Contents

Introduction xi Supplements & Resources xiii

Chapter 1

Th	e Bit	olical View of Money and Contentment	•
1.1	God: "	How You Manage My Money Is Very Important to Me"	2
1.2	The Story of the Owner and His Managers		
	1.2a	Principle #1: God Owns It All	3
	1.2b	Principle #2: We Are the Managers, Not the Owners	4
	1.2c	Life-Changing Implications of Believing That God Owns It All	5
1.3	God's l	Faithful Money Manager in Today's World	8
	1.3a	The Characteristics	9
	1.3b	The Skills	11
1.4		alism vs. Contentment	12
1.5	Society's View: Get All You Can! More Is Better!		13
1.6	The Bi	blical View: Be Content with What You Have and Give All You Can	15
	1.6a	Changing Your Life: Finding Financial Contentment	17
_	Terms		19
End	notes		19
Ch	aptei	· 2	
Mo	oney	, Emotions, and Relationships	2
2.1	Money	and Emotions	22
	2.1a	Greed and the Really Hard Question	23
	2.1b	Dealing with Fear and Uncertainty	25
2.2	Money	and Relationships	27
	2.2a	Money and Couples	28
	2.2b	Money and Parents	33
	2.2c	Money and Peers	34
2.3	-	and Financial Advisors	36
	notes		38
Key	Terms		38
Ch		. 7	
	apte		
Go	oals a	and Decisions	4
3.1	Skill#	1: Goal Setting	42
	3.1a	Principles for Effectively Setting and Attaining Goals	43
	3.1b	Process for Setting and Reaching Financial Goals	48

v Contents

3.2	Skill #2: Decision Making	50
	3.2a Principles of Decision Making	51
	3.2b Process for Making Effective Decisions	52
	Inotes	56
Key	Terms	56
Ch	napter 4	
	nancial Planning	59
4.1	Concepts and Principles of Financial Planning	60
	4.1a The Five Uses of Money	61
	4.1b Biblical Principles About Income and the Uses of Money	62
4.2	Setting Priorities for the Use of Money	62
4.3	Cash Flow Planning	64
4.4	Financial Planning Process and Tools	67
4.5	Budgeting (Spending Plans)	71
	4.5a Six Steps in the Budgeting Cycle	71
_	Terms	77
	Inotes	77
	pendix 4.1: Organize Your Record-Keeping	78
App	pendix 4.2: Use Technology to Manage Your Money	79
Ch	napter 5	
Ca	ash Flow Management	81
5.1	Spending Less than You Earn	82
5.2	How to Increase Cash Flow Margin	84
	5.2a Cash Flow Improvement Example	86
5.3	Emergency Savings: The Why, How, and Where	90
5.4	The Use of Financial Institutions	93
	5.4a Selecting the Right Bank	94
	5.4b Checking Account Basics	98
	Inotes	100
Key	Terms	100
Ch	napter 6	
	ne Joy of Giving	103
6.1	The Role of Giving in Financial Planning	104
6.2	Incentives to Give	107
6.3	Developing an Effective Giving Process	109
6.4	Giving Examples	111
End	Inotes	115

Contents v

Chapter 7

Sa	ving	gand Investing	117
7.1	The F	tole of Saving and Investing in Your Life and Your Finances	118
	7.1a	Comparing Saving vs. Investing	119
	7.1b	The Reluctance to Start Saving and Investing	120
7.2	Ten B	biblical Principles for Successful Investing	121
7.3	The Basic Concepts of Investing		121
	7.3a	Investment Hierarchy	121
	7.3b	Investment Returns and Compounding	122
	7.3c	Risk vs. Return in Investing	125
	7.3d	Learning to Live with Reality in Investing	128
7.4	Savin	g and Investment Alternatives	130
7.5	The U	Jse of Mutual Funds	133
7.6	Devel	oping a Personal Investment Strategy	137
	7.6a	Philosophy of Investing	137
	7.6b	Simple Strategy for the Younger, Beginning Investor	138
	7.6c	Advanced Strategies	139
7.7	How	to Make an Investment in a Mutual Fund	140
7.8	Tax-d	eferred Retirement Plans	141
	7.8a	Employer Retirement Plans	142
	7.8b	Individual Retirement Accounts (IRAs)	143
Key	Terms		144
End	notes		144
Ch	apte	ar Q	
	_		
W	se L	Jse of Credit	147
8.1	The E	Basics of Credit and Debt	148
	8.1a	Types of Credit and Debt	148
	8.1b	Obtaining Credit	149
8.2	Persp	ectives on the Use of Credit	150
	8.2a	World View	150
	8.2b	A Biblical Perspective	151
8.3	Makiı	ng Borrowing Decisions	155
8.4	Credit History, Credit Reports, and Credit Scores		157
	8.4a	Credit Reports and Credit Scores	157
	8.4b	Improving Your Credit Score	159
8.5	Mana	ging Credit Cards	160
	8.5a	Credit Card Advantages and Disadvantages	161
	8.5b	Credit Card Terms and Conditions	162
	8.5c	Controlling Credit Card Debt	162
8.6		r Financial Fixes	162
8.7	Getting Out of a Debt Problem		163
•	8.7a	Example of an Accelerated Debt Repayment Using the Debt Snowball Method	164
	8.7b	Getting Out of Debt: What Not to Do	165

