

MONEY



practical steps
to financial freedom.

WELCOME

Thanks for picking up this resource on college and money. It may seem odd to you that we talk about money in church, but we talk about it because Jesus talked about it...a lot. In fact, the Bible has over 2,200 verses about money and possessions. God cares about how you interact with money and so do I. The goal of this book is to HELP YOU by teaching you God's ways of handling money. I know if you put what you learn into practice, you will experience God's blessings in your financial life, both now and after graduation.

Let's get started!

- Daniel Bunker, College Pastor

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FOUNDATION

We thought it would be cool to start this booklet by helping you evaluate what you currently think about money and what you currently do with money. That way when you finish this booklet, you can look back and evaluate how your financial attitudes, knowledge, and financial behaviors have changed.

BEFORE

AFTER

Agree/Disagree

Agree/Disagree

- | | | | | |
|--------------------------|--------------------------|--|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. The amount of money you save depends on how much money you earn. When I make more money I will save more. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Car payments are a way of life. I will always have one. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. The biggest factor in building wealth is the amount of money you have to invest. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. Credit cards are good to have in case of emergencies. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. The best way to track your money is by looking at your bank statements at the end of the month. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. I should give whatever I can afford to the church at the end of the month. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. A savings account at your bank is the best place for an emergency fund. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 8. If I can afford the monthly payment, I can afford it. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. 10% is the pinnacle of Christian giving. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. How we handle our money matters to God. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 11. People spend the same amount of money whether they pay with cash or plastic. | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | 12. The average college student graduates with \$500 in credit card debt. | <input type="checkbox"/> | <input type="checkbox"/> |

FOUNDATION

TOOLS FOR THE JOURNEY

No matter where you are now, we want to help put you on the track to financial health. Here are some tools that will be critical for the journey:

PRAYER

If you want to learn God's ways of handling money, you must learn to bring Him into your financial life. That means praying about your money. That might seem odd to you, but it's critical if you want to receive God's blessing in your financial life.

WILLINGNESS TO LEARN

One of the keys to having a healthy financial life is being willing to learn. Many of us didn't learn God's principles of handling money when we were growing up so we must learn them now. Of course, the first place you should go is the Scriptures! We have included a section in the back called "money verses" that can help start your study of God's Word. We would also encourage you to use the resources in this book and be willing to check out other books, videos, websites and messages that may help you. We have included a list of recommended resources on pages 37-40.

DESIRE TO MAKE A CHANGE

Along with a desire to learn, you must also desire to make a change in your financial behavior. We can give you all the resources in the world, but if you don't use them, they are useless.

DISCIPLINE, ENDURANCE & ACCOUNTABILITY

God's ways of handling money always work when you put them into practice. That we can promise you. What we can't promise you is that it will be easy. This isn't get rich quick stuff. So we would encourage you to learn some discipline, be persistent, and reach out for some accountability from friends you can trust. They will encourage you when you feel like slipping into old habits and celebrate with you when you make progress.

FOUNDATION

WE ARE MANAGERS

In church, we talk a lot about stewardship. A steward is a manager: someone entrusted with another person's wealth or property and charged with the responsibility of managing it in the owner's best interest.

The Bible teaches us that God is the owner of everything:

“The earth is the Lord's, and everything in it” Psalm 24:1

When we recognize God's ownership, every financial decision becomes a spiritual decision. We no longer ask, “Lord, what do you want me to do with MY money?” but “Lord, what do you want me to do with YOUR money?”

Stewardship isn't just about giving, it's about how we manage 100% of the money God has entrusted to us. Until we understand that we were made to be managers and not owners, we will never experience true financial health.

Are you ready to declare that everything you have is God's? Are you ready to relinquish control of your financial life fully to Him? Are you ready to discover the blessings that come from learning to manage 100% of God's money faithfully?

If you are, turn the page and fill out the “Transfer Of Title”.

“...most people in churches have been taught how to handle 10% of their income God's way but don't know what to do with the other 90%.”

FOUNDATION

TRANSFER OF TITLE

This is a symbolic way of beginning to manage money from a new perspective: as a manager, not an owner. Prayerfully consider transferring everything you thought was yours to the Lord's ownership. When you sign it, we would encourage you to have one or two witnesses who sign it with you, to hold you accountable in remembering that all you have is the Lord's.

This transfer, made the _____ day of _____

From: _____

To: The Lord

I hereby acknowledge God's ownership of me and all "my" money and possessions and anything else I've ever imagined belonged to me. Instead of seeing myself as the owner, I will see myself as God's manager: charged with faithfully spending, saving, investing and giving God's money as He wishes.

Signed: _____

Witnesses who hold me accountable in the recognition of this Transfer of Title:

FOUNDATION

THE FAITHFUL MANAGER

Our responsibility as managers of God’s money and possessions can be summed up in one word: faithfulness. It’s not about how little or how much we have; it’s about how we manage what we have been given.

1 Corinthians 4:2 says, “It is required of stewards that one be found faithful.” Jesus said, “If you have not been faithful in handling worldly wealth, who will trust you with true riches? And if you have not been faithful in that which is another’s, who will give you that which is your own?” Luke 16:11-12

So, what does a faithful steward look like? Someone who manages ALL their money God’s way. It all matters to God. This wheel helps illustrate some of our responsibilities as faithful managers of God’s money. This booklet is designed to help you be faithful in all these areas.



REFLECT

What areas of the wheel do you think you have struggled with the most? What are you looking forward to learning about?

SPENDING

RESISTING THE PULL OF MATERIALISM

“MY NAME IS DANIEL AND I LOVE STUFF”.

ADMIT IT: If you're honest you probably love stuff, too. After all, who wouldn't want a new car, some cool clothes or a brand new computer?

