

Obtaining Financial Freedom

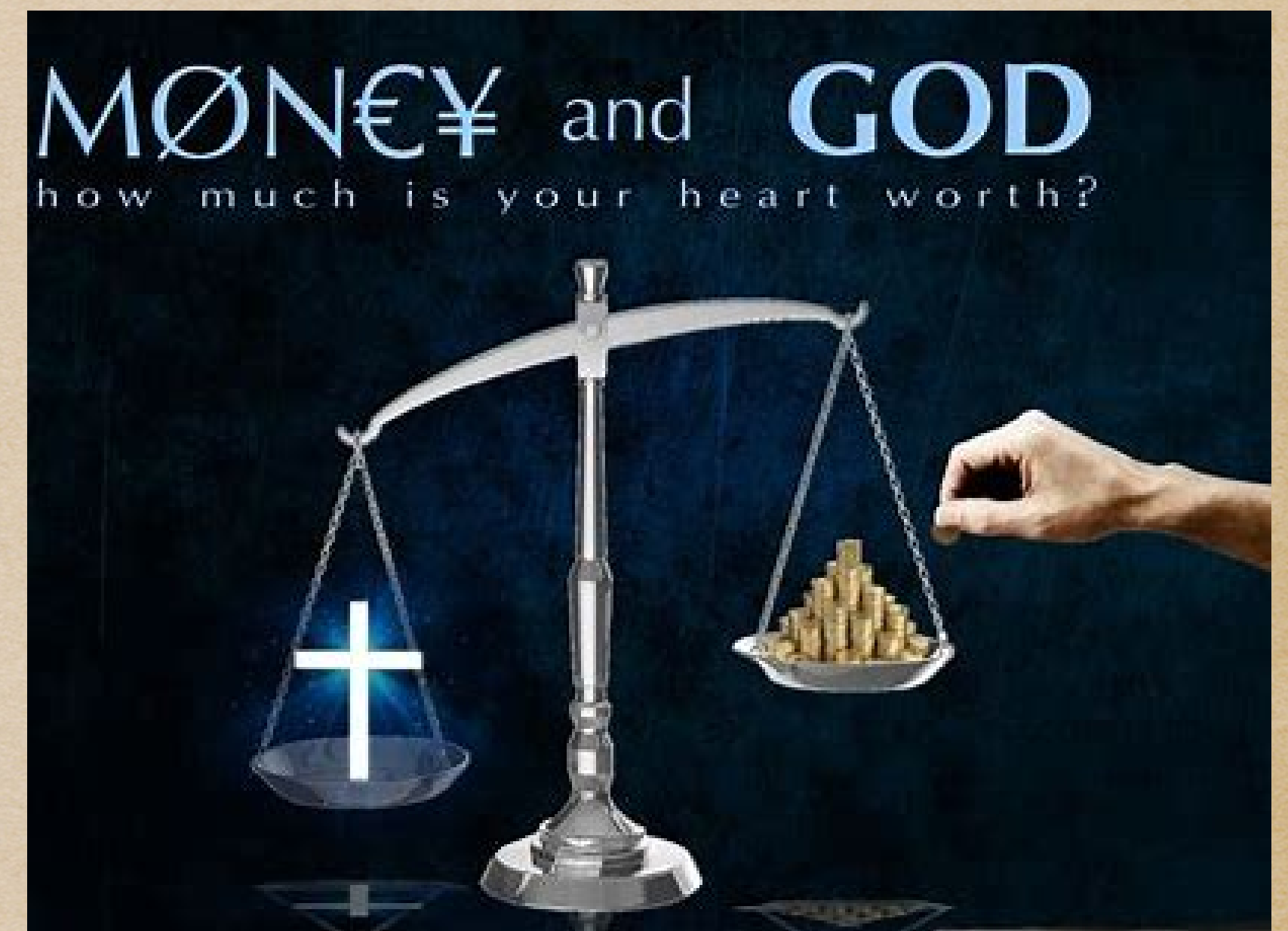
Do you know how to get there?

