



Quarterly Letter - fall 2004

Managing God's Money Annual Financial-Health Check

Probably it's my business background that prompts me yearly in September to review my goals and plansⁱ for the current year's remaining months, and for next year. Similarly, recalling my yearly medical around September triggers my annual medical today. After this medical examination, my doctor and I decide on goals and plans to follow until next time.

Goal setting for these procedures have the same basic aim: **to understand key issues noted in each review, so I can plan to deal with them.** I recommend both procedures at a suitable age. Specifically, I suggest you start an **annual Managing God's Money financial-health check** to identify issues to handle during the rest of the current year and in the following year.

Financial Health

I liken financial health to physical health. In my annual medical, my doctor does internal and external examinations. Based on my age and other personal data, he knows the condition I ought to be in—the **benchmark**. He uses blood tests, urine tests, x-rays and other tools to understand how my internal organs are working compared to the **benchmark**.

For the external examination, he looks into my eyes, mouth and at other parts of my body. Then he ends with a recommendation. Sometimes he stresses life style changes such as, the need for regular exercise, and the need to change to a more healthy diet.

I insist always that we don't treat **symptoms**, but ensure we understand each problem's **cause** so we may work on it. If my stomach aches, I need to understand what's causing the pain even if it will take much time to get the answer. So I bear the pain. I don't want a pill to mask it, because that doesn't fix the problem! Indeed, it may even worsen it by giving me false hope when the pain goes!

In the same way, for the financial health check, I do *internal* and *external* examinations to answer this question: **How am I managing God's money and possessions?** After the assessment, as with the medical, I don't *treat* the **symptoms** but get to the **causes** to deal with them. If I don't, I might get comfortable in my current unacceptable financial state and blame others!

As believers in Christ we know God owns everything, so our **benchmark** is clear: *to spend His money to bring Him glory and further His Kingdom*. If we are not spending like good stewards, we need to change our behavior. We have no alternative! After all, God provides what we need, when we need it (Matthew 6:33; 2 Peter 1:3; 2 Kings 4:1-7).

Just as my blood pressure reading tells my doctor my blood pressure **when he took it**, so my expense analysis will tell me where I **stored treasures** during the review period—here on earth or in heaven. In essence, what's important to me, Jesus, or me?

My financial health **at a specific time represents** the state of the finances God entrusts to me. I measure it against the **benchmark** the Holy Spirit shows me. Be assured, though the approach is subjective, over time the Holy Spirit will show each believer what his, or her spending ought to be.

So, the **annual financial health-check is merely an analytical procedure to help us see where we spent funds compared to our benchmark—the video camera view. In addition, we get a still photograph** by computing our debts and assets at the review date. Usually both results confirm what we already knew, though some details may surprise us.

The **financial health-check** procedure entails analyzing spending over a defined period, and reviewing value items (assets), and loans, at a fixed date. Based on the outcome, we

might need to change our **attitude and behavior** toward money so our financial affairs come in line with our *life goals—specific purposes God identifies for us to bring Him glory*.

Carry out your financial-health check in October by reviewing spending from January to September, and valuing assets roughly (if that's the best you can do), and loans precisely at 30 September. Be sincere; ask the Lord to help you answer each question not as you would like the results to be, but as they have been. Husbands and wives, do this exercise together during a *Family Council*ⁱⁱⁱ session. At a suitable age, encourage your children to be part of this family review. As well, teach them to do their own review.

Using the questionnaire below, try to identify the following, so you might develop suitable goals and plans:

