

DISCUSSION QUESTIONS

1. What does financial independence mean to you?
2. If someone asked you how to become a millionaire, how would you answer?
3. Is it appropriate to aspire to build wealth? Why or why not?

1

THE POWER TO GET WEALTH

Does God Want Me to Be a Millionaire?

2

Beloved, I wish above all things that **thou mayest prosper** and be in health, even as thy soul prospereth.

—3 John 2

But thou shalt remember the LORD thy God: for it is **he that giveth thee power to get wealth.**

—Deuteronomy 8:18

3

And the LORD will make you abound in prosperity, in the fruit of your womb and in the fruit of your livestock and in the fruit of your ground, within the land that the LORD swore to your fathers to give you. The LORD will open to you his good treasury, the heavens, to give the rain to your land in its season and to bless all the work of your hands. And **you shall lend to many nations, but you shall not borrow.**

—Deuteronomy 28:11-12 ESV

4

HOW MUCH DO I NEED TO EARN TO BE WEALTHY?

5

HOW IS WEALTH MEASURED?

Assets - Liabilities = Net Worth

6

HOW IS WEALTH MEASURED?

Assets - Liabilities = Net Worth

Assets (OWN)

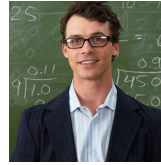
Cash
Investments
Properties
Vehicles

Liabilities (OWE)

Student Loans
Credit Cards
Car Notes
Mortgages

7

WHO'S WEALTHIER?



Trey
Teacher

Earns: \$50,000/year
House: \$200,000
Car: 2011 Toyota Camry



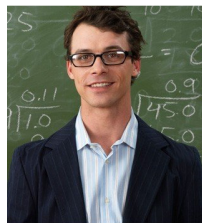
Don
Doctor

Earns: \$200,000/year
House: \$800,000
Car: 2021 BMW

8

TEACHER TREY BALANCE SHEET

Assets		\$558,500
Cash	\$12,500	
Home	\$200,000	
Vehicles	\$6,000	
Retirement	\$340,000	
Liabilities		\$0
Mortgage	\$0	
Car Loans	\$0	
Student Loans	\$0	
Credit Card	\$0	
Net Worth		\$558,500



\$50,000/year

9

DOCTOR DON BALANCE SHEET

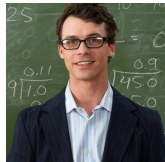
Assets		\$885,000
Cash	\$5,000	
Home	\$800,000	
Vehicles	\$80,000	
Retirement	\$0	
Liabilities		\$982,000
Mortgage	\$640,000	
Car Loans	\$72,000	
Student Loans	\$250,000	
Credit Card	\$20,000	
Net Worth		-\$97,000



\$200,000/year

10

WHO'S WEALTHIER?



Trey
Teacher

Earns: \$50,000/year
Net Worth: \$558,500



Don
Doctor

Earns: \$200,000/year
Net Worth: -\$97,000

11

WHO WOULD YOU RATHER BE?



Trey
Teacher

Positive Net Worth
He's the owner



Don
Doctor

Negative Net Worth
The bank's the owner

12

INCOME ≠ WEALTH
SPENDING ≠ WEALTH

13

INCOME ≠ WEALTH

- Households with incomes of \$75-100,000.
- 55% saved nothing in 2012.
- 16% spent more than they earned, and went further into debt.
- 20% would go into months of debt if there was a \$400 emergency.

—"Even the Upper Middle Class Struggles to Save Money," Federal Reserve Report
<http://www.bloomberg.com/bw/articles/2014-08-12/only-45-percent-of-upper-middle-class-households-are-saving-money>

14

SPENDING ≠ WEALTH

- Whether an average-income or upper-income household, teens still spend about **40% of their budget on fashion.**
- Teens will make **two trips to a restaurant** for every **one trip they make to a gas station.**

—"Taking Stock With Teens: A Collaborative Consumer Insights Project, Fall 2015" by PiperJaffray

15

Wealth is determined not by how much you **EARN or SPEND**, but by how much you **KEEP**.