BY Pastor Feliciano
Chesapeake Conference



No one can serve two masters.
Either he will hate the one and
love the other, or he will be
devoted to the one and despise
the other. You cannot serve
both God and Money.

Matthew 6:24





shutterstock

IMAGE ID: 125099179
www.shutterstock.com

Dishonest money
dwindles away, but
he who gathers
money little by little
makes it grow.

Proverbs 13:11

Better one
handful with
tranquility than
two handfuls with
toil and chasing
after the wind.

Ecclesiastes 4:6



**'Better to have one
handful with quietness
than two handfuls with
hard work and chasing
the wind.'
Ecclesiastes 4:6**

HOW TO **fix money mistakes**



www.simplyfrugal.ca

What mistakes
have you
made with
money?



What do you dream about?
What are you willing to sacrifice for?

Budgeting is
setting a plan
for your
money





Without a
Budget you
will always
wonder where
your money
went!

Expense Categories

Checking Account

Rent

Electricity/Gas

Water

Trash

Cable/Internet

Cell/Phone

Insurance

Tithe/Offering

Child Care

Prescription/Doctor

Expense Tracking Categories

Income

- W2 Income
- Spousal support
- Child support
- Social security benefits
- Side hustle income
- Investment income
- Bonuses
- Reimbursed job expenses
- Tips
- Gifts

Housing

- Mortgage
- Rent
- Home insurance
- Property tax
- HOA
- Home Maintenance
- Home Improvement
- Home Security

Food

- Groceries
- Restaurants
- Fast food
- Work meals
- Meal service
- School hot lunches
- Coffee shops
- Alcohol

Insurance

- Medical
- Dental
- Vision
- Health Savings Account (HSA)
- Flexible Spending Account (FSA) for health or childcare
- Home
- Private mortgage insurance
- Personal property (valuables)
- Renters
- Pet
- Auto
- Life
- Disability
- Long-term care

Healthcare

- Copays
- Doctor's office visits
- Specialty care
- Mental health visits
- Dental care
- Vision care
- Prescriptions
- Over the counter medications
- Vitamins/ supplements

Services/ Memberships

- Yard care
- House cleaning service
- Meal delivery services
- Gym
- Magazines
- Professional society dues
- Music (spotify/pandora etc.)
- TV streaming services (HULU, Netflix, etc.)
- Amazon Prime
- Costco
- Software subscriptions
- Identity theft

Pets

- Food
- Veterinary care
- Medications
- Bedding
- Toys
- Daycare
- Pet sitter/dog walking

Utilities

- Electric
- Gas
- Phone
- Cable
- Internet
- Water
- Sewer
- Trash
- Recycling
- Yard waste

Transportation

- Auto loan
- Registration
- Gas
- Road/Bridge toll
- Auto maintenance
- Oil changes
- Tires
- Auto repair (estimate based on make/model/year of car)
- Public transportation
- Parking
- Roadside assistance (Onstar)
- Others: Bike, motorcycle, recreation vehicles

Taxes

- Federal income
- State
- Property
- Business
- Accountant fees
- Filing fees

Personal Care

- Haircuts
- Hair color
- Nail salon
- Massage/Spa
- Beauty products
- Acupuncture

Savings

- Emergency fund
- Investing fund
- Home fund (down payment, improvements, large repairs)
- College savings
- Fun savings
- Gift savings

Children

- Childcare
- School tuition
- After school activities
- Sports: Gear and clothing, sign up expenses, travel)
- Summer camps
- Toys
- Allowance
- Baby expenses
- School supplies
- Child support

Consumer Debt

- Interest payments
- Payments over the minimum due

Fun

- Going out
- Events
- Travel
- Hobbies
- Technology gadgets
- Hosting/entertaining
- Books

Giving

- Charities
- Church
- Political

Miscellaneous

- Anything that doesn't quite fit into any category
- Unusual, non-recurring expenses

Debt Categories



Mortgage Payment

Car Payment

Credit Card(s)

Student Loans

Finance Company

Credit Line

THE BUDGET CATEGORIES

YOU DON'T WANT TO MISS

ESSENTIALS

Housing, transportation,
food, utilities, and
insurance

DEBT

Credit card debt,
student loans, and other
personal debt

ANNUAL PAYMENTS

Annual memberships
and fees, car insurance,
Amazon Prime, etc..

