



Managing GOD's Money

Twenty years ago, the average Canadian household saved 20% of its after-tax income. Today it spends more than it earns. As well, 20 years ago, that average household's debt was 86% of disposable income, today it is 121%.

Canadians' spending in every area has increased, and it is taking a harsh toll on the family. For the family's sake, we must get a grip on our finances! Many Canadian households are experiencing the most significant and lasting borrowing cost, the emotional cost. Research shows consistently, money triggers most arguments in a marriage. Often folks don't realize when they borrow their repayment duty causes at least one spouse to worry. As debts rise, so do family tensions, causing a breakdown in the family.

Further, the emotional cost saps our energies, takes our focus from God, causes us to withdraw from communing with Him, and from doing His work.

Even the financial cost isn't obvious. Most of us don't know our true debt cost! Strapped for cash we borrow, considering the repayment amount only, rather than the total cost. So when we charge an item on our credit card, we think it's all right to leave a balance and pay interest that could go instead to fund God's work. We do not realize some minimum monthly payments might not ever be enough to repay the debt!

Let's look at the true cost of a typical departmental store credit card debt:

Department store credit card interest is 28.5% after-tax.

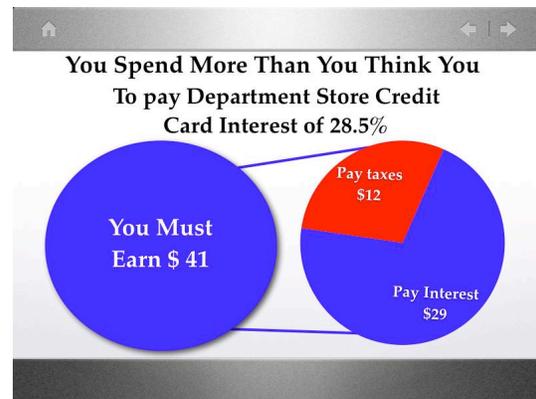
If your top tax rate is 30%, the true cost is 28.5% divided by 70% = 41%.

In other words, you must earn \$ 41

| | |
|---------------------|---|
| Pay taxes at 30% | <u>12</u> |
| Take home after-tax | \$ 29 (to pay the credit card interest) |

Have you noticed? Most ads enticing us to borrow, deal with unnecessary but appealing goods and services. Don't give in! Be patient; look to Jesus to provide your needs!

Parents, stop mimicking others, and by your behavior show your children how to save to buy stuff. Remember, most folks buy on credit, so when you see your friend's "nice" home, remember it has a "nice" mortgage, just as his or her "nice" car has a "nice" loan. Do you want loans to get your neighbour's "nice" stuff?



Imagine the vast sums we could send to God's work if we stopped borrowing and saved to buy needed items!

Right now you might be thinking, what about a house? How can I buy a house for cash? The good news is you can select the timing to buy a house. So, ask Jesus to show you His time. As well, ask Him to show you a buying procedure and to help you decide between owning and renting a home. Before you buy a house, look at owning costs such as insurance, maintenance, repairs, and mortgage, and prepare a **housing budget**. In addition, **save for a down payment that's enough to avoid mortgage insurance and to produces a mortgage you can afford**. Most of all, costs of owning a home **shouldn't stop you giving funds Jesus tells you to give to His work**; neither should it prevent your emotional and financial support to your family. Listen to Paul in 1 Timothy 5:8:

If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever --- 1 Timothy 5:8

When you think you must borrow, remember David's words in Psalm 18:30:

As for God, his way is perfect; the word of the LORD is flawless. He is a shield for all who take refuge in him --- Psalm 18:30

Pray; ask Jesus to show you His alternative way. Count the emotional and financial borrowing costs, and remember every dollar interest you pay is a dollar taken from God's Kingdom. Think about this:

- 1. Do you know how much interest on loans, including your mortgage you paid over the last three months?**
- 2. How does that compare with amounts you gave to the Lord's work?**

Next time we will look at the *Capital Fund*. God bless and remember Jesus loves you

© 2005, Michel A. Bell