

# **Kingdom Finances: A practical Kingdom-based approach to personal finance**

- Review of 20 Kingdom Principles
- Financial Practices (6)– a basis for Kingdom Finance:
- Seven Steps to Financial Peace
- Financial Myths!

# Review of 20 Kingdom Principles (1-10)

1. **Fear the Lord and Delight in His Commandments (Obedience)**
2. **We have not Because we ask not!**
3. **The Lord is always FIRST (not money or any other idol)**
4. **Pray into his promises not your problems**
5. **Remember that the Lord owns EVERYTHING**
6. **Do not be proud concerning any wealth you have**
7. **Be a good Steward**
8. **Rely on God for your finances!**
9. **Don't Over-accumulate or hoard (Fear vs Faith)**
10. **Plan for future generations**

# Review of Kingdom Principles (11-20)

11. **Take care of others (especially the poor)**
12. **Watch for/Be wary of a poverty Spirit**
13. **Importance of Renewing our Minds**
14. **Practicing/Doing God's word**
15. **The Law of Sowing and Reaping/Seed, Time and Harvest**
16. **Importance of Tithes and Offerings**
17. **Giving Cheerfully and Quietly**
18. **When Giving, give generously but sow carefully in good soil**
19. **Importance of Proportional Giving**
20. **When you sow your seeds, cultivate and be patient**

# Introduction: Matthew 25:14-28

- <sup>14</sup> “For *the kingdom of heaven* is like a man traveling to a far country, *who* called his own servants and delivered his goods to them. <sup>15</sup> And to one he gave five talents, to another two, and to another one, to each according to his own ability; and immediately he went on a journey. <sup>16</sup> Then he who had received the five talents went and traded with them, and made another five talents. <sup>17</sup> And likewise he *who had received* two gained two more also. <sup>18</sup> But he who had received one went and dug in the ground, and hid his lord’s money. <sup>19</sup> After a long time the lord of those servants came and settled accounts with them.
- <sup>20</sup> “So he who had received five talents came and brought five other talents, saying, ‘Lord, you delivered to me five talents; look, I have gained five more talents besides them.’ <sup>21</sup> His lord said to him, ‘Well *done*, good and faithful servant; you were faithful over a few things, I will make you ruler over many things. Enter into the joy of your lord.’ <sup>22</sup> He also who had received two talents came and said, ‘Lord, you delivered to me two talents; look, I have gained two more talents besides them.’ <sup>23</sup> His lord said to him, ‘Well *done*, good and faithful servant; you have been faithful over a few things, I will make you ruler over many things. Enter into the joy of your lord.’

# Introduction Matthew 14: 24-29

- <sup>24</sup> "Then he who had received the one talent came and said, 'Lord, I knew you to be a hard man, reaping where you have not sown, and gathering where you have not scattered seed. <sup>25</sup> And I was afraid, and went and hid your talent in the ground. Look, *there* you have *what is yours*.'
- <sup>26</sup> "But his lord answered and said to him, 'You wicked and lazy servant, you knew that I reap where I have not sown, and gather where I have not scattered seed. <sup>27</sup> So you ought to have deposited my money with the bankers, and at my coming I would have received back my own with interest. <sup>28</sup> So take the talent from him, and give *it* to him who has ten talents.'
- <sup>29</sup> 'For to everyone who has, more will be given, and he will have abundance; but from him who does not have, even what he has will be taken away. <sup>30</sup> And cast the unprofitable servant into the outer darkness. There will be weeping and gnashing of teeth.'

# Financial Practices: 1) Live on a Budget

- Luke:14:28: For which of you, intending to build a tower, does not sit down first and count the cost, whether he has *enough* to finish *it*—
- Proverbs 14:29:*He who is slow to wrath has great understanding, But he who is [a]impulsive exalts folly.*

# Budget Tips

- Assign Every Dollar of Income
- Budget Monthly
- Free to Create but then must stick to it!
- Budget creates clarity but must also create constraints outside the budget

# Example Using \$10K per month Income

## Fixed Monthly Expenses

• Rent/Mortgage	2000
• Gas and Electric (could be non-fixed monthly)	100
• Water	100
• Trash	25
• Debt Pmts	125
• Car Ins	190
• Home Owners/rent Ins	150
• Disability	80
• Life Insurance	105
• Netflix/cable	70
• Gym	45
• Cell phone	200
• Charitabl	1000
• Debt paydown	330
• Total	5150



# Non-Monthly Expenses (Annual/12) (Consider Separate Account)

• Gifts (3600)	300
• Prop Taxes (6000)	500
• Vacations (12000)	1000
• Car repairs (4800)	400
• Home rep/maint (4200)	350
• Child exp/other –	
• TOTAL:	2550

# Non-Fixed Monthly Expenses (Closely tracked – Consider separate account)

• Groceries	900
• Gas	150
• Ride share/Taxi	
• Other	
• TOTAL	1050

# Discretionary (Tracked closely, consider separate account))

• Dining out/entertainment	750
• Fun Money: Husband	250
• Fun Money: Wife	250 (All other lines are joint)
• TOTAL	1250
• GRAND TOTAL	10000

# Constraints: How to stay within budget

- Establish separate accounts (credit Union)
- Money in account determines amount left
- Possible: Dining/ent; Fun money;, Groceries, gas, Savings/Invest
- Use EveryDollar app to establish baseline for following month

# Financial Practices: 2) Eliminate Debt

- Proverbs 22:7: The rich rules over the poor and the Borrower is slave to the lender

# Car Payment

- Avg is \$500
- Most are on loan from age 25-65
- If you invested the interest in the market earning 10%, you would have had nearly \$500k more of net worth at age 65.

