Money and Wealth

Pastor Chad Wagner

PastorWagner.com/money-management/

Table of Contents

I. Money is as much a part of life as is any other thing.

1. Money answers all things **(Ecc 10:19)**.
    - A. Money can't solve all your problems, but it can solve a lot of them.
    - B. Managing money well will prevent many problems from arising.
2. Most decisions in life have to do with money in one way or another.
3. The Bible therefore has a lot to say about money and wealth.
4. Money can be a blessing or a curse, a help or a hinderance.
5. If you manage money well, happiness and wellbeing will result.
6. If you manage money poorly, sorrow, stress, and misery will result.

II. How a person uses money will tell others a lot about him.

1. A person who saves a significant amount of his income is *wise*.
2. A person who spends all he makes and saves little or nothing is *foolish*.
3. A person who saves all that he can and spends and gives little or nothing is *miserly*.
4. A person who gives liberally to God and His work is *faithful* and *wise*.
5. A person who does not give to God and His work is *unfaithful* and *foolish*.
6. A person who gives to others is *generous* and *faithful*.
7. A person who never gives to others is s*tingy*.
8. A person who gets a raise and *spends* the same amount of money as before is *wise*.
9. A person who gets a raise and *saves* the same amount of money as before is *foolish*.
10. A person who gets an inheritance and spends it quickly is *a f*ool.
11. A person who gets an inheritance and saves most of it, and enjoys a little of it, is *wise*.
12. A person who takes out a loan for something is *discontent*, *impatient*, *immature*, and *foolish*.
13. A person who waits to buy something until he has saved up the money to pay cash for it is *content*, *patient*, *mature*, and *wise*.
14. "Remember that a person who is foolish with money is foolish in other ways too." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #663)
15. The way a person uses money will reveal his principles, or lack thereof.
    - A. "The good thing about principles is that they make life easy. I have heard it said that when someone bases his life on principle, 99 percent of his decisions are already made." (Dave Ramsey, *The Total Money Makeover*, p. 150)
    - B. I wholeheartedly agree with Mr. Ramsey. Having well thought-out, Biblically-based principles which one holds to firmly without wavering makes life easier and greatly improves the quality of one's life.
    - C. One of the many principles that I live by is that I will never go into debt for anything, God being my helper.
    - D. Therefore, many of my life's decisions were automatically made without any deliberation.

III. What is money?

1. <u>Money</u> *n.* - 1. a. Current coin; metal stamped in pieces of portable form as a medium of exchange and measure of value. b. Applied occas. by extension to any objects, or any material, serving the same purposes as coin. c. In mod. use commonly applied indifferently

to coin and to such promissory documents representing coin (esp. government and bank notes) as are currently accepted as a medium of exchange. See *paper money*.

2. Money is a commonly used and accepted medium of exchange.
    A. Items that function as money usually have the following characteristics:
        i. Intrinsic value
        ii. Durability
        iii. Divisibility
        iv. Uniformity
        v. Portability
        vi. Limited supply
        vii. Acceptability
        viii. Noncounterfeitability
    B. Because they have all these qualities, for thousands of years gold and silver have functioned as money.
3. Some history of money
    A. Historically, money consisted of precious metals such as gold and silver, and the value of the money was according to its weight **(Jer 32:9-10)**.
    B. <u>Shekel</u> - 1. a. An ancient unit of weight of the Babylonians, and hence of the Phœnicians, Hebrews, and others, equal to one-sixtieth of a mina (see mina1 1). b. A coin of this weight; esp. the chief silver coin of the Hebrews.
    C. The dollar used to be a unit of weight of gold and silver.
        i. "A dollar was first defined in the Mint Act of 1792 as 371.25 grains of fine silver, exactly the weight of the Spanish mill dollar, which was the most common coin in colonial America and which continued to circulate legally in the United States until 1857, 70 years after the signing of the Constitution." (Peter Schiff, *Crash Proof 2.0*)
        ii. "No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts;" (US Constitution, Article I Section 10).
        iii. The US was on a bi-metallic standard (both silver and gold) which was problematic because the ratio of gold to silver would vary and Gresham's Law would cause the higher valued metal to disappear from circulation.
    D. In 1934 the US government made it illegal for US citizens to own gold.
    E. In 1965 the silver was taken out of quarters and dimes.
    F. In 1971 the "gold window" was closed, and foreign governments were no longer able to redeem gold for dollars.
        i. At that point the dollar became a purely fiat currency backed by nothing.
        ii. With gold-backing gone, nothing was left to restrain the Federal Reserve from printing as much paper money as they wished, and inflation exploded.
    G. This wicked policy of debasing the currency is not new.
        i. The Jews were doing it thousands of years ago, "making the ephah small, and the shekel great, and falsifying the balances by deceit?" **(Amo 8:4-6)**
        ii. <u>Ephah</u> - A Hebrew dry measure, identical in capacity with the bath; see bath n.3; it is variously said to have contained from 4½ to 9 gallons.
    H. God hates this kind of thing **(Pro 20:10; Lev 19:35-36)**.

I. Inflation robs savers of their purchasing power, and it also creates the business cycle which ultimately ends in a bust which destroys the jobs and lives of innocent people.
J. Enough talking about the government's mismanagement of money—let's talk about yours.

IV. Money is not evil.

1. It is not wrong for a Christian to have wealth.
    A. Abraham had great wealth **(Gen 13:2)**.
    B. David was rich **(1Ch 29:28)**.
    C. Solomon had great wealth **(1Ki 10:23)**.
    D. Rich believers are exhorted, not to give away all their wealth, but rather to not trust in it and be willing to give it to those in need **(1Ti 6:17-19)**.
    E. Rich Christians are a blessing to their families, churches, friends, neighbors, and community.
    F. Both rich and poor must be careful to not trust in riches.
        i. The rich have a tendency to trust in their riches to protect them **(Pro 18:11)**.
        ii. The poor have a tendency to trust that riches *would* save them from all their problems.
        iii. The Bible is replete with warnings to not trust in riches.
        iv. If riches increase, set not your heart upon them **(Psa 62:10)**.
        v. To make gold one's hope, or to rejoice in wealth is a sin and a denial of God **(Job 31:24-25, 28)**.
        vi. We must never glory in riches, but only in the fact that we know and understand God **(Jer 9:23-24)**.
        vii. Riches don't last forever **(Pro 27:24; Pro 23:5; Psa 49:10-12)**.
        viii. Trusting in riches will cause one to fall **(Pro 11:28)**.
        ix. Trusting in riches will obstruct one's way into the kingdom of God (the local church) **(Mar 10:23-25)**.
        x. Silver and gold will not save a person from the wrath of God **(Eze 7:19; Zep 1:18)**.

2. It *is* wrong for the acquisition of riches to be your life's goal.
    A. Labour not to be rich **(Pro 23:4)**.
        i. My goal is not to be rich, but to have enough wealth to provide for my wife and myself until we both die, no matter what age that might be.
        ii. That takes a lot of money.
        iii. Don't love riches, but lay them up to provide for your own, or you're worse than infidel **(1Ti 5:8)**.
    B. A man's life consists not in the abundance of the things which he possesses **(Luk 12:15)**.
    C. What good is having a bunch of stuff you don't need anyway? **(Ecc 5:11-12)**.
    D. They that haste to be rich will not be innocent in doing so **(Pro 28:20)**, and they will end up poor in the long run **(Pro 28:22)**.
    E. They that *will be* (desire to be) rich fall into a snare **(1Ti 6:9)**.

F. The love of money is the root of all evil **(1Ti 6:10)**.
G. A man of God must especially be careful to flee these things **(1Ti 6:11; 1Ti 3:3)**.
H. You can't serve God and money **(Mat 6:24)**.
I. Your heart will be where your treasure is **(Mat 6:20-21; Luk 12:33-34)**.
J. Lot chose wealth over righteousness **(Gen 13:10-13)** and ended up with neither.

3. Filthy lucre
   A. The Bible condemns using the ministry for financial gain **(1Sa 8:3; 1Ti 3:3; Tit 1:7, 11; 1Pe 5:2)**.
      i. Lucre *n.* – 1. Gain, profit, pecuniary advantage. Now only with unfavourable implication: Gain viewed as a low motive for action; 'pelf'. *filthy lucre*:
      ii. Pecuniary *adj.* – 1. Consisting of money; exacted in money.
      iii. Filthy *adj.* – 1. a. Full of filth; besmeared or defiled with filth; dirty, foul, nasty, unclean. 3. Morally foul or polluted; obscene. 1611 Bible Col. iii. 8 You also put off all these, anger+filthy communication out of your mouth.
   B. But this does not mean that money or the acquisition of it is evil.
   C. A pastor is supposed to be financially compensated for his labor **(1Co 9:6-14)**, but he is not to be in the ministry for the purpose of making money.

V. Does money buy happiness?
1. A certain amount of money can buy a certain amount of happiness.
   A. $3 will buy a good cup of coffee which will bring some people happiness.
   B. $15 will buy a delicious lunch at one's favorite restaurant which will bring happiness.
   C. $200/month in Florida in August will buy air conditioning which will bring much happiness.
2. Studies and surveys have shown that an increase of income correlates to an increase of happiness, but only to the point at which one's needs are met and one can live comfortably.
   A. "A 2010 study based on a Gallup poll of more than 450,000 respondents suggests that making an income up to $75,000 a year may make you feel more satisfied with your life. This survey only looked at people in the United States. Another Gallup poll from 2017Trusted Source surveyed people from around the world and resulted in similar findings. According to survey results, emotional well-being may be reached when a person earns between $60,000 and $75,000. Satiation may occur when a person earns around $95,000." (Tim Jewell, *Can You Buy Happiness?*, Healthline, 10-29-2019)
   B. "A 2010 study by noted economist and psychologist Daniel Kahneman found that, where wealth is concerned, a person's satisfaction with their life no longer increases after about $75,000 a year. At this point, most people are better able to handle major life stressors like poor health, relationships, or loneliness than if they're making less or are below the poverty line. Beyond that, daily habits and lifestyle are the main drivers of happiness." (Ibid)
   C. Solomon's experience confirms the findings of this study.
   D. Great wealth did not bring him great happiness **(Ecc 2:1-11)**.
   E. If your basic needs are met and you are not happy, chances are you will not be any happier with more money.
   F. For most people, the more they make, the more they spend.

        i. The more they spend, the more stuff they have to manage and maintain.
        ii. The more they have to manage and maintain, the more stress they have **(Ecc 5:11-12)**.
        iii. The more possessions and stress they have, the less time they have to spend building quality relationships which brings true happiness.
3. Money will not buy true happiness.
    A. "Understand that happiness is not based on possessions, power, or prestige, but on relationships with people you love and respect." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #383)
    B. "Don't think you can fill an emptiness in your heart with money." (Ibid, #798)
    C. "Money is the short end of life, but everybody needs a little." (Leon Wagner)

VI. Acquiring money and wealth

1. If we are to have wealth legitimately, it must be worked for.
    A. Wealth that is gotten by hard work will last, but wealth gotten by vanity (luck, lottery, etc.) will not last **(Pro 13:11)**.
    B. Someone that comes into great wealth through inheritance will likely lose it just as quickly **(Pro 20:21)**.
    C. The prosperity of fools shall destroy them **(Pro 1:32)**.
    D. Talk is cheap: people that only talk about making money usually don't have any **(Pro 14:23)**.
    E. Karl Marx's wife allegedly exhorted him to quit writing so much about capital and start working to earn some.