Even though God made stuff for people to enjoy, if you want to honor God with your money, you must get your desire for stuff under control. If you're not careful you will be sucked into the trap of always wanting MORE. This can lead to idolatry (putting stuff before God), discontentment (never being satisfied), competition (feeling like you have to keep up with all your friends), and financial bondage (going into debt to buy more stuff you don't probably don't need and definitely can't afford).

Instead, God desires for us to love Him more than money and possessions. He wants us to learn contentment and to be defined by who we are in Christ rather than what we have or don't have. Simply put, God desires for us to be financially free. Here are some tips to help you get control over your desire for stuff:

PAY ATTENTION TO ADVERTISING: Why do you think companies pay millions of dollars for TV commercials? Because they work! Between television, the internet and magazines we are constantly being told what we need to be happy. Limit your exposure to ads and when you do see them, pay attention so you don't feel the urge to buy everything you see. Just because the commercial was funny doesn't mean you need it.

CULTIVATE CONTENTMENT: This is the single most important step you can take. Stop and thank God for what you already have. Stop trying to keep up with everybody around you. Besides, most of the people who put pressure on you to live a lifestyle you can't afford are broke themselves! We must learn to be content with what we have before we can move to where God wants us to be.

SPENDING

REALIZE NOTHING IS A GOOD DEAL IF YOU CAN'T AFFORD IT: It's that simple. It doesn't matter if it's 99% off; if you don't have the money to buy it, it's not a good deal.

UNDERSTAND THE DIFFERENCE BETWEEN SPENDING MONEY AND SAVING MONEY: People who do marketing for stores are geniuses. They convince people all the time that by spending \$20 on a shirt they didn't need, they were "saving" \$10 because the shirt used to cost \$30. Saving means putting money in the bank. If you spend money on anything, you didn't save money. You spent money. You may have found a good price for the item, but you didn't "save" anything unless you put money in the bank.

THINK LONG TERM: Most of our financial mistakes come from thinking short term. For example, you decide to buy a TV that only costs you \$200. The problem is, once you get the TV home you realize you need a \$40 cable so you can get a clearer picture, an \$80 DVD player so you can watch movies, and a \$40 per month cable service so you can get more channels. That TV did not cost \$200, it cost \$320 this year, plus \$480 a year after that. We must look beyond the moment to see the big picture.

Fortunately, this works in a positive direction as well. Saving \$10 a month might seem like nothing now, but if you put away \$10 a month for 40 years making 8% interest, that would become \$35,144.

LEARN TO WAIT...AND PRAY: Sometimes you will get the itch to buy something you don't need but you just really want. Instead of going straight to the store and putting it on your credit card, why don't you save up the cash to buy it and use the time to wait and pray. If God wants you to have it, then the item will still be there one week or one month later. If not, then you will have saved yourself from buying something you really didn't need in the first place.

SPENDING

THE IMPORTANCE OF LIVING ON A PLAN

Normal people don't live on a plan. They simply spend their money from month to month without thinking much about it. The result? Most people also fail to find financial health:

Money fights are the number one cause of divorce, more than 2 out of 3 Americans are losing sleep over finances, 70% of Americans live paycheck to paycheck, and the average American only gives 2.2% to charity. Are you sure you want to be normal?

A plan helps you manage God's money more faithfully. Following a written plan allows you to tell your money where to go so you don't get to the end of the month and wonder where it all went. In my experience, most people who win with money budget: they spend their money on paper before the month begins so they can control spending, be disciplined in savings, aggressively pay down debt and give generously and consistently.

If you've never tried to live on a plan before, I will walk you through the entire process in the next few pages. I will teach you how to build a budget from scratch, avoid common mistakes, and track your progress. Let's get started!

Did you know stats show people who budget achieve more financially than people who don't? The very thing that seems to deprive you of having money now actually frees you up to have money later.

SPENDING

HOW TO CREATE A SPENDING PLAN THAT WORKS

Welcome to the world of spending plans! The level of detail in a spending plan might seem a little intimidating at first, especially if you've never paid attention to your finances before, but don't worry, I'll walk you through step by step.

By filling out the form on the next page, you'll immediately have help identifying problem areas in your finances. As you find out where all your dollars are going, you'll learn to manage money more faithfully. Like I said, this can be tough at first, but the longer you do it the easier it will become.

HOW DO I USE THE FORM?

Every single dollar you make should be "spent before the month begins" using this form. You are essentially planning how you will spend your money before you actually spend it. When you are done, your income minus your expenses should equal ZERO. If it doesn't, then you need to adjust some categories so that it does equal zero.

Yes, this budget form is long. I tried to think of most expenses a college student may have to prevent you from forgetting something. Don't expect to put something on every line, just use the ones that are relevant to your situation. I included a sample budget so you can get idea of what it looks like filled out. The numbers are purely random but it gives you an idea of what a spending plan could look like. We also included a blank one for you to use. Since you will make a new spending plan each month, you can find full page copies of this form online available for download at:

www.northpointe.org/exile/downloads

SPENDING

EXAMPLE

TOTAL INCOME: 1100

(from job, parents, financial aid, misc.)

MINUS:

Giving/Tithe 110
Taxes 20

SPENDABLE INCOME: 970

SAVING:

Emergency Fund 50
Future Purchases Fund 0

HOUSING/UTILITIES:

Rent 200
Insurance 0
Repairs/Cleaning Supplies 0
PG&E 30
Cable TV 10
Internet 10
Water/Trash 0

FOOD:

Groceries 80
Eating Out 50

TRANSPORTATION:

Car Payment 120
Gas and Oil 95
Car Insurance 70
License/Registration 15
Maintenance/Repairs 40
Car Replacement Fund 0

CLOTHES:

New Clothes 20
Laundry 5

ENTERTAINMENT/RECREATION:

Entertainment 25
Vacation/Trips 0

MEDICAL:

Health Insurance 30
Doctor 0
Dentist 0
Prescriptions 20
Other 0

DEBTS:

Credit Cards 25
Student Loans 0
Other 20

MISCELLANEOUS:

Toiletries 15
Cosmetics 10
Hair Care 10
Gifts 15
Pets 0
Miscellaneous 20

SCHOOL:

Tuition 60
Books 20
Supplies 5
Parking/Other Fees 5

TOTAL: 970

– SPENDABLE INCOME 970

= ZERO

SPENDING

BLANK

TOTAL INCOME: _____
(from job, parents, financial aid, misc.)

