

EQUIP: FINANCES

SESSION 3: GIVING/SAVING/INVESTING

INCOME



SAVINGS
GIVING
INVESTING



FIXED EXPENSES



VARIABLE EXPENSES

The point is this: whoever sows sparingly will also reap sparingly, and whoever sows bountifully will also reap bountifully. Each one must give as he has decided in his heart, not reluctantly or under compulsion, for God loves a cheerful giver.

2 CORINTHIANS 9:6-7

GIVING

- How do we give?
 - Prayerfully
 - Joyfully
 - Without reluctance or compulsion

GIVING

- Where do we give?
 - Align your money with God's purposes
 - Your family (*1 Timothy 5:8*)
 - Your local church (*Galatians 6:10*)
 - Community and neighbors
 - Charities

SAVING/INVESTING

- How much do Americans currently save?
 - 5.7% personal savings rate (US Bureau of Economic Analysis)
- How much should we save?
 - Depends on your personal factors
 - Until it hurts

SAVING/INVESTING

- General guidelines
 - Aim to save 15-25% of your income, including employer contributions
 - Have eight times our annual salary by age 67
 - Age 30 - 1x annual salary saved
 - Age 35 - 2x annual salary saved
 - Age 40 - 3x annual salary saved
 - Age 45 - 4x annual salary saved
 - Age 50 - 5x annual salary saved
 - Age 55 - 6x annual salary saved
 - Age 60 - 7x annual salary saved
 - Age 65 - 8x annual salary saved

SAVING/INVESTING

- Choose a suitable account/savings vehicle
 - Length of time until you need the money
 - Availability (liquidity)
 - Risk temperament
 - Taxability
 - What percent of your total net worth is being invested
 - Investment experience

SAVING/INVESTING PRIORITIES

- Emergency reserve
 - 3-6 months of expenses
- Long-term savings
- Short/intermediate-term savings goals
 - Time value of money calculator

SAVING/INVESTING

- Create separate accounts
- Dollar cost averaging
- Be diligent with your savings goals and do not waiver when adversity comes (and it will)
- Continually review your financial plan
- Start saving as soon as you can

SAVINGS EXAMPLE AT AGE 25

If you are 25 years old and you begin to save \$5,000 per year, every year, and invest it in an account earning an average of 8% interest per year until you're age 67, how much would your account be worth at age 67?

- \$1,521,217

SAVINGS EXAMPLE AT AGE 35

If you are 35 years old and you begin to save \$5,000 per year, every year, and invest it in an account earning an average of 8% interest per year until you're age 67, how much would your account be worth at age 67?

- \$671,067