

Transformations

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Winterize Your Finances: Prepare for the future by taking a biblical approach to financial planning

By Matt Schoenfeld

Something obviously went terribly wrong.

In 1996, some neighbors a couple blocks from us began an aggressive addition to their house. The extensive remodeling project included adding not one, but two new stories to part of the house. Unfortunately, by 2004, *almost 10 years later*, the addition still did not have siding on it, and the project was nowhere near being finished. We frequently drove by this house, and I wondered what could have caused the delay in completing the job. I frequently thought of Jesus' words in the book of Luke, "Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough to complete it?" (14:28).

As time went by and the tyvek (the outer shell of insulation that covers new construction) began flapping in the wind, we could literally see the wood rotting from exposure to the elements. The seasons were taking their toll on this addition. I've never seen a more painful reminder of Jesus' teaching to plan ahead for the completion of a project.

When it comes to our financial lives, part of good stewardship is to look ahead so that we take the necessary steps to "winterize" our finances. Part of caring for our loved ones includes organizing our financial affairs in such a way that we are prepared for the days ahead. It is a worthy goal to be like the Proverbs 31 women, of whom it was said, "When it snows, she has no fear for her household; for all of them are clothed in scarlet (21)." Her finances were winterized; she was ready for the tough times because she had planned wisely for the future.

In fact, the Proverbs 31 woman was not just a decent planner, she was an exceptional planner (not to mention an incredible investor, another key aspect of planning). As a result, she was a blessing to her family, and to the poor (see verse 20). I believe there are two core aspects to viewing financial planning from a biblical perspective, and she exemplifies them both. These qualities form the foundation of biblical financial planning, and they are always lurking around the corner whenever the bible talks about wise planning.

So it's time to unlock the spiritual secret for this issue of *Transformations*. In this case, there are two of them.

1. To be a wise planner, you have to be a hard worker.
2. The wise planner has his or her eyes focused on using money as a tool to help the marginalized and bless his or her family.

Diligent labor is always associated with sound planning. Whether it was Nehemiah rebuilding the wall around Jerusalem or the ant in Proverbs 6:6-8, 10-11, hard work paved the way for prudent planning. We must first put our hand to the plow to earn the money that will enable us to give it back to God or save it for future kingdom use. You have to earn it to give it!

Secondly, at the very core of the passage where we learn all the wonderful qualities of the Proverbs 31 woman is her commitment to serving the poor. She understood that the whole point of planning and using the resources God gave to her was to bless and serve the Lord and others.

I want to briefly share some very simple, effective concepts that will help us prepare, as best as we are able, for what is to come.

1. **Commit:** First we have to commit to following the Five Principles we've been reviewing in this series on God and money (Give generously, flee the love of money, live within your means, plan for the future, and use a spending plan). Implementing these ideas in our financial lives will set us on course to manage money God's way.
2. **Commence:** We've all heard this command at the beginning of car races, "Ladies and gentleman, start your engines." The real battle in financial planning is getting motivated to start doing the planning we need to do. Once this hurdle is crossed and the systems are in place, the actual mechanics of monthly and annual planning are quite simple. But like the old spiritual song goes, "Oh, when the Lord gets ready, you gotta move!" And don't be afraid to seek help from others who are skilled in this area (accountants, financial planners, lawyers). The Abundant Living ministry also provides very affordable financial seminars to help you get started building your debt reduction and spending plans (for information: matt@abundantlivingministry.org).
3. **Consistency:** We need to save money little by little. Proverbs 13:11 says, "Dishonest money dwindles away, but he who gathers money little by little makes it grow." Following the Lord's directive to consistently gather funds will enable us, along with other wise planning, to have the resources necessary to meet current and future obligations.
4. **Coverage:** Make sure you have proper insurance. This step is critical. Without proper insurance coverages (health, life, casualty, and disability), you run the risk of leaving you and your family in financial ruin. My best friend from college did not plan to lie in bed for a year. But after breaking his neck when his VW Bug got smashed by a truck his first day on campus, his life changed dramatically. His wise planning to have basic insurance in place helped him avoid getting wiped out financially by this unfortunate accident (he had a long, but full, recovery thank God!).
5. **Confidence:** As in, our confidence is in the Lord. Most importantly, we need to place our faith and trust in the Lord, not in our ability to plan or our store of resources we've gathered. Ultimately, it is our Father who promises to care for us and provide for our needs. So balance is needed to do our part to prudently plan while acknowledging that God alone is the source of all provision.

These five concepts form a sound foundation for biblical financial planning. In the final article in this series, I will introduce the secret weapon of financial planning. We will conclude our look at the 5 Principles for Biblical Financial Success by equipping you with a tool so powerful that you will be prepared to manage

money God's way for years to come. Be sure to watch for the next issue of *Transformations* in the first quarter of 2008.

