SPRINT
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FINISH LINE PLEDGE

SPRINT Program | **WEEK 5**

5 LIVING ON A FIXED INCOME

Have someone open in prayer.

Welcome back for Week 5.

Over the last week, you should have had the chance to work through your Financial Inventory. Today, we're going to take some time to work through the inventory process in a little more detail.

Some things we are NOT going to talk about this week are debt and retirement savings. Don't worry, we'll get there soon!

Before we get to our inventories, let's discuss where each of us is starting from when it comes to budgeting.

> ***How do you keep track of your finances? For those that use some sort of budget, what kind of a system do you use?***

PART 1: Where Are We Now?

Before we get started, let's take out our Financial Inventory worksheets and our expense notecards. We'll be using them for the next few sections.

In Part 1 of our Financial Inventories, we each took some time to separate out our expenses into categories. The purpose of this part of the Inventory is to see where our spending is focused currently. As you reflect on your Part 1 categories, discuss the following as a group:

> ***Were there any expenses that you found difficult to categorize? For those that already use some sort of budget, do you use similar categories or something different?***
>
> ***Did anything surprise you about the percentage of your budget allocated to each category? Were your estimates way off in any categories?***

In Part 2 of our Inventories, we took some time to sort our expenses on the Want/Need Grid. A copy of the grid is shown below for reference.

We can think of the expenses that we placed in the left column (quadrants 3 and 4) as our low need expenses and the ones we placed in the right column (quadrants 1 and 2) as high need expenses. Similarly, we can think of the upper row expenses (quadrants 1 and 4) as high want expenses and those in the lower row (quadrants 2 and 3) as low want expenses.

These groups may not be perfect, but they do give us a rough picture of how our expenses are broken down.

Take a second to resort your notecards into the 4 quadrants (you should have written the quadrant number in the top left of each card). Remember, the cards in the Giving/Charity category weren't placed into any quadrant. As you reflect on your experience sorting expenses into these quadrants, discuss the following:

> ***Was it hard to categorize any expenses?***
>
> ***What types of expenses tended to end up in each quadrant? Can you see any patterns among your cards?***

Look at Table B on your worksheet and discuss as a group:

> ***Did anything surprise you about the percentage you allocated to each quadrant?***

As we processed through each of the 4 quadrants, we took a close look at the expenses in quadrant 4 and tried to see how well each lived up to its promise. Discuss the following:

> ***Did you find any patterns for which purchases fulfilled their promises and which didn't? Would you do anything different to try to find more 5s in the future and avoid 1s and 2s?***

PART 2: Eternal Treasure

Let's change gears and look at our spending from a different angle. Leave your cards on the table as they are. Have someone read the following teaching from Jesus in Matthew 6:19-21 (ESV):

> *"Do not lay up for yourselves treasures on earth, where moth and rust destroy and where thieves break in and steal, but lay up for yourselves treasures in heaven, where neither moth nor rust destroys and where thieves do not break in and steal. For where your treasure is, there your heart will be also."*

Discuss as a group:

> ***What do you think makes something "treasure in heaven?" How do we build treasure in heaven?***

There are lots of ways we can leverage what we have in order to build treasure in heaven. These include things like our time, our skills, our relationships, etc. and we should use each of them wisely. Since these few weeks are dedicated to the wealth we manage, we're going to focus on that.

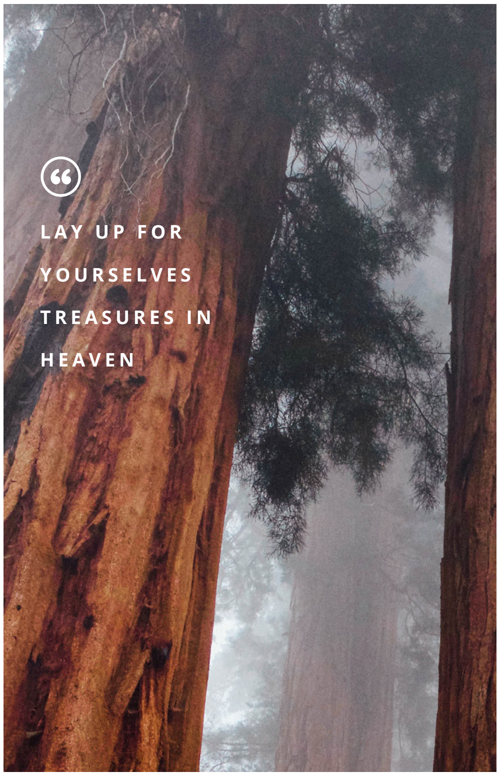
With the above verse in mind, look back at all your notecards (including your Giving/Charity cards). Divide your cards into the two categories below. When you are done, add up your totals for each group (don't worry, we won't be sharing our results!).

