

7 financial habits of gospel-minded people

by Andrew Hingston

In our office, the lifestyle section of the *Australian Financial Review* is normally thrown straight in the bin. However, one particular issue caught my attention. The headline read, ‘The hunt for happiness. Humans have a huge blind spot when it comes to what we want most’.¹ “The truth is”, wrote Julie Macken, “not only does money not make you happy, but the blind pursuit of it could be making you—and your nearest and dearest—miserable”.

These claims should not be surprising to anyone who has read God’s instruction manual for life—the Bible. Jesus taught us to store up treasure in heaven rather than here on earth (Matt 6:20) and Paul emphasizes that “there is great gain in godliness with contentment” (1 Tim 6:6). However, many of us still struggle with how to apply the Bible’s general principles to our daily financial decisions.

In the following pages, three principles are derived from Ephesians 1:3-14. These principles are then used in conjunction with conventional financial planning wisdom to provide seven financial habits that can be adopted by any Christian today.

Three principles—three parts of our income

Blessed be the God and Father of our Lord Jesus Christ, who has blessed us in Christ with every spiritual blessing in the heavenly places, even as he chose us in him before the foundation of the world, that we should be holy and blameless before him. In love he predestined us for adoption through Jesus Christ, according to the purpose of his will, to the praise of his glorious grace, with which he has blessed us in the Beloved. In him we have redemption through his blood, the forgiveness of our trespasses, according to the riches of his grace, which he lavished upon us, in all wisdom and insight making known to us the mystery of his will, according to his purpose, which he set forth in Christ as a plan for the fullness of time, to unite all things in him, things in heaven and things on earth. In him we have obtained an inheritance, having been predestined according to the purpose of him who works all things according to the counsel of his will, so that we who were the first to hope in Christ might be to the praise of his glory. In him you also, when you heard the word of truth, the gospel of your salvation, and believed in him, were sealed with the promised Holy Spirit, who is the guarantee of our inheritance until we acquire possession of it, to the praise of his glory. (Eph 1:3-14)

I always enjoy looking at Ephesians 1:3-14 when I talk to Christians about managing personal finances. This is because the passage doesn’t even mention money. Instead, it discusses the blessing that we have in Christ and urges us to respond with

¹ J. Macken, ‘The hunt for happiness’, *The Australian Financial Review*, October 2003, pp. 24-26, L2.

thanksgiving. In doing so, it offers a window into three important biblical principles that have a profound influence on our world view.

Principle 1: God has revealed his plans to his people

One of the amazing things about this passage is that God, the creator of the universe, has revealed the ultimate plans and purposes behind his creation.

At first glance, the purpose behind the world appears to be centred on us. God has blessed us with every spiritual blessing (v. 3), chosen us to be his people before he made the world (v. 4), forgiven our sins (v. 7) and adopted us into his family through Jesus (v. 5).

However, verses 9 and 10 tear the focus away from us and place it back on Jesus. The purpose behind all of these things is to bring everything together under the headship of Christ. And it doesn't stop there. The praise and glory for these things ultimately lies with God the Father (vv. 3, 6, 12 and 14).

Put simply, the implication for us is that we should 'get with the programme'. God's plan is to bring glory to himself and his son Jesus by choosing a people and purchasing them out of slavery to sin. He does this through the proclamation of the great news of Jesus' death and resurrection (v. 13). This is what occupies the mind of God. May it also occupy our minds and govern how we use the money God gives us.

Principle 2: God is in control yet also holds us responsible

A second principle highlighted in this passage is that God is in control. He chose his people before the creation of the world (v. 4). He predestined us to be adopted into his family through Christ (vv. 5 and 11). The concept that God is a sovereign king who is in control of this world appears throughout the Bible (see Gen 45:8, Exod 9:12, Prov 16:9, Matt 10:29 and Acts 4:27).

However, the passage also implies that we are responsible for our decisions and actions. The process of being adopted into God's family is to hear the good news about Jesus and to respond by *believing* that message (v. 13). Other passages explicitly address our responsibility for our actions (Matt 25, Rom 2:6-8 and Rev 11-13).

We often struggle to understand how we can be held responsible for our actions when God is in complete control. However, the Bible is clear that both ideas are true. Peter even uses the two concepts in the same breath when addressing the crowd at Pentecost (Acts 2:23). Jesus says in Luke 22:22, "For the Son of Man goes as it has been determined, but woe to that man by whom he is betrayed!"

