



**FINANCIAL LITERACY AND COUNSELING FOR SOCIAL WORKERS  
INCLUDING FAITH-BASED ACTIONS**

**By: Flora Williams, Ph.D., M.Div., R.F.C.**

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## Financial Literacy and Counseling for Social Workers

### Including Faith-Based Actions

#### Abstract

*The greatest responsibility for Social Workers is improving the well-being of people. There are tools for improving perceived economic well-being with practical suggestions and faith driven actions. The applied knowledge of financial literacy combined with understanding of human behavior provide the foundation for excellence in service. Financial counseling applies knowledge of personal finance, family economics, resource management, education, communication, and psychology in changing behavior to maximize resources, resolve problems, restore order, increase economic well-being, and improve life satisfactions. Maximization is not guaranteed. Neither is success. But the risk of failure and frustration are reduced. Luck, the random walk theory, and the external economy are sometimes more influential than well laid-out plans or budgets. Therefore, spiritual assets help in financial survival and resilience. Financial counseling assists in the interaction with other family members, community resources, the external economy, employment opportunities, and business by suggesting possible alternatives.*

*Financial counseling assists clients in the creative use of all resources to achieve perceived economic security. With improved faith, based on Scripture, there are expanded dimensions for considering alternatives, courage to change, peace and hope. Faith includes faith in oneself, in Social Workers, and to one's Inner Source of wisdom.*

*The objectives of this paper are to*

- *Identify tools, knowledge, and skills involved in financial literacy,*
- *Know the terminology and concepts for financial literacy, personal financial management, and resource management necessary for Social Workers,*
- *Understand influences upon perceived economic well-being, and*
- *Be aware of financial based practices supported in the Scriptures.*

#### Manuscript

##### **Tools for Financial Counseling include:**

Words, questions, worksheets, forms, outlines, graphs, card games.

Processes and techniques, list of alternatives, checklists, summaries.

Facts, scary facts, information, knowledge.

Stories, illustrations, case studies that give both fear and hope.

Fear can be used for strong motivation to change. Hope comes from seeing alternatives, a different way of living, and next steps rather than despair.

Spiritual strength enhanced with faith-basis helps self-control and moving forward.

**Language of Financial Counseling:**

Words help move one from frustration, failure, and fear to Faith and action.

.....conflict to contentment.

.....confusion to choosing new goals.

.....timidity to courage.

Education can provide empowerment and wiser decisions.

Advice provides both content and process which are effectiveness (doing the right things) and efficiency (doing the right things the right way).

**Tools are designed for engagement, organizing, facing reality, interaction, owning the conclusions, and self-commitment.**

Possible words used are “We promise to give one good idea and not do harm. Raise hand if you hear a good idea!” This gives the client the power to judge, take ownership, and feel engagement.

**Criteria for Change are the following:**

Pareto Optimality – at least one person in the family is better off than before and no one is worst off.

With faith-basis, follow the criteria “Glorify God and my neighbor’s good.” This is a theme throughout Scripture.

Concluding words used are “Based on the information given, from what you told me, at this time, here are recommendations from which you choose.”

**Tool: Listening Skill.** The presenting problem is rarely the real problem or the underlying problem. The Social Worker, therefore, reaches back up to a prior issue. What is behind the question? Find what is behind the symptoms. Who is after them? The initial problem may be just the tip of the iceberg, the feeler to see if they can just you. Observe the games that clients play. Figure if they just want a quick fix.. Find out what is behind the words of the worried:

We need a budget.

I guess we live beyond our means.

We fight about finances.

Can I retire early?

I want a divorce.

Many clients don’t know what they don’t know or the questions to ask. By definition, in crisis, everything is fuzzy and clients talk and go around in circles. The counselor interrupts the cyclical thinking and gives direction to the conversation. The counselor is the conductor while the client supplies the content. Usually a person, if let lose, will talk about what is important except those things to painful or embarrassing. The counselor controls and directs the conversation.

The arrogant person sees need of counseling as a weakness rather than a resource. They are afraid if they talk too much, it will reveal their weakness. Therefore, ask what else he/she would like to accomplish and what direction to go. Ask the client what they would suggest to another person in this situation.

Remember some people have difficulty verbalizing. So ask, “Would you say that...? Or rephrase.

Some are not bad or weak – just “not with it”

Listen between the lines, what is not said.

Probe by saying, “How did creeping indebtedness happen to you?”

“Why do you think this happened?”

“In what area are you spending money ‘to impress people you don’t like for things you don’t need with money you don’t have’?”

“What person or thing sabotaged your plans?”

“Since last time we met, what problems have you had with following the plan, the recommendations?” rather than “Did you do as I told you last time?” (which forces them to lie to cover up).

Ask what progress did he/she see (not perfection). “What went well for you?”

“Keep doing” that rather than focusing on “cutting” out. “Where can you set limits rather than cut out?”

After listening to the story they are comfortable telling, have a conducive environment for telling the uncomfortable.

Sort out fact from fiction; “Her side. His side. The truth”.

Have them check from a list those that are sensitive problems such as addiction. Explain that we give the list to everyone so we are not accusing them, unnecessarily.

**Tool: Sort out fears.** Beyond listening for patterns of thinking, listen for clues of behavior, and what is important in their lives. Listen for what people fear. Separate real fears from stated fears and grounded fears from erroneous fears. Sort out the immediate fear from those which can be dealt with later. Sometimes people are not fearful enough to take action. Fear is motivation to change. In some cases, assist them to live with their fears, crisis as a way of living. With a faith basis, handle fear as Jesus did in the Garden. He talked with God and had companions go with Him, although they went to sleep.

Symptoms of an impending financial crisis occurred but were ignored because of other stresses. “You can’t worry about the boiling pot when the house is on fire.” Reasons for ignoring are: They think if ignore it, it will go away. They do not realize that ignoring it will cost more. They do not want to experience pain. They lack confidence or knowledge how to handle the crisis. They fear change. They spend time fighting friends and family rather than the real enemy.

Listen for emotional and social needs that must be met in different ways to stop the devastating patterns of spending. Suggest how these can be met without too much money.

**Tool: Analyzing power, decision making, and who has control by analyzing household type.** Various household management systems differ in organizational structures, money distribution, power, interactions, divisions of tasks, and sense of control. The Social Worker needs to assess what system the household/family is using before trying to move them to a different system/type for solving the problem.

Eight types are described below from which the household can choose.<sup>1</sup> The first two are characterized by families who manage by tradition. The third through sixth are characterized by participatory processes. Seven and eight are by crisis management. Examination and development of a system for the unique couple is important because each person may have come from a different system and assumes roles and distribution of money which are foreign to the other person. The structure may not be acceptable for the new household. Conflict about roles as well as distribution of money have been causes of divorce. Past experiences and preconceptions need to be resolved.

### **1. Autocratic, Traditional, Authoritarian, Patriarchal or Matriarchal System**

In this system the authority figure makes the decisions and enforces the roles that are clear and prescribed. The most efficient does the most important jobs. Tradition, responsibility, productivity, accumulation, and power are emphasized. Money is distributed according to whom has earned it.

### **2. Social, Rational Bureaucracy, Cooperative**

In this system the individual is important depending on contributions to overall objectives. Husband's career is most important. Wife serves family needs and advances husband's career. Specialization contributes to efficiency in work roles. Money is distributed to advance husband's career and family objectives.

### **3. Communal or Familistic, Sharing**

Welfare of the family is emphasized with use of "we" not "I." Everything is shared under collective leadership. The most efficient and productive does the most work to meet the needs of the least able. Money is distributed to benefit the entire group's well-being.

### **4. Democratic, Rational Autonomous**

Objectives and decisions are conditional rather than absolute, decided by problem solving, and discussed to meet individual needs in meetings such as a "Family Council."

The individual is assumed to be best judge as to how to manage and perform tasks. Money is distributed based on agreement and consensus to advance growth and development of each. Cooperation is assumed.

### **5. Egalitarian, calculating**

All members are treated equally with equal status. Decisions and division of tasks represent minimum role differentiation. Work is divided for equal responsibilities and rotated even if one person is more capable and efficient, initially. Money is distributed in equal proportions with his and hers budget.

### **6. Exchange, Laissez-faire, Market exchange (quid pro quo), Specialists, Competitive**

A member's own interests are sought and fulfilled by exchange, "trading off," and bargaining in roles, tasks, jobs, and money use. The assumption is that "As each member seeks his own interest, the benefit will be for the good of the whole" family (Adam Smith, 1976). The individual is assumed to be the best judge of his

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<sup>1</sup> Flora L. Williams and M.L.G. Paixao. 1993. Effects of the Resource Management System in the United States and Brazil. In R. von Schweitzer (Editor). *Cross Cultural Approaches to Home Management. The Private Household*. Vol. 18. Campus Verlag, Frankfurt am Main, Germany. United States: Westview Press, Pp.233-255.

own goals, time, ways to manage, what to do, etc. as long as others are appeased and the family survives. Division of tasks is based on specialization and, therefore, members are highly interdependent on each other. Money is distributed to persuade activity or bribing. Persons are paid for their tasks.

#### **7. Permissive, Change-Prone, Free-Form, Expressive**

Objectives although few are in free form and change as new interests appear. In some families, objectives change when consequences are considered rather than following conventional standards. There are no definite roles, division of labor, or decision making patterns. These change at different times with changing composition of family responsibilities, work outside the home, roles, and psychological needs. Members do what they enjoy and feel like doing when they want to rather than following prescriptions and demands. Jobs are done by those who care about them. Individuals are accepted for what they are as persons rather than on position or income earned. Money is distributed according to whims and wishes, desires and crises, until it is gone or until next pay period, by whomever is interested and finds excitement in spending.

#### **8. Fatalistic, Non-system or non-structure, Nonproductive, Non-cooperative**

Confusion and ambiguity are the norm. Group objectives and roles are ignored. Responsibility is minimally undertaken. Management is by crisis rather than objectives. Morale and productivity are low. There is parental disassociation from directing children's behavior since a parent (s) may be mentally ill or alcoholic, or absent. Money is distributed according to whom happens to think about it, irregular in paying bills, given in mixed messages to requests (sometimes yes and sometimes no for the same thing), and used for addictions or overcoming depression/rejection of others.

#### **Tool: Observe the Dominant Method of Processing Information**

Explanations are shortened if presented in the counselee's dominant method of processing information. Cues from words used by the counselee can indicate whether the counselee is visual, auditory, or kinesthetic. Then, if visual, the shepherd uses pictures, drawings, graphs, and the word "seeing." If auditory, the shepherd uses tapes, talking, sermons, Scripture references, and the word "hearing." If kinesthetic, which is feeling, the shepherd touches the heart, expresses emotion, and transfers by stories. Actual touching such as cutting up credit cards helps, also. Learning time is shortened by determining the dominant method of processing and the receiver will grasp the message more quickly. All three methods are used in group counseling or when the counselor does not know the dominant method.

#### **Tools: Analyze Financial Position**

Analyzing Financial Condition or facing reality may be the first time and first together. Picking up the pieces after an event, a crisis, a summons. etc. to see resources and obligations. Reasons for financial position include

- Lack discipline, cannot say no to self, to others,
- emotional problems,
- alcohol, gambling, addictions that overpower expenses, and

- inexperience in managing financial affairs.

