

## DISCUSSION QUESTIONS

1. If you were given \$100, what would you do with it? What about \$10,000? Why did you answer the way that you did?
2. What is the greatest impediment to you creating a budget?
3. What is your greatest money-saving tip?

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## COUNTING THE COST

Saving, Spending, and Budgeting

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For which of you, desiring to build a tower, does not **first sit down and count the cost, whether he has enough to complete it?** Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, **‘This man began to build and was not able to finish.’**

—Luke 14:28-30 ESV

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YOU MUST HAVE A PLAN!

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## TYPES OF PLANS

1. Financial Goals
2. Long & Short-term Savings Plans
3. Monthly Spending Plan (“Budget”)

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## HOW THEY RELATE



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## FINANCIAL GOALS

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## FINANCIAL GOALS

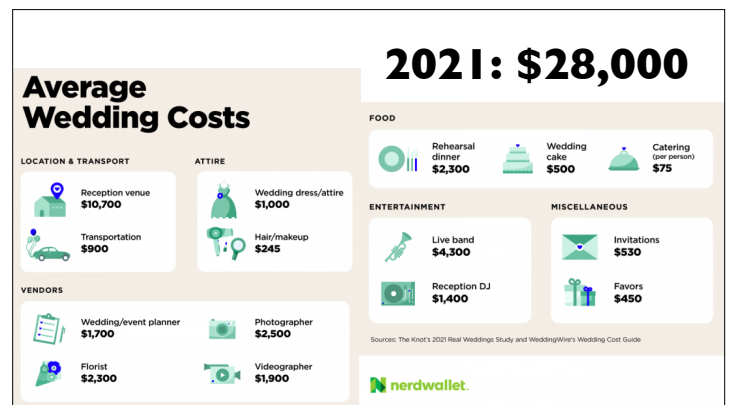
- College/Career
- Having a Baby
- Wedding
- Debt Payoff
- Home Purchase
- Mission Work
- Car Purchase
- Children's Education
- Vacations
- Retirement

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## QUESTIONS TO ANSWER

- How much money will it cost?  
(What can I afford?)
- When do I need this money?
- How much do I need to start saving now?

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**\$3,000**

Our Wedding



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## LONG-TERM SAVINGS PLAN & SHORT-TERM SAVINGS PLAN

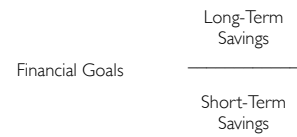
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## SAVINGS PLANS

- Financial goals determine what to save for.
- Helps to keep the end in mind.
- Prevents the need to resort to debt.
- It gives us a target for what to save, rather than simply what not to spend.

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## GOALS & SAVINGS



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## LONG-TERM VS. SHORT-TERM

Long-term Savings	Short-term Savings
More than 5 years	5 years or less
In higher yielding investments	In insured accounts (FDIC/NCUA)
Regular monthly savings	Saved in order of priority

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## LONG-TERM VS. SHORT-TERM

Long-term Savings	Short-term Savings
Larger Debts	Smaller Debts
College Fund	Emergency Fund
House Downpayment	Weddings/Vacations/Trips
Retirement	Cars/Toys/Gadgets/Big Purchases

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MEET NURSE FANNY

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## FANNY'S LONG-TERM SAVINGS

Long-term Goals	Amount	Needed by	Monthly Savings
1. Student Loans	\$35,000	10 years	\$390
2. House Downpayment	\$20,000	10 years	\$160
3. Retirement	\$750,000	40 years	\$220
<b>Total</b>	<b>\$805,000</b>		<b>\$770/month</b>

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## BOTTOM LINE

She must save a minimum of  
**\$770 each month** to reach  
 her long-term goals.

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## FANNY'S SHORT-TERM SAVINGS

Short-term Goals	Amount	Needed by	Monthly
1. Credit Card Debt	\$6,000	ASAP	?
2. Emergency Fund	\$10,000	ASAP	?
3. Wedding	\$3,000	8 months	\$375
4. Mission Trip	\$500	10 months	\$50
5. Car Loan	\$5,000	1 year	\$450
6. New Computer	\$1,500	5 years	\$25
<b>Total:</b>	<b>\$26,000</b>		

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## FANNY'S CAR

- 2018 Honda Accord
- Worth \$24,000 (kbb.com)
- Owes \$5,000
- What to do?



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## FANNY'S CAR

Sale	\$24,000
Loan	-\$5,000
Temporary Car	-\$5,000
Remaining	<b>\$14,000</b>



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## FANNY'S SHORT-TERM SAVINGS

Short-term Goals	Amount	Needed by	Save Monthly
1. Credit Card Debt	<b>\$6,000</b>	<b>ASAP</b>	<b>?</b>
2. Emergency Fund	<b>\$2,000</b>	<b>ASAP</b>	<b>?</b>
3. Wedding	\$3,000	8 months	\$375
4. Mission Trip	\$500	10 months	\$50
5. Car Loan	<b>\$5,000</b>	<b>1-year</b>	<b>\$450</b>
5. New Car	<b>\$5,000</b>	<b>1 year*</b>	<b>\$420</b>
6. New Computer	\$1,500	5 years	\$25
<b>Total:</b>	<b>\$12,000</b>		

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## WHAT ABOUT THAT EMERGENCY FUND?

