Testament prophet Malachi, God offered a stern rebuke to the Israelites who were failing to give a tithe of their income to the Lord. The Israelites were not giving God what belonged to him. They had all kind of excuses. They said things like, "God, we just can't afford to tithe. I mean, after we pay our mortgage payment and our cable bill, and our chariot monthly payments, we don't have any margin left." So what were they doing? They were using what belonged to God to pay for their monthly expenses. They essentially said, "God, we cannot afford to give."

But God reminded the Israelites that they couldn't afford not to give. Look at what he said in Malachi 3 beginning with verse 8, "Will a man rob God?" Literally, will a man stick a revolver in the face of God and say, "Stick 'em up?" Would you ever think of doing that to God? Of course not! Yet God says that when you choose not to tithe, you are robbing Him.

"Will a man rob God? Yet you are robbing Me! But you say, 'How have we robbed Thee?' In tithes and offerings. You are cursed with a curse, for you are robbing Me, the whole nation of you! Bring the whole tithe into the storehouse, so that there may be food in My house, 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. Then I will rebuke the devourer for you, so that it may not destroy the fruits of the ground; nor will your vine in the field cast its grapes," says the LORD of hosts. (Malachi 3:8–11)

Do you see both the positive and negative promises in this passage? The positive promise is this: If God's people were faithful to give 10 percent of what they have to God, He would bless the remaining 90 percent above anything they could ever imagine. But there is a negative promise too: If God's people robbed Him of the 10 percent that belongs to Him, He would allow the devourer to consume the remaining 90 percent and more of what they had.

This reminds me of the story of the pastor making an impassioned plea to repair the old, crumbling church building. He looked directly at the richest man in the congregation and made his appeal. Finally at the end of the message, the rich man stood up and said, "I'll give one hundred dollars to the building fund." At that precise moment, a piece of plaster from the ceiling fell on his shoulder. He quickly said, "I'll give one thousand dollars to the building fund." Before he could sit down, another piece of plaster fell on his head. He exclaimed, "Pastor, I will double my pledge!" This prompted one of the deacons to shout, "Hit him again, Lord!"

I'm not sure that it is God who "hits" us when we fail to give generously, but the passage from Malachi indicates that God does allow the devourer to consume our financial margin.

I wish I could say that I have always practiced Solomon's principle of giving to the Lord's work generously and consistently. But that has not always been the case. There was a period in my life when I was disobedient in the area of tithing. I always had excuses about why I could not tithe: I did not have enough income, I did not agree with the way the church spent the money, I needed to save for some special occasion, and so on. But as I look back at that time, I remember that even though I was trying to "save" the money, I never experienced any financial margin. Car repairs, medical emergencies, and bad investments devoured my financial resources. I learned the hard way that, one way or the other, God is going to collect what belongs to Him. While I agree that this may not be the highest motivation to give to the Lord's work, it certainly worked for me! Obedience to God in every area of our finances—including giving—is essential for creating financial margin.

I've heard many Christians through the years give a testimony similar to mine. They've said, "For years we were disobedient to God in this area of tithing. We did not give what belonged to God. We felt like the way we could have padding, some margin in our finances, was not to tithe." And yet they admitted, "Whatever margin we had through not giving to God, it was amazing every month how it got eaten up by unexpected car repair bills or medical emergencies or other things we had not planned for. But when we started obeying God in the area of giving God blessed us beyond anything we could have imagined." Many of you have that testimony as well. That's what the Word of God is saying here. Remember we're talking about how to have margin in your finances. I assure you, nothing will eat up that buffer zone, shrink it, and eliminate it more than robbing God. Robbing God will eliminate financial margin in your life.

So what was the answer to the Israelites' dilemma? Well, God tells us. Look at verse 10, "Bring the whole tithe into the storehouse." When Malachi said that to the Israelites, they didn't ask, "Storehouse? What's the storehouse?" They all knew what the storehouse was. The storehouse was the temple. God is telling them to bring the whole tithe into the storehouse of the temple. Now, we no longer have the temple, so the question is, where is the storehouse today? Let me give you a hint. The storehouse is not the Red Cross, it's not Habitat for Humanity, and it's not Campus Crusade for Christ. Those are all wonderful organizations, and they're certainly worthy of support, but the tithe doesn't belong to them or any organization like them. You see, it's only the local church that has been uniquely created by God, and it's the local church that has been uniquely commissioned by God to fulfill the great commission. Every other organization in the world, I don't care how wonderful it is, is a man-made organization—every one of them. Every Christian organization is a man-made organization except the local church.

