

## **Money, money, money**

### **Stewardship**

I am not a financial advisor, I am a pastor and all I intend to do through this series is to tell you how I handle my money. This came into clear focus for me some years ago when I went from a big salary to a smaller one. When I worked in business I had a BMW company car along with other perks that went with the job. And then I became a pastor with a pastor's salary – a different matter entirely. As a result I had to learn to look after every pound and every penny, especially in those early days.

At King's, our aim is to equip people to handle money wisely and we look to the Scriptures to establish the biblical principle of stewardship – what I will give you in this series of blogs is our emphasis when we teach at King's around the subject of money. We know that other churches might major on other aspects but whether we are dealing with £50 or £50,000 the issue is how we steward that. In Matthew 25, Jesus tells the story of the parable of the talents and this story sets the scene for us – servants commended or condemned for the way in which they looked after what they were given.

Firstly, we establish the principle that what we have we have been given! We may have earned the money by the sweat of our brow or the power of our brains but ultimately all we have we have received from the hand of a loving and faithful Father who has promised to provide for us. We acknowledge first of all that it all belongs to Him and we are using it and looking after it on His behalf.

### **Our relationship with our wallets**

During Lyndon Johnson's tenure as President of the USA, on the wall of the Oval Office in the White House office hung a framed letter written by General Sam Houston to Johnson's great-grandfather Baines, more than a hundred years earlier. Baines had led Sam Houston to Christ and Houston was a changed man – no longer coarse and belligerent but peaceful and content. The day came for Sam Houston to be baptised, an incredible event in the eyes of those who knew his previous life-style and attitude. After his baptism Houston stated that he would like to pay half of the local minister's salary. When someone asked him why, his simple response was, 'My pocket book (wallet) was baptised too.'

What we are talking about here is a discipleship issue. It is a Lordship issue, 'Thank you, Lord for saving me - but you want to be Lord of my money, too?' Well, yes! That's what the Bible says. It is an obedience issue and it's not secondary. It's of primary importance, particularly in our culture which is dominated by the God of money - which is why Jesus said, 'You cannot serve money and God'. It gets right to the heart of where we put our priorities.

### **The tussle of tithing**

An overview of what the Bible says about money is powerful stuff. Some of the verses we read are quite scary so we need to remember that we are looking at what *God* says in His word about this subject!

When some people in our churches talk about tithing, it's not giving 10% before tax that they mean – it's just their way of talking about their giving, like a catch-phrase. When we read Malachi 3:8, we face a different point of view.

*'Will a man rob God? Yet you rob me. Yet you ask, 'How do we rob you?' In tithes and offerings – you are under a curse, the whole nation of you because you are robbing me. Bring the whole tithe into the storehouse that there may be food in my house. Test me in this says the Lord Almighty, and see if I will not throw open the floodgate of heaven and pour out so much blessing that you will not have room enough for it.'*

This passage is quite clear – it says if you aren't tithing then you are robbing God. It also says that if you do tithe then God will open the floodgates of heaven and pour out blessing so that there will be no room – that would be our testimony at King's.

Some people take this and say, 'If I give my money then God will give me more money back.' This attitude comes out of a view called 'prosperity theology' – we do not teach that at King's; we think it is in error. God is not a slot machine where I put my money in and get more back. That sort of thinking is more about greed than sacrificial giving. The truth is that God might bless you financially, but He might not.

### **Firstfruits**

Then there is the biblical principle of 'first fruits'. Proverbs 3:9 says *'Honour the Lord with your wealth, with the first fruits of all your crops'* - the principles of tithing and firstfruits overlap. The best book I have ever read on Christian giving is *Money, Possessions & Eternity* by Randy Alcorn, if you are interested in following up this topic – it's a good book to read.

*'The firstfruits and tithes certainly overlapped, and it seems that generally they were the same thing. The term 'tithe' stressed the exact amount while 'firstfruits' emphasized the nature and quality of the offering.'*

That is why in Old Testament sacrifice, it wasn't a blemished lamb that was offered – it was the best! It displayed that, as a follower of God, God deserved the best. He is first in our lives. So the tithe was 10%, while the firstfruit was about motive and what was in one's heart.

