

Section: Walking With Jesus
Category: Christian Lifestyle
Action Item: Stewardship



The Stewardship of Money – Part 4

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Session 4

The Tyranny of Debt¹

A. How do Finance-Related Problems Develop?

- Spending without planning
- Spending more than you earn
- Failing to plan for the future
- Buying on credit all the time
- Buying without thinking
- Trying to keep up with those around you

B. The Reality of Debt

- Debt is a small word but a BIG problem. It is living today on what we expect to earn in the future
- Like fire, debt is easy to start
- It is compared to slavery (Prov. 22:7)
- It causes much hardship (2 Kings 4:1)



Let us look at both its advantages and disadvantages.

C. Advantages of Debt (strangely enough there are a few)

- You can buy goods and pay it off at your pace
- It assists you with BIG purchases – house and car
- It gives you an opportunity to buy goods which you need, for which you do not have cash

D. Disadvantages of Debt

- Gives a false sense of well-being
- Encourages overspending since you are not using your own money
- Creates stress within family. Debt has been listed in the top four reasons for most divorces
- Debt damages your reputation. When you fail to repay you get a bad name
- Debt borrows from the future. Often people use future money to buy non-essential things (i.e. they buy things they want, not need)

E. Questions to Ask Before Getting into Debt?

- Can this debt be avoided if we did without it as a family?
- How will the debt impact on the finances of the family?
- Could we still buy what we wanted to buy through a lay-by plan?

F. Danger Signs of Debt

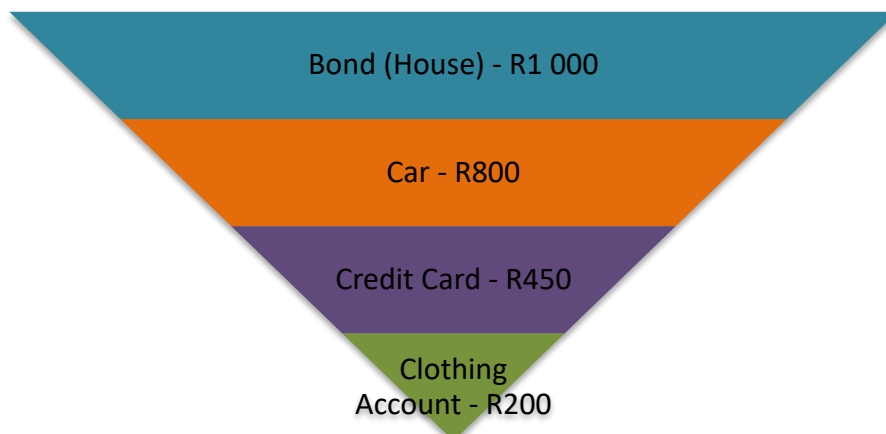
- You borrow money to pay your debts
- You use one credit card to pay another
- You use your overdraft to pay other debts
- You use your credit card to draw cash
- You skip payments on one to pay another
- You consolidate your debt on your bond facility
- You receive letters and summonses
- You are thinking of being placed under administration
- You regularly change your phone number to avoid people you owe money to

G. How to Get Out of Debt

- Acknowledge that you have a problem.
- Assess how big your debt problem is
- Do without certain things in order to pay your debt
- Sell all items that you do not need
- Design a firm monthly debt reduction plan
- Start living on cash
- NO MORE DEBT! Stop getting into more debt
- Destroy all credit cards
- Talk to your creditors. Most people to whom you owe money will be more than reasonable if you choose to discuss your challenges with them. Many will reschedule the debt over a longer period, as their main aim is to get their money back. So do not simply avoid making a payment, hoping they will not notice.
- Make a covenant with God. Promise God in prayer that if He blesses you with any additional income, you will apply it to your debts until you are debt-free.

H. A Simple Plan to Eliminate Debt

- First list all your debt. Specify (1) to whom the debt is owed, (2) your unpaid balance, and (3) the interest rate you are being charged for each debt. This exercise will help you to visualise the scope of your debt.
- Next put them in order, from smallest to largest outstanding debt:



- Make the minimum payment due on each debt every month.
- Add any additional money you receive from any source to the payment on the debt at the bottom of the list until that debt is paid off.
- Next, take the payment you were making on the debt just paid off and add it to the next item now on the bottom of the list, along with the minimum payment you were already making on this debt (and also add any additional money you receive from any source), and pay it on the new “bottom of the list debt.” In our example below, once you have paid the clothing account, take the R200 now available and add that to the R450 being paid to the credit card, meaning that you now pay R650 per month on your credit card.
- Repeat the process up the list until all debt is paid off.
- Don’t make extra payments on the house until the other debts are eliminated.