**Intake Information Form is used** before letting client talk too much and before making recommendations. “The devil is in the details.” Total expenses and income with prorated monthly expenses and income are estimated for spotlighting changes necessary. The form includes these categories:

1. Economic unit – household members, dependents, ages
2. Employment status, occupation, employer
3. Educational level, special training, unique skills
4. Income (for each member) weekly, monthly or yearly to convert to monthly for deciding changes, planning, setting up a budget
  - Gross, disposable, take-home, discretionary
  - Primary job, secondary, rent, investments, home industry, Social Security, pension, business, unemployment compensation, temporary assistance, welfare, food stamps, alimony, child support, tax refund, other
5. Debt, Credit, Loans and Other obligations
6. Insurance – beneficiary, deductibles, cost of premiums, self-paid, employer paid
7. Expenses – what know initially before recording, daily, weekly, monthly, semi-yearly, yearly to convert to monthly expenses.
  - Food at home, food away, housing (rent/payment, utilities, operations, repair, supplies, furniture, taxes, insurance), transportation in detail, clothing, personal care, addictions, miscellaneous, allowances, medical care (doctor, medicine, supplies, insurance), education, recreation/entertainment
8. Costs – babysitter, day care, job expenses/dues, gifts for others, contributions/charity, Social Security, Income taxes, alimony, child support
9. Saving and Investments
10. Financial Position, Cash Flow Statement – Assets and their value, Debts and Liabilities, Net Worth (Assets minus Debts)
11. Legal action – Bankruptcy, lawsuits, judgments, garnishments, taxes owed, summons, turned over to collection agency, utility cut-off or danger of
12. Consumption Problems: not enough food, behind on rent/payments, unable to meet large bills, not enough for repairs or unexpected, cannot afford shoes or clothing, not enough for dentist-doctor-medicine, unable to save
13. How pay for purchases – check, cash, money order, bank writes check, credit card, credit, someone else pays
14. Other related problems that client self-checks: temporary, need of change, useful in referral
  - illness or accident causing unusually large expense
  - unemployment, fired laid off, irregular work
  - overuse of credit, living above means
  - lack communicating with spouse or other about financial affairs
  - other
15. Helpful information to the counseling process –
  - What information would you like to have?
  - Do your goals and wants conflict with other household members?
  - What are the prospects for changing components of financial affairs?



- What have you considered doing about your financial affairs? What steps would you take?
- Are you working with an attorney or other professionals?
- What are you afraid might happen? Is this ungrounded? Able to overcome?

**Record and Assessment for series of meetings** - Write steps for client and counselor, at least one action to take for the immediate crisis, record date and suggestions given, next meeting to review changes, activities, and worksheets completed. Then ask client if suggestions were useful and realistic. Ask what problems client had in implanting plans.

### **Tool: Analyzing Expenses**

- Keep records for a while in a can, place, or computer program. This helps with not overestimating income and underestimating expenses, facing reality, deciding what expenses need to be delayed for a while. Seasonal and irregular expenses reveal when the pressure times are and the adjustments needed that time rather than using credit.
- Spotlight the miscellaneous category, the personal care items, a category causing problems of underestimating expenses.
- For planning, allow an amount for personal or miscellaneous because these will be purchased no matter what grandiose budget one has. Limit rather than cut out.
- Another tool for estimating is recording and listing for each person in the household the daily, weekly, monthly, semi-yearly, seasonal. This helps in deciding allowances, college needs, or other situations.
- The only budget some people need is a calendar with due dates for bills and when to send payments; thereby reducing expenses of over-drafts to credit account, late fees, etc. Paying bills more often than once a month because of changing billing cycles makes it more complicated.
- One budget format is estimating by months the seasonal expenses to get the balance in the budget, know the pressure times adjust other expenses, increase income, and make a realistic budget. Irregular expenses make budgeting difficult. For most people, there are always irregular or unexpected expenses which need to be anticipated. Savings could cover. Most people use credit and thus creeping indebtedness grows and strangles. And credit is used for new vacations before the old ones have been completely resolved.

- Questions to analyze expenses:

Traditional categories are useful for tallying up expenses but do not answer the questions for change. Different formats could be used after analyzing. Lump together the expenses by the questions used to analyze. **Question clients for recording and for change in financial management.** Questions indicate usefulness of records: What is used for tax purposes? What ends arguments with parents, spouse, roommate, or children? What is a proof of purchase or payment? What is the reason for spending each item? Is it a good reason at this time? What are the grabbers, what are the leaks, miscellaneous, and what are surprises? What was underestimated? What is spent for past, current, and future satisfactions? How one calculate the emergency reserve of three to six month's expenses? What is used for re-planning the spending plan or budget? What shows more

money must be available at what time? What was for sharing, giving or tithing? Who in the household is spending and needs to be spotlighted for a time? What were savings?

Where could waste have been reduced? What indicates there are more choices than realized previously? What were unintentional (spontaneous) purchases? What was spent out of habit, custom, or pressure from friends and were not really basic needs? What met long-term goals (or what did not meet long-term goals)? What added up to more than expected, a surprising amount? What was unexpected, an unusual expense at an unusual time? Why is the spending, saving, and sharing necessary? Where reduce or cut? What is “ideal” and what is “adequate.” This analysis may be more helpful than deciding between “needs” and “wants.”

**Evaluation. Questions include:** What did I learn from this? What will I change from this? (If not analyzed for change, keeping records is less productive than other uses for time.) What can be changed for now at least? Records need to be analyzed to make change possible.

- In reality, no matter when people are asked to record or report, they will say this was an unusual week. Unexpected or rather unplanned expenses occur which drive people to use credit. That explains why they cannot save more. That is why they rob their church pledge. That is why they do not keep their vows to God, warned in Deuteronomy not to procrastinate. One purpose of a savings account is to provide for underestimated expenses and for the unusual. A unique system must be developed for the household which has irregular income and irregular expenses. A flow curve of income and expenses visually prepares for changes in spending. Recording can indicate pressure times.
- A checkbook or credit record can reveal priorities and habits, time as well as money in reality, regardless what the person says. However, this simplified analysis can be unfair without asking *why*. There may be an usual circumstance or a business venture. Some items such as housing just cost more, some reflect past commitments, and some reflect another person’s decision. Things that at first glance seem selfish may at a deeper analysis reflect worthy means to worthy ends. Even these can be reduced. An example is the analysis of Jane’s spending: Jane had large expenses for clothes and hair care, and a large phone bill. Conversation revealed she was not vain and frivolous, but was spending to be more effective on the job and redeeming people. She was calling regularly to elderly parents who lived in another state. She had a professional job where appearance was important for her credibility.
- Record keeping is not managing, i.e., many people record but do not analyze or change. It is tool to assist in overestimating income and underestimating expenses, spot problem areas, ask questions, who is spending for what. Whenever students or families record expenses, they say this was unusual week or this is just seasonal.
- Preparing for large or irregular expenses can be done by: prorating yearly expenses and writing in the check register the amount even if not paid, setting aside each month for yearly and semi-yearly expenses, automatically withdrawing to a special account that pays interest rather following the road

of using credit to pay interest, or changing the due dates to different months to smooth out the flow of income and expenses

- Difficult and sensitive analysis. Questions to ask for determining change and spiritual or social development are: What expenses have been for making up for past deprivation but are no longer needed? What are for making a good appearance or impressing others? Which have been used to cover guilt? Prove your love for someone? Spent because one does not know how to show love? Bargain? Bribe? Control? Power? Reduce boredom? Addictions? Are there less expensive ways to meet these needs? Is something so important that one will increase income to cover it and continue the hobby, spending, etc.?
- Fighting with money. Some couples use money or expenditures to “get even,” show revenge, hurt or make another squirm, or spend for self since the other spent money for trips, having a good time, clothes, or for selfish reasons. Some “make up” after a fight with overly expensive means. Leveling the field may be a solution with less expensive ways to fight. A solution may be improving unselfishness. Allowing each to have some delights in life, or at least under his or her control, is another solution in the budget plan.
- Building relationships regarding money. Switching who pays the bills for a time so there is more understanding of the budget demands is useful if talking alone does not increase understanding. Previously, a member may not even know there is a problem. Some members have not a clue what their expenses are. Get each member to do something or contribute something hoping to solve anxiety or insufficient income. Write it down for commitment. Involve everyone responsible for implementing a budget or financial plan in the planning so it is not sabotaged. Allow some money for each one to spend. Remember it takes practice, patience and perseverance. Build in rewards that do not cost money for cooperation in reporting and reducing credit use. Each person can write his/her contribution to the common good. The miscellaneous category is what needs examination and control.
- Another approach and use of recording is to determine income needed by changing jobs, having a second job, etc. to cover expenses, saving, and sharing. Expenses that may need to be increased are job related expenses, training for job security, capital development (savings and investment), repair to protect/maintain property, and education for changing job.

## **Tool: Setting Goals and Decision Making**

### **1. Worksheet for Goal Setting**

The efforts designed to meet goals are written in columns as follows:

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Specific goal	Date due	Information needed	Resources and money	Who else to contact	How to measure progress

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**2. If the person does not know how to verbalize goals, the counselor (or spouse) can read from a list** “Would you like to do (or have) \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or et cetera. Ask “What changes in other areas would you make for meeting this important goal?” Of course, the list is desirable to the client or spouse. And the client feels he/she was involved or made the decision.

### **3. Worksheet for Decision Making**

<b>Decision</b>	<b>Rank sequence</b>	<b>Information needed</b>	<b>Steps</b>
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**4. To help alleviate the fear of making a decision, ask:** “What is the worst that could happen? Can you live with that?” Many cannot bring themselves to make a decision without this approach. Is there an alternative that is acceptable other than the first choice? If the outcome is not satisfactory, what are other options? Does the decided outcome meet the goal? **With faith basis, questions include:** How does it seek first the kingdom of God, and/ or the commitment to follow Jesus? How can people gain control and follow through under God’s power and love?

What seems irrational is rational in the mind of the client given the circumstances, perspective and resources. Conflict is inevitable among those making the decision because of their unique processing, personalities, priorities, and differences of opinion of how and who should make the final decisions. The counselor encourages alternatives that give fun and joy and is mindful of people’s fears. Decisions are difficult because something desirable is foregone in choosing the alternative. Opportunity cost is, therefore, in every decision.

- Having a conducive time and place for making decisions;
- Concentrating on direction of the process, knowing “due time” needed to complete decisions (not getting side-tracked);
- Attacking the problem, not the person; avoid name calling or bringing up negatives of the past;
- Developing a “decision tree” where each choice branches out to other choices, for each section at a time;
- Assigning an individual to get sufficient information for making a decision; (However, over-load stifles decision-making.)
- Determining a specific, designated time to try out the decision with a promised re-evaluation;
- Involving all people in the process who are responsible for carrying out the decision;
- Designating one member of the family or group to carry out parts of the decision, realizing “everybody’s responsibility is nobody’s responsibility;”
- Brainstorming to get quantity, then quality, and then creative solutions;
- Sorting out alternatives by writing them on cards, and then stacking the top three and the bottom three;
- Dividing decisions into a series of smaller units and deciding just within a particular unit until that goal is accomplished;

- Using intuition which is conceptual and holistic;
- Asking what is the worse that could happen in the decision and if a person can live with that; identifying next steps if that were to happen;
- Showing how lack of communication results in no decision, which is a decision; thus, leading to events or expenditures by default rather than by design.

**Tool: Clarify Priorities in Goals and Decisions:**

1. What would happen if not purchased versus other?
2. What can only be done now?
3. Contribute to short or long-range goals?
4. Will it add to the creeping captivity of credit and addictions, bad habits, greed, covetness, and selfishness?"
5. Is it adequate rather than ideal? (better than deciding between needs versus wants)
6. What cut out? Keep asking (the only tool a financial planner uses)
7. With a faith basis, "Will this contribute toward the purposes of God, for the glory of God and my neighbor's good?"
8. "Will this make us more faithful to God' work and to others?"

**Tools: Use Budget Formats for Type of Problem, Personalities**

**Involved, Planning, and Control.** Types of budgets and changes can be tried for a specified period of time and reevaluated. Frequently it is the control of the plan, not the plan itself, which is in error. In Mark 14:37, Jesus said the spirit is willing but the body is weak. The newest term describing people who have money problems, high financial distress, and poor financial well-being is "Budgetary Anarchy Disorder" (Ray Forgue). Budgets are an approach to bring order out of confusion. They bring discipline to plans. Reviewing all plans and choosing one clarifies the purpose for a new system based on unique problems and personality. This is required in the culmination of financial counseling for any and all individuals and families regardless of circumstance.