# Student Loans

- \$110 billion of student loan debt in the U.S.
- Avg student has \$30k of debt upon graduation
- 12 years after graduation, avg borrower has paid off only 1/3
- 2/3 of graduates own \$100K or more
- How can we pushback on the loan narrative?
  - significant scholarship money unclaimed
  - Consider trade, Christian, state and community colleges
  - Sstudents working parttime have better outcomes

# Financial Practices: 3) Foster High Quality Relationships

- 1Cor 15:33: Do not be deceived: Evil company corrupts good habits
- High correlation between your wealth and that of your five closest friends
- Over 10 years, your income will be within 10-20% of the average of the 10 people you hang out with!



# Financial Practices: 4) Save and Invest

- Proverbs 21:20: *There is* desirable treasure,  
And oil in the dwelling of the wise,  
But a foolish man squanders it.

# The Principle of Compound Interest

- Person A: Saves 100 per month from age 25-35 and never saves again
- Person B: Saves 100/month from age 45-65 (Twice as long)
- A at 65: \$406,000 at 10%/\$826,000 at 12%
- B at 65: \$76,000 at 10%/\$99,000 at 12%
- B can never catch up!

# Financial Practice: 5) Give with a Cheerful heart

- 2 Corinthian 9:7: *7 So let each one give as he purposes in his heart, not grudgingly or of [f]necessity; for God loves a cheerful giver*

# Financial Practice: 6) Manage Risk

- Life Insurance
- Disability Insurance
- Long term care
- Liquidity: early vs later retirement years
- Investment risk and time horizon
- Will
- Trusts?

# 7 Steps to achieve Net Worth of \$1 million on as little as \$40K per year.

- Financial Peace
- Based on Ramsey Solutions

# Step One: Save \$1000-1200 starter emergency fund

- Not to be invested
- Liquid and safe
- 1200 for a family

# Step Two: Pay Down Debt Using Debt Snowball

- Car Loan: \$10,000 at 3% = payment of 180
- Credit Card: \$5,000 at 17% = payment of 71
- Mortgage: \$200,000 at 4% = payment of \$950
- Total Payment = \$1,201
- Assume a budget allocation of debt paydown: \$1500
- Credit Card debt gone in 16 months
- Car loan extinguished in 1.5 years!
- Mortgage paid in 11.5 years, sooner with principal embedded in 950 payment

# Step Three: Build permanent Emergency Fund

- 3-6 months of Expenses



# Step 4: 15% of income into Retirement Accounts

- Match beats Roth beats 401k or 403b beats brokerage
- Important to begin to see effect of Compounding
- Consider risk tolerance, age to determine asset selection
- Index, Mutual Funds/ETFs: large cap, mid cap, small cap, International, Growth, Income,
- Consider advisor with heart of a teacher!
- Don't abdicate responsibility! Get educated!

# How compounding and steady investing can work for you

- Example assumes no increase in income
- Assume income of \$40k per year after taxes, \$3333 per month, rent of 1200, 1600 for other expenses, leaving 500 per month. Put in Roth tax free from age 30-65.
- @8%: \$1.15 million (you only put in \$210000 in all cases)
- @10%: \$1.9 million
- @12%: \$3.3 million (long term avg of S&P 500.)
- In retirement, live on social security and, assuming \$2 million net worth withdrawn at 4% per year: \$80,000 additional income annually

# Step 5 and 6 (Can be simultaneous with 4)

- Step 5: Consider college fund but remember alternatives: scholarship, community college or state school etc., parttime work for student.
- Step 6: Pay off Mortgage: “riskless” investment

# Step 7: Invest, Give, Spend

- Consider real estate, commodities, fixed income, private equity
- Widen your kingdom impact through giving!
- Give yourself permission to enjoy life!

# 15 Financial Myths

- Eliminating Debt will hurt my credit score, which must be avoided
- Borrowing is the only real way to fund college
- One cannot truly succeed without a college degree
- An important mortgage benefit is the tax deduction!
- I can invest and do better than my mortgage is costing so I shouldn't pay it down
- I can pay extra on my mortgage and turn a 30 year into a 15 year. A 30 year loan gives my more flexibility!
- I will be generous after I'm wealthy...

# 15 Financial myths (continued)

- I can't rent a car without a credit card
- I can't get a mortgage without a credit score (FICO)
- Nothing wrong with credit cards. I pay it off each month and get the miles or other benefits
- There is nothing wrong with my spouse and I having separate finances
- Paying off a car loan early is easy: just make more payments
- I can use credit card "specials" to get zero percent financing
- Debt consolidation is a good way to reduce debt and it lowers my monthly cost
- Filing for bankruptcy is a way to get rid of my debt problem