

FREEDOM THROUGH BUDGETING

One of last month's **Four Steps to Financial Freedom** was "**Have a spending plan - sometimes called a budget.**" Since we feel strongly that having a spending plan is a key factor in both financial freedom and strong marriages, this month we will take a closer look at budgeting.....

The word budget is somewhat of a paradox. We have no problem with budgets when it comes to the government, corporations, churches, or our employer. In fact, we find ourselves quite skeptical of any entity that doesn't manage their finances according to a budget. And yet, when it comes to budgeting our personal finances our attitude often changes. Many view a budget as a "whip-cracking slave driver" that pushes them in ways they don't want to go. Nonsense! Properly prepared, and with a steward's attitude, **a budget is designed to help us maintain "self-imposed" boundaries.** Let me illustrate.....

I have always had a fear of heights. Living in the Colorado mountains and many years spent in the construction business tempered that fear somewhat, but I still find myself not liking to stand near the edge of high place. Recently, Donna and I had the opportunity to climb hundreds of stair steps to the top of a cathedral dome in Italy. As you can imagine the view from the top was incredible, but I found myself reluctant to venture very far out on the observation deck. However, I noticed a nice, strong railing along the edge and suddenly I was much more brave! That railing provided security. Within it's confines was safety. Beyond those boundaries danger lurked - in this case falling several hundred feet! **That is the purpose of a budget. It is a simple device to keep us from stumbling over the boundaries that guard us from financial dangers that threaten our families.**

When teaching or counseling, I like to use the term **spending plan** instead of budgeting. For most of us spending plan doesn't sound quite so harsh. A simple, yet accurate, definition of a spending plan is "**to spend no more than we make on a monthly basis.**" Ideally, that means to live on a cash basis and not use credit or borrowed money to provide for normal living expenses. It also means the self-discipline to control spending and to keep needs, wants, and desires in their proper relationship.

- **Needs** - These are the purchases necessary to provide your basic requirements, such as food, clothing, housing, etc.
- **Wants** - Involve choices about the quality of goods to be purchased - dress clothes vs. work clothes, steak vs. hamburger, a new car vs. a used car, and so on.
- **Desires** - These are choices according to God's plan that can be made only out of surplus funds, after all other obligations have been met.

Analyzing spending patterns during financial counseling, we often come upon what we call "**the danger point.**" **The danger point is when income barely equals outgo.** Break-even brings about a "decision point." If all income is consumed in monthly expenses, and something unusual or unexpected happens, like the car breaking down or a medical emergency, the result is usually whipping out a charge card or borrowing money. A critical decision is necessary at this point - "**make more money or spend less!**" It would be nice if we made that critical decision before external pressures hit us. But unfortunately, we usually don't and then we have to treat the "symptoms" rather than the real problem. We treat those symptoms with things like credit cards, loans, or maybe a job for a stay-at-home mom. **But just like a medical condition, if only the symptoms are treated, the real problem still exists and will always reappear.** Usually it is easier to cut expenses than to increase income. However, like physical surgery, it is also often painful. But it's worth it to "get well"!

Everyone needs a spending plan! Financial bondage can result from a lack of money and overspending, but it can also be caused by the misuse of an abundance of money. True financial freedom requires that we all, regardless of our income level, be good stewards - good managers. **Remember, God owns it all and expects us to manage well what He entrusts to us !**

Next month we will look at some common budgeting myths and truths, as well as obstacles to good planning.

Ed Edwards

"Keep your lives free from the love of money and be content with what you have, because God has said, 'I will never leave you nor abandon you.'" Hebrews 13:5