

FINANCIAL REALITY CHECK

*Be diligent to know the state of your flocks and attend to your herds.
Proverbs 27:23*

Please respond honestly to the following three questions.
Your individual answers will NOT be shared with anyone.
Do NOT put your name on this page.

What is your total non-mortgage debt? \$_____

This includes any money you owe on anything, including student loans, credit cards, car loans, second mortgages, home equity loans, etc. This is the total of everything except a first mortgage.

How much “liquid” cash do you have available? \$_____

This is the cash you could get your hands on immediately, like cash, savings, checking and money market accounts. This does not include home equity lines of credit, cash advances from credit cards or retirement funds.

How many open credit card accounts do you have? _____

Remember, even if you pay off a card, the account is still open. To truly be rid of it forever, you must formally request that the credit company or bank officially close the account.

Please return this document

Calvary Chapel Dayton Valley
Financial and Spiritual Stewardship

Part One:

Measuring Your Personal Net Worth

Measuring Your Personal Net Worth

Be diligent to know the state of your flocks and attend to your herds. Proverbs 27:23

What is financial net worth?

- Financial net worth is a measure of your financial health.
- The higher your net worth, the more able you are to achieve your financial goals.

How is net worth computed?

- Net worth is the difference between Assets and Liabilities.
- In other words, it is the difference between what you own and what you owe.

Identify your personal financial assets.

- Assets are things that you own.
- Remember your most important assets are not included on your balance sheet. They include your family, your honor, and your education. Always keep these assets first in mind.

Identify your personal financial liabilities.

- Liabilities are things you owe.
- The greater your liabilities, the less financial freedom you have.

Step One

Identify Your Personal Financial Assets (Things you own)

*In the house of the wise are stores of choice food and oil,
but a foolish man devours all he has. Proverbs 21:20*

Monetary Assets

- Cash or other assets that can be easily converted into cash.
 - Provide necessary liquidity in case of an emergency.

Investment Assets

- Assets, stocks, bonds, mutual funds that are invested for the future.
 - Used to accumulate wealth to satisfy specific goals.

Retirement Plans

- Income-producing assets, such as pensions, IRAs, 401K, etc.
 - Used to accumulate wealth for retirement.

Housing

- Appreciating tangible assets, such as land, dwellings, or rental property.
 - Used for personal goals or capital income.

Automobiles and Other Vehicles

- Depreciating assets that normally must be inspected and licensed.
 - Used to meet transportation and work needs.

Personal Property

- Depreciating tangible assets, such as boats, furniture, clothing, etc.
 - These assets represent your lifestyle.

Other Assets

- Any other tangible or intangible assets, business ownership, collections, and hobbies that may be of value.
 - Used to fulfill specific personal or business goals.

Step Two
Identify Your Personal Financial Liabilities (Things you owe)

The rich rule over the poor and the borrower is slave to the lender. Proverbs 22:7

Liabilities

- Liabilities are things you owe money on. Typically liabilities accumulate interest therefore you are paying not only for the item, but for the use of the item until you have paid it off.
 - Short-term liabilities include credit cards, utility bills, rent, tuition, gas, food, etc.
 - Long-term liabilities include student loans, auto loans, home mortgage, consumer loans, etc.
 - These are reported at the current amount, plus interest.

Net Worth Worksheet
Your Financial Liabilities

Account	Value
Credit Cards	
Personal Loans	
Real Estate Mortgage	
TOTAL LIABILITIES	

Step Three The Difference: Your Net Worth

Anyone who does not provide for their relatives and especially for their own household, has denied the faith and is worse than an unbeliever. 1 Timothy 5:8

Total Financial Assets = \$ _____
Total Financial Liabilities = \$ _____
Total Financial Net Worth (Subtract) = \$ _____

What does your Net Worth show?

- Is your net worth growing?
- Are you reaching your goals?
- Are you planning for emergencies?
- Do you have adequate liquid assets?
- Are you out of credit card and consumer debt?
- Are you saving for retirement and your other financial goals?

What would your life look like right now if you were totally debt free?