Sadly, many Christians practice the principle of 'lastfruits', giving what is left after everything else has been covered. If we are honest, this is true – in a congregation the size of King's, we know it. It's an issue of priorities – 'I have my list of priorities, once I have budgeted for them whatever is left I give to God...' That is not what Scripture teaches we should do! But people probably know this already as they read the Bible – there is a big tug going on in hearts because many want to follow God... but there is also a big tug from the More Monster!

### **The More Monster**

The More Monster is in us all and in the end it's an issue of the heart. Perhaps there are other demands on our money - 'I can't afford to tithe because of the cost of education'. Or, 'We have two cars to run', or 'I go on a number of holidays each year', or 'I have a number of houses to maintain'. These things are not wrong – I have a mortgage on our house; I own a car too. Deb and I have made some choices concerning our priorities – we don't have a second car and our boys go to the local secondary school but we go on some nice holidays. We could forgo the holidays and put the money into private education but we have made choices – God gives us choice - but the principle of firstfruits is one I believe in.

My firm belief is that a tithe is 10% *before* tax... I have known people who have tried to engage me on this topic as though we are in some sort of negotiation. My response to

that is that you make your decision before God. It might help you to know my history in this. In my twenties I was established in a very well-paid job and drove an expensive car. Then I became a youth pastor and saw my salary reduced to a fifth of what I was earning before! Through all of that I knew that where and how you put your money says a great deal about your heart and your priorities.

Scripture clearly sees giving as part of worship – which is why at King's we take up the offering during worship. We are saying to God, 'I trust You!' Our giving springs from an understanding that before everything, all that we have belongs to Him anyway! So when some people give and say, 'You don't know how hard I have worked to get this. It's mine and I'm giving this bit to God...' actually, biblically it is *all* His. Whether it is a great deal or a little, it belongs to Him. Leviticus 27:30 indicates that we should live off 90% of what we receive.

### **New Testament Giving**

To those who would think that tithing is 'only' an Old Testament view and would want to move on to talk about Jesus and his attitude to giving, well – that Old Testament practice of tithing was the foundation of the grace of the law. When we come to look at Jesus we have to remember that he was a Jew. He would have tithed as a matter of course. In his conversations with the Pharisees on this topic, not once did they challenge him on it. In fact, he challenged them and commends tithing. Matt 23:23 says this,

*'Woe to you teachers of the Law and Pharisees. You hypocrites! You give a tithe of your spices, mint, dill, cumin, but you have neglected the more important matters of justice, mercy and faithfulness. You should have practiced the latter without neglecting the former.'*

This comment is repeated in Luke 11:42. Jesus is interested in the heart and so challenges them but does not say that tithing doesn't matter.

From the New Testament church we can learn further lessons. These people were very, very generous. Even a surface reading of the Book of Acts shows that this was a giving community, selling possessions so that no-one was in need and bringing the proceeds to the apostles and laying it at their feet - conveying that they were giving it freely for them to distribute.

### **The early Church and giving**

Paul wrote to the Corinthian church about giving and instructed them like this,

*'On the first day of the week each one of you should set aside a sum of money in keeping with his income'*

This indicates that giving should be regular, systematic and proportional. Later on, in the second and third century, Irenaeus, an early church father said, *'The Jews were constrained to regular payments of tithes. Christians, who have liberty, assign all their possessions to the Lord, bestowing freely not the lesser portions of their property since they have the hope of greater things.'* In other words – it's all His!

Augustine even put it this way – *'let him render tithes and out of nine parts let him seek to give alms.'* In other words, there's the principle of the tithe as the starting point of giving and then you 'give alms' on top of that – that's showing mercy by giving to those in need.

So how are we doing with this? You might say to me, 'Steve – you are always talking about grace. Doesn't grace mean that God loves us – even if we don't do anything that comes close to this?' And you would be right! The message of grace is that God's acceptance of us in Christ is not dependant on our performance. We cannot earn our salvation – we couldn't earn it before we came to Christ and we can't earn it afterwards, either. But – it would be a misrepresentation of the message of grace if we took it to mean, 'I don't need to pray, I don't need to read my Bible, it doesn't matter how I live my life... and it doesn't matter what I do with my money!'

Randy Alcorn wrote this, '*I will listen to the Christian who says 'Tithing isn't meant for us today' – provided that he gives regularly and that his giving exceeds the tithe.*' Now there's a statement to make us smile – and think! That's the message of grace. Under the grace of the law it was a tithe – surely under the grace of Christ it can't be a lesser amount - can it?'