It brings us great joy to know that God is in control of the world. We can put our confidence in him. We don't need be afraid when it comes to our financial situation. Instead, we are free to trust in God's rule and make wise and responsible plans with the financial resources that he gives us.

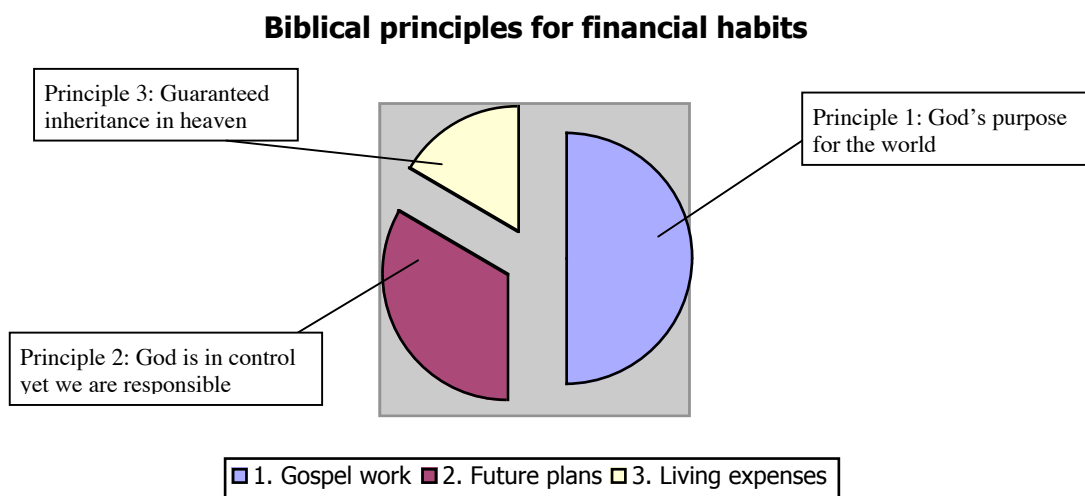
Principle 3: God's people have a guaranteed inheritance

A third principle we see in this passage is that God has promised to give his children an amazing inheritance. This inheritance is currently stored up for us in heaven (v. 3). It is guaranteed because Jesus has purchased us out of slavery to sin (v. 7), allowing God the Father to adopt us into his family (v. 5). Although we don't yet know all the details of this inheritance (1 Cor 15:35f), we know that it will be fantastic (Rev 21).

Knowing that we have a guaranteed inheritance affects our thinking and behaviour now. We have no desire to blindly pursue material wealth here on earth as though there is nothing in the world to come. Instead, we are people who wait patiently with contentment for our guaranteed heavenly riches.

Three parts of our income

These three principles help us decide what to do with our income. Knowing God's plans for the world means that we want to give the first part of income generously to the work of the gospel. We can use the second part of our income to responsibly plan for the future while trusting in God's sovereignty. Finally, we should be content with what remains and use it to cover our living expenses as we wait patiently for our heavenly inheritance.



However, many of us have specific questions and issues about managing our finances that are not answered by these three principles. Let's now have a look at some practical ways of implementing them.

7 financial habits

While the Bible provides some general principles about how we should be managing money, many of the specific applications are left up to us. Is it better for a young Christian couple to rent or buy a house? Are private health insurance premiums a waste of money? Should families save money for an expensive private education for their children? Does the Christian who takes out life insurance fail to trust in God's sovereignty? How do I get out of my slavery to credit card debt?

Secular money management books can help with some of these questions. However, their wisdom on managing money is often influenced by greed and sin. As people who still live in this world, we obviously need to be familiar with the modern 'financial tools' and to use them with wisdom and shrewdness. This will involve some critical thought from a Christian world view about the contemporary wisdom on managing money.

The following seven habits are partly based on general financial planning wisdom. However, they have been heavily influenced by a Christian world view. You may like to write down a ‘to do list’ on a separate piece of paper while reading through these habits.

Habit 1: Give adventurously towards God’s work

God has revealed his plans and purposes to us and this motivates us to be generous with both our time *and* our finances while we are here on earth. Under the new covenant, we are freed from the Old Testament principle of tithing ten percent of our income—so we can now become *adventurous* givers. This involves taking some risks and may require us to perform some drastic surgery on our living expenses. However, the treasures stored up for us in heaven are far greater than any short-term sacrifices to our lifestyle.