**1. DEBT/CREDIT/LOAN OBLIGATIONS.** List by these categories: Date of note Secured by Amount Balance/ Monthly payment, Interest rate Title of Debt Current or Adjusted Payment

Check if co-signed, used for collateral, has judgment against, already written off as loss to company. Then contact creditor, consumer credit counseling agency, and make realistic adjustments.

**2. SPEND, SAVE, AND SHARE**

The purpose of the format using "Save, Spend, and Share" is for the anxious person or child who must first learn the basic uses of money. It provides simple envelopes for distributing and recording spending, saving, and sharing. It controls spending if a person stops when an allotted amount is spent. It does not work if a person plays games and transfers from one envelope to another when money is depleted. This system helps the individual or family to work with concrete rather than abstract concepts; develops habits of saving and sharing; helps people realize that if money is not saved for goals such as Christmas or gifts other plans will not work; and helps people understand that choices

must be made in light of expanding wants but limited resources. The balance reflects the reconciliation of wants with resources. Adults may expand categories to other areas with use of envelopes for other items. Financial peace is a result of having a balance in economic reality.

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Income	
Expenditures	
Save	
-Save for taxes if withholdings do not equal taxes owed or self employed	
-	
-	
Spend	
-	
-	
-	
Share	
-	
-	
-	
Total	
Balance	

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### **Balance**

Most budgets (controlling plans) and spending plans apply the three aspects of financial life: Spending, Saving, and Sharing – have these in the format. This balance is a “must” to succeed. Successful budgets have a saving category, if for no other reason, expenses are underestimated. Therefore, changes in lifestyle, reduced expenses in some areas, must be made if credit is not used for all the emergencies and seasonal expenses. A financially balanced life is a blessed life. Balance is achieved by distributing income to spending (Sp), saving (Sa), and sharing (Sh). This balanced distribution contributes to security and to fulfilling economic obligations. Brokenness occurs if any of these parts are missing. Any part left undone causes anxieties and distracts from God’s calling to share our resources. People will share by giving gifts even if not in their planning.

Difficulty and trouble result when any part - sharing, saving, or spending - are omitted. Omission or imbalance occurs because these are economic and spiritual realities. It is the balance not the amount that gives financial peace of mind. Focusing on only one or two parts not only brings disaster in living but also bring unhappiness and confusion. “Hold fast to what is good’ even when ends refuse to meet” (1 Thessalonians 5:21).

An expanded financial success model is: Financial Success = (Sp + Sa + Sh) Sal.  
The expanded model from the customary model includes Salvation.

Salvation includes forgiving others who make mistakes in our family, learning from financial mistakes, recovering from guilt, and restitution as used in Alcoholics Anonymous recovery program. Salvation is knowing God responds with grace to our failures. Since most people fall short, they need grace, rescuing, forgiveness, and restructuring. A perspective is that Jesus can rescue from financial horrors, terrors, and messed up money management. Zacchaeus invited Jesus to talk about his financial life. Then for restitution he said, “Zacchaeus stood up and said to the Lord, ‘Look Lord! Here and now I give half of my possessions to the poor, and if I have cheated anybody out of anything, I will pay back four times the amount.’” “Then Jesus said to him, ‘Today salvation has come to this house...For the Son of Man came to seek and to save the lost’” (Luke 19:8-10).

### 3. NECESSITIES AND LUXURIES

The categories “Necessities and Luxuries” provide mechanisms for 1) clarifying priorities among family members; 2) planning for money needed in transitions, such as changing jobs, unemployment, retirement, or for returning to school; 3) teaching older children to think about the concepts of necessities and luxuries and 4) questioning patterns of spending; 5) deciding the minimum standard of living; or 6) learning to “skimp” on necessities in order to afford luxuries. Questions include what, who, and why to make changes. The disadvantages of this form are the omission of details and the reminder of when expenses will occur. Values are clarified when decisions are made, when choosing where to cut or reduce. Rather than a budget, ask where will you cut? Again, what else?

Income:

Expenditures:

Necessities

- Taxes unless working with net income

-

-

-

--

-

-

-

-

-

-

Luxuries:

-

--

-

-

-

Total:

Balance:

Needed:

---

#### 4. FIXED, FLEXIBLE, AND SET-ASIDES

Use categories to pay monthly bills; to have a monthly worksheet; to evaluate where expenses have been underestimated; to establish a fund for a special goal or vacation by setting aside or automatically deducting a regular amount each month; or evaluate. The concepts of “Fixed, Flexible, and Set-Asides” provide mechanisms to meet fixed expenses on time in order to avoid late fees; provide a basic master plan for reference when which flexible expenses appear to be fixed. Fixed are those that are regularly paid or that carry legal and/or moral obligations.

Ultimately, nothing has to be “fixed” in absolute amounts. Housing, food patterns, etc. can be changed. Items usually considered fixed are rent and mortgages, utilities, debts, insurance, and pledges. Of these, rent and mortgages might be the most difficult to change, but because they compose the largest percentage of budget items for many families, they deserve attention. Spending patterns for these expenses can be changed to accommodate evolving family goals. The purpose of the procedure is to spotlight fixed items to see if they are immovable or if steps might be taken to change them.

Flexible items include food, clothing, recreation, and personal care. Food is a peculiar expense. It is not exactly fixed, but some amount must be spent for it. It seems to be a stable cost on an annual basis for any one family. From one year to the next, people do not readily change their food habits. Food is made up of many small items with diverse costs. Choices of items greatly influence the weekly cost. Variations appear from week to week although usually not for a longer period of time. Some food might still be on the shelves after one week and can be used during a tight money period. Money can be taken out of the food budget for other items by occasionally substituting inexpensive foods. Family members may enjoy baked beans occasionally but would complain if they had to eat them every day.

Set-asides may include an emergency fund, a revolving personal fund, and vacations. If a family budget is negative or the family anticipates big expenses in the near future, patient budgeting and extra set-asides are needed before an emergency fund can be accumulated. Even small amounts, habitually saved, will build up reserves. When the emergency fund equals two or three months’ income, extra money can be placed into savings or investments. People are more likely to save for specific goals than general savings so keeping separate accounts for each goal or fund may be encouraging. If nothing else, this format can be used to list major obligations and taxes. Reference to this plan will be a reminder to have funds on hand to meet these obligations without late penalties.

Income

Expenditures

	<u>Due Date</u>	<u>Estimated</u>	<u>Revised</u>
Contributions, Gifts, Charity			
-			
Fixed			



- Taxes unless working with net income

-  
-  
-  
-  
-  
-  
-  
-

Flexible

-  
-  
-  
-  
-  
-

Set-asides, vacation, savings

-  
-  
-  
--

Total

Balance

---

“Estimated and Revised” are listed for individuals or families to plan by estimating expenditures. Then through keeping records, they can evaluate how accurately their estimates were. This information contributes to better planning. Problems with budgets and finances, in general, are due to overestimating income and underestimating expenses.

With the formats of “Estimated and Actual”, expenditures are estimated prior to a series of paydays. At the end of each pay period, actual expenditures are recorded. This spending plan, if kept continuously, is a check on the budget estimates. Some questions such as “In what part of the year do various types of spending pressures occur?” would be answered. Over- and under-estimates are shown. The family is able to make adjustments to keep spending within income limits. Money can be accumulated, expenditures spaced, due dates changed for semiannual items, or spending reduced to maintain a balanced budget. Annual or semiannual expenses are prorated by pay periods to assure that funds will be available to meet them.

## **5. DAILY, WEEKLY, MONTHLY, AND YEARLY**

The budget format with categories of “Income and Expenditures: Daily, Weekly, Monthly, and Yearly” provides realistic estimates of expenditures, saving, and sharing. It can prorate larger payments into smaller units (weekly or monthly). It provides records of when expenditures have been made to decide how much is used or needed to manage irregular income with irregular expenses; i.e., those made by a farmer or college student. It can be used to decide amount of allowances for family members, to stretch food stamps issued monthly but used weekly, and to plan or record for two months or two years either by date of income or by date of expenses. Personal allowances, although a small amount,

are included in a realistic plan. Items to be paid from allowances should be clarified. Policies regarding allowances and advances should be established so that planning and control are learned. These budget categories promote realistic estimates, controllable.

## 6. SEASONAL OR IRREGULAR EXPENSES

One reason families are not accurate in estimating expenses is that they do not **record seasonal expenses**. (See form below.) They report difficulties are due to the week being unusual in expenses or sharing, birthdays, celebrations, repair, getting photographs, etc. However, most families report any week is unusual. There is always a season where different expenses are not routine. The season may be going back to school, holidays, spring planting, winterizing, vacation time, tuition, graduation, etc. Therefore, the following budget is useful. Each month money can be set aside for the seasonal or reduce other expenses. Automatic withdrawal from bank deposit to account for seasonal expenditures is helpful. Automatic withdrawal is helpful for pledges and contributions. Otherwise people manage by crisis and use creeping credit to save them but eventually it captivates them and controls them, with the additional cost of interest.

Most families manage by crisis. With **irregular expenses and irregular income**, families count on a smaller amount than those with regularity in timing and amount. The juggling act is a challenge. They need to congratulate themselves for doing as well as they do under the circumstances and uncertainties rather than to take the blame for an imperfect system. It is a challenge to meet needs of all members in spending, saving, and sharing the almighty dollar.

Redo the estimated celebrations, expenses, seasonal expenses, insurance, taxes, and repairs for each month. Estimate annual or yearly items and prorate for monthly expenses. Redo the budget plans with these and other probable unexpected items. Then a difficult decision is made in adjusting income, expenses, etc.

Form for "SEASONAL OR IRREGULAR EXPENSES"

<b>January</b>	<b>February</b>	<b>March</b>
<b>April</b>	<b>May</b>	<b>June</b>
<b>July</b>	<b>August</b>	<b>September</b>
<b>October</b>	<b>November</b>	<b>December</b>

**7. ESTIMATED AND ACTUAL.** Since the main problem that families have is “underestimating expenses and overestimating income,” this budget form clarifies. “Estimated and Actual” are listed for individuals or families to plan by estimating expenditures. Then through keeping records, they can evaluate how accurately their estimates were. This information contributes to better planning. Problems with budgets and finances, in general, are due to overestimating income and underestimating expenses.

Income:                      Date \_\_\_\_\_      Date \_\_\_\_\_                      Date \_\_\_\_\_

Expenditures

	<u>Date:</u>		<u>Date:</u>		<u>Date:</u>	
	<u>Estimated</u>	<u>Actual</u>	<u>Estimated</u>	<u>Actual</u>	<u>Estimated</u>	<u>Actual</u>
Daily						
---						
-						
-						
Weekly						
-						
---						
Monthly						
--						
-						
-						
Yearly						
(semi-annually)						
- Taxes unless working with net income						
-						
-Total						
Balance						

**8. PLAN OR BUDGET GEARED TO PRIORITIES AND FOR DETERMINING ADDITIONAL INCOME NEEDED**

	<b>Two weeks Date:</b>	<b>Two weeks Date:</b>	<b>Two weeks Date:</b>	<b>Two weeks Date:</b>
<b>Current Income</b>				
<b>Sharing (Sh)</b>				
<b>Saving (S)</b>				
<b>Debt payment (D)</b>				
<b>Spending (Sp)</b>				

---

Total=Sh+S+D+Sp\_\_\_\_\_

---

**Net Income  
Needed**\_\_\_\_\_

Actual Net  
Income\_\_\_\_\_

**Surplus or Deficit**\_\_\_\_\_

### 9. DEBTS, SPENDING (EXPENSES,) SAVINGS, AND SHARING

The concepts “Debts, Expenses, Savings, and Sharing” or past, present, and future show progress from only paying off past pleasures or debts to paying current expenses and on to future savings. It shows how excessive debts affect future decisions. It can show percentages and dollars paid for finance charges. It encourages a healthy balance among past, present, and future needs. It motivates the repayment of current debts in preparation for future plans. It provides a mechanism for separation of financial accounting into debts and living expenses so that the debts can be handled by one person or paid by one job. This is an alternative to loan consolidation, which can be more costly, over time. Analyzing the amount of interest paid over several months in a graph may motivate change.

