

*Finding Financial Freedom*

**The Biblical Road to Wealth**

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## *Introduction*

# Introduction

Don't underestimate the power and impact of your financial decisions. Few choices that you make in life will affect your success—or your failure—as much as the decisions you make about your finances. If you fail to manage your financial life wisely, many other areas of life—including your marriage, your other relationships, and your overall happiness—will suffer. There is no other area of your life, other than your marriage and your relationship with God, which is more vital to your overall success and happiness.

Many studies of marriage and divorce have revealed that financial difficulties are one of the major problems facing married couples and are the number-one cause of marriage breakdown. Financial problems are also a major cause of distress for those who are single. And tragically, a tremendous number of people now graduate from high school and college with virtually no meaningful education in how to handle their money and achieve the essential goal of a balanced financial lifestyle so they are able to be financially independence by the time they retire around age sixty-five. Very few have received even a minimum of financial education regarding setting a budget, balancing a checkbook, acquiring a home, evaluating a mortgage offer, comparing credit card offers, comparing investments alternatives, evaluating their will and insurance needs, and planning for their retirement.

For many people, the ideal economic goal is to achieve financial freedom or independence—usually defined as an amount of guaranteed income generated from your investments sufficient to meet your family's income needs for the foreseeable future. You will not automatically become a better or happier person if you achieve financial success. However, you will certainly have many more options to fulfill your goals for yourself and your family, as well as the opportunity to assist others, including helping the church to reach out to those in need and share with them the Gospel. My wife, Kaye, and I have met many individuals who have achieved financial independence and have then embarked on a second career in volunteer work or world missions. One of the greatest benefits of achieving financial independence is that you will then have the opportunity to assist those around you in a meaningful way because you will now have the extra assets beyond your family's needs. While financial success will not lead to happiness, it can provide a certain level of peace of mind from financial pressure that will enable you to focus on those other important areas that deal with the quality of your family's life.

Tragically, many people never stop to consider or pray about the type and quality of life they wish to pursue. Instead of making thoughtful decisions, they simply drift through life waiting for God to “open or close a door” to let them know how to make the most critical decisions of their life. This is a tragedy because the major decisions we make will determine the course and the quality of the rest of our life. We need to learn

how to discern the wisdom of God concerning our major decision in the light of God's promises of wisdom to anyone who sincerely asks the Lord for guidance.

### THE BENEFITS OF FINANCIAL INDEPENDENCE

Financial freedom and financial independence—what do those mean and how would these affect the rest of your life? What would you do if you had the financial resources to support a guaranteed income for you and your family that no longer required you to go to work every day? What would you do with your life if you were free to make choices without concern for the need to work to generate the monthly income that you have previously needed to support your family's lifestyle? Imagine what you would do if you were truly free! Would you take a one year sabbatical with your spouse to travel and assist in worldwide missions? Would you finally take that trip to Europe or Asia to explore the wonders of our diverse world? What would you do if you were finally free to follow your heart's desire? Who would you help if you had the resources to make a difference?

There are three major decisions that each of us must make that will determine the course of our life. The three major decisions are: Whom will you live your life for? Whom will you live you life with? And, what will you live your life in?

1. *Whom will you live your life for?* Will you live your life for yourself as your own "god"? Or will you choose to accept that your life is not really your own but rather that your life truly belongs to God? This decision to submit your will to faith in Jesus Christ as your Lord and God will transform your life and your purpose forever. This is the most important decision you will ever make because it will determine your eternal destination, and it will also play a major role in every other decision in your life.

2. *Whom will you live your life with?* Who will be your choice of a life companion? Your decision in choosing a life partner will have a profound effect on every other area of your life. Far too many people simply marry whoever they happen to be dating when the rest of their friends decide to marry. Your choice of a lifetime companion as your wife or husband will have a profound affect on every other area and decision of your life. It is vital that you, as a Christian, wisely choose God's will for your life as to whom you will share your life with.

3. *What will you live your life in?* What will you choose as your career? Your choice of a career in a particular business or profession will have a tremendous impact on every other element of your life. Far too many people passively spend their working years in a business or profession that began simply because that was their first job or a parent influenced their decision. As Christians, we need to seriously pray for God's wisdom and guidance in this vital life decision.

Ultimately, the income that provides for your daily expenses is produced from either your daily labor or from the income produced from the capital built up by previously accumulated income that you have invested. Either a person will produce a continuing income to provide for his daily needs through daily labor, or he must accumulate an amount of money (capital) that will produce a stream of income that will provide for his daily needs for the foreseeable future through retirement. Initially we work for money so that money can ultimately work for us.

It is tragic that the average North American citizen, after working a lifetime from age eighteen to sixty-five in the most prosperous society in history, will retire with far less income and assets than he will need for a comfortable retirement. It isn't that people plan to fail; the problem is that people fail to plan. My hope is that the principles and knowledge presented in this book will enable you and your family to achieve financial freedom.

## FINANCIAL IGNORANCE

The average adult has invested between twelve and sixteen years of his life by the time he finishes his formal education and begins a career. The average student will complete more than fifteen thousand hours of study on every subject from English to history. However, the vast majority will graduate without experiencing a single hour of practical financial instruction regarding the essential economic “facts of life” that are needed to achieve financial success. It is a tragedy that hundreds of millions of Americans graduate high school without receiving practical information on those vital areas of personal finance involving banking, mortgages, credit cards, home ownership, insurance, and wills.

The Charles Schwab Foundation conducted a fascinating study on the lack of financial knowledge possessed by typical American teenagers. The study revealed an astonishing level of financial ignorance on the part of young people as they began their careers. The Schwab study discovered that “one in five American teenagers doesn't know that if you take out a loan, you must pay it back with interest. One in four thinks that financial aid will pay for all college expenses. And one in three thinks monthly Social Security payments will be all they need to retire.”<sup>1</sup>[1. Author Name, “Article Title,” *Parade* magazine, June 27, 2004, p. 000. **GRANT:** Please supply the remainder of the data needed for this source citation.]