16

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A person with a **BIG** paycheck can have a **LOW** net worth.

17

Wealth is determined not by how much you **EARN or SPEND**, but by how much you **KEEP**.

A person with a **BIG** paycheck can have a **LOW** net worth.

A person with a **SMALL** paycheck can still have a **HIGH** net worth.

18

MILLIONAIRES DON'T HAVE TO
EARN MILLION DOLLAR SALARIES



Warren Buffett
Salary: \$100,000/year
Net Worth: \$100 Billion

19

MILLIONAIRES DON'T HAVE TO
EARN MILLION DOLLAR SALARIES



Warren Buffett
Salary: \$100,000/year
Net Worth: \$100 Billion



Athletes
Salary: \$10 million/year
Net Worth: ????

20

“By the time they have been retired for two years,
78% of former NFL players have gone bankrupt or are under financial stress
because of joblessness or divorce.”

“Within five years of retirement, an **estimated 60% of former NBA players are broke.**”

—“How (and Why) Athletes Go Broke,” Sports Illustrated, 2009

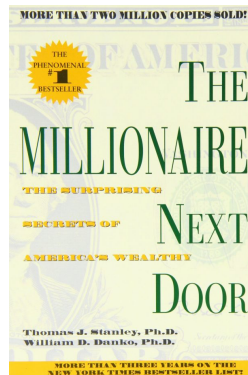
21

THE MILLIONAIRE NEXT DOOR

22

TOP CHARACTERISTICS

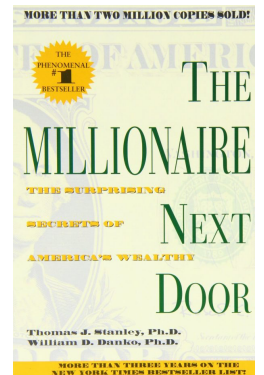
- Live well below their means and are savers, no matter their income.
- Most are first generation rich and didn't inherit wealth.
- Mostly college educated, and value education highly.
- Typically in late 50's, married to their first spouse with several kids.
- Kids are financially self-sufficient. Many don't even know their parents are wealthy.



23

TOP CHARACTERISTICS

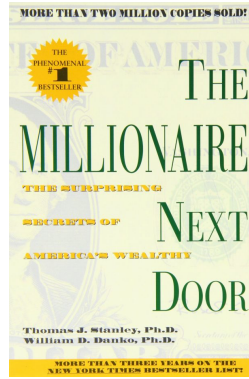
- Often are business-owners with strong work ethic.
- Frugal with their finances. Budget and control expenses.
- Home mortgage less than two times annual income.
- Bargain shops for affordable, used vehicles.
- Don't spend money on luxuries, invests in appreciating assets.
- Look like everyday people.



24

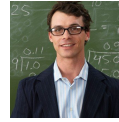
NET WORTH FORMULA

"Multiply your age times your realized pretax annual household income from all sources except inheritances. Divide by ten. This, less any inherited wealth, is what your net worth should be."



25

$$[(\text{Age} \times \text{Annual Income}) \div 10] - \text{Inheritance} = \text{Expected Net Worth}$$



Trey

Age: 50
 Earns: \$50,000/year
 Inheritance: \$0
 Exp. Net Worth: **\$250k**
 Real Net Worth: **\$558k**



Don

Age: 50
 Earns: \$200,000/year
 Inheritance: \$0
 Exp. Net Worth: **\$1 mil**
 Real Net Worth: **-\$97k**

26



Dave Ramsey
 July 10 at 9:12 PM · 🌐

👍 The top 10 car brands driven by millionaires:

1. Toyota
2. Honda
3. Ford
4. Lexus
5. Subaru
6. BMW
7. Acura
8. Hyundai
9. Lincoln
10. Buick

Most millionaires don't drive flashy cars.

69% of millionaires did not average \$100,000 or more in household income per year—and (get this) one-third of millionaires NEVER had a six-figure household income in their entire careers.

When people don't waste money trying to LOOK wealthy, they have money to actually BECOME wealthy.

