



BEYOND THE TITHE

Practical Lessons on Personal Finance

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SESSION 3

COUNTING THE COST

Relationships, Budgets, and Your Life

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Saving the Crumbs

SAVINGTHECRUMBS.COM

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For which of you, desiring to build a tower, does not **first sit down and count the cost, whether he has enough to complete it?** Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, **'This man began to build and was not able to finish.'**

—Luke 14:28-30 ESV

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YOU MUST HAVE A PLAN!

Lesson

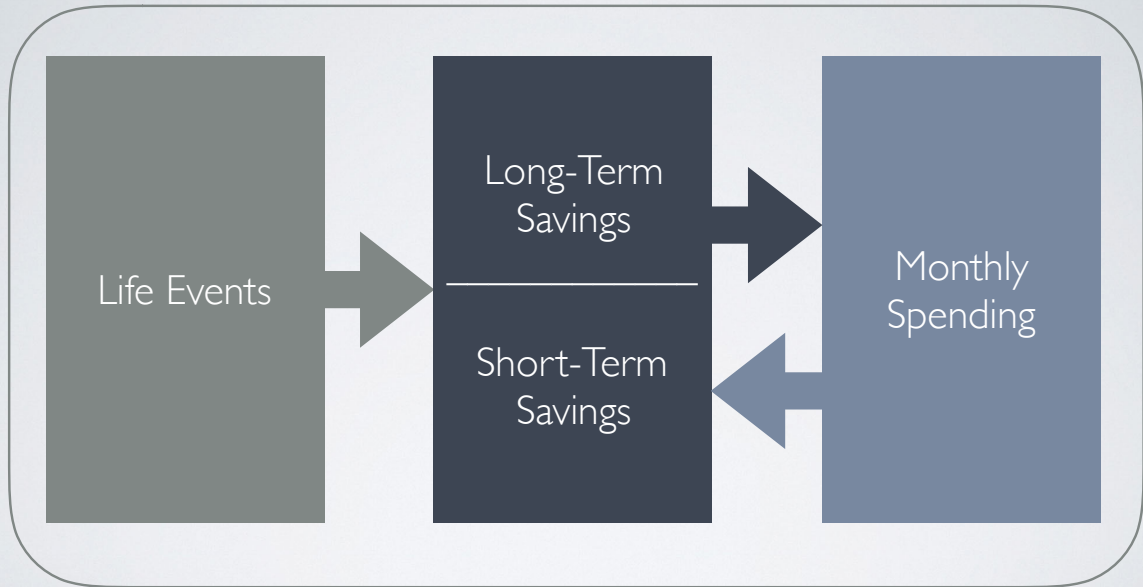
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TYPES OF PLANS

1. Life Event Plans
2. Long & Short-term Savings Plans
3. Monthly Spending Plan (“Budget”)
4. Relationships & Money

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HOW THEY RELATE



Relationships

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LIFE EVENT PLANS

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LIFE EVENT PLANS

- College/Career
- Wedding
- Home Purchase
- Car Purchase
- Vacations
- Having a Baby
- Debt Payoff
- Mission Work
- Children's Education
- Retirement

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QUESTIONS TO ANSWER

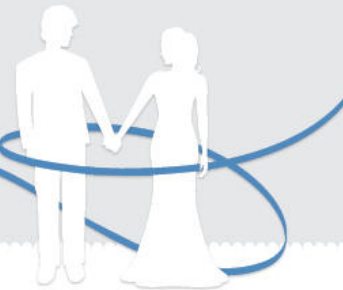
- How much money will it cost?
(What can I afford?)
- When do I need this money?
- How much do I need to start saving now?

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DON'T
GO
CRAZY!

How much does the
average wedding cost?

the knot | WeddingChannel.com



TheKnot.com & WeddingChannel.com 2012 Real Weddings Study



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\$3,000

Our Wedding



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LONG-TERM SAVINGS PLAN & SHORT-TERM SAVINGS PLAN

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SAVINGS PLANS

- Life events determine what to save for.
- Help to keep the end in mind.
- Prevents the need to resort to debt.
- It gives us a target for what to save, rather than simply what not to spend.