- Garage Sale
- eBay
- Overtime
- Side jobs
- Get Creative!

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## FANNY'S SHORT-TERM SAVINGS

Short-term Goals	Amount	Needed by	Save Monthly
1. Credit Card Debt	<del>\$6,000</del>	<del>ASAP</del>	<del>?</del>
2. Emergency Fund	<del>\$15,000</del>	<del>ASAP</del>	<del>?</del>
3. Wedding	\$3,000	8 months	\$375
4. Mission Trip	\$500	10 months	\$50
5. Car Loan	<del>\$5,000</del>	<del>1-year</del>	<del>\$450</del>
5. New Car	\$5,000	1 year	\$420
6. New Computer	\$1,500	5 years	\$25
<b>Total:</b>	<b>\$10,000</b>		

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## BOTTOM LINE

- **Short-term:** Get to **\$10,000** ASAP
- **Long-term:** Save **\$770** each month

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## FANNY'S SAVINGS PLAN

- Reveals clear priorities in her life.
- All "extra" money has a place to go, instead of being spent.
- It gives a target number to save in monthly spending plan.
- It gives "final" target number for total savings. Helps define how much is "enough."

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"A budget is telling your money where to go instead of wondering where it went."

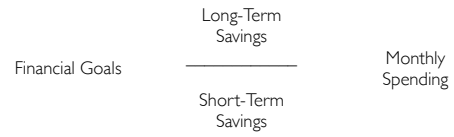
—John Maxwell

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## MONTHLY SPENDING PLAN

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## MONTHLY SPENDING PLAN



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## MONTHLY SPENDING PLAN

- List projected monthly income.
- List projected monthly expenses. (From expense tracking)
- Assign dollar amounts to each category of expenses for the next month.
- Goal is to reduce spending so as much can go toward savings as possible. (\$0 spending is ideal!)
- Aim is to hit targets from savings plans.
- Review monthly to make sure you don't spend more than what you've allocated, and adjust for the next month.

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## FANNY'S CURRENT SPENDING

Categories	Amounts	% of Income	Totals
<b>Income</b>		<b>100%</b>	<b>\$3,600</b>
<b>Expenses</b>		<b>90%</b>	<b>\$3,240</b>
Tithe/Offerings	\$540	15%	
Rent	\$800	22%	
Utilities & Cellphone	\$330	9%	
Food	\$300	8%	
Transportation	\$350	10%	
Insurance	\$330	9%	
Household/Supplies	\$340	9%	
Recreation	\$250	7%	
<b>Net Income/Savings</b>		<b>10%</b>	<b>\$360</b>

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## REVIEW THE SAVINGS GOALS

10% Savings Rate	
Net Savings	\$360
Long-Term Savings \$770/month	\$360
Short-Term Savings \$10,000	<b>\$0</b>
Years to \$10,000	<b>Never</b>

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## FANNY HAS SEVERAL OPTIONS:

1. Adjust her savings goals.
2. Increase her income.
3. Cut spending.
4. Do a combination of these.
5. NO DEBT!

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## SAVINGS-DRIVEN SPENDING

	10% Savings Rate	30% Savings Rate
Net Savings	\$360	\$1,080
Long-Term Savings \$770/mo.	\$770	\$770
Short-Term Savings \$10,000	\$0	\$310
Years to \$10,000	<b>Never</b>	<b>3</b>

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## SAVINGS FROM MONTHLY BUDGET



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## WHAT THIS MEANS

An extra **\$720 per month**

That's just **\$24 per day**

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## NEW SPENDING PLAN (30% TARGET)

Categories	Amounts	% of Income	Totals
<b>Income</b>		<b>100%</b>	<b>\$3,600</b>
<b>Expenses</b>		<b>70%</b>	<b>\$2,520</b>
Tithe/Offerings	\$540	15%	
Rent	\$500	14%	-\$300
Utilities & Cellphone	\$230	6%	-\$100
Food	\$250	7%	-\$50
Transportation	\$300	8%	-\$50
Insurance	\$200	6%	-\$80
Household/Supplies	\$300	8%	-\$40
Recreation	\$200	6%	-\$50
<b>Net Income/</b>		<b>30%</b>	<b>\$1,080</b>
Long-term Savings			\$770
Short-term Savings			\$310

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## WE VIEW BUDGETS DIFFERENTLY



- Spending Control vs. Savings Maximization
- Answers the question of "WHY?"
- The Means vs. The End
- Keeps focus on the Savings Rate
- Achieving goals makes budgeting more motivating

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## BUDGETING TIPS

- If you're married, you have become "one flesh"—that means your money too.
- Assign one person be the primary financial caretaker. (Pick the nerd!)
- But create and review your savings and spending plans TOGETHER. Agree on your goals!
- Set a dollar amount over which no purchase occurs without joint discussion.

