

## IV. HANDLING THE HOUSEHOLD FINANCES

### A. SET UP A SYSTEM FOR BUDGETING, BILL-PAYING AND GETTING AHEAD.

1. Setting up a system is necessary because of one simple principle: "When your outgo exceeds your income, your overhead will become your downfall."
2. Setting up a system is mandatory because of one all-important fact: "Money problems usually results in marital problems."
3. Setting up a system can be easily implemented and will work if it is faithfully followed.
  - a. First of all, pay the Lord. If you want God to honor your finances and your marriage you must honor Him. Giving a tithe back to the Lord honors Him (Lev.27:30; Mal. 3:10; Prov. 3:9).
  - b. Secondly, pay yourself. Someone has said, "If you'll pay yourself you'll never be broke." This amount can be determined and adjusted periodically based on your budget expenses. This amount should be placed in a savings account and never touched except in the case of dire emergency.
  - c. Thirdly, figure up all your monthly expenses and divide that amount by the number of times you are paid monthly. That amount should be deposited into a checking account to pay your bills. Keep in mind that semi-annual bills like car insurance should be divided by six and added to the monthly amount. Likewise, annual bills should be divided by 12 and added to the monthly amount before you divide by your number of pay checks.

Example, if your overall monthly expenses (including your tithe to the Lord and self-payments) were \$3500.00 and you were paid weekly, then you will need to deposit \$875.00 weekly to pay your bills.

Keep in mind, this amount is not your money, it belongs to those whom you owe. Whatever is left is yours to spend in other ways.

Notice if this system is followed the money to pay your bills will always be in your account when it is time to pay them.

4. It should be noted that one of the biggest assets you have is a good credit record. How you save and pay your bills will determine how low of an interest rate you can acquire when borrowing money for houses, cars and so forth.
5. Finally, maintaining a good testimony as a Christian means being a good steward and paying your bills (Rom. 12:11; I Cor. 4:2; Titus 3:8).

### B. DEVELOP A PLAN TO BE FREE FROM THE BONDAGE OF CREDIT CARD INDEBTEDNESS AND OTHERS.

1. This is needful for a number of reasons.

- a. Firstly, each year millions of American families are having to declare bankruptcy because they cannot pay their bills.
- b. Notice secondly, it has been calculated that if one owned only 2,000 dollars and he only paid the minimum payment due each month, it would take over 20 years to pay off that credit card debt.

For that reason alone one should think of credit card debt as an awful bondage.

2. Formulating your plan to be free can be accomplished in several ways.

- a. Transfer all your credit card balances to one card with the lowest interest rate available to you.
- b. Next, put every extra dollar possible on the balance each month until it is paid off or acquire a low-interest bank loan and pay the card off completely.

Keep in mind to get ahead you must either decrease your outgo or increase your income. Decreasing your outgo can be like giving yourselves a raise.

### **C. LEARN SOME WAYS TO CUT CORNERS AND REDUCE EXPENSES.**

1. You can reduce expenses by shopping wisely. This may involve buying a Sunday newspaper and checking the sales papers and clipping some coupons. It could mean buying store brands rather than name brands. It might be a big savings to shop at Goodwill Stores and consignment type stores for your clothing.
2. You should make an irrevocable rule as a couple, "never to buy anything unless, it is on sale (meaning less than it usually sells for) and you can pay cash for it." House and car obviously are excluded.
3. You could make shopping at yard-sales a Saturday morning hobby but you should never buy unless it is a needed item and you should always bargain for a lesser price.
4. You can make saving money an enjoyable game to see how much you can save on necessary items each week.

### **D. START SAVING TOWARD RETIREMENT**

1. Once you have a substantial amount for emergencies in your savings account, link it to a no fees, high-yield, money- market account such as ING Direct or Immigrant Direct and let it compound there. Should an emergency arise you can simply transfer what is needful back into your checking account and write a check.

2. Next take the money that you pay yourselves and put it in a Roth IRA. Keep in mind, the sooner you start the quicker it will grow and take advantage of the compounding factor of money and the "rule of 72" while you are young.

It has been calculated that if a person age 20 only put \$2,000 a year in an IRA for 6 years and he never added to it, that amount would grow to a million by age 50.