I. Note: Standing Surety

- The Bible says we should not do this (Prov 6:1-5; 17:18)
- We should always be willing to help people, but should not become responsible for their debts.
- If you co-sign for someone, that debt is on your credit report until it is paid in full.

Session 5

Budgeting²

A. Advantages of Having a Family Budget

- Unites the family in planning
- Provides needed financial discipline
- Gives direction to family goals
- Assists the family to evaluate their progress toward their goals



B. Pointers for a Budget

- Know the difference between needs and wants
- Fixed and flexible expenses. Fixed expenses are beyond your control, such as tax, water and lights, etc. (*see table below*). Flexible expenses are what you can change, such as how much you spend on food.
- You need to know how much you earn after deductions.
- All your sources of income. Maybe you are renting out a house or are receiving interest from money in a savings account. List all of these
- Long term and short term goals. Your family might need to spend money on replacing some curtains. This would be short term, whereas buying a new car, sending your son to university or extending your house would be long term.
- Stick to your budget
- Review your budget. You might have received an increase or decrease, or had unexpected emergencies. Keep track of how that affects your budget.
- Put aside money for savings every month. Financial advisers recommend that a family's basic savings account should be equivalent of 3-6 months' income. Saved money can be used for emergencies, for future purchases, or to make contributions to God's cause.
- Budget less than your income
- Keep it simple. When you make your budget too complicated it makes it harder for you to see what is going on, and you can thus lose interest and focus



C. What to do When Your Budget Does Not balance?

- Reduce your expenses
- Grow your own garden for vegetables
- Look for ways to supplement your income

D. Supplementing Income

- Get a second job
- Trade on your skills. For example, if you are a carpenter you could offer to do some cupboards for your mechanic neighbour, in return for him servicing your car.

- Find a business opportunity

A Sample Budget:

Aim to balance your budget and not live off debt

Sample Monthly Budget			
Joint gross income	21 000		
Joint income after tax	16 500		
Tithe – (10% on gross)	2 100		
Offerings	1 400		
Savings	3 300		
Available income	9 700		
A. Fixed Expenses:		B. Variable Expenses:	
Medical	1 400	Food	500
Retirement Annuity	600	Phones - Landline & Cell	300
Bond/Rent	3 300	Entertainment	300
Water & Lights	1 000	Petrol	500
Household Insurance	600	Other Debts	200
School Fees	600		
Credit Card	400		
Subtotal: Fixed Expenses	7 900	Subtotal: Variable Expenses	1 800
		Total Expenses	9 700
		Nett Total	-

Session 6

Christian Education: A Wise Investment³

1. At all costs try to give your child a Christian education. The costs may be higher but the goal is to shape your child's thinking within a Christian framework, and ultimately prepare him or her for eternity. Notice the following statements concerning the objectives of education within a Christian framework:

- "To bring man back into harmony with God, so to elevate and ennoble his moral nature that he may again reflect the image of the Creator, is the great purpose of all the education and discipline of life."⁴



- "The education and training of the youth is an important and solemn work. The great object to be secured should be the proper development of character, that the individual may be fitted rightly to discharge the duties of the present life and to enter at last upon the future, immortal life."⁵

- "The youth should be taught the importance of cultivating their physical, mental, and moral powers, that they may not only reach

the highest attainments in science, but, through a knowledge of God, may be educated to glorify Him; that they may develop symmetrical characters, and thus be fully prepared for usefulness in this world and obtain a moral fitness for the immortal life."⁶

2. "What will it profit a man if he gains the whole world and loses his own soul?" (Matt. 16:26). What's the point of just getting a great education, making lots of money and then losing out on heaven and eternity?
3. Our children belong to God, therefore we should do everything to surround them with spiritual influences.
4. Avoid student loans (Prov. 22:7) as far as possible. They are often easy to get but hard to pay off.
5. Find ways to pay for Christian education:
 - Student initiative
 - Parental assistance
 - Family sacrifice—prudent living
 - Bursaries

