

# Basic Budgeting

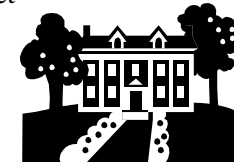
Getting on Top and Staying on  
Top of Your Finances!



Jim & Bonnie were deep in debt. They had credit cards that they weren't paying on, and they were constantly harassed by collection agencies. They applied these budgeting principles for 12 months. Paid off their debts and got started buying a home. **They did it - you can too!**

## INTRODUCTION

Developing a good budget is like building a home. First you build a solid foundation, then you frame in the building,



after that you make the building secure, and finally you furnish your home. It's simple straight forward and it works!

1. The Foundation - Discipline, Time and Faith. This is based on an understanding that God owns and I steward His resources.
2. The Frame - Planning out your priorities and sticking with them. First, what you need to keep a roof over your head, next, what you need for gas and groceries; last is outstanding bills and extras.
3. Securing Your Home - Avoiding those pitfalls that ruin a budget and plunge you into debt.
4. Furnishing Your Home - Enjoying the simple things and giving generously.

**Romans 13:8 "Owe no one anything except to love one another..."**

## **Basic Budgeting**

This is a how to, what to, why to book. If you want help there is some advice here. The old adage "failing to plan is planing to fail" is true. You need a plan. A Budget is simply a financial plan. Make a plan and stick to the plan as much as you can! If you want to get on top it will take three things: Discipline, Time, and Faith.

### **THE FOUNDATION**

#### **DISCIPLINE:**

Let's start with discipline. You are going to need to establish three priorities for spending and stick to them whether you feel like it or not, whether you have to pass up a super deal or not, whether anyone else is doing it or not. This will require discipline equal to marching into the grocery store, walking past the Twinkies, past the pop, past the Doritos chips and over to the bread and baloney and walk out with only bread and baloney. The priority expenditures must be paid in order as follows:

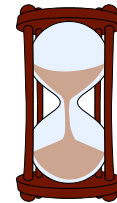
**#1 What you need to keep a roof over your head.** (These payments are non-negotiable, if you don't pay them you sleep out in the rain or try to get a friend or relative to take you in. Basically you get your bed taken from underneath you.)

**#2. What you need each week for gas and groceries.** (These are somewhat negotiable, you can walk, ride a bike, drive less and eat beans and rice instead of steak and fast food if you have to.)

**#3. Outstanding bills and extras.** (These are very negotiable, because you can cut out the luxuries, and bills that aren't connected with food or shelter are much more negotiable than those that are.)

#### **TIME:**

Let's talk about time. You won't get out of debt overnight. It will probably take you a lot longer to get out of debt than it did for you to get into debt. If it took you one day to incur a debt of \$1000 and you earn \$100 per day and work 5 days per week it will probably take you about 18 months (a year and a half) to pay off the debt. Ask yourself this: At the end of every month are you less in debt than you were at the beginning? Are you gaining ground? They didn't build Rome in a day and you won't get out of debt in a day! Establish clear measurable goals and chip away at them. If you "blow it" regroup as soon as possible and pick up where you left off!



## FAITH:

Now what about faith? Faith is believing that God will honor your integrity and generosity. Let's face it, Jewish people in general (the Hebrews or Israelites) have a history of being financially prosperous. This has to do with their faith in God and their practice of giving back to Him at least 10% starting with the first fruits of all their earnings (Genesis 28:22). The Biblical principle of tithing was established thousands of years ago and still works today. Faith is believing that you can live better on 90% of your income than you can on 100%. Faith is understanding that everything you have is a gift from God, even your ability to work hard and earn money. Your life and every thing in it is a gift from God. Actually, we aren't owners of anything, we as human beings are stewards of God's good earth and everything in it.

*Now, let's get down to practical application:*

## THE FRAME

### #1. WHAT YOU NEED TO KEEP A ROOF OVER YOUR HEAD!

This will include all the things you need in regard to having shelter and generating an income so that you can maintain your shelter. This is a suggested list for what needs to be paid first:



Tithe = 10% of your gross earnings and it is the first thing you pay. Remember FAITH! Without God giving you anything you don't have anything!

Rent or Mortgage = Everything related to a roof over your head including the rent or mortgage payment, property taxes and home or renters insurance.

Phone = You need to be accessible for work! (this does not include long distance, internet, etc.)

Car Payment = The car you drive to work plus insurance and license to keep it on the road. This does not include your second vehicle and it needs to be *basic* transportation. If you are reading this booklet you probably need to be looking at a used vehicle with payments that are less than half of what you'd pay for a new one. Better yet, save up a reasonable amount and pay cash for a reliable older vehicle!

## #2. WEEKLY GAS & GROCERIES

This includes the gas you put into your car to get back and forth to work and the food you eat, your toiletries, and *basic* clothing.