One study indicated that up to 40 percent of Americans actually believe that the best chance they have to accumulate \$500,000 for their retirement is to win the lottery.<sup>2</sup>[**NOTE: Source citation needed here. Is this a different study from the Schwab study referred to above?**] When you consider that the likelihood of winning \$500,000 in the lottery is far less than your chance of being hit by lightning—less than one chance in ten million—you realize that there is a serious need for people to become realistic about their need to plan and invest for their retirement.

## THE QUALITIES THAT TEND TO LEAD TO FINANCIAL INDEPENDENCE

Thomas J. Stanley in his book *The Millionaire Mind* published a fascinating study on the attitudes and characteristics of a group of those who have achieved significant financial success (multimillionaire status). During in-depth interviews with numerous successful millionaires, the following factors were considered to be vital to them in achieving their financial success:

- Integrity—honesty in all your relationships
- Discipline—using self control in every area of your life
- Social Skills—friendly relations with people

- A supportive spouse
- Hard work—a willingness to work harder than most people<sup>3</sup>[3. Thomas J. Stanley, *The Millionaire Mind*

(Kansas City, Mo.: Andrews McMeel Publishing, 2000), p. 000. NOTE: Please supply the remainder of the source citation.]

In his comprehensive study, Stanley discovered that those who achieved true financial independence lived substantially different lives than those who have a high income—high consumption life based on credit. For example, more than 90 percent of those who had achieved true financial success without acquiring huge debt lived in traditional families with a spouse of many decades and had several children. Less than 10 percent had inherited a significant part of their wealth. A staggering 97 percent of those surveyed owned their own high-value homes and generally had relatively small mortgages (7 percent of the house’s value, on average). Interestingly, most millionaires in this group (53 percent) had not moved to a new home in the last ten years.

It is fascinating to note that although they admitted to working hard at a vocation they loved, they stated that spending quality time with family and friends was a significant commitment. Almost one in three of these millionaires owned their own business. Finally, 37 percent of those millionaires interviewed stated that their religious faith was a very significant influence in their life and their economic success<sup>4</sup>[4. Thomas J. Stanley, *The Millionaire Mind* (Kansas City, Mo.: Andrews McMeel Publishing, 2000), pp. 000–000. NOTE: Please supply the remainder of the source citation.]

Overall, the most significant factor that separates those who achieve lasting financial independence from those who are living high consumption—high income/high debt lifestyles is their attitude toward debt and their behavior concerning the use of credit. While the high net worth millionaires were happy to use credit in the case of their home mortgage and business loans, they generally avoided consumer credit, waiting until they could buy depreciating items such as cars, televisions, and so forth with cash.

I believe that financial bondage to debt leads to spiritual bondage as well. “The borrower is servant to the lender” (Proverbs 22:7). Furthermore I believe that financial freedom leads to spiritual freedom. To begin the lifelong process of achieving financial independence, you need to understand the biblical principles that will guide you through the difficult decisions we all confront through the different stages of life. We need to sit down with our spouse and discuss our finances, goals, and plans. It is important to honestly assess exactly where you are today in terms of income, assets, debts, and your net worth. I have found in my own life and that of many people I have professionally counseled that you must first get hold of your debt and credit decisions before you can begin to move toward investment success.

In our materialistic culture, far too many people spend their life buying products they don’t really need with money that they don’t really have to impress people that they don’t really like. It’s not what you earn that results in your ultimate financial success—it is what you manage to keep and invest that will enable you to build up your assets to achieve true financial independence.

Most North Americans will earn well over \$2 million dollars in the course of their employable years (between ages twenty and sixty-five). However, the vast majority will retire around age sixty-five with very few

personal financial assets beyond their company employee pension plan and their government Social Security pension plan payments

In this book we will examine a variety of investments that can help lead you toward financial independence. In addition, we will examine some of the financial risks that lie ahead, including the dangers from disability and premature death. We will explore various tools that you can use to protect your goal of financial freedom, including insurance, wills, and powers of attorney. Financial success is a journey, not a destination. We will attempt to point out a biblically based path that will help you and your family achieve the financial independence that will enable you to find greater success in every other area of your life.

Why should you work and plan to achieve financial independence? The first reason is to escape the paycheck-to-paycheck lifestyle and financial bondage that oppress most Americans. The second reason is that this will allow you and your family the financial freedom to enjoy the lifestyle you desire, to pursue education opportunities for yourself and your children, and the ability to enjoy quality leisure time with your family and friends. Finally, financial success will allow you to enjoy the pleasure of giving significant funds to assist your church and charities, as well as friends and family who would benefit from wise financial assistance. Giving wisely to others is both a great challenge as well as a great joy.

[NOTE: the quotes that follow are to be placed throughout the text, subsequent to the substantive edit.]

“If money be not thy servant, it will be thy master. The covetous man cannot so properly be said to possess wealth, as that may be said to possess him.” —Francis Bacon

“When I chased after money, I never had enough. When I got my life on purpose and focused on giving of myself and everything that arrived into my life, then I was prosperous.” —Wayne Dyer

“The only thing money gives you is the freedom of not worrying about money.” —Johnny Carson

“Money isn’t everything... but it ranks right up there with oxygen.” —Rita Davenport

“There are no pockets in a shroud.” —Old church bulletin

“A person’s treatment of money is the most decisive test of his character, how they make it and how they spend it.” —James Moffatt

“Money does not change men, it only unmask them.” —Mme. Riccoboni

“It is not how much one makes but to what purpose one spends.” —John Ruskin

“From birth to age 18, a girl needs good parents, from 18 to 35 she needs good looks, from 35 to 55 she needs a good personality, and from 55 on she needs cash.” —Sophie Tucker [MOVE TO CHAPTER 12]

“I’ve been rich and I’ve been poor. Rich is better.” —Sophie Tucker

“It’s good to have money and the things that money can buy, but it’s good, too, to check up once in a while and make sure you haven’t lost the things that money can’t buy.” —George Horace Latimer

“Prosperity is living easily and happily in the real world, whether you have money or not.” —Jerry Gellis

“The only wealth is life.” —Henry David Thoreau

“One of the great marvels of life is not that fools and their money are soon parted, but that they ever got together in the first place.” —William Bonner and Addison Wiggin

“True success is obeying God.” —John Maxwell

“Opportunity is missed by most people because it is dressed in overalls and looks like work.” —Thomas Edison

“Yesterday is a cancelled check;  
Tomorrow is a promissory note;  
Today is the only cash you have,  
so spend it wisely.” —Kim Lyons

*Part 1*

You *Can* Achieve Financial Freedom

## *Chapter One*

# Biblical Principles for Financial Success

### *The Attitudes That Lead to Financial Freedom*

Where I was brought up we never talked about money because there was never enough to furnish a topic of conversation.