What would you be able to do?

Calvary Chapel Dayton Valley
Financial and Spiritual Stewardship

Part Two:
Budgeting for Priorities

FINANCIAL PRIORITIES

Anyone who does not provide for their relatives, and especially for their own household, has denied the faith and is worse than an unbeliever.

1 Timothy 5:8

Financial Essentials

“Build up the four walls that protect for family by prioritizing food, shelter, basic clothing, transportation, and utilities”

Christian financial advisor Dave Ramsey, Financial Peace University

Financial essentials include:

1. Food
2. Shelter
3. Basic transportation
4. Utilities

If you don't have these four factors, you will not be able to take care of yourself or your family.

Before you think about savings, investments, insurance, vacations, entertainment, or retirement, you must plan for the financial essentials.

Savings

In the house of the wise are stores of choice food and oil, but a foolish man devours all he has.

Proverbs 21:20

Once the essentials are met (at least minimally), saving must become your next priority. We save for three basic reasons:

1. Emergency fund
2. Purchases (Sinking funds)
3. Wealth building

Emergency fund

- ✓ The beginner emergency fund is \$1000 in the bank (or \$500 if your income is below \$20,000).
- ✓ Your emergency fund is not an investment; it is insurance.
- ✓ Do not touch this fund for purchases!

Purchases

- ✓ All purchases should be planned.
- ✓ Instead of borrowing to purchase, pay cash by using a sinking fund approach.

Wealth Building

- ✓ Building wealth is a marathon, not a sprint.
- ✓ 40 years of saving \$100 per month, every month at 12% will build to \$1,176,000.
- ✓ Compound interest is a mathematical explosion.
- ✓ You must start now!

Christian author Larry Burkett once said, “The only difference between saving and hoarding is attitude. It is the Christian’s spiritual duty to take dominion over money. If we don’t, we surrender God’s resources to the enemy!”

The plans of the diligent lead surely to plenty, but those of everyone who is hasty, surely to poverty.

Proverbs 21:5

Quick-Start Budget

Your first budget! It's also the simplest, so you can relax now.

It's time to get your feet wet with budgeting.

This form is only one page, but it will show you how much money you need every month to cover necessities. While your mortgage or rent is listed here, we won't get into the details of your credit card bills, student loans, car payments and any other debt yet. The Quick-Start Budget is just your starting point.

Step 1

Write down what you're spending for the month in each of the categories listed (A). If you don't know exactly, just make your best guess. We're keeping it simple for now.

A

⚙️ UTILITIES	
	Budgeted
Electricity	Y _____
Gas	_____

Step 2

Write the total for each category in the Total box (B) and move on to the next category. See? Easy!

B

Internet	_____
Cable	_____
▶ TOTAL	

Step 3

Add up all eight of your total boxes and enter that number at the bottom in the Category Totals box (C). This shows you how much you're spending in a month for your basic necessities, not including any kind of debt. We'll get to all that later.

C

▶ CATEGORY TOTALS

Quick-Start Budget

Taking control of your money starts here!

Add up budgeted column
 & enter here

These icons represent good options for cash envelopes

♥ CHARITY		Budgeted
Tithes	_____	
		TOTAL
🏠 SAVING		Budgeted
Emergency Fund	_____	
Other _____	_____	
		TOTAL
🏠 HOUSING		Budgeted
First Mortgage/Rent	_____	
Second Mortgage	_____	
Real Estate Taxes	_____	
Repairs/Maint.	_____	
Homeowner/Renter Ins.	_____	
		TOTAL
⚙️ UTILITIES		Budgeted
Electricity	_____	
Gas	_____	
Water	_____	
Trash	_____	
Phone/Mobile	_____	
Internet	_____	
Cable	_____	
		TOTAL

🍏 FOOD		Budgeted
📧 Groceries	_____	
		TOTAL
👕 CLOTHING		Budgeted
📧 Adults	_____	
📧 Children	_____	
		TOTAL
🚗 TRANSPORTATION		Budgeted
Car Payment	_____	
Car Payment	_____	
Gas & Oil	_____	
📧 Repairs & Tires	_____	
Auto Insurance	_____	
		TOTAL
👤 PERSONAL		Budgeted
Life Insurance	_____	
Health Insurance	_____	
Disability Insurance	_____	
📧 Child Care/Sitter	_____	
📧 Entertainment	_____	
Other _____	_____	
Other _____	_____	
		TOTAL

Add up totals
 from all categories

TOTAL

Monthly Cash Flow Plan

Cash flows in and out each month. Make sure you tell it where to go!

