

# △ The Freedom Report △

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## *Principle to ponder:*

**A** v e r y important principle that you must apply when it comes to investing your savings is **diversification** (*don't put all your eggs in one basket*).

Investing your savings requires you to take risk. Your investment selections should include a moderate level of risk in exchange for a reasonable rate of return with the maximum degree of **diversification**.

*"Give a portion to seven, and also to eight; for thou knowest not what evil shall be upon the earth.."*  
Ecclesiastes 11:2

## *Why Invest?*

**A** ccording to the Federal Reserve, Americans have \$1.6 trillion in passbook savings and bank money market accounts (up from \$1.4 trillion a year ago). The average interest earned on those accounts is 2.48%. Another \$614 billion is parked in checking accounts earning from 0% to an average of 1.37%.

Although all financial planners will agree that it's wise to have a liquid cash reserve on hand (*3-6 times your monthly expenses is normally recommended*), keeping too much money in low-interest accounts can cost you **hundreds of thousands of dollars** over the long term.

As you consider whether investing is for you, remember that inflation is your single greatest threat and time is your greatest asset.

Before you establish your investment program, you must ask yourself, "As a Christian, why should I **invest** my savings in order to build wealth?"

Your answer should be: (1) to provide financially for the long-

term needs of your household

(*I Timothy 5:8*) and

(2) to increase your assets in order to serve God more fully.

Scripture is very clear to point out that rewards await those who understand the need to invest and do so with the right motives and methods.

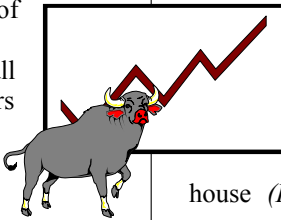
A diligent person will have plenty (*Proverb 21:5*); there is treasure in a wise man's

house (*Proverb 21:20*); a faithful man has the right motives and is not in a hurry to build wealth (*Proverb 14:8; 21:5; 28:20,22; I Timothy 6:9; James 4:13,14; Matthew 25:14-30*); and more.

The greatest reward any of us will ever have is to hear our Lord say, "Well done thou good and faithful servant..." *Matthew 25:21*

In order to learn more about becoming a wise investor, I strongly recommend the book, "**Sound Mind Investing**," by Austin Pryor.

**Warning:** "*If riches increase, set not your heart upon them.*" *Psalm 62:10*



**Stock mutual funds have earned an average 11% a year since 1969, and twice that the past four years.**

## *Investing: When? Where?*

**A** lthough time is your greatest asset, starting your investing program prematurely will create unnecessary levels of **risk**. Investing should be delayed until two goals have been accomplished:

(1) The elimination of all consumer debts; (*Attempting to invest before you have eliminated your consumer debts is equivalent to investing with borrowed dollars*).

(2) The establishment of an emergency fund equal to 3-6 times your monthly expenses. (*Dollars dedicated for investing should not be counted on to cover unexpected negative financial events - short of bankruptcy*).

Once these two goals have been accomplished, you are then ready to set up your investment program – but where?

Simply put, there are only two basic investment choices (*both of which return back into the economy*);

(1) Investing by becoming a **lender** or

(2) Investing by becoming an **owner**.

You become a **lender** when you give your money to someone who is willing to guarantee you a *fixed* rate of return. (*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:"*

*Investing: When? Where? (continued)*

Examples of investments where you would become a **lender** are: banks and credit unions (*checking & savings accounts, money market accounts, certificate of deposits*); government (*bonds, bills, notes*); insurance companies and corporations (*fixed annuities and corporate bonds*).

***"...the greater the risk, the greater the potential for return"***

Examples of investments where you would become an **owner** are: mutual funds (*over 4,000 mutual fund companies*); stocks (*over 34,000 companies are owned by the public*); real estate (*your own home, raw land, commercial property*); insurance companies (*variable annuities*); precious metals and collectibles (*gold, silver, etc.*).

How you decide to divide your savings dollars between these two basic choices will have the greatest single impact on your long-term investment returns than anything else. As with all investment choices,

the greater risk you are willing to accept, the greater the potential for return. Everyone has a different tolerance for risk. Understanding your own personal tolerance for risk, becoming more educated and applying a sound system of diversification will allow you to be at peace while accepting a moderate level of risk in exchange for a reasonable rate of return (*3%-5% above inflation*).

Regardless of the investment mix you choose, you should always invest first through your qualified plans (*plans that meet the requirements of the IRS*). These would include: IRAs (*traditional and Roth*), 400 series plans (*401(k), 403(b), 457*), SEPs, Keoghs, SIMPLEs. Using the tax advantages of these plans will make a tremendous difference in the long-term growth of your invested dollars.

**In The Next Issue..**

**Teaching Children About Money!**

**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*

**M**any have asked how this ministry is funded. Christian Oriented Education, Incorporated is a non-profit religious organization operating under the IRS tax exempt status of a 501(c)3 corporation. This tax exempt status allows C.O.E., Inc. to receive gifts and donations and in return provide the contributor with the ability to claim those gifts as deduction against their earned income on their annual tax return.

In addition, C.O.E., Inc. produces educational materials which it sells in order to cover the cost of production and to produce a small profit for the continued development of new materials. The primary objective of the ministry is to produce Biblically based materials that will provide helpful instruction, assist in the accomplishment of personal goals and create accountability in the individuals journey towards a more obedient, fulfilled and successful life.

Seminars and classes, sponsored by local churches, are conducted on a cost only basis. The objective of these seminars and classes is to bring direction, encouragement and solutions to the Christian's struggle to live a Godly life in an ever increasing ungodly world. In addition, these seminars and classes are aimed at teaching the principles that assist God's people in dealing with the practical affairs of everyday life.

The enormous amounts of time and energy that we donate to make this ministry operate are the results of our thanks to God for the blessings that He has given our family and the desire to see others enjoy those same blessings. Our continued participation also serves to keep us accountable to you and to our commitment to remain focused on what really is important – *eternity!*

Mike and Sue Marie Coe