### **Willing giving!**

King's continues to seek to raise millions of pounds beyond our usual tithes. As we look at the Old Testament we see that beyond their tithes there were opportunities for them to give offerings – voluntary and freewill offerings. I want to draw your attention to three such occasions.

In Exodus 36, when the Tabernacle was being built, it records that the Israelites brought freewill offerings 'morning after morning'. The result was that the skilled workmen who were creating the Tabernacle left their work to come to Moses and ask him to tell the people to stop giving as there was more than enough! And it says that Moses did so and 'the people were restrained from bringing more' (Ex 36:3-6). This is a leadership challenge I have yet to face – but would love to have to deal with! In the past I have restrained one generous lady from giving £25,000 to one of the King's projects – knowing her circumstances I thought this was a right thing to do. She gave £5,000 instead.

The next example is in King David's time. He raised money to honour God but it was his son, Solomon, who actually did the building. David raised the money before it was actually needed. In 1 Chronicles 29 it says,

*'Then the leaders of families and the officers of the tribe of Israel, the commanders of thousands and the commanders of hundreds and the officials in charge of the king's work gave willingly. They gave towards the work of the temple of God five thousand talents and ten thousand darics of gold, ten thousand talents of silver, eighteen thousand talents of bronze and a hundred thousand talents of iron.'*

It's a great passage! Afterwards David stands and gives a great prayer of thanksgiving – if you read it you will notice that it has great similarities to what we call the Lord's Prayer and is the Old Testament foundation for it – in effect, the Lord's Prayer is founded on generous, willing giving!

### **The 80/10/10 Principle**

At the beginning of one of our building projects at King's (and there have been several in the life of this church since I came!) I wrote to the leaders of our church – that would include those who lead ministries or small groups - to tell them that we were in earnest discussion with banks and I said, 'I need to know if you are really with us!' Their response was to commit themselves to giving over £720,000 over the first three and a

half years of the project. There were 150 of them, representing 88 'giving units' as some of them were married. That's 88 families committing themselves to giving.

Since I began to lead King's I have taught the following principle: give 10%/save 10%/live off 80%. This makes for sound budgeting and is honouring to God. The thing is – most people live off 105% of their income – that's the culture we are in and the results of that approach have caught up with our world in a big way, in case you haven't noticed! *Spend, borrow and manage debt* is the way the world does things – but living by the 80/10/10 principle will restrict some of the things you would like to do because you are making a priority call – putting God first and putting something aside for a rainy day.

There will be those who are in debt and who would like to honour God but have lived life at 105%. Being in debt is not fun – we know that. It can be crippling and can destroy lives. At King's, in order to offer help and support in this area, like some other churches we have set up a debt advice team – people who will sit down with those in debt and help them to see the way ahead.

For others it is simply a matter of making priority calls and deciding what to do with the money we have. To give at King's, people can put cash in the buckets as they are passed round during worship – but those who have been around the church for any length of time will know that as those buckets go along the rows, especially the front row, it begins to look as though no-one is giving anything. No-one seems to put anything in the bucket! The reason for this is simple – we actively encourage people to give by monthly standing order directly from their account into the church bank account. There is a great deal of money given in this way – the easiest way to give. So, for Deb and me, we have worked out what to give and when there is a salary increase I immediately work out the extra needed so that by the next bank transfer it has been updated. That's how we do it!

### **Further steps in giving**

At King's we provide an information sheet that gives all the details anyone will need to enable them to give and put it into place on a regular basis. This includes details of how to Gift Aid giving – where the UK government gives us 28p for every £1 that a signed-up taxpayer gives to King's. That's a lot of money – for every £100,000 given, that's another £28,000! Think how far that can go in Kingdom work...

I have also taught that in the life of the church moments will come when we go for a building project and then our giving needs to change! For a certain period of time, we give 10%, then another 10% and live off 80% of our income. In this our leaders lead from the front – we do not ask the church to do anything that we aren't doing ourselves. This is not without some choices and some prioritising – and for me it has involved re-working my whole financial life-plan. Many of you will have one of those in one form or another – mine is a spreadsheet that covers 25 years! This is because I realise that the decisions I make now will impact the future and influence what I have available when I am 70 years old.