Allow 2-3 minutes for people to look through their expenses.

EXPENSES THAT BUILT TREASURE IN HEAVEN	EVERYTHING ELSE
TOTAL:	TOTAL:

Will there be many expenses that didn't build treasure in heaven? Of course! Most of our daily needs won't matter in the long run, but that doesn't mean we don't need them now. In fact, you might not have any cards in the left column at all, and that's okay too. Today is just a starting point.

This exercise isn't meant to build regret, but perspective and opportunity. There will be a time in each of our futures when the cards in the right column will be meaningless. But the things in the left column will be with us into eternity. The purpose of this SPRINT is to help us focus on that eternal investment and to give us tools to help us maximize how we manage the temporary wealth we control right now on earth.



PART 3: Rewriting the Story

In Part 3 of our Inventories, we practiced scaling down our budgets by identifying items that could be cut or reduced. For us to faithfully manage the wealth God has given us, some of us may need to scale things back a bit. And like anything difficult, it takes practice and patience!

The purpose of this part of the inventory was simply to practice learning to prioritize our expenses - which ones matter most and which matter least? The limits we used were simply to force each of us to find ways to make adjustments. But we aren't making any commitments or big decisions just yet!

Let's take a few minutes to discuss the process.

> ***What strategy did you use to scale down your budget? How did you make the cuts and reductions?***
>
> ***How significantly would your life have to change to reach your "Living on Faith" target? What action items would be required to actually implement your changes?***

PART 4: Practical Strategies and Planning

To close out today, we're going to shift gears. For anyone living on a budget of any kind, there are a number of situations that are guaranteed to come up. Whether you have a detailed system to handle them, or you go with the flow, you have likely encountered several of them.

While many people are at least somewhat familiar with the idea of budgeting, there is an important part that inevitably comes into play: *income variation*.

You might be thinking that you have had the same paycheck every 2 weeks for a long time - it's as steady as it gets. But the fact is that there are always little bits of unexpected income, even for salaried employees. These are things like tax refunds, bonuses, reimbursements, and side gigs. Even with the strictest of budgets, we all tend to factor in these kinds of surprise income to help with larger purchases or surprise expenses. For those of us with a variable income, the effect is even more pronounced.

If we were to commit to a finish line for our spending, all the remaining income above our operational costs would be used to invest in the things God places on our hearts. That means when that tax refund comes in, or our bonus is twice what we expected, it doesn't change the amount we would spend on ourselves. However, it does increase our capacity to invest in the things God is drawing us into.

With this in mind, let's talk through a couple scenarios that are likely to come up at some point, and some strategies to address them. By planning for these scenarios, we are more prepared to live within the boundaries of our operational costs in order to keep any remaining income free to use for God's purposes.

NORMAL FLUCTUATION IN EXPENSES

It is normal for expenses to vary month to month. Needs change frequently. Some months, you may find that you have plenty of room in your budget at the end of the month. Other months might be quite tight. From time to time, you might even run over your budget.

There are a number of things you can do to account for this fluctuation, and stay within the budget you set.

1. As much as possible, make necessary expenses early in the month. If you can adjust your billing dates for important bills, move them to the first or second week of each month. That way, the big things are accounted for early.

2. Create a portion of your budget assigned to “random annoying expenses”. It may seem like minor car repairs, doctor’s visits, vet bills, parking tickets, and other similar expenses come up randomly (and at the worst times, of course). However, if you look back over the last several months, you’ll likely find that these expenses tend to cost a few hundred per month on average. Just plan them into your budget as one big group. That way, you won’t be surprised next month when your vet charges you $100 to tell you your dog has a stomach bug. It may take a little adjusting until you find the sweet spot, so feel free to play with the amount until you get it right. We’ll cover bigger emergencies in a minute.