---

Income  
Expenditures

Due Date

Debts (Past)  
Principal      Interest      Percentage of total

-

--

-

Expenses (Present)

--

-

Taxes

--

-Savings (Future)

-

-

-Sharing

-

-

Total  
Balance

---

**10. GRAPH DEBT, INTEREST PAID, AND LATE FEES.** A woman brought her medical doctor to the clinic because their spending was uncontrolled. The tool that changed his behavior was a flow chart of his debt, interest, and late fees over a period of time. The message was what more he could have if interest and late fees were prevented. Visually seeing the amount spent on interest and late fees changed his behavior. Diagramming over time encourages one to see progress toward reducing interest or debt. Deprogramming the habits and the cultural hold is necessary for changes.

**11. CASH FLOW ANALYSIS. Consider how to reduce or increase each area.** (Perhaps, use after reading a Comprehensive Checklist of Ways to Reduce Expenses in each area.) Determine increased need for debt pay-off, saving, college, down-payment on house, contributions, or charity and church. This motivates to decrease or increase in some areas to meet new goals. save or share more. This motivates by adding up the little changes for a grand total. This can possibly change the percentage to give to church, etc.. This is how one can support the work of God’s kingdom in each category.

**12. WORKSHEET FOR CASH FLOW ANALYSIS**

	Date	Date	Revised	Result of CHANGE	
					\$ Amount saved
INCOME, net					
Employment					
Spouse’s Employment					
Real Estate, Rental					
Other Fixed Income					

Savings  
Income \_\_\_\_\_

Securities  
Income \_\_\_\_\_

Other Variable  
Income \_\_\_\_\_

---

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**EXPENDITURES**

Housing \_\_\_\_\_

Rent/Payment \_\_\_\_\_

Electricity \_\_\_\_\_

Gas \_\_\_\_\_

Water-  
Sewage \_\_\_\_\_

Phones \_\_\_\_\_

Water  
Softener \_\_\_\_\_

TV \_\_\_\_\_

Repairs,  
supplies, \_\_\_\_\_

Furniture \_\_\_\_\_

Taxes/Insurance \_\_\_\_\_

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**FOOD**

Groceries \_\_\_\_\_

Eaten  
Out \_\_\_\_\_

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---

**TRANSPORTATION**

Payment/Bus \_\_\_\_\_

Gas/Oil \_\_\_\_\_

Repairs \_\_\_\_\_

Insurance \_\_\_\_\_

License \_\_\_\_\_

Other  
Fees \_\_\_\_\_

---

CLOTHING

Laundry/dry \_\_\_\_\_

---

PERSONAL CARE

Allowances \_\_\_\_\_

---

MEDICAL

Doctor,  
dentist \_\_\_\_\_

Medicine \_\_\_\_\_

Insurance \_\_\_\_\_

---

OTHER

Computer,  
etc \_\_\_\_\_

.Newspaper \_\_\_\_\_

Education \_\_\_\_\_

Tobacco,  
alcohol \_\_\_\_\_

Recreation, \_\_\_\_\_

Entertainment \_\_\_\_\_  
 \_\_\_\_\_

*GIFTS/CONTRIBUTIONS*

LIFE INSURANCE

OTHER INSURANCE  
 Child support

---

**SAVINGS**  
**INVESTMENTS**

*TOTAL EXPENSES*

DEBT PAYMENTS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

---

**TOTAL DEBTS AND EXPENSES**

---

**BALANCE (Net Flow)**

---

Final Budget and Plans are tried from recording, checklists where to reduce, increasing miscellaneous - onto paper or computer - based on problem, purposes, personality. Vision, power, and control come from choosing the particular path, the spending plan, the budget. The plan implements changes in financial management to meet new goals, guide reorganization, and solve problems.

### **13. FINANCIAL MANAGEMENT NOTEBOOK SYSTEM: Organize, Record, Plan, Control, Keep receipts, Juggle Payments, Record, and Evaluate**

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A "Notebook System" can be used for planning, estimating and recording expenses as they are made, and for storing receipts. This system required a minimum of writing and calculating. "Working in the Book" is "Working on Finances" at a given time once a month or semi-monthly with paying bills at that time. This reduces the question whether something was paid or not. One problem is that credit cards may not have a 30-day cycle for avoiding late payments.

- The first page of a spiral notebook, left over from school use, should have goals and general financial plan.

- Pages can serve as dividers by paydays.



- Bills and “I owe you” to be paid monthly, semiannually or annually can be placed in the pages by paydays. Looking ahead can remind one of expenses coming up. During pressure months, notes on what else to reduce can be made.
  - Expenses can be summed as they are made by check, etc.
  - Bills that cannot be paid this time are placed in the page divider for next time.
  - Contributions or bills paid monthly are on a note and moved to next time
  - The bottom half of the page can be used for recording miscellaneous expenses or those made by each family member, for special spotlighting an analysis.
  - Expenses can be estimated on the left side pages to decide what to juggle.
  - Utility bills can be compared over the months to motivate reduction.
  - A reoccurring expense with only a one-time bill can be recorded as paid and repeated by actually moving the bill to ensuring payment periods. (Examples are monthly tuition, furniture loan, charity commitment, or a loan from a family member.) Sharing or contributions can be observed from month to month with the goal of increasing it over time.
  - Insurance, savings, or charity contributions can be noted with actually moving the reminder to ensuing paydays.
  - Amount paid, date paid, and check number should be written on the statement sent in as well as on the part retained by bill payer that is kept in the notebook system.. The account number should be written on the check.
- Regular examination of bills and simple record of item in the notebook can catch errors and clarify what was paid when a payment and a new bill cross each other in the mail. The notebook with the family finances should be organized and kept at an accessible place so that other family members could take the responsibility and become informed in the event that the chief money manager is suddenly unavailable or unable. Records can answer questions, project future expenses, and catch errors.

An organizational system using a notebook is useful since it actually shows bills paid and bills yet to be paid, filed by pay times every two weeks or so. In front are the goals to remind individuals. As bills are paid, the date, check number and amount are written and retained in the page of pay date or bill paying. Bills that cannot be paid this time or due later, even semiannually, can be put ahead in page file. Charity and birthday reminders can be filed in future page files. There are plenty of lines to do the mathematics or write reminders. There are lines to focus and figure one particular category, the miscellaneous, or one particular individual’s spending for changes that are needed. The notebook system provides proof that a bill was paid. (Anita caught \$500 in mistakes one year by proving she did pay when accused of not paying.) Anyone in the family, by using this system, can check and take charge if the main manager is sick or absent.

## **Tool: FINANCIAL MANAGEMENT RECOMMENDATION CHECKLIST**

Desired   Completed

## INCREASE INCOME

1. \_\_\_\_\_ Think "Income is a flow of goods and services and not money alone" in order to generate alternatives.
2. \_\_\_\_\_ Reposition assets to gain greater return. Change from bank to credit union.
3. \_\_\_\_\_ Liquidate a note or investment.
4. \_\_\_\_\_ Note the rule of 72: 72 divided by interest rate = number of years for savings to double; and 72 divided by inflation rate = number of years purchasing power will have a fixed income.
5. \_\_\_\_\_ Sell unneeded goods, vehicles, collection, \_\_\_\_\_.
6. \_\_\_\_\_ Increase net income by reducing job-related expenses (transportation, child care, place of residence, \_\_\_\_\_).
7. \_\_\_\_\_ Share a job. Get a different job. Work a different shift.
8. \_\_\_\_\_ Help another family member obtain a job.
9. \_\_\_\_\_ Get a second job without jeopardizing the main job.
10. \_\_\_\_\_ Work more hours or less in an economic downturn.
11. \_\_\_\_\_ Use community resources.
12. \_\_\_\_\_ Obtain entitlements by proper procedures (Medicaid, SNAP Supplemental Nutrition Assistance Program, food stamps, SSI, WIC, utility assistance, education, etc.).  
Check on regular medical expenses, child-care expenses, etc., to qualify
13. \_\_\_\_\_ Take early inheritance. Keep records.
14. \_\_\_\_\_ Take less tax withholding. Claim additional dependents.
15. \_\_\_\_\_ Turn hobby, talent, or craft into a business reducing startup & overhead costs
16. \_\_\_\_\_ Rent out a room, garage, barn, or other space.
17. \_\_\_\_\_ Consult, tutor, or give lessons.
18. \_\_\_\_\_ Use employee benefits, credit union, profit sharing.
19. \_\_\_\_\_ Exchange goods and services with other individuals or families.
20. \_\_\_\_\_ Collect money owed to you.
21. \_\_\_\_\_ Obtain Earned-Income Credit if income is less than \$29,201 in 2002 and a child lives at home. Get EIC in advance by filing form W-5 with employer.
22. \_\_\_\_\_ Use legal procedures to obtain child support with parent's Social Security.

## REDUCE OR CHANGE EXPENSES, WANTS

23. \_\_\_\_\_ Record expenses for 2 weeks by tracking system and analyze (Use forms).
24. \_\_\_\_\_ Reevaluate spending. Ask, "If reduced or cut out, what would happen?"
25. \_\_\_\_\_ Modify spending by steering your own crash budget, for smoother landing.
26. \_\_\_\_\_ Realize ultimately nothing is fixed except \_\_\_\_\_.

27. \_\_\_\_\_ Remember 60-40 rule in housing: Payment is Principal + Interest = 60 percent of total housing costs. Focus on reducing the 40 percent related costs.
28. \_\_\_\_\_ Scrutinize miscellaneous spending, leaks in the ship, usually larger than estimated. See who is uncontrolled in impulsive spending.
29. \_\_\_\_\_ Choose target areas to reduce for a specified period of time and then reevaluate.
30. \_\_\_\_\_ Use techniques for reducing impulsive spending, after determining why.
31. \_\_\_\_\_ Use the checklist to examine every area to “get more with less”.
32. \_\_\_\_\_ Choose a way to get similar satisfactions in less expensive, more appropriate and positive ways.
33. \_\_\_\_\_ Be specific on reduction: when, where, how, who. Estimate \$’s saved.
34. \_\_\_\_\_ Have each member write how he/she can reduce spending and costs.
35. \_\_\_\_\_ Allow some money for each member to have free range to increase morale and cooperation.
36. \_\_\_\_\_ Move in with relatives, maybe renting out apartment or house meanwhile.
37. \_\_\_\_\_ Practice frugality, care for purchases, and practice simple living.

### CONTROL CREDIT

38. \_\_\_\_\_ Rethink “credit is debt,” not a resource.
39. \_\_\_\_\_ Remember credit abuse is devastating like fire, sex, and drugs, if abused.
40. \_\_\_\_\_ Remember credit use is detrimental like any imbalance when not controlled.
41. \_\_\_\_\_ Take self-control so you are not controlled by credit. Calculate extra work hours required to pay for having item sooner or for the interest. Compare total cost with cash: Monthly payment X number of payments = Total cost.  
Total cost – cash price = Cost of using credit.
42. \_\_\_\_\_ Examine advantages and disadvantages of using credit.
43. \_\_\_\_\_ Figure cost of refinancing, loan consolidation compared with lifestyle change.
44. \_\_\_\_\_ Be sure to pay interest if borrowed on cash value of life insurance so insurance is not cancelled.
45. \_\_\_\_\_ Recognize danger signals of over-extension.
46. \_\_\_\_\_ Compare loan sources at credit union, bank, finance co., employer, cooperatives, charitable agencies, relatives, \_\_\_\_\_.
47. \_\_\_\_\_ If you have borrowed from friends or relatives, write contract clarifying terms of repayment, interest, and “strings attached.”

