

JAMES W. RICKARD
CONVICTIONS FOR BIBLICAL STEWARDSHIP
MATT 6:19-24

I. Develop a Spirit of Generosity
I Corth. 16:2, II Corth. 9:6-8

II. Learn to be Content
I Timothy 6:6-10

- A. Buy a modest home.**
- B. Buy cars that meet needs.**
- C. Pay your bills on time.**

Is it a need, a want, or a desire?

III. Guard your Integrity
Proverbs 6:16-19, 16:8, 19:1, 20:7

ARE WE FACING ECONOMIC ARMAGEDDON

Becoming a cashless Society

1996 - 80% paid by cash and checks

2009 - 50%

2010 - 30%

2013 - 20%

U.S. Debt – End of 1995 - \$ 6,000,000,000,000
End of 2015- \$18,500,000,000,000

To: China \$1.4 Trillion

Japan \$1.5 Trillion

Russia \$500 Billion

\$100 bills

1 stack of 100 - \$100 bills = \$10,000

100 stacks = \$1 Million – would fit in a shopping bag

\$100 Million – in the shape of a cube would fit on an industrial pallet

\$1 Billion fits on 10 industrial pallets

\$1 Trillion fills 10,000 pallets enough to fill the floor of a fair sized warehouse

1 Million seconds ago = 12 days

1 Billion seconds ago = 32 years

1 Trillion seconds ago = 32,000 years

CAPITALISM: THE FREE-MARKET GOES THROUGH CYCLES. CYCLES ARE HEALTHY FOR THE SYSTEM TO WORK EFFICIENTLY.

Historical recessions

Recession – Two consecutive quarters of decline in Gross Domestic Product (GDP).

GDP – Sum total of the production of all goods and services.

DURATION

1.	1960-1961-----	10 months-----	Kennedy Spending
2.	1973-1974-----	16 months-----	Oil Crisis
3.	1980-1981-----	22 months-----	Iranian Revolution
4.	1990-----	8 months-----	Increased oil prices
5.	2001-----	8 months-----	Not sure
6.	2007-----	40+months and-----	9/11 Attacks
		counting	Accounting scandals
			Dot com bubble
			Burst
6.	2007-----	40+months and-----	Housing market
			collapse
			Bank failures

Average recession is 12 months

CAPITALISM NEEDS RECESSIONS

THE GENEROUS LIFE

TITHING

self-focused

limited

momentary

obligatory

have to

OWNER

GENEROSITY

God-focused

limitless

committed

voluntary

wants to

MANAGER

*****If the money you oversee is not yours, but God's, how does this change your outlook on money?

*****What do you find to be the most significant obstacle to a God-centered life?

FOURTEEN STEPS TO FINANCIAL FREEDOM

1. Give God a chance first.
2. Learn to save money.
Put \$100 per month into savings. If you average at 7 1/2 per cent over 40 years, you will have \$302,382 at age 65.
3. Learn to spend less than you earn.
4. Don't finance pleasure items.
5. Have cash in an emergency fund.
6. Control your credit cards.
7. Have adequate life insurance to protect your family.
(\$400,000 - \$750,000)
8. Be self-insured for life insurance by age 65 or retirement.
9. Have retirement plan in progress by age 40.
10. Own your home by age 65 or retirement.
11. Have a workable budget - key discipline and control.
12. There is a difference between debt and obligations.
13. Understand the TAX law as it applies to you.
14. Have an estate plan that includes a will and/or living trust.

Use these principles to develop a financial plan for your life.

CREDIT CARD STATISTICS

Over 200 million used every day

2001 - \$670 billion charged on credit cards

2013 - \$2 trillion charged on credit cards

Presently over \$800 billion owed on credit cards

17% average interest rate

\$373 million per day of interest income

6 average number of credit cards per household

60% carry unpaid balances from month to month

\$800 in debt on credit card – have you for life

\$5,000 Credit card Debt

17% Interest

\$75/Month Payment

It will take 19 years to pay off

You will pay \$11,578 in interest

NOW

Put \$75 into savings monthly for 19 years

Earn 7% interest, compounded monthly

You will save \$35,000

Put \$4,000 per year into same account for 40 years. You will have \$875,000

What is a Credit Score?

A Report that shows your credit history.

Everybody has one.

Goes from 300 to 850

720 or Higher is the best rating and results in lowest interest.

What is the Big Deal?

A person with a 720 score verses a person with a 520 score on a \$100,000 mortgage/30year amortization:

Will save \$85,000 in interest over life of loan

Monthly payment - \$235 less

What impacts the Credit Score?

1. Late payments can have the biggest impact on your credit score.
2. Don't use more than 1/3 of your available credit.
3. Consolidating loans and cancelling credit cards can be a negative.
4. Look for mistakes on your credit report. (annual credit report.com)
 - A. Late when you weren't late
 - B. Loans that are not yours.