—MARK TWAIN

Many people of faith are ambivalent toward the need for financial planning. We all spend a considerable portion of our time and a great deal of energy earning income to support our families. But most Christians feel the need to downplay the importance of money. Christians often assure each other that “money isn’t everything” and that “money can’t buy happiness.” But there are exceptions. Some have focused so exclusively on the area of money that they have almost made their financial prosperity their sole measure of whether or not God is blessing their lives.

Christians need to develop a properly balanced and biblically based attitude about finances. Obviously, money is important because it affects the quality of our family’s life and the opportunities available to those we love. However, we need to recognize that financial resources—including our salary and assets—are simply tools that the Lord has placed in our hands as a trust to be administered. Someday we will give the Lord an accounting of our stewardship of the finances he has entrusted to us.

### **INCORRECT ATTITUDES ABOUT MONEY**

Many Christians have never seriously evaluated their attitude toward money and financial planning according to the principles found in the Word of God. As a consequence, they often possess erroneous and harmful attitudes that hinder their financial success and peace of mind. Here are four of the most destructive attitudes toward money.

#### ***1. Money is purely worldly.***

Some suggest that those who are truly spiritual should not be concerned with worldly matters, such as our finances. Many think that the Lord is unconcerned with mundane matters such as our money, investing, and financial planning. Nothing could be further from the truth. Money is such an important part of our daily lives that God has given us many instructions throughout his Word concerning our finances. The Bible contains

many detailed instructions on how a believer should handle his finances, as well as timely warnings about financial pitfalls that we should avoid.

### ***2. Money is separate from our spiritual life.***

Some believe that their spiritual life is unconnected to “worldly” matters such as money. Some Christians have created an artificial division between the sacred life and the earthly in their finances. Some say, “This 10 percent of my money belongs solely to God, but the other 90 percent belongs to me to spend in any way I please without regard to God’s laws.” They believe that it is somehow fanatical or extreme to involve God in every area of their finances. However, *everything* we have belongs to God. All we now possess or will ever own is simply given in trust to us by the Lord to use according to the balanced principles taught in the Scriptures.

### ***3. Financial success is unspiritual.***

Some suggest that financial success is incompatible with a true spiritual life. Many believe that prosperity is somehow suspect and that becoming financially successful is “unspiritual.” They teach that the poor are inherently more spiritual than those who prosper financially. Many believe that Christians who succeed financially must spend every single moment of their life thinking about their finances and that they must have made money their god.

Curiously, the truth is almost exactly the opposite. As a result of thousands of interviews I have conducted with clients over two decades as a professional financial planner, I found that those who are in deep financial trouble actually spend far more time each day worrying about money than those who have achieved a measure of financial success. Once Christians have achieved financial stability and are on the long road to independence, they can begin to focus on far more important things than worrying about how they will pay their bills at month’s end. Achieving financial success can actually be spiritually liberating, enabling you to begin to focus on the truly important spiritual goals in your life. It is significant that almost all of the Old Testament leaders—including Abraham, Isaac, Jacob, and Job—prospered and used their wealth wisely. There were many prosperous Christians in the early church, including Nicodemus and Joseph of Arimathea.

### ***4. Financial planning indicates a lack of trust.***

Some think that we should leave it all to God by refusing to plan financially or to set goals. Some spiritualize this passivity to justify their lack of financial discipline, planning, and savings by claiming that if God wants them to succeed, they will wake up some day and find that they have supernaturally acquired financial independence. Obviously, the Bible does not support the idea of passively awaiting a financial miracle to provide the solution to our financial problems. The Lord clearly commands us to work and plan to provide for the needs of our families. The Apostle Paul wrote, “But if any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel” (1 Timothy 5:8).

## **A CHRISTIAN’S ATTITUDE TOWARD MONEY**

The area of finance is one of the subjects where the attitudes of man and God differ markedly. While man’s attitudes are usually self-centered, the Lord calls on us to live our lives based on the eternal values relative to

our future life in heaven. In the words of Jesus: “For what is a man profited, if he shall gain the whole world, and loses his own soul? or what shall a man give in exchange for his soul?” (Matthew 16:26). As an example of these profound differences, while the Lord tells us that “it is more blessed to give than to receive” (Acts 20:35), most men live their lives as if they believe that “it is more blessed to receive than to give.” God tells us that those who sacrifice for him in this life shall “receive a hundredfold now in this time . . . and in the world to come eternal life” (Mark 10:30).

People often believe that if they surrender something, it will be lost forever. The Lord taught us in the parable of the rich man and the beggar that those whose sole desire is to accumulate financial riches will ultimately lose everything they value. In contrast, our materialistic age encourages people to measure themselves and another person’s value solely based on their ability to make money or acquire investments and possessions. During a trip to California, Kaye and I noted a bumper sticker that summed up this prevailing cynical and empty materialistic philosophy: “Whoever dies with the most toys—Wins!!” However, in contrast, the Word of God reminds us that “a man’s life consisteth not in the abundance of things which he possesseth” (Luke 12:15).