Some people are worried about what's happening next week, let alone in 25 years' time but we know we do need to think further ahead, both individually – and as a church. Others think, 'I can't argue with the Biblical principle...' but the key thing is the next step. People may be convinced by it, may agree with the need for grace-filled giving, but feel it is a high bar and so just throw in the towel at that point and give up thinking about it at all. I would encourage a first step, to put God first and say, 'I'm going to give regularly and systematically. I'm going to Gift Aid what I'm committed to giving so that King's gets the tax too. I'm going to make that next step.'

## **Money – the heart of the matter**

Basically, money is a heart issue. Some when thinking about giving know that the money is there, it's just that it's prioritised in different areas. What's needed is a realigning of priorities and to put God first, saying, 'I am a disciple of Jesus before anything else.' Some are already there in their thinking but money is tight or perhaps they are a single parent or in a similarly demanding situation. I would encourage a first step in giving, however small – that is grace – and ask God. He will speak to us about what to do.

All we have belongs to the Lord Jesus. We came into the world as a baby with nothing and we will leave with nothing. At one time we were spiritually dead but now we are alive in Christ. We are honest enough to know that our money and what we do with it reveals our heart but if we want to be disciples of Jesus Christ, if we believe that it is best for us to build our lives on the Word of God and on Jesus the Rock himself, we will come and ask God to help us make choices to follow through to build generous giving into our lives!

God is able to bless each of us and to bless our churches with huge financial strength as we look at taking on each massive adventure in faith together. We ask that He will do it so that many will come to Christ and that many who are now poor will become rich because the One who was rich became poor for our sakes. What we have experienced in forgiveness, healing and hope can be passed onto thousands of people through our churches. I believe that this is a defining moment in our story – we want God to find us willing to count the cost – for the glory of God!

### **Don't be an ostrich!**

Many people are not familiar with handling money, they get overwhelmed by it and when problems start to loom, like the final servant in the parable of the talents in Matthew 25, they then put their head in the sand! I want to challenge that ineffective approach.

Many others handle money well already but are interested in picking up some tips to do even better and maybe get a greater return. Among those who attend King's we have people from all sorts of work settings including some in the financial industry. Over the entire church there will be differing skill sets and levels of financial ability – for some the whole thing is a bit of a blur, for others it is all too clear. And we have among us single parents trying to make ends meet – different personal circumstances give us particular insights.

When it comes to stewardship some people feel threatened by money and just avoid the issue and hope it will go away. Of course, it doesn't! Denial sets in – this is a massive issue in respect to problems with money, the consequence of denial is that it results in people becoming fearful about finance and they are then vulnerable to falling into a snare.

At King's we work on the principle of choice – I will not give advice on how anyone should spend their money. There will be no comment on how big their house should be and whether they have one or more of them. In a church like King's we have a huge cross-section of people, including one person who owns ten properties. We are not looking at forcing equality of ownership. Some people like to spend lots of money on a car, others on holidays, and others on private education. Some of us like to have insurance, while yet others don't think it is appropriate for a Christian. Everyone has a choice on how to spend the money they have earned.

## Take responsibility

When we look at personal finances there is a general principle that if you are able, you are expected to work – I would suggest that is assumed in the story we read from Matthew 25. The responsibility is yours and no-one else's and balancing the books at the end of the month or the end of the year is also your responsibility.

We have to recognise that it is possible to go through some life challenges that make managing money a really difficult thing to do – unemployment among other things – so I am not unaware of the real pressures that some of us face. In the current economic climate there are difficult decisions to be made for those who have been made redundant. Church leaders would want to be there to give pastoral support through that time and advise on priorities. But in the end it is each person's responsibility before God as to the decisions made and actions followed, both with talents and money.

As in most churches, among King's people there will be a whole range of very differing personal circumstances. Some may be in debt, some may be on benefits, some may be earning over £50,000. Some will be single, some might be students, some might have four children, and we recognise that there are differing ages and stages of life that make greater financial demands. I have three sons and in recent years my wife has been able to return to work but we have one son at university who is costing me an arm and a leg! I am in that season. Furthermore I am also in that season where my pension is becoming more important to me – more than it was in my 20s. My advice is that you should prepare in your 20s for your future.