MINUS:
Giving/Tithe _____
Taxes _____

SPENDABLE INCOME: _____

SAVING:
Emergency Fund _____
Future Purchases Fund _____

HOUSING/UTILITIES:
Rent _____
Insurance _____
Repairs/Cleaning Supplies _____
PG&E _____
Cable TV _____
Internet _____
Water/Trash _____

FOOD:
Groceries _____
Eating Out _____

TRANSPORTATION:
Car Payment _____
Gas and Oil _____
Car Insurance _____
License/Registration _____
Maintenance/Repairs _____
Car Replacement Fund _____

CLOTHES:
New Clothes _____
Laundry _____

ENTERTAINMENT/RECREATION:
Entertainment _____
Vacation/Trips _____

MEDICAL:
Health Insurance _____
Doctor _____
Dentist _____
Prescriptions _____
Other _____

DEBTS:
Credit Cards _____
Student Loans _____
Other _____

MISCELLANEOUS:
Toiletries _____
Cosmetics _____
Hair Care _____
Gifts _____
Pets _____
Miscellaneous _____

SCHOOL:
Tuition _____
Books _____
Supplies _____
Parking/Other Fees _____

TOTAL: _____
– SPENDABLE INCOME _____
= _____

SPENDING

BUDGET BUSTERS

When most people hear the word budget they freak out. That's why we use the name spending plan instead. One of the reasons people don't like the idea of budgeting is they've never had one that works! If they had one that worked they would see how helpful it is. Here are a few suggestions to help you succeed using your spending plan:

RELAX: This is not a legalistic tool, or a tool to drive people crazy with. It's a tool to help you get control over the way you manage money. Don't be that annoying person that freaks out about every purchase. Use this for what it is: a tool to help you succeed.

BE PATIENT...PRACTICE MAKES PERFECT: The first few months you do a spending plan, it will be hard. That's because you have gone so long without doing one; you really don't have control over your money yet. You may find that the numbers you wrote down were way off what you actually spend. It will take a few months to estimate more accurately and to learn better self control. Be patient, because if you hang in there you will reap the rewards of your labor! People who finally get a budget to work for them find that they "discover" a bunch of money they didn't have before. It doesn't actually create more money, it just helps you understand where your money was going so you can spend it more wisely. This frees up more money to give, pay down debt and save!

DON'T LIVE IN DENIAL: One of the hardest things about having a spending plan is that it will show you reality. If you spend more money than you make or never have any money to give, it may be tempting to stay in denial rather than face reality! In fact, many adults do this their whole lives. They literally waste away hundreds of thousands of dollars because they don't want to face the reality of their financial mistakes. Don't live in denial! If you do, you will never discover the incredible blessings God has for you, no matter how much money you make! So if you budget \$100 a month for gas and you spend \$150 a month

SPENDING

for the first three months of your spending plan, something needs to change. You either need to find room to budget \$150 for gas or something has to give: drive less or ride a bike instead! It's that's simple. Also, be realistic. It might seem noble to never budget any money for clothes, but the truth is that you will eventually need to buy some unless you want to walk around naked. Include a little bit of money in the miscellaneous category for you to spend on whatever you want. A spending plan only works if you follow it. You will only follow it if it's realistic.

A CONSISTENT EMERGENCY ISN'T AN EMERGENCY:

This is one thing that ruins a lot of people's spending plans. About once every six months, their car breaks. They deem this an emergency and after 6 months of faithful stewardship, everything goes out the window. They blow their budget, put the repair on a credit card and go back into a financial black hole. Trust me, I share in the frustration of unexpected financial emergencies. No one likes it when their car breaks, their stuff gets stolen, or when they get sick and have a big medical bill. But here's the reality: cars break and people get sick. They are not emergencies that should blindsides you, they are things you should put into your budget. For example, after I realized that I spend about \$800 a year on "emergency repairs" on cars, I started putting \$70 a month into my budget to cover it. Now when my car breaks I am still upset, but I have the money to fix it. Even if the repair is worse than I estimated for, I am a lot closer to having the money than before. When making your budget remember: if it happens consistently, then it's not an emergency.

PLAN FOR THINGS THAT HAPPEN PERIODICALLY: Your budget will only be successful if you factor in things that happen periodically: Christmas presents, car registration, and text books. Why do you think so many people put Christmas presents on credit cards? Because they fail to save for it! If you usually spend \$120 on Christmas, put aside an extra \$10/month into your gift category. If your car registration costs \$200 and another \$50 for a smog check,

SPENDING

put \$21 a month into your license/registration category. That way it won't catch you off guard and send your plan into ruin! The same thing is true with things like haircuts, which don't happen every month. Figure out how much you spend a year, divide by twelve, and set that much aside every month.

PRAY: Add prayer to this whole process. Let God direct you on how He wants His money spent! If He directs you to change something, change it. God is God, not your budget. The whole point of this isn't to be legalistic, but to empower you with good discipline and knowledge so God's money can go further. It helps you get control over money so money doesn't control you.

NOTES:

SPENDING

HOW TO TRACK YOUR SPENDING PLAN

Once you write out a plan for the month, you have to find a way of tracking it. What good does it do you to plan where you will spend your money but have no idea how you are doing half way through the month? Everyone has a different style for making this work. You have to find what works best for you. Here are some ideas:

CASH ENVELOPES SYSTEM: This is a proven system that your grandparents probably used. When you get paid, you take out cash for everything you plan to spend and put the cash in envelopes labeled by category. So, if you budgeted \$60 for food for the next two weeks you will get an envelope marked “food” and put \$60 in it. There are many benefits to this system:

1. It's easy to see how much you have left. If you're not sure how much you have left to spend on food, it's as simple as looking inside the envelope.
2. Studies consistently show that people spend less with cash than plastic. When you buy with cash, it seems more like money, which helps you spend less impulsively.
3. When the money is gone, it's gone. If you run out of food money with one day left in the month...sorry! Hope you have some friends who can lend you some macaroni and cheese.

