

Personal Financial Planning



Debt

Tithes and offerings

Emergency fund



What does the Bible say about debt?

Rom 13:8

Owe nothing to anyone except to love one another; for he who loves his neighbor has fulfilled the law.

Matt 6:12

'And forgive us our debts,
as we also have forgiven our debtors.



Debt

The Jews were strictly exhorted to take no interest at all from their own nation (Ex 22:25; Deut 23:19-20). Strangers, however, might be charged interest (ibid.). A devout Jew would not lend money to another Jew on interest.

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Debt

It would seem that as Israel came into contact with the surrounding nations, debt became increasingly a commercial matter. The Mosaic laws regarding clemency toward the poor who were compelled for the time being to become debtors were utterly disregarded, and the poor were oppressed by the rich.

(from International Standard Bible Encyclopaedia, Electronic Database Copyright (c)1996 by Biblsoft)



Proverbs 6:1-5

My son, if you have become surety for your neighbor,
Have given a pledge for a stranger,

2 If you have been snared with the words of your mouth,
Have been caught with the words of your mouth,

3 Do this then, my son, and deliver yourself;

Since you have come into the hand of your neighbor,
Go, humble yourself, and importune your neighbor.

4 Give no sleep to your eyes, Nor slumber to your eyelids;

5 Deliver yourself like a gazelle from the hunter's hand
And like a bird from the hand of the fowler.



What is "surety"?

- guarantee or pledge
- A pledge made to secure against default; one who contracts to assume the debts of another in the event of default. (from Nelson's Illustrated Bible Dictionary, Copyright (c)1986, Thomas Nelson Publishers)
- A deposit or pledge, either in money, goods, or in part payment, which served as security for a bargain (From The New Unger's Bible Dictionary. Originally published by Moody Press of Chicago, Illinois. Copyright (c) 1988.)



Two special examples

- one person as guarantee in place of another
- Genesis 43:1-9
- Colossians 2:13-14
- Hebrews 7:18-25



Loaning money?

In brief, the Levitical law forbade lending on interest to poor Israelites (Lev 25:35-37). The idea was that for a poor fellow Israelite, a man should give the needed money outright.

Commenting on Prov 6:1-5:

(from The Wycliffe Bible Commentary, Electronic Database. Copyright (c) 1962 by Moody Press)



God's amazing grace ---freely giving and receiving

Ephesians 2:8-10

Matthew 10:7-11

Matthew 18:21-35



We must pay our debts.

- Ps 37:21 The wicked borrows and does not pay back, But the righteous is gracious and gives. NASU
- Rom 13:7-8
- James 5:4-5
- Proverbs 3:27-28



Tithes and Offerings

- tithe means 1/10 - one tenth
- Genesis 14:17-20
- paid first - even before taxes!
- Hebrews 7:1-10 - Abraham and mysterious Melchizedek
- Leviticus 27:30-33
- Malachi 3:8-12
- Matthew 23:23



Emergency! Borrow \$10,000 credit card cash advance at 3%. What does it really cost?

3 repayment examples	Example 1 - till \$500 bal.	Example 2 - \$500 min.	Example 3 - \$1000 min.
Principal	\$10,000	\$10,000	\$10,000
-35% charge	\$3,500	\$3,500	\$3,500
-3% mo int.	3150.46	\$2,887.10	2655.14
+15%mo pmt	20150.46	\$16,387.10	\$16,155.14
real percent	50%	39%	38%
repay time	26 months	18 months	13 months

Due to steep cash advance fees (30-45%), the starting amount to be paid back is \$13,500. Ex.1 - pay 15% per mo. until the balance reaches \$500. Then pay all. Ex.2 & 3 - pay 15% per mo, until min. payment is \$500 (2) or \$1,000 (3).

"-3% mo int." = total interest paid. "

+15% mo pmt" = total amount repaid (\$10,000+3,500+total interest paid).



Introducing ---- the Emergency Fund! - a start at savings

- First, let me introduce you to Murphy: "Whatever can go wrong will go wrong." or "Stuff happens."
- (The question is not if you will have emergency need for cash, but when!)
- Cash which can be accessed immediately.
- Only for EMERGENCIES!
- Should be enough to meet all monthly expenses for 3 to 6 months.
- Replaced as soon as possible when used.



Emergency fund - Even a small savings account can help!

1.25% comp.mo.	\$100 per month	\$500 per month	\$1,000 per month
6 months	\$619.07	\$3,127.37	\$6,254.74
1 year	\$1,286.04	\$6,503.39	\$13,006.79
18 months	\$1,402.11	\$7,090.94	\$14,181.87
2 years	\$2,778.81	\$14,059.40	\$28,118.80
net interest	\$378.81	\$2,059.40	\$4,118.80

In these 3 examples, the same amount is deposited each month. The interest rate is 1.25% per year compounded monthly. The amounts reflect the total on deposit after 6 months, 1 year, 18 months and 2 years. (Even a small positive flow of cash is much better than negative cash flow!)



by Mare Allison

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