Yes, this budget form has a lot of lines and blanks.

But that's okay. We do that so we can list practically every expense imaginable on this form to prevent you from forgetting something. Don't expect to put something on every line. Just use the ones that are relevant to your specific situation.

Step 1

Enter your monthly take-home pay in the box at the top right (A). This is the amount you have for the month to budget. So far so good, huh?

A

Monthly Take-Home Pay

Step 2

Within each main category, such as Food, there are subcategories, like Groceries. Start at the top and work your way down, filling out the Budgeted column (B) first. Add up each subcategory and put that number in the Total box (C).

B

C

D

🍏 FOOD		Spent	Budgeted
Groceries			Y
Restaurants			
		> *5-15%	TOTAL

Also, pay attention to Dave's recommended percentages (D). This will help you keep from budgeting too much for a category.

Step 3

Finally, enter your take-home pay in the top box at the end of the page (E), then add up all categories and place that total in the Category Totals box (F). Then subtract your Category Totals amount from your Take-Home Pay. You should have a zero balance (G). Doesn't that feel great?

E

F

G

-
 =

Step 4

When the month ends, put what you actually spent in the Spent column (H). That will help you make any necessary adjustments to the next month's budget.

H

🍏 FOOD		Spent	Budgeted
Groceries		Y	
Restaurants			
		*5-15%	TOTAL

Monthly Cash Flow Plan

Cash flows in and out each month. Make sure you tell it where to go!

Monthly Take-Home Pay

Add up budgeted column
and enter here

These icons represent good options for cash envelopes

♥ CHARITY		Spent	Budgeted
Tithes	_____	_____	_____
Charity & Offerings	_____	_____	_____
		*10-15%	TOTAL

🐷 SAVING		Spent	Budgeted
Emergency Fund	_____	_____	_____
Retirement Fund	_____	_____	_____
College Fund	_____	_____	_____
		*10-15%	TOTAL

🏠 HOUSING		Spent	Budgeted
First Mortgage/Rent	_____	_____	_____
Second Mortgage	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Repairs/Maint.	_____	_____	_____
Association Dues	_____	_____	_____
		*25-35%	TOTAL

⚙️ UTILITIES		Spent	Budgeted
Electricity	_____	_____	_____
Gas	_____	_____	_____
Water	_____	_____	_____
Trash	_____	_____	_____
Phone/Mobile	_____	_____	_____
Internet	_____	_____	_____
Cable	_____	_____	_____
		*5-10%	TOTAL

🍏 FOOD		Spent	Budgeted
📧 Groceries	_____	_____	_____
📧 Restaurants	_____	_____	_____
		*5-15%	TOTAL

👕 CLOTHING		Spent	Budgeted
📧 Adults	_____	_____	_____
📧 Children	_____	_____	_____
📧 Cleaning/Laundry	_____	_____	_____
		*2-7%	TOTAL

🚗 TRANSPORTATION		Spent	Budgeted
Gas & Oil	_____	_____	_____
📧 Repairs & Tires	_____	_____	_____
License & Taxes	_____	_____	_____
Car Replacement	_____	_____	_____
Other _____	_____	_____	_____
		*10-15%	TOTAL

🩺 MEDICAL/HEALTH		Spent	Budgeted
Medications	_____	_____	_____
Doctor Bills	_____	_____	_____
Dentist	_____	_____	_____
Optometrist	_____	_____	_____
Vitamins	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
		*5-10%	TOTAL