2. Being an employee, self-employed, or an employer
    A. Your income is your greatest wealth-building tool.
        i. "I believe with everything within me that your most powerful wealth-building tool is your income. Ideas, strategies, goals, vision, focus, and even creative thinking are vastly important, but until you get control and full use of your income to build wealth, you will not build and keep wealth. Some of you might inherit money or win a jackpot, but that is dumb luck, not a proven plan to financial fitness. To build wealth, YOU will have to regain control of your income." (Dave Ramsey, *The Total Money Makeover*, p. 109)
        ii. "You'll hear this from me a lot: your income is your most powerful wealth-building tool. But you'll only build that wealth and security if you free your income from accidental, careless spending and an endless cycle of debt payments." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 64)
        iii. Managing your income to build wealth will be covered later.
    B. Employees are called laborers in the Bible.
        i. <u>Laborer</u> *n*. – 1. One who performs physical labour as a service or for a livelihood; *spec*. one who does work requiring chiefly bodily strength or aptitude and little skill or training, as distinguished, e.g., from an artisan

(often with defining word prefixed, as *agricultural, bricklayer's, dock, farm, mason's labourer, etc.*). 2. *gen*. One who does work of any kind, a worker.

ii. Laborers earn wages **(Joh 4:36)**.
   (i) Laborers are hired for an agreed upon wage **(Mat 20:1-2)**.
   (ii) A laborer's pay is called his *hire* **(Deut 24:14-15; Mat 20:8)**.
   (iii) Hire *n*. – 1. Payment contracted to be made for the temporary use of anything. 2. Payment contracted to be made for personal service; wages.
   (iv) A laborer is worthy of his wages **(Luk 10:7; 1Ti 5:18)**.

iii. Employees have the right to negotiate their pay with their employer **(Gen 29:15-18; Gen 30:25-34)**.

iv. There is nothing wrong with being a laborer.

v. There is no such thing as a "base" job **(Pro 14:23)** as long as it is honest work and a man does it diligently **(Rom 12:11)** as unto the LORD **(Col 3:23-24)** with all his might **(Ecc 9:10)**.

vi. Any man who works honestly, diligently, and as unto the LORD will not have a "base" job for long.
   (i) He that is diligent in his business is going places **(Pro 12:24; Pro 22:29)**.
   (ii) Diligent *adj*. - 1. Of persons: 'Constant in application, persevering in endeavour, assiduous', industrious; 'not idle, not negligent, not lazy.'
      1. Assiduous *adj*. - 1. Of persons or agents: Constant in application to the business in hand, persevering, sedulous, unwearyingly diligent.
      2. Industrious *adj*. - 1. Characterized by or showing intelligent or skilful work; skilful, able, clever, ingenious. 2. Characterized by or showing application, endeavour, or effort; painstaking, zealous, attentive, careful.
   (iii) He that works diligently will prosper **(Pro 10:4; Pro 13:4; Pro 21:5)**.
   (iv) Consider the following people in the Bible who were diligent in their business and were promoted for it.
      1. Joseph **(Gen 39:1-6; Gen 41:39-43)**.
         a. Prosperous *adj*. – 1. Having continued success or good fortune; consistently successful; flourishing, thriving.
         b. Prosper *v*. – 1. a. *intr*. Of a person, community, etc.: To be prosperous, fortunate, or successful; to flourish, thrive, succeed, do well.
         c. Joseph was successful in whatever he did because the Lord was with him, and he obviously worked diligently at it.
      (v) David **(1Sa 18:5)**.
      (vi) Jeroboam **(1Ki 11:28)**.
      (vii) Daniel **(Dan 6:3)**.
      (viii) Paul the apostle **(1Co 15:10 c/w 2Co 11:5 & 2Co 12:11)**.

vii. If you are faithful in your current job, your boss will know that you will be faithful with more responsibility and you will be promoted **(Luk 16:10)**.
  (i) "When you find someone doing small things well, put him or her in charge of bigger things." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #710)
  (ii) If you are not faithful in your current position, why would anyone want to promote you to a higher one **(Luk 16:11)**.
  (iii) If you are not faithful with your employer's equipment, money, and customers, why would God give you your own business **(Luk 16:12)**.

C. Employees are called hirelings in the Bible.
  i. Hireling *n*. – 1. One who serves for hire or wages; a hired servant; a mercenary (soldier).
    (i) Employees almost never care about the business as much as the business owner does **(Joh 10:11-13)**.
    (ii) If an employee cares about the business and treats it as his own, he will be highly valued by his employer and will almost certain advance in the company.
  ii. A hireling is rewarded for his work with wages **(Job 7:2)**.

D. Employees are a type of servant.
  i. Servant – *n.* A person of either sex who is in the service of a master or mistress; one who is under obligation to work for the benefit of a superior, and to obey his (or her) commands. 1. A personal or domestic attendant; one whose duty is to wait upon his master or mistress, or do certain work in his or her household. (The usual sense when no other is indicated by the context; sometimes with defining word, as domestic servant.) 2. a. In a wider sense: One who is under the obligation to render certain services to, and to obey the orders of, a person or a body of persons, esp. in return for wages or salary.
  ii. Obligation – 1. The action of binding oneself by oath, promise, or contract to do or forbear something; an agreement whereby one person is bound to another, or two or more persons are mutually bound; also, that to which one binds oneself, a formal promise.
  iii. Hirelings are a type of servant **(Job 7:2)**.
  iv. Servants who work for wages are called hired servants **(Lev 25:6, 53; Mar 1:20; Luk 15:17)**.
  v. Hired - *ppl. adj.* 1. Engaged or employed for payment; let out on hire: mercenary.
  vi. Mercenary - *n*. 1. One who labours merely for hire; a hireling, a mercenary person.
  vii. Mercenary - *adj*. 1. Of persons: Working merely for the sake of monetary or other reward; actuated by considerations of self-interest.

E. The employer is the master; the employee is the servant.
  i. Employer - *n.* a. One who employs. Const. of. b. *spec.* One who employs servants, workmen, etc. for wages.
  ii. Master - 1. a. *gen*. One having direction or control over the action of another or others; a director, leader, chief, commander; a ruler, governor.

iii. <u>Employee</u> - *n.* a. A person employed for wages; b. (nonce-use.) Something that is employed.
iv. Though an employer is the master in the relationship, he is still under obligation by God and by the law to pay the wages he has agreed to pay to his laborers/servants when he has agreed to pay them **(Deut 24:14-15; Lev 19:13; Jer 22:13; Mal 3:5)**.
v. If you don't think you're being paid or treated fairly, ask for a raise and/or better working conditions.
vi. If your employer will not grant your request, you have two choices: quit or keep your mouth shut.
vii. Be content with your wages **(Luk 3:14)**.
    (i) If you agreed to work for a certain wage, as long as your employer pays you that wage, you have no right to complain about it **(Mat 20:10-15)**.
    (ii) "Never criticize the person who signs your paycheck. If you are unhappy with your job, resign." (H. Jackson Brown Jr., *The Complete Life's Little Instruction Book*, #185).
        1. Side note: never quit a job until you have found another one.
        2. First, you never know how long it might take to find another job.
        3. Second, it's much easier to find a job when you have a job.
            a. There are two reasons for this.
            b. First, it looks better to a prospective employer when you have a job. If you are unemployed, it could be due to no fault of your own, but it could also be that you were fired for being lazy, incompetent, disagreeable, or dishonest.
            c. Second, you will be far more at ease in an interview when you already have a job and don't *need* a different one.
            d. Interviewers will pick up on desperation and be turned off by it. On the other hand, they will also perceive calmness and confidence and be impressed by it.
    (iii) Complaining about your employer is wrong unless he has not fulfilled his end of the contract **(Gen 29:25; Gen 31:7-8, 41; Jam 5:4)**.
    (iv) Why would you complain about the one person or company in the world who actually employs and pays you when thousands of others offer you no opportunity and pay you nothing?

F. Being an employer is very difficult.
    i. He had to work and under-consume to save up enough money to start a business.
    ii. He had to risk his savings on an endeavor that was likely to fail (as most start-up businesses do).
    iii. He had to put in very long hours to start, grow, and sustain his business.
    iv. He has to pay his employees whether or not he makes any money.

v. He has to train his employees and oftentimes make no money from them for a season until they are trained and proficient at their job.
vi. He has to worry about whether he can make payroll.
vii. He has the stress of knowing that his employees and their families depend on him.
viii. He has to pay high taxes.
ix. He has to comply with onerous regulations.
x. He has to forecast future revenue and hire or fire people accordingly.
xi. Honest entrepreneurs and business owners should be respected and admired, not envied and disdained.
xii. "I have no complex about wealth. I have worked hard for my money, producing things people need. I believe that the industrial leader who creates wealth and employment is more worthy of historical notice than politicians or soldiers." (Paul Getty)

G. Being an employee is very easy compared to being an employer.
i. An employee takes on very little risk when he takes job.
ii. He is guaranteed a paycheck, whether or not the company is profitable.
iii. If something goes wrong, the employee could lose his job and have to find another one, but the employer has lost all that he worked for for years.
iv. Normally speaking, when the employee goes home, he doesn't have to worry about the business.
v. He gets paid while he is in training and not making the company much, if any, money.
vi. If he isn't happy with his job, he can find another one doing the same thing or something else.
vii. His taxes are extremely simple.
viii. He has no (or very limited) regulations to comply with.
ix. Most people are not cut out to be self-employed business owners.
x. This is why most people are employees and very few are employers.

H. It is just and right for an employer to make profit from the labor of his employees.
i. An employer assumes a lot of risk when starting a business and hiring employees.
ii. In most cases, the employer must pay his employees for their labor before he receives the revenue they generate.
iii. The employee gets paid for his labor immediately (or within a short period of time) and assumes very little risk.
iv. The employer risks paying the employee, but never getting compensated.
v. The employer provides the employee with equipment, tools, and machines that make him far more productive than he otherwise would be.
vi. The employee would never be able to produce enough output with only his two hands to earn the kind of wage that his employer pays him.
vii. A man would be crazy to start a company, employ others, and take on huge risk to only be paid the same hourly wage that he could make working for someone else.
viii. Profit is the reward that the employer receives for the risk he took.

ix. The only people in this world who are ever going to make a lot of money (with very few exceptions) are business owners.
    (i) Highly skilled people who work for others can make a good living, but they will never make huge sums of money, because one can only trade his hours for a limited amount of money.
    (ii) Trading time for money will never make one super wealthy.
    (iii) Only those who learn how to make money when they are not working will generate large amounts of wealth.
    (iv) "If you don't find a way to make money while you sleep, you will work until you die." (Warren Buffet)
    (v) Although most people will never make huge sums of money from their labor, nearly anyone who has a decent income, is frugal, and saves and invests his money wisely **(Mat 25:16-17)** can accumulate a lot of money over time.

