

△ The Freedom Report △

Volume 2, Issue 1

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Principle to ponder:

A wise man saves money and a fool doesn't! As a result of his planning and ability to resist making impulsive financial decisions, a wise man is prepared for life while a fool is not. What the wise man has, the foolish man spends his life wanting.

"There is treasure to be desired and oil in the dwelling of the wise; but a foolish man spendeth it up."

Proverb 21:20

Saving money is a practical necessity and is Biblically encouraged. A wise steward will strive to live on less than he/she makes in order to save money.

Get Serious About Saving

Saving money is not only a practical necessity but is also Biblically encouraged. Saving money is not unspiritual nor does it represent a lack of faith. The reason so many of God's people have gotten themselves into financial trouble is because they have not practiced the principle of saving. If saving money does not become a lifestyle, debt will!

Saving money becomes wrong only when it turns into hoarding (Luke 12:13-21). Saving money in order to purchase a future need and prepare for the prospect of advancing years is a sign of a wise steward. Only a fool would continue to spend all that he/she makes (and possibly more) and deny the fact that things break, emergencies happen and it's hard to get a good paying job when you're old.

"...the prudent man looketh well (considers carefully) to his going."
Proverb 14:15

While people in other countries (Japan, Germany, England, France, Canada, etc.) are saving 10% -15%

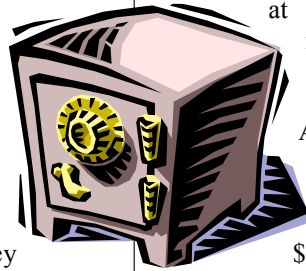
of their income, Americans are saving less than 4%.

According to the Commerce Department, for the first time since the government began tracking monthly saving rates, savings as a percentage of after-tax income bottomed out in September of 1998 at a shocking minus 0.2%.

Even though 30% of American households earn more than \$50,000 annually, the average household net worth is still less than \$15,000 (excluding equity in house).

Man's unquenchable thirst for pleasure and his uncompromising demand for instant gratification continue to drive his irresponsible behavior when it comes to saving money. The thought of just one more "thing" or a little more "stuff" are the lies that justify his foolish actions.

"...the eyes of man are never satisfied." Proverb 27:20. *"He that loveth pleasure shall be a poor man..."* Proverb 21:17.



Savings as a % of after-tax income was minus 0.2% in Sept. of '98. The worst since first being tracked in 1959.

Setting up a Saving Plan!

The word "save" is not the same as the word "invest". To save means to put aside as a store or reserve. You must put money aside in order to make known future purchases as well as to be prepared for unexpected negative financial events.

Money is invested for the purpose of earning a financial return. Investing money that you have saved should not be done until you have first built a solid financial foundation with your savings.

In order to start living on less than you make and saving money you must:

- 1) **Limit** your lifestyle *and/or*
- 2) **Increase** your income.

I know it might sound simple, but that's the way it is. No magic wands or money trees, just plain old fashion logic and elementary math.

Steps to building a strong financial foundation:

- 1) A monthly written budget,
- 2) Live on less than you make,
- 3) Build up a cash reserve,
- 4) Eliminate all consumer debts,
- 5) Save for known future purchases. (*over*)

Financial Freedom Seminars



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Christian Oriented Education, Inc. is a non-profit ministry whose mission statement is summarized by Colossians 1:28: *"...warning every man, and teaching every man in all wisdom: that we may present every man perfect in Christ Jesus."*

Setting Up A Saving Plan (continued)

Steps one and two were discussed in a dollars saved towards building up a *real* previous issue (*Vol. 1, Issue 3*). Without a emergency fund of 3 to 6 times your monthly written monthly budget, my observation is that people are unable to live on less than they make on a consistent basis. Statistics support my observation when you look at the small debts, it will happen faster than you might expect.

"...living on less than you make requires teamwork."

monthly budgeting system and the pitifully low saving rate of Americans.

Assuming that you have successfully passed the first major milestone and have a working budget in place and are living on less than you make, what are you doing with the dollars you are saving?

The first step should be to build up a cash reserve of at least \$1,000. This will serve as a temporary emergency fund while you eliminate your consumer debts (*see Vol. 1, Issue 4 concerning debt elimination*). Once your debts have been eliminated, you can then direct the

expenses (*I recommend \$10,000 as a minimum*). In most cases, this will not be accomplished overnight, but with the help of the dollars that you were paying out to those known major purchases like autos, Christmas, vacation, furniture, computers, braces etc. Simultaneously, you can start investing for the future in your qualified plans like IRAs, 401(k)s, etc.

Finally, you can now start saving for those known major purchases like autos, Christmas, vacation, furniture, computers, braces etc. Simultaneously, you can start investing for the future in your qualified plans like IRAs, 401(k)s, etc.

Using a monthly budget, living on less than you make and saving money to meet future needs requires teamwork. It is imperative that husbands and wives be united in this effort.

"And if a house be divided against itself, that house cannot stand." Mark 3:25

In The Next Issue..

Investing for the future!

Financial Freedom Seminars are being conducted by C.O.E., Inc. in churches for the sole purpose of helping Christians understand and apply God's plan for financial freedom!

The seminar has a strong Biblical emphasis while at the same time giving the necessary instruction in the practical areas of money management.

Ministry Update

As I write this issue, even though the clock has yet to strike the midnight hour launching us into 1999, I can't help but think about what it will be like this time next year.

With this issue of *The Freedom Report*, I have included a simple handout of some of the things you might want to consider concerning the uncertainties surrounding the upcoming Y2K.

In addition, if you would like more information concerning budgeting, saving money or teaching children about money, you can order one of several new pamphlets that are now available. These pamphlets are designed to be used individually or in a small group setting. I think that you will find them to be very helpful tools as you focus on the different areas that they address. Other topics will soon be available. Each pamphlet is approximately 20-25 pages at a cost of only \$3.00 each.

Pamphlet List
 (\$3.00 each)

"A man's heart deviseth (plans) his way..."
 (*Using the Budget Organizer*)
 Publication FF-01

"There is treasure..."
 (*Saving Money*)
 Publication FF-03

"Train up a child..."
 (*Training Children*)
 Publication FF-09

The Money Management for the Christian series will begin at FBC Lewisville, TX
 Jan 31st
 Call 972-436-5502

The **Financial Freedom Seminar** will be conducted at Bible Baptist Church, Hendersonville, TN Feb 26-27
 Call 615-824-0042