48. \_\_\_\_\_ Do not borrow more than exactly needed except for investment or business.
49. \_\_\_\_\_ Educate self on details (fine print) of credit contracts: penalties, late fees, wage or bank account, attachments, credit reporting, collection procedures, and policies.
50. \_\_\_\_\_ Compare sources of credit, types of financing, fees, and APRs.
51. \_\_\_\_\_ Borrow against equity in house or use reverse annuity mortgage after getting information and realizing strict payment schedule required and dangers involved.
52. \_\_\_\_\_ Pay at least what you charged this month plus some on last month's charge.
53. \_\_\_\_\_ Calculate and graph interest portion of payments during the months.
54. \_\_\_\_\_ Obtain credit reports for family members.
55. \_\_\_\_\_ Protect your credit rating so it can protect you in an emergency.

#### ADJUST DEBTS AND FINANCIAL OBLIGATIONS

56. \_\_\_\_\_ Ask "Whose debt is it?" "Who can pay?"
57. \_\_\_\_\_ Beware divorce decree is only enforceable between couple (debt collection).
58. \_\_\_\_\_ Ask "What will happen if not paid?" (See chapter on credit.)
59. \_\_\_\_\_ Find potential vs. absolute consequences of reduced or nonpayment.
60. \_\_\_\_\_ List debts. Analyze by secured vs. non-secured, interest bearing vs. nonbearing, interest rates, what will happen if not paid by due dates, and whether discharged by bankruptcy or not.
61. \_\_\_\_\_ Use sample letter to write creditor, copy for records, use proof of delivery.
62. \_\_\_\_\_ Work with non-profit credit counselor in agency \_\_\_\_\_.
63. \_\_\_\_\_ Complete loan consolidation worksheet or computer program.
64. \_\_\_\_\_ Complete mortgage prepayment worksheet on computer program.
65. \_\_\_\_\_ Calculate how many months to recoup costs of changing mortgage.  $\text{Cost of changing divided by amount reduced} = \text{months to recoup}$
66. \_\_\_\_\_ Intervene in process: collection, wage garnishment, court hearing, \_\_\_\_\_.
67. \_\_\_\_\_ Arrange for court, creditor, landlord, doctor, etc. to reduce payments, defer payments, or take more each month to make up for skipped payments.
68. \_\_\_\_\_ Ask for waiver of 20 percent, coinsurance, interest, late fees, etc.
69. \_\_\_\_\_ Contact creditor, etc., rather than have them chase you. Be definite in communication even if stating you cannot pay specific amount.

- 70. \_\_\_\_\_ \_\_\_\_\_ Negotiate with ex-spouse or harass to get more support or pay less of house payment to him/her.
- 71. \_\_\_\_\_ \_\_\_\_\_ Subtract minimum expenses from minimum guaranteed net income to determine amount for debt payment, credit, or investment.
- 72. \_\_\_\_\_ \_\_\_\_\_ Compare costs (financial and other implications in getting a job or future loans) of loan consolidation, *Chapter 7* bankruptcy, *Chapter 13* repayment, and change in lifestyle.
- 73. \_\_\_\_\_ \_\_\_\_\_ Learn policies and rules of creditors, IRS, etc. and adjust debts accordingly.
- 74. \_\_\_\_\_ \_\_\_\_\_ Talk with a higher authority in the company, hospital, etc.; keep copies of everything; and communicate in writing.
- 75. \_\_\_\_\_ \_\_\_\_\_ Set up self-administered debt repayment plan by writing your plan to the credit company with a conservative payment plan and keeping your word.
- 76. \_\_\_\_\_ \_\_\_\_\_ Plead hardship, charity case, or write-off. Contribute to charity funds later.
- 77. \_\_\_\_\_ \_\_\_\_\_ Realize “Bankruptcy is using a canon to kill a fly.” Loan consolidation is postponing problems, maybe increasing stress and fixed payments.
- 78. \_\_\_\_\_ \_\_\_\_\_ Learn to handle harassment, rather than going to extremes. Report violations.
- 79. \_\_\_\_\_ \_\_\_\_\_ Realize amount of paycheck that can be garnished; and/or “judgment proof,” amount that cannot.
- 80. \_\_\_\_\_ \_\_\_\_\_ Do extra work such as overtime, waitress 1 or 2 nights just to pay the debts.
- 81. \_\_\_\_\_ \_\_\_\_\_ Use creative, clever alternatives for adjusting debts such as working off debts.

**Tool: FINANCIAL SUMMARY AND PLAN**

Name: \_\_\_\_\_ Date: \_\_\_\_\_ Referred by: \_\_\_\_\_

Presenting Problems/Questions: (Real problems are clarified after further discussion.)

\_\_\_\_\_

Fears: \_\_\_\_\_ Other agencies or professionals working with: \_\_\_\_\_

Household Composition: \_\_\_\_\_

Financial Position: (rough estimate)

Income (net monthly):  
minus

Source:

Expenses:

Debts:

equals

Type:

Decision Income:

Value of government services:

Value of employee benefits:

Assets (financial):

Assets (personal):

Creditor and legal problems (current and predicted)? *Harassment? Cut in service? Loss of goods? Court Action? Embarrassment? Immobility?*

Consumption and management problem:

Need for long-range planning:

Decisions to be made: (Then rank in order for solving)

Goals – short and long range

Information and resources needed to solve problems or make decisions:

Compliment - Person's strengths, assets, experiences, good management:

### **Spiritual assessment:**

Plan for **person** (steps to take): (short term – this week): Plan for **counselor**, educational material to give:

Plan (budget) to implement:

**Plan for spiritual renewal: Scripture to read every day, hymn to sing, prayer with someone, etc.:**

**Tool: Summary and Plan for Financial Planning rather than Counseling or Coaching. Financial Planner's Guide, Summary, and Record:**

**FINANCIAL ASSESSMENT AND PLANNING**

Parishoner/Client: \_\_\_\_\_ Date: \_\_\_\_\_

**Summary of Financial Position:**

Goals, objectives, values:

Household Composition/Circumstances:

Income flow and net worth position (wealth statement):

Assumptions:

Risk tolerance:

Decisions and concerns:

**Major Recommendations:** (listed in priority order)

**Standard of Living:** (charity, cash flow, expenses, debts, life style changes)

List by analysis of data, objectives, assumptions, recommendations (changes), implementation – for each area below also)

**Sharing:**

**Savings:** (cash reserve, investments)

**Accumulations:** (money, goods, business, real estate, education, retraining)

**Protection:** insurance, employee benefits, government benefits)

**Financial Independence:** (retirement)

**Estate Planning:**

**Taxation:**

**Security:** (spiritual growth, changes in source, job, business, miscellaneous)

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**Tool: Worksheet for warning about not paying bills** and for deciding about bankruptcy. Bankruptcy may like using a cannon to kill a fly. There are other ways to solve the problem of inability to pay debts. Bankruptcy does not discharge all debts such as college loans. **Compare Actions by asking: What Will Happen if this Bill is not Paid compared to another? What will Hurt the Person? Sometimes nothing will happen. First check to see if the debt is secured.**

<b>Bills</b>	<b><u>Harassment</u></b>	<b><u>Cut in Service</u></b>	<b><u>Loss of Goods</u></b> <b><u>Repossession</u></b>	<b><u>Court Action</u></b> <b><u>Garnishment</u></b>	<b><u>Total Due</u></b> <b><u>Now</u></b>
1.					
2.					
3.					
4.					
5.					
	<b>Etc.</b>				

Garnishments are creditor garnishment, replevin (chattel mortgages), foreign judgments, child support, IRS levies, Bankruptcy (Chapter 13), and miscellaneous. In earlier times, an individual would be fired if there was a garnishment. Now a column on the company payroll form is ready for a check mark since it is so prevalent. People sign that wages can be garnished without going to court.

**Tool: Calculating the cost of a loan**

Number of months X Monthly payment = Cost of loan

Number of months X New Monthly payment = Cost of Cons. Loans

Calculating the difference compares consolidation, refinancing, with increasing income, reducing expenses, deferring gratification, driving an old car, and being more efficient for several months. Yet many including college graduates are vulnerable and tempted by just considering the monthly payment.

**Tool: Will Bankruptcy Help or Not?**

This is a tool to analyze, before filing, whether or not bankruptcy will help.

<b><u>Debt</u></b>	<b><u>(Bankruptcy will Discharge)</u></b>	<b><u>(Depends on Amount of Equity)</u></b>	<b><u>(Bankruptcy Will Not Discharge)</u></b>
	Yes	Maybe	No

- 1.
- 2.



3.  
Etc.

**Tool: Determine if Loan Consolidation is the Answer?**

YES

NO

When property is saved and one learns from experience to be disciplined or does not incur additional debts.

If it pays the balance and stops paying only the minimum on debts and not incurring additional debts.

If it stops the pattern of revolving charges which are never paid and purchases continue to be made with higher interest.

If it stops “creeping indebtedness.”

If it prevents bankruptcy which goes on one’s record for ten years, and limits certain future loans or job opportunities.

If all debts have higher interest rates than a consolidated loan would have, and the consolidated debt can be paid off in the same amount of time as the previous debts.

**Tool: Warn that loan consolidation is the “Road to Disaster”?**

**Cost of Consolidation Table**

<u>Amount Owed</u>	<u>Years</u>	<u>Payment</u>	<u>Payback</u>	<u>Interest</u>	<u>Years</u>	<u>Payment</u>	<u>Payback</u>	<u>Interest</u>
<u>Student Loan</u>	10				20			
\$9,000		\$109	\$13,800	\$4,080		\$75	\$18,000	\$9,000
17,000		206	24,720	7,720		142	34,080	17,780
30,000		363	43,567	13,568		251	60,240	30,240
50,000		605	72,600	22,600		418	130,320	50,320

The payments for 20 years are lower with consolidation but, as shown in the last column, the interest is increased by thousands of dollars. The difference between interest paid for the four debts in 10 versus 20 years are \$4,920; \$9,360; \$16,672; and \$27,720.

**Tool: Preventing “The Road to Disaster.”** Comparing the current program of debt payments with one or more loan consolidation programs provides differences in interest costs, months of payments, and number of months for drastic changes versus loan consolidation. Three consolidation programs were compared with have different debts included in them. A financial calculator with amortization calculations will show number

of months left so that program costs can be obtained. In a typical case study, in 11 months the \$546 payment would be reduced to only \$196.00, if drastic changes are made for a while. Whereas with three different consolidation programs, payments are committed of \$167 for 120 months, \$283 for 48 months, and \$206 for 84 months which are lower than the current program of \$546.00 which made the consolidation an appealing option. Total remaining payback with current program was \$11,137 whereas in consolidation programs it would be \$20,000; \$13,584; and \$17,304. Total interest for current program was \$2,048 compared to loan consolidation programs of \$10, 051; \$4,495; and \$8,215. Problems with loan consolidation are that non-interest debts are included and consumers add more for miscellaneous to reduce pressure. Once there is more psychological freedom and less pressure, consumers start using credit again, but now with consolidation as another fixed payment where before some were not fixed. Interest costs were more each month than the initial month of the current program.

**Tool: Worksheet to Compare Current Program and Loan Consolidation Program**  
**Creditor** **Annual % rate** **Balance** **Payment** x **No. months** **Remaining Total**  
**Payback** **Current monthly interest** **Total interest**

**Tool: Comparison of Annual Percentage Rates for Consumer Credit:** A simple list of types of loans with the approximate range of rates, cash loans:

Borrowing on life insurance, credit unions, commercial banks (secured personal loans), commercial banks (check credit accounts – unsecured loans), finance companies (under state small-loan laws), pawn shops, pay-day loans, illegal lenders (loan sharks),

revolving charge credit:

Commercial banks, general purpose credit cards, VISA, MasterCard, Discovery, American Express

installment credit agreements:

New cars, used cars under two years old, used cars over two years old home equity line of credit, and retirement fund as collateral. Even educated people do not know the variation of interest rates nor the possible sources for borrowing. They could save thousands of dollars in home purchases by comparing various lenders, switching loans to another source, and switching from banks to credit unions. The time used in comparing translated to savings would return more than most jobs per hour.