## Budgeting

Let's consider budgeting. There are different ways to do this but this is how I do it. I am amazed at just how many people don't do it at all, so this approach will be basic! I use a spread sheet on the computer and before such devices came along I used a calculator and a pencil and paper! Either works!

You need to write down **all** your income and expenditure – the first mistake that most people make is not to do that! By not tracking *everything* you won't know where you are financially, so write everything down that you spend so you do know what your income and your expenditure is each month. Note - not what you *think* you spend, but what you *actually* spend. Most people are good at this to a certain degree – but when you get down to the fine detail, that's another matter. It's the 20% that you don't record that's the problem and will continuously take you into the red – these are normally not your set costs, not the regular payments that go out each month but those day-to-day spending decisions. That Starbucks that you buy each day...

Most of my income is spoken for. I receive my salary from the church – it comes in to our bank account and then monthly commitments go out. Most people 'back plan', (that's recording everything as you spend) few 'forward plan' and decide 'I have this amount to spend on that area – and only that amount!' Christmas then comes as a bit of a shock and rather than having planned for it, they decide to have a 'good' Christmas and then pay off the debts afterwards. Rather than thinking ahead earlier in the year and making provision for Christmas shopping by setting an amount aside each month throughout the whole year they plough on into debt. The same principles would apply to financing our eldest son going to university – I thought ahead and planned financially more than a year ago rather than crashing into the harsh reality! Financially I have a monthly plan, an annual plan and a 5 year plan. Then there's my 25-year plan. I do this

because I am aware that the decisions I make today impact what will happen in the future.

Reconciling your bank statement with your recorded expenditure is important – to regularly check what is actually in the account and see if spending is on track. And if the bank has made an error – it does happen! – the earlier you raise the issue with them, the better!

### **The dangers of debt**

We have to consider the dangers of debt. For some this is a painful reminder of reality and how difficult it can be to get out of debt because it has to be paid for. If you don't step in quickly, debt can spiral, so it's important to open your eyes, take responsibility and plan to get out of debt.

Monthly income - £1580. Monthly expenditure - £1650. Overspend - £70. When I moved from my big salary to a small salary I found that because there are amounts going out all the time it is difficult to know exactly where you are at any point in the month. You can be overspending and not realise for a couple of months if you don't keep a close eye on things. Let say this pattern carried on for 6 months. At the end of each month you realise the monthly trend but it is steadily going the wrong way - and at this point it starts to touch our emotions because making tough choices to **not** buy things starts to impact us – and family members. Without clear action, six months later it would be possible to be around £400 in debt. We have had people in our church who have been thousands in debt, some to the tune of tens of thousands, so this example is not unrealistic.

If you are in debt, at this point it is time to decide that you want to do something about it. You don't want to live like this anymore, but if you have been paying for items on your credit card you now have to pay interest on that debt. By the way, the credit card is the worst way to manage debt because of the high rates of interest that are charged. The cheapest way is to get a bank loan - if it's possible - or transfer to a 0% rate credit card company who are desperate for your business, and then ensure that you pay off the debt in the relevant period. Otherwise you will be paying 18% for your debt on a credit card. *And you need to be paying more than the minimum monthly payment in order to make clear inroads into the actual debt.*

### **Dangers in trying to get out of debt**

Having said early on that I would not be telling anyone what to do, I will now say this to anyone who has a store card. *If you would like to bring it to me I will cut it up for you because they are nuts!* You are paying 28% to 30% interest on those cards – that's madness! Such easy credit can lead you into trouble – you need to know yourself and your own level of self-control. Some people make this self-assessment and decide to have only a debit card and then only spend what they have in the bank.

To reduce your expenditure by £100 a month is really going to bite. But in order to pay off your debts, though you have cut back, clearing it can take longer than you think. A plan is essential – ask someone who is experienced and trustworthy to sit down with you to help you put a plan together if you are in that situation. You will have to make some tough choices – generally you will either need to make some more income or you will have to cut back on your spending - or maybe both!

My experience in handling money is that to do so at all well *takes time*. It takes more time than you think. I would advise that each week you set aside time to deal with your finances. So - in any week, when is your money moment? Sometimes you might need to set aside two hours, other times it could be less. But the important thing is - do not leave things to accumulate. Deal with bills, bank statements or financial matters in the moment otherwise they will build up and will cause you unnecessary worry.

