

DIY


[DO-IT-YOURSELF]

FINANCIAL RENOVATION GUIDE



CROWN

Making the Most of Your Money



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“Steps to Making a Spending Plan” and “Six Steps to Becoming Debt Free”
were adapted from *A Guide to Family Budgeting* by Larry Burkett.

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The background features faint, light-colored line drawings of various financial and business-related icons, including a bar chart, a pie chart, a line graph, and a document with a dollar sign.

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Introduction

For many people, the most exciting part of a TV home improvement show is the last few minutes, the “reveal” where the results of all the time, effort, and creativity that went into renovating a once distressed, run-down home are put on display. Often, the producers of these shows will use a split screen as they move from room to room, showing in stark contrast the “before” and “after.” As the crew worked to tear down walls, install carpeting, hang sheetrock, and replace windows and doors, the “after” was only a vision. It is only when the work has been completed that the fruits of their labor can be truly enjoyed.

Just like watching a home improvement show on television, many of us have only a vague idea of what our financial lives could become with some work. We can't clearly see the “after” picture, and we don't know all the steps it will take to make it happen. We need a kit with instructions, tools, and answers to our questions. The Bible contains numerous statements about how we should handle money. These are God's principles and they provide us with a proper foundation for understanding our finances. This *DIY Financial Renovation Guide* will answer many of your questions, and the *Crown Money Map*® can be used as a blueprint for renovating your financial house or just helping you get back on track. No matter where you find yourself, we hope that these resources will help you catch a vision for the beautiful “after” that God wants to make out of your finances and your life.



FAQ: Why does God care about your finances?

1: Why did Christ teach on finances?

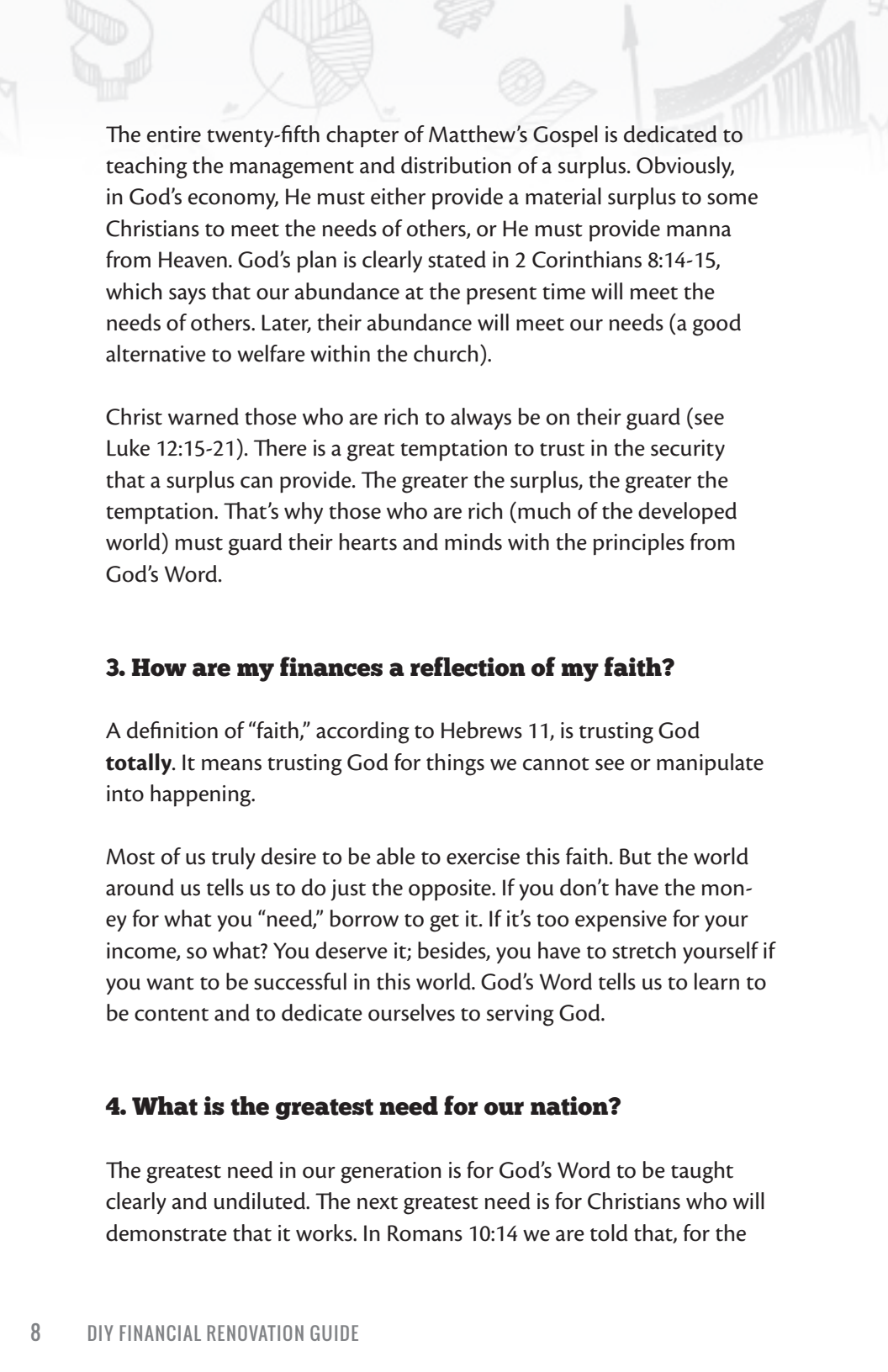
It surprises many Christians to learn that approximately two-thirds of the parables that Christ used in teaching deal specifically with finances. The reason for this is very simple: Everyone has a relationship with money and possessions, and that relationship reveals what's going on in a person's heart.

Christ never said money or material things were **problems**. He said that the misuse of these good gifts were **symptoms** of the real problems. He constantly warned us to guard our hearts against greed, covetousness, ego, and pride, because these are the tools that Satan uses to control and manipulate this world. Christ warned us a great deal more about materialism than He did any other sin (see Luke 12:15). In fact, in the Parable of the Sower in Matthew 13:18-23, "*the deceitfulness of riches*" is given as a cause for unfruitfulness.

Satan has taken the very riches provided by God to enhance our lives and bring others to salvation and has diverted them for his use. Today, even Christians evaluate (or value) others on the basis of how much they have and how successful they are in worldly terms.

2. Is it wrong to be rich?

"Rich" is a very subjective term, but here it's used to mean having enough money to meet all of your reasonable needs and still have funds left over. Clearly, God's Word teaches that many of His people will fit into this category. They not only will be able to meet their needs, but they also will be able to help others who have needs.



The entire twenty-fifth chapter of Matthew's Gospel is dedicated to teaching the management and distribution of a surplus. Obviously, in God's economy, He must either provide a material surplus to some Christians to meet the needs of others, or He must provide manna from Heaven. God's plan is clearly stated in 2 Corinthians 8:14-15, which says that our abundance at the present time will meet the needs of others. Later, their abundance will meet our needs (a good alternative to welfare within the church).

Christ warned those who are rich to always be on their guard (see Luke 12:15-21). There is a great temptation to trust in the security that a surplus can provide. The greater the surplus, the greater the temptation. That's why those who are rich (much of the developed world) must guard their hearts and minds with the principles from God's Word.

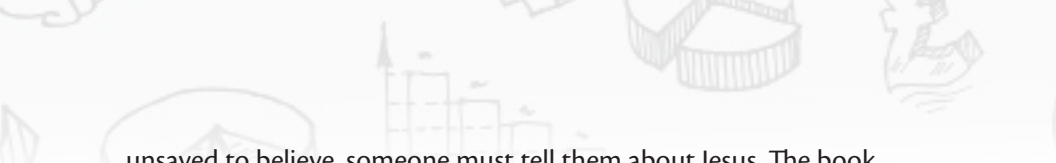
3. How are my finances a reflection of my faith?