I. Unions
  i. When the topic of unions comes up, always remember that the employer is the master and the employees are the servants.
    (i) Workers have a right to request higher wages and better working conditions.
    (ii) Employers have a right to grant or deny those requests.
    (iii) If a worker doesn't like his wage, benefits, or working conditions, he can quit.
    (iv) Workers have a right to collectively ask for higher wages, etc.
    (v) Employers have a right to deny such requests.
    (vi) Workers only have a right to form a union to bargain for better pay, etc. only if the employer grants them that right.
    (vii) If the employer doesn't want his workers to unionize, he has the right to fire any who try to do so.
  ii. Unions, unless allowed by the employer, are wrong.
    (i) Servants have no right to create an organization that operates within a company without the owner's approval.
      1. The earth cannot bear servants reigning **(Pro 30:21-22)**.
      2. It is not seemly for servants and rulers to switch places **(Ecc 10:5-7; Pro 19:10)**.
    (ii) Servants have no right to demand concessions from their master.
    (iii) An employer has the right to do whatever he wants with his own company and pay his workers whatever he has agreed to pay them **(Mat 20:15)**.
  iii. Unions are unnecessary.
    (i) The free market will raise wages to a fair rate when employers and employees are able to freely negotiate wages.
    (ii) If an employer is offering too low of wages, his employees will go to a competitor who is offering higher wages which will force him to increase his wages or go out of business.
  iv. Unions are harmful.

(i) Unions oftentimes seek to increase wages above the market rate, which will cause companies to become unprofitable and go out of business.
(ii) They also disincentivize hard work and diligence because all workers get raises, regardless of performance.
(iii) They protect lazy people from being fired.

3. Receiving an inheritance
   A. Another way to acquire money and wealth is by inheriting it.
   B. This is an inferior way to build wealth because something that is not worked for is usually not appreciated or managed well.
      i. "*Note that in eight of the ten occupational categories, gift receivers have smaller levels of net worth (wealth) than those who do not receive gifts.*" (emphasis in the original) (Thomas J. Stanley, *The Millionaire Next Door*, p. 152)
      ii. "Many of the most highly productive sons and daughters receive no wealth transfers whatsoever. Yet as we have discussed in Chapter 5, that's one reason they're wealthy!" (Thomas J. Stanley, *The Millionaire Next Door*, p. 176)
   C. Inheritances often turn out to not be the blessings they at first appear to be **(Pro 20:21)**.
      i. An inheritance gotten in youth will be squandered by most people **(Luk 15:12-14)**.
      ii. Many older people quickly spend the inheritance they are given as well.
      iii. I have witnessed this.
      iv. Leaving an inheritance or giving financial gifts to children will often make them worse off in the long run.
         (i) "For example, affluent parents often subsidize their children's purchase of a home. The intent may be to help their children 'get started on the right foot.' The parents assume that such gifts are a once-in-a-lifetime phenomenon. Some have told us that they thought 'this would be the last dollar the kids would ever need.' They assume that the recipients of their kindness will be able to 'do it on their own' in the near future. Nearly half the time, they are wrong.

         "Gift receivers frequently are underachievers in generating income. All too often the income of the gift receiver does not increase at the same rate as his consumption. Remember, expensive homes are typically located in what we call high-consumption neighborhoods. Living in such neighborhoods requires more than just being able to pay the mortgage. To fit in, one needs to 'look the part' in terms of one's clothing, landscaping, home maintenance, automobiles, furnishings, and so on. And don't forget to add high property taxes to all the other items.

"Thus, a gift of a down payment, whether full or partial, can place a recipient on a treadmill of consumption and continued dependence on the gift giver. But the majority of these recipients' neighbors, more likely than not, receive no cash gifts from their parents. They are much more content and confident about their lifestyle than most gift receivers are. Many gift receivers in such situations become sensitive to the need for continued economic outpatient care. Their orientation may even dramatically change from a focus on self-generated economic achievement to one of hoping for and contemplating the arrival of additional gifts. Underachieving income producers in such cases find it nearly impossible to accumulate wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 153)

(ii) "The more dollars adult children receive, the fewer dollars they accumulate, while those who are given fewer dollars accumulate more.

"This is a statistically proven relationship. Yet many parents still think that their wealth can automatically transform their children into economically productive adults. They are wrong. Discipline and initiative can't be purchased like automobiles or clothing off a rack." (Thomas J. Stanley, *The Millionaire Next Door*, p. 168)

(iii) "Is a rent-free environment ideal for a young entrepreneur? We don't think so. Nor is the gift of a business. The most successful business owners are the ones who put much of their own resources behind their ventures. Many succeed because they *have* to succeed. It's their money, their product, their reputation. They have no safety net. They have no one else to rely upon for their success or failure." (Thomas J. Stanley, *The Millionaire Next Door*, p. 168)

(iv) If you want to make your broke, big-spending, financially irresponsible, or lazy children better off, give them nothing.

(v) Sadly, that is the opposite of what most parents do.

(vi) "Often the unemployed have a history of being in and out of work. Others are so-called professional students. Typically, their parents view these children as needing the money more than their brothers and sisters do, now and in the future. Thus, the unemployed are more than twice as likely as their working brothers and sisters to receive inheritances." (Thomas J. Stanley, *The Millionaire Next Door*, p. 191)

D. Wise men often have a sad reality to face—they spend a lifetime saving and being prudent with their money, only to leave it to children or others who will waste it **(Ecc 2:18-21; Psa 39:6)**.

i. Deciding who to leave his wealth to is a very difficult decision for a wise man.
ii. I personally would want to leave my wealth to someone who both needs it and will be wise with it.
iii. But those two things are usually mutually exclusive because those who need money usually are not wise with it, and those who are wise with it usually don't need more.
iv. Some wise men are inclined to leave their wealth to those who are already well-off—having demonstrated an ability to manage money well—and therefore they know that their hard-earned money will not be wasted **(Mat 25:28-29)**.
v. I think this is a wise approach, but one which will make most people angry with you and question your character **(Luk 19:24-26)**.
vi. If a wealthy person has adult children or grandchildren that he is considering leaving an inheritance to, consider doing the following.
    (i) Give $10,000 to each child or grandchild and tell them it is theirs to do whatever they want with it. Tell them that all you ask is that they let you know in a year what they did with the money.
    (ii) Those who spent all or most of it on consumer goods (vehicles, toys, furniture, unnecessary home improvements, etc.) or leisure/entertainment (vacations, going out to eat, going to shows, etc.) should receive no inheritance because have proven that they will waste it **(Luk 16:10b-12)**.
    (iii)Those who save or invest all or most of it are worthy to receive an inheritance because they have shown themselves to be wise, prudent, and responsible with money **(Luk 16:10a)**.

E. It takes wisdom for an inheritance to be a blessing instead of a waste **(Ecc 7:11)**.
F. The prosperity of fools will destroy them **(Pro 1:32)**, especially when it is unearned prosperity.

4. Winning the lottery
    A. Winning the lottery will bring a man wealth and often subsequent poverty just about as quickly.
    B. Wealth gotten by vanity will not last **(Pro 13:11)**.
    C. "Lottery winners are more likely to declare bankruptcy within three to five years than the average American. What's more, studies have shown that winning the lottery does not necessarily make you happier or healthier." (Abigail Johnson Hess, Here's why lottery winners go broke, 8-25-2017)
    D. Lottery winners' lives are often ruined due to lack of money management skills, friends and family seeking money **(Pro 14:20; Pro 19:4, 6)**, and being the target of thieves **(Pro 13:8)**.
    E. The only way that winning the lottery (multiple millions) could be a blessing and not a curse is if the winner did not change his lifestyle and told nobody that he won.
    F. Most people do not have the wisdom and the self-discipline to do that though.

5. Begging
   A. <u>Beg</u> *v.* – 1. To ask alms or by way of alms. a. *trans*. To ask (bread, money, etc.) in alms or as a charitable gift; to procure (one's living) by begging.
   B. Begging is not an honorable way to acquire wealth **(Luk 16:3)**.
   C. Righteous people and their children will not have to beg **(Psa 37:25)**.
      i. This is because God promises to provide for them **(Pro 10:3; Php 4:19)**.
      ii. This is also because they obey the word of God and work for a living, save money, and spend wisely (more on this later).
   D. If you don't work when you should, you might end up having to resort to this ignominious practice **(Pro 20:4)**.
   E. If a man begs because he is blind or incapable of providing for himself, that is one thing **(Mar 10:46; Joh 9:8)**; but if he begs due to laziness or foolish choices, that is another.

6. Theft
   A. Theft is another way to acquire wealth, but it will obviously not be blessed by God **(Exo 20:15)**.
   B. Theft can take many forms other than straight-up forcibly stealing someone else's wealth.
   C. Fraud, unjust lawsuits, or voting for politicians who will steal other people's money through taxation and give it to you are all forms of theft.
   D. "The darkest hour of any man's life is when he sits down to plan how to get money without earning it." (Horace Greeley)

VII. Saving

1. Saving is hard.
   A. It requires sacrifice, self-denial, and discipline, which is why most people don't do much of it.
   B. But it pays off later by giving you a blessed life of peace, satisfaction, fulfillment, and opportunity.
   C. "Most of us want to be wealthy, but most of us do not spend the time, energy, and money required to enhance our chances of realizing this goal." (Thomas J. Stanley, *The Millionaire Next Door*, p. 94)
   D. Discipline is the key.
      i. "When it comes to saving money and building wealth over the long haul, nothing is more important than discipline." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 16)
      ii. "Too many people skip the discipline and try to go straight to the enjoyment. That's a recipe for disaster. That's how so many people get hooked on playing the lottery or go broke in a horrible get-rich-quick scheme that falls apart. Wealth building is a marathon, not a sprint. There really aren't any shortcuts. That's why most people don't do it; if building wealth were easy, everyone would be rich!

“What if you squeezed an extra $100 out of your budget every month? If you saved just $100 a month, every month, from age twenty-five to age sixty-five (your working lifetime) at the stock market average return of 12 percent, you’d retire with more than $1.1 million! You’d be a millionaire with just $100 a month!” (Ibid, p. 17)

iii. “How do you become wealthy? Here, too, most people have it wrong. It is seldom luck or inheritance or advanced degrees or even intelligence that enables people to amass fortunes. Wealth is more often the result of a lifestyle of hard work, perseverance, planning, and, most of all, self-discipline.” (Thomas J. Stanley, *The Millionaire Next Door*, pp. 1-2)

E. “Easy choices, hard life. Hard choices, easy life.” – Jerzy Gregorek

F. **“If you will live like no one else, later you can live like no one else.”** (Dave Ramsey, *The Total Money Makeover Challenge*, p. 5)

i. “…if you will make the sacrifices now that most people aren’t willing to make, later on you will be able to live as those folks will never be able to live.” (Ibid, pp. 5-6)

ii. “Winning at money is 80 percent behavior and 20 percent head knowledge. What to do isn’t the problem; doing it is. Most of us know what to do, but we just don’t do it.” (Ibid, p. 4)

iii. “What have we discovered in all of our research? Mainly, that building wealth takes discipline, sacrifice, and hard work. Do you really want to become financially independent? Are you and your family willing to reorient your lifestyle to achieve this goal? Many will likely conclude they are not. If you are willing to make the necessary trade-offs of your time, energy, and consumption habits, however, you can begin building wealth and achieving financial independence.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 5)

iv. “What if your goal is to become financially independent? Your plan should be to sacrifice high consumption today for financial independence tomorrow.” (Ibid, p. 67)

G. Start now.

i. “The trick is, though, that you have to start *right now!* No matter how young or how old you are, all the time you have is all the time you have. You have to start where you are. So if you’re under twenty-five, stop thinking you have all the time in the world. And if you’re over forty, do not let regret keep you from getting this stuff going now. You have plenty of time left! It’s never too late to start moving in the right direction!” (Dave Ramsey, *Dave Ramsey’s Complete Guide to Money*, p. 20)

ii. To use a principle in scripture, “…To day if ye will hear his voice, harden not your hearts…” **(Heb 3:15)**.

