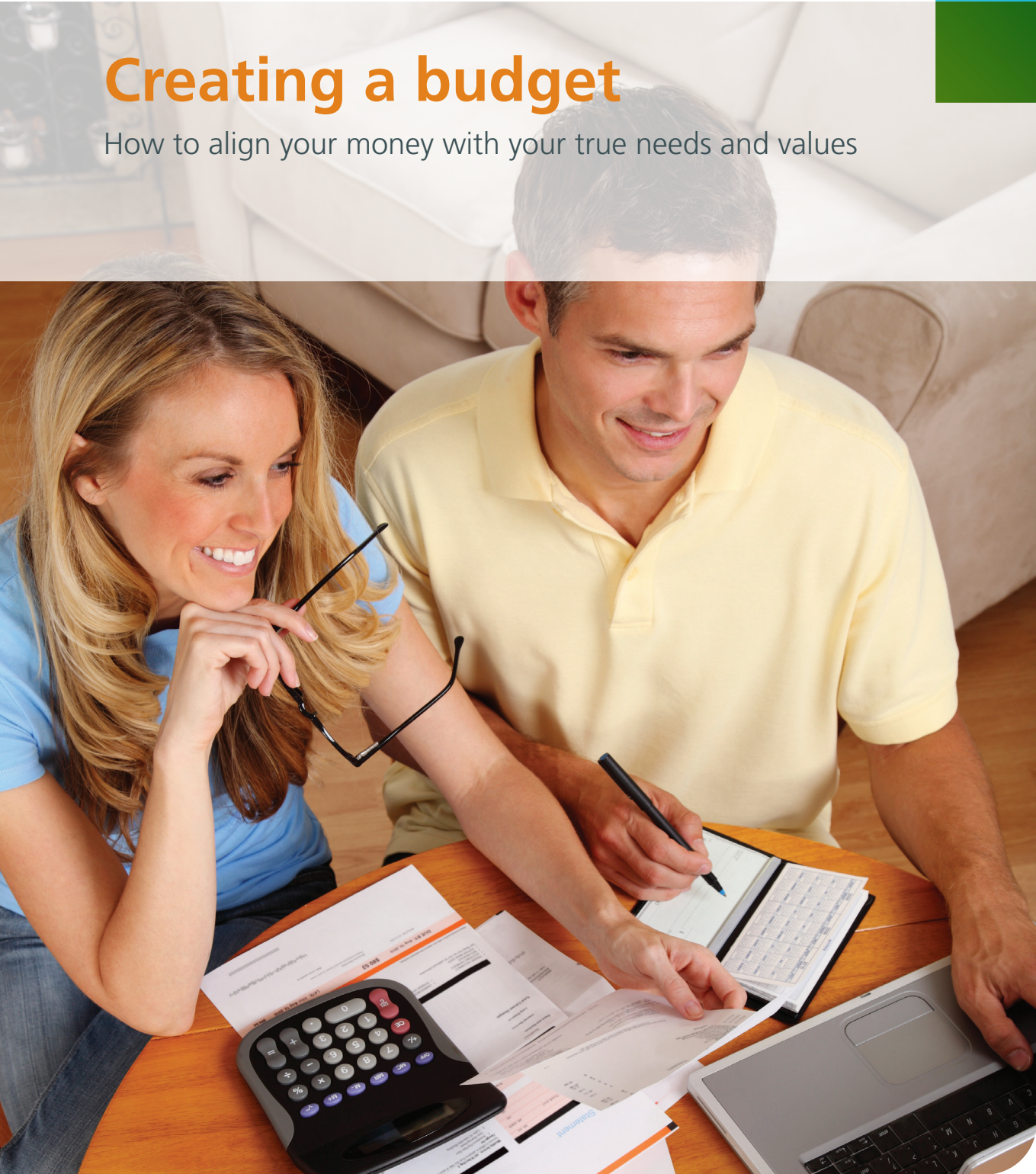




# Creating a budget

How to align your money with your true needs and values



**Everence**

In the past, the word “budget” had a bad name. Today, things are different. Budgeting is about empowerment. It’s about you controlling your money. It’s about you deciding what’s important to you and what brings real satisfaction and security.

