

SIX STEPS TO FINANCIAL SECURITY



If you're like most people, having enough money for a decent and secure life is one of your major concerns.

Those on fixed incomes may be especially worried about creeping inflation, the rising costs of goods and services. The threat of unemployment or job loss (or business failure) also causes the jitters.

Perhaps you're a single mother with several children and in great danger of falling under the poverty line. What will you do about improving your financial situation? Or you're deeply in debt. How will you make your payments and become debt-free?

Reasonable prosperity is something all of us would like to achieve and hold on to.

But, in many nations, people face nearly insurmountable financial problems. The things that most of us in the developed nations take for granted—automobiles, electronic gadgets, savings accounts, adequate clothing and furniture—are out of reach for vast numbers of the human race.

Many developing nations face staggering poverty, near runaway inflation, unpayable national debts, vast unemployment and underemployment. We know that people in such nations must think in terms of basic survival rather than financial prosperity.

To some degree, as they read this article, they will have to look over the shoulders of those who live in the well-off nations and who have opportunity to improve their financial situation.

Let's, then, look at six financial principles that can help one reach for a more secure personal financial situation.



1. Increase Income

The first step toward financial security has to do with *maximizing our income*. We need to have sufficient money and resources to make life what it should be without jeopardizing our mental, social and spiritual needs.

Most people are paid an hourly

wage or work on salary for someone else. If you're in this situation, your chances for suddenly increasing your income by a large amount are not that promising.

You may receive automatic but small raises based on a company formula or union-management agreement. In some cases, your company may grant built-in cost of living increases.

If there is a possibility of "moving up" financially you will have to demonstrate your *usefulness*. Make yourself more valuable to your boss or company. Put the emphasis on helping your organization earn more money, save money or improve its product or performance.

If you personally want a raise, you'll have to do it the old-fashioned way: *You'll have to earn it.*

Suppose you cannot do better financially even though you work harder *and* smarter? You have two options. Stay put or move out to another job or company. (But don't quit your job without having another one lined up!)

Perhaps your type of employment has only limited monetary value. And you've achieved the highest pay possible. Can you educate yourself and improve your value in the job marketplace?

Perhaps you have the ability to create your *own job* by starting a

small business. If you already own a business, the same principle applies. You will have to make your product or service *more valuable* and desirable to the consumer.

Simply put, being able to earn more depends on your attitude of service to others. It also means making the most you can of your abilities and situation. (Our free booklet *The Seven Laws of Success* will show you how to maximize your abilities.)



2. Budget Money Wisely

A most important point to remember: Make the most from the money you *already earn*.

If we spend our money more effectively, it's the same as increasing our salary. When we spend more wisely, it's as though we're giving ourselves a tax-free raise.

How's your "money management quotient"? One well-known family financial counselor wrote, "Managing your money may well be the single most important thing you can do today." How true that is!

We may learn to be money *earners* but can still end up as paupers. We have to become wise money *spenders* as well. Studies show that even those individuals who earn large salaries still feel financially strapped. It seems that many people's outgo for needs and wants almost always *exceeds* their income.

Sound money management teaches us a basic financial maxim: *There is never enough*

money for everything we might want or need. That is a fact of life for even the wealthiest of individuals or nations.

So we need a sensible *spending* plan. A spending plan is like a road map. A budget helps us arrive at our financial destination, safe and sound. Every business and government must have a spending plan and must strive to follow it. Such a plan guides the effective use of money in many ways. It helps us:

- *Live within our means.* A plan gives us greater control over our financial resources. We can immediately know whether something we desire to purchase is affordable.

- *Realize personal goals.* With a spending budget, we can *plan* purchases properly, service debt payments, accumulate savings, save for the future.

- *Spend money effectively.* Merchandisers know that humans make spur-of-the-moment purchases. Items on supermarket counters are often positioned in such a way as to encourage purchases.

A spending plan helps us to circumvent impulse buying. We buy only what we planned to buy and only those things our plan tells us we can afford.

A spending plan helps us to ask the right questions about our money. Is this the time to buy this product? Is this the most economical way to buy this product? Would we rather have this product than something else? Do we have the money to buy it? Does this product fit in with our goals in life?

A spending plan helps us to balance the desire for *present enjoyment* with long- and short-term financial *needs*. A plan encourages a savings way of thinking. Instead of buying now and paying later, we begin to think of saving first and then buying when we can afford it.

If you don't know where the

money goes, you can't get it to go where it should. That's an obvious maxim.