You need to set a fixed amount, usually take it in cash, and when the cash runs out you live without cash until the next week. Gas up your car before you start spending your \$ on other stuff! This is usually the area where the budget gets blown. This is because if you keep a lot of cash in your pocket you'll be surprised how many things come up that you just need to spend money on. And, if you haven't already paid your priority #1 bills and set aside a specific amount of cash for this you will run into financial problems.



Gas = gas, oil, auto fluids

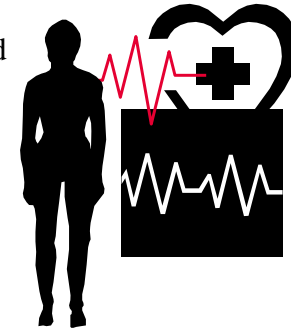
Food = All you eat including eating out (which is generally where you end up spending more money than you intended)

Toiletries = soap, deodorant, laundry detergent, cleaning supplies etc.

Clothes = what you need to keep your head, body and feet warm and dry.

## #3. OUTSTANDING BILLS AND EXTRAS

This includes things like doctor bills, luxuries (such as cable TV, call waiting, etc.), even your savings account. These are things that if they aren't paid you will still have the necessities of life, food & shelter. Doctor bills and other similar debts must be repaid at some time because of integrity; however, you can negotiate a payment plan (and stick to it). Because you used their services you owe them the money and you will want to do your best to repay the debt.



Doctor Bill #1

Doctor Bill #2

Personal loan

Savings Account

Slush fund (fun money in an envelope)

Etc.

The idea with this area is to eliminate as many of your outstanding debts as possible. Get rid of those doctor bills and personal loans as soon as possible. In the process keep a decent roof over your head, food on your family's table, keep a good consistent work schedule that you employer, coworkers, and customers can rely on. If you get your hands on some extra cash, pay off your debts to the people you owe money to.

Here's: the basic Budget:

**Priority #1**

- \$ Tithe
- \$ Emergency Fund
- \$ Rent/Mortgage
- \$ Home owner's or renter's insurance
- \$ Property Taxes
- \$ Utilities
- \$ Telephone (basic service)
- \$ Car Payment (basic)
- \$ Car Insurance

**Priority #2** (cash on hand)

- \$ Gas money (designated weekly amount)
- \$ Grocery money (designated weekly amount)
- \$ Clothes and Household Goods

**Priority #3**

- \$ Outstanding bill #1
- \$ Outstanding bill #2
- \$ Outstanding bill #3
- \$ Savings Account
- \$ Life Insurance
- \$ Gifts/Birthdays, etc.
- \$ Slush fund (fun money)

**If your outgo exceeds your income your upkeep will be your downfall.** Retus Shaw (a wise man☺)

## SECURING YOUR HOME

The following concepts are important for avoiding pitfalls that can destroy your budget and make your life miserable – Establishing an Emergency Fund, Saying No and Removing Stumbling Blocks.

***Avoid  
Pitfalls!***

### SET A BUDGETING SCHEDULE:

Schedule a time each week to review your budget and pay bills. This will keep you current and alert you to upcoming issues. The result will be the ability to respond rather than reacting to them. As you work the plan you will come out ahead.

***Proverbs 27:23-27** says: “**Know well the condition of your flocks, and give attention to your herds... there will be enough...**”*

### ESTABLISH AN EMERGENCY FUND:

An emergency fund is money that is readily accessible to you and your family should you need it. Keep at the very least a minimum of \$1,000 on hand just in case something goes haywire such as a furnace going out, a need for a deductible for an auto accident, a death in the family, etc. This money when spent should be replenished ASAP so it is there the next time you need it. This is a 1<sup>st</sup> priority! It may seem like a 3<sup>rd</sup> priority but it is not. It is needed to stabilize the rest of the budget.

### SAYING NO:

Some practices will drag us down and will continue dragging us down if we let them. The slogan "just say no" is a great help in this area. People will ask you for money that you need to direct toward rent, car payment or something else that is not negotiable. So, you need to get ready to say no to these common askers:

- People who "need" to borrow money from you (if you have the money, give it to them, if the money is designated for something else politely decline).
- Some people will want you to cosign for them on loans (which if they don't pay, you will be responsible to pay; again politely decline)
- People will want to sell you something at a super bargain, that if you pass this up, you will "never" have this chance of a life-time again (politely reject these pressure sales).
- There will be certain organizations (which are legitimate and very good causes) that will ask for your money but you have to understand that you can't always give to everything (make a point to choose certain worthy causes to support and support them faithfully; then when God provides you with "extra" money share it generously).
- There will be many times that you will see things that you really want to get but they aren't in the budget, again you'll have to say NO.

Saying no isn't easy; but, when you've made up your mind ahead of time it becomes much easier. We have to remember that everyone who wants our money isn't always looking out for our best interest. Some people will use you. The book of Proverbs offers some excellent advice: Proverbs 22:3 "*A prudent man foresees evil and hides himself, But the simple pass on and are punished.*"

### REMOVING STUMBLING BLOCKS:

Looking ahead is a wise thing. Proverbs 22:3 is restated almost exactly the same way in Proverbs 27:12 "*A prudent man foresees evil and hides himself; The simple pass on and are punished.*" Looking behind is also wise. You can learn from past mistakes by looking at where you've encountered budget blowers in the past.