*Dave's Recommended Percentages

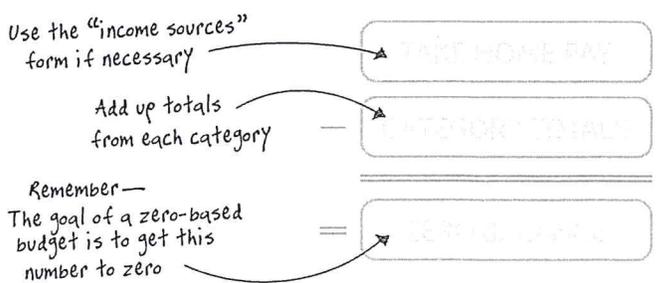
 INSURANCE	Spent	Budgeted
Life Insurance	_____	_____
Health Insurance	_____	_____
Homeowner/Renter	_____	_____
Auto Insurance	_____	_____
Disability Insurance	_____	_____
Identity Theft	_____	_____
Long-Term Care	_____	_____
	*10-25%	TOTAL

 PERSONAL	Spent	Budgeted
 Child Care/Sitter	_____	_____
 Toiletries	_____	_____
 Cosmetics/Hair Care	_____	_____
Education/Tuition	_____	_____
Books/Supplies	_____	_____
Child Support	_____	_____
Alimony	_____	_____
Subscriptions	_____	_____
Organization Dues	_____	_____
Gifts (inc. Christmas)	_____	_____
 Replace Furniture	_____	_____
 Pocket Money (His)	_____	_____
 Pocket Money (Hers)	_____	_____
Baby Supplies	_____	_____
Pet Supplies	_____	_____
Music/Technology	_____	_____
Miscellaneous	_____	_____
Other _____	_____	_____
Other _____	_____	_____
	*5-10%	TOTAL

 RECREATION	Spent	Budgeted
 Entertainment	_____	_____
Vacation	_____	_____
	*5-10%	TOTAL

 DEBTS	Spent	Budgeted
Car Payment 1	_____	_____
Car Payment 2	_____	_____
Credit Card 1 _____	_____	_____
Credit Card 2 _____	_____	_____
Credit Card 3 _____	_____	_____
Credit Card 4 _____	_____	_____
Credit Card 5 _____	_____	_____
Student Loan 1	_____	_____
Student Loan 2	_____	_____
Student Loan 3	_____	_____
Student Loan 4	_____	_____
Other _____	_____	_____
	Your goal is 0%	*5-10% TOTAL

Once you have completed filling out each category, subtract all category totals from your take-home pay.



Calvary Chapel Dayton Valley
Financial and Spiritual Stewardship

Part Three:

Dumping Debt

*The rich rule over the poor and the borrower
is slave to the lender.*

Proverbs 22:7

*No one can serve two masters. Either he will
hate the one and love the other, or he will be
devoted to the one and despise the other. You
cannot serve both God and Money.*

Matthew 6:24

According to Christian Financial Expert Larry Burkett:

It is better for God's people to be debt-free, because then what they own belongs to them, not someone else, and furthermore all that interest that is given away—that is what you really do with interest, give it away—can be put back into the Lord's kingdom to help other people.

Scripture does not say that we must be debt-free, but that there are certain limitations we should observe when borrowing. The problem today is that our generation has so grossly violated these limitations.

The first principle taught in God's Word is that debt should not be normal; it should be abnormal. Every reference to debt in Scripture is a warning, not an encouragement.

The second principle is that debt should never be long-term. In the Old Testament, every seventh year those who had loaned money to another had to forgive the loan, so that no one could be forced into debt forever. But now we have thirty-year mortgages, forty-year mortgages, and perhaps the worst of all, interest only mortgages, which create in essence forever in-debt mortgages.

The third principle the Scriptures teach about debt is that we should not go into surety, meaning that there should be a certain way to close out a loan. The only way to do that is to collateralize the loan with the lender. For example, suppose I am going to buy a \$100,000 house and I am able to put \$20,000 down and finance the rest with a lender. My agreement with the lender should be that if ever I cannot make the payments, then I will give the house back and the lender keeps whatever I paid, but I am free and clear. I have therefore done what is called an exculpatory loan; I have been released from liability.

