

INVEST CAREFULLY

“To those who use well what they are given, even more will be given, and they will have an abundance. But from those who are unfaithful, even what little they have will be taken away.” **Matthew 25:29** (NLT)

Investing carefully is the fourth phase in the financial freedom cycle. The cycle begins by earning money honestly, giving money generously, spending money wisely, and then investing money carefully. Running this cycle requires making a plan and following it.

Even though some parts of the cycle may seem more significant or spiritual than investing, the Bible doesn't make that distinction. God wants you to be faithful whether you are earning, giving, spending or investing.

Extra Money

- Q1.** If you were given \$100 right now, what is the first thing that comes to your mind to do with it?

- Q2.** If you were given \$1000 today, what would you do with it?

- Q3.** Imagine being given \$10,000. What would you do with that amount of money?

Q4. One last time, what would you do with \$1,000,000?

If you said you would spend any of that money on things (after tithing) other than getting out of debt or investing, then you are not thinking about financial freedom.

“The wise have wealth and luxury, but fools spend whatever they get.” Proverbs 21:20 (NLT)

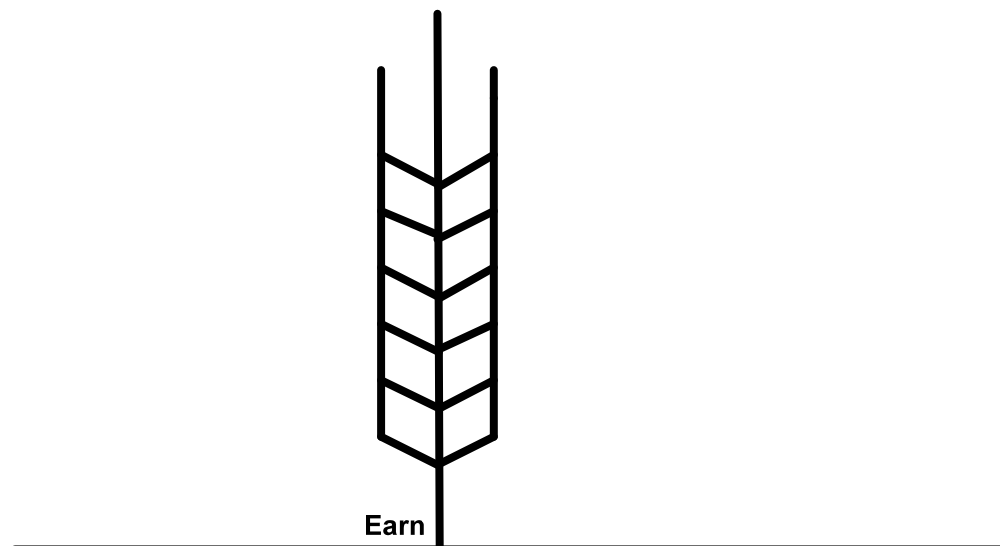
The final phase of financial freedom is having a surplus to invest. If the first thing you do with any amount of surplus is spend it, then you will have nothing to invest. To have money to invest, you begin by considering how much you earn monthly. Before you can give, spend or invest you must earn.

Fruit of Your Labor

The Bible refers to the outcome of a person’s labors as fruit. The money that you earn each month is like the crop a farmer harvests.

“Hardworking farmers are the first to enjoy the fruit of their labor.” 2 Timothy 2:6 (NLT)

The following diagram illustrates how your monthly earnings are like the grains on a stalk of wheat. There are ten grains on this stalk.