A definition of "faith," according to Hebrews 11, is trusting God **totally**. It means trusting God for things we cannot see or manipulate into happening.

Most of us truly desire to be able to exercise this faith. But the world around us tells us to do just the opposite. If you don't have the money for what you "need," borrow to get it. If it's too expensive for your income, so what? You deserve it; besides, you have to stretch yourself if you want to be successful in this world. God's Word tells us to learn to be content and to dedicate ourselves to serving God.

4. What is the greatest need for our nation?

The greatest need in our generation is for God's Word to be taught clearly and undiluted. The next greatest need is for Christians who will demonstrate that it works. In Romans 10:14 we are told that, for the



unsaved to believe, someone must tell them about Jesus. The book of James tells us that we are the walking, talking evidence before the unsaved world that God's Word is true. As we think about our witness before the unsaved, it would appear that in our most visible area, finances, we don't have much of a witness.

In great part, this is because Christians just haven't been taught what God's Word says. A few examples from the Word should make this point clear.

Borrowing – We are told to borrow very modestly and cautiously, always repaying what is owed (see Psalm 37:21; Proverbs 3:27-28).

Lending – Christians should lend to one another without charging interest and should not engage in lawsuits to recover their losses (see Deuteronomy 23:19-20; 1 Corinthians 6:1-7).

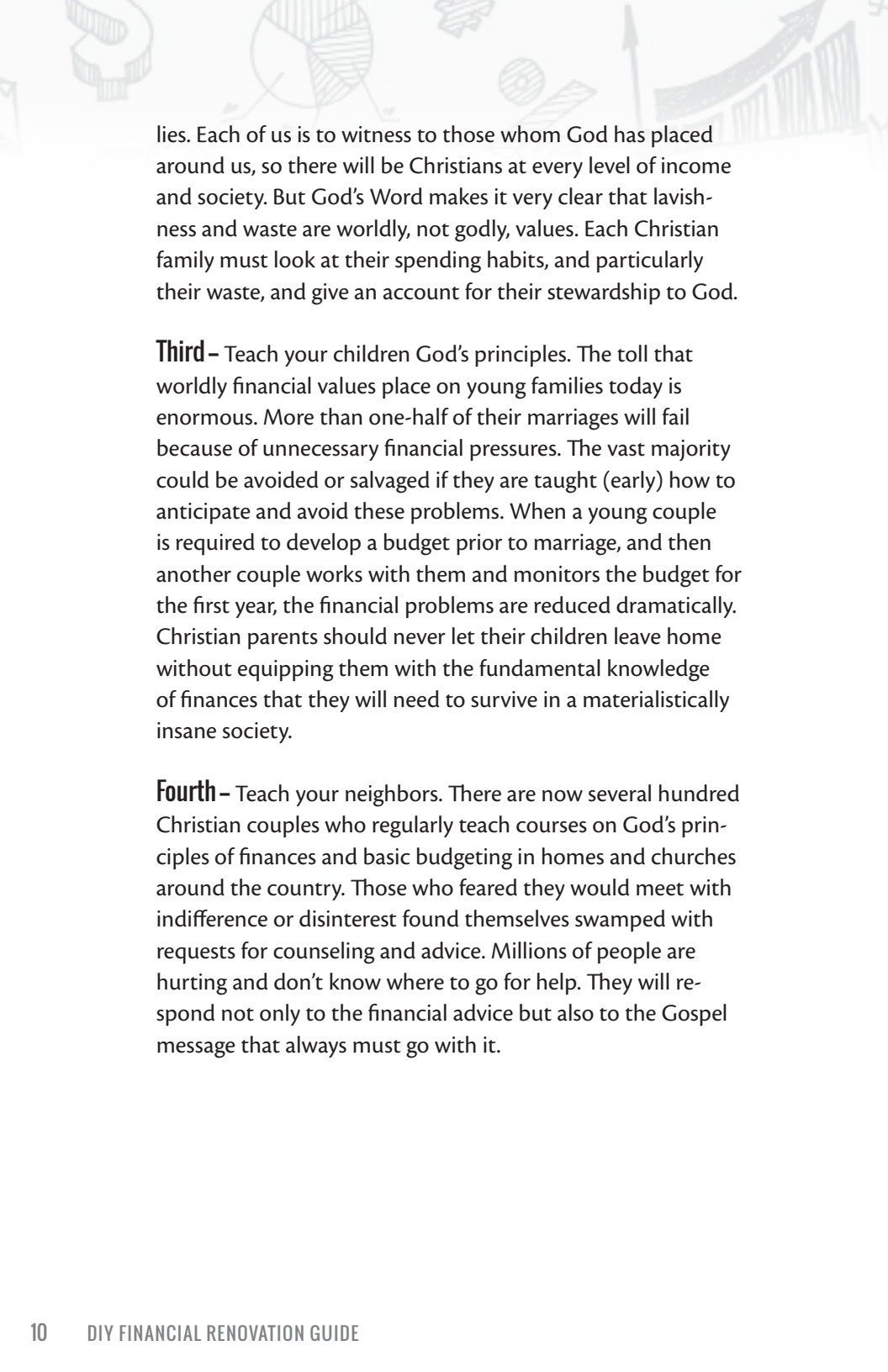
Sharing – Christians should provide for every legitimate need within their own fellowships. This would include funds for illnesses, unemployment, old age. (2 Corinthians 8:14-15).

5. What should we do?

We would be negligent if we concluded these questions on finances and faith without pointing out some simple steps to start applying God's wisdom.

First – Study the available materials on God's principles for managing finances. You could glean all of the principles out of the Bible yourself—and many Christians have. However, an organized study can reduce the time involved and give additional insights from others who have applied the principles.

Second – Apply godly discipline to your lifestyle. It's clear that God doesn't demand the same lifestyle for any two fami-



lies. Each of us is to witness to those whom God has placed around us, so there will be Christians at every level of income and society. But God's Word makes it very clear that lavishness and waste are worldly, not godly, values. Each Christian family must look at their spending habits, and particularly their waste, and give an account for their stewardship to God.

Third – Teach your children God's principles. The toll that worldly financial values place on young families today is enormous. More than one-half of their marriages will fail because of unnecessary financial pressures. The vast majority could be avoided or salvaged if they are taught (early) how to anticipate and avoid these problems. When a young couple is required to develop a budget prior to marriage, and then another couple works with them and monitors the budget for the first year, the financial problems are reduced dramatically. Christian parents should never let their children leave home without equipping them with the fundamental knowledge of finances that they will need to survive in a materialistically insane society.

Fourth – Teach your neighbors. There are now several hundred Christian couples who regularly teach courses on God's principles of finances and basic budgeting in homes and churches around the country. Those who feared they would meet with indifference or disinterest found themselves swamped with requests for counseling and advice. Millions of people are hurting and don't know where to go for help. They will respond not only to the financial advice but also to the Gospel message that always must go with it.



10 Steps to Financial Freedom

from Larry Burkett

It is important for Christians to be able to recognize financial bondage, but it is equally important to know how to achieve freedom. Financial freedom manifests itself in every aspect of our lives—relief from worry and tension about overdue bills, a clear conscience before God and before others, and the absolute assurance that God is in control of our finances.

This is not to say that our lives will be totally void of any difficulties in the area of finances. Often God will allow the consequences of earlier actions to remain in order to reinforce the lesson; also God does not promise to remove every difficulty. But no matter what circumstances are encountered, God promises peace. When God manages our finances, we have nothing to worry about. He is the Master of the universe. It is His wisdom we are seeking. We're still human beings and subject to making mistakes at any moment. Even when we understand God's principles, it is possible to step out of His will, and we all do from time to time. But as soon as we admit the error and submit to God's leadership again, we are back under His guidance.

Once we truly accept and experience financial freedom, there will be a greater desire to live in step with God's will, which will result in perfect peace.



How can we achieve financial freedom?

1. Transfer Ownership.

A Christian must transfer ownership of every possession to God. This means money, time, family, material possessions, education, even our future earning potential. This is essential to experience the Spirit-filled life in the area of finances (see Psalm 8:4-6).