Ultimately we as followers of Christ need to evaluate our attitudes toward our finances, investments, and possessions against the teachings of the Word of God. Are we truly the owners of the property and money that pass through our hands? Or should we look at our property and income as if we are faithful stewards who have been entrusted with these valuable possessions as a trust to be administered for the true owner, God, who will someday demand from each of us a full accounting? As Christians, the answer is clear. All we own today and all that we will ever possess in this world should be held lightly because our possessions are not our own. We are just passing through this short life. Our eternal destiny is in heaven with God. The Lord commands us, “Do not lay up for yourselves treasures upon earth, where moth and rust doth corrupt, and where thieves break through and steal: but lay up for yourselves treasures in heaven, where neither moth nor rust doth corrupt, and where thieves do not break through nor steal” (Matthew 6:19-20).

When we examine the Scriptures, we discover a number of biblical principles that should guide us in regard to our financial strategies, principles, goals, and plans. As in every area of our life we need to find the biblically balanced position based on “the whole counsel of God.”

### ***God Will Supply Our Needs***

My God shall supply all your need according to his riches in glory by Christ Jesus.  
(Philippians 4:19)

One of the most fundamental of biblical truths is that God is vitally concerned with the practical, daily economic needs of those faithful followers who trust in him. Within the pages of Scripture we find a complete set of principles that should be the foundation of our basic financial strategies during years of prosperity as well as in difficult economic times. While Christians await the return of the Lord, we must also realize that if he tarries for a number of years we may have to live through the economic roller coaster that probably lies ahead.

Therefore, we need to understand that our ultimate financial source is not our salary or even our investments but, rather, our Father in heaven.

If we ask the Lord, he will guide us with practical financial strategies through his Word and through his Holy Spirit to know what we need to do to protect our families, our businesses, our churches, and ourselves in the difficult days that may lie ahead. King David described God's unchanging faithfulness and loving care for His children: "I have been young, and now am old; yet have I not seen the righteous forsaken, nor his seed begging bread" (Psalm 37:25). This affirmation from King David confirms God's promised care for those in need who appeal to him.

### ***Diligence and Hard Work***

Be thou diligent to know the state of thy flocks, and look well to thy herds. (Proverbs 27:23)

Throughout the Scriptures, God commands us to be diligent in our handling of our business affairs and our finances. It is interesting to note that you cannot find a single biblical hero or "man of God" who is weak, indecisive, or lazy. While it is God who prospers our efforts, he expects us to do our part. In Proverbs we find a number of passages that describe this principle of financial accountability. The Scriptures promise God's blessing if we diligently and faithfully work to accomplish our task: "He that tilleth his land shall have plenty of bread" (Proverbs 28:19). Scriptures also declare, "Be ye strong therefore, and let not your hands be weak: for your work shall be rewarded" (2 Chronicles 15:7).

The Word of God commends our diligent efforts to prepare for the future needs of ourselves and our families by directing our attention to the wise and prudent actions of the lowly ant who prepares for the coming winter. "Go to the ant, thou sluggard; consider her ways, and be wise: which having no guide, overseer, or ruler, provideth her meat in the summer, and gathereth her food in the harvest" (Proverbs 6:6-7).

Although God has promised to care for us, in the parable of the servants and the talents the Lord instructed us to invest the financial resources he has placed in our hands to achieve the maximum return. In the Lord's instructive parable, the two faithful servants who invested their master's talents to achieve a positive interest return were commended by their master and honored for their faithfulness. However, the servant who passively hid his single talent in the ground was severely reprimanded by his master for his laziness and lack of financial stewardship. The master of the unfaithful servant told him, "Thou wicked and slothful servant . . . thou oughtest therefore to have put my money to the exchangers, and that at my coming I should have received mine own with usury. Take therefore the talent from him, and give it unto him which hath ten talents. For unto everyone that hath shall be given, and he shall have abundance: but from him that hath not shall be taken away even that which he hath" (Matthew 25:26-29). This teaching of our Lord clearly commands us to be good stewards of our resources. This parable also clarifies Christ's teaching on interest and saving money at financial institutions. While God condemns *usury* (criminally high interest rates), he commends the master whom rewarded his faithful and diligent servants for investing his money with the bankers to gain a good

interest return.[KJV USES THE WORD USURY TO MEAN INTEREST. SHOULD WE USE ANOTHER BIBLE VERSION?]

### ***As You Sow, So Shall You Reap***

In Christ's parable of the sower and the seed, he taught that the economic results we achieve are directly related to the seeds we sow and the quality of the soil we choose. Some Christians believe that we should simply pray with faith and expect the Lord to supply our every financial need, whether or not we have acted as good stewards through following biblical principles, diligent work, planning, and investments. However, the Lord expects each of us as Christians to work faithfully and to wisely invest the fruits of our labor. The Bible instructs us as follows: "But this I say, He which soweth sparingly shall reap also sparingly; and he which soweth bountifully shall reap also bountifully" (2 Corinthians 9:6). Once we have faithfully and diligently done our part, we can then prayerfully and confidently ask the Lord to bless our efforts and give us wisdom regarding our investments.

## **A CHRISTIAN'S ATTITUDE TOWARD POSSESSIONS**

### ***The Law of Giving and Receiving***

If we hold on to our possessions too tightly, we will almost certainly lose them. Every possession we have is simply a trust to be administered for the Lord. Those who understand and accept this principle will be open to helping their family, friends, and neighbors through gifts and practical assistance. After more than eighteen years of professional financial planning with clients, and almost four decades as an entrepreneur and investor, I find the evidence compelling that those who are generous in their gifts to the Lord and who assist their neighbors will receive abundant blessings from God.

Our Lord promised that those who joyfully give to others would receive in return many times the amount they had given. "Give, and it shall be given unto you; good measure, pressed down, shaken together, and running over, shall men give into your bosom. For with the same measure that ye mete withal it shall be measured to you again" (Luke 6:38). However, while this is clearly a biblical principle, our motive should be to give in obedience to God's command, not to give in order to get.

### ***The Love of Money***

A biblically balanced attitude toward our finances and our physical possessions is vital to our Christian walk. Money and possessions are important tools that provide for our practical needs. Unfortunately, we live in the most materialistic society in human history. Our modern Western culture measures a person's worth to a great extent by their riches, possessions, and lifestyle. Television and advertising seduce the values of many people to the point where they have come to believe their own happiness and true worth depend on their having acquired the latest car, the finest house, or designer clothes. We must consciously resist the sinful materialism of our age that measures our life's value by allowing money and possessions to become our "god."