Session 7

Children and Money⁷

1. Teach them at a young age about money matters
 - “Let every youth and every child be taught, not merely to solve imaginary problems, but to keep an accurate account of his own income and outgoes. Let him learn the right use of money by using it. Whether supplied by their parents or by their own earnings, let boys and girls learn to select and purchase their own clothing, their books, and other necessities; and by keeping an account of their expenses, they will learn, as they could learn in no other way, the value and the use of money.”⁸
 - “When very young, children should be educated to read, to write, to understand figures, to keep their own accounts. They may go forward, advancing step by step in this knowledge.”⁹
2. Give children a regular allowance, so that they can learn to manage money.
 - Help them open their own bank account
 - Beside the regular chores they need to do as part of living in the home (like making up their beds, washing dishes, etc.), pay them for small odd jobs done for you
 - If they borrow from you as parent, make sure they repay you (even if you don't really need it)
 - Teach them to return faithful tithes and offerings, to have a simple budget, to live within their means, to save for more expensive items, to use their money to bless others and not just on selfish pursuits, not to hoard, etc.
 - Guide them when they make mistakes
 - Do not use the allowance as a form of punishment. If your child has misbehaved, use something else to punish him/her with, not the allowance, because you are trying to teach them about the value of money, therefore the allowance needs to be regular
3. Teach children a willingness to work and an appreciation for it (Prov. 22:29). They should understand that one day they will work in exchange time for money. They therefore need to be diligent and not waste the employer’s time but produce for the business.
4. Parents owe their children a good education (Prov. 22:6) in order to help them to be independent adults.



Session 8

Laying up Treasure on Earth

“The accumulation of worldly goods is generally motivated by a desire for security and reflects a fear and uncertainty for the future. Material wealth is often the source of anxiety rather than the means of escape from it. As good stewards we are now encouraged to cut down on our possessions instead of increasing them since we are planning to move to a better country.”¹⁰

“Hoarded wealth is not merely useless, it is a curse. In this life it is a snare to the soul, drawing the affections away from the heavenly treasure. In the great day of God its witness to unused talents and neglected opportunities will condemn its possessor.”¹¹

“Money is like manure: If you spread it around, it does a world of good; but if you pile it up, it stinks to high heaven” - (from “The Matchmaker” by Thornton Wilder)



Why Not Hoard

- **Earthly treasure wears out.** Built into treasures is the principle of decay and deterioration. Jesus used 3 terms to illustrate this: moth (that eats the softer treasures), rust (the harder treasures), thieves (who take the rest of the treasures). Material wealth in one way or another is affected by loss, decay, depreciation or deterioration.
- **We are all subject to death**, i.e. no one can take his treasures beyond the grave. This means that our monies have to be spent wisely while we live. There is a Spanish proverb that says: “There are no pockets in a shroud.”
- **Money brings temporary satisfaction.** True happiness and joy can only be found in Jesus Christ (John 10:10). John Rockefeller said: “I have made many millions, but they have brought me no happiness.” Sir John Templeton noted: “True happiness comes from spiritual wealth, not material wealth.”
- **More treasures bring more stress** – Gen. 13:5-9. In the midst of hardships and trials Abraham and Lot had dwelt together in harmony, but in their prosperity there was danger of strife between them. See also Eccl. 5: 11-12.
- **“Treasure laid up on earth will engross the mind to the exclusion of heavenly things”** (MB 88). There is a consuming factor to treasures – it consumes mind, heart and time. It may ultimately jeopardise our eternal salvation. John Calvin put it this way: “Where riches hold the dominion of the heart, God has lost His authority.”
- **World economies are failing**, so hoarded wealth may soon have no value.
- Prophetically we know that **one day we cannot buy or sell** (Rev. 13:17). Our monies therefore have to be put to good use now.
- **Hoarded wealth will stand as a witness against us** (James 5:1-3)

Session 9

Owning a Home¹²

1. Count the cost and consider your budget. It is the single largest expense most families make. Consider maintenance/upkeep costs of home as well.
2. Choose a home in a good location that suits your family's needs. Don't buy to impress others. You can always upscale later as needed.
3. Buy something you can pay off in the shortest possible time – do not try and pay it off in 20 years as the bank wants you to but aim and budget for a shorter payback term.
4. Try to put down a big deposit and increase your monthly repayments whenever possible – as this will save you tens of thousands of rands in interest.
5. Shop around for a good interest rate.
6. Be sure you know what the fees are when you purchase your home as you will be required to pay all of it, e.g., initiation fees, document fees, transfer fees, bond registration fees, conveyance fees, etc.
7. Be sure to budget for water, lights, refuse fees and assessment taxes.
8. Be sure there is no prepayment penalty when you want to settle your bond.