A Christian must realize that there is absolutely no substitute for this step. If you believe that you are the owner of even a single possession, then the events affecting that possession are going to affect your attitude. God is a gentle Master. He does not force His perfect will into our lives, but commands us to first surrender our will to Him.

2. Become Debt Free.

A Christian must get out of debt altogether. Again, let me define a scriptural debt. Debt exists with any of the following conditions:

- a. Payment is past due for money, goods, or services that are owed to other people.**
- b. The total value of unsecured liabilities exceeds total assets. In other words, if you had to cash out at any time, there would be a negative balance on your account.**
- c. The family's basic needs are not being met, producing anxiety in the area of financial responsibility.**

In the next section, we have given you a blueprint for living a debt-free life with 6 Steps to Becoming Debt Free.

3. Honor God First.

Every Christian should give the first ten percent of all gross income as the minimum testimony to God's ownership (Malachi 3:8-10; 2 Corinthians 9:7). As mentioned earlier, how can we say that we have given total ownership to God when we have never given testimony to that fact?

It is through sharing that we bring His power in finances into focus. In every case, God wants us to give the first part to Him, but He also wants us to pay our creditors. That requires establishing a plan and probably making sacrifices of wants and desires until all obligations are current.

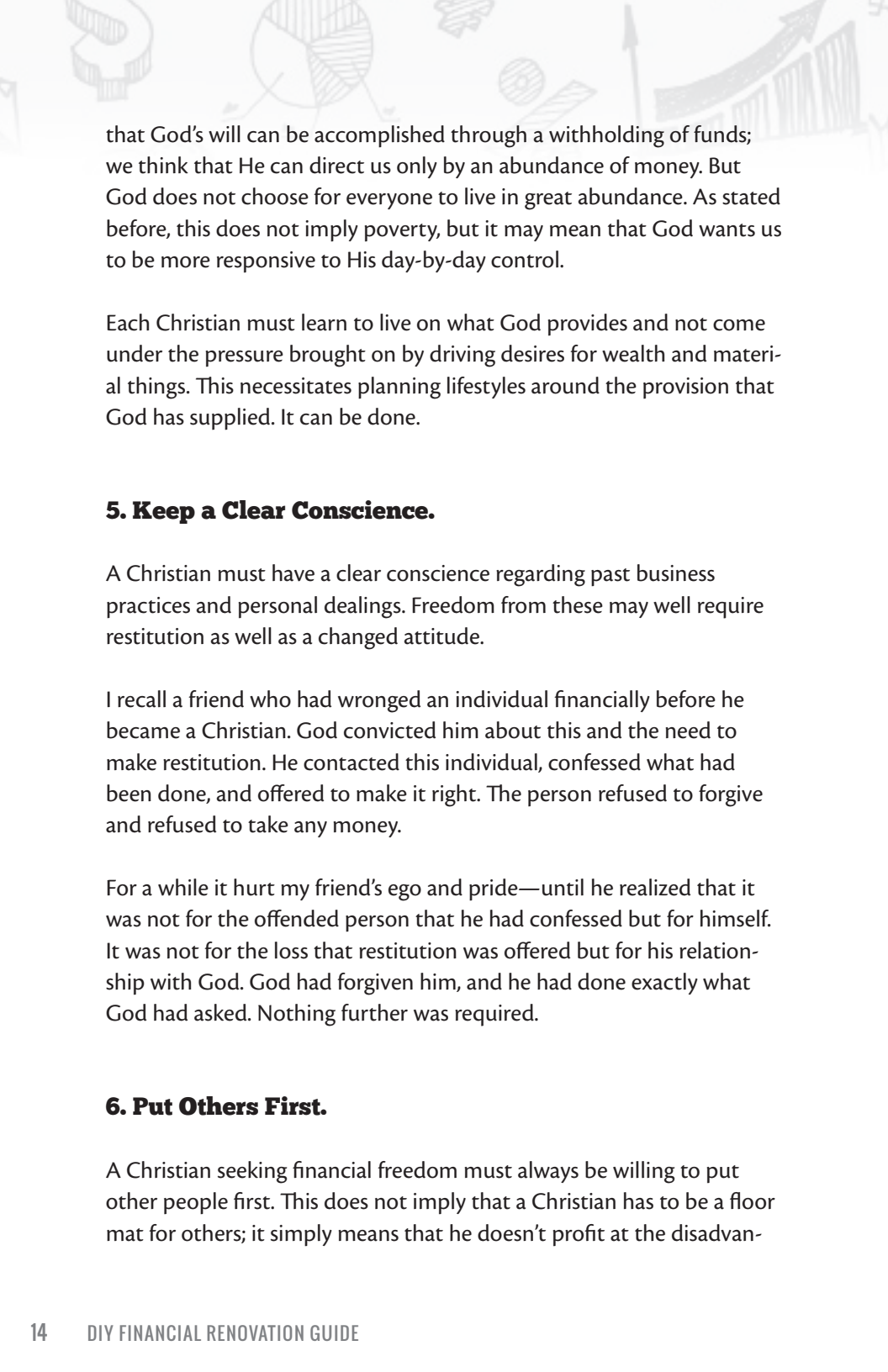
You cannot sacrifice God's part—that is not your prerogative as a Christian. *"Now this I say, he who sows sparingly shall also reap sparingly, and he who sows bountifully shall also reap bountifully"* (2 Corinthians 9:6). So what is the key? If a sacrifice is necessary, and it almost always is, do not sacrifice God's or your creditor's share. Choose a portion of your own expenditures to sacrifice.

4. Accept God's Provision.

To obtain financial peace, recognize and accept that God's provision is used to direct each of our lives. Often Christians lose sight of the fact

DIY TIP: GETTING RID OF DEBT

- Destroy all credit cards as a first step
- Establish a payment schedule that includes all creditors
- Contact all creditors, honestly relate your problems, and arrange an equitable repayment plan
- Buy on a cash basis, and sacrifice your wants and desires until you are current
- When an existing debt is paid off, allocate any extra money toward the next largest debt
- When all consumer debt is paid off, then reallocate that money to savings



that God's will can be accomplished through a withholding of funds; we think that He can direct us only by an abundance of money. But God does not choose for everyone to live in great abundance. As stated before, this does not imply poverty, but it may mean that God wants us to be more responsive to His day-by-day control.

Each Christian must learn to live on what God provides and not come under the pressure brought on by driving desires for wealth and material things. This necessitates planning lifestyles around the provision that God has supplied. It can be done.

5. Keep a Clear Conscience.

A Christian must have a clear conscience regarding past business practices and personal dealings. Freedom from these may well require restitution as well as a changed attitude.

I recall a friend who had wronged an individual financially before he became a Christian. God convicted him about this and the need to make restitution. He contacted this individual, confessed what had been done, and offered to make it right. The person refused to forgive and refused to take any money.

For a while it hurt my friend's ego and pride—until he realized that it was not for the offended person that he had confessed but for himself. It was not for the loss that restitution was offered but for his relationship with God. God had forgiven him, and he had done exactly what God had asked. Nothing further was required.

6. Put Others First.

A Christian seeking financial freedom must always be willing to put other people first. This does not imply that a Christian has to be a floor mat for others; it simply means that he doesn't profit at the disadvan-

tage of someone else. Again, the key lies in attitude.

7. Limit Time Involvement.

A Christian must also limit time devoted to business affairs when family involvement suffers. *“Do not weary yourself to gain wealth, cease from your consideration of it. When you set your eyes on it, it is gone. For wealth certainly makes itself wings, like an eagle that flies toward the heavens”* (Proverbs 23:4-5). Many Christians are trapped in this cycle of over-commitment to business or money pursuits.