The biggest and most notorious budget blowers are CREDIT CARDS. If you are in financial trouble take them out right now and cut them up! Throw them away and don't get any more. Although credit cards can sometimes tie you over in a financial bind they always need to be paid back and if you don't pay before the interest starts accruing, it often accrues at an unbelievable (huge) rate. These debts generally contribute to a downward spiral that gets you further and further into debt.



Expensive hobbies are also a big budget drain. If you are in a bind you just have to drop them or severely limit them; (yes, even golf, bowling, hunting, fishing, boating, recreational vehicles, etc.).

Other things are even more draining (not to mention destructive) such as gambling, drinking, drug problems, and sexual promiscuity. These will keep you broke and miserable. You are going to need to get help like AA (alcoholics anonymous) or something else; start with a pastor, a friend, your boss, or someone else who has a vested interest in your well being. Do not go to someone who is also sucked into your cycle of problems. Go to someone who has their "feet on the ground" there are lots of folks around who are on solid ground financially, socially and spiritually. They can help!



## FURNISHING YOUR HOME

This is the stuff that makes life enjoyable. Being able to go to bed at night with a clear conscience and an optimistic attitude toward tomorrow.

### LIVING IN INTEGRITY:

Integrity means that you say what you mean and you mean what you say. It means that when you make an agreement you follow



11 through on it whether you can wiggle out of it financially or not. You do your level best regardless of personal loss to repay what you've borrowed and live up to the commitments you've made. The Bible says this about a man of integrity: Psalms 15:4b " *...He..swears to his own hurt and does not change;*" Jesus said" Matt. 5:37 " *But let your 'Yes' be 'Yes,' and your 'No,' 'No.'*..." Let's face it we live in a culture where a handshake doesn't mean much. That's sad. It's time to change that. God will bless it! In the financial realm this means that we take some care about what we commit to; we think twice before we sign our name on a loan. If I know I must pay back my debt, I'm more likely to pay cash and avoid the interest payments in the first place! The responsibility to do right is on the person who knows right from wrong.

### MANAGING LIFE WITH CONSISTENCY:

This may sound boring but it works. Actually most of our lives are made up of series of mundane activities, which we must do in order to live. Things like



brushing our teeth, taking baths, combing hair, cleaning up our messes, etc. Hey, that's the way it is! Ever since Adam & Eve ate the forbidden fruit man has had to work by the sweat of his brow (Genesis 3:19). We may as well accept the fact that as long as we are in these bodies we will have to

maintain them and everything else around us. That includes our budget. But day by day, inch by inch we can maintain a responsible budget, work our way out of debt, and even leave an inheritance for our children.

Something else to consider, is taking care of your family long term. For this see a trusted insurance agent, but remember, this is a 3<sup>rd</sup> priority because you need to have a roof over your head and food on your table for your family now before you can plan for their care in the future.

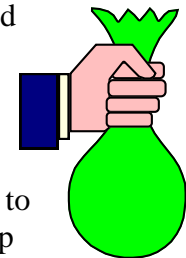
#### ENJOYING THE SIMPLE THINGS IN LIFE:

Isn't passing down blessing to children one of the highest callings in the world? Of course it is! It's relational! It's basic in our society and any society that wishes to grow and thrive. The way to influence children (and any one else) is to spend time with them. The best things in life are free. There is nothing more valuable than a child looking you straight in the eyes and with all sincerity saying, "I love you!" Actually it isn't free, if it doesn't cost you everything, it will cost you plenty. Plenty of time, energy, and resources. But why not invest everything in what you know is right, rather than to let selfish ambitions, and greed rob you not only of time and energy, but also of your joy. Spend time with the people you love!



#### GIVING GENEROUSLY:

The Bible says: Proverbs 11:23-24 *"There is one who scatters, yet increases more; And there is one who withholds more than is right, But it leads to poverty. The generous soul will be made rich..."* II Corinthians 9:6 also brings this point home: *"He who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully."* People who are givers usually have more and more to give, but people who are takers often find themselves to be lacking. As Psalms 37:21 says *"The wicked borrows and does not repay, But the righteous shows mercy and gives."* There are givers and there are takers in this world - be a giver! Jesus said *"It is more blessed to give than to receive."* Acts 20:25. Even if you didn't prosper, wouldn't you rather end your life content and having no regrets, looking back on a past of doing people right and being generous rather than borrowing and not being able to pay back. To be a giver, you have to have something to give. Get on top of your money and have cash that you can give away. You'll enjoy seeing yourself in the mirror and you'll enjoy writing those checks, money orders, or giving cash to places you know in your heart are worthy causes that honor God.







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