



Managing GOD's Money

Today I will introduce the Capital Fund—targeted savings. To save, you need patience because you must trade off consuming today for consuming tomorrow. Think of savings as deferred, special purpose spending, so use the same decision procedure when you plan to save as when you plan to buy an item.

Genesis 41 shows an excellent example of God-directed targeted savings. God showed Pharaoh in a dream there would be seven years of plenty followed by seven years of famine in Egypt. Joseph explained the dream to Pharaoh some of which we read in Genesis 41: 35-36.

... all the food of these good years that are coming ... be held in reserve for the country, to be used during the seven years of famine that will come upon Egypt ... Genesis 41:35-36

Pharaoh put Joseph in charge of Egypt to carry out God's plan. Regularly for seven years, Egypt under Joseph's direction, stored excess food, so during the next seven years of drought they had enough.

The capital fund's purpose is the same—saving regularly to buy specific products or services you do not buy often, but you will need at a certain or uncertain future date. That's the challenge: not knowing when you will need the funds.

That's why normally individuals don't save to buy or repair stuff they don't use-up immediately such as cars, refrigerators, or stoves. Folks rationalize their behaviour by saying they don't have enough income, or they don't have the discipline to save regularly. But the real issue is they haven't accepted their stewardship role, listened to God, and followed His direction. Rather, unconsciously, they prefer current consumption, and access to easy, cheap financing, to waiting.

Does the capital fund remove dependence on God? No; part of good stewardship, it's essential for a debt free lifestyle to avoid erratic, stressful, expensive asset repair and replacement. It's like *depreciation* well run businesses use to provide methodically to replace equipment.

Simplistically, to replace an item costing \$1000 with a ten-year life, companies set aside \$100 yearly for ten years. At year ten, they replace the item and then repeat the procedure.

That's how we use the Capital Fund. Ideal for individuals and families, especially for **children, I call it the credit card alternative**. Adults, save to **pay cash** for all goods and services apart from a home. Cash includes using a credit card but paying the balance in full. Specifically, use the capital fund to **pay cash** for these items:

1. A down payment on home that produces an affordable mortgage
2. A car, including major maintenance
3. Spending to buy and repair expensive items such as furniture
4. To raise as high as allowable, "insurance deductible", which is the portion of an insurance claim you must pay

You won't know when you might need to draw down your **capital fund** to repair the car or replace the stove. So deposit your **capital fund** where it is secure and easily accessible at short notice, without penalty. These conditions mean the fund will earn little income. Don't invest it in stocks or bonds, which are longer-term investments that would put amounts in the fund at risk.

Since your consumer debts bear high interest costs and your capital fund will earn little income, start your **capital fund** only after repaying all debts except your mortgage.

Your capital fund earnings might be 1-3% yearly **before taxes**, compared to consumer-debt interest charges of 29% yearly **after taxes**! Imagine the interest you would save if you didn't borrow to buy anything except a home. And you didn't buy a home until you saved a down payment that leads to an affordable mortgage!

I challenge you to **covenant with Jesus to save to buy all consumer goods and services, and borrow only to buy a home. Start with the next item you plan buy!** As with God's plan for Egypt, ensure God controls all **capital fund** decisions.

Next time I will continue talking about the capital fund. God bless and remember Jesus loves you.

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