**Tool: Sample Letter to Creditor**

Date: \_\_\_\_\_ Re: John Doe

Main St.  
 Lafayette, IN 47905  
 Account No. \_\_\_\_\_  
 Total indebtedness: \_\_\_\_\_  
 Number of creditors \_\_\_\_\_  
 Net income: \_\_\_\_\_  
 Minimum living expenses \_\_\_\_\_  
 Proposed Monthly Payment \_\_\_\_\_

Dear Sir or Madam:

John D. Doe, a young man with a family of five, is working with me on his budgeting and debt problems. Mr. Doe has told me that medical expenses and a divorce has caused problems with his financial management. Mr. Doe is now willing and able to make some changes to overcome his difficulties. His present wife, Jane A, is beginning to work part time. A realistic, minimum budget has been set up for their living and job expenses and a program of payments has been developed.

We are asking each creditor to accept a reduced payment to be applied on the principal for several months. Amounts will be increase as possible until the debt is paid. Mr. Doe plans to begin sending payments to you on\_\_\_\_\_.

We hope that any present or pending legal proceedings be stayed. Please inform us of the correct balance due. Send statement of balance due to  
John Doe, 123 Main St., Lafayette, IN 47905

We assume your cooperation and sincerely thank you. Indicate on the form below your acceptance and send it directly to Mr. Doe.

Our counseling, budgeting, and educational service are free of charge to our clients. We accept referrals.

---

Client who asked counselor to assist

---

Financial Counselor

Name of Creditor:                      Acceptance of payment plan: \_\_\_yes\_\_\_no

Remarks:

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**Tool: Other** letters to assist in writing are credit report “Request” form, Credit report “dispute” form, product resolution, a spouse for more support, and an uncooperative child to assist in expenses. The counselor probably needs to help the client to write and how to write the letter.

**Tools: for motivation, changing and controlling work at home to save money**

1. Since mottoes motivate, repeat continually like advertisers do:

“Expect resistance but be persistent.”

“We choose this for now...” not “We cannot afford it...”

With faith basis, repeat selected Scriptural verses continually.

2. Compare differences in changing lifestyles

3. Do “Household Work” which yields Non-money Income in Services and Goods at less dollar cost. Example:

	<b>Saves</b>
Cooking and lunches	\$300
Comparison shopping	100
Hair cut and set	20

Laundry and clothes repair	100
Painting, repair, etc.	50
Juggling time with 1 car	400
Paying bills, taxes	75
Preventing late fees, Bounced checks, etc.	<u>100</u>
Total	\$1,095

#### 4. Project estimated change in lifestyle by reduced thousands “yearly”:

	Conservative	Estimate
Change food plan from moderate to low cost	\$ 2,400	\$3,600
Eating out from 4 times to 2 times per month	600	900
Reduce Christmas gifts from \$1,000 to \$600	400	600
Change store for buying clothes (\$100 to \$50)	600	700
Postpone buying a used or new car	1,200	2,400
Do own painting, yardwork, cleaning, repairs hair cutting, manicures	300	400
Change style of vacation and travel from \$1000 or \$2000 to \$500	1,000	1,500
Reduce utilities, gas & electricity (\$50/ month)	600	800
Change phone system, TV cable, etc	600	1,200
Not consolidating debt	600	2,000
<b>Total savings from changes</b>	<u>\$8,300</u>	<u>\$14,100</u>

#### 5. GROCERY BAGS OF SIMILAR FOOD ITEMS IN DIFFERENT FORMS ILLUSTRATE SAVINGS IN FOODSTYLE CHOICES

(Shows process and choices with relative prices that can be updated)

##### Bag One

8 qts. Non-fat dry milk	\$4.49
1 lb. canola oil	.89
12 oz. cornflakes	1.35
8 c. uncooked rice	1.99
1 can tuna	.79
1 can stewing tomatoes	.69
1 can store brand green beans	.57
½ lb. raw potatoes	.45
1 can frozen orange juice	1.67
1 dozen medium eggs	.55

**Total Bag One      \$13.44**

##### Bag Two

8 qts. Fresh milk	\$5.50
1 lb. butter	2.04
12 oz presweetened	1.89
8 c. pre-cooked rice	2.70
1 can salmon	2.89
1 can whole fancy toms.	.85
1 can name brand beans	.81
½ lb. potato chips	1.09
46. oz. can orange juice	1.99
1 doz. large eggs	.75

**Total Bag Two      \$20.51**

Greater than this \$7.00 savings can be shown for other choices in regular purchases. Relative savings for total number of bags over a month or year would motivate changes and likes by family members. Return on time spent in comparing prices can be compared to earnings per hour. (Return on time of waiting when only one car in family can be compared to earnings per hour. And this is not taxed.)

## **6. Food control** – shopping and distributing through week, month

### Food Control Plan

Recently unemployed persons may fear they will not have enough food until income is resumed. With food stamps or some money, food can be purchased that is low-cost and high nutrition and can be consumed over time. The challenge is controlling amounts eaten daily, weekly, and monthly with cooperation of family members. Buying for the month, buying bargains, being creative, and using time for preparation are required.

Examples are:

- \_\_\_\_\_ Dry beans for soups, salads, and over cornbread
- \_\_\_\_\_ Dry milk (add water for drinking or use in cooking)
- \_\_\_\_\_ Rice (not instant), spaghetti, pasta, macaroni (use with meats, cheese, eggs)
- \_\_\_\_\_ Grapefruit or orange juice, canned or frozen (add more water than suggested)
- \_\_\_\_\_ Oatmeal, grits, fortified cereals to be cooked or combined with other foods
- \_\_\_\_\_ Peanut butter
- \_\_\_\_\_ Chard, kale, spinach, collards, turnips, mustard greens (10 cans)
- \_\_\_\_\_ Tomatoes (canned, stewed, juice, and sauce)
- \_\_\_\_\_ Cornmeal, flour, sugar, salt, pepper, garlic
- \_\_\_\_\_ Onions
- \_\_\_\_\_ Apples, raisins, prunes
- \_\_\_\_\_ Carrots,
- \_\_\_\_\_ Bananas, grapefruit
- \_\_\_\_\_ cabbage
- \_\_\_\_\_ Tuna, mackerel
- \_\_\_\_\_ Potatoes, sweet potatoes, yams, squash
- \_\_\_\_\_ Eggs (six dozen)
- \_\_\_\_\_ Cheese (processed), cottage cheese
- \_\_\_\_\_ Margarine or spreads for cooking and flavor
- \_\_\_\_\_ Bread (day old or from outlet stores, freeze to keep)
- \_\_\_\_\_ Chicken, fish, hamburger, pieces of ham (to be cut up and combined with food)
- \_\_\_\_\_ Specialty low-cost meats, tongue

After these are purchased, add more of the same or other low cost items. Compare cost per unit, per serving, and per nutrition among different brands. Avoid chips, drinks, TV dinners, ready prepared items, luncheon meats, serving whole amounts of meat, and entertainment food. Use leftovers for soups and casseroles. Be more successful if one member manages the food purchases, preparation, and distribution. To distribute the supply, try to have everyone eat meals at the same time and place.

## **7. Provide food list for those without refrigeration**

### 8. Be aware of costs in MOVING OUT TO INDEPENDENCE WITH CHOICES.

After estimating minimum costs (which are unrealistic, too low), the individual may have to reconsider “moving out” and consider other alternatives.

#### DECISION TOOL FOR INDEPENDENT LIVING AND INCOME NEEDED TO MOVE OUT

The purpose is to determine amount of savings needed for the time a person is moving from current residence. It is a tool to more accurately estimate expenses or income needed. It is a tool for deciding amount of loan needed for initial expenses in a different situation. The amount depends on choices and life style.

A. Estimate “decision income” (DeI) or income needed from a job to maintain life style:

Project probable “gross income” GI \_\_\_\_\_

Estimate “disposable income” DI after taxes and Social Security contributions \_\_\_\_\_.

Estimate “take home pay” THP or “decision income” (DeI) is after deductions such as dues, parking fees, payments withheld, United

Way \_\_\_\_\_ .

Estimate “decision income” which is gross income minus disposable income minus these fees \_\_\_\_\_.

An estimate is that Gross Income – 25% = “Decision Income.” (Some estimates are 25 to 32 %)

B. Choose expenses, saving, and giving to fit income **Or** get income to cover them.

II. Initial expenses	<u>Low</u>	<u>Moderate</u>	<u>High</u>	<u>Yours</u>
Phone installation	\$ 30			
Damage deposit	250			
1st month’s rent	250			
Electricity deposit	71			
Gas deposit	40			
Cable TV/Internet	20			
Food	<u>100</u>			
				\$761

III. Payments at end of 1st month

Phones/internet/TV	\$ 23	\$100
Rent	118	100
Electricity		
Gas		
Water/sewage		
Debts, college loans	50	100
Saving	20	20
Insurance	50	120
Food	100	200
Transportation	100	600

Medical	40	120
Personal/misc.	100	100
Clothing	100	200
Gifts/sharing/charity		300
Entertainment/Education	80	500
Work related	<u>20</u>	<u>120</u>
Total	801	2,860
Taxes	200	849
<b>Totals</b>		
Income: Monthly	\$1,000	\$3,709
Annually	12,000	44,508
Hourly wage needed:		
about	\$6	\$22

(However, earned income credit is available for employed low income people.)

### Tools: Decision about Retiring Early

1. Discuss "Office Politics." This prevents early retirement which causes loss in benefits. This helps to consider alternatives to early retirement and reduces over-spending because of politics, false accusations, and transfer of anger to spending for soothing wounds. Hang onto job with a new hobby, counseling, and lasting longer than a boss.
2. Encourage, confirm "resource power" creative ideas for recently unemployed.
3. Managing the job search, change in type of job, transferable skills.  
List and check regularly, volunteer while checking and looking for employment.
4. Resume assistance – responsibilities.
5. Know the expected language and appearance
6. Arrange transportation and childcare in emergency
7. Fill out a worksheet for retiring early versus working more years. Below is an example of a real person who considered retiring at age 59 but compared at 62 and 65.

Age	Years of Service	Average of Highest 5 years	Factor	Annual Income
59	28 x	\$53,509 x	1.1% Pension Benefit	\$21,854
	(yearly benefit \$16,480)			
	Own contribution	55,980	x 9.6	5,374
	Social Security until age 62			<u>-0-</u>
				\$27,228
62	31 x	58,026 x	1.1	19,787
	Annuity	71,820	x 10.03	7,203
	Social Security estimate			<u>11,470</u>
				\$38,460

65	34	x	62,624	x	1.1	23,421	
			Annuity	91,661	x	10.55	9,670
			Social Security estimate				14,340
							\$47,431

**Tools: Adjusting to Economic downturns, Changing Economic Conditions.** Mobilize resources within self, family, community, government. Increase income, reduce expenses, be more efficient, clarify priorities, change lifestyle, or continue frustration.