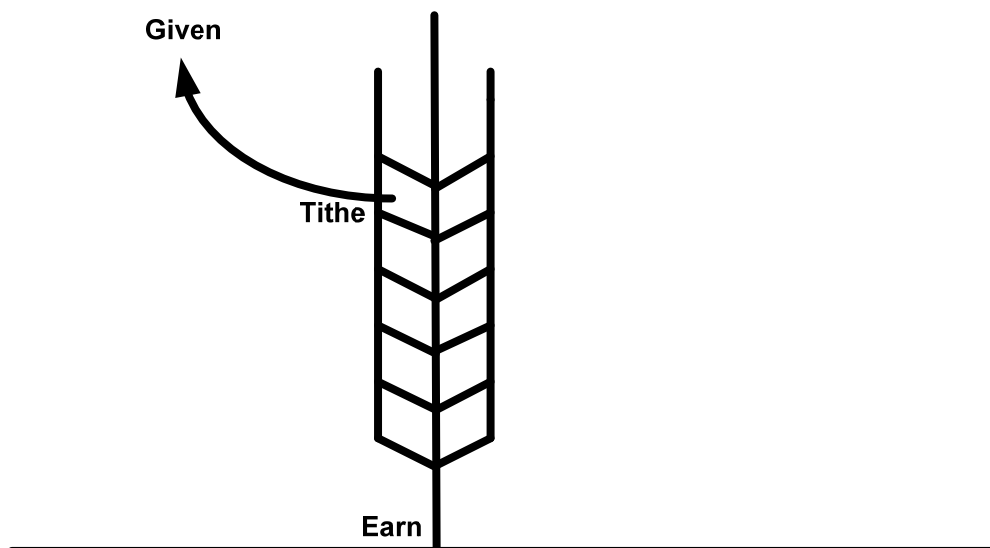
Tithe First

The Bible teaches that you should honor the Lord by giving the first part of your income.

*"Honor the Lord with your possessions, And with the **firstfruits** of all your increase."* **Proverbs 3:9** (NKJ)

Giving a tithe is one tenth of your income. A tithe is the Lord's portion.

The following diagram shows that you honor the Lord by giving a tithe from what you have earned. Since a *tithe* is a tenth of the total, you have *given* one.



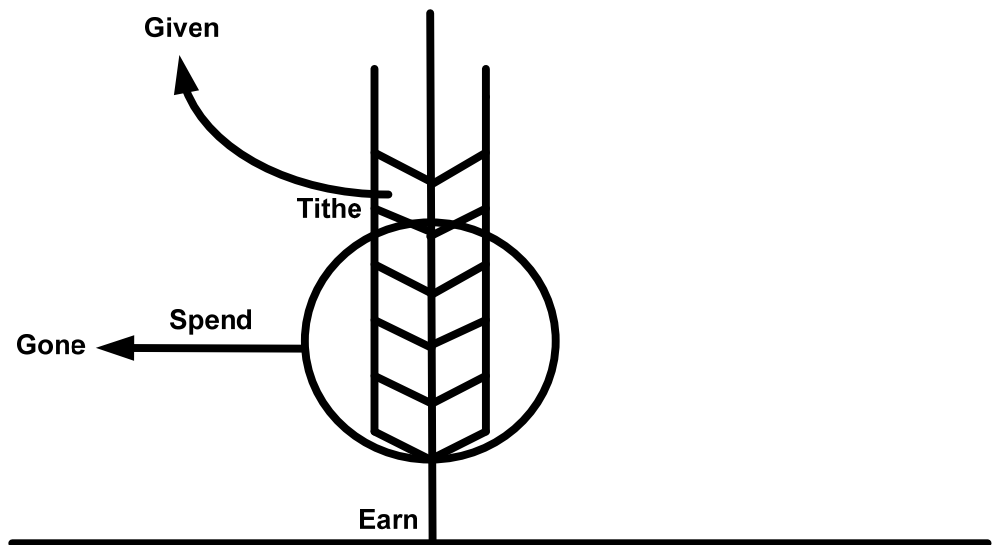
- Q5. As you thought about what you would do if money was given to you, did you consider giving a tithe?

What You Spend

God has given you money to provide for your needs, so spend it wisely. Whatever you *spend* from the total amount of money you have earned, is now *gone*.

“To those who use well what they are given, even more will be given, and they will have an abundance. But from those who are unfaithful, even what little they have will be taken away.” **Matthew 25:29** (NLT)

The following diagram illustrates how eight tenths of what you earn is gone once you spend it.



Q6. Do you spend everything that you earn or do you have any surplus?