CROWN MVELOPES: This is a web based program for those of you who like the idea of envelopes but could never stop using a debit card. Mvelopes is an online program that helps you create virtual envelopes by linking to your bank accounts so you can see how much you've spent and what is left. It can also help you keep track of savings, pending checks, and helps you calculate how long it will take you to pay off your debts! The only catch? It costs about \$11 a month. Go to crown.mvelopes.com to check out a tour and try the software out for one month free.

SPENDING

MINT.COM: mint.com does not allow you to create virtual envelopes but it does categorize your purchases so you can see where you are spending your money. You can link it to your online accounts and track your spending. The best part? It's free. You can also put it on your iphone so you can track your spending on the go. Go to mint.com to set up a free account.

COMBINE THE SYSTEMS: You may want to combine the systems by tracking your balances online, but still using cash for some items that you struggle to control. For example, you might continue to use your debit card to buy gas, but use cash envelopes for going out to eat.

There are many other good systems out there. Again, figure out what works for you and do it. The important thing is that you are planning where your money is going instead of wondering where it went.

Did you know that one in every three college students graduate with over \$10,000 in credit card debt? Money struggles are the number one reported reason for students dropping out of school.

SAVING

FOR EMERGENCIES

Money magazine says 78% of all Americans will have a major financial emergency in a given ten-year period of time, but less than half of Americans could pay it without going into debt.

What would you do if you had a financial emergency?

Over half of college students said they would put it on a credit card. This is a bad plan! It will take you many years to get out of debt thinking that way, and you will pay a lot of interest doing it. That's why we tell you to set aside some cash for emergencies.

We want you to start your new financial journey by saving \$500 as quickly as possible: sell extra stuff on ebay or craigslist, work some extra hours, do some yard work or housecleaning for people, get together with some friends and have a garage sale. Whatever you've got to do, save \$500 as quickly as you can...I know it may seem impossible, but you can do it!

Write out a goal for when you will save \$500:

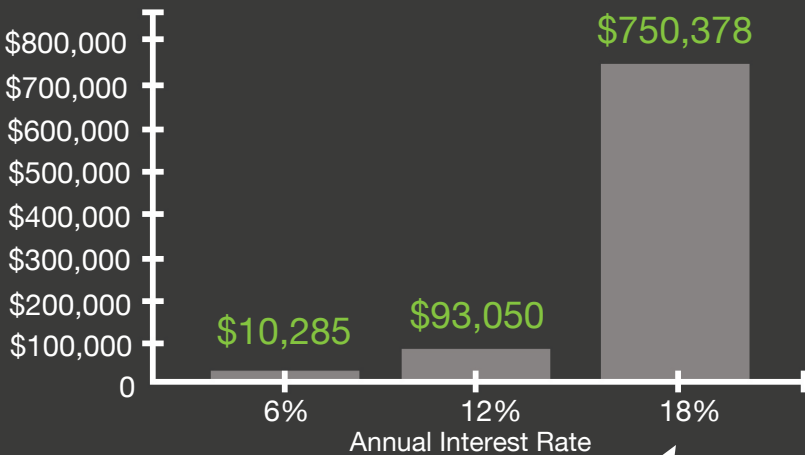
Once you've got it, make sure you keep it somewhere separate from your checking account. Ordering a pizza or buying that new dress is not an emergency, so you want to keep the money out of sight. Open a savings account or money market account where you don't see it, but still have the ability to write a check or use a debit card if you have a legitimate emergency. If you have to drain the account, put the rest of your journey on hold until you refund your \$500. That way when you have another emergency you have the cash to cover it.

SAVING

THE POWER OF TIME AND INTEREST

Savings is probably the last thing on your mind when you're in college, but the sooner you understand the power of saving, the better. Even if it's \$5 a month, learning to save now is a priceless habit to form. Did you know that the most powerful tool in saving is not the amount of money you have, but the amount of time you have to save, and the amount of interest you earn? The sooner you learn to save, the more time and interest will work in your favor. That means your money is earning more money, which means more money in the future for things like retirement, buying your first house, buying a new car, sending your kids to college, and having more to give away! Don't believe me? Check out these examples:

\$1,000 ONE-TIME INVESTMENT, NO WITHDRAWAL
AGE 25 TO AGE 65 (40 YEARS)



Where you put your money does matter!

SAVING

EXAMPLE BEN AND SARAH

Both Ben and Sarah save \$2,000 per year at 12%. Ben starts at age 19 and stops at 26, while Sarah starts at age 27 and stops at age 65.