Good adventurers usually have a detailed plan before they set out on an adventure, and we should do the same. Try doing steps 1 to 10 in the attached worksheet (at the end of this document) right now (we’ll do steps 11 to 14 later).

Remember that God is interested in our money *and* time. Our society is preoccupied with earning as much money as possible so that they can live in nice houses and send their children to the best private schools. However, many adventurers will choose to sacrifice the opportunity to earn more money (perhaps by saying ‘no’ to a promotion, or by deciding as a family to live on only one income) in order to invest time doing important gospel work such as raising godly children, being regularly involved in Bible studies, and actively serving others at church. You might choose to work only four days each week in order to donate a day of your time to your church or some other ministry. What we decide *not* to earn can be as significant as the amount we give away.

Habit 2: Plan to do unpaid full-time ministry after age 60

The importance and urgency of God’s work here on earth means that his children should not desire to retire and live at the beach. Instead, ‘retirement’ for us means that we are financially independent and now able to do full-time unpaid ministry in our churches until we are called back to our true place of rest—heaven. We should aim to start doing full-time ministry by age 60 and start planning for it now.

The first thing that we’ll need if we plan to do full-time unpaid ministry at age 60 is a way to put food on the table and cover other living expenses. The best way for Christians to do this in Australia is through the superannuation system. Learn more about it now by reading the information provided by your superannuation fund. Consider ‘salary sacrificing’ an extra 3% of your income into superannuation. Consolidate your superannuation into one fund (see www.switchonline.com.au). Make sure that it is invested in a quality, growth-oriented investment portfolio.

The second thing that we’ll need is a roof over our heads. We should aim to fully own a modest two bedroom house or unit by age 60. Please note here that Christians don’t need an enormous house in the right suburb. Indeed, it is often quite foolish to aim for this because it will require both parents to work full time. This makes it difficult to spend time and energy with our children and to raise them in the Lord. Dual income parents have little energy for any substantial involvement at church. The large mortgage payments also make it very difficult to be financially generous towards gospel work. And when dual income parents finally pay off the mortgage

after 25 years of slavery, their children have all moved out of home and the house becomes an empty nest. It's also worth noting that buying a nice house can make it even more difficult for your brothers and sisters who have gone into full-time paid ministry to be content with their living situation.

Think creatively about how to achieve this goal of owning a modest house or unit by age 60. An overlooked strategy is to buy a two bedroom unit as an investment property (renting it out to help cover mortgage repayments), and then simply rent a house or unit according to your current family, ministry and work situation. Other people may be able to achieve this goal by buying property jointly with other family members. You may simply receive a property at age 60 through inheritance. If you are struggling with the burden of serving a large mortgage with two full-time jobs while also raising children, consider selling the house, buying an investment property and simply renting a (smaller) house in which to raise the children. There is no reward in heaven for the sacrifices that you are making to pay off a large mortgage.

Habit 3: Manage your current risks with the gospel in mind

We should also evaluate our current risks and manage them in a way that brings glory to God. Our motivation for dealing with these risks does not come from the fear of an uncertain future. Instead, our motivation should be out of love for others and a desire to be responsible with the ministries and resources that God has entrusted to us (in our families and at church).

The first step in being responsible is to make sure that you have a will and that it is up-to-date. Dying intestate (i.e. without a valid will) will make it more difficult, time consuming and costly to distribute your various assets when you die. Using a solicitor (preferably a Christian one) to draft a will is preferable to using a cheap will kit.

The second step is to take out adequate life insurance. Death cover (also called term insurance) can be used by married couples to pay off any mortgages and provide a lump sum on which to raise children in the event of death. Salary continuance (also called income protection) can replace up to 75% of your salary in the event of an accident or illness that prevents you from working. The easiest way to take out these forms of insurance is through your superannuation fund.

You should also carefully evaluate other types of insurance options available. Consider taking out private health insurance with hospital cover only. Carefully assess the various home contents, home insurance and motor vehicle insurance options available. Ask for a higher 'excess' and save the difference into a separate savings account to be used if the insured event happens to you.

Habit 4: Save towards future expenses

Another aspect of being responsible is to plan and save towards significant future expenses over the next five to ten years. This will help us to remain free of the slavery to unnecessary debts and stay focused on ministry. Some examples of possible expenses that you may incur include:

- replacement of your current motor vehicle (or purchasing your first one);
- the deposit on a modest unit or house (usually 10% of the value);
- the costs (and lost income) associated with having children;
- possible wedding expenses (for you or for your children);
- the costs of taking one year off work and studying at theological college (something worth everyone considering at some stage);

- future holidays; and/or
- purchase or replacement of white goods and furniture for the house.