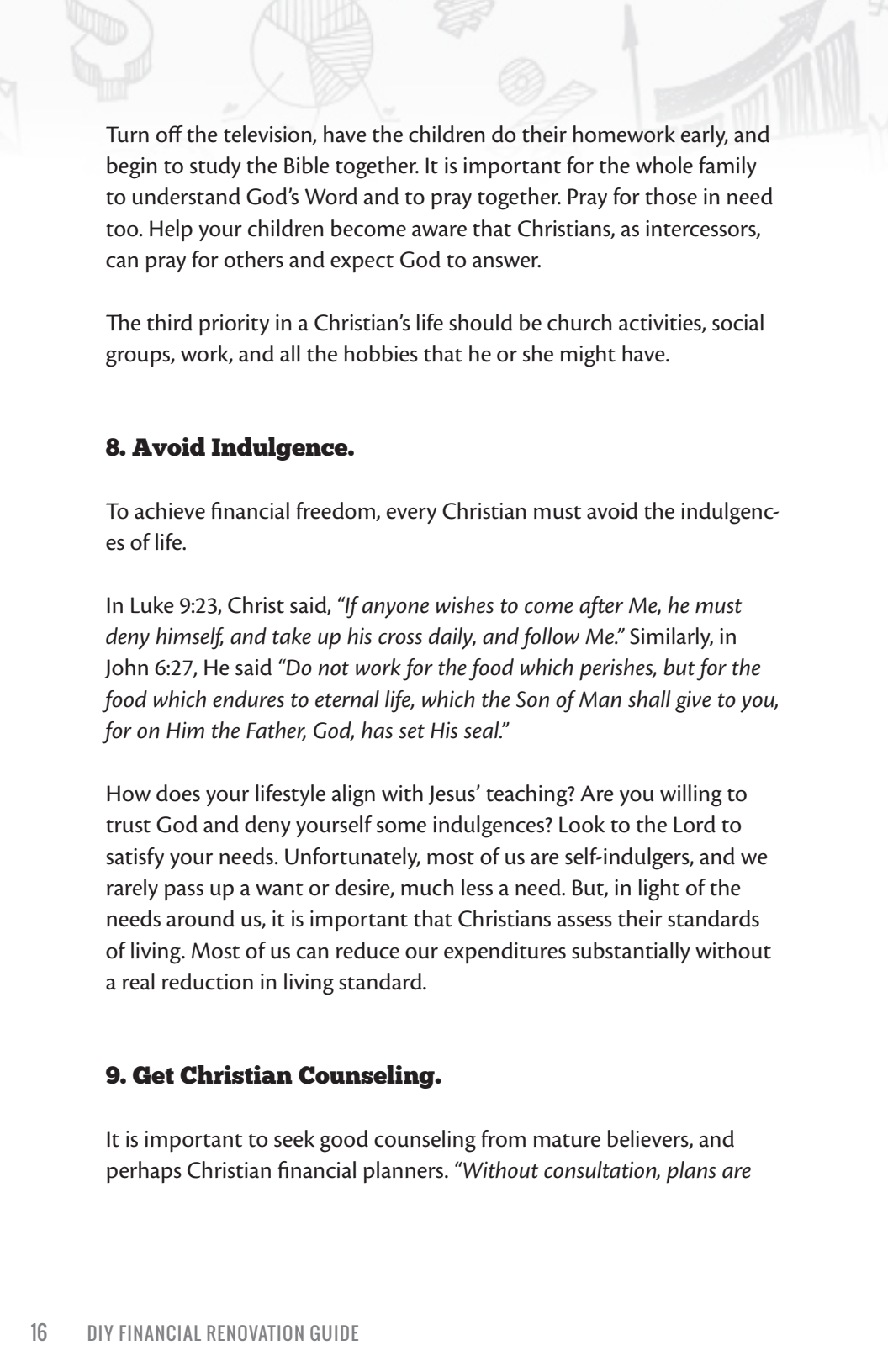
It’s important to remember that the priorities God sets for us are very clear and that every Christian who seeks God’s best must understand God’s priorities.

The first priority in a Christian’s life is to develop his or her personal relationship with Jesus Christ.

The second priority of a Christian’s commitment is to family, which includes teaching them from God’s Word. This training requires a commitment to the family unit, and that means a specific time commitment too. Christ deserves the best part of our day. If you study best in the morning, get up early in the morning and give time to the Lord. Sacrifice if necessary to do so. If you find that your family time together can take place best between 8:00 and 9:00 in the evening, commit that time to God.

DIY TIP: **HOW TO CUT DOWN YOUR GROCERY BILL**

- Always use a written list of needs
- Use a calculator to keep track of total purchases
- Reduce or eliminate paper products
- Shop at discount stores and look for generic sundry items such as toiletries and other household items
- Avoid prepared foods such as frozen dinners and baked goods- you are paying for expensive labor that you can provide
- Try store brand products
- Avoid products in a seasonal price hike
- Shop for advertised specials
- Purchase food in bulk quantities from large discount stores when, and only when, the per-item cost is cheaper
- For baby foods, use normal foods processed in a blender



Turn off the television, have the children do their homework early, and begin to study the Bible together. It is important for the whole family to understand God's Word and to pray together. Pray for those in need too. Help your children become aware that Christians, as intercessors, can pray for others and expect God to answer.

The third priority in a Christian's life should be church activities, social groups, work, and all the hobbies that he or she might have.

8. Avoid Indulgence.

To achieve financial freedom, every Christian must avoid the indulgences of life.

In Luke 9:23, Christ said, *"If anyone wishes to come after Me, he must deny himself, and take up his cross daily, and follow Me."* Similarly, in John 6:27, He said *"Do not work for the food which perishes, but for the food which endures to eternal life, which the Son of Man shall give to you, for on Him the Father, God, has set His seal."*

How does your lifestyle align with Jesus' teaching? Are you willing to trust God and deny yourself some indulgences? Look to the Lord to satisfy your needs. Unfortunately, most of us are self-indulgers, and we rarely pass up a want or desire, much less a need. But, in light of the needs around us, it is important that Christians assess their standards of living. Most of us can reduce our expenditures substantially without a real reduction in living standard.

9. Get Christian Counseling.

It is important to seek good counseling from mature believers, and perhaps Christian financial planners. *"Without consultation, plans are*



frustrated, but with many counselors they succeed” (Proverbs 15:22).

God admonishes us to seek counsel and not to rely solely on our own resources. Many Christians become frustrated in financial planning because they lack the necessary knowledge and then give up. God has supplied others with the ability to help in the area of finances. Seek Christian counselors.

10. A Right Relationship with God

Without a doubt, there is a great need in Christianity to get back to the basics of God’s Word. This is true whether we’re talking about salvation, sanctification, service, or finances.

Where finances are concerned, there is a great deal of false service by many who profess to serve God but actually want God to serve them. They will give, but they always expect to be repaid. They will help the needy, but it’s to keep God from allowing some tragedy to befall them. The list could go on and on and eventually would touch every one of us. Why? Because I believe so few really understand the function that finances play in our spiritual lives.

The financial principles given throughout God’s Word are not there to see if we’re strong enough to live by them; they’re given because God knows that they are the best for us. God’s financial principles are not an arbitrary set of rules to govern us; they are a loving Father’s wisdom to those who will listen and trust Him.



6 Steps to Becoming Debt Free

1. Have a Written Plan.

Write it down. A written plan is an absolute necessity for everyone who is in financial bondage.

Use a written plan of all expenditures and their order of importance. The order of importance is crucial because we have lost the point of reference between needs, wants, and desires. Let's examine the differences between a need, a want, and a desire.

Needs. These are the purchases necessary to provide your basic requirements such as food, clothing, a job, home, medical coverage, and others. *"If we have food and covering, with these we shall be content"* (1 Timothy 6:8).

Wants. Wants involve choices about the quality of goods to be used: dress clothes versus work clothes, steak versus hamburger, a new car versus a used car. These verses give a point of reference for determining wants in a Christian's life: *"Your adornment must not be merely external—braiding the hair, and wearing gold jewelry, or putting on dresses; but let it be the hidden person of the heart, with the imperishable quality of a gentle and quiet spirit, which is precious in the sight of God"* (1 Peter 3:3-4). While you are putting a plan in place to become debt free you may need to make some drastic decisions in this area. Once you are free from debt and leaving room within your budget you can plan for certain wants.