H. My life story pertaining to frugality and saving.

i. “Whatever your income, always live below your means.” (Thomas J. Stanley, *The Millionaire Next Door*, p. 161)

ii. I am supposed to be your example in all areas of life, including my manner of life **(1Ti 4:12; 1Pe 5:3)**.
   (i) <u>Conversation</u> *n*. – 1. The action of living or having one's being in a place or among persons.
   (ii) Church members are to *consider* the *conversation* of their pastor and follow it **(Heb 13:7)**.

iii. You would not be aware of the example I have set in some areas of my life unless I tell you about, especially since a lot of what I am going to tell you happened before you knew me.

iv. Telling my life story to you is Biblical **(Php 3:4-8; Gal 1:13-24; 2Co 11:21-33; Act 22:1-21; 2Ti 3:10)**.

v. Tell the story.

2. Why save?
   A. We must be good stewards of what God has given us.
      i. Saving and investing money is commended by God **(Mat 25:14-30; Luk 19:12-27)**.
      ii. A fool spends everything he makes **(Pro 21:20)**.
      iii. An even bigger fool spends more than he makes (going into debt).
      iv. Strong men retain riches **(Pro 11:16 c/w Pro 24:3-5)**.
      v. If you send everything you make, you are demonstrating that you are a weak, foolish person.
   B. It is wise and godly to save money and not spend everything we make.
      i. We should save to give a portion of our income to God **(1Co 16:1-2; Pro 3:9-10; 1Co 9:7-14)**.
      ii. We should save for a rainy day and for retirement.
         (i) Go to the ant, thou sluggard **(Pro 6:6-9; Pro 30:25)**.
         (ii) Why do ants know to lay up in store for the future, but most Americans don't?
         (iii) The following statistics are from 2015.

American Family Financial Statistics	**Data**
Average American family savings account balance	$3,950
Percent of working Americans who are not saving for retirement	40%
Percent of American families who have no savings at all	25%
Average amount saved for retirement	$35,000
Average American household debt	$117,951
Average American family home value	$160,000
Average amount owed on home mortgage	$95,000
Average American household annual income	$43,000
Average credit card debt	$2,200
Percent of American workers who postponed their retirement age this year	24%
Percent surveyed who are very confident about having enough money for retirement	18%
Percent of American adults who do not have a bank account	7.7%
Percent of American adults who have an emergency fund to fall back on	38%

(*American Family Financial Statistics*, Statistic Brain Research Institute, April 27, 2015)

C. The following is from 1996, and, as you can see, things have only gotten worse in the last 30 years.
   i. "The median (typical) household in America has a net worth of less than $15,000, excluding home equity. Factor out equity in motor vehicles, furniture, and such, and guess what? More often than not the household has zero financial assets, such as stocks and bonds. How long could the average American household survive economically without a monthly check from an employer? Perhaps a month or two in most cases. Even those in the top quintile are not really wealthy. Their median household net worth is less than $150,000. Excluding home equity, the median net worth for this group falls to less than $60,000. And what about our senior citizens? Without Social Security benefits, almost one-half of Americans over sixty-five would live in poverty." (Thomas J. Stanley, *The Millionaire Next Door*, p. 2)

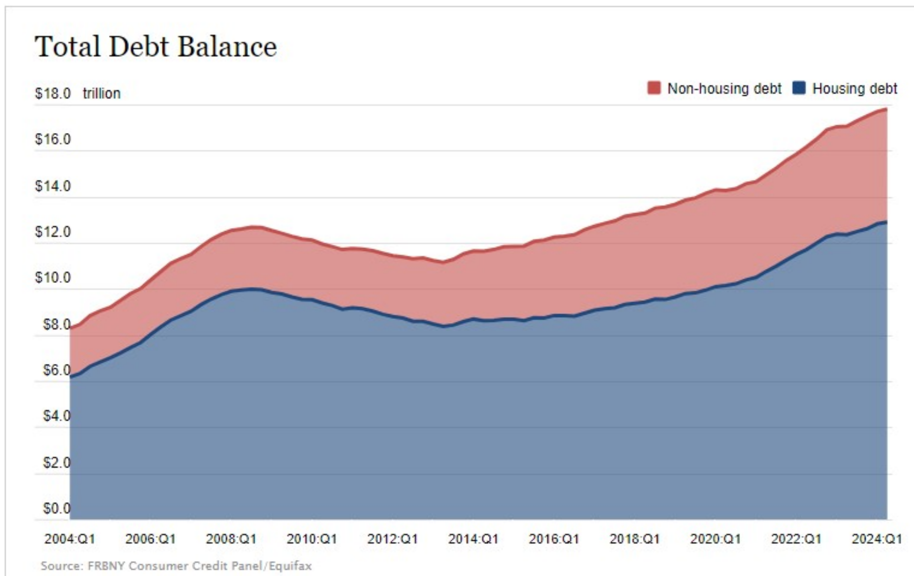
D. "A report from Interest.com, part of financial website Bankrate.com (NYSE: RATE), finds the median household savings nationwide is zero despite the average American having $668 left over each month after paying their bills. The site analyzed data from the Bureau of Labor Statistics and found that consumers are spending the leftover cash." (*Median American Savings: $0*, Fox Business, May 14, 2014)

E. The following statistics are from 2024.
   i. A recent Ramsey survey on the state of personal finance in America in Q3 2024 reported the following:
      - 50% of Americans said they're prepared financially for a recession.
      - 1 in 10 U.S. adults are investing 15% or more, and 50% aren't investing any money at all.
      - 49% of U.S. adults reported some difficulty paying bills, and 1 in 3 Americans (34%) were late on a bill payment in the last 90 days.
      - 36% of Americans said their debt load increased in the past three months, and 34% said they are now carrying more than $10,000 in consumer debt.
      - Over half of Americans (54%) said they have accepted that debt is simply a way of life and no big deal.
      - On average, Americans plan to spend nearly $800 on gifts this coming holiday season.
      - Over half of U.S. adults (54%) said they will make a budget for their holiday spending.
      - 35% of Americans said they probably won't be able to afford their holiday spending and will use credit cards to make up the difference.

      (*The State of Personal Finance in America Q3 2024*, Ramsey Solutions, 10-18-2024)

   ii. From the Federal Reserve Bank of New York:

- “Household Debt Ticks Up to $17.80 Trillion in Second Quarter; Mortgage Originations Remain Low. Total household debt rose by $109 billion to reach $17.80 trillion, according to the latest Quarterly Report on Household Debt and Credit. Mortgage balances were up $77 billion to reach $12.52 trillion, while auto loans increased by $10 billion to reach $1.63 trillion and credit card balances increased by $27 billion to reach $1.14 trillion. The volume of mortgage originations remained low, primarily due to subdued refinancing activity. Homeowners continued to increase balances on home equity lines of credit (HELOC) as an alternative way to extract home equity; HELOC limits rose by $3 billion, marking the ninth consecutive quarterly increase.”



(Household Debt and Credit Report - Q2 2024, Federal Reserve Bank of New York)

iii. From a Radical Fire article:

- 54% of Americans Live Paycheck to Paycheck - According to a PYMNTS and LendingClub survey, 54% of Americans live paycheck to paycheck. In addition to that, 40% of people earning more than $100,000 per year said they lived paycheck to paycheck as well.
- 61% of Americans Struggle to Pay a $1,000 Emergency
- Only 24% of Millennials Have Basic Financial Literacy
- 21% of Americans Don’t Save Anything of Their Annual Income
- 1 in 3 Americans Have Saved $0 For Retirement - 56% have less than $10,000 saved for retirement. 33% of Americans have nothing saved for retirement.

(Marjolein Dilven, *5 Scary Financial Statistics [& How To Avoid Them]*, Radical Fire, 5-31-2023)

iv. "A recent MarketWatch Guides survey found that 66.2% of Americans feel they're living paycheck-to-paycheck. The same survey found that of the 48.6% of respondents who reported being broke, 92.1% were living paycheck-to-paycheck." (*American Savings Statistics*, MarketWatch, 8-9-2024)
v. This is from 2007: "49% of Americans could cover less than one month's expenses if they lost their income." (Dave Ramsey, *The Total Money Makeover*, p. 107)
vi. This is from 2011: "70 percent of Americans are living paycheck to paycheck, just one missed payday away from disaster." (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 62)
vii. "National Payroll Week's 2008 'Getting Paid in America' survey found that 70 percent of Americans would have difficulty meeting current financial obligations if their next paycheck was delayed by only one week." (Ibid, p. 76)

F. We should save to help the poor.
   i. Those that help the poor will be blessed **(Pro 22:9)**.
   ii. Those that honor God have mercy on the poor **(Pro 14:31)**.
   iii. God will repay those who give to the poor **(Pro 19:17; Pro 28:27)**.
G. We should save to give an inheritance to our children and grandchildren **(Pro 13:22; Pro 19:14; 2Co 12:14)**.

3. The need for an emergency fund
   A. Unexpected expenses happen and should be planned for **(Ecc 9:11-12)**.
   B. If you own a house, you better be financially prepared for major "unexpected" expenses.
   C. The more vehicles and equipment you own, the more "unexpected" expenses you should expect.
   D. If you have no emergency fund, you are one unexpected expense away from financial hardship, or even financial ruin.
   E. "An emergency fund doesn't just give you peace of mind; it also saves you money on insurance because you can afford a higher deductible!" (Dave Ramsey, *Dave Ramsey's Complete Guide to Money*, p. 151)
   F. An emergency fund will be discussed in more detail later in the section on Dave Ramsey's Baby Steps.

4. When to save
   A. Early in life
      i. Parents should teach their children to start saving money (and tithing as well) from the youngest of ages as soon as they acquire money from gifts or from doing tasks around the home for which they are paid.
      ii. Never loan your children money to buy anything.

iii. Make your children save money and pay for things they want which are beyond their basic needs (like food, clothing, shelter, and medical care).
iv. When a child gets his first job, I recommend requiring him to save 50% of his earnings and give 10% to the Lord.
v. This will get him off to a good start in life, both in terms of wealth and money management skills.
vi. Parents, if you do not teach your children to manage money well and to be savers, both by your precept and example, your children will likely end up being broke for their entire lives.
vii. "UAWs [under accumulators of wealth] tend to produce children who eventually become UAWs themselves. What is expected of children who are exposed to a household environment predicated upon very high consumption, few—if any—economic constraints, little planning or budgeting, no discipline, and pandering to every product-related desire? Like their UAW parents, as adults, these children are often addicted to an undisciplined, high-consumption lifestyle. Further, these children typically will never earn the incomes necessary to support the lifestyle to which they have grown accustomed." (Thomas J. Stanley, *The Millionaire Next Door*, p. 89)
viii. On the other hand, parents who are wise with money and are savers will tend to produce children who act likewise.
    (i) "PAWs [prodigious accumulators of wealth] tend to produce children who become PAWs." (Thomas J. Stanley, *The Millionaire Next Door*, p. 90)
    (ii) If you train up a child in way he should go, especially by your example, he will not depart from it when he grows up **(Pro 22:6)**.
    (iii) This includes training him to never borrow money **(Pro 22:7)**.
    (iv) It is likely not a coincidence that Pro 22:7 follows Pro 22:6.

