

Managing Finances: a Christian Perspective



**Prepared for Members of
Campbelltown Anglican Churches**

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THE WRONG PERSPECTIVE

WHAT WE PURSUE IS DETERMINED BY OUR MONEY

I remember my first job when I moved to Australia in 2001. I was earning an entry-level wage at Westpac Securities. We lived in a one bedroom flat in Glebe and drove a Toyota Corolla.

Fast forward 15 years and my pay had tripled, my household expenses also tripled as did the size of my house and the price of my car.

My lifestyle cost tripled as my income tripled.

As I look back, I don't think I was three times happier or three times more content in 2016 than 2001 as a result of the tripling of my possessions.

So why did I buy all that stuff?

I don't know if you can relate to this, but what I did was just spend my money in accordance to what I earned. The more I earn, the more I spend. Not really pursuing any strategy or a long-term goal. What I was pursuing was short-term at best and just followed what money I had available.



WHY IT DOESN'T WORK

I finally realised that the approach of continuously spending to my margins of what I could afford doesn't allow me to plan for long-term goals, which are generally more fulfilling than buying more stuff in the short-term.

Impulsive buying comes at the expense of what is possible in the long-term (buying your own home, a better retirement plan, etc.). When we get a pay rise and simply spend it all, we also don't allow ourselves to save for a rainy day - or in the case of COVID-19, a stormy day.

Just because my pay triples, it doesn't mean my lifestyle needs to triple.

Even more so from a Christian perspective, this approach points to a problem of the heart. When making purchases, are we simply following the urges of our flesh and letting our flesh guide our decisions instead of thoughtful, prayerful wisdom?

As Christians we are encouraged to be good stewards of the resources that God has entrusted to us. We believe that God is the owner of everything, and we manage what he has entrusted to us for His glory.

There must be a better way of stewarding God's resources than just spending as we please. The rest of this document unpacks some principles and practical application.

THE CHRISTIAN PERSPECTIVE

OUR FINANCIAL GOALS ARE DETERMINED BY WHAT WE PURSUE

What do Christians pursue in life?

We can pursue different things as we are unique in our abilities, talents, and interests. But above all there is one thing that is most important for Christians to pursue – and that is the Kingdom.

More than being a great mum or dad, or being the best neurosurgeon or carpenter or sports legend, our pursuit is (1) to live for the Kingdom and (2) to expand the Kingdom

To **live** for the Kingdom means our lives, our actions and the decisions that we make (including our financial decisions) display our submission to Christ as our King and his authority.

Our financial decisions ought to show that Jesus is the number one reality in my life – not our fleshly desires.

To **expand** the Kingdom means that our lives, our speech, actions and decisions have a purpose greater than ourselves. When we spend, save, or invest we are seeking for opportunities where more and more people can come under the saving grace of Jesus Christ and become his disciples as well.

This means that we don't just need to be good money managers (although it is an important element of stewardship), we need to have the heart of Jesus.

We need to have a generous heart, ready to sacrificially release what we ought to for the Kingdom and not cling to the things that the world holds on tightly.

In short, there are two sides to the coin of stewardship:

**STEWARDSHIP =
SKILLS + SACRIFICE**

EXAMINE AND ALIGN OUR FINANCES WITH OUR GOALS

So, instead of letting our goals or pursuits adjust to our spending capacity – let's turn it the other way around. Let's look at our priorities first and then make our finances work to ensure those priorities are funded. This means adjusting and fine-tuning how we give, spend and save.

First, let's examine our finances.

- *Check your bank statement transactions.* Do I spend more on non-priority (impulsive) purchases than on the things that actually have value?

- *Check your bank/savings balance.* Do I have enough savings to continue to be generous and live reasonably during difficult times?

Most people can't answer those questions because (1) they don't know what their priorities are and (2) they don't know how much savings they need; and that's because: they don't have a budget.

We'll look at the Christian budget a little bit further in this document but let's have a look at how we should align our finances to biblical principles.

If you've read through most of the bible, you will soon find that there is a lot of wisdom about money, wealth, and generosity in both the Old and New Testaments.

Instead of saying that biblical teaching on money is peripheral to the main message of the bible, let's approach it as godly advice for us to live:

*You make known to me the path of life;
you will fill me with joy in your presence,
with eternal pleasures at your right hand.*
(Psalm 16:11)

Scripture is God's way of showing us the paths of life so that we may find joy and eternal pleasure with Him; it's for our own good and not about making us suffer or stopping us from having fun.