Desires. These are choices according to God's plan that can be made only out of surplus funds after all other obligations have been met. *"Command those who are rich in this present world not to be arrogant"*

nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment” (1 Timothy 6:17).

2. Determine Essentials for Living.


A Christian in debt must stop any expenditure that is not absolutely essential for living. Look for services around the home that can be done without outside cost. Also begin to develop some home skills. You can find many how-to videos on YouTube to teach yourself. By utilizing individual skills you can begin to cut down on some of the expenditures that are not really essential.

What I’m expressing is an attitude of conservatism. Begin to eliminate expenditures that are not essential and remember that many expenditures are assumed to be essential only because of our society. Fifty years ago almost all the labor supplied in the home was done by family members—not professionals who charged for it. Think about the skills you have and those of your friends and family and begin trading labor.

Christians who are in bondage must begin to assess what things they can do for themselves and stop the frivolities. Christians who have

DIY TIP: PLANNING AN AFFORDABLE VACATION

- Plan vacations during off seasons if possible
- Consider a camping vacation to avoid hotel and restaurant expenses- go with friends and pool the expenses of camping items
- Select vacation areas in your general locale
- To reduce expenses and increase fellowship, consider taking vacation trips with two or more families
- If flying, use the least expensive coach fare (i.e., late night or early morning, and you can usually save ten to twenty percent)



made the choice to live this way, whether in debt or not, often report that life is more fun and that family life is more satisfying.

3. Think Before Buying.

A Christian who is in debt (and even those who are not) should think before every purchase (see Proverbs 24:3). Every purchase should be evaluated.

Is it a necessity? Have I assessed whether it is a need, a want, or a desire?

Does the purchase reflect my Christian ethics? Can I continue to subscribe to magazines or entertainment services like Netflix® or satellite radio while I owe others?

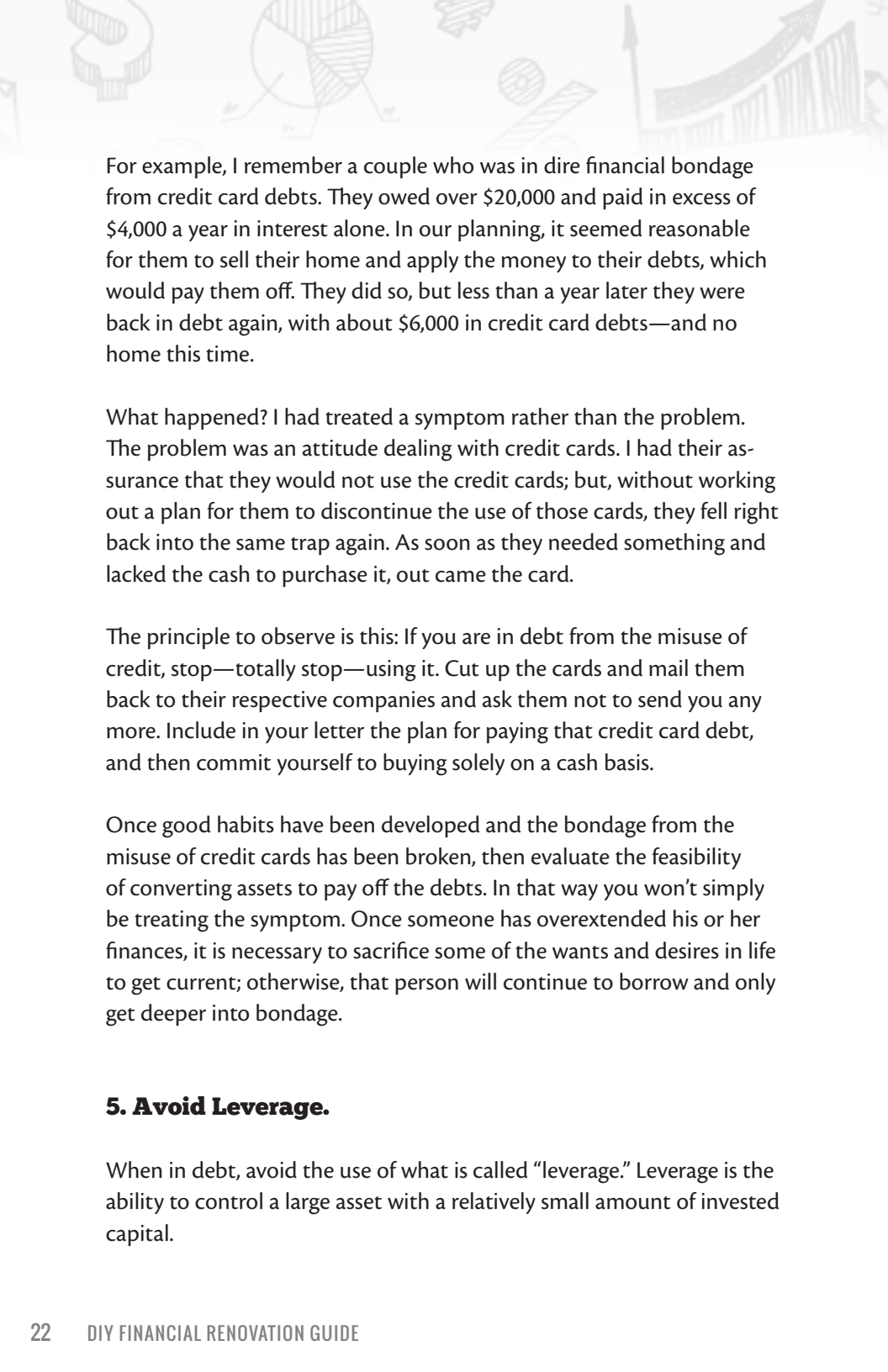
Is this the best possible buy I can get, or am I purchasing only because I have this credit card?

Is it a highly depreciative item? Am I buying something that will devalue quickly? (Swimming pools, boats, sports cars all fall into this category.)

Does it require costly upkeep? Have I planned for the additional costs associated with this purchase?

4. Discontinue Credit Buying.

A Christian in debt also should begin buying on a cash-only basis. Often someone in debt with an asset that can be converted into cash will ask, "Would it be better to sell this asset and pay off the debts?" That is a possible option but would only be valid if a person first learned new spending habits; otherwise it treats the symptom rather than the problem.



For example, I remember a couple who was in dire financial bondage from credit card debts. They owed over \$20,000 and paid in excess of \$4,000 a year in interest alone. In our planning, it seemed reasonable for them to sell their home and apply the money to their debts, which would pay them off. They did so, but less than a year later they were back in debt again, with about \$6,000 in credit card debts—and no home this time.

