

# It's Time to Start Saving

We live in the land of opportunity! Many come to this country thinking it is not only possible but likely that they can find financial security and perhaps even wealth in this land of opportunity. But every opportunity also has its risks and current events demonstrate that remarkably well. In the 1960s people saved more than double what they save today. Statistically solid surveys done of thousands of Americans shows that between 62% and 69% of American households have less than \$1,000 in a savings account. 34% have no savings at all, another 35% have less than \$1,000, 11% have between \$1,000 and \$4,999, 4% have between \$5,000 and \$9,999, and only 15% have more than \$10,000. Millennials did not show up significantly better than Gen X or Boomers on their survey results.



What does this tell us? Not much that we did not already know in generalities, but a great deal in terms of specifics. We already know that people have limited knowledge about financial matters, often even about important money management facts and strategies. Even world-wide, people know far too little. Standard & Poor did interviews with over 150,000 people world-wide and discovered that far too few could confidently answer questions about such critical topics as inflation, compound interest and diversification of investments to reduce risk. One problem is that people just don't know what they don't know. Amos Alcott wrote that "To be ignorant of one's ignorance is the malady of ignorance." He was right. And Benjamin Franklin showed us the first step to escaping that trap; "The doorstep to the temple of wisdom is a knowledge of our own ignorance." Through the wisest man on earth, Solomon, God demonstrated some of the blessings as well as the limitations of wisdom and knowledge.

Ecclesiastes 2:12-15

- 12 Then I turned my thoughts to consider wisdom,  
and also madness and folly.  
What more can the king's successor do  
than what has already been done?
- 13 I saw that wisdom is better than folly,  
just as light is better than darkness.
- 14 The wise have eyes in their heads,  
while the fool walks in the darkness;  
but I came to realize  
that the same fate overtakes them both.
- 15 Then I said to myself,

"The fate of the fool will overtake me also.  
What then do I gain by being wise?"  
I said to myself,  
"This too is meaningless."

On the other hand, some have said that "ignorance is bliss." That is a horrible lie. We always need to be learning, especially in our knowledge of God's Word and also in the ins and outs of handling money with Biblical wisdom.

However, many live day to day with little thought for tomorrow and with no knowledge of the difficulties surrounding them with their finances. Americans have reduced their saving, are highly dependent on debt, especially high-interest credit card debt, and have lost the Biblical moral compass of fear or even a healthy respect the power of debt; the borrower is slave to the lender. Proverbs 22:7. Rather than solid Biblical stewardship, Americans, especially those of the microwave era, want instant meals combined with instant wealth and gratification. The cost of that financial ignorance is immense. Financial stress is a leading cause of marital strife. 60% of American employees are stressed about their financial situation and even 62% of millennials believe they need advice on every step of the retirement planning process. Actually, it is perhaps even more amazing that 38% believe they do not need that advice – because they probably do!

Most Americans cannot handle even a common financial emergency, much less a major financial emergency such as the loss of a job, a major illness, an unexpected pregnancy or an accident resulting in a serious injury. And if



you cannot handle those, you most certainly cannot handle years of retirement with a dependency on Social Security.

How do you avoid reaching retirement age without retirement income and an ability to enjoy some of the benefits of having worked hard? The answer is Biblical stewardship. Where do you start? Right here:

## **Pay God first**

Always start with the basic principle that God owns it all – because He does. From Genesis 1:1 to the end of the Bible we see a clear pattern, what we have is what He gives to us and allows us to keep. That is true for our first breath of life to our last and every breath in between. It is also true with our "stuff."

David told us in Psalm 24 "*The earth is the Lord's, and everything in it, the world, and all who live in it; for he founded it upon the seas and established it upon the waters.*" It is hard to be much clearer than that. How can you

objectively know that is true? Simple. The old comment that there are no U-Hauls following hearses, while a morbid joke, is true. When the attorney for a wealthy man was asked "How much did he leave?" the attorney accurately answered "All of it."

Even more, God has called for us to be stewards of what He has given us and of what He allows us to keep. The dictionary definition hits home: a steward is someone who looks after or manages the property of another. A steward is what you are over the money and the things, everything God has given you - even over the time and the talents you have. "Now it is required that those who have been given a trust [a stewardship] must prove faithful" 1 Corinthians 4:2.

But there is more. God has called for us to give back some of what He has given each of us. There is strong Old and New Testament evidence for the fact that God expects His people to be generous both to Him and to others around them.