You can manage money in a way that is compatible with your true needs, priorities and values. Through budgeting, each time you spend, save or give away a dollar, you can make sure it reflects who you are and what’s important to you.

The Bible frequently speaks about money and material items, viewing them as gifts from God. But God also doesn’t want money to control us, as the writer of Hebrews understood.

*Keep your lives free from the love of money and be content with what you have, because God has said, ‘Never will I leave you; never will I forsake you.’ – Hebrews 13:5*

## Gaining control

The first critical step to gain control over money is to track where it goes now. Then you can create a budget, also called a spending plan. Budgeting is simply planning how your money will be used – giving you control.

Budgeting is mentioned by the Apostle Paul. In 1 Corinthians 16:2, he advises the Corinthians to set aside money each week so collections for his visit will not create a hardship for them.

A spending plan can free you from unnecessary stress that can come when money management is not a priority. If you are married, having a good handle on finances is a blessing, reducing the risk of unnecessary strain on your marriage. If you are married, you and your spouse might find it beneficial to create a budget together.

A budget can help you better juggle your daily needs, your desire to share with others as well as your plans for large expenses, such as a car, home or retirement.

This guide is intended to help you:

- Identify your needs and priorities for your money.
- Reflect your faith and values in your financial habits.
- Create or improve your budget.
- Improve your overall financial health and vitality.

# A quiz:

## Your Current Money Habits

Circle the answers below that best apply to you, then total them, using the following scoring system: a = 1 point, b = 2 points, c = 3 points.

1. When I spend money, I typically:
  - a. Buy what I want and worry about making ends meet later.
  - b. Make sure I can cover my current bills before spending more.
  - c. Follow a predetermined budget for spending, giving and saving.
  
2. When I think about my beliefs and priorities, my use of money:
  - a. Doesn't reflect them.
  - b. Somewhat reflects them.
  - c. Reflects them well.
  
3. From each paycheck, I put the following percentage in long-term savings:
  - a. 0 to 4 percent
  - b. 5 to 9 percent
  - c. 10 percent or more
  
4. When I receive my monthly credit card statement, I pay:
  - a. The minimum payment.
  - b. More than the minimum payment, but not the full balance.
  - c. The full balance.

### *Scoring*

- 1 - 4 points: Consider major changes to your spending habits.
- 5 - 8 points: Look for key changes to improve how you spend money.
- 9 - 12 points: Excellent. Use this guide to fine-tune your budget.

# “I need that!”

Do you really need it – or do you want it?

The Apostle Paul makes it clear God wants our needs to be met: *“God is able to bless you abundantly, so that in all things at all times, having all that you need, you will abound in every good work ...”* (2 Corinthians 9:8). The tough thing is determining what’s a true need – and what is a “want.”

One common definition of need: “everything we can afford.” But just because we get a raise, does that mean we actually “need” a newer car?

## Determine your needs

A better way to define needs is to go back to basics: food, shelter, transportation, insurance, household needs. And, ask: “What do I need to fulfill God’s call on my life?” That could involve developing job skills, getting an education, having transportation, raising a family, or participating in a ministry.

Then ask: how much food and what kind? How large a home? How much education? What kind of transportation? These questions should be answered based on how they support you in or distract you from meeting core needs and living out your faith values.

## Evaluating a purchase

Spending money is routine in our lives, like eating and sleeping. Sometimes, we give little thought to whether a raincoat on sale, an evening out, or a muffin from the corner bakery makes financial sense.

Here are a few questions to ask yourself. Is this purchase:

- The right item, at the right place, and at the right time?
- More important than other uses for my money right now?
- One that supports my faith values?
- Not hindering my long-term goals for saving and giving?

Once you are clear about what determines a need, then you can more easily decide when “enough is enough.”

## Where does your money go?

Knowing where your money goes today is the necessary first step to help you chart a course for where you want it to go in the future. On the budgeting plan you’ll find later in this guide, record your expenditures each month.

Ways to track expenses include:

- Save receipts.
- Identify expenses in your checkbook.
- Keep track of cash purchases.
- Use a computer software or online expense tracking program.