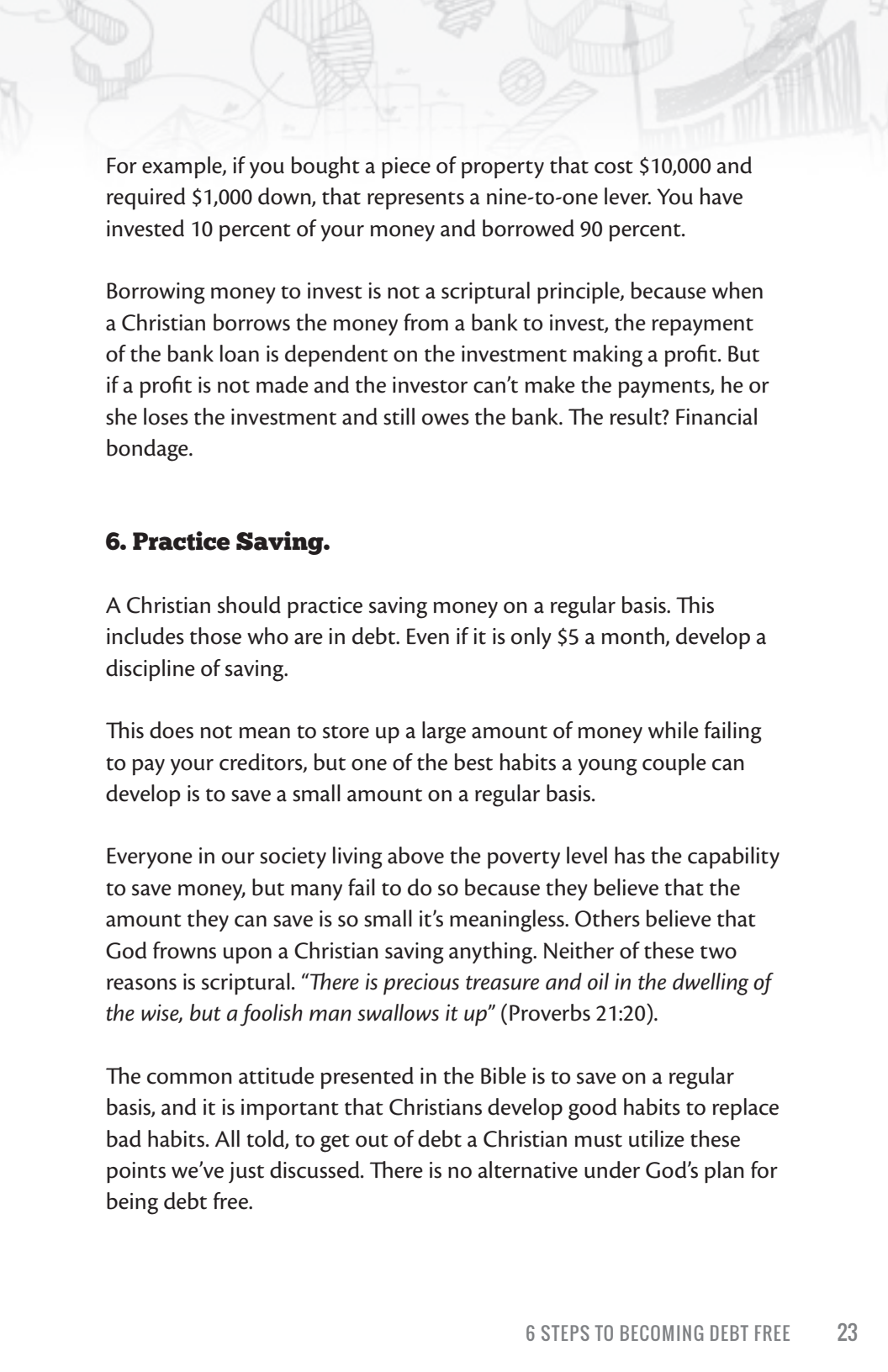
What happened? I had treated a symptom rather than the problem. The problem was an attitude dealing with credit cards. I had their assurance that they would not use the credit cards; but, without working out a plan for them to discontinue the use of those cards, they fell right back into the same trap again. As soon as they needed something and lacked the cash to purchase it, out came the card.

The principle to observe is this: If you are in debt from the misuse of credit, stop—totally stop—using it. Cut up the cards and mail them back to their respective companies and ask them not to send you any more. Include in your letter the plan for paying that credit card debt, and then commit yourself to buying solely on a cash basis.

Once good habits have been developed and the bondage from the misuse of credit cards has been broken, then evaluate the feasibility of converting assets to pay off the debts. In that way you won't simply be treating the symptom. Once someone has overextended his or her finances, it is necessary to sacrifice some of the wants and desires in life to get current; otherwise, that person will continue to borrow and only get deeper into bondage.

5. Avoid Leverage.

When in debt, avoid the use of what is called “leverage.” Leverage is the ability to control a large asset with a relatively small amount of invested capital.



For example, if you bought a piece of property that cost \$10,000 and required \$1,000 down, that represents a nine-to-one lever. You have invested 10 percent of your money and borrowed 90 percent.

Borrowing money to invest is not a scriptural principle, because when a Christian borrows the money from a bank to invest, the repayment of the bank loan is dependent on the investment making a profit. But if a profit is not made and the investor can't make the payments, he or she loses the investment and still owes the bank. The result? Financial bondage.

6. Practice Saving.

A Christian should practice saving money on a regular basis. This includes those who are in debt. Even if it is only \$5 a month, develop a discipline of saving.

This does not mean to store up a large amount of money while failing to pay your creditors, but one of the best habits a young couple can develop is to save a small amount on a regular basis.

Everyone in our society living above the poverty level has the capability to save money, but many fail to do so because they believe that the amount they can save is so small it's meaningless. Others believe that God frowns upon a Christian saving anything. Neither of these two reasons is scriptural. *"There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up"* (Proverbs 21:20).

The common attitude presented in the Bible is to save on a regular basis, and it is important that Christians develop good habits to replace bad habits. All told, to get out of debt a Christian must utilize these points we've just discussed. There is no alternative under God's plan for being debt free.



3 Keys to Living within Your Means

by Chuck Bentley

Have you ever heard this wise old saying? “If your **outgo** exceeds your **income**, your **upkeep** will be your **downfall!**”

It is actually very true—everyone knows that you cannot spend more than you earn, but many people try!

The truth is, some people really struggle with the ability to live within their means. There are many excuses for this. Probably the most common I hear is this: “I don’t make enough money to live beneath my means!” In reality, there are very few cases where that is truly the case.

For the vast majority of people, the real problem most likely can be stated this way: “I spend all that I have, no matter how much income I earn!”

Key One: Limit Spending and Save

Let me give you a simple key to building financial wealth: Spend less than you earn, and save a portion of all your earnings over a long period of time.

Let me expand that a bit...



- **Spend less than you earn.**

That creates financial margin, a gap between what you earn and what you are spending. That gap should be a minimum of 10 percent of your income and even better if it's 20 percent.

- **Save that portion that you are not spending.**

Put it away in a safe place. I love the name of a required savings fund in Singapore: the “forbidden fund.” You can't touch it.

- **Do this for a long period of time.**

In Singapore the savings rate is 40 percent. The average citizen saves 10 percent of their income, but by the time their money is matched by their employer and the government, they have set aside 40 percent into a “forbidden fund.” The money is forbidden for their use until retirement.

Some of you may be saying right now, “No way, Chuck! That is unrealistic! Forty percent? Five percent is a stretch!” Well, obviously most of us do not receive matching funds from our employer or the government, but the fact remains that saving for the unexpected must become a priority. Start with a small amount and continue to add to it, this will help you develop a habit of saving—because I believe that with God, all things—including saving—are possible. Really.

DIY TIP: INCREASING YOUR SAVINGS

- Use a company payroll withdrawal, if possible - this removes the money before you receive it
- Use an automatic bank withdrawal from your checking account (be sure to find out about any fees that may be associated with automatic bank withdrawals or penalties for not meeting minimum account balances)
- Write your savings account a check just as if it were a creditor

Key Two: Self-Control

So, how can you learn to save money?

Larry Burkett (Crown's cofounder) used to say to me, "I really believe that saving money is a fruit of the Holy Spirit. It's listed right there in Galatians. Look it up."

So I looked it up...

"So I say, live by the Spirit, and you will not gratify the desires of the sinful nature. For the sinful nature desires what is contrary to the Spirit, and the Spirit what is contrary to the sinful nature. They are in conflict with each other, so that you do not do what you want. But if you are led by the Spirit, you are not under law" (Galatians 5:16-18).

"But the fruit of the Spirit is love, joy, peace, patience, kindness, goodness, faithfulness, gentleness and self-control. Against such things there is no law" (Galatians 5:22-23).

There it is—did you see it? Self-control! That is the key to saving money! In fact, it is the key to most of your financial challenges.

So let me make something very, very clear. God's economy is not simply a spiritual principle that can be applied to human effort—we are not humanists, left without the presence of our living God to help us. We are Christians, who have the benefit of the Holy Spirit to give us self-control.