AGE	BEN INVESTS:		SARAH INVESTS:	
19	2,000	2,240	0	0
20	2,000	4,749	0	0
21	2,000	7,558	0	0
22	2,000	10,706	0	0
23	2,000	14,230	0	0
24	2,000	18,178	0	0
25	2,000	22,599	0	0
26	2,000	27,551	0	0
27	0	30,857	2,000	2,240
28	0	34,560	2,000	4,749
29	0	38,708	2,000	7,558
30	0	43,352	2,000	10,706
31	0	48,554	2,000	14,230
32	0	54,381	2,000	18,178
33	0	60,907	2,000	22,599
34	0	68,216	2,000	27,551
35	0	76,802	2,000	33,097
36	0	85,570	2,000	39,309
37	0	95,383	2,000	46,266
38	0	107,339	2,000	54,058
39	0	120,220	2,000	62,785
40	0	134,646	2,000	72,559
41	0	150,804	2,000	83,506
42	0	168,900	2,000	95,767
43	0	189,168	2,000	109,499
44	0	211,869	2,000	124,879
45	0	237,293	2,000	142,104
46	0	265,768	2,000	161,396
47	0	297,660	2,000	183,004
48	0	333,379	2,000	207,204
49	0	373,385	2,000	234,308
50	0	418,191	2,000	264,665
51	0	468,374	2,000	298,665
52	0	524,579	2,000	336,745
53	0	587,528	2,000	379,394
54	0	658,032	2,000	427,161
55	0	736,995	2,000	480,660
56	0	825,435	2,000	540,579
57	0	924,487	2,000	607,688
58	0	1,035,425	2,000	682,851
59	0	1,159,676	2,000	767,033
60	0	1,298,837	2,000	861,317
61	0	1,454,698	2,000	966,915
62	0	1,629,261	2,000	1,085,185
63	0	1,824,773	2,000	1,217,647
64	0	2,043,746	2,000	1,366,005
65	0	2,288,996	2,000	1,532,166

**Ben
invested
ONLY
\$16,000!**

**Sarah
invested
\$78,000
and
NEVER
caught
up!**

SAVING

FOR FUTURE PURCHASES

Our culture doesn't plan for future purchases. Instead, we spend all the money we earn when we get it and we don't save anything. Then, when we want something and we don't have the money to buy it, we go into debt to buy it. That's the "normal" way. If you live this way, you will continually owe payments to the bank, you will pay tons of interest on everything you buy (the \$10,000 car really costs you \$13,000) and you will never discover financial freedom. Even if you are debt free, if you don't learn to save for the future you will go back into debt every time you need to buy something.

WE HAVE A BETTER IDEA Begin planning for major purchases now so you can pay for them in cash later. Then you won't have to deal with the stress of always having payments and you will save a ton of money in the process, freeing you up to be more generous.

If you want to buy a new video game system that will cost \$400, set a goal for when you want to buy it and start setting money aside. With only \$40 a month, you could buy it in cash in only 10 months. Do this for everything, including big things like cars.

What are some things you want to save up for? How much do you need to set aside each month?

Did you know 91% of families have saved nothing-or close to nothing towards their child's college tuition?

DEBT

THE REAL COST OF DEBT

Most people have no idea how much debt costs them. It doesn't just cost you a monthly payment...

ACTUAL DOLLAR COST: When you borrow money, you pay for the use of that money. The price you pay is called interest. A normal family which owes \$10,000 on an 8% car loan, carries a \$3,000 credit card balance at 12%, has \$20,000 in student loans at 6% and a \$150,000 mortgage at 6% will pay \$947 in interest that month....just interest!

Let that sink in a moment...\$947 interest in one month.

Are you starting to understand why banks have big buildings?

If this family maintains the same debt level for 40 years, they will have paid \$454,560 in interest payments. That's the actual dollar cost of their debt. I've seen many families with WAY more debt than this example. In our culture this is completely normal. Are you beginning to see why God desires for us to live better than normal?

Let's use some examples that might hit closer to home; one you may be facing now and one you might be facing in the near future. Let us begin with credit cards:

The national average interest rate on a college students credit card last year was about 16%. Oh and by the way, some of these companies are notorious for raising your rates whenever they feel like it, and there's nothing you can do about it.

Let's pretend you have two different credit cards with "small" balances on them. Let's also pretend you faithfully pay the minimum payment each month and the credit card company doesn't jack the rate up on you.

DEBT

The first card you have been using mostly for food or for emergencies. You often get the urge to go out to eat with your friends and your car battery died so that one has a balance of \$365. Let's say you have another card you opened at a store because you "saved" 20% on the purchase. That one has a balance of \$650. You have been faithfully paying the minimum payment each month. The average monthly payment on a credit card is 2 to 4 percent of your balance. So let's say the minimum payment on the first card is \$15 and the minimum on the second is \$26.

Pretty reasonable right? **WRONG.**

Even if you cut up the cards today, if you kept making minimum payments on them it would take you 30 months to pay off the first card and 51 months to pay off the second. You'll also pay \$300.89 in interest over that time. So that \$1,015 of purchases really cost you \$1,315.89 plus 51 months of your life. And because most people keep using their credit cards while they are making minimum payments, many Americans are still making payments on a piece of pizza they bought in college when they are 35 years old. Would you buy the pizza if you knew it cost \$100?

Here's one more example of actual dollar cost: According to FinAid.org, the average college graduate comes out of school with over \$22,500 in student loan debt, and the numbers are climbing every year. The average interest rate on a student loan last year was about 6.5%. Based on the average repayment schedule, you would be paying a monthly payment of \$255.48 on this loan for 10 years. By the time it's all said and done that \$22,500 loan has cost you \$30,658.10. Now you know why most people have their student loan payment for so long they think it's a pet.

FINANCIAL OPPORTUNITY COST: The financial cost of debt is much more than just actual dollar cost; it's also lost opportunity cost. Simply put, if you didn't have all those payments you could be earning money on your money. Lot's of money.

DEBT

For example, let's take the family in the first example making \$947 a month in interest payments. What if they had paid off the credit cards, student loans and cars and invested the \$197 they were paying in interest into a retirement account earning 8% for 40 years? They would have \$692,313! Keep in mind, that's just the interest! It doesn't even account for the fact that they now have no payments. Let's say they get real crazy and decide to pay the house off. What if they invested the \$947 they used to pay in interest each month into that same retirement account? Prepare to be disgusted! At an 8% return that would be a little over \$3.3 million dollars. So it's no stretch to say that debt is literally costing the average American family millions of dollars.

THE COST OF DEBT IS MUCH MORE THAN JUST FINANCIAL...

KINGDOM OPPORTUNITY COST: There is something even more motivating for followers of Jesus than financial opportunity; it's called kingdom opportunity. Kingdom opportunity is the opportunity we have to leverage what God has given us for the good of others and the advancement of the kingdom.