QUALITY OF LIFE

Vacation, entertainment,
clothes, dining out,
etc...

SAVINGS

Emergency fund, IRA,
taxable account, early
retirement fund, etc...

GIFTS/GIVING

Gifts for family/friends
and giving to charitable
organizations

Budget Categories

Food

Eating Out

Gasoline

Personal Care

Household Needs

Allowance

Hair Cuts

Public Transportation

Clothing

Vacation

Gifts

Pets

Savings

School

Supplies

Incidentals

Entertainment

Car

Repairs

Money Mistakes Most Make

There are areas that you naturally overspend. People don't budget those items ahead of time. They purchase with credit and ATM cards and don't track their spending. They are not trained or disciplined in spending money.



Envelope Budget System



With the envelope system you use cash for different categories of your budget. Take money out in cash at the beginning of the month and you keep that cash tucked away in envelopes. You can see exactly how much money you have left in a budget category just by taking a quick peek in your envelope. (use for budget category) This trains your money to obey and you get more done.

Budget Categories

Food

Eating Out

Gasoline

Personal Care

Household Needs

Allowance

Hair Cuts

Public Transportation

Clothing
Repairs

Vacation

Gifts

Car

Pets

Savings

School Supplies

Incidentals

Entertainment

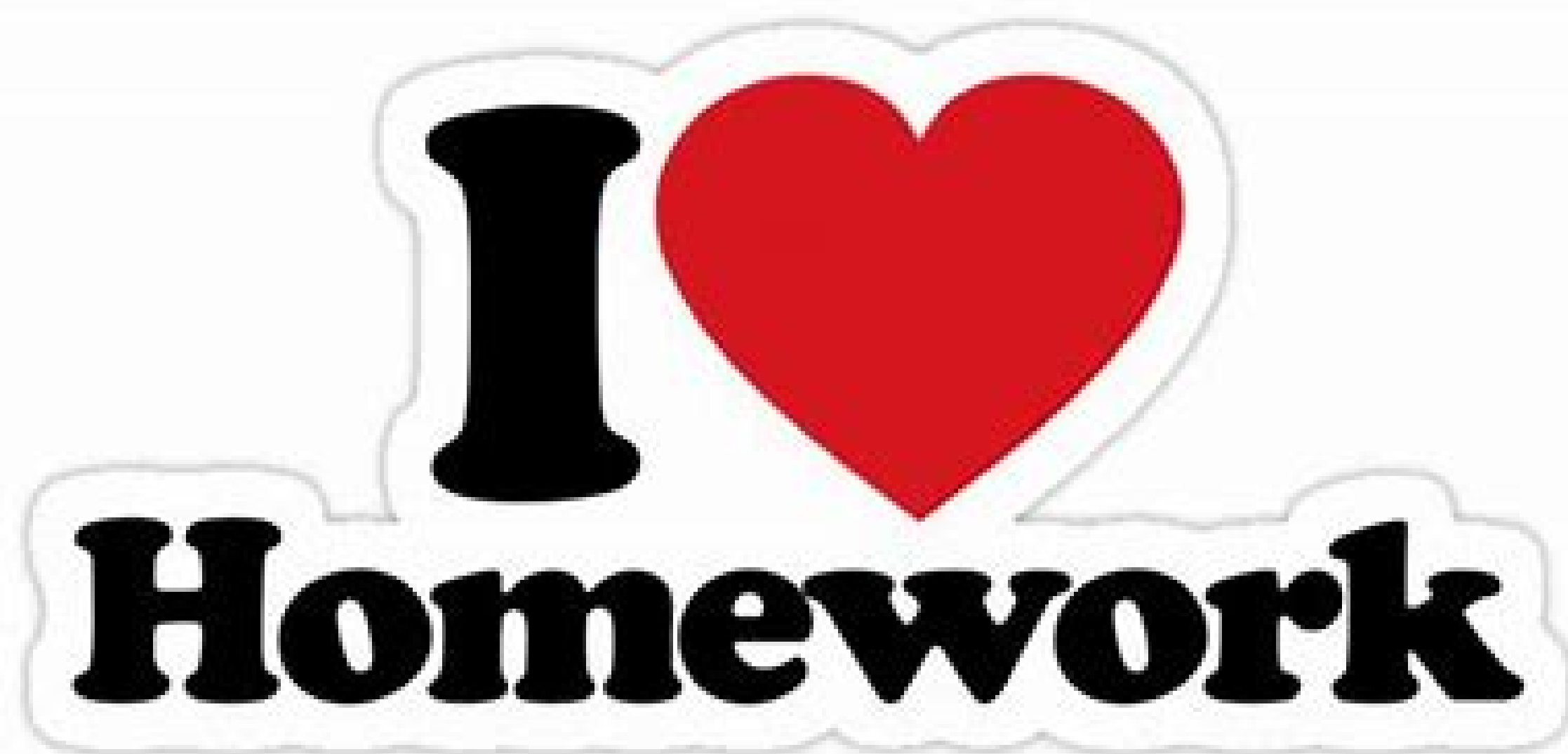
Benefits to Envelope System

- Control over your money
- No over spending
- You know where your money went
- Always money for what is important



Personal
Experience
Using Budget





Homework
Time

Q&A

Obtaining Financial Freedom (part 2)

Do you know how to get there?

Let no debt remain outstanding, except the continuing debt to love one another, for he who loves his fellowman has fulfilled the law.

Romans 13:8

Get Control of our Income

- Powerful Wealth-Building Tool
- Payments limit wealth growth
- Eliminating debt increase income



Average Family

- Income of \$40,000 per year