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LIFE EVENTS & SAVINGS



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LONG-TERM VS. SHORT-TERM

Long-term Savings	Short-term Savings
More than 5 years	Less than 5 years
In higher yielding accounts (Investments)	In insured accounts (FDIC/ NCUA)
Regular monthly savings	Saved in order of priority

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LONG-TERM VS. SHORT-TERM

Long-term Savings

Larger Debts

College Fund

House Downpayment

Retirement

Short-term Savings

Smaller Debts

Emergency Fund

Weddings/Vacations/Trips

Cars/Toys/Gadgets/Big
Purchases

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MEET FRUGAL FANNY

Registered Nurse

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FANNY'S LONG-TERM SAVINGS

Long-term Goals	Amount	Needed by	Monthly Savings
1. Student Loans	\$35,000	2025 (10 Years)	\$390
2. House Downpayment	\$20,000	2025 (10 Years)	\$160
3. Retirement	\$750,000	2055 (40 years)	\$220
Total	\$805,000		\$770/month

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BOTTOM LINE

She must save a minimum of **\$770 each month** to reach her long-term goals.

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FANNY'S SHORT-TERM SAVINGS

Short-term Goals	Amount	Needed by	Monthly
1. Credit Card Debt	\$1,000	ASAP	?
2. Emergency Fund	\$9,000	ASAP	?
3. Wedding	\$3,000	August 2016	\$375
4. Mission Trip	\$500	October 2016	\$50
5. Car Loan	\$5,000	2017	\$450
6. New Computer	\$1,500	2020	\$25
Total:	\$20,000		>\$900/month

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Total:	\$20,000		>\$900/month

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FRUGAL FANNY'S CAR

- 2012 Honda Accord EX
- Worth \$13,000 (kbb.com)
- Owes \$5,000
- What to do?



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FRUGAL FANNY'S CAR

Sale	\$13,000
Loan	-\$5,000
Temporary Car	-\$2,500
Remaining	\$5,500



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FANNY'S SHORT-TERM SAVINGS

Short-term Goals	Amount	Needed by	Save Monthly
1. Credit Card Debt	\$1,000	ASAP	?
2. Emergency Fund	\$4,500	ASAP	?
3. Wedding	\$3,000	August 2016	\$375
4. Mission Trip	\$500	October 2016	\$50
5. Car Loan	\$5,000	2017	\$450
5. New Car	\$10,000	2017	\$450
6. New Computer	\$1,500	2020	\$25
Total:	\$19,500		\$900/month

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WHAT ABOUT THAT EMERGENCY FUND?

- Garage Sale
- eBay
- Extra shifts of work
- Side jobs
- Get Creative!

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FANNY'S SHORT-TERM SAVINGS

Short-term Goals	Amount	Needed by	Save Monthly
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6. New Computer	\$1,500	2020	\$25
Total:	\$15,000		\$900/month

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BOTTOM LINE

- **Short-term:** Get to **\$15,000** ASAP
- **Long-term:** Save **\$770** each month

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FANNY'S SAVINGS PLAN

- Reveals clear priorities in her life.
- All “extra” money has a place to go, instead of being spent.
- It gives a target number to save for in monthly spending plan.
- It gives “final” target number for total savings. Any surplus can be given away.

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“A budget is telling your money where to go
instead of wondering where it went.”