Proverbs 14:21

21 He who despises his neighbor sins, but happy is he who is gracious to the poor.

Proverbs 28:27

27 He who gives to the poor will never want, but he who shuts his eyes will have many curses.

Jesus even said "Be careful not to do your 'acts of righteousness' before men, to be seen by them. If you do, you will have no reward from your Father in heaven. So when you give to the needy, do not announce it with trumpets, as the hypocrites do in the synagogues and on the streets, to be honored by men. I tell you the truth, they have received their reward in full." Matthew 6:1-2. Jesus did not say "*if* you give to the poor", He said "*when* you give to the poor." And the apostle John added "But if anyone has the world's goods and sees his brother in need, yet closes his heart against him, how does God's love abide in him?" 1 John 3:17.

There is no doubt, give to God – first!

## **Pay yourself next**

It is difficult at best to say where and how to start because no two persons are starting from the same point. But generally, you need to know with certainty where you are before you can determine how to get where you need to be. One means of doing that is to budget. Websites such as [BudgetPulse.com](http://BudgetPulse.com), [Onup.com](http://Onup.com), [YouNeedABudget.com](http://YouNeedABudget.com), and [Mint.com](http://Mint.com), and can help you keep track of your budget. If you want or need more hands-on help with this process, you could take Financial Peace University through Idlewild Baptist Church.

Often, the first thing that is discovered is that your outgo equals or exceeds your income, making saving difficult, if not impossible. Therefore, starting to save may require cutting expenses as a first step. Common suggestions include reducing or even eliminating cable services, eating out less, especially lunch at work - pack lunch, shop less, turn off lights and adjusting the thermostat by several degrees, and other similar cost reducing steps. These are excellent ideas, but there is one creditor you need to pay even before the power or phone companies; and yourself.

This places a priority on doing what must be done, saving. Instead, most wait to save what remains after the bills are paid and most if not all of the money is spent. But just as God deserves better than your left-overs, so do you!

Your goal should be to save a minimum of 10% of your income. Impossible? Perhaps it is at the moment, but perhaps it merely appears to be that way. If it is truly impossible at this point in time, start somewhere, the higher the better. Starting at zero means that is what you will save and what you will have: zero.

And do NOT mentally set aside some of your checking account balance as your savings. Move saved money into a savings account at a bank or a share draft account at a credit union; make it harder to spend by just a little.

If your employer matches your 401k contributions, save there. Have your contributions come directly from your paycheck. Again, it is harder to spend what you never have in your checking account.



## **Avoid high-interest debt**

Everyone should have a sum of money for emergencies. For want of a better name, call it your emergency fund. Having such an emergency fund for genuine surprises, such as having enough money to cover the inevitable car repair, helps you avoid having to rely on other means of financial support, such as cashing in a 401k, charging the repairs, or borrowing from a pay day lender. Those can be over-the-top in cost to you. Relying on credit to pay the costs of an emergency can create what is best described as a vicious cycle of debt payments that destroys your budget for months if not years.

## **Reduce stress by increasing margin**

Saving money and having an adequate fund upon which you can fall back is a great reliever of stress. By far the greatest source of marital distress and

argument comes from money and differences of opinion on handling finances when money is short. 84% of people say saving money makes them feel good — even ahead of eating healthy at 74% (which, incidentally, is no fun at all). Having a margin between your income and your expenses which allows you to give back to God, to save money and have a margin between the amount in your emergency fund and the cost of your emergency takes much of the stress out of what is often the start of an argument.

A recent study by SunTrust Bank found that nearly a third of households with incomes of at least \$75,000 live month-to-month during some times of the year. You can just imagine what the numbers are for those households with no savings and a low income. Furthermore, 44% of Americans agree that lifestyle spending – spending on things like dining out and entertainment – causes savings to drop or disappear. Sadly, millennials with the same range of household income agree at an even higher percentage, 71%. Lifestyle spending, keeping up with the Joneses, is a fast trip down a dark road.

## **Plan with God in Your Plan**

Do you have plans for retirement? You should. One of the most common goals for retirees is travel. 59% of Americans want to travel during their retirement, and even more than that say saving for travel is a good motivator. However, travel is expensive, and traveling well is even more expensive. Instead of just traveling, travel with a purpose. Travel on a mission trip; there is no reason not to travel with God in mind. In fact, always have God in your travel plans and in your retirement plans. Those who do not are risking disaster.