The Word of God informs us: "For the love [lust] of money is a root of all evil: which while some coveted after, they have erred from the faith, and pierced themselves through with many sorrows" (1 Timothy 6:10).

Paul's reference clearly indicates that the danger lies in the evil of greediness, a sinful desire to focus solely on the accumulation of money. In other words, if we allow ourselves to fall in love (or unwholesome desire) with money, instead of using it as an essential tool of life, then it will corrupt our lives. A balanced view of money as taught throughout the Word of God reveals that our family's financial security is a gift from God that can allow you to bless not only your family, but also your church and those around you. Many passages in the Scriptures command us to act with prudence, diligence, hard work, and to make wise investments. God repeatedly commended the faithfulness and financial stewardship of Abraham, Isaac, Jacob, King David, King Solomon, and many others. After Job's long trial, the Lord restored Job's huge fortunes, prospering him with twice as much as he had before. "So the Lord blessed the latter days of Job more than his beginning" (Job 42:12).

### ***Whom Will You Serve?***

The ultimate question for each of us regarding our finances is this: Whom will you serve? Ultimately, you will either choose to serve Jesus Christ as your Lord God, or you will choose to serve yourself. Jesus warned, "No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. You cannot serve God and mammon" (Matthew 6:24). Mammon is money. Will we serve Jesus Christ through our diligence and faithful stewardship of the economic resources he allows us to control? Or will we allow materialism and lust for money to overtake us and rob us of the true joy of the Lord? We need to handle our possessions and finances faithfully and prayerfully in light of the knowledge that we will someday give an accounting to our Lord Jesus Christ for how we handle our financial life, decisions, and priorities.

## **A CHRISTIAN'S ATTITUDE TOWARD HIS FAMILY'S NEEDS**

Some Christians avoid serious insurance planning and the preparing of their will under a mistaken notion that this prudent planning is unnecessary because "God will provide." The teaching of the Bible is clear that we are responsible to protect our families from financial difficulties stemming from our premature death as much as we possibly can. If we ourselves are truly unable to protect them (for example, we live in poverty in the Third World), we can safely trust that the Lord will intervene to take care of them. However, the Lord will hold us accountable if we refuse to follow God's biblical command to provide protection for our family.

Wills and insurance policies are simply financial tools to protect our family in the event of a premature death or disability that destroys our ability to provide an essential monthly income for our family. Since none of us have a lease on life, we need to make provision for the possibility that we may not live or work long enough to accumulate enough assets to provide a guaranteed monthly income to make our families financially secure. The Apostle Paul commanded Christian believers to provide financially for their spouses and children. "But if any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel" (1 Timothy 5:8). [GRANT, YOU USED THIS VERSE A BIT EARLIER. DO YOU REALLY WANT TO USE IT AGAIN, OR IS THERE ANOTHER VERSE THAT SAYS A SIMILAR THING?]

In a later chapter we will explore how we can best protect our loved ones with a guaranteed income while simultaneously saving money on our insurance and taxes. Preparing two separate wills for a husband and wife

is an absolute financial necessity today. If you fail to provide legal and financial instruction for the distribution of your estate to your beneficiaries in your will, then the government will step in to redistribute your assets according to their own rigid legal formula. Every responsible Christian needs to create a will for themselves and their spouse. In Proverbs we read these approving words about those who faithfully plan and provide for their family's future. "A good man leaveth an inheritance to his children's children" (Proverbs 13:22).

In the midst of the growing economic dangers surrounding us, it would be easy for many Christians to lose their sense of peace under God's protection and surrender to despair regarding the potential economic upheavals facing our world from the threats from terrorism, weapons of mass destruction, stock market upheavals, and inflation. However, as believers in Jesus Christ we can confidently look to the Lord to protect us from unusual dangers. The Bible tells us that God made "a hedge around" His servant Job to protect his family and possessions as one of his faithful servants (see Job 1:10).

Since God's nature does not change, we can be confident that the Lord still watches over each of his followers. While this does not guarantee that we will never suffer a devastating accident, illness, or economic loss, we do know that nothing can happen in our life unless God allows it to occur. Satan acknowledged God's supernatural protection of Job in the following words. "Hast not thou made an hedge about him, and about his house, and about all that he hath on every side? thou hast blessed the work of his hands, and his substance is increased in the land" (Job 1:10). While God expects each of us to be diligent and prudent in our finances, ultimately our financial prosperity and economic destiny lie in his hands.

### **A CHRISTIAN'S ATTITUDE TOWARD FINANCES**

[NOTE: We *already* have an attitude-related subhead earlier in this chapter.]

Financial prosperity can be a great gift from God that will free you to provide significant gifts for missions, your church, and vital evangelism projects. It can also free you to devote significant time to do volunteer work for the Lord rather than spend your entire life working for a salary. The Bible declares that God wants his followers to prosper and enjoy his blessings. The Lord promised Israel great economic blessings if they would be obedient to his commands. "And the Lord shall make thee plenteous in goods, in the fruit of they body, and in the fruit of they cattle, and in the fruit of they ground, in the land which the Lord sware unto thy fathers to give thee. The Lord shall open unto thee his good treasure, the heaven to give the rain unto thy land in his season, and to bless all the work of thine hand: and thou shalt lend unto many nations, and thou shalt not borrow" (Deuteronomy 28:11-12).

The most important principle we can follow regarding our financial life is to place our trust in our heavenly Father, prudently follow his biblical principles, and look to God to direct our path. My parents instilled in me a profound principle that I have tried to follow throughout my life. "Trust in the Lord with all thine heart; and lean not unto thine own understanding. In all thy ways acknowledge him, and he shall direct thy paths" (Proverbs 3:5-6).

## **A CHRISTIAN'S ATTITUDE TOWARD GENEROSITY**

“He that giveth unto the poor shall not lack: but he that hideth his eyes shall have many a curse.”