### **Who does what...**

Who in the family deals with these things? Is it you? I am a great believer in husbands taking the responsibility for finances but let's face it - sometimes it's the wife who is better with numbers and money matters! You have to work out how to cover it together, I am not of the view that the man necessarily has to do it but I do think that the man should take ultimate responsibility and ownership, otherwise there can be too much abdication of responsibility to his wife. Don't be disengaged! Deb and I have made it a long-term practice to work closely together on our finances.

In our marriage, I take responsibility for the 'Big Picture' planning but Deb makes the day-to-day decisions. If you are married you should talk through together how you will arrange these things. Deb and I have a joint account for household and family expenses - there should be openness and dialogue between couples around the subject of money and how it is spent. And apart from our joint account we also have personal accounts for which we take individual responsibility.

Next - do you have a good filing system for your documents? This is important in handling money. It doesn't need to be complicated - a concertina-type box file from W H Smith will do - but you need to have something. I am a Big Picture person, Deb is a details person, so we work well together in a lot of things - she has organised all the filing and keeps it up to date. It's a good idea to keep relevant bills and banking documents from past years for up to about 7 years for tax purposes.

### **Good stewardship:**

Debt is never good - but if you are in debt there are 'good' places to owe money and others that aren't good! You have to look carefully at what is known as the APR on your debt - banks provide a better rate than credit card companies. The percentage you are paying is critically important to the length of time it will take you to pay off the debt otherwise you could end up paying several thousands in interest on a relatively small debt of a few hundred pounds.

Prevention is better than cure and with that in mind at King's we now provide a Debt Advice Centre called King's Money Advice. Suzy and Carol Bradshaw head that up and have come to us from Sheffield with a wealth of experience in this vital field of debt advice. They will be a really helpful and important resource for many in debt in our area.

If you are going to prioritise managing your debt you may need careful professional debt advice. Some of the loan companies that advertise in the media that they consolidate debts can result in you paying a final interest rate of 4000%. The so-called lower monthly figure means that the period of the loan is extended - in some cases you can be paying off that 'smaller' amount for the rest of your life - or it can seem so. Apart from increasing your income and reducing your expenditure you also need to get the interest rate you are paying down as low as possible. I say again - avoid television loan companies!

## **Tax and Inheritance tax**

You have to be earning a certain amount of money to pay tax – but there are certain things that you can do that will help you keep this to a minimum. Checking that your tax code is correct and ensuring that you are getting all the allowances that are due to you would come first. Like the banks, it is not unknown for the Inland Revenue to make mistakes! Completion of your tax return form will also help you to be up to date with this important item and may sometimes even result in a tax rebate! Self-employed people and employees are in different situations and will need different advice on tax matters.

### **Inheritance tax**

Most people think that this will never apply to them but in the circumstances, say, that you have a house that is worth £300,000 with a mortgage covered by a life policy, or if you are employed and have a 'death in service' benefit which could pay out £100,000 if you died while you were working - in that scenario there would be £30,000 of inheritance tax for you to pay on your death – a situation which could take you unawares. Some people might consider that it won't affect them as they won't be around to be bothered by it! But if we are talking about good stewardship that means that you would want to think about the situation for your heirs and organise your affairs as well as you can rather than doing nothing. A large tax bill after your death is not good stewardship and would result in there being less to pass on to those left behind.

It is well worth taking some qualified advice to see if your estate might be affected by inheritance tax. That is the essence of stewardship – thinking ahead. If you think that your estate might be liable to inheritance tax then you need to make a will - that is definitely a good thing to do.

### **Making a will**

Making a will is important because if you are married at the very least you will want to ensure that on your death your assets will go to your spouse and a will ensures that this will happen without major complications. At a time of bereavement the last thing you would want to burden your family with is a complicated financial and legal process – all because you didn't think to plan ahead and make the necessary arrangements. There are tax reasons to make a will as well as ensuring that your assets go to the person that you want them to.

For example, in the case of a single person who has no children, but has brothers and sisters and parents - if they don't make a will, their assets go back to their parents. From a tax point of view that could mean that because that will add to the parents' assets, they will then end up paying inheritance tax on that extra money when they die. It might be better to make sure that such assets went to brothers and sisters or to a friend, a charity, or even to the church. Often single people feel that they do not need to make a will, but it is something you should seriously consider.