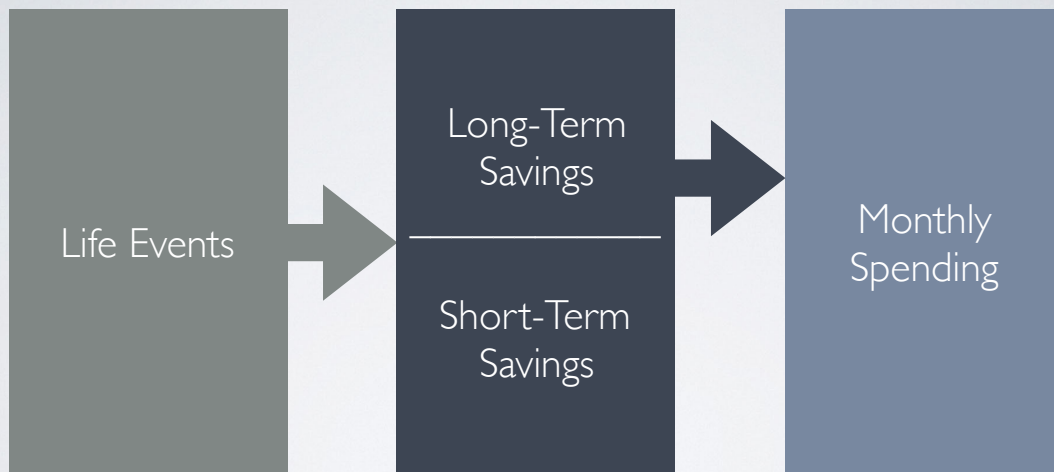
–John Maxwell

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MONTHLY SPENDING PLAN

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MONTHLY SPENDING PLAN



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MONTHLY SPENDING PLAN

- List projected monthly income.
- List projected monthly expenses. (From expense tracking)
- Assign dollar amounts to each category of expenses for the next month.
- Goal is to reduce spending so as much can go toward savings as possible. (\$0 spending is ideal!)
- Aim is to hit targets from savings plans.
- Review monthly to make sure you don't spend more than what you've allocated, and adjust for the next month.

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FANNY'S CURRENT SPENDING

Categories	Amounts	% of Income	Totals
Income		100%	\$3,600
Expenses		90%	\$3,240
Tithe/Offerings	\$540	15%	
Rent	\$800	22%	
Utilities & Cellphone	\$330	9%	
Food	\$300	8%	
Transportation	\$350	10%	
Insurance	\$330	9%	
Personal Effects	\$340	9%	
Recreation	\$250	7%	
Net Income/Savings		10%	\$360

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REVIEW THE SAVINGS GOALS

10% Savings Rate	
Net Savings	\$360
Long-Term Savings \$770/month	\$360
Short-Term Savings \$15,000	\$0
Years to \$15,000	Never

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FRUGAL FANNY HAS SEVERAL OPTIONS:

1. Adjust her savings goals.
2. Increase her income.
3. Live up to her name and cut spending.
4. Do a combination of these.
5. NO DEBT!

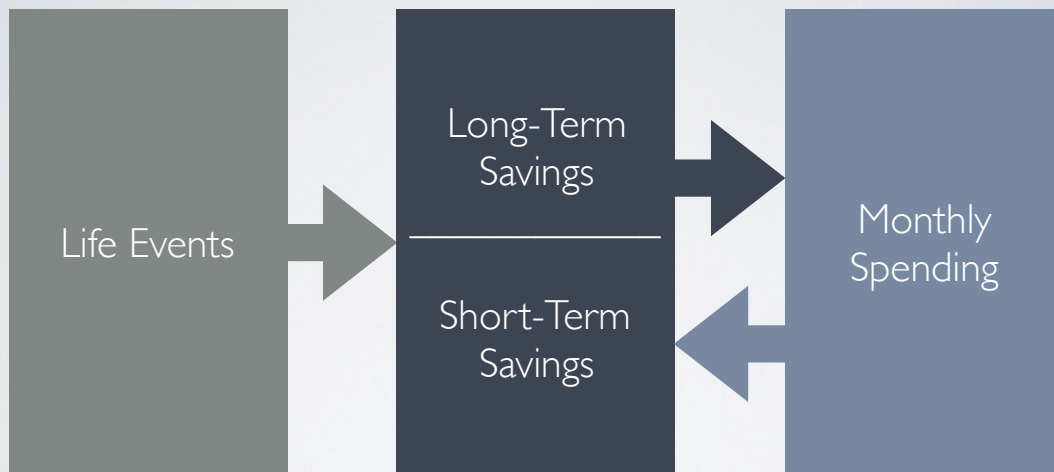
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SAVINGS-DRIVEN SPENDING

	10% Savings Rate	35% Savings Rate
Net Savings	\$360	\$1,260
Long-Term Savings \$770/mo.	\$770	\$770
Short-Term Savings \$15,000	\$0	\$490
Years to \$15,000	Never	3

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SAVINGS FROM MONTHLY BUDGET



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WHAT THIS MEANS

An Extra **\$900 per month**

That's just **\$30 per day**

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NEW SPENDING PLAN (35% TARGET)

Categories	Amounts	% of Income	Totals
Income		100%	\$3,600
Expenses		65%	\$2,340
Tithe/Offerings	\$540	15%	
Rent	\$400	11%	-\$400
Utilities & Cellphone	\$230	6%	-\$100
Food	\$250	7%	-\$50
Transportation	\$200	6%	-\$150
Insurance	\$200	6%	-\$80
Personal Effects	\$320	9%	-\$20
Recreation	\$200	6%	-\$50
Net Income/Savings		35%	\$1,260
Long-term Savings			\$770
Short-term Savings			\$490