- \$850 House payment, \$530 Car payments
- \$165 Student loan, \$185 Credit cards, \$120 Other
- \$1,850 Invested, makes a million in 15 years
- The Key is to pay off the DEBT

The Debt Snowball

- Put debts in order from smallest to largest
- Pay minimum payments to all except the smallest one
- Pay as much as you can to the smallest
- Then continue with the next debt in line

Important to Debt-Snowball Success

- Use Envelope System Budget
- Getting current before starting Debt-Snowball
- Smallest-to-largest payoff (no cheating)
- Sacrifice (bigger sacrifice = bigger reward)
- Focused Intensity (gazelle intense)
- Stop borrowing

Example Cases

Family Example #1

- Combined Income - 3,500
- Budget - 850
- Expenses - 1,750
- Extra - 475
- Debts - payment/balance
- Car payment - 200/8000
- Student loan - 225/20,000
- Master Card - 125/8,000
- Discover - 75/5000

Family Example #2

- Combined Income - 7,000
- Budget - 950
- Expenses - 1,950
- Extra - 3,900
- Debts - payment/balance
- Car payment #1 - 500/15000
- Car payment #2 - 200/8000
- Student loan - 225/20,000
- Master Card - 200/10,000
- Discover - 75/5000

Family Example #3

- Combined Income - 3,000
- Budget - 850
- Expenses - 1,650
- Lacking - 300
- Debts - payment/balance
- Car payment - 300/10,000
- Student loan - 225/20,000
- Master Card - 200/5,000
- Discover - 75/3000

Family Example #4

- Combined Income - 5,000
- Budget - 850
- Expenses - 1,750
- Extra - 1,300
- Debts - payment/balance
- Car payment - 500/15,000
- Student loan - 225/20,000
- Master Card - 200/10,000
- Discover - 175/7000

Two Important Secrets to Success

- Limit your expenses and budget to ensure maximum impact on debt elimination
- Make extra income by more work and selling things for debt elimination

Q & A

Obtaining Financial Freedom (part 3)

Do you know how to get there?

The rich rule over the poor, and
the borrower is servant to the
lender,

Proverbs 22:7

Debt-Snowball Recap

What did we learn in Part 2?

