




Time & Money (part 2)


Spring Weekend Bible School
Oak Grove Mennonite Church
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Review and Introduction

- Time and money are closely linked
- Time Value of Money
 - Law of Compounding Interest
 - Rule of 72
 - Opportunity Cost
- Understanding the Time Value of Money concepts are critical to comprehend the importance of wise saving and spending decisions




Saving and Investments

- What is the Christian's responsibility when it comes to saving money?
- What is the appropriate balance between not saving and saving or accumulating too much?
- When does saving become hoarding?
- When does neglect of saving become reckless management of our resources?




What does the Bible say...

- **Proverbs 21:20 (NASB)** *There is precious treasure and oil in the dwelling of the wise, But a foolish man swallows it up.*
- **Proverbs 6:6-8** *Go to the ant, you sluggard; consider its ways and be wise! ⁷It has no commander, no overseer or ruler, ⁸yet it stores its provisions in summer and gathers its food at harvest.*



What does the Bible say...


- **Matthew 6:19-21** *Lay not up for yourselves treasures upon earth, where moth and rust doth corrupt, and where thieves break through and steal: ²⁰But lay up for yourselves treasures in heaven, where neither moth nor rust doth corrupt, and where thieves do not break through nor steal: ²¹For where your treasure is, there will your heart be also.*



The Key to Saving


- "The fundamental principle you need to practice to become a successful investor is to spend less than you earn. Then save and invest the difference over a long period of time."

- Crown Financial Ministries




Importance of Saving

- Saving is not encouraged in our culture
 - Saving involves postponing purchases
 - Saving involves planning ahead
 - Saving requires discipline and discretion
 - Saving does not stimulate the economy
- The credit card has revolutionized the spending mentality of our culture
 - Advertising promotes instant gratification
 - As a result, saving has been greatly reduced



Saving in your Youth

- Youth are typically short-sighted
- Most youth have the lowest cost of living
 - Golden opportunity to SAVE
 - Our materialistic and entertainment driven culture bombards us with conflicting ideas
- Volunteer service is for every young person!
 - When we think we must have the latest “toys” we no longer can “afford” to go into VS
- Saving will never get any easier!




Start Saving Today

- Start saving immediately – even if in debt!
 - Develop a habit of saving (spending less)
- Save consistently!
 - Consider using direct deposit to channel money to a savings account before you ever see it
 - Consider opening an account at another bank to make it more inconvenient to access the funds
- Increase your savings (not your spending) as debts are decreased and/or income increases




Three Levels of Saving

- Emergency Savings
 - Short-term funds
- Investment Savings
 - Intermediate-term funds
- Retirement Savings
 - Longer-term funds




Emergency Savings

- Emergency savings are relatively short-term funds (less than a year)
- Funds used for unanticipated emergency expenses
 - Large car repair bill
 - New tires
 - Appliances
 - Large medical / dental bills




Emergency Savings

- Ideally, this fund should be 3-6 months earnings
 - If you earn \$36,000 (\$3,000 monthly), aim to save \$9,000 to \$18,000
- Realistically, you may never reach this goal
- Invest conservatively in liquid investments
 - Savings accounts
 - Money Market Accounts
 - Certificates of Deposits (staggered)




Investment Savings

- These intermediate-range funds are for anticipated expenditures in 2-10 years
 - Vehicle replacement
 - College funds
 - Down payment on a house
 - Remodeling project
 - Elective medical procedures
- The target of 6-12 months earnings will vary substantially on scope of anticipated needs




Intermediate Savings

- These funds are not need on short notice
- These intermediate funds can be invested in less liquid and more aggressive (risky) options
 - Mutual Funds
 - Index Funds
 - Bonds*
 - Stocks*
 - *Amateurs investing in stocks and bonds is extremely risky – especially if trying to time the market




Retirement Savings

- Retirement for Christians is very different than the philosophy of the world
 - It is a change of focus, not perpetual vacation
 - Reverse mortgages – example of world’s philosophy
 - Ministry opportunities abound!
- It is prudent to save money for retirement
 - Most of us will someday no longer be able to earn money, yet have ongoing living expenses
 - It is our responsibility (not the government) to appropriately plan for this time



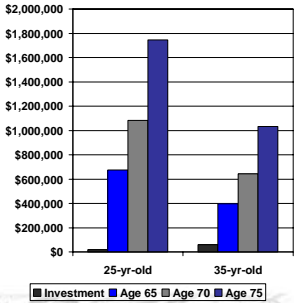
Social Security Exemption

- The Government taxes for Social Security
 - By claiming exemption because of conscience, the self-employed save 15.3% in taxes each year
- What is done with the extra cash?
 - Is it invested in a personal retirement fund?
 - If not, who is financially responsible at retirement?
 - Your family? Your church?
 - Such unwise decisions do not build brotherhood
- Persons exempt from Social Security have at least DOUBLE the responsibility or obligation to save for retirement!




Retirement Savings

- **Start early in life!**
 - 25-year-old invests \$2,000 annually at 10% for ten years
 - 35-year-old invests \$2,000 annually at 10% for thirty years
- **\$2,000 annual savings**
 - \$38.46/week, \$5.49/day
 - Kick the Starbucks habit
 - Quit buying lunch
 - Don't eat out as much
- **Sacrifice for \$1,000,000?**




Age Group	Investment	Age 65	Age 70	Age 75
25-yr-old	Investment	~\$700,000	~\$1,100,000	~\$1,800,000
35-yr-old	Investment	~\$400,000	~\$600,000	~\$1,000,000



Socially Responsible Investing

- Also known as “Values-Based Investing”
- SRI has become a conservative pulpit
- SRI is a way some investors choose to respond to the values held by companies
 - Pornography
 - Abortion
 - Gay rights
 - Tobacco
 - Alcohol



Socially Responsible Investing

- SRI means different things for different groups
 - The liberals first introduced this concept by championing their social concerns
 - Animal rights
 - Women's rights
 - Anti-discrimination
 - Anti-military
 - The conservatives followed this lead with their own criteria
 - Most socially conservative SRIs invest heavily in the defense sector
 - Not consistent with Anabaptist values




Socially Responsible Spending

- Corporate conglomerates muddy the waters
- None of us would buy or support investing in PhillipMorris tobacco products
 - Yet, few of us realize PM owns Kraft Foods
 - We buy Oreo, Post cereals, Cool Whip, Planters nuts, Maxwell House, Ritz crackers, Jell-o, etc.
- Spending on PM (and subsidiary) products more directly finances PM than investments
 - Investments are on the secondary market
 - Spending dollars go directly to PhilipMorris




Cautions About Investing

- Don't let your investments steal your heart!
- Don't become emotionally affected by the inevitable market fluctuations
 - Our ultimate trust is in God – not our savings
- Investing in individual stocks and bonds requires extensive research and constant monitoring to make wise decisions
 - Our heart tends to go where our time is spent
- ALL investments involve some risk



Anabaptist Financial

- Conservative Anabaptist investors channeling their money to needs within the conservative Anabaptist brotherhood
 - An appealing alternative to SRI
- Currently, only individuals in PA can invest
- Loans are available in the continental USA
 - Requires high level of accountability
 - Interest rates are very reasonable
- More information available: www.afweb.org



Conclusion

- Saving means spending less than we earn
- Saving is a key component of responsible stewardship
- Start saving consistently NOW!
- John Wesley said,
 - “Make as much as you can.
 - Save as much as you can.
 - Give as much as you can.”