God designed the church. God commissioned the church to be His agent for spreading the Word of God throughout the world. I not saying that you shouldn't give to those other organizations, but I am saying that the primary focus of our giving is to be the storehouse. And in the New Testament, that storehouse is the local church.

"Bring the whole tithe into the storehouse," says the Lord. The way we create financial margin is by obeying God in every area of our finances, including devoting a portion of our income to Him.

YOUR ROAD TO FINANCIAL FREEDOM

1. Are you consistently giving a tithe (one-tenth of your gross income) back to God through the local church?

2. If you are not currently tithing, why not? List below a few of the reasons you are not giving regularly to your local church.

3. How do you think God would respond if you told Him your excuses for not giving?

4. Describe an example of a time in your life when you did not give regularly to God and instead experienced unexpected expenses that consumed your financial margin.

5. If you do tithe, in what ways have you experienced God's blessings on your finances and life as a result of your devoting a portion of your income to Him?

CONCLUSION

What Money Cannot Buy

So far we have seen the benefits of financial margin. Having that cushion in our finances can give us freedom to pursue God's will, security for future needs, and the joy of supporting God's work. Solomon was right:

The rich man's wealth is his fortress,
The ruin of the poor is their poverty. (Proverbs 10:15)

But the benefits of margin are limited to this life and this life alone. You see, there's one contingency margin cannot protect you against—your death. You realize that? Doesn't matter how much you accumulate—it all ends at your death. Solomon understood that. In Ecclesiastes 5:15–16 he said:

People who live only for wealth come to the end of their lives as naked and empty-handed as on the day they were born.

And this, too, is a very serious problem. . . . All their hard work is for nothing. They have been working for the wind, and everything will be swept away.

You're going to be as naked the day you die as the day you were born. Isn't that a sobering thought? You know what he's saying? He said just as you came into this world with nothing, you leave with nothing.

Jesus told a great story to illustrate that truth in Luke 12. This story is about a very wealthy man who had spent his life accumulating financial margin, and he had succeeded beyond his wildest imagination. He had so much extra he didn't know what to do with it. His barns were overflowing with grain. His kids' education was fully funded. His 401(k) plan was maxed out. And he still didn't know what to do with all of his money. In fact one night he lay awake worrying about what he was going to do with all his excess resources. What could he do to make sure Uncle Sam didn't take the rest?

So he started making his plans:

He began reasoning to himself, saying, "What shall I do, since I have no place to store my crops?" Then he said, "This is what I will do: I will tear down my barns and build larger ones, and there I will store all my grain and my goods. And I will say to my soul, "Soul, you have many goods laid up for many years to come; take your ease, eat, drink and be merry." (Luke 12:17–19)

But that night God came to him and said,

You fool! This very night your soul is required of you; and now who will own what you have prepared? (v. 20)

In other words, God told the man, "Your loan is due. You're going to die tonight, and who is going to own what you've spent your life accumulating?"

Then Jesus added this application in Luke 12:21:

So is the man who lays up treasure for himself, and is not rich toward God.

There is nothing wrong with building financial margin in your life. But understand this: the benefits of margin cease at the cemetery. From that moment throughout eternity, only your relationship with Jesus Christ matters. The truth is that only Jesus Christ can provide you lasting freedom, lasting security, and lasting joy.

In this book, we talked about the subject of debt. Do you realize there is one debt all of us are incapable of paying? The Bible says every one of us owes a debt to God because of our sin. Every time we sin, our debt to God increases. By the time we have finished living our life, we've accumulated so much debt to God that we deserve an eternity of separation from God in hell. When we die, we die spiritually bankrupt. And because of that we have no hope of spending eternity with God. *"For the wages of sin is death"*—eternal separation from God—*"but the free gift is eternal life through Christ Jesus our Lord" (Romans 6:23)*.

The Bible says the reason God came through His Son, Jesus Christ, to die on the cross was to satisfy that debt you and I owe. When Jesus died on the cross and experienced God's wrath in some inexplicable way, He wasn't dying for His own sins—He had no sin. Instead, He was dying to pay the debt for your sins and my sins.