Here is the irony and what we often miss: Self-control does not come from self controlling self. Self is out of control. Self wants help, but self cannot give self the help that all the self-help books in the world say is possible. Self needs help from outside of self. Self is broken, fallen, sinful,

prideful, arrogant, and needs self-improvement, but not by the self that is already broken!

So, our merciful God has a solution. Self-control comes from the Holy Spirit, who *controls self* when we walk in the Spirit. Isn't that great news? We have help—real “Divine intervention” in a practical, helpful way!

But we must walk in God's ways to experience this help. Our sinful nature wants its own way and is in conflict with the Spirit who wants to bless us with all this wonderful fruit, including self-control.

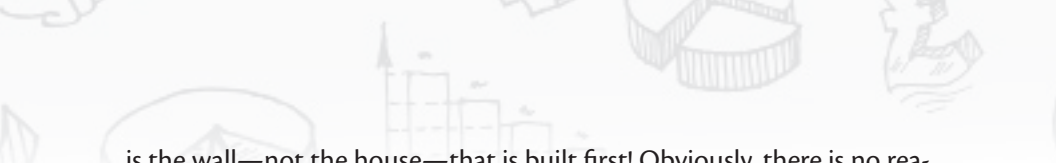
So how is that practiced in reality? It comes by honestly seeking to know the Holy Spirit. It is demonstrating a repentance in which we turn from the beliefs that have gotten us into bondage and misery, realizing that God, not money, holds the key to free us from our dilemma.

“Whoever loves money never has money enough; whoever loves wealth is never satisfied with his income. This too is meaningless” (Ecclesiastes 5:10 NIV).

I saw a report recently from Army Intelligence in Afghanistan. It mentioned that the desert in Afghanistan is a desert full of little “Alamos,” referring to the houses that are built inside a walled fortress. In fact, the report said that even though a house is out in the middle of nowhere, it

DIY TIP: MAXIMIZING YOUR CLOTHING BUDGET

- If you have the time and skill, consider making some of your family's clothes (average savings is fifty to sixty percent)
- Make a written list of clothing needs and purchase during the off season when possible
- Select outfits that can be mixed and used in multiple combinations rather than as a single set
- Frequent the discount outlets that carry unmarked name brand goods
- Frequent authentic factory outlet stores for close-out values of top quality clothing
- Select clothing made of home washable fabrics
- Repair damaged clothing



is the wall—not the house—that is built first! Obviously, there is no reason to build the house if you don't first have a wall to protect it from invasion.

Proverbs 25:28 puts it this way: *“Like a city whose walls are broken down is a man who lacks **self-control**”* (NIV, emphasis mine). That's the power of self-control—it's a wall of protection.

Key Three: Contentment

Finally, as we begin to walk in God's way, under control of His Spirit—living in God's economy—we discover a major key to living within our means: contentment.

The world will tell you that whatever item you desire, you ought to have it now. If you buy into this philosophy, you won't be content until you have that item in your possession—even if it means buying it with credit. But having a relationship with God should give you contentment regardless of your circumstances.

The apostle Paul wrote, *“I have learned to be content whatever the circumstances. I know what it is to be in need, and I know what it is to have plenty. I have learned the secret of being content in any and every situation, whether well fed or hungry, whether living in plenty or in want. I can do everything through him who gives me strength”* (Philippians 4:11-13 NIV).

Our goal at Crown is to come alongside you with practical help, resources, and encouragement in your stewardship journey. However, I consider our most important task is to point you to the One who makes everything possible: Jesus Christ. Remember again what Paul said and take it to heart: *“I can do everything through him who gives me strength.”*



Steps to Making a Spending Plan

The following material is provided as a practical guide to help you establish a spending plan (budget). It will make it easier for you to track your income and manage your savings and spending.

In making and using a budget, there are several logical steps, each requiring individual effort. Sample forms for budgeting are shown in the Appendix section. Use these forms to guide your budget preparation.

Step 1—List Monthly Expenditures in the Home.

A. Fixed Expenses

- Tithe
- **Federal income taxes** (if taxes are deducted, ignore this item)
- **State income taxes** (if taxes are deducted, ignore this item)
- **Federal Social Security taxes** (if taxes are deducted, ignore this item)
- **Housing expenses (payment/rent)** - Don't take on more house than you need. Whether you buy or rent, be sure to live within your financial means.
- Residence taxes
- Residence insurance
- Other



B. Variable Expenses

Food

Many families buy too much food, and others buy the wrong kinds of food. Make sure you're buying just the right amount of nutritious foods to meet your family's needs. Also, use coupons and take advantage of sales on products already on your shopping list.

Utilities

Power, water, sewer, etc.

Insurance

(life, health) – It is unfortunate to see so many families misled in this area. Few people understand insurance, either how much is needed or what kind is necessary. One of your best insurance assets is to have a trustworthy agent in charge of your program. A good insurance agent is usually one who can select from several different companies to provide you with the best possible buy and who will create a brief, uncomplicated plan to analyze your exact needs.

Outstanding Debts

It would be great if most budgets included 5 percent or less for debt repayment. Unfortunately, the norm in American families far exceeds this amount. Easy access to credit has made it possible for families to accumulate large debts quickly.

Transportation

(including car insurance) – Don't fall into the trap many families do when it comes to buying cars. Those who buy a new car often keep it for less than four years before trading it for a new model. In this scenario, they've wasted the maximum amount of money possible. Too often, we swap cars because we want to— not because we have to.

Entertainment/Recreation

We are a recreation-oriented country. That is not necessarily bad if put in the proper perspective. But those who are in debt should not use their creditor's money to entertain themselves. Every believer, whether in debt or not, should seek to reduce entertainment expenses. This can usually be done without sacrificing quality family time.

Clothing Allowance

Many families in debt sacrifice this area of their budget because of excesses in other areas. And yet, with prudent planning and smart shopping, your family can be clothed neatly without great expense. This requires effort on your part in terms of saving enough money to buy with cash, becoming a skilled bargain-hunter, educating family members on the care of clothing, and learning how to make and mend clothes when necessary.

Variable Expenses Continued

Savings

It is important that some savings be established in your the budget. Otherwise, the use of credit becomes a lifelong necessity and debt a way of life. Your savings will allow you to purchase items for cash and shop for the best buys, irrespective of the store.

School/Child Care

This category should reflect expenses related to school (including tuition, sports, and other activities) and child care.

Unallocated Surplus Income

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

Health Care

(medical, dental, prescriptions) – You must anticipate these expenses in your budget and set aside funds regularly; failure to do so can wreck your plans and lead to indebtedness. Do not be hesitant to question doctors and dentists in advance about costs. Also, educate yourself so that you can discern when you are getting good value for your money. In the case of prescriptions, shop around. Ask about generic drugs. These are usually much less expensive and are just as effective.

Miscellaneous

These can include a myriad of items. Some of the expenses occur monthly while others occur on an as-needed basis (such as appliances)..

Investments

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

NOTE: In order to accurately determine variable expenses, it is suggested that both husband and wife keep an expense diary for 30 days. Every expenditure, even a small purchase, should be listed. (See pages 40-41.)

Step 2—List Available Monthly Income.

NOTE: If you operate on a non-fixed monthly income, use a yearly average divided into months.

- Salary
- Interest
- Rents
- Dividends
- Notes
- Income tax refund
- Other

Variable Income Planning

Families with variable monthly incomes need budgets even more than families on fixed salaries. Many people with fluctuating incomes get trapped into debt because they borrow during lean months and spend what they make during high-income months, rather than repaying what they previously borrowed. Proverbs 27:12 says, *“The prudent see danger and take refuge, but the simple keep going and pay the penalty.”*

Living on a fluctuating income can be very deceiving—and difficult. Months of high income can easily be construed as a windfall profit. To properly budget a variable income you must conservatively estimate what your annual income is likely to be, divide that by 12, and then develop your monthly budget based on that amount. You should put all your income into a savings account and draw out your average monthly salary from that account each month.

This method will allow surplus funds from higher income months to accumulate in the savings account to cover budgeted expenses during months of lower income. This is not hoarding; it is planning according to Proverbs 6:6-8.