TREAT YOUR CREDIT AS A VALUABLE ASSET.

BUDGETING

The exercise of preparing a budget is more important than attempting to control that Budget.

The process of preparing the budget defines who you are and what's important.

The control aspect is mechanical

When the Budget becomes inflexible, it is a taskmaster.
When it is a guideline to be followed, it is a friend.

FOUR REASONS TO LIVE ON A BUDGET

1. Helps Control Debt

No Budget makes you vulnerable to over spending.

2. Earn cheaper Interest Rates

Helps you avoid late payment penalties which improves your credit score

3. Saving for the Future

Live within your means and Budget saving money

4. Improve your Relationship with your Spouse

85% of divorces start with money problems

Stewardship says I know where my money goes and when it goes there. This worksheet will track your spending by the month and by category.

BUDGET WORKSHEET

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Spt	Oct	Nov	Dec
Giving												
Savings and Retirement												
Mortgage with Ins./Taxes												
Utilities												
House Repairs												
Car Payment												
Gas, Oil & Repairs												
Auto Insurance												
Life Insurance												
Health Insurance												
Medical Care												
Food												
Clothing												
Entertainment												
Special Gifts												
Christian School												
Total Expenses												

PROJECTING YOUR RETIREMENT INCOME

1. Annual income needed in retirement @ 80% of take home pay (if no home then 100% of your current take home pay).				\$ 40,000
2. Expected social security benefit (for a projection of your benefit call the Social Security Administration at 800-772-1213 and ask for Form SSA-7004.)				21,600
3. Expected pension benefit from other work sources - for example from your spouse's work.				-0-
4. Expected income from retirement benefits (line 2 plus line 3)				21,600
5. Annual retirement income needed from savings and investments (line 1 minus line 4)				18,400
6. Amount you must save by retirement in today's dollars. Divide line 5 by .05 =				\$ 368,000
7. Amount you have saved already:				
a. IRAs	b. Employer plans	c. Other investments (include all CDs, mutual funds, bonds, stocks, investment real estate and any other assets available for retirement.)	d. (Optional) if you wish to count a portion of your home's value as savings, enter its present value minus the anticipated cost of a home in retirement.	e. Total retirement savings (add a through d)
a. 20,000	b. 20,000	c. 20,000	d. -0-	e. 60,000
8. Amount of retirement capital still needed (line 6 minus line 7e)				\$ 308,000

Amount of contributions per year into a retirement account. Example - assume you invest \$2,000 per year into a tax-sheltered plan until age 65:

8% Annual Return
 Start at age 40 – at age 65 you will have - \$169,000/1,127-mo/13,524-yr
 Start at Age 50 – at age 65 you will have - \$ 60,986/403-mo/4,878-yr

BUYING AUTOMOBILES THE 2-4 JUNK WAY

Purchase a 2-year-old car for \$14,000 with \$4,000 down and financed at 8% for 3 years. Maximum mileage 25,000 with 2 year or 24,000 mile warranty.

First Time - First Year	
Total payment - Down Payment	\$ 4,000
Finance at \$313.36/month times 36 months	11,280
TOTAL	\$ 15,280
Pay 4th year into savings - \$300.00 x 12	\$ 3,600
Interest	100
Sell the automobile at end of the 4th year	6,300
TOTAL CASH AVAILABLE	\$ 10,000

Second Time - Fifth Year	
Purchase 2-year-old car for	\$ 16,000
Less - Down Payment	10,000
Amount to finance	\$ 6,000
Finance \$6,000 for 1 1/2 years = \$396.00/month	
NOW	
Save \$300/mo for 2 1/2 years - 30 mo x \$300 =	\$ 9,000
Interest	250
Sell the automobile at the end of the 4th year	7,200
TOTAL CASH AVAILABLE	\$ 16,450

Third Time - Ninth Year	
Purchase 2-year-old car for \$16,450 CASH	
Continue to save at \$300/month	

The point here is when you make that last payment on your car loan continue to put that payment into a savings account for a future purchase.

PRACTICAL TIPS

1. Have a Budget - Prov. 24:3, 4
2. Get out of Debt - Prov. 22:7
3. Control Credit Card Use - Prov. 22:7
4. Are you 50 with little retirement set aside? - Prov. 13:16
5. Do you have an up-to-date Will and Living Trust?
6. Be afraid of credit cards
7. Learn to procrastinate on discretionary purchases.
8. Buy a home not a castle
9. Have an emergency fund and plan ahead for special events

SUMMARY

- I. Give to the Lord's work. I Cor. 16:2, II Cor. 9:6-8
- II. Take care of the needs of your family. Prov. 24:3-4
- III. Protect your family from a catastrophic occurrence. I Tim. 5:8
 - A. Disability insurance
 - B. Life insurance
- IV. Provide for your future Prov. 13:16
 - A. Retirement
 - B. Estate planning