If you have children who are under age (they still are legally 'minors'), you should also give serious thought as to who you would like to look after them if you were to die while they were still young and needing care. Have you asked someone to take responsibility as guardians? That should be high on your priority list. If you were to die, the people who would be considered in line to do this, maybe a brother or sister in some situations, might not actually be your first preference for such a role. Sometimes it's hard to think about such a drastic scenario but it can become a massive reality for some people. If you want to be considerate in managing your family affairs it would be wise to have thought

through this important responsibility. Also you should so arrange things that funds are available to enable those chosen people to look after your children for what could be a period of some years and lessen the financial burden for them – some thought on this is needed. Without getting heavy about such things it is certainly worth thinking about.

### **Making things easier for your family**

In looking at financial matters, make it as easy as possible for those who will sort out your estate if you were to die. Imagine a situation where a husband dies and has always looked after all the financial affairs for the family. Suddenly his wife has to take over this important area and has to find out where she can get the money to pay the household bills, buy food – or even pay for the funeral. She may be completely unaware of how much money is available to her. Many couples would identify with that scenario and realise that only one of them knows what's going on financially.

It would be a good idea to go through the following questions together and to write down the relevant details:

- *Who do I ring if I need to get access to money?*
- *Where do I find any paperwork?*
- *Who should be contacted regarding pension payments?* This is very important following a death.

These practical details can be helpful, saving a lot of time and a great deal of worry for grieving family members at a time of particular stress, so it's a considerate thing to have sorted out ahead of time.

Make a 'To Do' page - a list of the order in which things should be done following a death and where to go. It may not only be helpful in the case of a death but also in the case of aging parents who may not be functioning as well as they used to and need some-one else to take care of their affairs when they can no longer do so.

### **Investments:**

Earlier in this series of blogs we looked at the money that you spend - but what are you going to do with the money that you have in your savings? This is essentially about your attitude to risk! And be clear-eyed – there are no schemes that can guarantee speedy riches so, if you see those and are remotely attracted by them you need to realise - if they worked as well as their proposers say they do... we would all be doing them!

You have to make a judgement about the level of risk involved in any investment – low, medium or high - and these will change all the time depending on the economic environment. Up to this point in my life I have been a decidedly low-risk investor. My Dad taught me – only go 'high-risk' with money you can afford to lose and I have never got to the point yet where I have enough money that I can afford to lose any! I am 'low-risk' by inclination but I want to be tax-efficient too, so I have put our savings into ISAs - a mixture of 'cash' and 'share' ISAs - and some into pensions. There are also medium and high risk investments available – if you have that amount of disposable income you should definitely get some impartial professional advice about such investments.

### **Retirement and long-term planning:**

You need a plan for what you are going to live off when you get to 65 or 70+. I have given more thought to this recently as I approach my 50s. From 0 – 20 if you are lucky, you are leaning into your parents, from 20 – 50 you get started in life and support

yourself - but from 50 onwards you need to think about what you are going to live on from 70 through to 95 (possibly!) as we are tending to live longer these days! Ideally you may want to be putting money aside in your 20s and 30s so that by the time you are 50 you have an amount building up.

The government want us all to get to the situation where everyone makes provision for their retirement through a pension. People talk about pensions a great deal but aren't so hot on doing something about it! On the whole, less and less people are in a company pension now but if you are in a government pension they come out well in comparison to those in the private sector. I would suggest that in this area it would be good to talk to a professional pension advisor, someone who is trained and competent.

If your family has handled money well in previous generations then it could well be that you will inherit money from them in due course. If you are likely to inherit money then I would suggest that you would need a long-term financial plan - like my 25-year plan. In my family my Dad has always been open about money - he has told me how much he is earning and how much he has in the bank. This is not a common approach for British people of that generation - but it is one of the reasons that I am open about money in the church!

Think ahead! I would repeat - please make a will. It will cost you about £100 to set up a basic will with a qualified legal person but you can go to W H Smith and get a basic form if you can't afford £100. You will need a witness for your signature to make sure that it will stand up legally. It is better, for the peace of mind of both you and your family, to have something rather than nothing at all.