B. Throughout your entire life
i. Saving money should begin in early childhood and last until death (or until one has no income to save).
ii. The amount of money one saves may vary during different periods of life.
iii. Most people save little when they are young and then when they get older and see the hand writing on the wall, they decide to start getting serious about saving.
iv. This is the opposite of what should happen. Saving early in life puts time and interest to work for you instead of against you.

C. As soon as you get paid
i. Most people save whatever is left after they pay all their expenses for the month.
ii. This is foolish because it makes saving one's lowest priority and usually results in very little being saved.
iii. The wise way to save is to move a set amount or percentage into a savings account as soon as one gets paid, and then live off the rest.
iv. This makes saving a high priority and results in more money being saved and less spent and wasted.

5. How to save
    A. Save first before spending.
    B. “Do not save what is left after spending, but spend what is left after saving.” (Warren Buffett)
    C. Make it automatic.
        i. If you are on salary and your paycheck is the same every month, fortnight, or week, then this should be very easy. You can set up automatic transfers in your bank account to make this happen so you don’t even have to think about it.
        ii. If your income varies from pay period to pay period, then you may have to do this manually.
    D. When you get a raise, don’t change your spending, and save the increase.
    E. When you get a bonus or unexpected money, save most of it and only spend a little of it.
        i. Foolish people do the opposite and spend any extra money they get.
        ii. “Many Americans, especially those in the under accumulator of wealth (UAW) category, know how to deal with increases in their realized income. They spend them! Their need for immediate gratification is great.” (Thomas J. Stanley, The Millionaire Next Door, p. 29)
    F. Live well below your means.
        i. This is the only way to build wealth.
        ii. This is what all self-made wealthy people do.
        iii. “Fully 90 percent of millionaires who live in homes valued at under $300,000 are extremely satisfied with life.” (Thomas J. Stanley, *The Millionaire Next Door*, p. xii) (from the preface written in 2010)
        iv. “About one-half of the millionaires in America don’t live in upscale neighborhoods.” (Thomas J. Stanley, *The Millionaire Next Door*, p. xiii)
        v. “Interestingly, the millionaires I interviewed in Oklahoma and Texas, for example, had the same set of traditional American values as those whom I interviewed in New York City and Chicago. The large majority was keenly interested in being financially independent. That’s why they lived below their means.” (Thomas J. Stanley, *The Millionaire Next Door*, p. xiii)
        vi. “But the millionaire-next-door types do it differently. As one millionaire woman trained as an engineer told me, 'After college my husband (also an engineer) and I both got good jobs. We lived on one income and saved the other. Anytime we got raises we just saved more. We have lived in the same modest 1,900-square-foot home for twenty years.... Sometimes my kids ask if we are poor because I make them order from the $1 value menu.'” (Thomas J. Stanley, *The Millionaire Next Door*, p. xiv)
        vii. “Affluent people typically follow a lifestyle conducive to accumulating money. In the course of our investigations, we discovered seven common denominators among those who successfully build wealth.
            1. They live well below their means.
            2. They allocate their time, energy, and money efficiently, in ways conducive to building wealth.

3. They believe that financial independence is more important than displaying high social status.
4. Their parents did not provide economic outpatient care.
5. Their adult children are economically self-sufficient.
6. They are proficient in targeting market opportunities.
7. They chose the right occupation."

(Thomas J. Stanley, *The Millionaire Next Door*, pp. 3-4)

6. How much of one's income to save
   A. It depends on one's income, family size, and many other factors.
   B. A good rule of thumb is 15% of your gross income.
   C. A single man with a good job could and should save much more than this.
   D. A married man with an average salary who has six young children and a stay-at-home wife might not be able to save that much.

7. How much to have saved by the end of your working years
   A. Every Christian should strive to save enough money to take care of both his and his wife's needs for their entire lives.
   B. Parents should not expect their children to take care of them financially in old age if they were foolish with their money during their lives.
      i. Parents ought to lay up for the children, not children for their parents **(2Co 12:14)**.
      ii. If one has done his best to live frugally and save throughout his life and still outlives his savings, then it is his children's responsibility **(Mar 7:10-12)**, or even his grandchildren's or nephews' and nieces' responsibility to provide for his needs **(1Ti 5:4)**.
   C. Even though most people don't live to 90 years old, a Christian better plan on it when preparing for retirement in the event that he does live that long.
      i. A Christian man also must plan to have enough money to provide for his wife for the remainder of her life after he dies, which could be years or even decades later.
      ii. A man who does not make provision for his wife for the rest of her life after his death (when he could have) is worse than an infidel **(1Ti 5:8)**.
   D. How much is enough?
      i. First of all, do not rely on Social Security. The government's own estimates show that the SS trust fund will run out of money in 2033, and that's with optimistic assumptions about inflation, birthrates, unemployment, and economic growth.
      ii. Assuming that Social Security will be gone, or at least greatly diminished by the time you retire, I recommend that one has at least $500,000 saved with no debt by age 70. This would allow a man and his wife to live for 20 years on $36,000 per year ($3,000 per month) assuming they could make 4% interest.
         (i) The above figures do not factor in inflation, so the number would need to be higher than $500k.

(ii) If you need more than $3,000 per month to live by the time you retire (and you likely will), then you will need to have more than $500k saved.

(iii) If you want to stop working (or are forced to by circumstances) before age 70, you will need to have more saved.

(iv) You can use a retirement calculator to figure out how much you need to have saved based on how much money per month you need to live and how long you plan to (or could) live. https://www.calculator.net/retirement-calculator.html

iii. This is not even factoring in expensive medical procedures, nursing homes, etc.

iv. $100,000 of savings can be gone in a very short time these days. Plan accordingly.

E. Follow the example of the ants and work hard and lay up for the future while you can during the spring, summer, and harvest times of life so that when the "winter" of life comes, you will not be a burden on others **(Pro 6:6-8)**.

i. Without a guide, overseer, or ruler **(Pro 6:7)**, the little ant *provides* for her necessities.

(i) Provide *v.* - II. 3. *trans*. To prepare, get ready, or arrange (something) beforehand. Now rare. 1535 Coverdale Prov. vi. 7 In the sommer she prouideth hir meate, & gathereth hir foode together in ye haruest. III. 7. To equip or fit out (a person, etc.) with what is necessary for a certain purpose; to furnish or supply with something implied. In quot. 1628, to provide or furnish with a lodging.

(ii) If any provide not for his own, especially they of his own house, he is worse than an infidel **(1Ti 5:8)**.

(iii) At least half of the people in this country are not providing for themselves and their families, but are relying on the government to do so in one way or another.

(iv) "In 2011, about 49 percent of the population lived in a household where at least one member received a direct benefit from the federal government. A big chunk of these households are retirees. And about 27 percent households benefited from a means-tested poverty program." (*Who receives government benefits, in six charts*, washingtonpost.com, 9-18-2012)

(v) That number has likely grown in the last 13 years.

ii. The ant provides for her own *meat*.

(i) Meat *n.* - 1. a. Food in general; anything used as nourishment for men or animals; usually, solid food, in contradistinction to drink.

(ii) The ant works to eat, and so must we.

(iii) If a man will not work when he can, he should not eat **(2Th 3:10)**.

(iv) An idle man should suffer hunger **(Pro 19:15)**.

iii. Having provided her food in the summer, the ant gathers it in the harvest.

(i) Gather *v.* - 1. To join or unite; to put together, form by union. *Obs.* since early ME. 3. a. To bring (things) together; to collect from different quarters into one mass or place; to acquire by such means, to amass. Also to gather together.

(ii) Harvest *n.* - 1. The third of the four seasons of the year, the autumn. 2. The season for reaping and gathering in the ripened grain.

iv. *Provision* of food is made *in the summer* and *gathering* of it is done *in the harvest*.

(i) The sluggard can learn from the ant about *when in the course of life* it's important to work.

1. Spring
    a. In the springtime of life, a man is just entering his working years.
    b. This is the time to determine what talents, aptitudes, and skills God has given him and begin to get an education or learn a trade to develop his abilities.
2. Summer
    a. In the summertime of life, a man starts into his career and is in growth mode.
    b. During this time, he becomes more knowledgeable and productive and continues to increase his income.
    c. This is the time to start saving money and laying up wealth.
3. Autumn or Harvest
    a. In the Harvest time of life, a man is at the peak of his career.
    b. He has a lot of knowledge and experience and his productive capacity is at its max.
    c. He is still able to work and use his talents that he has spent a lifetime acquiring.
    d. All of the planting, watering, and weeding that he has spent years doing is now paying off with a bountiful harvest.
    e. He is making the most money of his life, and his expenses should be at the lowest point in his life, having paid off all debt and having an empty nest with his children all grown and out of the house.
    f. Now is the time to reap the reward of a lifetime of labor and work and save as much money as possible while he can still work.
    g. As Jesus taught, it's important to work while it's day because the night cometh when no man can work **(Joh 9:4)**.
4. Winter
    a. In the wintertime of life, a man is now beyond his working years.
    b. He is old and physically incapable of working.

c. At this point he should have a large store of wealth laid up that he can live off of for the rest of his life so that he doesn't have to be a burden on anyone else.

F. Americans desperately need to hear this message and learn from the wise ant because the vast majority of them have little to nothing saved for retirement.

   i. "A startling new report issued by the non-profit National Institute on Retirement Security found that despite the "recovery" of the last decade leading to all time highs in the stock market, the savings levels of Americans who seek to retire are "deeply inadequate". In fact, the median retirement account balance among working individuals was found to be $0." *("Retirement Crisis": The Typical Working American Has Nothing Saved For Retirement*, Zerohedge.com, 9-19-2018)

   ii. "The report found that more than 100 million Americans that are of working age don't have any retirement account assets in an employer sponsored 401(k) type plan, individual account, or pension, at all." (Ibid)

   iii. "To make matters worse, 4 out of 5 working Americans were also found to have less than one year's income in their retirement accounts. Even those that are trying to save for retirement are failing to do so effectively, according to the study. It's stated that 77% of Americans come up short of even the most conservative retirement savings targets for their age, based on estimates that have them working until age 67." (Ibid)

   iv. "Diane Oakley, who authored the report, stated: 'The facts and data are clear. Retirement is in peril for most working-class Americans. When all working individuals are considered—not just the minority with retirement accounts—the typical working American has zero, zilch, nothing saved for retirement.' She continued, 'What this report means is that the American dream of a modest retirement after a lifetime of work now is a middle-class nightmare. Even among workers who have accumulated savings in retirement accounts, the typical worker had a low account balance of $40,000. This is far off-track from the savings levels Americans need if they hope to sustain their standard of living in retirement.'" (Ibid)

G. A warning about relying on Social Security to provide for you in old age.

   i. Middle-aged and younger people should not include Social Security in any of their retirement planning, but should assume they will collect nothing from it.

   ii. "Retired" people who are collecting Social Security and relying on it for all, or the majority, of their income should keep working (or start working) as much as they can and saving for as long as they can, while they still can.

   iii. There are two main reasons for this.