# A sound foundation:

## Your budget and goals

A budget is simply a way of planning ahead to ensure you have enough money for anticipated expenses and long-term goals. How you decide to use your money in advance of actually spending it plays a bigger role in maintaining sound finances than earning a large income. A budget is your financial foundation.

An important first step to creating that foundation is documenting your goals. You may want to regularly give more to your congregation or believe strongly in supporting groups that care for others in serious need. You may hope to send your children to college. You may want to take time off for service or travel.

Reflect on the goals important in your life, and then list them below.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## Setting a budget

Budgeting is not difficult, but requires a desire to be financially healthy, a commitment to your goals above, and then a plan to follow through on them.

If you are married, discover who the financial leader is. Does one of you possess better financial skills or have more time or interest in money management? Letting that person take the lead can be a big step toward keeping better track of expenses and sticking to a budget. However, this person can't carry all the responsibility for the family purse. You and your spouse must still frequently talk about all of the financial decisions that continually confront you.

Involve the entire family. If you have school-age children at home, do they know your financial priorities? Do they know what your family's financial situation is? If they are aware of your finances, they can better be ready for decisions you make with them at the store when they want something they see. And, you are modeling good financial behaviors for them that may stick with them for their entire lifetime.

The budgeting plan below gives you a starting point to create your own customized budget plan. First, list your income. Fill in your "current expenses" column first. Then fill in your "future budget" column based on the priorities you listed earlier. Adapt the categories below to fit your needs.

Utility bills usually fluctuate each season. You may pay insurance premiums and real estate taxes annually or quarterly. Look ahead and set money aside for high-expense months.



## Budget plan

Spending categories                      Current expenses                      Future budget

### Income

Gross wages                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
 Other                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Total income                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

### Expenses

Donations\*                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Savings\*\*  
     Short-term                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Long-term                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Housing  
     Mortgage or rent                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Maintenance                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Taxes                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Utilities  
     Electric                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Heat                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Telephone and Internet                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Other                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Transportation  
     Gas                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Auto maintenance                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Auto loans                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Other                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Insurance  
     Auto                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Health                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Life                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Home                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Household  
     Food                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Child care                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Medical                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Household supplies                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Clothing and personal care                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Travel and entertainment                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Gifts                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
     Other                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

Monthly total                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

\* Includes giving to your congregation and charities.  
 \*\* Short-term savings cover emergencies and large purchases; long-term savings cover goals like retirement and children's education.

Compare your current expenses with your budget. Do they help or hinder your priorities and goals? If they hinder, use the action plan (later in this guide) to make changes that would allow you to meet a budget that reflects those priorities.

## Aligning faith and money

*As you develop your budget, consider how it can reflect your faith.*

*“Seek first his kingdom and his righteousness, and all these things will be given to you as well.” – Matthew 6:33.*

Gary Moore, Christian financial counselor who has decades of Wall Street experience and has authored books on integrating faith with money, says this verse is foundational for Christians.

*“One of the most important things I discovered was that God didn’t want just 10 percent of my money; God wanted 100 percent of it.” Gary affirms that turning over all of his resources to God gives him “security of the truest kind.”*

Lynn Miller, a former Everence stewardship minister, took the discussion of God’s priorities a step further. In his study of Scripture, Lynn came to believe God wants us to use our money in three ways:

- Firstfruits offerings to God,
- Meeting our own needs, and
- Good works God calls us to perform.

To find your abundance for good works, subtract your expenses from your income.

Total income
– Total expenses
<hr/>
Your abundance for good works

However you ultimately integrate your faith and finances, learn to live generously. That is the true way to love God and find satisfaction in managing your money well.

## Credit cards: Convenience or burden?

Another important issue to consider in improving your budget is the amount and type of debt you take on. One common form of debt to get control of first is credit card debt.

The introduction of credit cards in our society has been a mixed blessing. Plastic money is certainly convenient. But sometimes it's too convenient to spend more money than we would with cash – causing stress when the card statement appears in our mailbox.