### **Mortgages:**

Those of us with mortgages - and this is the biggest debt most people will take on - should realise that the management of it is very important. There is a whole range of types of mortgage - if your income is relatively low and you want the security and certainty of knowing what your out-goings will be each month then a fixed-rate mortgage is a good thing for you - you will pay a bit more per month for the security it brings. Every two or three years I review my mortgage and change according to my circumstances. I would recommend that you take out a mortgage with a 'mutual society' rather than a bank. This is because they are not making profits for shareholders but for their members and so they give better interest rates.

In recent years in this current economic era new mortgage borrowers have found that the size of the deposit/down-payment required from them has increased and so it has become more demanding financially. You need to review your mortgage arrangements regularly and move or consider moving regularly. There are comparison websites you can look at, or mortgage advisors you can talk to, who will give you current information on this.

Many people do not realise that if you can over-pay on your monthly mortgage payments, even by a few pounds, it will make a massive difference in later years. This is allowed to a certain extent by the terms of most repayment mortgages, other types (e.g. endowment mortgages) may not let you do this. If you can't manage, say, an extra £25 a month, then consider rounding up your monthly payment to the nearest £10. Done early on in the life of a mortgage, even this small move could save you two or three years of payments at the end of your mortgage term!

Another thing to consider is to shorten the term of your mortgage. This will mean you pay more per month over fewer years. Mortgages of 25 years were the standard that was set up because there were no computers to work out all the different payment options for shorter-term mortgages - it can all be calculated very quickly now. And make sure that your interest rate is calculated on a daily basis rather than an annual interest rate - that will also make a massive difference.

### **Household bills:**

In considering making the most of your finances - you need to look at your household bills! I reckon you can save up to £50 a month if you shop around and play the market on electricity and gas, if you pay by direct debit with an on-line tariff. Do a similar exercise with the water company. If you are a single person you should be metered for water as your use will be less than an average household, while a large family should stay on the general rate. Car insurance - I sometimes forget who is insuring my car because I tend to move it nearly every year in order to get a better rate. The companies know that they will lose money in the first year or two but they also know that many people have a tendency not to change their company. Inertia takes over and so the long-standing customer ends up paying the higher rate. If you take the time to go through all your suppliers in this way then you can save yourself a lot of money.

There are good websites that will get you some great advice - one such is Martin's Money Tips. *Youswitch* is another one that is worth looking at from time to time and covers life insurance, house insurance, car insurance, gas, electricity, internet and phone.

Recognise that the gas and electricity companies work on the principle of making your money work for *them*. They will try to set a monthly payment that means that you are over-paying on the basis that it 'works out right in the end...' However, you want to be the one in control. If they announce that they intend to set your monthly direct debit and you will have no say in the amount, then tell them that you intend to leave and find another company where you can set up an arrangement that works reasonably for you. That may change their mind!

For your TV and broadband company, remember that Virgin and Sky loathe each other! If you phone them and tell them that you are thinking of moving to the other company but that you would like to stay - what's the best deal they can offer... they will give you a good deal. Otherwise they will take you for every pound they can! Be gracious, but understand they aren't as nice as you are.

### **Final thoughts on finances:**

One of the best ways to save money is by looking at your everyday expenditure. For example, if you buy a Starbucks coffee it costs you around £2.50. If you do that every working day, adding up your spending on that item alone comes to about £600 a year!! (And with nothing to show for it at the end of the day...) Those items add up. And let me say, I'm not against Starbucks - I like their hot chocolate once in a while!

Have any of you taken out PPI loans? Make sure you are claiming the compensation due to you via your bank or whichever financial institution gave it to you. Do not use one of the claims companies - they will take a large sum of money from you just for completing a simple form that you could do yourself.

Another thing I do is to read the financial papers, particularly the economics side of things so that I can make informed decisions on future financial planning. This may not appeal to you – I find it helps me.

In conclusion - I believe that God has called us to be good stewards, to be generous with our money and to manage it well. For each of us, our circumstances may be different but we each need to ask God for help to take the right next steps to be a faithful steward. The money we have is not only to be used for paying bills and investing in our own future but is also to be used to bless others for God's glory. If we steward our resources aright we will have more than enough for every good work. All we have is His – it's our responsibility to use HIS money wisely!

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