      (i) First, when a spouse of a couple who are living on SS dies, the other spouse will lose between 33-50% of his or her income. The explanation as to why this is follows.

         1. A person has to have worked for the equivalent of 10 years (40 quarters) to collect Social Security.
         2. If a wife worked for 10+ years, she can collect based on the amount of money she "contributed" to the system.

3. If a wife was a homemaker and did not work outside the home, she can collect half of her husband's SS.
4. Let's consider two different situations.
5. <u>Situation 1</u>: both spouses worked
    a. Let's assume a best-case scenario wherein both husband and wife made the exact same amount of money and can therefore collect the same amount of SS benefits.
    b. To keep the math easy, let's assume they both are "entitled" to collect $2,000 per month.
    c. Their combined household income is therefore $4,000 per month.
    d. When either the husband or the wife dies, the other is left with only his or her SS benefit and therefore has an income of $2,000 per month.
    e. His or her household income just dropped by 50% ($2,000 per month).
6. <u>Situation 2</u>: only the husband worked
    a. To keep the math easy again, let's assume that the husband's SS benefit is $2,000 per month.
    b. Since his wife was a homemaker, she can collect half of his SS, which is $1,000 per month.
    c. Their combined household income is therefore $3,000 per month.
    d. If the husband dies, the wife stops receiving her half of his SS and instead receives his whole SS benefit, which is $2,000 per month.
    e. Her household income just dropped by 33% ($1,000 per month).
    f. If the wife dies, the husband is left with only his SS benefit of $2,000 per month.
    g. His household income has just dropped by 33% ($1,000 per month).
    h. So, no matter which spouse dies first, the other one is left to make due with $1,000 less income per month than before, which is huge.
7. So, no matter the situation, when a spouse dies, the other one is left with between 33-50% less money to live on.
    a. Can you live on 33% less income than you are right now?
    b. Someday, unless you and your spouse die at the exact same time (very unlikely), you will be. Plan accordingly.
    c. A prudent man foreseeth the evil and hideth himself **(Pro 22:3)**.

8. Given this fact, a currently retired man should not stop working and saving until his has at least $250,000 saved. The reason is as follows.
    a. Suppose the husband in Situation 2 above dies in his late 60s or early 70s and leaves his wife who is near the same age (or much younger) a widow.
    b. She could easily live for 10, 15, or even 20 years as a widow.
    c. She now has $1,000 less per month to live on.
        i. That's $12,000 per year less income to live on.
        ii. In 10 years, (in her late 70s or early 80s – or much younger) that's $120,000 in lost (and needed) income.
        iii. In 20 years, (in her late 80s or early 90s – or much younger) that's $240,000 in lost (and needed) income.
        iv. This does not factor in inflation which always outpaces SS cost of living increases.
    d. Having $250,000 saved will cover his widow's lost income if she lives for 20 years after he dies within a few years of retiring.
    e. This assumes that there will be no cuts to Social Security in the coming years, which brings me to the next point.

(ii) The second reason that men relying on Social Security should work as much as they can for as long as they can and save as much as they can while they still can is because the Social Security trust fund will be empty in eight years (2033) (https://www.ssa.gov/policy/trust-funds-summary.html).

1. The trust fund provides about 20% of the Social Security payments to current recipients.
2. "…Social Security's Old Age and Survivor (OASI) and Disability Insurance (DI) Trust Funds are only a supplemental source of Social Security's funding, currently paying for only about 20% of retirement, survivors, and disability benefits." (*What Will Happen If The Social Security Trust Funds Run Out?*, Forbes.com, 4-20-2024)
3. The other 80% comes from SS taxes paid by suckers like me and millions of other working people.
4. When the trust fund runs dry, under current law, there will be an automatic 23% reduction in SS payments *to current recipients*.
5. "Under the current law, benefits to existing retirees and beneficiaries would need to be reduced to the level that could be solely supported by FICA taxes paid by current workers at that time. According to the 2023 Social Security Trustees

Report, benefits could be reduced by as much as 23% in total." (Ibid)

6. To avoid cutting benefits, FICA taxes would have to be raised (which would further impoverish working people and would be very unpopular) or the government would have fund it from other sources (which would create more inflation).
7. What happens to the people in the above situations if there is an automatic 23% cut when the trust fund is empty?
8. <u>Situation 1</u> (from above)
    a. The couple in Situation #1 receiving $4,000/month from SS would have their benefit cut by $920/month and would only have $3,080/month of income.
    b. The widow or widower in Situation #1 receiving $2,000/month would have his/her benefit cut by $460/month and would only have $1,540/month of income. This means the widow/widower's SS income would have dropped from $4,000/month when his or her spouse was alive to $1,540/month after the automatic cut took place. This means the widow/widower would experience a 61.5% reduction in household income.
9. <u>Situation 2</u> (from above)
    a. The couple in Situation #2 receiving $3,000/month from SS would have their benefit cut by $690/month and would only have $2,310/month of income.
    b. The widow or widower in Situation #2 receiving $2,000/month would have his/her benefit cut by $460/month and would only have $1,540/month of income. This means the widow/widower's SS income would have dropped from $3,000/month when his or her spouse was alive to $1,540/month after the automatic cut took place. This means the widow/widower would experience a 48.7% reduction in household income.
    c. Can you live on 48.7% less income than you are right now?
    d. Someday, if you are a widow/widower who lives more than eight years from now and there is an automatic 23% cut to SS benefits, you will be. Plan accordingly.
    e. A prudent man foreseeth the evil and hideth himself **(Pro 22:3)**.
    f. Prepare your horse for battle and then trust the Lord to take care of you **(Pro 21:31)**.

H. You need to start saving for retirement now!

i. “How can I put this delicately? There is no shining knight headed your way on a white horse to save the day. Wake up! This is the real world where sad old people eat Alpo! Please don’t be under the illusion that this government, one that is so inept and dim-witted with money, is going to take care of you in your golden years. That is your job! This is an emergency! The house is on fire! You have to save. You have to invest in your future. You won’t be FINE! Do you get the picture?

   “We live in the land of plenty, and that has lulled a large percentage of Americans to sleep, thinking everything will be ‘okay.’ Things won’t be okay unless you make them that way. Your destiny and your dignity are up to you. You are in charge of your retirement.” (Dave Ramsey, *The Total Money Makeover*, p. 54)

ii. “What if your life depended on how you managed your 401k or whether you started your Roth IRA today? Actually, it does—because the quality of your life at retirement depends on your becoming an expert in money management today.” (Ibid, p. 63)

I. "Go to the ant, thou sluggard; consider her ways, and be wise" **(Pro 6:6)**.
   i. By doing so, you will learn a good work ethic.
   ii. By doing so, you will learn how to provide for yourself.
   iii. By doing so, you will learn how to make hay while the sun shines and lay up wealth during your working years to live on during your latter years when you can no longer work.

J. “Don’t outlive your money.” (H. Jackson Brown Jr., *The Complete Life’s Little Instruction Book*, #838)

8. Taking an account of your wealth
   A. We should periodically take an account of our wealth **(Pro 27:23-24)**.
   B. It is a good idea to have a spreadsheet which contains all of your bank account balances, investments, assets, cash, etc. which you update at least once or twice per year.

9. Financial freedom
   A. If you have money saved, you are not tied down to a particular job or location.
   B. If need be, you can quit your job and find a less stressful one.
   C. If something happens to your church, you will have the financial wherewithal to move to be a resident member of another one.

10. Financial security
   A. Money is a defense **(Ecc 7:12)**.
   B. Poor people are vulnerable to harm from any one of a thousand troubles they may face.
   C. “I never been in no situation where havin’ money made it any worse.” (Clinton Jones)
   D. While money is a defense, we must never trust in it **(1Ti 6:17; Pro 18:11)**.

11. Financial peace
    A. "I don't like money actually, but it quiets my nerves." (Joe Louis)
    B. "Financially independent people are happier than those in their same income/age cohort who are not financially secure." (Thomas J. Stanley, *The Millionaire Next Door*, p. 46)
    C. "Too many high-income/low-net worth types live from paycheck to paycheck, fearing a sudden downturn in our economy." (Ibid, p. 49)
    D. If you have money saved, you don't have to worry if the roof needs replaced, the foundation starts leaking, the HVAC system goes out, the car engine blows up, or you have an expensive medical need.

12. Saving money over a lifetime pays off.
    A. If you manage your money foolishly and save little, at the end of your life when you look at your bank account and consider the amount of money you earned over your lifetime ($1-2+ million), you will ask yourself in bewilderment, "Where did it all go?"
    B. If you manage your money wisely and fugally, at the end of your life (or much sooner) when you look at your bank account, regardless of how much money you earned over your lifetime, you will ask yourself in bewilderment, "Where did it all come from?"

13. A warning against greed
    A. <u>Greed</u> *n.* – Inordinate or insatiate longing, esp. for wealth; avaricious or covetous desire.
    B. Saving is good, but being greedy and miserly is not.
    C. They that will be rich fall into a snare **(1Ti 6:9)**.
        i. The love of money is the root of all evil **(1Ti 6:10)**.
        ii. Greed will make a man do terrible things **(Pro 1:10-19; Eze 22:12)**.
        iii. You can't serve God and money **(Mat 6:24)**.
        iv. Greedy men are sometimes drawn into the ministry **(Isa 56:11; Jud 1:4, 11)**, and therefore a pastor must make sure that a man is not such before ordaining him **(1Ti 3:3)**.
    D. Those that haste to be rich shall not be innocent and have an evil eye **(Pro 28:20, 22)**.
    E. We should not work for the sole purpose of becoming rich **(Pro 23:4)**.
    F. Those that hide their eyes from the poor are cursed **(Pro 28:27; Pro 29:7)**.
    G. Those that will oppress and defraud the poor to increase riches will be brought to poverty **(Pro 22:16)**.
    H. Those that are greedy of gain trouble their own house **(Pro 15:27)**.
    I. It's not only the rich who can be greedy; poor, lazy people can be too **(Pro 21:25-26)**.
    J. "Antoine Rivaroli said, 'There are men who gain from their wealth only the fear of losing it.'" (Dave Ramsey, *The Total Money Makeover*, p. 220)
    K. "People that have lots have nothing because they forget about Jesus and want more." (Myra Gagné)

VIII. Investing

1. Investing is often called *trading*.
   A. Invest *v.* – II. 9. a. To employ (money) in the purchase of anything from which interest or profit is expected; now, esp. in the purchase of property, stocks, shares, etc., in order to hold these for the sake of the interest, dividends, or profits accruing from them.
   B. Trading *vbl. n.* – a. The action of the verb TRADE in various senses; *esp*. the carrying on of trade; buying and selling; commerce, trade, traffic.
   C. Trade *n*. – II. 7. a. *lit*. Passage to and fro; coming and going; resort. 8. a. Passage or resort for the purpose of commerce; hence, the buying and selling or exchange of commodities for profit; commerce, traffic, trading.
   D. Trading and investing are permitted **(Gen 34:10)** and even encouraged in the Bible (see verses below).
   E. Trading is condemned only when it is practiced by proud, wicked people in an ungodly manner **(Eze 27:2-3, 12-14, 17; Jam 4:13-16)**.