Invest Your Surplus

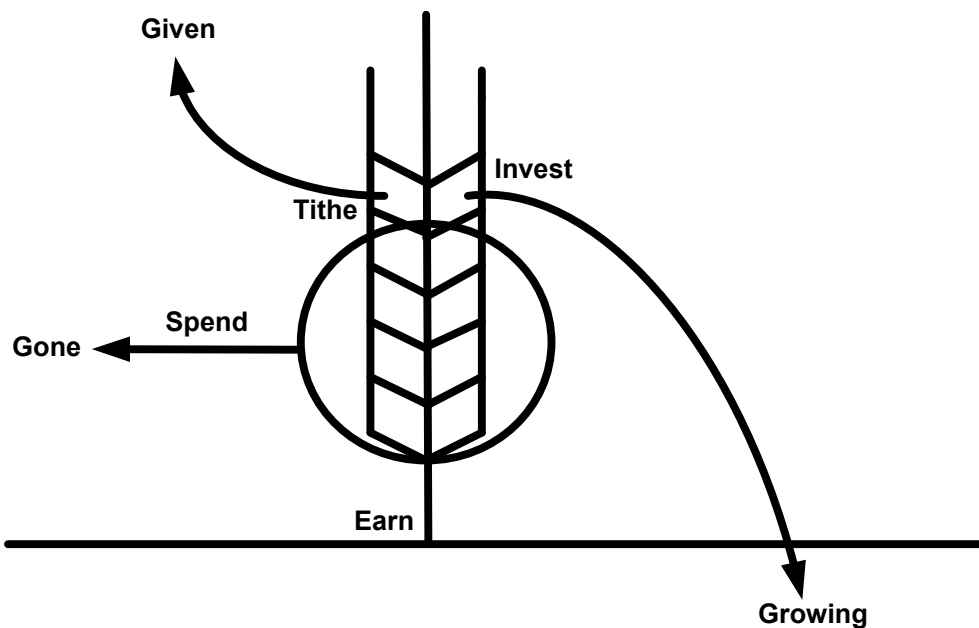
If you have money left over after your monthly expenses, then God has given you more money to manage for Him. If you gave your money to someone to manage, wouldn't you want that manager to give you an increase on your money?

“Again, the Kingdom of Heaven can be illustrated by the story of a man going on a trip. He called together his servants and gave them money to invest for him while he was gone. He gave five bags of gold to one, two bags of gold to another, and one bag of gold to the last – dividing it in proportion to their abilities – and then left on his trip.” **Matthew 25:14–15** (NLT)

Do you know how to bring an increase on God's money? This is where faith comes in. You need to believe that you have the ability to manage what God has given you. He didn't give you more than you have the ability to handle.

The way to bring an increase on the money entrusted to you is by investing. Investing is like planting seeds. The money you invest carefully is not gone, it is growing.

The following diagram illustrates the remaining portion of what you have earned being *invested* and it is *growing*.



- Q7.** Do you believe God wants you to bring an increase to the money He has given you?

Reasons to Invest

There are two reasons to invest. One is that it is good management of the Master's money. You are being a faithful steward. The second reason is that careful investing can eventually provide all the income you would need to live.

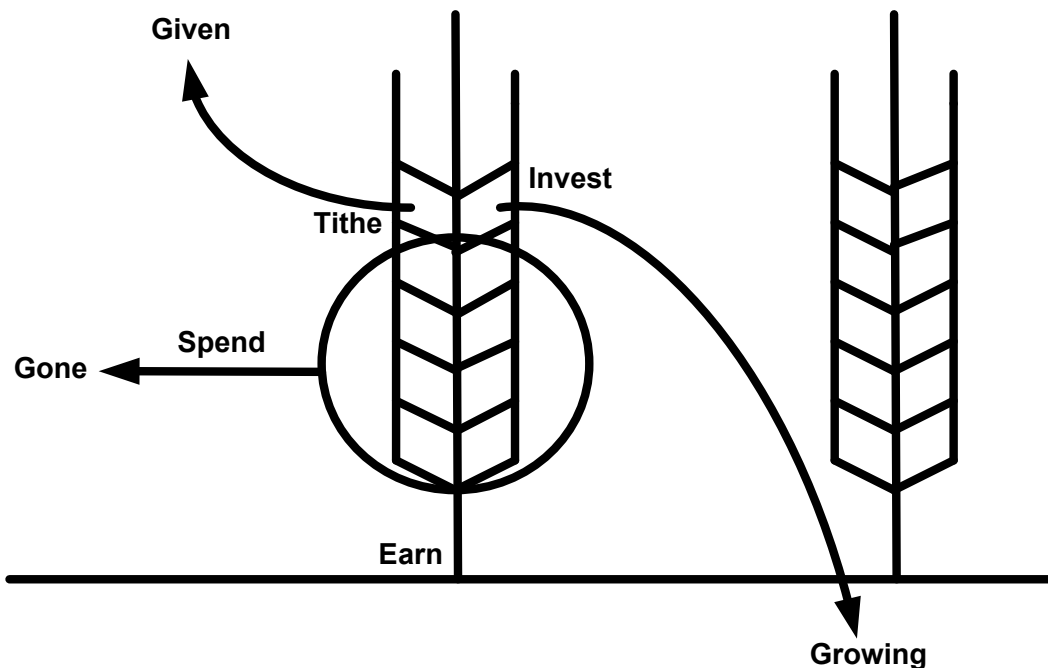
“The servant to whom he had entrusted the five bags of gold said, ‘Sir, you gave me five bags of gold to invest, and I have doubled the amount.’ The master was full of praise. ‘Well done, my good and faithful servant. You have been faithful in handling this small amount, so now I will give you many more responsibilities. Let’s celebrate together!’” **Matthew 25:20–21** (NLT)