(Proverbs 28:27)

There is another vital principle regarding financial success in the Bible, and that is the generous giving to those around us in need. Our joyful willingness to open our hearts and bank accounts to those around us who are in great need, whether ministries or individuals, will open the blessings of heaven upon our own individual financial situation. This generous giving to others that is blessed by God is obviously not limited to those few gifts that are blessed by the IRS with a tax-deductible receipt.

The Lord specifically commands us to give to others as well as to God's storehouse, his church, if we wish to receive his supernatural blessings from heaven in return. Jesus taught about the relationship between faithful sowing and reaping in his parables as recorded throughout the Gospels. The Apostle Paul also wrote, “But this I say, He which soweth sparingly shall reap also sparingly; and he which soweth bountifully shall reap also bountifully. Every man according as he purposeth in his heart, so let him give; not grudgingly, or of necessity: for God loveth a cheerful giver” (2 Corinthians 9:6-7).

Anyone who reasonably considers the teaching of the Bible knows that God directly connects our generosity to the Lord's work and to others in need to his promise to bless and prosper our financial endeavors. For example, in one of the most well-known promises of blessing found in the Word of God, we find this extensive promise given in the inspired words of Jesus Christ: “Give, and it shall be given unto you; good measure, pressed down, and shaken together, and running over, shall men give into your bosom. For with the same measure that ye mete withal it shall be measured to you again” (Luke 6: 38). Those who are Christians who obediently follow the directions provided in the Scriptures to carefully arrange their financial affairs according to Godly principles can reasonably expect that God will bless our financial dealings to produce financial independence in our life as we obediently follow the Lord's principles, including tithing and generously giving to those in need around us.

## Chapter Two

# Building a Plan for Financial Freedom

### *Success Demands That You Set the Right Goals*

“If a person gets his attitude toward money straight, it will help straighten out almost every other area in his life.” —Billy Graham

From the moment you begin your working life until retirement at age sixty-five, you will earn a considerable fortune—for most Americans, far more than \$2 million! The economy of North America provides unparalleled opportunities for tens of millions of us to earn an income that enables us to acquire investments and a wealthy lifestyle that was unimaginable by those who lived in all past generations.

The question is this: What will you do with this astonishing opportunity to achieve financial success?

According to the U.S. Census Bureau, “the real median household income remained unchanged between 2002 and 2003 at \$43,318.”<sup>21</sup>[1.

[http://www.census.gov/PressRelease/www/releases/archives/income\\_wealth/002484.html](http://www.census.gov/PressRelease/www/releases/archives/income_wealth/002484.html). THIS PAGE IS NO LONGER ACTIVE. DO YOU HAVE A DATE YOU LAST ACCESSED IT, OR CAN YOU FIND THE INFORMATION IN A HARD COPY PUBLICATION?] This means that the average American family will earn in excess of \$2 million dollars that will pass through their hands during their working years. However, the vast majority of citizens will neither plan nor arrange their financial affairs to achieve the financial success that is clearly within their grasp.

Between now and age sixty-five you will earn the following amount:

Your Age Today	Your Average Monthly Income			
	\$2000	\$3000	\$4000	\$5000
20	\$1,080,000	\$1,620,000	\$2,160,000	\$2,700,000
25	960,000	1,440,000	1,920,000	2,400,000
30	840,000	1,260,000	1,680,000	2,100,000
35	720,000	1,080,000	1,440,000	1,800,000
40	600,000	900,000	1,200,000	1,500,000
45	480,000	720,000	960,000	1,200,000

50 360,000 540,000 720,000 900,000

55 240,000 360,000 480,000 600,000

These figures reveal the enormous economic resources you have been given to handle during your life. But the question is: How much of this fortune will you retain to invest and use to provide income during your retirement? Ultimately, it is not what you earn, but what you save and invest that will produce financial success or failure. If you can discipline yourself to save even 10 percent of your monthly earnings, you can wisely and conservatively invest these funds to achieve true financial independence for yourself and your family.

### **YOUR GOAL—FINANCIAL INDEPENDENCE**

Financial independence can be defined as accumulating an amount of invested capital that will produce a stream of guaranteed income to meet your financial needs without your needing to work to earn a salary. Financial independence is a practical goal that can be achieved if you apply some fundamental and biblical principles of finance and work consistently toward your goal. In a later chapter we will examine several strategies to build your investments as well as preserve and protect yourself and your family against the special financial risks in this new millennium.

The reason the majority of people reach retirement without achieving financial independence is that they have failed to plan properly and to consistently invest the tremendous resources that God has placed in their hands during their working lives. They do not plan to fail; they simply fail to plan for financial success.

Many people have had the experience of trying and failing to develop a workable budget and savings plan. They cash their paycheck, then pay their bills and living expenses, hoping to tithe to God and save some money out of the surplus that may be left at the end of the month. The problem is, you will never have any cash left at the end of the month to tithe or save. Many believe the solution to their dilemma is to increase their income. However, unless they change their strategy and habits, they will never escape the financial bondage of living paycheck to paycheck.

For most people, the only practical solution is to change their entire saving strategy. The principle is simple but fundamental: When you cash your paycheck, pay God his tithe first, then pay yourself by depositing 10 percent of your check into your savings account.[GRANT, DOES THIS INCLUDE PUTTING MONEY IN A 401(k) PLAN?] Then pay your outstanding bills and living expenses out of the remaining 80 percent of your funds. If you are now living hopelessly from paycheck to paycheck, this simple but profound change in your saving and spending strategy will mark the first step on your long but effective road toward financial success.

You may feel that you cannot afford to save 10 percent of your income because you are too deeply in debt. The truth is that you cannot afford to delay beginning your savings plan no matter how deeply you are mired in debt. The best way to end your financial and spiritual bondage to debt is to take control of your finances by beginning your new savings strategy today. If you cannot commit to save 10 percent of your income today, then begin at 5 percent and gradually increase the percentage.