2. Make your money work for you.
   A. You can do three things with your savings: spend it, do nothing with it, or invest it.
      i. Spending it all is what fools do **(Pro 21:20)**.
      ii. Doing nothing with it is what slothful, unambitious, and fearful people do **(Mat 25:18, 24-30; Luk 19:20-26)**.
      iii. Investing it is what diligent and prudent people do **(Mat 25:14-17, 20-23, 28-29)**.
      iv. All our money is God's money **(Mat 25:20, 27; Luk 19:16, 18, 20, 23)**, and God blesses those who are good stewards of what He has given them.
   B. Investing wisely enables a man to use his money to gain more money **(Luk 19:15-19)**.
   C. Gain *v*. – 1. a. *trans*. To obtain or secure (something which is desired or advantageous). 2. a. To obtain (a sum of money) as the profits of trade or speculation; to be benefited to the extent of (so much) by any transaction or event; to obtain, earn, 'make' (a livelihood). 3. a. *absol.* or *intr.* To make a gain or profit; to be benefited or advantaged, whether pecuniarily or otherwise.
   D. Wealthy people possess income-producing assets **(2Sa 12:2)**, rather than wasting most of their money on consumer goods.

3. Wealth building takes time—it is a marathon, not a sprint.
   A. Those who try to get rich quickly will end up in poverty **(Pro 28:22)**.
   B. Slow and steady wins the race.
      i. "Small amounts invested periodically also become large investments over time." (Thomas J. Stanley, *The Millionaire Next Door*, p. 54)
      ii. "Diligently investing your money, little by little over time is where real, lasting wealth comes from. Simply put, the best way to get rich quick is to get rich slow." (Dave Ramsey, *Baby Steps Millionaires*, p. 67)
      iii. "Beverly Sills, a famous opera singer, reminds us, 'There is no shortcut to any place worth going.' Our data from *The National Study of Millionaires*

indicates that almost no millionaires get there quick and easy with one big hit. Only 3% received an inheritance of $1 million or more. And only 2% of millionaires surveyed said they came from an upper-income family. Not only that, but three out of four millionaires (75%) said that regular, consistent investing over a long period of time is the reason for their success. In other words, they became wealthy slow and steady, not quick and flashy." (Ibid)

iv. "Remember, it takes the average Baby Stepper two and a half to three years to knock out Baby Steps 1-3. Then it takes the average Baby Stepper about seventeen years or less to do Baby Steps 4-7 and reach a million." (Ibid)

v. "A dollar invested in your twenties has the ability to multiply itself over and over. The key is time in the market, not timing the market." (Dave Ramsey (quoting a man named Rafael), *Baby Steps Millionaires*, p. 108)

C. Investing money over long periods of time will yield huge profits, depending on the average rate of return (and the Lord's blessing – **Pro 10:22)**. Here are some examples, which you can verify at: https://www.ramseysolutions.com/retirement/investment-calculator

  i. If an 18-year-old kid invested $583.33/month ($7,000/year, which is the current limit on a Roth IRA), at a 10% average rate of return, he would have $1,067,841 by age 46.
    (i) If the same man kept investing the same amount until he was 65, he would have $7,477,826.
    (ii) If he would have started when he was 25, would have $1,067,841 by age 53.

  ii. If a 22-year-old man just out of college making $40,000/year invested 15% of his gross income ($500/month) at a 10% average rate of return, he would have $1,017,423 by age 51.
    (i) If he kept investing that same amount, he would have $2.1 million at age 58.
    (ii) He would have $4.2 million at age 65.
    (iii) He would have $7 million at age 70.
    (iv) That is assuming that he never got a raise!

  iii. If a 43-year-old man who got off to a late start begins investing $1,000/month (15% of his $80k salary) into his 401(k), at a 10% average rate of return, he would have $1,065,548 by age 66, and $1.6 million by age 70.

  iv. It's Biblical and commended by God to invest and multiply your money by many fold, even by 10x or more **(Luk 19:16-17)**.

D. The law of 72

  i. To calculate how long it will take your money to double, divide 72 by the interest rate.

  ii. Here are some examples:
    (i) Money invested at 12% interest will double in six years (72/12=6).
    (ii) Money invested at 10% interest will double in 7.2 years (72/10=7.2).
    (iii) Money invested at 7.2% interest will double in 10 years (72/7.2=10).
    (iv) Money invested at 6% interest will double in 12 years (72/6=12).

            (v) Money invested at 4% interest will double in 18 years (72/4=18).
        iii. Compound interest is powerful.
    E. Do you see how investing is critical when it comes to building wealth?

4. Different types of retirement accounts
    A. There are different types of retirement accounts which have tax and other advantages.
    B. 401(k)
        i. 401(k) plans are offered by employers to their employees.
        ii. Most employers offer a Traditional 401(k).
            (i) With a Traditional 401(k), the employee can make contributions tax-free up to $23,500 per year (2025), and the employer often matches a percentage of the amount the employee contributes (e.g. 50% of the first $5,000).
            (ii) Both the contributions and the account earnings grow tax-free until distributions are taken after age 59½, at which time they are taxed as regular income.
        iii. Some employers also offer a Roth 401(k).
            (i) A Roth 401(k) works similarly to a Traditional 401(k) except that the contributions are made with after-tax income.
            (ii) Account earnings are tax-free as long as the withdrawal rules are met (must be at least 59½ and have been contributing to the Roth account for 5 years).
            (iii) Contributions can be taken out tax-free at any time since they were already taxed.
    C. One-Participant 401(k) — (also called, self-employed 401(k), solo 401(k), or individual 401(k))
        i. A One-Participant 401(k) is for self-employed business owners with no employees.
        ii. It works like a regular 401(k), except the business owner can contribute as both the employee and the employer, which means he can contribute up to a maximum of $70,000 per year (2025), depending on his income.
    D. IRA
        i. IRA stands for Individual Retirement Account.
        ii. IRAs can be Traditional (pre-tax contributions) or Roth (after-tax contributions).
        iii. They are setup by the account holder, not an employer.
        iv. They work similarly to 401(k)s except there is not employer matching funds and the contribution limits are much lower ($7,000 per year in 2025).
        v. They offer more investment options than 401(k)s often do.

5. Where to invest your money
    A. Invest 15% of your gross income (before taxes) into retirement accounts.
    B. Take advantage of your company’s 401(k) plan if they have one, especially if they do a match.

   i. Nearly half of millionaires rank investing in an employer-sponsored 401(k) first among financial vehicles to build wealth.
   ii. "A Table 22c indicates, 47% of millionaires in the study [The National Study of Millionaires] ranked the employer-sponsored retirement plan first, while another 30% ranked it second. As a result, this tool ended up with the largest importance factor on the list at 6.17. When combined with information from Figure 22a, the research indicates that a vast majority of millionaires used a company plan to build wealth and believe it is *the primary tool* for reaching financial independence. Likewise, the millionaires also see the importance of investing outside of the company. Nearly two-thirds of respondents ranked this as either first or second, which produced a weighted importance score of 5.84. In the research interviews, millionaires mentioned taking advantage of IRAs and ETFs (specifically low-cost index funds) as some of the keys to growing their wealth." (Dave Ramsey, *Baby Steps Millionaires*, p. 195)

C. If your employer offers a Roth 401(k), consider going with it because it will likely cause you to have more in the end after all taxes are paid.
   i. Your contributions are made with after-tax dollars.
   ii. The contributions and the earnings then grow tax-free, so when you begin to take distributions, they are not taxed.
   iii. This assumes that the government will not change the rules someday and tax the distributions of a Roth.
   iv. For those with high incomes, a Traditional 401(k) will save a lot of money in taxes up front which could be invested in a Roth IRA.
      (i) For instance, if a man has an effective tax rate of 25% and is contributing the maximum of $23,500/year in his Traditional 401(k), he would save $5,875/year in taxes.
      (ii) He could then invest that $5,875 into a Roth IRA.
         1. Using this strategy, he could invest $29,375/year and have the same out-of-pocket expense as if he had invested $23,500 in a Roth 401(k).
         2. If he used this strategy for 30 years (age 30-60, for example), the extra $5,875/year that was saved on taxes and invested in a Roth IRA would be worth $1,106,689 million, assuming a 10% average rate of return.
         3. His investments in his Traditional 401(k) would be worth $4,426,781 after 30 years, assuming a 10% average rate of return.
         4. His total investments (Traditional 401(k) and Roth IRA) would be worth $5,533,470 ($4,426,781 + $1,106,689).
      (iii) However, the $4,426,781 in his Traditional 401(k) would be taxed when he took distributions at age 60.
         1. If the $4.4M was taxed at 30% over the course of 20 years, he would only have $3,098,746 left after taxes, which means that his investments would be worth a total of $4,205,436 after taxes ($3.1M + $1.1M).

2. If his effective tax rate was 35%, he would have at total of $3,984,097 after taxes.
3. If his effective tax rate was 40%, he would have at total of $3,762,758 after taxes.

v. Despite the taxes saved up front, it appears that investing in only a Roth 401(k) would still be the most profitable after taxes are paid in the end.
  (i) If the same man invested the max of $23,500/year in his Roth 401(k), his investment would have grown to $4,426,781 over 30 years, assuming a 10% average rate of return.
  (ii) This would all be tax-free money when he starts taking distributions at age 60.
  (iii)By using only the Roth 401(k), after all taxes are paid, he would end up with between $221,345 to $664,023 more money than if he used the Traditional 401(k) and invested the money saved in taxes in a Roth IRA.

D. If your employer doesn't offer a Roth 401(k), then open a Roth IRA for you, and another one for your spouse, if need be, in order to invest 15% of your gross income (Roth IRA contribution limits are $7,000 per year in 2025).

E. Here's what Dave Ramsey recommends.
  i. First, contribute the minimum percentage of your gross income into your company's 401(k) that is required to get the full employer match (6%, for instance) because the match is free money.
  ii. Next, max out both your and your spouse's Roth IRAs until you are contributing 15% of your gross income.
  iii. If you were not able to get to 15% of your gross income using the Roth IRAs, then go back and fund your 401(k) with enough to get to 15% of your gross income.
  iv. Inside your 401(k) and IRA, invest in good mutual funds averaging 12% per year over the long term.
  v. Put 25% into each of these four categories of mutual funds: growth (mid-cap), growth and income (large-cap), aggressive growth (small-cap), and international.