Whether credit cards work for or against you may be revealed by one factor: your ability to pay off the full card balance every month. If you can rather effortlessly erase your balance every month, credit cards are probably working in your favor. If not, you are increasing your debt and paying an unnecessarily high interest rate.

When you want to make a purchase by credit card, always ask: Can I pay off this purchase when I receive my next card statement? If the answer is no, delay the purchase unless it's an emergency. Save up money for big purchases rather than using a credit card as an instant loan.

## Plan ahead: save and protect now

Long-term goals are easier to reach if you budget for small regular deposits into savings. Otherwise, we too easily get caught up daily in spending all that we earn and then just focusing on making ends meet.

Have you set aside money for your future? Do you have emergency savings if you or your spouse loses a job? Are you saving for retirement? Are you saving for your children's education? You and your family's well-being and financial health depend on you working on those goals now.

Essentially, the idea is to live below your means. You don't want to spend now all that you earn. You want money for your future.

However, some desires of the moment can be transformed into short-term savings goals for the future. Budgeting for fun activities like eating out or vacations can keep you from overspending on a spur-of-the-moment spree. And, short-term savings can be invaluable for making those necessary large purchases, like appliances and vehicles.

Long-term savings and protection are equally important. Buying insurance to protect you and your family as well as saving for the future reduce the risk of pain down the road.

Church, family and the government might help you out in a financial crisis – but often for only a short period of time. The government's Social Security income can also help you during retirement. But none of this aid can replace the need for insurance or saving for the future.



## The powerful payroll deduction

Save money or pay insurance through a payroll deduction, if you have that option through your employer. This simple method has proven to be a truly powerful way to handle those long-term needs. You don't miss what you never had.

Also, when you come to the end of a car payment, continue to pay yourself the same monthly amount into a savings account or use it to pay off other loans. Put your raises or bonuses into savings. Use these ideas to more easily save money – you are paying yourself up front.

## My action plan

Record below the good budgeting habits you already have. Then, reflecting on your results to the self-assessment quiz found earlier in this guide, think about improvements you desire to make to your current financial habits.

Identify what you're doing well in managing money:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

What improvements would you like to make in managing money?

Change: \_\_\_\_\_

Barrier to change: \_\_\_\_\_

Ideas for overcoming the barrier: \_\_\_\_\_

\_\_\_\_\_

Change: \_\_\_\_\_

Barrier to change: \_\_\_\_\_

Ideas for overcoming the barrier: \_\_\_\_\_

\_\_\_\_\_

**My action plan (continued)**

Who can support you in changing your behavior? Change is hard. Why do it alone? Find people who can help you do what you truly want to do, even when you stray from your goals. Taking the "personal" out of personal finances will make it easier for you to follow through on your commitment.

Support people: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In six to eight weeks, evaluate your finances again to see what's working and what's not.

Identify that evaluation date here: \_\_\_\_\_

Reward yourself and family when you make progress. Many of us won't budget without incentives. Try incentives that are experiences: memories last longer than material things. But keep it small. You don't want to spend all that you've saved.

My incentive is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# Everence can help

## Budgeting assistance

If you would like a partner to help you manage money or create a budget – or if you are finding it difficult to repay loans or credit cards – contact Everence partner, LSS Financial Counseling. Their basic financial assistance is free through Everence. Call toll-free (877) 809-0039 or learn more at [Everence.com](http://Everence.com).

## Savings choices

You can set up CDs or short-term savings accounts through Everence Federal Credit Union, which offers a wide variety of accounts for you to choose from.

Everence representatives can assist you in saving for your long-term needs, whether they include retirement, education or other financial goals.

## Insurance needs

Your Everence representative can also help you determine your insurance needs. Most people consider health, life, home, disability and auto insurance. Once you move toward the second half of life, talk to your representative about whether you need long-term care insurance as well.

Learn more about these Everence services by calling your local Everence office or find your representative at [Everence.com](http://Everence.com) or by calling (800) 348-7468 ext. 3202.

Everence helps individuals, organizations and congregations integrate finances with faith through a national team of advisors and representatives. Everence offers banking, insurance and financial services with community benefits and stewardship education.

Everence is a ministry of Mennonite Church USA and other churches.

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