Imagine what that family could have done with the money that was going to interest payments: all the potential to feed the hungry, start ministries or businesses, help plant churches, adopt, pay for someone to go to college, go on mission trips...debt is robbing that opportunity.

FREEDOM COSTS: Proverbs 22:7 says, "the rich rule over the poor and the borrower is the slave of the lender." Debt is slavery. It robs your ability to be completely free to do what God has called you to do. For example, most people work because they have to make payments. After a while "I owe, I owe, so off to work I go" is no longer fun. God doesn't want you to have to work your whole life just for money. He wants you to be able to pursue a career that gives you a sense of meaning and purpose.

DEBT

FAMILY COSTS: Money issues and money fights are the number one cause of divorce in America. Nearly 80 percent of divorced couples between the ages of 20 and 30 state that financial problems were the primary cause of their divorce. The number one stressor? Too much debt. Maybe you came from a family that didn't like to talk about money, or fought about it all the time. By learning God's principles now, you're investing in your relational future. You're learning how to communicate about money and manage it faithfully so money can be a tool for unity in your future marriage, not a constant source of stress and fights.

DOES ALL OF THIS MAKE YOU A LITTLE BIT ANGRY?

It should.

WE SHOULD NOT BE OK WITH THIS KIND OF FINANCIAL LIVING.

I want you to get fired up about what debt is robbing you of...

Healthy relationships
Money
Opportunity
Peaceful sleep...

Don't get discouraged; instead get motivated to do something about it.

THERE IS HOPE!

In the next few pages I will walk you through a different way of living; one that will move you from where you are to debt free.

Did you know 19% of people who filed for bankruptcy in 2002 were college students?

CREDIT CARDS

As we've talked about earlier, most college students don't understand the incredible price they pay by using credit cards and not paying them off in full each month. As a result the average college student graduates with over \$3,500 in credit card debt and the average American family owes more than \$9,000 on their cards. About thirty-five million Americans pay only the required minimum each month without realizing the consequences. So what about you? Coming to terms with credit cards is critical to your financial success. Here are some proven suggestions for paying off those credit cards.

PERFORM PLASTIC SURGERY: I use a simple rule of thumb to determine whether credit cards are too dangerous. If you do not pay the entire balance at the end of each month, you do not need a credit card. 60% of Americans don't pay off their credit card each month. If you are in the majority, perform some plastic surgery: any good scissors will do!

LIMIT THE CARDS: For the few of you who have a credit card balance of zero, and do pay your balance off every month, you do not need more than one or two cards. Surveys indicate that the average cardholder has more than six credit cards. That's simply ridiculous!

GET ON A BUDGET & PAY ATTENTION TO YOUR SPENDING: One thing people overlook when talking about credit cards is that on average, people who pay with credit cards rather than cash spend about one-third more. Why? Because credit cards seem so painless, not like parting with real money. Here's the point: Even if you pay your credit card off each month, be sure to get on a spending plan. Just because you can afford the bill doesn't mean you're managing your money well.

Did you know 88% of graduating college seniors have credit card debt before they even have a job!

DEBT

DEBT SNOWBALL

Once you have determined to eliminate credit card abuse in your future, we must deal with the debt you've acquired in the past. I recommend you use the snowball method.

The concept of the debt snowball is simple: list all of your debts smallest to largest. Keep paying minimum payments on every debt but the smallest debt, and begin to pay off the smallest debt with focused intensity. Work extra, cut back on expenses, sell some stuff.

Any time you come across extra money, throw it on the smallest debt until you knock it out. Once the smallest debt is paid off, you take the minimum payment you had on that debt and you roll it onto the next...

Keep doing this all the way down the list. The harder you push, the more momentum you'll build. The sooner the first debt is paid off and the payment is applied to the next debt, the quicker you begin to pay down your balance and the less interest you pay. Less interest means debts get paid faster and the momentum keeps building. As the excitement of paying off one debt comes and you get to cross it off your list, it will motivate you to pay off the second, and the third, and the fourth...until finally-everything is paid off!

In the next two pages, we have included a sample debt snowball form, as well as a blank form for you to use. Redo this sheet every time you pay off a debt so that you can see how close you're getting to total debt freedom. Keep the old sheets for encouragement—or to wallpaper the bathroom in your debt-free house someday!

Did you know 90% of airline miles rewarded from credit cards are never redeemed?

DEBT

DEBT SNOWBALL SAMPLE FORM

Debt	Total Payoff	Minimum Payment	New Payment
Visa	\$350	\$20	40
Mastercard	400	22	62
Sears Card	460	24	86
Computer Loan	890	40	126
Car Loan	8,000	120	246

DEBT

DEBT SNOWBALL FORM

Debt	Total Payoff	Minimum Payment	New Payment

This form can be downloaded online at: northpointe/exile/downloads

DEBT

CONSUMER DEBT

Consumer debt is all debt other than credit card debt and a home mortgage. The two most common types of consumer debt that college students face is car debt and student loan debt. So you need a plan to tackle it. Let's start with car debt.

“



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FREE CARS FOR LIFE

Car debt is one of the biggest obstacles most students face on their journey to true financial freedom because most people never get out of it. One of the reasons, lets face it, is we love cars. If you get frustrated with your old car or simply get the itch to upgrade, you're not alone! However, if you don't get a handle on this area of contentment, you will always have a car payment, which will rob you of your financial future.

THE “NORMAL” PLAN: The “normal” person in America buys a new car for about 20k and takes a loan for most of it. The average car loan in America is a little over \$350 per month for 60 months. That means it will take 5 years to pay the car off.

But the average person doesn't drive their car for 5 years...

Instead, they drive it for 3-4 year and then buy another new car. Unlike a home, which often appreciates in value, the moment you drive a new car off the lot it depreciates in value. It's immediately worth less than you paid for it.