- Q8.** How have you been managing the money God has given you?
- Q9.** Are you managing your money in such a way that you could eventually live off of your investments? If not, why?

When you plant a seed, it will grow and eventually produce a harvest. When you invest your surplus, it will grow and eventually become a significant source of income. Just like you plant a seed in one season and harvest in another, an investment takes time (years) to multiply.

The following diagram illustrates a *new* plant grows from the investments you have made.

Bringing an Increase



The more seed you get in the ground the larger the harvest. Likewise the more money you invest, the more your investments will earn. If you want to have an abundant harvest in the future, invest as much as you can today.

Definition of Investment

To invest is to put your money to use in order to gain a financial increase. Buying things today that will sell for a higher price in the future is investing.

For example: A house is considered an investment because as long as it is taken care of, it usually goes up in value. Other investments might be land, mutual funds, stocks, bonds, and rental property.

A car is usually not a good investment because the longer you own it; the more it goes down in value. A car is an expense, not an investment.

If you keep your money invested, it will continue to grow.

Doubling

The value of your investment will double over time. The greater the percentage return on the investment, the faster the investment will double.

The following formula can be used to calculate the number of years it will take to double the value of an investment.

$$72 \div \text{interest rate} = \text{years it takes to double}$$

Example: $72 \div 8 = 9$ years (investment doubles in 9 years at 8%)

There is another economic rule that tends to be true when it comes to investing. As a rule, the higher the percent return on an investment the riskier that investment may be. Risky investments may result in the loss of your money.

Higher Return = Greater Risk

Q10. Is a high return worth the risk of losing your money?

Obviously, you don't want to lose your money but investing money will always involve some risk.

"But the servant who received the one bag of gold dug a hole in the ground and hid the master's money for safekeeping. But the master replied, 'You wicked and lazy servant...You should at least have put my money into the bank so I could have some interest.'"

Matthew 25:18, 26–27 (NLT)

The right motive for investing is faithfulness. If fear is your motive, you may do nothing. If greed is your motive, you may invest carelessly (with too much risk). If faithfulness is your motive, you remember it is God's money and He expects an increase.

Warning

Any percentage of annual increase that sounds too good to be true probably is too good to be true.

"Only simpletons believe everything they are told! The prudent carefully consider their steps."

Proverbs 14:15 (NLT)

Diversify

One way to reduce the risk of losing everything, if an investment goes bad, is to divide your money into several different investments.

“Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth.”

Ecclesiastes 11:2 (NASB)

Investment Benefits in Retirement

Eventually, your careful investing will create a sizeable reserve. That reserve can be large enough to produce a yearly increase that pays for your annual giving and spending. At that point, you could live off the income from your investment.

When you have this source of income from your investments, you could retire. Since you don't have to earn money at a job, your *financial* freedom has brought you *time* freedom.

You could spend this time God has blessed you with helping your family, church or community.

Financial freedom might allow you to help with raising your grandchildren.

Finally, financial freedom protects you during seasons of your life when you are not able to work or earn money from your labors.