The key is to *begin today*. Will there ever be a better time to begin to take control of your financial destiny? Promise yourself that you will begin today to follow a plan that will lead you and your family to financial

freedom. Then you will begin to see light at the end of the tunnel as your savings account begins to grow past one thousand dollars to five thousand dollars, and then you can begin to invest. This small but profound change can start you on the long road to financial freedom. As you faithfully tithe to God's work, he will prosper your efforts. As you see your savings account grow each month, you will unlock your motivation to financially succeed. Instead of working just to pay your bills and service your debt, you will begin working for your financial freedom.

### **YEAR-END ANALYSIS OF YOUR FINANCIAL PROGRESS**

As you begin each New Year, I strongly suggest you have a financial review of your goals and last year's results. You and your spouse should ask yourselves three basic questions during your year-end summary:

1. Have we succeeded in saving anything significant during the last year?
2. Have we succeeded in paying off a significant portion of our debts?
3. How does our Financial Balance Sheet\* regarding our net worth compare to last year?

[NOTE: Add footnote at the bottom of this page: \*For a sample Financial Balance Sheet to help you track your progress year to year, see the end of this chapter.]

If your answers to these three questions are positive, then you are moving in the right direction in your financial life. However, if your answers are negative, then you need to make some significant changes in your budget and debt-paying strategy.

It's not true that your ability to achieve financial goals is controlled by outside forces or circumstances. Other people or the economy can affect your economic life only in a relatively minor and temporary manner. You are the only one who can affect your life in a major way. You can improve your own financial future by changing your attitudes, goals, and actions. Begin with your attitude, which should be characterized by a strong desire to succeed, a willingness to overcome obstacles, and an ability to continually analyze your plans and their results. Next, begin to take control of your money by setting definite financial goals. These goals should be high enough to motivate you and your spouse, but they must also be realistic enough so that you truly believe that they are attainable. Finally, follow through with a set of balanced financial strategies based on the Word of God and a sound analysis of the special risks and opportunities in today's economy. Ask yourself, "If I achieve the same financial results in the next five years as I have during the past five years, will I be satisfied?" If your answer to this question is no, you need to make a commitment today to changing your financial strategy.

### **SETTING GOALS IS VITAL TO YOUR FINANCIAL SUCCESS**

Setting goals is vital if you seriously want to succeed financially. It has been truthfully said that if you aim at nothing, you are almost sure to achieve it. You cannot succeed financially by being a gambler or a spectator. You need to study your financial options, make decisions, and then invest regularly and wisely. Financial success can be described as the progressive realization over time of your own predetermined financial goals.

However, numerous studies reveal that most people who fail economically have inadequate and vague financial goals that are not committed to paper.

A major study revealed that 27 percent of Americans have no financial goals at all and usually arrive at retirement with less than \$25,000 in net assets and a meager Social Security pension. Sixty percent of people have only the vaguest of financial goals; they will barely survive with modest personal assets of \$50,000 plus Social Security. Ten percent of those surveyed have financial goals but never put them in writing. However, it is fascinating to note that even the people who have unwritten goals still accumulate an average of \$250,000 by age sixty-five, more than ten times the retirement assets of those who have no goals at all.

Finally, the studies show that only 3 percent of Americans have clearly defined, written financial goals. This small but select group with written financial goals accumulated considerably more than one million dollars in personal assets at retirement.<sup>12</sup> [NOTE: Create endnote No. 2 to give the source of this data. Which study or studies did these numbers come from?] The bottom line is this: If you are not setting financial goals to succeed, then you are effectively planning for financial failure. The choice is yours.

If you are married, it is worthwhile to sit down with your spouse and establish some meaningful financial and life goals at least annually. Once a year take time to review your actual accomplishments compared to your written goals from twelve months earlier. Every year on New Year's Eve Kaye and I celebrate another year of publishing and ministry at a favorite restaurant. We bring along our Goals and Objectives book and record the accomplishments we made during the past year. Then we prayerfully discuss and outline our new goals and objectives for the year to come.

These goals cover three time intervals and encompass several distinct categories. Our goals are (1) short term (less than one year), (2) intermediate (two to three years), and (3) long term (five to ten years). The categories include: (A) financial: savings and asset buildup, debt reduction, and income objectives; (B) ministry: a new book, new videos, conferences, foreign mission trips, and so forth; (C) personal: vacations, education, health, physical exercise; and (D) material: home improvement, car, computer equipment.

Setting goals together and recording our accomplishments as God blesses our endeavors is one of the most satisfying moments of the year. It is an opportunity to thank God for his many blessings and to prayerfully ask the Lord for His direction in our lives as to future goals and objectives. In addition, this exercise reminds us of the tremendous blessings God has granted to us. We should recognize that we enjoy enormous economic blessings and advantages in North America that are greater than 98 percent of all those who have ever lived throughout history. We should thank God every day for his rich blessings to us and recognize our responsibilities as stewards of the large financial resources the Lord has placed in our hands.

### **CALCULATING YOUR NET WORTH**

To measure how well you are doing with your finances, you should calculate your net worth at least once every year. This will show you how much progress you are making toward achieving your goal of financial independence. Add up your total assets and deduct the amount of your total debts to arrive at your net worth. For example, if you have \$220,000 in total assets, including equity in your home, car, furniture, investments,

and other assets, and you owe \$120,000 on your mortgage, auto loan, credit cards, and other debts, then you have a net worth of \$100,000.[EQUITY IS DEFINED AS VALUE MINUS CLAIMS AGAINST. SO I'D SAY FOR THE ASSETS YOU SHOULD SAY THE "HOUSE VALUE", OTHERWISE YOU ARE SUBTRACTING THE MORTGAGE BALANCE TWICE. RIGHT? OR SAY EQUITY IN THE ASSETS AND DO NOT SUBTRACT THE MORTGAGE FROM THE NEXT CATEGORY.] It is very motivational to note your progress year after year as you begin to improve your net worth by increasing your assets, reducing your debts, and implementing your financial goals and plans. The annual review process will motivate you to continue the financial discipline necessary to achieve financial independence. To assist in your calculations, use the Net Worth Worksheet at the end of this chapter.