The most important choice we have to make in life is this: will we accept Jesus' payment of our debt to God? Or are we going to refuse the gift of forgiveness that God offers us? Are we going to say to God, "I don't need Jesus. I don't need His death for me. I'm willing to spend eternity trying to pay off my debt to You in hell."

That's one choice. A foolish choice.

Or we can say, "God, I believe what Your Word says. I know that I've sinned. I know that I've fallen short of Your plan for my life; and today I accept the Your free gift of eternal life, the gift of forgiveness through Jesus Christ."

That's life's most important choice. It's a choice some of you need to make right now.

If you would like to receive the free gift of God through Jesus Christ, I invite you right now to pray this prayer, knowing that God Himself is listening to you. If you would like to know for sure that your debt to God has been paid and that you're going to be in heaven one day, would you pray this prayer?

God,

Thank You for loving me. I know that I have failed You in so many ways and I'm really sorry for the sin in my life. I believe You love me so much that You sent Your Son, Jesus, to die on the cross for me. And right now I'm trusting in Jesus, not my good works, but in Jesus alone—to save me from my sins. Thank You for forgiving me. Help me to live the rest of my life for You.

In the saving name of Christ I pray.

Amen.

NOTES

Chapter 1: Adjust Your Spending Below Your Income

1. Recounted in a sermon by James Emery White, “Room to Breathe,” Preaching Today, tape number 167.

2. Barna Research Opinion Poll commissioned by WaterBrook Press, February 2001.

3. Thomas Stanley and William Danko, The Millionaire Next Door: The Surprising Secrets of America’s Wealthy (Lanham, MD: Taylor, 1996).

4. Thomas J. Stanley, The Millionaire Mind (Kansas City, MO: Andrews McMeel, 2000), 26.

5. Dave Ramsey, More Than Enough (New York: Viking, 1999), 231–2.

6. Stanley, The Millionaire Mind, 5.

7. Richard A. Swenson, Margin (Colorado Springs: NavPress, 1992), 13.

8. Ibid., 100.

9. Please note that when I refer to margin in this book, I am not referring to the investment term of buying on margin, which enables investors to borrow money from their brokers in order to make further investments. Such investing can be high risk, and I am not recommending it here. My use of the word margin is based on Swenson’s concept of “breathing room” and is used in this book to illustrate the practice and benefit of setting aside a portion of your current income for life’s future needs.

10. Joseph R. Dominguez and Vicki Robin, Your Money or Your Life (New York: Penguin, 1993), xx.

11. Tom Hopkins, The Official Guide to Success (New York: Warner, 1982), 57–8.

Chapter 2: Be Careful of Debt

1. Elizabeth Razzi and Catherine Siskos, “Take Charge,” Kiplinger’s 55, no. 11 (November 2001): 76.

2. Marshall Loeb, “Controlling Your Debt,” CBS.MarketWatch.com, 20 October 2000.

3. Ibid.

Chapter 3: Consistently Save Part of Your Income

1. Robert Jeffress, Say Goodbye to Regret (Sisters, OR: Multnomah, 1998), 83–4.

2. David Chilton, quoted in Dave Ramsey, More Than Enough (New York: Viking, 1999), 188.

3. Ramsey, More Than Enough, 188.

4. Annuity Board of the Southern Baptist Convention, LifePoints 4, no. 3 (October 2000): 4.

What is financial accounting? Financial accounting is the field of accounting concerned with the summary, analysis, and reporting of financial transactions related to a business. This typically involves the preparation of financial statements for use by stockholders, suppliers, banks, employees, government agencies, business owners, and other professionals interested in receiving such information for decision making purposes.Â Free, Online Fundamentals of Financial Accounting Course. This Course has been revised! For a more enjoyable learning experience, we recommend that you study the mobile-friendly republished version of this course. Skip to content. Financially Free. The journey to financial freedom starts here. Menu. Home.Â My blog is not financial advise nor recommendation of any of the services I use. All investments come with various degrees of risk. Always make sure to do your own due dilligence. Progress towards financial freedom. 2 391.75â,¬ / 3 000â,¬ = 79.73%. Last updated: December 6th, 2020. Create. Make social videos in an instant: use custom templates to tell the right story for your business. Screen Recorder. Record and instantly share video messages from your browser. Live Streaming. Broadcast your events with reliable, high-quality live streaming. Enterprise. Get your team aligned with all the tools you need on one secure, reliable video platform.