So, what are some biblical principles when we think about money (spending, saving, giving, etc.)? The following table compares the common world view, the biblical view and some practical applications for us as Christians:

	The World	The Bible	Application
<i>Ownership</i>	It's mine.	It's God's - Heb 2:10; Ps 89:11; Ps 24:1; Ps 8	I don't cling tightly to my money, possessions, or wealth. I am ready to release them for the Kingdom.
<i>Stewardship Purpose</i>	I manage my resources to bring me the greatest pleasure.	I manage God's resources for His glory - 2 Cor 9:10-11	I plan my finances wisely, not so I can grow richer and richer, rather so His purpose can be served through what he has given me.
<i>Giving</i>	From time to time I will give to charities that appeal to me when I can.	God has been sacrificial towards me and therefore I give generously and sacrificially towards His Kingdom, primarily to the local church which Jesus calls his bride - Php 2:6-8; 2 Cor 8:9	I set aside the first fruits of my income to give to my local church, and I do this with joy because everything that I earn comes from Him. I review this regularly in light of my spending and saving to reflect sacrificial generosity. Beyond that, I look for opportunities to be sacrificial in my giving as I bless other Christian missions or specific projects that my church is running.
<i>Spending</i>	I spend money on products and services that give me the greatest joy.	I obtain the greatest joy when I use the money he has entrusted me to bless the Kingdom - 2 Cor 8:2-5; Rom 14:17; Heb 12:2	I ensure that I do not spend more than I can afford (after giving generously). My generosity towards the Kingdom does not stop at my giving to church; it also flows from sharing what I buy for myself (eg. sharing my home, musical instruments, books, movies, etc.) with my church family and others who are in need.
<i>Saving (short term)</i>	Whatever money I don't need to spend, I will save to ensure I can still maintain my lifestyle during bad times.	I save so that I can continue to be generous during bad times - 2 Cor 9:10-11; Prov. 6:6-8	Saving is an important part of stewarding God's resources wisely; the purpose is not to build up my own wealth. I save so I can buy something I need in the future which I can't afford now (as opposed to purchasing the item on credit). I also save so that I can continue to live and be generous if I lose my job, my car breaks down or another emergency occurs.
<i>Borrowing</i>	When I want to buy something and I am short on cash, I'll borrow money or put it on credit.	I understand that borrowing makes me a slave to the lender and the interest and repayments associated with such debt becomes an obstacle for me to be generous to the Kingdom - Prov 22:7	Ideally, the only loan that I would consider taking is a home loan, as the alternative (long-term renting) is generally worse. I will avoid any other debt, including car loans, AfterPay and credit card debt. I'll also be cautious with the amount that I borrow for my home loan to ensure I won't be enslaved by the debt and I can continue to be a good steward of what God has entrusted to me
<i>Investing & Retirement planning</i>	Longer term, I invest to earn a greater reward for me in the future. I need to plan for my retirement so I can enjoy the fruits of my productive years.	I invest in things that have eternal value I need to plan for my retirement wisely so that I can continue to live reasonably and be generous towards the Kingdom when I am no longer earning an income Matt 6:19-21; 2 Cor 9:11	Supporting the local church and Christian mission is an investment that has eternal value. It should be my primary focus when thinking of 'investment'. If, however, I am already being generous and sacrificial with my giving and I have surplus funds to invest, I put some of my investments in a separate account so that when my local church or other mission is fundraising for a worthwhile one-off project, I am ready to partner with them at any given time. Saving for retirement is sensible, but the journey and the outcome matter. Whilst working, the goal is to save whilst living sacrificially and giving generously. In retirement the goal is to have sufficient to live in neither riches nor poverty, but to give generously.



SO, WHERE DO WE START?

Kevin Hines and I have written a more extensive paper on 'What Is Generosity' and we'd encourage you to read and implement it. But here's a brief outline:

It's pretty clear that there's one thing that we DON'T do, and that's following the path in page 2 which is to just spend as we please as the money comes in. There is thought, prayerful consideration and planning involved if we are going to be good stewards for Christ.