1. Symptoms
2. Causes
3. Cures

Financial Health-Check Questionnaire

Money Matters

1. Do you accept **your role** as a **manager** of God's possessions that He entrusts to you? **Yes** ___ **No** ___
2. Are you **happy** with ...
 - a. **The state** of your finances? **Yes** ___ **No** ___
 - b. Your **attitude** toward money? **Yes** ___ **No** ___
 - c. The procedure you use to **choose** when, and how much to spend? **Yes** ___ **No** ___
3. Do you know how much you **need to live** on each month? **Yes** ___ **No** ___
 - a. Do you **live** on this amount or less? **Yes** ___ **No** ___
4. Do you feel guilty when you **spend**? **Yes** ___ **No** ___
5. Did you get **more money** over the past 12 months than 12 months earlier? **Yes** ___ **No** ___
6. Did you **spend** more during the past 12 months than the previous 12? **Yes** ___ **No** ___
7. Did your **spending** show what's important to you? **Yes** ___ **No** ___
8. Are you **in debt** except for your **mortgage**? **Yes** ___ **No** ___
 - a. Is your **debt** except your mortgage **greater** at 30 September 2004 than at 30 September 2003? **Yes** ___ **No** ___
 - b. Is your mortgage **greater** at 30 September 2004 than at 30 September 2003? **Yes** ___ **No** ___
9. **REGULARLY**, do you earmark money to God's work according to direction from the Holy Spirit? **Yes** ___ **No** ___
10. **USUALLY** (six of ten times), do you buy stuff based on:
 - i. Need? **Yes** ___ **No** ___
 - ii. Want? **Yes** ___ **No** ___
 - iii. Advertising? **Yes** ___ **No** ___
 - iv. Spending plan or budget that you follow and review monthly? **Yes** ___ **No** ___

Financial Learning & Modeling

1. Are you **learning** regularly about Christ-centered choices to improve your financial affairs? **Yes** ___ **No** ___

2. Dads, or moms if dad isn't around, are you **teaching** your children how to manage *spending drivers*ⁱⁱⁱ – factors that determine spending, such as their attitudes toward money?
 - a. By your decisions? **Yes** ___ **No** ___
 - b. By your actions? **Yes** ___ **No** ___
 - c. By talking with them? **Yes** ___ **No** ___
3. Do you know the details and choices available under ...
 - a. Your company's benefits plans? **Yes** ___ **No** ___
 - b. Your mortgage? **Yes** ___ **No** ___
 - c. Your other loans? **Yes** ___ **No** ___
4. Do you know **if you need** insurance and the amount?
 - a. Life? **Yes** ___ **No** ___
 - b. Disability? **Yes** ___ **No** ___
 - c. Other? **Yes** ___ **No** ___

Wills, Powers of Attorney & Document Retrieval

1. Do you have an up-to-date will? **Yes** ___ **No** ___
2. Do you have up-to-date Powers of Attorney for ...
 - a. Property? **Yes** ___ **No** ___
 - b. Personal Care? **Yes** ___ **No** ___
3. Do you follow a regular procedure to store and find quickly when you need them, documents such as bills, warranties, pension information, wills? **Yes** ___ **No** ___

Longer term Matters: Children Education

1. Are you saving for your children's postsecondary education? **Yes** ___ **No** ___
2. Are you using to the maximum, available funding from Government and other sources for your children's postsecondary education? **Yes** ___ **No** ___
3. Do your children know your decisions about their postsecondary education? **Yes** ___ **No** ___

Longer term Matters: Retirement planning

1. Do you know choices available to you for retirement from your employer and Government? **Yes** ___ **No** ___
2. Have you started planning for retirement, specifically, changing your career, by seeking God's direction? **Yes** ___ **No** ___
3. Have you started to identify and save for your "retirement income gap"^{iv}? **Yes** ___ **No** ___

Longer term Matters: Major Purchases and Repairs

1. Do you believe you should ALWAYS pay cash for all items except a home (this includes using a credit card but ALWAYS paying monthly balances in full)? **Yes** ___ **No** ___
 - a. Did you practice this during the review period? **Yes** ___ **No** ___
 - b. Will you start to follow this practice after this review? **Yes** ___ **No** ___

Before answering the questionnaire, you knew your specific symptoms. Either your finances concerned you to some degree, or they didn't. After this exercise what should you expect; in other words, so what?

Notice it goes beyond daily finances; it's more comprehensive than monthly spending. So the key question is this: **Are you happy with your individual answers?** I do not believe in assigning scores because it is more important that you understand the **causes** for each answer

than to get a score that doesn't help you. This review's real benefits are the trends you see by comparing current with previous questionnaire's answers, and current replies with **benchmarks**. With the Holy Spirit's help, let your first review guide you to set **benchmarks**.