“A new \$28,000 car will lose about \$17,000 of value in the first four years you own it. To get the same result, you could toss a \$100 bill out the car window once a week”- Dave Ramsey

DEBT

That means when you go to sell your car 3 years later, it's often worth less than half of what you've paid for it. Add to that all the interest you have been paying on the loan, and you barely have any money to buy another car. So, you get a loan for the next one... and the cycle continues.

Are you beginning to see why the "normal" person will have a car payment their entire life! Most people assume this is inevitable.

We have a better plan; one that will put you on track to breaking free from the cycle of never ending car payments, helping you drive free cars for life.

Start with driving a car you can actually afford. You might consider selling your vehicle and buying a cheaper one if the car you drive is leaving you broke. Once you follow the rest of the steps, you can always upgrade back to a better car, but this time you will actually be able to afford it.

Instead of buying a new car every 3 years, decide to keep your car for at least three years longer than your car loan. Better yet, keep it until it dies or you can afford to upgrade to a better car-in cash.

Pay off your car loan using the debt snowball. A car always drives better when it's paid for!

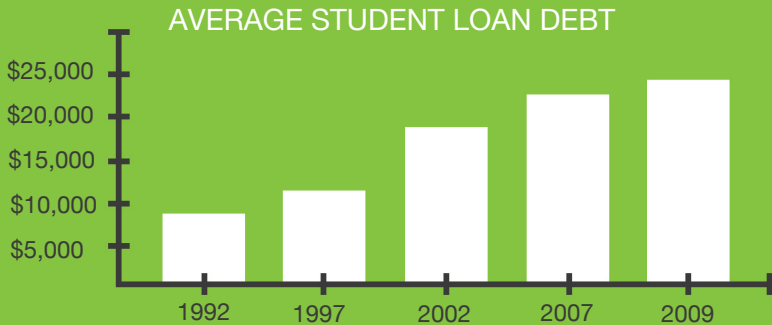
Here's the fun part. After you make your last car payment, keep making the payment...but pay it to yourself! Put it in the bank and start piling up cash that you will use to buy your next car.

When you are ready to replace your car, the cash you have saved plus your paid for car's value should be sufficient to buy a car with no loan. It may not be a new car, but a low-mileage used car without any debt is a better deal anyway.

DEBT

STUDENT LOAN DEBT

If you don't have any student loan debt, consider yourself fortunate. 86.3% of students have to borrow for college. The average college graduate is racking up more debt than ever before.



Most loans are deferred until you graduate, but once you graduate you must begin to repay them. You may not be thinking about this now, but this is a serious factor in your future financial well-being. We have a few suggestions on how you can manage your student loans, both while you're in college and after you've graduated.

While you're still in college, you really don't have to worry about paying back student loans. Instead, your focus should be on three things: minimizing (or eliminating) the amount of loans you have to take, getting the best loans possible, and learning good financial habits that will help you succeed after graduation.

You should always minimize the amount of student loans you have to take. If you can work enough to pay for school or part of school in cash, do it. I know this is hard work, but it will pay off in the long run. Also, look everywhere you can to see if there is a way you could qualify for scholarships. 66% of students receive financial aid in college, at an average of \$9,000. Trust me, you want to graduate with the smallest amount of student loan debt possible. Don't use student loans to pay

DEBT

for things like computers, rent or textbooks if you don't have to. It may seem like the easy thing to do now, but you would be much better off working to pay for those things in cash so you'll be free from payments later.

If you have to take out student loans, make sure you shop around to get the best rates possible. Government loans are subsidized so they will offer lower interest rates than private loans. Talk to a financial aid officer about filling out the FAFSA and finding the best interest rates possible.

Put the things you are learning in this book into practice...now! Follow the steps to learning to live on a plan, give, save for emergencies, and pay off any other debt you may have. If you learn good financial habits now, you will be much more prepared to pay your student loans off after graduation.

Getting a good paying job after graduation is important, but it won't solve all of your problems. There are people who make lots of money and struggle to pay off their student loans. 18% of people making over \$100,000 are living paycheck to paycheck.

There are also people who make way less money and pay off their student loans quickly. Make a commitment to start developing good habits today. I've met many people who have successfully paid off large amounts of student loan debt after graduation by learning these principles early. I had one friend who paid off over \$25,000 in two years after graduation by living on a plan and using the debt snowball. If he had chosen to make the minimum payments and continue living in financial ignorance, it would have taken him over 9 years and \$10,000 in interest to pay off his loans.

This stuff matters.

Did you know that the average person takes over 10 years after graduation to pay off all their student loans?

DEBT

WHAT COULD YOU DO IF YOU WERE DEBT FREE?

Good financial habits are as much about motivation as they are knowledge. Many of us know what to do, we're just not motivated to do it. The average college student graduates with credit card debt, car debt, and student loan debt. That means most people spend their entire post college lives making payments. The people that God has called to radical generosity have all their money tied up in paying interest on credit cards, cars and houses.

But it doesn't have to be that way for our generation. You have the power to make a change.

Imagine what could happen if we chose to not be normal. Imagine what you could do if you chose to take the steps to be debt free when you are 26 instead of when you are 76. Imagine what you could do if you had no payments! Can you picture it?

Take the space below to dream a little bit... what are your goals after graduation? How could being debt free help you accomplish those goals? What could you do if you were debt free? Would you like to give away lots of money? Buy a house? Help your family? Vision is a powerful motivator.



GIVING

LIFE'S GREATEST JOY

Many Christians believe myths about giving, so they never realize that giving is life's greatest joy. It's literally the coolest and most fulfilling thing you could ever do with money. If you follow all of these tips on spending, saving, and paying off debt, you may build wealth but you will never become financially free. If you really want to experience God's blessing in your financial life you must learn to be a giver.

So what are you waiting for? Make a commitment to start giving today!