In other words, Christians need to have a budget. And the steps start with thinking through 'big picture priorities' (which often encompass the future) and end in the present:

- **Listing our big picture priorities, including your long-term goals.** For example: *'I want to be generous, I want to buy a house in 3 years and I want to provide my children with a Christian education'*.
- **Monetising those goals & work out how much you need to save annually to achieve those goals.**
 - *As a starting point I want to give at least 10% of my income to church (I'll work out if this is generous was a I work through the rest)*
 - *A house will cost \$750,000 so the deposit will be \$150,000. If I already have \$60,000 in savings, then I'll need to save \$30,000 per year for 3 years. (If this isn't possible then it might mean I save less, but save for longer and buy in 5 years)*
 - *I have two kids so school fees will be about \$15,000 p/a*

➤ **Work out how much you can spend to achieve those savings goals.**

My total net family income is \$100,000 p/a, then based on the above I'll:

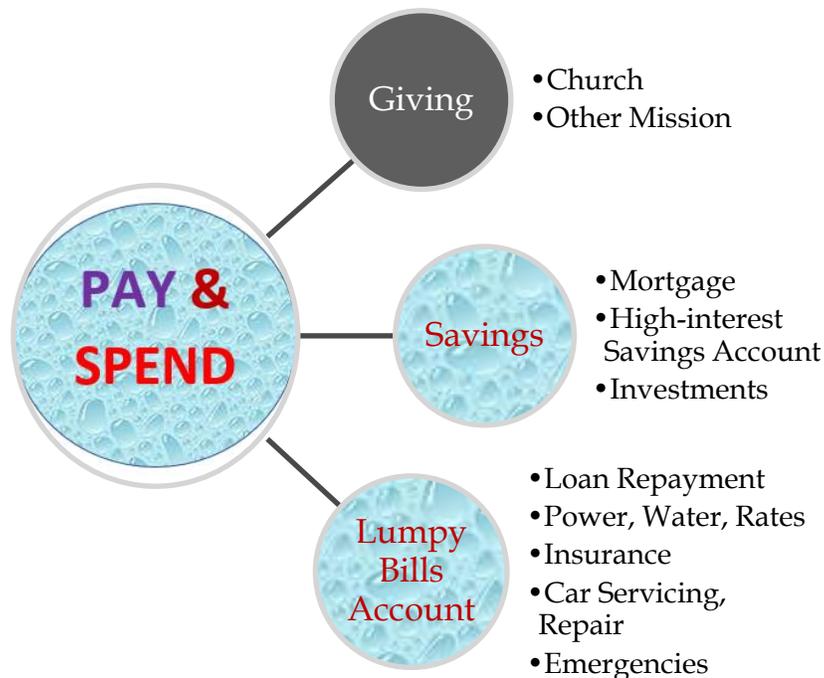
- *Give \$10,000 to church*
- *I'll save \$30,000 for a house*
- *I'll spend \$15,000 on school fees*
- *I'll have \$45,000 left to live on. I also want to put aside \$5,000 for my 'rainy day' account, so I need to budget my expenses to \$40,000 a year or \$769 a week.*

(notice that the budget ends up and doesn't start with what you can spend)

➤ **Do a sanity check**

- *Does the above work?*
- *Do you need to adjust things (or defer the house purchase and save less for longer)?*
- *Ask yourself – wherever you land, does your giving and stewardship reflect Christ as #1?*

➤ **Ensure you stay on budget by creating separate bank accounts:**



When you receive your pay, automate the allocation of funds for:

- Giving (to church and other mission)
- Savings / Mortgage (to your savings account)
- Lumpy quarterly/annual bills (to your dedicated lumpy bills account)

The rest of the money in your pay account is what you have left to spend (don't go over).

A Brief Note on Investing

At the time of writing this document, interest rates around the world including Australia are at an all-time low, near 0%.

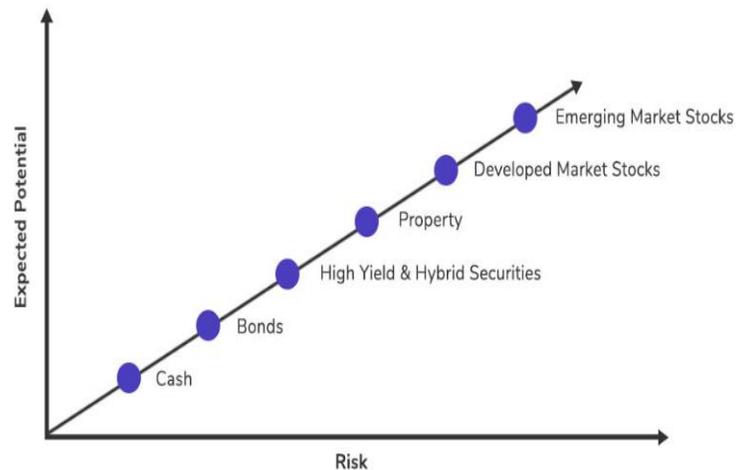
To preserve capital, it isn't as simple as placing your surplus funds into a high-interest savings account or term deposit as their yield is often lower than inflation.