The alternatives suggested by the counselor and from prayer for achieving retirement, college funding, solving financial problems or adjusting to loss of income are:

- **Increasing Income** by taking a different job or a different shift, repositioning assets, liquidating assets, getting cash accumulated through life insurance, selling possessions, getting money owed, taking early inheritance, working an extra job, having a higher-paying job or promotion from more education or training, using talents or skills in miscellaneous ways, exchanging goods and services with others rather than buying them, having a day-care in one's home, renting garage or barn or equipment, making decisions for increased tax benefits such as more withholdings, taking bigger tax reductions thereby increasing income, taking a reverse annuity mortgage, making and selling crafts or other items, growing or hunting food, consulting or tutoring. Friends, counselors and church members can help find jobs, transportation, opportunities, and community resources.
- **Decreasing expenses or** wants by avoiding credit, avoiding debt consolidation, performing family services such as hair or grass cutting, cooking, changing level of food spending, finding entertainment less expensive than using eating as entertainment to reduce costs, not buying sodas or beer, comparison shopping, being frugal, setting limits, eliminating wants or items, buying used car, sharing apartment, moving to smaller house, removing features on phones and cable TV, and choosing housing so that at least one earner can use the bus.
- **Achieving greater efficiency** by avoiding waste, planning, getting more with less, avoiding scams and deceptive practices, preventing frauds, combining uses, rearranging, simplifying, reducing impulsive use of money and miscellaneous items, controlling expenses, reducing energy use, avoiding late fees and overdrafts, gaining more output with less input, not refinancing or borrowing to solve a problem, choosing **items to use in** dedication to more efficiently do God's work, and avoiding captivity to commercialism and culture's pull. As Haggai 1:5 implies: "Give careful thought to your ways" by listing every expenditure and analyzing why you are spending for it or if the purpose could be met in some other way. One can keep in mind that "Wasting money is as much an act of violence against the poor as refusing to feed the hungry" (George Sweeting, President of Moody Bible Institute. Date?).
- **Changing lifestyle** which includes changing wants, changing expectations of how to live, what to eat, and what to wear. It includes changing



financial habits, addictions, sources of satisfaction and security, and control of finances for new goals. It means dependency on Christ rather than credit. It is not trying to solve or smooth over emotional problems with more spending. Therefore, priorities are changed in sharing, giving, and caring. One makes drastic changes or takes simple steps.

Unexpected events on the journey such as loss of income and wealth can be met with disaster or opportunity (the two Chinese symbols for crisis). People can respond by falling off the cliff or by feeling God's hand that keeps them from falling (Jude 1:24). People can respond by the CCCCC method – 5 C's: "Contact God for renewed Commitment to receive instructions for Changing resources and self with Courage and Control." Slight modifications in lifestyle will not work. New resources and resources used in new ways must be discovered and developed. Another motto with 4 C's: "Contact your Creator for Creative ways to meet the Challenges in difficult times."

### **Faith-Based Actions from Scripture for Financial Management**

These ideas from Scripture are not proof-texts to shame one into contributing more to the church nor to supporting debt-free living as the ultimate goal in security.

**1. Support Professionals. Social workers,** financial educators, counselors and planners are applauded in the wisdom of Proverbs. Proverbs 15:22: "Plans fail for lack of counsel, but with many advisers there is safety." Therefore, work with social workers, pastors, financial planners, educators, and credit counselors such as CCCS (Consumer Credit Counseling Service) before rushing into bankruptcy or loan consolidation.

**2. Educate.** Jesus of Nazareth, known as the "Great Teacher" taught about money, wealth, and possessions more than any other subject. He was both theological and practical in his illustrations and parables. References to these subjects appear over 2,000 times and 17 of the 38 of the parables are about money and possessions.

Teachings must have been difficult since most people did not and do not follow them in their finances. "On hearing it, many of his disciples said, 'This is a hard teaching. Who can accept it' (John 6:60 NIV). "Many, therefore, of His disciples, when they heard this said, 'This is a difficult statement; who can listen to it'" (John 6:60 NLT). In verse 66 it is reported, "From this time many of his disciples turned back and no longer followed Him."

**3. Change.** The themes throughout Old and New testament are analyzing behavior patterns, repenting (turning), renewal, and rebirth which includes "baptism of the wallet." Financial rebirth in management is necessary to survive the earthquakes of financial disaster, insecurity, distress, despair, lack of control, and confusion. One must replace bad habits and goals with new ones or else worse things will happen (Luke 11).

**4. Trust God to Supply Needs.** This theme is throughout the Scriptures and includes "seeking." The over-arching command that Jesus taught was to "Seek first the kingdom (reign) of God and his righteousness and these other things will be added to you" (Matthew 6:33 NIV). The inference is that the Heavenly Father knows people's needs and by seeking first God's kingdom and righteousness other things will be added. In applying this important commandment, we are to use our heart, mind, soul, and strength (attitude, thinking, spiritual energy, and action).

**5. Share, Give to the Poor.** "Give to everyone who asks." The story of the disciples and the beggar in the guide (Deuteronomy 15:7-10) is: "If there is a poor man among your

brothers in any of the towns of the land that the Lord your God is giving you, do not be hard-hearted or tightfisted toward your poor brother. Rather be openhanded and freely lend him whatever he needs. Give generously to him and do so without a grudging heart; then because of this the Lord your God will bless you in all your work and in everything you put your hand to. There will always be poor people in the land. Therefore, I command you to be openhanded toward your brothers and toward the poor and needy in your land.”

Beside the general admonition to “give to every one who asks you” (Matthew 5:42, Luke 6:30) and the instruction to invite the poor in to feast (Luke 14:12-14), there is the general command to love the neighbor (cited six times) including stranger and enemy. It is to provide material needs immediately and to follow through. This is implied in the Good Samaritan story (Luke 10:25-37) and Paul’s command “If your enemy is hungry, feed him” (Romans 12:20). Also, followers are to lend without expecting return (Luke 6:35). Intentions are clear in Isaiah 58:7: “Is it not to share your food with the hungry and to provide the poor wanderer with shelter – when you see the naked, to clothe him, and not to turn away from your own flesh and blood?” Relevant directions for today are in Leviticus 25:35: “If any of your countrymen become poor and unable to support themselves among you, help them as you would a foreigner (alien) or a temporary resident (stranger), so they may continue to live among you.”

In contrast to blindly giving to beggars, the example is told in Acts 3:2-8 (NIV): “Now a man who was lame from birth was being carried to the temple gate called Beautiful, where he was put every day to beg from those going into the temple courts.<sup>3</sup> When he saw Peter and John about to enter, he asked them for money.<sup>4</sup> Peter looked straight at him, as did John. Then Peter said, “Look at us!”<sup>5</sup> So the man gave them his attention, expecting to get something from them.<sup>6</sup> Then Peter said, “Silver or gold I do not have, but what I do have I give you. In the name of Jesus Christ of Nazareth, walk.”<sup>7</sup> Taking him by the right hand, he helped him up, and instantly the man’s feet and ankles became strong.<sup>8</sup> He jumped to his feet and began to walk. Then he went with them into the temple courts, walking and jumping, and praising God.” If persons really care about beggars, they will give education and hope in addition to money or instead of money. They will assist others to mobilize resources within themselves and the community.

The rich young man replied “‘Teacher,’ he declared, ‘all these [commandments] I have kept since I was a boy.’ Jesus looked at him and loved him. ‘One thing you lack,’ he said. ‘Go, sell everything you have and give to the poor, and you will have treasure in heaven. Then come, follow me’” (Matthew 26:20-22). Most followers are usually not asked to sell everything, but there are times they are asked to sell or give up something to truly apply their faith. Therefore, they are to hold things lightly (“loosely”) and be ready to “hand them over” for a greater cause. This is an example of “seeking first the Kingdom” and then trust that God will continue to care for all.

“Be sure to set aside a tenth of all that your fields produce...in the presence of the Lord your God...to revere your God always” (Deuteronomy 14:22). (Also, see 1 Chronicles 26:20, Malachi 3:7-12.) But going beyond the tithe is inferred as Jesus said: “Though you are careful to tithe even the smallest part of your income, you completely forget about justice and the love of God. You should tithe, yes, but you should not leave these other things undone” (Luke 11:42 TLB). The return is righteousness in spiritual gifts.

**The criteria for receiving eternal life** is not how much we give as a formal ritual or monetary commitment to organized church and keeping the laws. Rather it is, as Jesus taught, caring for “the least of these,” (brothers, marginalized, oppressed, immigrants, aliens), feeding the hungry, giving drink to the thirsty, inviting in strangers, clothing the naked, caring for the sick, visiting those in prison, or sharing with the lonely (widows and orphans) (Matthew 25:34-36, Luke 10:30-37, Isaiah 58:6-8).

**6. Care for Others shown in Financial Management with Time and Finances.** The story of the Good Samaritan who interrupted his schedule, gave money for care, and said he would give more is a guide.

**7. Receive Joy, Peace, Praise and Thankfulness in Giving, Sharing, Celebrating.**

These themes are throughout the Scriptures including Esther 9:19, Esther 9:22, Psalm 19:8, Psalm 106:5, John 16:21, Acts 14:17, Colossians 1:12

**8. Spend for One’s effectiveness in God’s Kingdom.** Remember we are citizens of heaven. A theme throughout Scriptures with implications for financial affairs and management is read in Philippians 4:6-8 (NLT): “<sup>6</sup>Don’t worry about anything; instead, pray about everything. Tell God what you need, and thank him for all he has done. <sup>7</sup>Then you will experience God’s peace, which exceeds anything we can understand. His peace will guard your hearts and minds as you live in Christ Jesus.” Guard against worldly passions, impulsive spending, and harmful addictions. The faith-based person uses the power of the Spirit to overcome impulsive spending. Addictions and impulsive spending are those which costs money needed for more important wants, bad habits of spending which destroys relations and family finances, addictions which require more to satisfy thirsts, unbridled passions, blinding following other people’s behavior or style, response to office politics, making up for past deprivation, undue building up ego or self-esteem, responding to hurtful curses, greed, covertness, unbridled consumption, and fighting with money. Verse 8 tells us to “think of the beautiful, the true, the honorable, and the right.”

Spending is to be used to build God’s Kingdom, work of the Kingdom, and to be more effective to serve in the Kingdom. Believers are not to be overcome with gaining possessions but to hunger after “righteousness.”

**9. The dilemma is that with basic human nature, wants expand but resources are limited.** Decisions are difficult. Under faith-based initiative, wants include expansion of spiritual growth, social developments, friends, assisting others, etc. The want is to seek righteousness not uncontrolled passions. Current material wants are resisted for saving and or sharing more.

In Hebrews 13:5 is: “Keep your lives free from the love of money and be content with what you have, because God has said, ‘Never will I leave you; never will I forsake you.’ Even if all wants are not supplied, one can learn, as St. Paul experienced, to be content whatever the circumstances (Philippians 4:11). St. Paul wrote, “And my God will meet all your needs according to his glorious riches in Christ Jesus” (Philippians 4:19). As St. Paul said, “I have learned to be content in plenty or in want.” This can be learned and adjustments made through change in priorities, new allegiances, and making changes as needed. In Philippians 4:12 NIV it reports, “I know what it is to be in need, and I know what it is to have plenty. I have learned the secret of being content in any and every situation, whether well fed or hungry, whether living in plenty or in want.”

**10. Save and Invest.** Increasing wealth is supported by Scripture. However, faith-based people are directed in Psalm 62:10b: even “if your wealth increases, don’t make it the center of your life.”

Saving for uncertain times and expenses is told in the advice of Joseph. The first financial planner was Joseph in the Old Testament who observed the cycles of prosperous years and lean years. He advised saving for the lean years which included distributing to the poor neighbors and foreigners who had a famine and had not saved ahead. (Genesis 41:33-58).

The financial managers who were entrusted with money... In Luke 19:13, Jesus gave the parable: “So he called ten of his servants and gave them ten minas ‘Put this money to work,’ he said, ‘until I come back.’” In Matthew 24:45, He asked who then is the faithful and wise servant. When He came back to the servant who had gained five bags of gold and the one who had gained two, He replied, “Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master’s happiness!” (Matthew 25:21).

Then, in Proverbs, advice includes: “He who gathers money little by little makes it grow” (13:11). “He who ignores discipline comes to poverty...” (13:18). “A good man leaves an inheritance for his children’s children” (13:22).

Diversification in investing assets is advised in Ecclesiastes 11:2: “Give portions to seven, yes to eight, for you do not know what disaster may come upon the land” and attitude in 5:19: “Moreover, when God gives any man [woman] wealth and possessions, and enables him [her] to enjoy them, to accept his lot and be happy in his work – this is a gift of God. He seldom reflects on the days of his life, because God keeps him occupied with gladness of heart.”

**11. Treat all resources as gifts from God.** Use resources as gifts from God and use wisely. Investing money and possessions, and all God-given resources, are designed to accomplish God-given ends (Matthew 25 and James 5). Hoarding wealth and denying needs of others are severely judged by God. (See the story of the Israelites who stored extra manna which perished. They disobeyed God and denied He was in charge.)