3. When possible, save “splurge” purchases until late in the month. By doing so, you can better compare the various items that caught your eye over the month and choose the ones that you care about most. If you make these purchases throughout the month, you may end up with something you really want to purchase at the end of the month, but you’ve already used up all the room in your budget on things that you don’t care quite as much about. Remember, you can have just about anything you want, but you can’t have everything you want.

4. Keep a list of “want” items to help you prioritize. Similar to the previous strategy, keeping an ongoing list of things you want “one day” helps to make sure you are actually purchasing the highest priority items. Over time, you’ll likely notice that some things fall off of this list altogether, without ever being purchased.

Discuss as a group:

> ***Do any of these strategies stand out to you? What other strategies might help you stay within the confines of the budget you set, your operational costs?***

PLANNING FOR EMERGENCIES

You may have already heard of an "emergency fund" before. The purpose of an emergency fund is to prevent chaos from breaking loose if you incur a sudden expense of several thousand dollars, or lose some of your income. If it hasn't happened to you yet, it is bound to happen at some point - your car is totalled, your basement floods, you require emergency surgery with a significant hospital bill. Planning in advance will help you from being crushed by the weight of these expenses. If you don't have anything in place, here's one approach to getting started:

STEP 1: Open a savings account and use a portion of your budget each month to save $1,000 into this account. Prioritize this ahead of any other savings goals and purchases. Remember, this savings comes out of your budget, not the money set aside to invest in God's kingdom.

STEP 2: After getting your initial emergency fund to $1,000, designate a regular amount of your budget to transfer into your emergency fund until you have enough to cover your monthly budget for 3 months. If you are in a job with significant income variability, make that 6 months instead. Once you reach your goal, you can stop transferring money each month.

STEP 3: If you incur a sudden large expense that you can not otherwise cover, use your emergency fund to cover it. As soon as you use part of your emergency fund, start funding it again each month until you reach your 3 or 6 month goal. Remember, small emergencies happen with some regularity. Try to keep some room in your regular budget for these smaller unexpected expenses. Leave your emergency fund to cover the major expenses. That way, it'll be there when you really need it.

Discuss as a group:

> ***Have you ever experienced an expensive emergency, like a car repair or medical bill? How did you cover the expense? Do you have any experience using an emergency fund?***

LARGE PURCHASES

There will be times when we need to purchase items that would use a majority of our monthly budget, or even multiple months' budgets. For these items, it is necessary to plan ahead. Here's one simple strategy you can use:

STEP 1: Open a savings account. At some banks, you can even name this account with the name of the thing you are saving for.

STEP 2: Determine how much you are able to set aside from your budget each month towards this item. Alternatively, if you have a deadline, you can determine how much you would need to set aside each month in order to reach your deadline.

STEP 3: Start transferring that amount each month into the savings account you created. If you have some extra room in your budget one month, consider using some of that unused budget to reach your goal even faster.

BONUS: After you purchase your item, keep the savings account open for when you need to save for your next item. Keep in mind that some banks may require a minimum balance to keep the account open.

Discuss as a group:

> ***How have you saved for large expenses in the past? What strategies might help you reach your savings goals for these kinds of purchases?***

Have someone close in prayer.

BEFORE YOU GO

At Home: On Your Own This Week

(20 min) One of the major barriers that people run into when trying to define "enough" is debt. How should current debt be factored into things? How should we approach debt in the future? Over the next week, take a few minutes to read the following article on the subject. Next week, we'll take some time to discuss as a group.

www.finishlinepledge.com/addressing-debt-while-percentile-living/

As part of the article, you will walk through an example using the online Debt Calculator. After working through the example, try entering some of your own debt details to see how your finances would play out.

For each loan, you will need to know:

- The current balance
- The annual interest rate (APR)
- The minimum payment due each month

For each credit card with a balance that you carry month to month, you will need to know:

- The current balance
- The annual interest rate (APR)
- The minimum percent of balance due each month (usually 1-3%)
- The minimum fixed monthly payment due (usually $20 or $25)

Feedback

We'd love to hear your thoughts about this week's material. How can we improve? Leave us feedback at www.finishlinepledge.com/feedback.