vi Contents

8.8	8.8 Preventing Identity Theft		
	8.8a	Actions to Take if You Are a Victim	167
	8.8b	Key Actions to Protect Your Identity	167
Endi	notes		169
Key '	Terms		169
App	endix 8	.1: Terms and Conditions of a Credit Card Agreement	170
Ch	apte	r O	
	_		
Pa	yıng	for College	175
9.1	The "F	Price" of College Education	176
	9.1a	The "Net Price"	177
9.2		ical Perspective on Education and Borrowing	178
9.3	Colleg	e Planning Process	179
	9.3a	Calculating a Return on Investment	180
	9.3b	The Financial Plan to Pay for College	181
9.4	Free M	Money	182
	9.4a	The FAFSA—Every Year	182
	9.4b	Free Money: Federal Aid	182
	9.4c	Free Money: State Government Grants and Scholarships	183
	9.4d	Free Money: School Institutional Aid	184
	9.4e	Private Grants and Scholarships	184
9.5	Earne	d or Saved Money	184
	9.5a	Post 9-11 GI Bill	184
	9.5b	Federal Work-Study	185
	9.5c	Education Savings Accounts	185
9.6			185
	9.6a	Mortgaging the Future	186
	9.6b	Details of Federal Student Loans	187
9.7	Privat	e Student Loans	187
9.8	Repay	ing Student Loans	188
	9.8a	Federal Student Loan Repayments	188
	9.8b	Federal Student Loan Repayment Difficulties	189
	9.8c	Loan Consolidations	189
Key '	Terms		191
Endı	notes		191
Ch	apte	×10	
	-		
Lite	esty	le Expenses: Housing and Transportation	193
10.1	The B	iblical Perspective on Housing and Transportation	194
10.2	Housi	ng	194
	10.2a	College Student Housing	195
	10.2b	The New Graduate	197
	10.2c	The Home-Buying Process	199
	10.2d	Stay Where You Are vs. Upgrade?	203

Contents vii

	10.2e	Other Financing Questions in Housing	203
	10.2f	Other Housing Costs	205
10.3	Transp	portation	206
	10.3a	Deciding to Buy a Replacement Car	206
	10.3b	Paying for the Replacement Car	208
	10.3c	The Opportunity Cost of Buying More Car Than You Need	210
	10.3d	The Auto-Buying Process	211
	10.3e	Other Costs of Operating an Auto	214
Key '	Гerms		216
Endi	notes		216
Ch	antoi	. 11	
	aptei		
LII	esty	le Expenses: Discretionary Spending	219
11.1	Discre	tionary Spending and the Money Squeeze	220
11.2	Escapi	ng the Money Squeeze	221
	11.2a	Alternative 1: Make Good Financial Decisions with Facts	221
	11.2b	Alternative 2: Adjusting Your Cash Flow	221
11.3	Budge		222
	11.3a	The Envelope System	223
		ychology of Overspending	224
	-	o Reduce Spending	225
_	Γerms		229
EHUI	notes		229
Ch	aptei	·12	
Lif	esty	le Expenses: Insurance and Health Care	231
12.1	Home	owner's and Renter's Insurance	233
12.2	Auto I	nsurance	234
12.3	Health	Insurance	236
	12.3a	How Health Insurance Coverage Works	237
	12.3b	Four Types of Health Plans: How They Compare	238
	12.3c	Health-Care Costs and How Insurance Helps to Pay	239
	12.3d	Employer-Provided Health Insurance	240
	12.3e	Controlling Health-Care Expenses	240
	12.3f	The Affordable Care Act	241
_		surance	241
		lity Insurance	243
	Ü	Term Care Insurance	244
		Insurance You May Not Need	245
_	Terms		246
LHUI	notes		246

viii Contents

Chapter 13

Your Ca	reer and Your Calling	249
13.1 Contras	ting Perspectives on Work	250
13.1a	The World's Perspective on Work	250
13.1b	God's Plan and Purpose for Work: A Biblical Approach	251
13.2 Career	Planning	253
13.2a	The Process: Four Questions	254
13.3 Your Lit	fe at Work	256
13.4 Persona	al Finance, Fringe Benefits, and Total Compensation	257
13.5 "Rehire	ment," or Your Next Career	260
Key Terms		263
Endnotes		263
Chapter	14	
Taxes a	nd Estate Planning	265
14.1 Taxes		266
	The Types of Taxes	268
14.1b	Planning for Your Income Taxes	268
	Paying Your Income Taxes: Step 1	269
14.1d	Paying Your Income Taxes: Step 2	272
14.1e	Minimizing Your Taxable Income	273
14.1f	How to Avoid IRS Penalties	274
14.1g	Advanced Tax Strategies	274
14.2 Estate F	lanning	274
14.2a	Tools for the Estate Plan	276
14.2b	The Wealth Transfer Process	277
	Your Potential Role in Your Parents' Estate	280
	portance of Planning Ahead	281
Endnotes		282
Key Terms		282
Glossary	,	283
Bibliogra	iphy	293
Indev		707

Contents ix