Example of Early Home Loan Repayment

Savings on paying your home off earlier – Conventional 20 year vs. the 7 year plan

Home Loan (in years)	<u>20</u>	<u>12</u>	<u>7</u>
Bond, incl. costs, nett of deposit	R475 000	R475 000	R475 000
Interest rate, per annum	8,50%	8,50%	8,50%
Period - months	240	144	84
Monthly repayments	R4 122	R5 273	R7 522
Total repayments	R989 318	R759 278	R631 876
Capital repaid	R475 000	R475 000	R475 000
Total interest over period	R514 318	R284 278	R156 876
Interest savings		<i>20 yrs vs. 7 yrs</i>	R357 443
		<i>12 yrs vs. 7 yrs</i>	R127 402

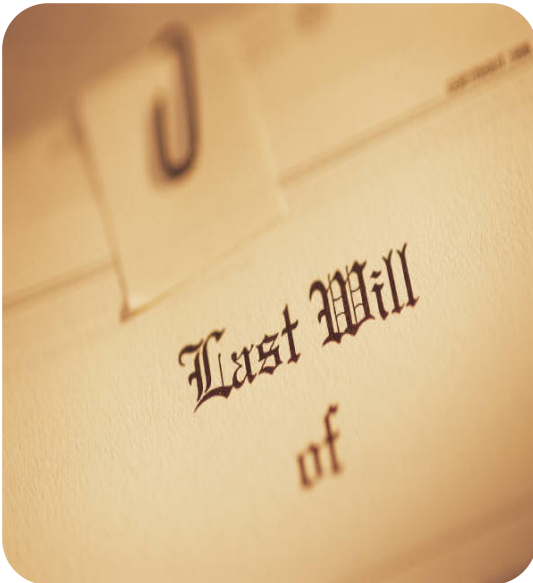
Once you have paid off the initial bond for the house in less time than the bank suggests, you save a large sum of money on interest payments and your house hopefully would have risen in value. You can then buy a bigger one and pay it off in 7 years again, using your first house as a major down payment. The interest you save is staggering when you pay off your bond in a shorter period.

Session 10

Estate Planning¹³

A. The Crowning Act of Stewardship

- “In those days Hezekiah became ill and was at the point of death. The prophet Isaiah son of Amoz went to him and said, “This is what the LORD says: **Put your house in order, because you are going to die**; you will not recover” (Isa. 38:1).
- Estate planning is a Christian duty: “If anyone does not provide for his relatives especially for his immediate family, he has denied the faith and is worse than an unbeliever” (1 Tim. 5:8).



- Ensure you consult a legal person or a person knowledgeable about estates and wills as the legislation around it can be a bit tricky and there are other taxes that the government may levy depending on the size of your estate and certain provisions of the relevant acts (your local conference/union has a department called Trust Services, which also helps with such matters).

- If you die without a will you place a burden on your surviving family to administer your estate including all assets and liabilities.

- If you die without a will and without an apparent heir, your estate lands in the hands of the government. You already pay taxes on your monthly

earnings and capital gains and now you will give all the rest to the government, often to be used in ways that have a negative impact on the gospel.

- So remember that if you die without a will, others decide where your money goes. It may be given to people who are not financially responsible, whom you may not even like, to causes you would not have supported and in proportions you would not have wanted.

B. Why Talk About Estate Planning?

- It's a stewardship responsibility before God
- You need to be responsible to the surviving members of your family and protect them after your death
- Your estate can be used to further the cause of God instead of reverting to irresponsible people or the government
- Life is uncertain
- Many destitute survivors are not a result of poverty but lack of estate planning

C. Who Should Participate in Estate Planning?

- Anyone who has property.
- Both young and old need to make estate planning a priority. It should not be deferred.
- Anyone who has a responsibility to support others.
- Anyone who recognises their stewardship responsibilities before God.