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## BUDGETING TIPS

- Expect at least 3 months to ramp up.
- Include “fun” money in the budget for each other.
- Celebrate the victories together.
- Make the finances a point of unity for the family rather than a point of conflict.

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## MONEY SAVING TIPS

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## HOW TO SAVE THE MOST

- **Start with your largest expenses:** \$500 on housing vs. \$5 on groceries.
- **Single decisions that create recurring savings:** Cancel unused subscriptions, cable, gym, season passes, switch insurance providers, cellphone carriers, etc.
- **Buy used:** Cars, appliances, electronics, tools, books, clothes, etc. Thrift stores are treasure troves.
- **Be willing to be weird:** Don't be driven by what others may think.

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## HOUSING

- Find a roommate
- Rent out spare room in your house
- Learn to do your own repairs and maintenance
- Evaluate commuting expense
- Consider moving and/or downsizing
- Pay off your mortgage (Or refinance, in better times.)

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## UTILITIES

- |                             |                               |
|-----------------------------|-------------------------------|
| • HVAC uses the most energy | • Programmable thermostat     |
| • Proper insulation         | • Energy efficient appliances |
| • Weatherstripping          | • LED light bulbs             |
| • Efficient windows         | • Reduce “phantom” power use  |
| • Use fans                  | • Hang-dry your laundry       |

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## TRANSPORTATION

- |                                      |   |
|--------------------------------------|---|
| • Own only what you need.            | • Consolidate errands into fewer trips.       |
| • Ditch the gas guzzler.             | • Use public transport or carpool if you can. |
| • Keep your tires properly inflated. | • Use a GPS.                                  |
| • Slow down, drive more efficiently. | • Use discount/cashback gas apps.             |

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## FOOD & GROCERIES

- **Cook from scratch:** Less dining out, ordering in, and pre-made food.
- **Eat seasonally:** Develop flexibility in the kitchen and also in our palate, so to adapt to what's in season.
- **Stock up when things are on sale:** Buy in bulk and preserve for the future.
- **Go plant-based:** Cutting back and eating less meat is good for the wallet.

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## OTHER TIPS

- **Prepaid cellphone plans (MVNOs):** They run on the same major networks for a lot less.
- **Learn to cut hair:** Keep saving as long as your hair keeps growing!
- **Optimize your insurance:** Insure only what you need, shop for the best rates.
- **Coupon judiciously:** If you buy stuff you don't need, you're not saving money!

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SOMETIMES WE SIMPLY NEED  
MORE INCOME.

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## 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

**RESIST THE TEMPTATION TO GAMBLE OR SPECULATE!**

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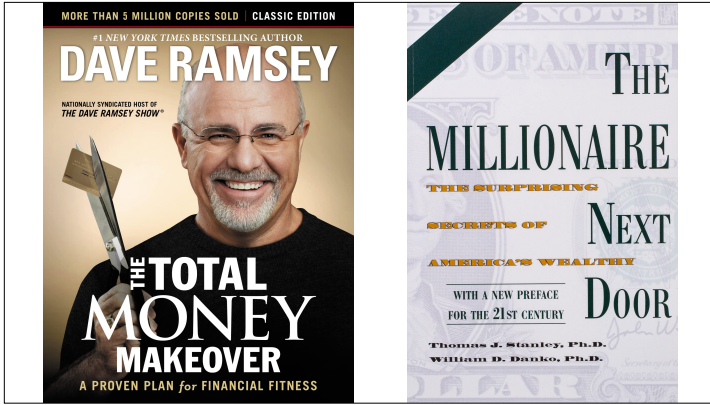
But my God shall supply all your need according  
to his riches in glory by Christ Jesus.

—Philippians 4:19

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## RESOURCES

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## Long-term Savings Plan

Savings Goals	Amount	Needed By	Monthly Savings
TOTAL:			

### Short-term Savings Plan

Savings Goals	Amount	Needed By	Monthly Savings
TOTAL:			

## Monthly Spending Plan

Income		Amount/Month
Gross Income		
Expenses		Amount/Month
<i>Tithe/Charitable Giving</i> <i>Housing</i> <i>Transportation</i> <i>Food</i> <i>Utilities</i> <i>Clothing</i> <i>Health/Medical</i> <i>Insurance</i> <i>Recreation/Entertainment</i> <i>Household/Supplies</i> <i>Misc.</i>		
Gross Expenses		
Net Income (Savings)		