Step 3—Compare Income vs. Expenses.

If total income exceeds total expenses, you only have to implement a method of budget control in your home. However, if expenses exceed income (or more stringent controls in spending are desired), additional steps are necessary. In that case, to reduce expenses, an analysis of your budget is called for.

First, you will need to determine your Net Spendable Income (NSI). Your NSI is the amount of income available to spend after deducting your tithe and taxes. Next, track your expenses for 30 days and write down how much you spend for each of your budget categories. Then, review the Budget Percentage Guide in the Appendix section to see if the amount you are spending in each category is matching up to what you should be spending. (These percentages are not absolutes and will vary depending on different circumstances such as income, family size, and geography.) Once you have evaluated your spending you can see what areas need to be cut out or scaled back.





Appendix

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Percentage Guide

Gross Income	\$25,000	35,000	45,000	55,000	85,000	115,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Taxes	*6.57%	9.17%	11.52%	13.90%	18.27%	26.3%
Net Spendable Income	\$18,357	\$23,040	\$28,350	\$33,041.00	\$48,221.00	\$63,163.00
3. Savings	3%	4%	5%	5%	5%	5%
4. Housing (mortgage/rent, utilities, etc.)	39%	36%	32%	30%	30%	29%
5. Food	15%	12%	13%	12%	11%	11%
6. Transportation	15%	12%	13%	14%	13%	13%
7. Insurance	5%	5%	5%	5%	5%	5%
8. Debts	5%	5%	5%	5%	5%	5%
9. Entertainment/Recreation	3%	4%	4%	5%	5%	5%
10. Clothing	2%	2%	3%	4%	4%	4%
11. Health Care	5%	6%	6%	5%	5%	5%
12. Miscellaneous/Margin	8%	9%	9%	11%	14%	16%
13. Investments	-	5%	5%	5%	5%	5%
<small>If you have school/child care expenses, these percentages must be deducted from other categories.</small>						
14. School/Child Care/Adult Care	8%	6%	5%	5%	5%	5%

Guideline percentages include taxes for Social Security, federal, and state based on 2011 rates. The tax code changes regularly. Please be sure to insert your actual tax into this category.

Estimated Spending Plan

DATE _____

MONTHLY INCOME

GROSS MONTHLY INCOME \$ _____

Salary \$ _____
Interest \$ _____
Dividends \$ _____
Other Income \$ _____

LESS

1) **TITHE/GIVING** \$ _____
2) **TAXES** (Federal, State, FICA) \$ _____
3) **SAVING** \$ _____
4) **INVESTING** \$ _____
5) **DEBTS** \$ _____

NET SPENDABLE INCOME \$ _____

MONTHLY LIVING EXPENSES

6) HOUSING \$ _____

Mortgage/Rent \$ _____
Insurance \$ _____
Property Taxes \$ _____
Cable/Satellite \$ _____
Electricity \$ _____
Gas \$ _____
Water \$ _____
Sanitation \$ _____
Cell Phone \$ _____
Maintenance \$ _____
Lawn Care \$ _____
Internet Fees \$ _____
Other \$ _____

7) FOOD \$ _____

8) TRANSPORTATION \$ _____

Car Payment 1 \$ _____
Car Payment 2 \$ _____
Gas 1 \$ _____
Gas 2 \$ _____
Insurance \$ _____
License/Taxes \$ _____
Maintenance/Oil \$ _____
Replacement \$ _____
Public Transportation \$ _____
Other \$ _____

9) INSURANCE \$ _____

Life \$ _____
Health/Dental \$ _____
Disability \$ _____
Other \$ _____

10) ENTERTAINMENT/
RECREATION \$ _____

Eating out \$ _____
Babysitters \$ _____
Activities/Rentals \$ _____
Vacation/Trips \$ _____
Pets \$ _____
Other \$ _____

11) CLOTHING \$ _____

12) HEALTH & WELLNESS \$ _____

Doctor \$ _____
Dentist \$ _____
Prescriptions \$ _____
Gym membership \$ _____
Supplements \$ _____
Other \$ _____

13) MISCELLANEOUS \$ _____

Toiletries/Cosmetics \$ _____
Beauty/Barber \$ _____
Laundry/Cleaners \$ _____
Allowances \$ _____
Subscriptions \$ _____
Gifts \$ _____
Christmas \$ _____
Other \$ _____

14) SCHOOL/CHILD CARE \$ _____

Tuition \$ _____
Materials \$ _____
Transportation \$ _____
Day care \$ _____

HOW THE MONTH TURNS OUT

NET SPENDABLE INCOME \$ _____

-TOTAL LIVING EXPENSES \$ _____

-SURPLUS OR DEFICIT \$ _____

Spending Plan Analysis

DATE _____

GROSS MONTHLY INCOME PER YEAR

GROSS INCOME PER MONTH

GUIDELINE NET SPENDABLE INCOME PER MONTH

Monthly Payment Category	Existing Spending Plan	Monthly Guideline Plan	Difference + or -	New Monthly Plan
1. Tithe/Giving				
2. Taxes				
Net Spendable Income (per month)	\$	\$	\$	\$
3. Savings				
4. Housing (mortgage/rent, utilities, etc)				
5. Food				
6. Transportation				
7. Insurance				
8. Debts				
10. Entertainment/ Recreation				
11. Clothing				
12. Health Care				
13. Miscellaneous/Margin				
14. Investments				
15. School/Child Care				
TOTAL OF ITEMS 16-14	\$	\$		\$

30-Day Spending Diary

Month _____ Year _____

CATEGORY	RECURRING	TITHING/GIVING	TAXES	SAVINGS	INVESTMENTS	DEBT	HOUSING	FOOD	TRANSPORTATION
Allocated Amount									
Date									
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
This Month Subtotal									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
This Month Total	\$	\$	\$	\$	\$	\$	\$	\$	\$
This Month Surplus/Deficit	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year to Date Spending Plan	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year to Date Total	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year to Date Surplus/Deficit	\$	\$	\$	\$	\$	\$	\$	\$	\$

PLAN SUMMARY

This Month	Previous Month/Year to Date	Year to Date
Total Income \$ _____	Total Income \$ _____	Total Income \$ _____
Minus Total Expenses \$ _____	Minus Total Expenses \$ _____	Minus Total Expenses \$ _____
Equals Surplus/Deficit \$ _____	Equals Surplus/Deficit \$ _____	Equals Surplus/Deficit \$ _____

+

=

30-Day Spending Diary

Month _____ Year _____

CATEGORY	INSURANCE	ENTERTAINMENT/REC	CLOTHING	HEALTH & WELLNESS	MISCELLANEOUS	SCHOOL/CHILD CARE
Allocated Amount	\$	\$	\$	\$	\$	\$
Date						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
This Month Subtotal	\$	\$	\$	\$	\$	\$
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
This Month Total	\$	\$	\$	\$	\$	\$
This Month Surplus/Deficit	\$	\$	\$	\$	\$	\$
Year to Date Spending Plan	\$	\$	\$	\$	\$	\$
Year to Date Total	\$	\$	\$	\$	\$	\$
Year to Date Surplus/Deficit	\$	\$	\$	\$	\$	\$

About Crown

Crown's mission is to equip servant leaders to live by God's design for their finances, work and life...to advance transformation. We strive to see the followers of Christ in every nation faithfully living by God's financial principles in every area of their life so they are free to serve Him more fully. As an interdenominational Christian ministry, Crown serves people seeking to improve their personal finances, businesses and careers.

Crown employs a variety of media, including dramatic films, video, radio, podcasts, seminars and small group studies to achieve this end. Our mission is accomplished through a global network of dedicated staff and volunteers.

Founded in 1976, Crown Financial Ministries is a 501(c)(3) nonprofit educational organization. Headquartered in the suburbs of Atlanta, Georgia, Crown has operations in cities across the United States and is active on five continents.

We invite you to get acquainted with us. It is our privilege to serve you.

crown.org