A budget or spending plan should include three important areas:

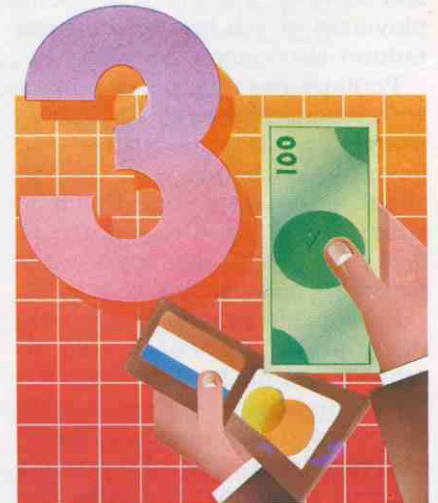
- *Emergencies.* We should put money away each month for unforeseen circumstances such as car and house repairs.

- *High-cost items.* Don't buy that couch today. Each month put money into a savings account. Buy the couch for cash—on your terms, without interest and at the

most financially appropriate time—such as during a timely sale.

- *Annual or periodic bills.* Put away money each week, month or pay period for a future bill such as insurance or taxes. For example, if you pay an insurance bill once each year, put away one twelfth of the total in your savings each month.

A spending plan helps us arrive at our financial destination, safe and sound.



3. Use Credit Wisely

Credit is touted as a heaven-sent blessing. It *can* be helpful when borrowed money creates products or services that can be sold.

But credit used to buy all sorts of *consumption* items has its pitfalls. First, that kind of borrowing doesn't create anything. Second, credit doesn't come free. It costs us interest. This inflates the cost of the object we want to buy and

squeezes out other possible purchases.

Obviously, whether to buy such a major purchase on credit is something we should give real thought to. Most family financial experts agree that we should not purchase small consumable and luxury items on credit cards where the interest can exceed 20 percent.

Credit makes unwise purchases easy. It can transform us from a cash-using into a credit *abusing* society. We have to aim at an acceptable living standard well *within* our incomes.

We can achieve this goal by *re-setting* our financial clocks. That is, save and have ready cash available *ahead* of purchases, rather than allowing this cash to lag behind what you buy.

We need to live within our *current* income-producing ability. We shouldn't bank on the hope that future salary, commission or profits will increase and catch up with our present overspending.



4. Trim Expenses

We live in an "Era of Aspirations," as one money management authority calls it. That is, we order our lives on the belief in and need for a constant *upgrading* of personal demands. We take this increase in our standard of living for granted. We spend our money on that assumption.

It may seem strange, then, to say that we should take a hard look at what we buy or use—and *cut down expenses*. Yet, that is exactly what we should all be doing

if we want to increase the value of our money.

A few examples. Look at the things you're already spending money for. Do you need that magazine subscription? The services of a gardener?

What about the things you've decided you want but haven't purchased? Is that new car necessary? Will a less expensive one do?

One important reason why our money doesn't buy what it should is that we are using far more services than ever before. Most services depend heavily on labor costs.

If we carefully budget our money, we can identify these services that generate intensive expenditures. Then we can take appropriate action to change our spending habits.

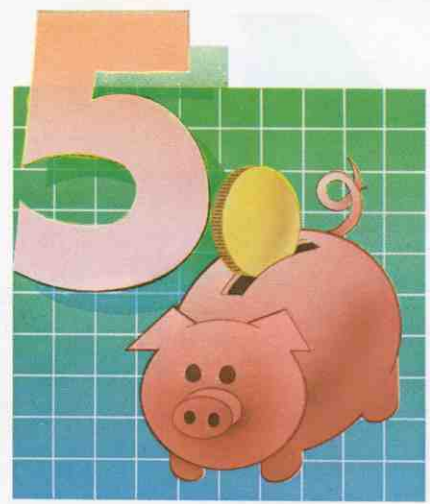
Let's look at some of these areas.

- *Laundering and dry cleaning.* Can we begin to wash and to iron some of our own clothes and alter our clothes-buying habits to rely less on garments that must be dry cleaned?

- *Washing the family car.* Why not wash the family car instead of using the car wash? You can save some money and get some exercise.

- *Eating out in restaurants.* The fast-food industry is booming in the Western world. Start today keeping track of the money you spend eating out for a few months. You'll be astonished at what you spend.

Want some more shocking information? Take a single spending event such as eating a meal out at a restaurant or a trip to the car wash. Then, estimate how many times you do this weekly and multiply the amount spent by 52. You will find the yearly sum spent on these services can be astonishingly high.



5. Invest for the Future

If we include a regular savings plan within our budget, we can build up a goodly nest egg over the years.

Perhaps our income is not that large. Can we save at least a small portion each year? If we do this over a 30-year period, we'd be surprised at how much we would have for the closing years of our lives.

From this nest egg, we could draw an income upon retirement from the interest we receive on our investment. If that investment happened to be in tax-free municipal bonds, we would be that much better off.