I _____ am committing not only to be a good steward of the money God has entrusted to me, but also to begin giving back to God consistently. I will begin giving \$_____ a week to _____ .

Signed _____

If you need help figuring out how to start tithing, or other ways you can support God's work around the world, check out our giving resource guide online at: www.northpointe.org/exile/downloads

RESOURCES

MONEY VERSES

There are more than 2,200 verses in the Bible on money and possessions. This list is a short list of some of my favorites:

If you are faithful in little things, you will be faithful in large ones. But if you are dishonest in little things, you won't be honest with greater responsibilities. And if you are untrustworthy about worldly wealth, who will trust you with the true riches of heaven? And if you are not faithful with other people's things, why should you be trusted with things of your own? Luke 16:10-13

The earth is the Lord's and all it's fullness... Psalm 24:1

Will a man rob God? Yet you rob me. But you ask, 'How do we rob you?' In tithes and offerings. Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this, says the LORD Almighty, and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it. Malachi 3:8-10

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. Philippians 4:12

The blessing of the Lord makes one rich, and He adds no sorrow with it. Proverbs 10:22

Teach those who are rich in this world not to be proud and not to trust in their money, which is so unreliable. Their trust should be in God, who richly gives us all we need for our enjoyment. Tell them to use their money to do good. They should be rich in good works and generous to those in need, always being ready to share with others. By doing this they will be storing up their treasure as a good foundation for the future so that they may experience true life. 1 Timothy 6:17-19

RESOURCES

If I give all I possess to the poor and surrender my body to the flames, but have not love, I gain nothing. 1 Corinthians 13:3

...for God loves a cheerful giver. 2 Corinthians 9:7

The wicked borrows and does not repay, but the righteous shows mercy and gives. Psalm 37:21

Owe no one anything except to love one another, for he who loves another has fulfilled the law. Romans 13:8

Woe to you, scribes and Pharisees, hypocrites! For you pay tithe of mint and anise and cummin, and have neglected the weightier matters of the law: justice and mercy and faith. Those you ought to have done, without leaving the others undone. Matthew 23:23

Do not overwork to be rich; because of your own understanding, cease! Will you set your eyes on that which is not? For riches certainly make themselves wings; they fly away like an eagle toward heaven. Proverbs 23:4-5

My child, if you have put up security for a friend's debt or agreed to guarantee the debt of a stranger-if you have trapped yourself by your agreement and are caught by what you said-follow my advice and save yourself, for you have placed yourself at your friend's mercy. Now swallow your pride; go and beg to have your name erased. Don't put it off; do it now! Don't rest until you do. Save yourself like a gazelle escaping from a hunter, like a bird fleeing from a net. Proverbs 6:1-5

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also. Matthew 6:19-21

RESOURCES

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

Then Jesus said to his disciples: “Therefore I tell you, do not worry about your life, what you will eat; or about your body, what you will wear. Life is more than food, and the body more than clothes.”
Luke 12:22-23

But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever.
1 Timothy 5:8

Dishonest money dwindles away, but he who gathers money little by little makes it grow. Proverbs 13:11

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

There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up. Proverbs 21:20

Naked I came from my mother’s womb, and naked I shall return there. The Lord gave and the Lord has taken away. Blessed be the name of the Lord. Job 1:21

Whatever you do, do your work heartily, as for the Lord rather than for men. Colossians 3:23

If anyone will not work, neither let him eat. 2 Thessalonians 3:10

When you give alms, do not let your left hand know what your right hand is doing that your alms may be in secret; and your Father who sees in secret will repay you. Matthew 6:3-4

RESOURCES

BOOKS

Your Money Map by Howard Dayton- This book is a great follow up to the concepts covered in this booklet. It gives you practical tools to win with money, but also explores things like honesty, career, faith, and eternity.

The Total Money Makeover by Dave Ramsey- If you're looking for a simple, straightforward and motivating book about money, this is the book to buy. It's fun, inspiring, and will put you on the path to financial freedom.

The Treasure Principle by Randy Alcorn- This little book is probably the best book I've ever read on giving. It will inspire you with amazing stories of generosity and teach you how giving impacts our future in heaven.

Debt Free Living by Larry Burkett

Money, Possessions and Eternity by Randy Alcorn

Master Your Money by Ron Blue

Crazy Love by Francis Chan

Irresistable Revolution by Shane Claiborne

WEBSITES

www.daveramsey.com is a great resource for motivation, financial calculators, radio show programming and much more.

SERMONS

Exile has a 4 week series on money called "dinero". You can find it online at our website or request a copy on CD at the resource center.

NorthPointe also did a 4 week series called "bank of it". You can find the messages online or buy a CD copy from the resource center in the adult worship center.

DVD'S

Dave Ramsey has a great DVD curriculum called Financial Peace University. It is funny, informative, and motivational. We have the DVD's on saving, relating with money, debt, budgeting and giving available to check out at the resource center if you would like to go through it as a small group or a home study.

BABY STEPS

It may seem like an impossible task you move from where you are now to where God wants you to be financially. The idea of the baby steps is you can make incredible progress if you take it one little step at a time. These baby steps were originally developed by Dave Ramsey, but we have modified them and broken them up into “in college” steps and “after college” steps. Follow them and you will be well on your way to financial freedom.

IN COLLEGE:

Step zero: Start giving to a local church and living on a spending plan

Step one: save \$500 for emergencies

Step two: pay off your credit cards using the debt snowball

Step three: pay off car/personal debt using the debt snowball

Step four: Begin saving money for life after college

AFTER COLLEGE:

Step one: Increase your emergency fund to \$1,000

Step two: Pay off all debt including student loans using the snowball

Step three: Increase your emergency fund to 3-6 months expenses

Step four: Begin saving for retirement and for major purchases like a house or car. Buy an affordable home.

Step five: Start saving for your kids college

Step six: Pay the house off early

Step seven: You are free to invest and give even more generously