You benefit from this exercise not only by seeing where you are on each item compared to the past, but by deciding to do something about answers that deviate from the **benchmark**. But don't try to fix these items before you identify the **cause**. For example, if you did not write a will, don't decide to prepare one until you understand why you hadn't. It could be neglect, indecision, ignorance or fear of discussing the topic. Deal with the **cause**, then ask the Lord how to move ahead.

When you finish assessing your answers, prepare a table to identify **symptoms, causes** and **cures**. Be honest during this exercise. It's essential you distinguish **symptoms** from **causes** so you may identify suitable **cures**. Your situation is unique; not one entry from the table below might apply, still reflect on each.

Probable Symptoms	Probably Causes	Likely Cures
Money Matters: - Not enough income (living paycheck to paycheck) - Can't sleep - Worried	1. Difficulty distinguishing needs from wants 2. Lack of faith that Jesus will supply needs 3. Greed 4. Inability to set and stick with priorities 5. Poor planning and execution	1. Accepting and working with the income you have – 2 Kings 4:1-7 2. Changing your attitude and behavior toward money 3. Changing your lifestyle 4. Patience 5. Becoming more generous
Wills & Powers of Attorney: - Can't "make the time"	1. Ignorance of Estate Planning 2. Can't allocate work within available time 3. Fear – uncomfortable discussing the subject 4. Don't believe they are needed	1. Need to become informed 2. Consult a trusted, Independent Financial Adviser 3. Ask the Lord to guide you
Longer Term Matters- Children's Education: - Concerned about education's high cost - Worried you won't have enough money when needed	1. Ignorance 2. Victim attitude – easy to blame high tuition fees on Governments and others 3. <u>You didn't plan</u>	1. Get to know your choices 2. Decide who is responsible for your children's education. If you choose not to provide, <u>tell the children EARLY</u> . 3. Start EARLY to use Government and other funding programs.
Retirement Planning: - Concerned you may not be able to retire - Worried because you don't know what to do - Don't know when to start planning - Don't know if you should start	1. Victim attitude: Willing to blame Government or employer for not providing 2. Greed: Ill-advised investments in the stock market	1. Seek reliable independent advice 2. Ask the Lord to guide you. Understand that retirement is not a Biblical concept 3. Take responsibility for this area.

After you finish your table with the Holy Spirit's help, listen for God's goals and plans that will address the **cures** during the current year's remaining months, and the following year. Start doing them! His goals always have the 3-C's stamp: **clear, complete, concise**. You might not get the goals all at once but you will get them and the plan when you need them. Just remember the details he gave Noah to build the ark! He will give you what you need in His time. Be patient!

For each item, ask the Lord to show you His goal and then work with Him to develop a plan to carry out the **cure under the Holy Spirit's direction**. Review your answers again in six months to see how you are doing.

The key is to decide to do His will. Remember, your goal as a believer in Christ is for your finances to glorify Him and further His Kingdom!

This letter is for informational purposes only. Before putting into effect financial decisions, consult an independent (fee-only) professional financial adviser.

Managing God's Money teaches individuals, couples, and groups to manage God's possessions so they may use them for His Glory and to further His Kingdom. It is not a charity, does not seek funds, and does not sell financial products. Visit www.managinggodsmoney.com for more details.

ⁱ A **goal** is your destination; where you wish to go, more appropriately, where God wants you to go. A plan represents the steps to get there (Exodus 3). Throughout Scripture God always gave clear goals to those whom He gave tasks. He does the same with believers in Christ today.

ⁱⁱ See Managing God's Money Spring 2004 Quarterly Letter.

ⁱⁱⁱ A **spending driver** represents factors that influence spending; it's what behind the money. So, to control spending on gas used in your car, you need to focus on factors like the efficiency of the car, distance driven, and your speed.

^{iv} The **retirement income gap** is the difference between your estimated retirement income and retirement expenses from sources you can see today.