Calculate the weekly amount that you need to save for each of these expenses. Divide the total dollar amount of the expense by the total number of weeks until you need the money. We normally underestimate these expenses so you can use any interest on your savings to help cover this gap. If you are unsure of the dollar amount of an expense, then do some research by asking a friend who has some experience.

You should also set aside a cash buffer of at least \$5,000 in your bank account to make sure that you can always pay bills and direct debit giving as they fall due. You can also use this cash buffer if you are ever out of work temporarily or face an unexpected expense.

Invest your savings according to your investment time horizon. If you will need the money in the next three years, then save the money into a cash management account or term deposit with your bank. Money that you need in three to five years can be invested in a managed fund that invests in a 'balanced' portfolio. If you don't need the money for at least five years then invest the money in a 'growth' oriented managed fund that invests in shares and property. The large entry fees on managed funds are waived by some online companies (see www.comsec.com.au). Christians are wise to avoid investing directly in shares because it is time consuming and can easily lead to 'white-collar gambling'.

If you are in credit card debt then speak to your bank about your options. Cut up your card and start a savings plan to pay off your debt.

Also, beware of the seduction of putting your children through a private education. We should long and pray that our children know the Lord and persevere until the last day. Giving them an education that encourages them to be a doctor, lawyer or the next Prime Minister of Australia, and surrounding them with the children of wealthy idolaters is a poor training for future citizens of heaven. Parent-controlled Christian schools are an excellent alternative. Use the money that you save to fund someone through some form of ministry training (e.g. the Ministry Training Strategy (MTS)).

Habit 5: Work out where you are wasting God's money

You may be gasping for breath after giving an adventurous proportion of your income to the work of the gospel and calculating some responsible savings objectives. So the next step is to work out some areas where you can cut back in your living expenses. We know that we can sacrifice some quality of life now when we remember what is stored up for us in heaven. We can also do it responsibly without neglecting our family because we have put adequate plans in place to save for the future.

The first step is to work out exactly where we are spending our money. Every company tracks income and expenses so that managers can make good decisions with the company's finances. Likewise, if the leader of a household needs to make some decisions about household finances then they will need accurate information.

Try estimating your average weekly living expenses under the following categories:

Expense category	\$ per week
Rent or mortgage payments ²	\$
Other household bills (electricity, water, rates)	\$
Groceries	\$
Dining out	\$
Telecommunications (telephone, mobile, internet)	\$
Clothing	\$
Transport (car, insurance, rego, train, bus)	\$
Education	\$
Leisure and entertainment	\$
Gifts	\$
Healthcare	\$
Insurance	\$
Other (add an extra 10%)	\$
Total	\$

Now track *every expense* over the next month to check your estimates. Buy a pocket notebook to record expenses. Ask for a receipt every time you spend money. Divide any quarterly bills by three to give the average monthly amount. Tally your expenses under each category using a calculator or Excel spreadsheet. It really is worth doing this meticulously, just for one month, to get an accurate picture of your current spending habits.

Habit 6: Learn contentment by cutting back your expenses

Companies have marketing departments and these people make it their business to make us discontent with our current lifestyle so that we'll buy their products. This is an inseparable part of living in a twenty-first century consumer-based economy. We need to fight this by learning something that does not come naturally to any of us—contentment. The best way to do this is to keep cutting back on our living expenses by ten percent and to pray for contentment and happiness with a lower standard of living. Our living expenses and expected quality of life naturally climb over time, so this will be a continual battle.

Here are some tips:

- focus on making a significant reduction in two or three different expense categories rather than trying to cut back in everything;
- remember that 'just \$10 per week' is actually more than \$500 per year;
- buying lunch at work every day is costing you at least \$2000 a year—try getting up ten minutes earlier in the mornings to make a sandwich;
- move to a pre-paid mobile phone plan and cut back on unnecessary calls—aim to reduce your bill to \$10 per month;

² Only the interest component of a mortgage payment is an expense. However, you may like to consider the entire cash outflow of your mortgage payments as a 'living expense' for the sake of simplicity.

- defer buying your first and/or second car—they are very expensive when you factor in running costs, insurance and depreciation (the amount it goes down in value each year), and are even more expensive if you borrow money to buy them;
- buy food in bulk from wholesalers and markets;
- allocate a fixed amount each week that can be used to enjoy the money, family and friends that God has given us (and save it up for big things sometimes); and
- be creative—brainstorm ideas with your spouse or a friend.