So, it's worth considering some principles in investing:

1. There is a trade off between risk and reward in the short-term
2. There is generally more value accepting a high risk if your investment outlook is in the long-term

It can be wise to compartmentalise your assets based on the needs for each time horizon:

- Cash (savings, TDs) for your short-term needs;
- Bonds, High yield type securities for your medium terms needs
- Shares & Property for the long-term (over 10 years).



In the example provided earlier, \$30,000/year is being put aside to be accessed in 3 years to buy a home. As a general principle this money is more appropriately invested conservatively (in a savings account or term deposit) for the duration – instead of trying to invest in the stock market; simply because 3 years is not sufficient time to allow for a recovery if the market falls.



OUR MONEY SERVES A GREATER PURPOSE THAN JUST OURSELVES

In the last page we took a brief look into some principles of investing but as Christians *the Kingdom is also an investment* - in fact, the most important one for Christians.

If you are already giving generously to church and mission, and looking to steward your surplus wisely (especially in a low cash rate environment), you may consider having two investment accounts/buckets, one for yourself/family and the other for you to build the Kingdom in the future.

Remember that our money serves a greater purpose than ourselves:

You will be enriched in every way so that you can be generous on every occasion, and through your generosity will result in thanksgiving to God.

(2 Cor. 9:11)

Our money (through us being generous with it) can be a tool to bring praise and thanksgiving to God!



Consider this scenario:

You are at the checkout at Aldi and the young lady with a baby in the pram in front of you is scrambling to count her cash. She comes up with \$9.75 – not enough to pay for all her purchases - so she returns the shampoo, the ham and a bag of oranges to the cashier.

What would you do? Imagine saying this “*Let me take care of all this for you. God wants you to know that he loves you and Jesus loves you and has died for you*”. (You might even decide to give her an extra \$50). Then see where that conversation leads while praying that your generosity will result in her considering the saving grace of Jesus Christ and thanking God for that.

But, you can only do that if (1) you have been wise with your money so you could actually afford to pay for the young lady’s groceries; and (2) you have the generous heart of Jesus, moved by compassion towards the poor and needy.

It’s radical, it’s different, it’s generous, it’s caring it’s Christ-like...it’s ministry.

Remember the 2 sides of the coin of stewardship?

**STEWARDSHIP =
SKILLS + SACRIFICE**



HOW MUCH IS GENEROUS?

The question is now: How do I know if I am being generous? How do I measure generosity?

We encourage you to dig into our 'What Is Generosity' paper but provided below is a back of the envelope calc to help you think it through.

Each month, how much do you currently spend on your own pleasure:

Hobbies \$ _____

Entertainment \$ _____

Dining out \$ _____

Alcohol \$ _____

Holidays \$ _____

(your annual holiday spend divided by 12)

_____ +

TOTAL \$ _____

Compare that to your MONTHLY GIVING \$ _____

Does your spending reflect that Jesus is the number one reality in our life – or does it show that our own flesh is?



HOW DO WE SPLIT OUR GIVING?

John Piper was asked that question and replied:

“I do think the local church has a unique and special place in God’s plan and therefore a special claim on the giving of its people. Other kinds of ministries are wonderful, and I want them all to flourish. I am involved in some. But the one institution in the world that is clearly rooted in the New Testament and in the gospel is the local church.

If that institution fails, all other ministries become ineffective. Indeed, if the church fails, all other ministries become unbiblical. The local church is the seedbed for all other ministries. The church is the place where the participants in those ministries find their nourishment and the biblical expression of their corporate worship.

I think it is a good rule of thumb – hear those words – I think it is a good rule of thumb to start your giving by tithing to the local church and then giving over and above elsewhere.”

(Source: <https://www.desiringgod.org/interviews/may-i-split-my-giving-between-my-church-and-another-ministry>)



IN CLOSING...

I hope you don't get the idea that I have mastered all of this myself. I haven't. Let's grow together as a church. Together - you and I - let's:

1. *Stop* just spending on a whim and *start* prioritising our finances starting with what matters most - create a personal/family budget.
2. *Stop* guessing that we're living for Christ and telling ourselves that we're probably doing a good job at it. And *start* examining our bank accounts and find the honest truth of what treasures we hold dear.
3. *Stop* just merely saying that Jesus is our Lord and King and *start* evidencing it in the way we live.