👍👍 Kelli Knoblauch, Conrad G. D. Mcknight and 60K others 7.8K Comments 10K Shares

👍 Like

💬 Comment

➦ Share

27

QUESTIONS TO ASK

- Are we spending everything we make each month or are we saving and investing?
- Are we buying consumables that decrease in value, or are we buying assets that increase in value?
- Do we have debt that cancels out our assets on our balance sheet?
- Do we OWE more than we OWN?

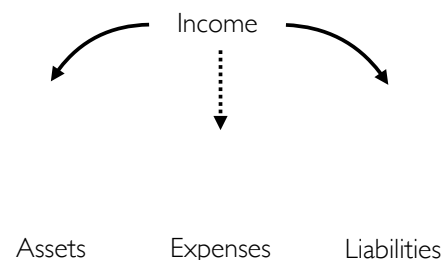
28

INCOME IS STILL IMPORTANT

29

CONVERT INCOME INTO NET WORTH

(aka Saving)



30

2 GROUPS IN RECESSIONS

Stable Income

Fully fund your emergency fund

Build cash cushion for deals on assets

Opportunity to grow net worth

Look for ways to help others

Focus on opportunity

Unstable Income

Fully fund your emergency fund

Build cash cushion to weather a storm

Secure your job or prepare for new one

Look for ways to increase sources of income

Focus on security

31

A slack hand causes poverty, but **the hand of the diligent makes rich.**

—Proverbs 10:4 ESV

Whoever works his land will have plenty of bread, but he who follows worthless pursuits lacks sense.

—Proverbs 12:11 ESV

32

BE A GOOD WORKER

1. Be on time.
2. Go the second mile.
3. Be a problem solver.
4. Make your boss look good.
5. Be a linchpin.
6. Become recession-proof.



33

OTHER INCOME IDEAS

1. Work overtime
2. Sell things you don't need
3. Upgrade your skills, get promoted
4. Rental property
5. Start a business
6. Side hustles, odd jobs, hobbies that pay.
 - Uber driver
 - Pizza delivery
 - Substitute teaching/tutoring
 - Photography
 - Build websites
 - Sell garden produce
 - Thrift store arbitrage

34

WHAT ARE WE SAVING FOR?

35

MONEY: A TOOL WITH ONLY 3 FUNCTIONS



- **To Spend** on Current Needs or Wants
- **To Save** for Future Needs or Wants
- **To Give** Away

36

WHAT ARE WE SAVING FOR?

• For Future Needs:

- Car
- College
- House
- Wedding
- Retirement
- Big purchases, etc.

• To Give Away:

- Once we reach our savings goals, the surplus can be given away.
- Saving with no goal is hoarding, like the Rich Fool (Luke 12:19)

37

ALSO...

For Freedom.

38

FINANCIAL INDEPENDENCE

Freedom from:

Creditors
Uncertainty and stress
Work we detest

Freedom to:

Serve
Share
Give

39

	Teacher Trey	Doctor Don
Earns	\$50,000	\$200,000
Spends	\$20,000	\$170,000
Saves	\$30,000 (60%)	\$30,000 (15%)

Who's more free?

For each year Trey works, he can take 1.5 years off.
Don has to work 5.7 years before he can take 1 year off.

40

DOUBLE BENEFIT OF LIVING ON LESS

- We are able to save a greater percentage of income immediately.
- Our total amount of savings required is permanently decreased in the future.
- Earning more AND saving more would be the best.

41

"Money is a very excellent servant but a terrible master."

-PT Barnum

42



THE TEDDY BEAR LADY

Gladys Holm

43



\$18 MILLION USD

Left to the Children's Memorial Hospital in Chicago

44

THE TEDDY BEAR LADY

- She was a linchpin worker.
- She didn't accept the narrative that consumption equaled happiness.
- She invested regularly throughout her career.
- Small income, large net worth.
- She found financial independence.
- She was a millionaire next door.
- She saved in order to give.



45

THE POWER TO GET WEALTH

Does God Want Me to be a Millionaire?

46