Resources are entrusted to our care. Spending time and money to help have a safe and abundant environment is not an option or habit but the first commandment – placed persons in the garden to take care of it. Stewardship is the first commandment as described in Genesis 2:15: “The Lord God took the man and put him in the Garden of Eden to work it and take care of it.” The commandment continues in Romans 1:19-20.

God created us, including all our talents. God created all the resources that we use. Everything belongs to God and we are simply managers entrusted with a little of God’s great wealth, neither our own nor anybody else’s. “Don’t be deceived, my dear brothers. Every good and perfect gift is from above, coming down from the Father of heavenly lights, who does not change like shifting shadows” (James 1:16-17).

**12. Practice Fair Practices. Micah 6:8:** “He has shown you, O mortal, what is good. And what does the **LORD require** of you? To act justly and to love mercy and to walk humbly with your God.” This includes honest practices in the market-place.

**13. Apply the ten commandments.** “As Jesus started on his way, a man ran up to Him and fell on his knees before Him. ‘Good teacher,’ he asked, ‘What must I do to inherit eternal life?’” (Matthew 26:17). (Also, see Mark 10:17-23). “‘Why do you call me good?’ Jesus answered, ‘No one is good—except God alone. You know the

commandments” (Matt. 26:18-19). He was referring to the commandments Moses handed down in Deuteronomy 5 which have application to financial behavior such as below:

**“You shall have no other gods before me.”** Therefore, in today’s culture, fame and fortune are desired less than God’s saying, “Well done, my good and faithful servant.” Other examples are not to put money, materialism, military strength above God Almighty. Do not idolize the rich and famous. Do not let occupational success, commercialism, hobbies, pets, or material possession direct and control you above God’s direction and control. Warnings are in the Scripture about seeking riches first as gods, as displaced longings, as greed, as supreme allegiance, and as ignoring the poor.

**“Observe the Sabbath day by keeping it holy”** Therefore, pursue only that which makes you holy, a whole person, or restores your soul on the Sabbath.

**“You shall not commit adultery.”** Therefore, do not spend money on seeking pleasures from another woman or man than your spouse.

**“Honor your father and mother.”** Therefore, do not bring shame to your extended family by mismanaging your finances, owing debt, or taking bankruptcy. Honoring for some may include financially caring or sharing with parents or grandparents.

**“You shall not murder”** or kill people., Therefore, do not spend money on weapons, war games or computer violence games or TV shows. Jesus said love your enemies (Matthew 5:43-48 (NIV). Therefore, spend money on your enemies to make them your friends. Jesus taught, “You have heard that it was said, ‘Love your neighbor<sup>[a]</sup> and hate your enemy.’”<sup>44</sup> But I tell you, love your enemies and pray for those who persecute you...”

**“You shall not steal.”** Therefore, do not take money or waste time from your employer, shop-lift, take advantage of the poor, ignorant, young, or elderly. Do not use professional ideas without giving credit to the originator.

**“You shall not give false testimony against your neighbor.”** Therefore, do not deceive, fraud, or cheat. Do not take advantage of the uneducated, weak, and/or inexperienced.

**“You shall not covet.”** Therefore, do not be greedy, do not try to copy others, do not try to keep up with the Jones, or keep up with your reference group. Identify with citizens of God’s kingdom not of the worldly passions and purchases.

**14. Be Shrewd.** Jesus taught this as recorded in Matt. 10:16: “I am sending you out like sheep among wolves. Therefore, be as shrewd as snakes and innocent as doves.” This includes being aware of investment frauds, scams, deceptions, rip-offs, and predatory lending. Being faithful in finances includes being shrewd about everything. Especially helpful is this in comparison shopping including investment returns, being aware of scams, and shopping.

Also, the warning is to be aware of the “wolves,” those taking advantage of you, and the “pigs” who would devour you and your pearls. (Wolves – Matthew 7:15, Luke 10:2-4, Ezekiel 22:27) (swine or pigs – Matthew 7:6). One is to be shrewd in making decisions in managing money and aware of the scam artist, deceptive practices, and selfish greed of others such as sales persons, professionals, and commercialism.

Being shrewd is using the most important buying practice – **“Comparison Shopping.”** Responsible behavior includes considering options and changing lifestyle before blindly rushing into bankruptcy and loan consolidation based on fear rather than

faith. It includes recognizing the vested interests of “friendly persuaders,” professionals and business persons.”

**15. Celebrate and Share.** Celebrations are supported by the Scripture story of a woman who adored Jesus. Celebrate life’s joys, life passages, life’s milestones, and another’s victory with simplicity. Celebrate birthdays, baptisms, a set time for being sober – free from addiction. The example of Jesus and the woman is told in Matthew 26:7-12 (NIV). “A woman came to Him with an alabaster jar of very expensive perfume, which she poured on his head as he was reclining at the table. When the disciples saw this, they were indignant. ‘Why this waste?’ they asked. ‘This perfume could have been sold at a high price and the money given to the poor.’” Aware of this, Jesus said to them, “Why are you bothering this woman? She has done a beautiful thing to me. The poor you will always have with you, but you will not always have me.” This last remark helps in deciding what should be done now versus what can be done later.

**16. Be Wise Financial Managers.** Principles of management are told in Luke 16:1-15. Jesus infers accountability, stewardship, trustworthiness, not wasting (not squandering), responsibility, faithfulness in small matters, honesty, thinking of security for the future, and loyalty to God rather than the power of money. The unrighteous manager was going to depend on buying friendship for his future security. This would be folly for him because by unfaithfulness with unrighteous money, although small, others would not entrust him or give to him. Jesus added that, although unrighteous, people of the world are more shrewd than people of the “light.” And spend on what God values.

**17. Manage.** Luke 16:15 NIV): Jesus told his disciples: “There was a rich man whose manager was accused of wasting his possessions. <sup>2</sup> So he called him in and asked him, ‘What is this I hear about you? Give an account of your management, because you cannot be manager any longer.’<sup>3</sup> “The manager said to himself, ‘What shall I do now? My master is taking away my job. I’m not strong enough to dig, and I’m ashamed to beg— <sup>4</sup> I know what I’ll do so that, when I lose my job here, people will welcome me into their houses.’<sup>5</sup> “So he called in each one of his master’s debtors. He asked the first, ‘How much do you owe my master?’<sup>6</sup> “‘Nine hundred gallons<sup>[a]</sup> of olive oil,’ he replied. “The manager told him, ‘Take your bill, sit down quickly, and make it four hundred and fifty.’<sup>7</sup> “Then he asked the second, ‘And how much do you owe?’ ‘A thousand bushels<sup>[b]</sup> of wheat,’ he replied. “He told him, ‘Take your bill and make it eight hundred.’<sup>8</sup> “The master commended the dishonest manager because he had acted shrewdly. For the people of this world are more shrewd in dealing with their own kind than are the people of the light. <sup>9</sup> I tell you, use worldly wealth to gain friends for yourselves, so that when it is gone, you will be welcomed into eternal dwellings. <sup>10</sup> “Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. <sup>11</sup> So if you have not been trustworthy in handling worldly wealth, who will trust you with true riches? <sup>12</sup> And if you have not been trustworthy with someone else’s property, who will give you property of your own? <sup>13</sup> “No one can serve two masters. Either you will hate the one and love the other, or you will be devoted to the one and despise the other. You cannot serve both God and money. The Pharisees, who loved money, heard all this and were sneering at Jesus. He said to them, “You are the ones who justify yourselves in the eyes of men, but God knows your hearts. That is highly valued among men is detestable in God’s sight.”

**Faith-based persons have different attitudes, goals, directions, and actions in financial management.** New financial management strategies with new goals are defined. They are implemented in everyday decisions about spending, saving, and sharing. New goals and perspectives for faith-based actions are:

- Glorifying God with doing good, justice, and compassion shown in financial behavior.
- Protecting, conserving, and providing for all God's creation.
- Managing efficiently so that one's heart and pocketbook increase in generosity and sharing.
- Accepting God's love with economic security no matter what the financial circumstances.
- Trusting needs will be met, by seeking first God's kingdom, righteousness, and reign
- Building wealth to share and to build God's kingdom.

Outcomes or goals can be defined by the individual. With a faith basis, they encompass:

- Abundant life in God's love, peace, and provisions
- Joy in fulfilling God's purposes unique to each, not worldly passions
- Financial peace of mind from faithfulness, although not successful
- Financial freedom and satisfaction in richness (times of plenty) or poverty (in want),
- Spiritual wholeness of freedom from captivity of any kind except captivity to Christ's way of life.

Thus, abundance and security are realized in times of prosperity and when all else is lost. Scripture and wisdom of faith-based people can facilitate financial planning in using resources more effectively, managing more shrewdly, and taking responsibility for self and others. Faith in God motivates believers to seek direction and to consider alternatives which increases hope in an uncertain and changing economy.

### **Assist Clients to Improve Perceived Economic Well-Being**

Especially in times of economic insecurity, social workers need to educate, assist or intervene in financial literacy and resource management. Sources of security and behavior may need to be redefined, expanded, changed, and developed for the renewal of life including the faith approach. Influences upon perceived economic well-being must be understood. A conceptual model for achieving this perceived economic security and identifying need for behavior change is:

$E\$ = f (\$, ATT\$, FA, PA, MGNT, CR, DG, V, C, I)$  "a," where

$\$$  - *money income*,

$ATT\%$  - *attitude* towards money, toward income adequacy, possibilities for change

$FA$  - *financial assets*,

$PA$  - *personal assets* including creativity, spiritual resources, determination, fruits of the Spirit (Galatians 5:22),

$MGNT$  - *personal management* including planning, budgeting, comparison shopping, and control of spending, credit, habits, and addictions

$CR$  - *community resources and government programs*,

DG - *durable goods, tools, and equipment* for producing non-money income, managing money flow, and sustaining existence,

V - value of *simplicity*, since it may be easier to reduce expenses than increase income,

C - *communication* with businesses, family members, counselors, and advocates, and

I - *insurance*.

"a" is the error term, here explaining the ability to adjust, change, in little and/or large ways. This includes changing financial management, investments, and bases for security. Model in crisis is: increase income (all types), reduce wants or expenses, be more efficient, change lifestyle, or be frustrated. Scripture exclaims being new creations in Christ. The ultimate in economic security is ability to adjust!

### **Benefits from Application of Faith-Based Practices**

Faith-based perspectives and practices offer more strength to live in times of a crisis and crisis as a way of life, freedom, peace, hope, perceived abundance, social responsibility, expansion of resources, courage, and control over actions than would seem possible. They include trust that God will provide and self-responsibility to care out the provisions.

Paths to financial and resource management based on faith are: **P**rayer (talk with God, ask for wisdom and alternatives), **P**urpose of God (seek and study), **P**raise (give thanks for everything, reduce anxiety), **P**atience (wait for answers and time to be transformed, time for compounding interest), **P**rofessional advice and education (use counsel Proverbs 20:16), **P**ractice (break captivities), **P**ower (have self-confidence and control), and **P**erpetual trust in God (walking with God through the valleys and up the mountains).

Hope can be greater with a faith-based initiative because people can see more alternatives, have more courage to try new options, and have newer perspectives about economic security than the prevailing culture, their destructive habits, or customary ways of behavior. Abundant life can be greater in achieving financial freedom and peace based on Spirit-led openness to new alternatives, forgiveness of financial mistakes, restitution, courage for change, and trust in God's provisions.

**Reference:** Williams, Flora L. (2015 latest version). *The Shepherd's Guide through the Valley of Debt and Financial Change: A Comprehensive Manual for Financial Management, Counseling and Spiritual Guidance*. AuthorHouse. ISBN 978-1-4490-0572-6 (Order from author Flora Williams 765-474-4232, [floraw@purdue.edu](mailto:floraw@purdue.edu) (\$21.60; \$20.00 for quantity, includes shipping).