Matt Schoenfeld is the Executive Director of Abundant Living, a stewardship training ministry based in Mission, Kansas. In his first book, *Abundant Living: The five biblical principles for Financial Success*, Matt reveals five key biblical truths that will help us manage our money God's way. Abundant Living, in partnership with Stewardship Ministries, Church of the Nazarene, teaches biblical financial fitness to people across the country through our user-friendly, half-day financial seminars. Matt can be reached at: matt@abundantlivingministry.org or 877-434-9878.

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Notes and Quotes

- ▶ **The average college freshman owes \$1,500 on his or her credit card by the end of their freshman year.ⁱ**
- ▶ **This balance grows to \$3,000 by the end of the senior year.ⁱⁱ**
- ▶ **Young adults are the most likely population to declare bankruptcy.ⁱⁱⁱ**
- ▶ **Forty-three percent of undergraduate students owned at least four credit cards in 2004.^{iv}**
- ▶ **Average interest rate on credit cards is 15-to-17%. Rates can run as high as 30%.**

Faith in Action: The power of Abundant Living

Abundant Living gave me a feeling of empowerment to know that my financial situation could get better, and I could eventually be debt free. Mandi –
Lakeview, Ohio

Now that I've gone through Abundant Living, I can see clearly how I need to prepare my estate to take care of my children. Thank you so much for giving us the tools and the motivation we needed to reduce our debt. Bonnie – Oak Harbor, Washington

Abundant Living helped me know how to avoid financial traps and keep track of my finances. It was very informative. —Erin Fitzgerald, Duncanville, TX

You convinced me that planning is the better way to handle my finances. This is the best seminar I've ever attended. —Jose Brandao, Brockton, Mass.

Funny Money



Tips and Encouragement

529 Plans Provide Powerful Options for College Savings

This fall my nephew will head off to Manhattan, Kansas, to begin his collegiate career as a K-State Wildcat. It seems like yesterday that he and I were playing wiffle ball in the front yard! So with only 12 years until my oldest child, Mattie, begins college, there is no better time to explore options for college savings based on what we learned about planning in this month's feature article (see Winterize Your Finances). Mattie, by the way, has already decided on Kansas University. Her mother and I have no idea where she got the notion to be a Jayhawk—nudge, nudge, wink, wink! (Editors note: for someone who went to Baylor, Matt is the biggest KU fan we've ever seen.)

Here are a few tips and tools to get you started exploring the most powerful college savings program available today, the 529 plan.

1. **State-sponsored plans abound:** All states offer 529 College Savings Plans (catchy name, huh? It's based on the section of the IRS code governing the plans). These plans allow individuals to save money for college expenses through either pre-paid tuition or specialized savings programs. You are not required to invest in your state's plan; however, if you do, you may receive additional tax benefits depending on state tax laws.
2. **Thinking of going back to school?** These plans are not just for your kids, anyone can set up a 529 Plan.
3. **All earnings in the account grow tax free**, and withdrawals for qualified education expenses can be removed tax free as well. Qualified higher education expenses include: tuition, books, fees, equipment, and room and board.
4. **Control of the accounts is held by the parents.** No taking the money and buying a Camero like kids used to be able to do with the old-fashioned custodial accounts. And the plans are very flexible—money saved in a 529 plan can be used at any accredited school, including some foreign institutions for those daring overseas scholars.

5. **Contribution levels are high** and are not limited by income like other college savings plans. Anyone can contribute to the account (hey all you Grandmas and Grandpas, are you paying attention here?). For 2007, the maximum contribution is \$12,000 per student.

For more information on this powerful tool to save money for college, check out the websites listed below. They all have good general information on 529 plans. I've included the sites for Kansas and Missouri because many of our readers live in those states. For your state's plan, conduct a web search.

- www.learningquest.com (Kansas 529 Plan)
- <https://missourimost.s.upromise.com/index.html>
- <http://www.savingforcollege.com/>

Abundant Living Toolbox: Legacy of Love

New Abundant Living workshop now available!

Did you know that you don't have to be Bill Gates or Warren Buffet to leave a lasting legacy? Our newest workshop offering, Legacy of Love, helps you set up a wise and loving estate plan. In addition, it teaches unique options for making charitable gifts both now and even once this life is through.

If you left a bequest of approximately \$7,500 in your will to Nazarene Compassionate ministries, that gift would produce enough monthly income to sponsor a child in a third-world country until the second coming of Jesus! Now that's a lasting legacy. Think of the impact for Christ if you could make by giving to your church or another ministry you love?

The Legacy of Love estate planning workshop offers simple and practical tools to:

- help you assess your estate planning readiness,
- decide how to distribute your estate,
- plan your will or trust, and
- show ways to minimize taxes—all in a God-honoring way.

Better yet, all participants receive a 30 minute personal estate planning consultation with the workshop facilitator, and you will receive critical planning tools to protect your family.

For more information about scheduling this powerful workshop fro your church or ministry, please call Abundant Living at 1-877-434-9878. Leave a lasting legacy of love.

ⁱ American Consumer Credit Counseling, Press Release, September 21,2004

ⁱⁱ Ibid.

ⁱⁱⁱ Department of the Treasury

^{iv} <www.uwire.com>; June 2, 2005