### **FINANCIAL STRATEGIES FOR ECONOMICALLY UNCERTAIN TIMES**

In light of the growing dangers to the economy, the stock and bond markets, and real estate values as a result of terrorism and growing inflation, we need to be prudent in our plans.

1. Reduce your debt and build up your liquid cash as quickly as possible. Use treasury bills, certificates of deposit, and money market funds to safely store cash.
2. Avoid weak financial institutions, including weak savings and loans, small banks, insurance companies, and trust companies. Check out your bank's strength by ordering a Weiss or Veribanc Report (at a cost of \$15 to \$25 per report). These resources are available on the Internet and are listed in an appendix at the end of this book.
3. Choose strong mutual funds that have demonstrated a strong track record over the last five to ten years, as demonstrated by the financial results as reported on the Internet financial sites.
4. Avoid investment in corporate and rental real estate in light of warnings about a growing real estate bubble.
5. Your own home is an excellent long-term investment. Prepaying the mortgage on your home is one of the best financial strategies you can follow. Chapter six, Getting Smart about Homeownership and Mortgages, will demonstrate the tremendous financial returns from paying off your mortgage quickly.
6. Avoid corporate bonds, commodities, and other complex, high-risk derivative investments that are difficult for the average investor to properly evaluate. The risk clearly outweighs the potential gain for all except professional investors.
7. Government bonds, treasury bills, certificates of deposit, and fixed-term deposits issued by strong banks are insured by the federal government and provide a guaranteed return, but they provide only low interest rates. These low-interest but guaranteed investments should be a small part (10 to 20 percent) of a conservative investment portfolio.
8. Follow a family budget plan; save 10 percent of your monthly income and place these funds in the highest interest savings plan available.
9. Begin to tithe 10 percent of your monthly income to your church in obedience to God's plan. This is a major key to your financial success as a faithful Christian.

10. Consider investing 20 percent of your investment funds in gold and silver coins as a conservative financial insurance policy for your overall investment strategy. Another strategy is to choose a precious metals mutual fund to achieve the best return from a fund with an excellent track record for at least five years.

11. Complete up-to-date wills drawn up by an experienced lawyer for you and your spouse. Acquire adequate life and disability insurance to guarantee your income for your family. In addition, you should complete an enduring power of attorney as well as a power of attorney for personal care (for medical decisions).

12. Seriously research and acquire a high-quality long-term care insurance policy that will provide for your nursing home costs if required for you or your spouse in the future. This is one of the most important insurance needs that must be addressed to protect your financial independence.

Those who are aware of the dangers of economic uncertainty will be able to protect their homes, their businesses, and their family's financial assets by following a prudent and conservative course of action during the turbulent times that may lie ahead. Following a severe economic downturn, an investor with ample cash will be able to acquire excellent real estate and shares in solid companies at a fraction of the prices before the upheaval. History reveals that those who survived the worst losses of the Great Depression were able to acquire valuable assets that ultimately became a foundation for significant wealth for the rest of their life.

### **HOW DO FINANCIALLY SUCCESSFUL PEOPLE ACTUALLY LIVE?**

Most people imagine that financially successful people live a life of indulgent wealth. As a result of growing up watching movies and television shows, millions of people have the unrealistic idea that those who are financially successful live a lifestyle similar to Donald Trump or anyone featured on "Lifestyles of the Rich and Famous." These television series and movies project a vision of financial success that is based on pretence, illusion, living on credit, and the basic premise of "fake it till you make it!"

These programs and many accompanying articles in magazines present the concept that the key to achieving financial success is to present yourself as a financial success until you finally achieve the desired success. This concept suggests that you should emulate the lifestyle of the "rich and shameless" using easily available credit until you finally achieve the financial results that will allow you to pay for such a lavish lifestyle. However, experience reveals that this is a recipe for financial disaster.

One of the most fascinating and insightful books ever written about the actual lifestyles, decisions, habits, and character of Americans who achieve true financial success is titled *The Millionaire Mind*. Dr. Tom Stanley examined and reported on the characteristics of those who actually achieved financial independence. The majority of Americans imagine that millionaires spend every dollar they earn and maximize their credit cards and lines of credit to live lavishly. However, to his surprise, Stanley discovered that the vast majority of American millionaires lived quiet conservative lives that were typified by high-quality houses, cars, and vacations that were far less costly than these people could have afforded.

Stanley discovered that there were two very different types of wealthy Americans. The first is a group that chose a lavish, credit-supported financial lifestyle far beyond their true economic resources. They borrowed

money to finance a lifestyle based on their psychological need to impress themselves, their friends, and their neighbors. These people were characterized by high income, huge debt, and low net worth. The second group was made up of those who quietly and unobtrusively accumulated a fortune by living a lifestyle that cost far less than they could actually afford. This enabled them to build a solid financial base that would support their future life. These truly wealthy individuals are characterized by high income, little or no debt, and very high net worth.<sup>3</sup> [3. See Tom Stanley, *The Millionaire Mind* (Kansas City, Mo.: Andrews McMeel, 2001), pp. XXX–XXX. GRANT, NEED PAGE NUMBERS] Comparing the two groups, we see that excessive use of credit is the leading threat to your attaining financial independence.

This principle can apply to anyone, not just those making six-figure incomes. Anyone living beyond their means needs to examine their financial status and be honest with themselves about what they can afford. The inability to admit to friends and family that you need to “downsize” your lifestyle to minimize debt and to gain control of your life financially is one of the main impediments to making the vital changes that are essential to gain control of your life and begin the process of financial healing.

Goals are just wishes unless they are written down. When you write down your goals, it solidifies them and allows you to commit seriously to their accomplishment. When you write out your goals you psychologically commit to them as something that you are prepared to devote serious effort to accomplish.

Prime Minister Winston Churchill is famous for his bulldog-like tenacity of purpose that inspired England to stand firm against the Nazis during the darkest days of World War II. Churchill wrote: “Success is not final, failure is not fatal: it is the courage to continue that counts.”