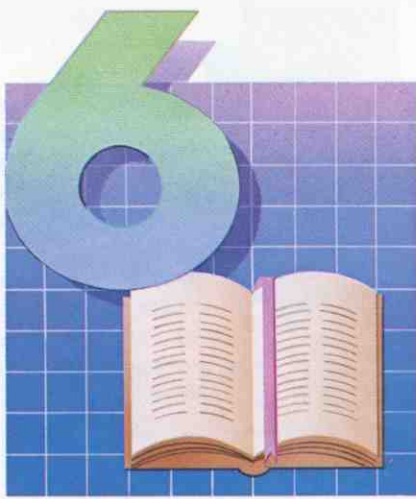
Consider your *long-term* financial goals early in life. Make these a part of your spending plan. What about a possible home purchase, costs of rearing children, their education expenses, and money for your retirement years and old age?

It's important to think through your goals in life as early as possible. However, it's never too late to do so. In terms of financial goals you must first plan for today. That's obvious. But you must also carefully consider your senior years.

So far we've considered several points on increasing income and spending it wisely. Now, let's turn to the most important way in

which you can guarantee a secure and prosperous future for yourself and your family.

In terms of financial goals, you must first plan for today, then carefully consider your senior years.



6. Make God Your Partner

Strange as it may seem, what we are able to earn depends very little on us. Any income we produce is dependent on assets that we did not create. And they don't really belong to any human being, corporation or government.

Regular readers of *The Plain Truth* know we teach that a personal Creator God made and sustains all that exists. Would not this God, by virtue of having created everything, have good reason to claim that everything—including ourselves—belongs to him?

God does make such a claim. "The earth is the Lord's, and all its fullness, the world and those who dwell therein" (Psalm 24:1). He says the wild animals and cat-

tle are his (Psalm 50:10-12) and so is all the silver and gold (Haggai 2:8).

Everything that's produced is dependent on some element originating in the earth. Our product may be a tomato, a steel girder or even a piece of plastic. But the primary elements have *already* existed in some form.

Man has merely reshaped or reconstituted what has existed in a previous form or state. Man cannot really create something out of nothing. We only alter that which was created by God.

Ah, you say, we used *our* energy to create, say, a song or write a book. Yes, but where did that energy come from? Who made your hands, your eyes, the human body—your ability to sell, manage, invent or create? God did.

Of course we apply a certain thinking process to whatever we do. But God still has a prior claim. God created the human brain and mind that we use.

Thus, we finally stand naked before God. We have brought nothing into the world. Everything we have has come as a gift from the Creator.

Out of this truth comes another basic and far-reaching income-generating and -spending princi-

ple: *Since God ultimately gives us everything we need, we are dependent on him for our economic survival and prosperity.*

And so God warns us as he did an ancient people before they went into the Promised Land: "When you have eaten and are full, then you shall bless the Lord your God for the good land which He has given you. Beware that you do not forget the Lord your God by not keeping His commandments" (Deuteronomy 8:10-11).

He tells us, as he did these ancients, *not to say*, "My power and the might of my hand have gained me this wealth." Rather, we should think of God as our senior partner in any economic endeavor and prosperity we might achieve. "And you shall remember the Lord your God, for it is He who gives you power to get wealth" (Deuteronomy 8:17-18).

Certainly, we should do our part in working harder and smarter both at earning and spending our income. But we must go on to trust and acknowledge God as the author of economic prosperity. If we do this, we can have financially secure and prosperous lives.

GUIDELINES

Many people would be surprised to learn that the Bible contains a wealth of information about economics and finance.

Here are a few of the many guidelines that, if diligently followed, would help individuals and nations enjoy economic stability and financial success:

Hard Work Pays Off

He who deals with a slack hand becomes poor, but the hand of the diligent makes one rich (Proverbs 10:4).

Do you see a man who excels in his work? He will stand before kings; he will not stand before unknown men (Proverbs 22:29).

The Principle of Savings

Go to the ant, you sluggard! Consider her ways and be wise, which, having no captain, overseer or ruler, provides her supplies in the summer, and gathers her food in the harvest (Proverbs 6:6-8).

Debt and Credit

The rich rules over the poor, and the borrower is servant to the lender (Proverbs 22:7).

Avoid Get-Rich-Quick Schemes

A faithful man will abound with blessings, but he who hastens to be rich will not go unpunished (Proverbs 28:20).

Money Is Not Everything

Take heed and beware of covetousness, for one's life does not consist in the abundance of the things he possesses (Luke 12:15).

For the love of money is a root of all kinds of evil (1 Timothy 6:10).

A good name is to be chosen rather than great riches, loving favor rather than silver and gold (Proverbs 22:1).

The Give Principle

It is more blessed to give than to receive (Acts 20:35).

Give, and it will be given to you: good measure, pressed down, shaken together, and running over will be put into your bosom. For with the same measure that you use, it will be measured back to you (Luke 6:38).

Honor the Lord with your possessions, and with the firstfruits of all your increase; so your barns will be filled with plenty, and your vats will overflow with new wine (Proverbs 3:9-10).