

Quarterly Letter



Do we believe spending plans will control us? Are they strait-jackets?
They'll free us! We control spending & spending plans!

SPENDING PLANS

What?

A spending plan is your best estimate of time, talents and money to reach *specific* goals in a *specific* time. It can confuse you if you focus on money alone, rather than on inputs—your behaviour.

Not About Money?

Never is money the issue; your planned actions are. You decide to spend; you decide to travel! You decide to eat out! If you focus on God's goals and your behaviour, you won't stumble along, and advertisements won't dictate when you spend.

Gap Filling?

To select the best path to the goal, and to identify potential gaps and opportunities that might arise, do a spending plan before an event. It's obvious, but many folks don't do it. Doing the spending plan before the event allows you to depend on God to show you His path to handle potential gaps and opportunities. He might give you more funds to fill gaps, or show you how to work with what you have. Then again, He might challenge you with excess funds!

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Fall is a great time to look at our finances for the rest of the current year and next year. Can we resist temptations to splurge at Christmas? Here are a few pointers about doing a spending plan.

Specific Spending Plan Goals

Spending plans show the cost in time, talents, and money to carry out goals: your destination—what God wants you to do; where He wants you to go.

Ask God to show you *specific* goals for the planning period. Here is an important spending plan goal: No shortfall—expenses to be less than income. Fund the spending plan fully from *regular income*. Assign enough funds to carry out goals such as buying *specific* clothing, taking a *specific* vacation, or taking a *specific* course. The spending plan exercise calculates costs of goals so you see if you might have enough funds to carry them out during the plan period. If you don't see funds, change goals as needed.

Start always with realistic goals. *Still, if God tells you to do His goals, and you see a likely funds shortage, "just do it"! He will provide funding as you go!* But keep your eyes on Him during the journey.

Often, to "approve" spending plans, folks delude themselves by focusing on money, not goals, and they show low numbers to "balance the budget." Probably they feel good doing this, but it sets them up for disappointment. Don't do it; show realistic costs for goals, so later, you don't spend more time and money doing them.

Spending Plan Inputs

As we said before, the spending plan represents costs of doing goals. Before calculating costs in the spending plan, decide inputs such as principles to apply, and a spending-decision process. Other matters to settle include, *goals, plans, planning period, categories* to track, *spending limits*—how much will be available to

spend—*tools* to do the plan and track spending, and *accountability*. Also, how will you handle special non routine buys, such as furniture and appliances?

Sources of Needed Information

Income:

- Pay slips, pension, savings plans, investment data & last tax return.

Expenses:

- *Spending pattern:* Review past 3-6 months' expenses; note patterns and lessons. As well, record spending for the next 3-6 months; again, note patterns and lessons.
- *Spending categories:* Understand discretion from non-discretion items, and identify desired detail. Look for *vulnerable* discretion items such as eating out. Here are brief comments on selected categories:
 - *Groceries:* Work from a list. All "groceries" aren't needed. Sadly, healthy eating can be expensive. And prices vary significantly: "No Frills" is much cheaper than "Superstore."
 - *Housing:* Mortgage or rent details, property taxes, upkeep, heating & lighting bills, planned repairs.
 - *Finances:* Bank, financial, credit card statements—read fine prints, that's where you get hurt.
 - *Transport:* Car manual to estimate servicing. Likely repairs, tire replacement. Estimated travel (for gas consumption). Replacement strategy.
 - *Children:* Clothing, entertainment, education—school fees, books, supplies, field trips, activities, treats.
 - *Insurance:* house & car, (understand *deductibles*) life, medical, dental. Your extended warranties' philosophy.
 - *Clothing:* Yours, spouses' needs, wants.
 - *Entertainment & Gifts:* Vacation plans, family visits by you and by your family, family fun, eating out (frequency). Guidelines for birthdays, anniversaries, Christmas gifts...