F. Here's what Carlton Moore, founder of *Kingdom Wealth Building*, recommends.
  i. Like Ramsey, he recommends contributing the minimum percentage of your gross income into your 401(k) that is required to get the full employer match because the match is free money.
  ii. Inquire with your 401(k) provider to see if you can have your account "unlocked" which will allow you to invest in whatever stocks or funds you choose instead of the limited options they offer.
    (i) Do the same thing before opening a Traditional IRA and/or a Roth IRA.
    (ii) Only open an IRA (traditional or Roth) if you can "unlock" it.
  iii. Inside your unlocked 401(k) or IRA, or your individual brokerage account (i.e. Charles Schwab, Fidelity, E*Trade, etc.), buy the S&P 500.
    (i) "The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the stock performance of 500 leading

companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices and includes approximately 80% of the total market capitalization of U.S. public companies, with an aggregate market cap of more than $49.8 trillion as of March 31, 2025." (Wikipedia, S&P 500, 4-7-2025)

(ii) The S&P 500 has averaged about a 10-12% return over its history since 1926.

1. "Since its inception in 1926, the index's compound annual growth rate—including dividends—has been approximately 9.8% (6% after inflation), with the standard deviation of the return over the same time period being 20.81%. While the index has declined in several years by over 30%, it has posted annual increases 70% of the time, with 5% of all trading days resulting in record highs." (Wikipedia, S&P 500, 4-7-2025)
2. "Historically, the 30-year return of the S&P 500 has been roughly 10–12%." (Investment Calculator, RamseySolutions.com)
3. Here is a chart showing the historical returns of the S&P compared to some other stocks, bonds, and gold. (Historical Returns on Stocks, Bonds and Bills: 1928-2024)

(iii)It is very easy to "buy the S&P" today using index funds such as mutual funds and exchange traded funds (ETFs).

1. "Index funds, including mutual funds and exchange-traded funds (ETFs), can replicate, before fees and expenses, the performance of the index by holding the same stocks as the index in the same proportions. ETFs that replicate the performance of the index are issued by The Vanguard Group (NYSE Arca: VOO), iShares (NYSE Arca: IVV), and State Street Corporation (SPDR S&P 500 ETF Trust, NYSE Arca: SPY and NYSE Arca: SPLG). The most liquid based on average daily volume is (NYSE Arca: SPY), although SPY has a higher annual expense ratio of 0.09% compared to 0.03% for VOO and IVV, and 0.02% for SPLG. Mutual funds that track the index are offered by Fidelity Investments, T. Rowe Price, and Charles Schwab Corporation." (Wikipedia, S&P 500, 4-7-2025)
2. You can buy the S&P 500 by simply buying shares of one of the ETFs that replicate it such as VOO, IVV, SPY.

iv. Warren Buffett, considered by many to be the greatest investor of all time, recommends that people should just buy the S&P 500.

(i) "'Consistently buy an S&P 500 low-cost index fund,' Buffett said in 2017. 'Keep buying it through thick and thin and especially through thin.'" (*Warren Buffett's Golden Advice: S&P 500 Index Funds Reign Supreme For Retirement Success*, Yahoo Finance, 1-16-2024)

(ii) "'I recommend the S&P 500 index fund and have for a long, long time to people,' billionaire investor Warren Buffett said at Berkshire

Hathaway's annual shareholders meeting last May." (*Warren Buffett's simple investing advice that's beaten most pros for 12 straight years: Morning Brief*, Yahoo Finance, 4-27-2022)

v. Carlton says that 90% of money managers fail to "beat the market", i.e. get a better return over the long run than the S&P 500.
   (i) Yahoo Finance reports close to the same thing.
   (ii) "In a report published last month, S&P Dow Jones Indices (SPDJI) analysts found that 85.1% of U.S. large-cap equity fund managers underperformed the S&P 500 in 2021. It was the 12th straight year that more than half of the managers in this category lagged the index. In other words, investors following Buffett's advice have outperformed most professional money managers every year for more than a decade." (Ibid)
   (iii) Before choosing a mutual fund in your 401(k) or IRA, go to Google Finance (finance.google.com) and enter the ticker symbol of the mutual fund and then do a "compare to" with the S&P 500 index to see how it has performed against it.

vi. Buying the S&P and holding for the long term is the easiest way to invest your retirement money.

vii. If the S&P continues to do what it has done historically, then you will do well over time.

viii. If you think that the US stock market and economy are going to crash and never recover, then buying the S&P or mutual funds in the US stock market will probably not be your choice.

G. Here's what Peter Schiff, owner of *Euro Pacific Asset Management* and *Schiff Gold*, recommends.

i. Schiff recommends, and has for a long time, to invest outside of the US in good, foreign, dividend paying stocks.

ii. He recommends investing in gold and silver (more on this below) and other commodities which tend to do well in inflationary times.

iii. He also recommends investing in gold and silver mining companies.
   (i) When the price of the precious metals goes up, their profit goes up, and therefore their stock price goes up.
   (ii) Typically, the price of the mining companies will go up multiples of the price of the metals.
   (iii) As of 4-17-2025:
      1. Gold is up 75% from its old record high in 2011 ($1,900 to $3,330).
      2. Gold mining stocks as a group are *down* 21% from their old record high in 2011.
      3. Gold is up 215% from when it bottomed out in end of 2015 ($1056 to $3,330).
      4. Gold mining stocks as a group are up 282% from their old record high in 2011.
      5. In the previous bull market (2008-2011), gold was up 150% while gold mining stocks were up 265%.

(iv) This divergence will probably not last for much longer before gold mining stocks begin to outperform gold.
(v) Gold mining stocks are up 51% since the beginning of this year (as of 4-17-2025).
(vi) There is a large potential gain to be had at this time by investing in gold mining stocks as a whole, which one can do by buying the VanEck Gold Miners ETF (symbol: GDX).
(vii) However, investing in gold and silver mining stocks is risky and the market is very volatile, so be cautious.

iv. Peter Schiff predicted the housing and financial crisis of 2008 years before it happened.
v. He has also predicted that the US economy and stock market will crash and will be outperformed by foreign and emerging markets.
vi. He is bearish on the US stock market.
vii. Time will tell if he is right.
viii. He may have just been years early, but being years early means missing out on a lot of gains during that time.
ix. You have to make up your own mind when it comes to whose investment advice to follow.

6. Investing in precious metals
   A. Gold and silver should be a part of every portfolio, in my opinion.
   B. Gold and silver have been valued by people for thousands of years, and that is not likely to change.
   C. The word "gold" and its cognates are found 489 times in the Bible.
   D. The word "silver" is used 320 times in the Bible.
   E. Gold (and usually silver) will generally maintain their purchasing power over time and increase in value in terms of currency at the true inflation rate.
   F. But they are not an investment per se, like stocks, because they will not grow exponentially over time.
   G. For instance, if one would have invested $100 in the S&P 500 in 1928, it would have been worth $982,817.82 in 2024. If one bought $100 worth of gold in 1928, it would have been worth only $12,649.47 in 2024. (*Historical Returns on Stocks, Bonds and Bills: 1928-2024*, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html)
   H. How much precious metal should one own?
      i. I do not recommend putting all, the majority, or even a large part of one's net worth in gold and silver because they will not grow your wealth like good quality stocks will.
      ii. Some people recommend putting 5-10% of one's net worth in gold, while others recommend more in times of high inflation.
      iii. It is each man's choice of how much to own.
      iv. In an environment like today's where the dollar could lose its global reserve currency status and inflation could soar, it might make sense to have more than 5-10% of one's net worth in gold.

7. Real estate
    A. Real estate investing is another option to build wealth.
    B. There are different ways to make money in real estate.
        i. Land can be purchased and sold later after it appreciates.
        ii. Rental properties (houses, duplexes, apartments, etc.) can be purchased and rented out.
    C. Real estate investing has various tax advantages.
        i. "One of real estate investment's most compelling tax benefits is the ability to defer capital gains taxes through a 1031 exchange. This strategy allows you to sell a rental or commercial property and reinvest the proceeds into a like-kind property without triggering an immediate tax liability. By deferring capital gains taxes, you can preserve more capital for reinvestment, compounding your wealth over time. For instance, if you sell a property with significant appreciation and reinvest in a higher-value property, you continue to grow your portfolio without losing capital to taxes. The IRS has guidelines for this process, including identifying a replacement property within 45 days and completing the transaction within 180 days." (*The Top Tax Benefits of Real Estate Investments In 2024*, Forbes.com, 1-20-2025)
        ii. "Depreciation is another tax benefit that sets real estate apart. Even as your property appreciates in value, the IRS allows you to deduct the depreciation of the building over time, typically 27.5 years for residential properties and 39 years for commercial properties. This non-cash expense reduces your taxable income, saving you thousands of dollars annually." (Ibid)
        iii. "Certain types of real estate investments come with valuable tax credits. For example, projects that involve historic building restoration or low-income housing development may qualify for federal and state tax credits. These credits directly reduce your tax liability, offering dollar-for-dollar savings." (Ibid)
    D. Real estate investing also comes with headaches such as dealing with tenants who might not pay or might trash your property.
    E. One rule to remember when investing in real estate is: never borrow money to do so! Always pay cash for investment properties.

8. Financial advisors
    A. It is wise to seek counsel when making important decisions **(Pro 20:18; Pro 24:6)**.
    B. A wise man will do so **(Pro 1:5; Pro 18:15)**.
    C. People who make important decisions without wise counsel are heading for trouble **(Pro 11:14)**.
    D. The more important a decision is, the more important it is to get multiple opinions **(Pro 15:22)**.
    E. This is important in investing and wealth management.
        i. "Your ability to hire high-grade financial advisors is directly related to your propensity to accumulate wealth." (Thomas J. Stanley, *The Millionaire Next Door*, p. 105)
        ii. "…most of the PAWs [prodigious accumulators of wealth] we have interviewed make their own investment decisions. They take the time and

energy to study investment opportunities. They consult with financial advisors, but ultimately their investment decisions are their own." (Thomas J. Stanley, *The Millionaire Next Door*, p. 103)

iii. "Choose a financial advisor who is endorsed by an enlightened accountant and/or his clients with investment portfolios that in the long run outpace the market. If you don't have an accountant, hire one." (Thomas J. Stanley, *The Millionaire Next Door*, p. 108)

F. When seeking a financial advisor, it's important to consider that we are living in very different times than we were 70, 60, 50, 40, 30, 20, or even 5 years ago.

G. If a financial advisor is blindly doing what everyone did in generations past, he may be leading you into a ditch.

H. Ways to determine if you want to work with a financial advisor.
   i. What is his net worth?
      (i) If he is young, does he have a net worth over $100k?
      (ii) If he is middle-aged, does he have a net worth over $500k, excluding home equity?
      (iii) If he is nearing retirement, does he have a net worth over $1M, excluding home equity?
      (iv) If he doesn't have a high net worth for his age, then he is obviously not good at managing his money—so why would you have him manage yours?
   ii. Has be beat the S&P over the last 10+ years?
      (i) Ask a financial advisor to see a 10-year (or more) track record of his performance and see how it compares to the S&P 500.
      (ii) Ask him for a few examples of mutual funds he recommends, and then compare them to the S&P 500 in Google Finance to see how they performed against it.
      (iii) If his track record, or the funds he recommends, did not out-perform the S&P 500, then you may as well skip paying him and just buy the S&P.