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WE VIEW BUDGETS DIFFERENTLY

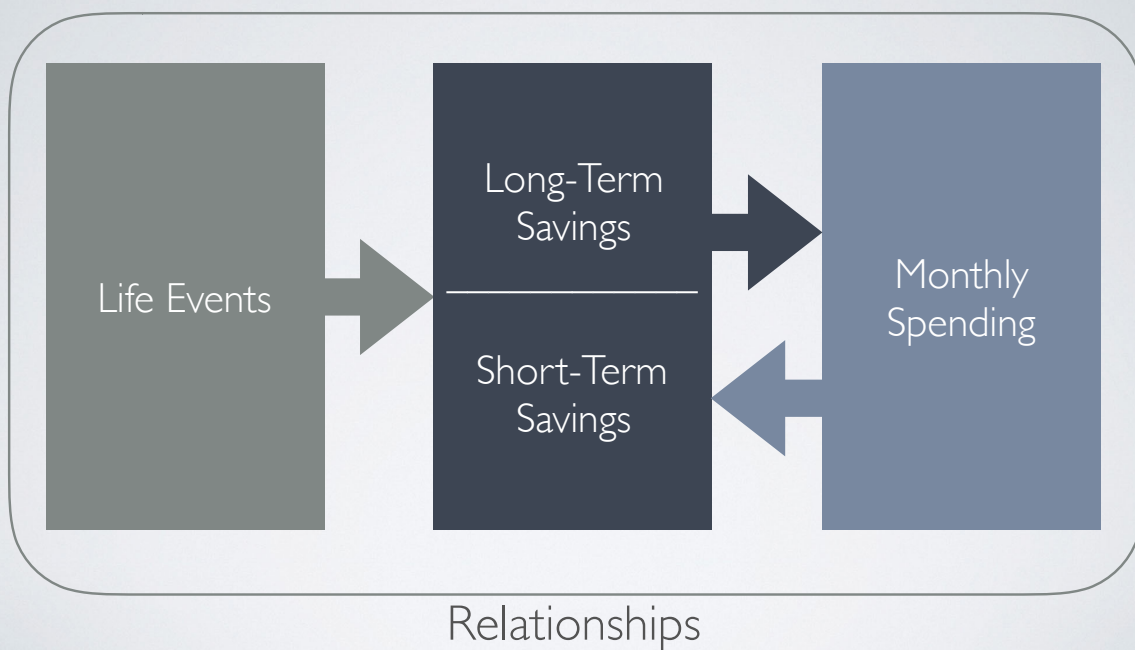
- Spending Control vs. Savings Maximization
- It answers the question of “WHY?”
- The Means vs. The End
- Keeps focus on the Savings Rate
- Achieving goals makes budgeting more motivating

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RELATIONSHIPS & MONEY

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RELATIONSHIP IS THE CONTEXT



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IF YOU'RE SINGLE...

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WHO YOU MARRY IS THE
SINGLE LARGEST **FINANCIAL**
DECISION YOU'LL EVER MAKE

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IF YOU'RE SINGLE

- Financial incompatibility is one of the most common contributors to divorce.
- Money issues can bankrupt a marriage figuratively and literally.
- Make sure to look for someone who is financially compatible.

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IF YOU'RE SINGLE

- How to know?
 - How's their career? Debt problems?
 - Watch their shopping habits.
 - What are their family's money habits like?
 - What kind of gifts do they expect?

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IF YOU'RE ENGAGED...

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NOW'S THE TIME TO MAKE
SURE THERE ARE NO
“MONEY SECRETS”!

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IF YOU'RE ENGAGED

- Have the “money talk”. Discuss openly your views on money. Be transparent and honest.
- Agree on money goals before getting married.
- If you aren't clear on where each other stand on money, you aren't ready to get married!
- Plan the wedding together. It will uncover a lot!

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IF YOU'RE MARRIED...

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MONEY IS A **TEAM SPORT**

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IF YOU'RE MARRIED

- You have become “one flesh”—that means your bank accounts too.
- Have one person be the primary financial caretaker.
- But create and review your savings and spending plans TOGETHER. Agree on your goals!
- Set a dollar amount over which no purchase occurs without joint discussion.

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IF YOU'RE MARRIED

- Include some fun money for each other in the budget.
- Celebrate the victories together.
- Make the finances a point of unity for the family rather than a point of conflict.
- It can even be fun!