Habit 7: Set aside some time each week to manage household finances

The final habit to foster is to allocate thirty minutes each week to the important household chore of managing the finances, paying bills, tracking expenses and reading through financial literature.

The first step is to finalise your direct debit giving amounts, savings plans and budgeted living expenses discussed in Habits 1 to 6. Now post off your direct debit giving forms to the various ministries.

Second, set up your financial affairs so that they are as efficient as possible. Buy some manila folders for all of your statements and label them clearly. Close any accounts that you no longer use. Update your addresses and contact details with your banks and superannuation funds. Consolidate your superannuation funds into one account. Organize for your credit card balance to be paid automatically from your bank account. Pay your bills automatically via direct debit. Maintain an adequate cash buffer in your bank account so that your automatic payments don't bounce.

Third, start to regularly track your expenses so that you can determine how you are performing compared to your budget. Choose a method that fits in with your personality and situation. You may be a 'Dollar Tracker' who tracks every single dollar spent by using a personal finance software package such as Quicken or Microsoft Money. You may be a 'Bill Tracker' who just tracks the regular bills and the total amount of other cash expenses. Or you may be a 'Savings Tracker' who sets savings goals and then pays for living expenses out of a separate transaction account. Whatever the method you choose, it should help you keep track of your living expenses and identify where you can cut back.

Putting it into practice

Now all that's left is to put it all into practice. Hopefully, you've already started doing this as you've been reading through these pages. Try completing the rest of the worksheet now, if you haven't already, using Habits 2-7 described above.

We need to keep reading through the Bible so that we can see things from God's perspective, and have the same concerns for people (including ourselves) as he does. We also need to keep reassessing how we are managing the financial resources that God has entrusted to us. Be open about your financial struggles with other Christians. And remember that if you get stuck, you should go straight to a qualified (and preferably Christian) financial adviser.

Worksheet: 7 financial habits for gospel-minded people

1. Read through Ephesians 1:3-14 and pray from the passage that God would inspire you to be excited about his plans and give generously towards them. Then fill in the table below, using steps 2-10 underneath the table.

After-tax weekly income	\$ (A)	Organizations to support financially	% of allocated amount	Amount to give to organization (= C x D)	Completed direct debit form (✓ when done)
Percentage to give to gospel work	% (B)	1. My church	% (D)	\$	
Allocated amount to give to gospel work (= A x B)	\$ (C)	2.	% (D)	\$	
		3.	% (D)	\$	
		4.	% (D)	\$	
		5.	% (D)	\$	
		6.	% (D)	\$	
		7.	% (D)	\$	
		8.	% (D)	\$	
		9.	% (D)	\$	
		10.	% (D)	\$	
		Total:	% (should = 100%)	\$ (should = C)	

2. Calculate your after-tax weekly income and insert the amount at (A) above.
3. Temporarily forget your living expenses and other financial obligations.
4. Decide on an adventurous percentage of your after-tax income to give directly towards the work of the gospel. This should be at least ten percent of your after-tax income (it should also push you out of your comfort zone). Insert this percentage at (B) above.

5. Work out the dollar amount this percentage represents and insert this at (C) above.
 6. Brainstorm a list of five to ten different organizations or people to which these funds can be directed (including your own church)
 7. Choose a significant percentage to give to your church. You have a primary responsibility to support this ministry and should choose an appropriate percentage (generally at least 50%).
 8. Choose percentages for the other ministries that you've chosen. You may prefer to focus on a few ministries and allocate zero percent to the rest. On the other hand, some people like to support many ministries with a small amount. Your total percentages (including your church) should add up to 100%.
 9. Calculate the dollar amount to give to each ministry per week (multiply your answer in point 5 by the percentages you allocated).
 10. Obtain and complete a direct debit form and pencil in the dollar amounts.
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11. Work out some responsible savings goals (see Habits 2, 3 and 4).
12. Creatively reduce your living expenses so that you can afford to give your adventurous percentage to gospel work (see Habits 5, 6 and 7).
13. Pen in the giving amounts onto your direct debit forms and post them to the respective organizations. Remember to pray for each of these organizations when you receive your bank statement each month.
14. Put a note in the diary to review your giving after six months. Repeat steps 1 to 9 above. Remember, you won't need to send another direct debit form for any changes to your giving. Just call the treasurer of each organization or send them a fax or letter.