D. Don't Cause Perplexity for Those Whom You Leave Behind

- “Those who are faithful stewards of the Lord’s means will know how their business stands like wise men; they will be prepared for any emergency. Should their probation close suddenly, they would not leave such great perplexity upon those who are called to settle their estate”¹⁴

E. Things to Keep in Mind

- “There are only two places in the world where we can deposit our treasures – in God’s storehouse or in Satan’s. All that’s not devoted to Christ’s service is counted on Satan’s side and goes to strengthen his cause.”¹⁵
- “To present a selfish system of disposing of property is not God’s plan, but man’s desire.”¹⁶
- “In disposing of your property...to your relatives, be sure that you do not forget God’s cause.”¹⁷

F. Guidelines on Writing Wills

- Primary areas of legitimate distribution:
 - Family’s needs
 - Parents should remember their children in their wills if 1) they are still dependent on their parents and therefore needy 2) they have a physical handicap or require expensive medical care 3) they will be more liberal to God’s cause than the parents were.
 - If however the children are unbelieving and therefore not good stewards of God 2) financially well off and 3) not serving God or His church, then parents should not consider them in their wills.¹⁸ Ungodly and irresponsible children will use the extra means in the service of Satan.
 - Needs of others (poor, etc.)
 - Advancement of God’s cause
 - God is the one who lent us our money and possessions. It therefore really belongs to Him and in our wills we should make
- Make up your mind to draw up your will as a matter of urgency.
- *Suggestion:* Read chapter 42: **Wills and Legacies** in *Testimonies*, vol 4, pgs 476-485.

G. What Parents Owe Their Children

Parents are not obligated to leave all their monies to their children. This is what parents really owe their children:

- A Christian home environment that models God’s love
- An example of a good working ethic
- A good education to prepare them to take their place in society. When you have given your children an education, you really have no further **financial** responsibility toward them

H. Aim to be Your Own Executor

- “That which many propose to defer until they are about to die, if they were Christians indeed they would do while they have a strong hold on life. They would devote themselves

and their property to God, and, while acting as His stewards, they would have the satisfaction of doing their duty. By becoming their own executors, they could meet the claims of God themselves, instead of shifting the responsibility upon others”¹⁹

- When you disperse your own assets, others will not be able to contest it and you will personally see and rejoice in the benefits they produce.
- Example: David when preparing for the Temple. He did everything while he was alive to ensure the success of the project and made proper arrangements for its completion after his death.

Conclusion to series

We have gone on an exciting journey of how, as faithful stewards, we should be managing God’s money. We have noted that God is not opposed to riches or wealthy people. Money is an entrusted gift. Yet it can be a serious danger in the hands of the unconverted or ‘half-converted’ person. Our series has taken us into areas such as the biblical teaching of tithing and offering, what Ellen White had to say on the subject, the dangers of debt, how to budget, the meaning of ‘laying up treasure on earth,’ owning a home and estate planning. I trust that you have not only been informed, but inspired to wisely use the means God has placed in your hands, so that you too will one day hear the words of commendation from our Saviour: “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.”

Prepared by Shandrell Penniken

¹ Summarised from PowerPoint materials by Ps Micah Choga (stewardship director at SID, 2012) and Ed Reid’s book, *It’s Your Money, Isn’t It?*

² Summarised from PowerPoint materials by Ps Micah Choga, stewardship director at SID, 2012

³ Summarised from Ed Reid’s book, *It’s Your Money, Isn’t It?*

⁴ E.G. White, *Counsels to Parents, Teachers and Students*, p. 49

⁵ E.G. White, *Testimonies to the Church*, vol. 4, p. 418

⁶ *Ibid*, p. 425

⁷ Summarised from PowerPoint materials by Ps Micah Choga (stewardship director at SID, 2012); Glenn Smithwick’s PowerPoint materials on Money Matters, and Ed Reid’s book, *It’s Your Money, Isn’t It?*

⁸ E.G. White, *Child Guidance*, p. 136

⁹ *Ibid*

¹⁰ E.G. White, *Counsels on Stewardship*, p. 59

¹¹ E.G. White, *Christ’s Object Lessons*, (Hagerstown: Review & Herald, 1941), p. 352

¹² From Ed Reid’s book, ‘It’s Your Money, Isn’t It?’ with major input from Winston Tong, a chartered accountant in South Africa.

¹³ Summarised from PowerPoint materials by Ps Micah Choga (stewardship director at SID, 2012); Ed Reid’s book, ‘It’s Your Money, Isn’t It?’ with significant input from Winston Tong.

¹⁴ E.G. White, *Testimonies to the Church*, vol. 4, p. 482

¹⁵ E.G. White, *Testimonies to the Church*, vol. 6, p. 488

¹⁶ *Ibid*, p. 391

¹⁷ E.G. White, *Counsels on Stewardship*, p. 328

¹⁸ See E.G. White, *Testimonies to the Church*, vol. 3, pp. 121-122

¹⁹ E.G. White, *Testimonies to the Church*, vol. 4., p. 480