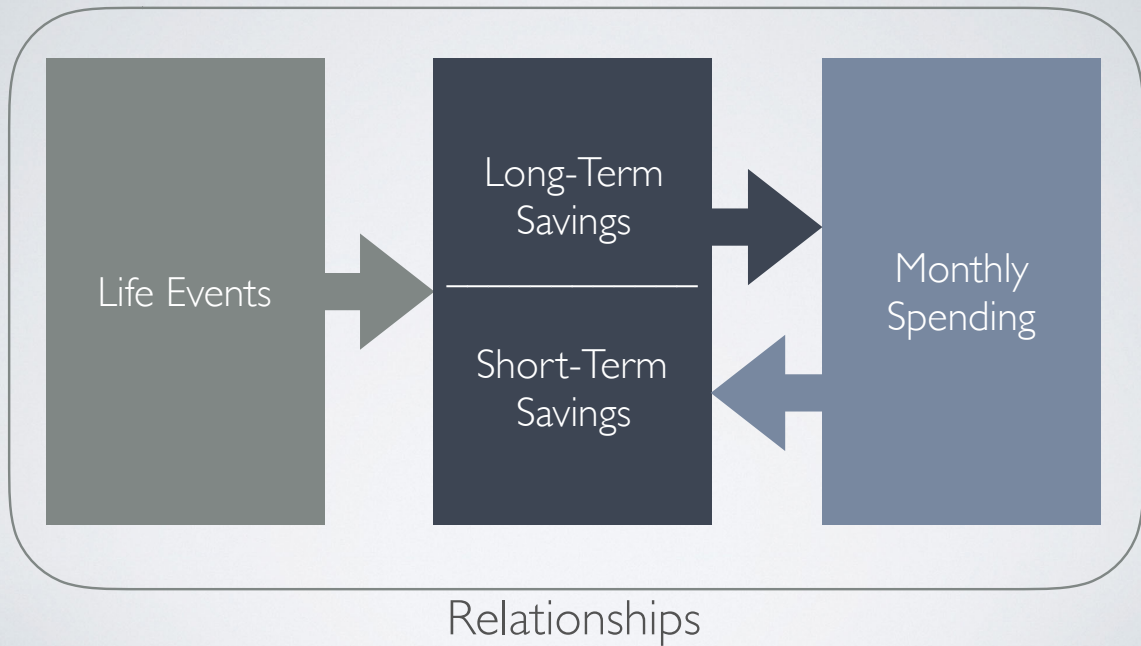
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LIFEHACK FOR COUPLES

- For just one year after you get married, if you live on just one income and invest the second plus all cash wedding gifts, you might be done saving for retirement completely.
- **Example:** You get married at 25, and both spouses work. One income plus all of the wedding cash gifts from the wedding equal **\$50,000**. If invested at 8%, in 40 years when you turn 65, that \$50k has turned into **almost \$1.2 million**.
- This will yield **\$48,000/year** retirement income.

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SESSION 3 SUMMARY



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SESSION 3 SUMMARY

- You must have a plan or you will never reach your destination.
- Financial plans reveal our priorities in life.
- Plan ahead for life events instead of relying on debt.
- Saving goals should drive our monthly spending decisions.
- Marriage is the most important financial decision we will make.
- Money is a team sport, husband and wife must be united.

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BEYOND THE TITHE

Practical Lessons on Personal Finance

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RESOURCES

- How to Budget for Maximum Savings (<http://www.savingthecrumbs.com/budget-maximum-savings/>)
- Revealing Our Monthly Budget (<http://www.savingthecrumbs.com/revealing-our-monthly-budget/>)
- Our 2014 Finances Exposed! (<http://www.savingthecrumbs.com/2014-finances-exposed/>)
- 6 Financially Important Traits to Look for in a Wife (<http://www.savingthecrumbs.com/6-financially-important-traits-to-look-for-in-a-wife/>)
- 4 Financially Important Traits to Look for in a Husband (<http://www.savingthecrumbs.com/4-financially-important-traits-to-look-for-in-a-husband/>)

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RESOURCES

- Planning a Wedding for Less than \$3,000 (<http://www.savingthecrumbs.com/planning-a-wedding-for-less-than-3000/>)
- 6 Unconventional Ways to Save Money on Your Wedding (<http://www.savingthecrumbs.com/6-unconventional-ways-to-save-money-on-your-wedding/>)
- How I Got Married in a Cheap Wedding Dress (<http://www.savingthecrumbs.com/how-i-got-married-in-a-cheap-wedding-dress/>)