On the other hand, if I do what is normal today, the agreement is that if ever I cannot pay, I give the house back, the lender sells it, and if it is not worth what I owe, then the lender sues me for the difference. That's surety, and it is almost exclusively the kind of lending that is being done in America today. So, the problem is not borrowing itself but the misuse of it.

Consumer debt is the worst kind of debt because the product one buys is usually consumed. An example of this would be using credit cards to cover car repairs, buy tires, or take vacations.

CREDIT SCORE MYTHS

MYTH	TRUTH
You need to take out a credit card or loan to “build up your credit score.”	The FICO score is an “I love debt” score and is not a measure of financial success.

CREDIT CARD MYTHS

MYTH	TRUTH
You need a credit card to rent a car or make purchases online.	A debit card will do all of that.
“I pay my card off every month with no annual fee.”	More than 100 million Americans do not pay off the balance every month.
“I only use my card for the things I need.”	When you use plastic instead of cash, you spend more because you don’t feel it.
“I’ll make sure my teenager gets a credit card so he/she can learn to be responsible with money.”	Teens are a huge target of credit card companies today. And are falling into debt in record numbers!

CAR MYTHS

MYTH	TRUTH
Car payments are a way of life, and you’ll always have one.	The typical millionaire stays away from car payments by driving reliable used cars. That is how they became millionaires.
Leasing your car is what sophisticated financial people do. You should always lease things that go down in value. There are tax advantages.	Consumer Reports and a good calculator will tell you that the car lease is the most expensive way to finance and operate a vehicle.
You can get a good deal on a new car.	A new car loses about 60 percent of its value in the first four years. This is the largest purchase most consumers make that goes down in value.

LENDING MYTHS

MYTH	TRUTH
The home equity loan is good for consolidation and is a substitute for an emergency fund.	You don't go into debt for emergencies.
Debt consolidation saves interest and you get just one smaller payment.	<p>You can't borrow your way out of debt.</p> <p>Debt consolidation typically saves little to no interest because you will throw your low-interest loans into the deal.</p> <p>Smaller payments equal more time in debt.</p>
By cosigning a loan, you are helping out a friend or relative.	The bank requires a cosigner because the person isn't likely to repay, so be ready to pay the loan and have your credit damaged because you are on the loan.

THE DEBT MYTH

MYTH	TRUTH
Debt is a tool and should be used to create prosperity.	<p>Debt is proof that the borrower is slave to the lender.</p> <p>A survey of the Forbes 400 were asked, "What is the most important key to building wealth?" 75 % replied that becoming and staying debt-free was the number-one key to wealth building.</p>

Steps to get out of debt:

- Stop borrowing money! You must save money.
- Sell something.
- Get a part-time job or work overtime.
- Prayer really works.

Debt Snowball

Get the ball rolling and start attacking your debt!

You've got your emergency fund taken care of. Now it's time to dump the debt!

The Debt Snowball form will help you get some quick wins and develop some serious momentum! You'll make minimum payments on all of your debts except for the smallest one. Then, attack that one with gazelle intensity! Throw every dollar at it that you can!

Step 1

List your debts in order from the smallest Total Payoff" balance to the largest. Don't be concerned with interest rates, unless two debts have a similar payoff balance. In that case, list the one with the higher interest rate first.

DEBTS	TOTAL PAYOFF
Diagnostic	50
Hospital Bill	460
Home Depot	770

Step 2

Attack that smallest debt by paying as much on it as you possibly can. Once you pay one debt off, take what you were paying on that one and add it to the minimum payment of the next debt. As the snowball rolls over, it picks up more snow. Get it?

MIN. PAYMENT	NEW PAYMENT
10	10
38	48
45	93

Step 3

Every time you pay off a debt, cross the debt off. This will show you how close you're getting to becoming debt-free!

Hospital Bill	
Home Depot	
Chase VISA	
Car Loan	I'M DEBT-FREE!!!!