Baby Steps

- Step 1 - Save \$1,000 to start Emergency Fund (EF)
- Step 2 - Pay off all debts using debt snowball
- Step 3 - Save 3-6 months of expenses for EF
- Step 4 - Invest 15% of household income into Roth IRA's and pretax retirement funds 401K
- Step 5 - Save for our children's college fund (529 plan)
- Step 6 - Pay off your home early
- Step 7 - Build wealth and give

Emergency Funds

- Every family needs an emergency fund
- Emergency funds are for the benefit of your immediate family
- Starting the Baby Steps, amount \$1,000, before debts begin to be paid
- These funds are for relief purposes for unexpected expenses of emergency/necessities

Beware of Situations

- LENDING money in an effort to help others
- BORROWING money from others to cover difficulties
- Best Practice - If you can afford to gift them (requestor) money, give it and do not lend

Term Life Insurance

- Unless you are rich, every family should have Term
- Term Insurance protects your family by replacing your income
- You need 10-12 times your annual income (20 year term)
- Whole Life insurance is a Rip-off, way more expensive than term insurance

Major Purchases

- Purchases should be saved up for over time
- Major Purchases should be carefully considered while getting out of debt
- Automobiles are a major purchase that should always be planned for
- Transportation provides mobility, but nothing more

The BIGGEST LIE is that we
need credit to survive!!!

Credit & FICO

- Credit and FICO scores are only a measure of being able to borrow money
- In order to keep scores up, you need to continue to borrow money
- Credit and FICO ends up being a trap
- The best way is to live without credit

Q & A

Obtaining Financial Freedom (part 4)

Do you know how to get there?

“The plans of the diligent lead to profit
as surely as haste leads to poverty.”

Proverbs 21:5

“The wise store up choice food and
olive oil, but fools gulp theirs down.”

Proverbs 21:20

Emergency Fund, Major Purchases, Credit Card Recap

What did we learn yesterday?



Investing for Tomorrow
Be Financially Healthy for Life

Reasons to Invest:

- Financially Secure
- Able to do what you want
- To have choices of what to do



“56% of Americans do not systematically prepare
for retirement age by investing.”

-USA Today

“Out of one hundred people age sixty-five, ninety-seven of them can’t write a check for \$600, fifty-four are still working, and three are financially secure.”

-USA Today

Step 4: Invest 15% for Later

- Ideal is 15% of before tax gross income annually
- This does not include company matches
- Invest in Growth-Stock Mutual Funds

Investment Steps

- Obtain any matching funds that you can from your company
- Many companies match the first 3%, maximize the match
- Next invest the rest of the 15% into a ROTH Fund
- ROTH funds grow from after tax dollars

Difference between 401K and
ROTH

Differences 401K vs. ROTH

- 401K uses pretax dollars (easier)
- 401K must pay taxes on each withdrawal
- ROTH uses post tax dollars (more kept)
- ROTH doesn't pay taxes on any withdrawals

“Only the money you invest will grow. None of the money that you don’t invest will grow.”

– Pastor Josue Feliciano

Example of Investments

Example 1

- Age 25
- Invests \$50 per month
- 40 year span of time
- Total = \$588,289

Example 2

- Age 25
- Invests \$150 per month
- 40 year span of time
- Total = \$1,764,715

Example 3

- Age 40
- Invests \$50 per month
- 25 year span of time
- Total = \$93,942

Example 4

- Age 40
- Invests \$150 per month
- 25 year span of time
- Total = \$281,827

Example 5

- Age 25
- Invests 15% per month
- 40 year span of time
- Making \$35,000 and increasing \$10,000 every ten years
- Total = \$5,726,652

Educate Children about Money

- No allowance, work for money, instant-reward
- All should learn to (give, save, spend)
- Investing should start after college (15%)
- Share what you are doing with money, goals being attained (mentorship)

Money for Children's College

- To stop the generational debt, help with college
- Educational 529 plan is an investment account like a retirement fund but for college
- Use local state schools to get the most education for the money
- Encourage student to work while in college

Q & A