“Ants – they aren't strong, but they store up food for the winter.” **Proverbs 30:25** (NLT)

Q11. What would you do if you had enough money that you could retire?

“For you were called to freedom, brethren; only do not turn your freedom into an opportunity for the flesh, but through love serve one another.” **Galatians 5:13** (NASB)

Financial freedom not only provides for your ongoing giving and spending, but it also provides for life's emergencies and leaving an inheritance.

Emergencies

Unexpected financial emergencies happen. Having money to handle them comes from careful investing. If you don't have an emergency,

then your investment is growing. If you do have an emergency, you can pull money out to pay for it.

Inheritance

“Good people leave an inheritance to their grandchildren...” **Proverbs 13:22** (NLT)

Many people think of an inheritance being distributed to their children upon their death. However, think of how much more enjoyment you would get from financially blessing your grandchildren while you are still living. With careful investing, it's possible.

Financial freedom requires planning and a budget that you follow.

- Q12.** How much money would you need per year if you were to quit working? *Assume that your home is paid off and your children are not living with you.*

The only way to save enough for the future is to start investing today. Any expenses that can be eliminated from your spending will increase the amount you have to invest.

The potential to multiply the money entrusted to you becomes an exciting motivation for following a monthly budget and eliminating unnecessary spending.

- Q13.** Have you considered that you may have unnecessary expenses? If so, what are they?
- Q14.** Is it motivating to you to sacrifice some things you want now for the *future* benefit of financial freedom?
- Q15.** If being financially free were your goal, would it be worth following a monthly budget?

You may be thinking that you do not have anything close to what you will need to live on at retirement. Yet, the only way to obtain any kind of reserve is to start with what you have and then consistently add to it every year.

Making a Plan

Write how much you earn each month in the first blank of the following formula and how much you tithe or give in the second blank, then subtract. The remaining amount is your available income.

\$ _____ - \$ _____ = \$ _____

Earn – Give = Available Income

Write the amount of your available income on the first blank of the next formula and subtract your monthly expenses. This is your surplus.

\$ _____ - \$ _____ = \$ _____

Available Income – Monthly Expenses = Surplus

If you do not know how much your monthly expenses are, use the **Budget Planning Form** to determine that amount.

If you are spending more than you are earning, then you need to eliminate some of your expenses. Otherwise, you are headed for financial *bondage* not financial *freedom*. Financial freedom requires that you spend less than you earn so that you have a surplus.

If you are in debt, getting out of debt is the first thing to do with surplus funds. Getting out of debt is investing in your *future* financial freedom.

Get Out of Debt

If you are *in* debt, the following steps will help you get *out*.

1. Complete the **Budget Planning Form**.
2. Mark the non-essential items.
3. List them on form A **Available Funds Work Sheet**.
4. Make these funds available for debt reduction by cutting expenses and/or selling the items.
5. List everyone you owe money to (creditors) on form B **Debt Work Sheet**. Follow the directions on the form.
6. Use form C **Debt Elimination** and apply half of the available funds to pay off your smallest debts and divide the other half evenly among your remaining creditors, paying each one an equal amount.

As your smaller debts are paid off, the amount of money you can pay each remaining creditor may increase if you have been making interest only payments on some credit cards. There are no shortcuts to getting out of debt or gaining prosperity, but this plan will allow you to see progress quickly.

Getting out of debt requires a diligent commitment to paying back your creditors.

“Good planning and hard work lead to prosperity, but hasty shortcuts lead to poverty.” **Proverbs 21:5** (NLT)

- Q16.** Are you willing to take the steps necessary to get out of debt? What steps will you take and when?

If you are out of debt, the rest of your surplus can be invested so that it can grow into a sizeable reserve.

Ask God for an investment plan that will increase what God has given you to manage. What did He show you? Write it down.

- Q17.** When will you **start doing** what God has shown you?

Bringing an Increase

Diagram

Notes

FINANCIAL FORMS

(Download these forms by clicking the links below.)

HOW TO MAKE A BUDGET

- **BUDGET PLANNING FORM**

FORMS FOR GETTING OUT OF DEBT

- **FORM A** **AVAILABLE FUNDS WORKSHEET**
- **FORM B** **DEBT WORK SHEET**
- **FORM C** **DEBT ELIMINATION**