But there are even better goals for retirement than traveling. Service to God is one perfect goal. Not only is there nothing wrong in giving back to God (see above), it is your calling. He truly is worthy. Serve by teaching a class, facilitating a small group, coaching a children's or youth sports team, offering your services where needs are evident; all with the goal of giving back to God and your church community.

John 12:26

26 Whoever serves me must follow me; and where I am, my servant also will be. My Father will honor the one who serves me.

The correct question to ask is "who are you serving?" You cannot serve both God and money, Matthew 6:24, and you also will struggle mightily trying to serve yourself and God. Serve, and the blessings will follow.

Malachi 3:17-18



those employees are voluntarily giving up \$1,336 a year. Overall, Americans are losing an estimated \$24 billion every year in matching contributions.

### **3. Credit cards**

Pay off all high-interest debt, and credit card debt is almost always the highest, at the earliest opportunity. The compound interest that works in your favor with savings, works greatly against you with high interest debt.



### **4. IRA**

Contribute the maximum allowed to alternative retirement accounts, such as IRAs. These typically offer more investment options than employer-provided accounts. If you are eligible based upon your income, consider a Roth IRA and its benefits.

### **5. Additional Retirement Savings**

Once your emergency fund is established and sufficient, once you have paid off your high interest debt and once you have started tax-advantaged savings such as your 401k and/or IRAs, realize that the interest you are earning on your emergency fund isn't even keeping up with inflation and you can do better. You owe it to yourself to do better with any additional funds. The stock market is uncertain and there is risk, but over the long run of life, the market is a far better investment than cash in a drawer or even in a savings account. Seek the advice of a Christian financial adviser to guide your investment steps. If you do not believe you have enough to take that step, invest some of your savings into learning how to guide your own limited investment. Check with The Idlewild Foundation for some resource ideas. We are blessed with the opportunity to serve you.

## **Benefit from the Retirement Savings Contributions Credit**

Many do not know of the Retirement Savings Contributions Credit, which is sometimes referred to as the Saver's Credit. You may be eligible for the credit if you are:

1. Age 18 or older;
2. Not a full-time student;
3. Not claimed as a dependent on another person's return; and
4. You fall within the income limitations set out in IRS Form 8880.

It is available to low and moderate-income employees who are saving for their retirement. The Retirement Savings Contributions Credit reduces a taxpayer's federal income tax and may be applied to the first \$2,000 (\$4,000 if married and filing jointly) of voluntary contributions an eligible worker makes to a 401(k), 403(b), or similar employer-sponsored retirement plan, or to an IRA.

Workers need to use Form 1040, 1040A, or 1040NR to file their taxes with the credit, which is detailed on Form 8880.

## **Parents Should Start Right Away**

Not nearly enough is taught in American public schools about proper financial management and nothing is taught in public schools, at least not directly, about Biblical financial management and stewardship. Parents! It is time for you to start, and the sooner the better.

Research by Cambridge University shows what any parent has learned by experience; by age five, children understand the concept of paying to receive merchandise. By age seven, most children have at least a rough concept of the value of money. In fact, they are already forming the financial behaviors and habits that will live with them into adulthood and maturity.

Start with identifying the coins and bools and quickly move from there into teaching your children that money is a tool. Money is useful but it can easily harm them as well as it can bless them. Try a three jar concept for the early lessons. The first jar is God's, and it is emptied every Sunday. The second is saving. If you want to be creative with this second jar, consider offering a matching parental contribution to the savings jar, similar to an employer's matching 401k contribution. The third jar, and only the third jar, is disposable income and can be used for purchasing things your child wants.

Children can be trained in earning, giving, saving and spending by having chores that pay as well as by saving their allowance. Extra work means extra pay. But watch the handling of the funds and use each "pay day" and each Sunday morning as a teaching moment.

As your children grow, so does this teaching concept. Eventually the desired purchases become larger and require more time and attention, such as clothing, jewelry, a phone, and even a car.

This is an opportunity for you as a parent to be creative. Your personal experiences can be shared. Your children can sit with you at tax time. You can share the household budget and even the household budgeting process with them. The expansions on this concept and its variations are endless.

## **Conclusion**

Saving as a part of Biblical stewardship is a life-long discipline. If done right, savings are a blessing as well. They can never offer the comfort and security of our God, but they can provide an area of security that is a blessing all the same. If you have questions about saving and stewardship, please feel free to call The Idlewild Foundation at 813-264-8713. We are blessed with the opportunity to serve you.

