

Tithing and Consumption

'Tis not knowing much, but what is useful,
that makes a wise man." **Thomas Fuller**

Tithing

- “What would happen if we accept God’s gift of tithing, when we accept God’s gift of money? If we give off the top, we claim our place as ‘givers’ before we admit we are ‘consumers’. That puts our priorities in order and establishes a framework of gratitude around the rest of our financial affairs.”

Henry Morris

Tithing

- “He gives seed to the sower” 2 Cor 9:10
- Give “as a matter of generosity and not a grudging obligation” 2 Cor 9:5
- “Let each one give as he purposes in his heart, not grudgingly or of necessity; for God loves a cheerful giver” 2 Cor 9:6,7
- Cheerful – joyfully ready
- Not an insurance policy
- Be abundantly generous with God

Consumption

“You cannot keep out of trouble by spending more than you earn.”

Abraham Lincoln (1809 – 1865)

Consumption

- “And God is able to make all grace abound toward you, that you, always having all sufficiency in all things, may have an abundance for every good work.” 2 Cor 9:8
- Do not worry about what you will eat, drink or wear – you Heavenly Father knows that you need these things – Matt 6
- Be frugal – distinction between need and want
- Your heart will be where your treasure is – Matt 6:19-21

Consumption

- Not a punishment
 - You can treat yourself – within reason
 - consider setting aside an equal amount to bless someone else
- Check your motives
 - Where does your significance come from?
 - Some purchases are just selfish
 - Watch knock on effects – e.g. television will cost more than money
- Accountability

Understanding ourselves

- Your family / upbringing
 - Follow in footsteps?
 - Exposure to financial matters?
 - Expectations from family?
- Your tendencies
 - Spender / saver?
 - Terrified?
 - Comfort shopper?
- Your context
 - Materialism
 - Comparison

Find frugal friends

- Hang around with people who will support your desire to be responsible
- Be utterly transparent
- When making big purchases, ask for help
- Learn from other people's experiences
- Share expenses and ideas
- Share your weak areas
 - Plan to protect yourself from yourself

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Investments and Financial Planning



**“If you want to retire someday, you’ll need a quadruple bypass:
bypass the sports car dealership, bypass the jewelry store,
bypass the travel agency, and bypass the betting parlor!”**

Practical tips

- When grocery shopping
 - Plan – use lists
 - Limit trips – petrol, parking
- Know what convenience costs
- Plan your shopping
- Delay purchasing – tomorrow you may not need it as much
- Cash management
 - Draw cash for the month once, and divide it into envelopes per week.
- Similar with cellphone airtime.
- Check prices – buying bulk is not always cheaper.
- Always ask for a discount!!

Consumption using debt

- Debt will imprison you
- Get serious about saving before purchasing
 - Do not spend what you don't have
 - Opportunity cost
- Understand how debt works
- Avoid 'Danger debt' – easy to get, expensive
- If you have debt
 - Know your total debt position
 - Simplify
 - Pay off expensive debt first

Retail debt example

- Buy washing machine on credit = R2 000
- Interest = 25%
- Over 24 months:
 - Monthly payment of R 132
 - Total cost of washing machine = R3 333
- BUT
 - If you saved R132 per month for **15** months, would have R2 075 at end (R2 860 after 24 months)
 - So 9 months less
 - At 10% interest

Retail debt

SAVE R300 CASH
R 1999

DEPOSIT R200	TERM 24 MONTH
MONTHLY INSTALLMENT R131.85	FINAL INSTALLMENT R100.88
ANNUAL INTEREST RATE: 25%	
TOTAL REPAYABLE: R2833.43	

SAMSUNG
9.2kg TOP LOAD WASHING MACHINE
STAINLESS STEEL DRUM

- Silver Nano filter
- Wash cycles include: heavy, speed, blanket, and wool
- Softener dispenser
- 24 Month guarantee

**Actually,
this totals
R3 333.43!**

Bonds

Month 1

- Original bond amount = R500 000.00
- Add: Interest at 14% for one month = R 5 833.33

- At the end of the month, you owe = R 505 833.33

- Less: Bond repayment at end of month = R 6 217.60
- New amount owed at the end of month = R499 615. 73
- **You have paid R6 217.60, but have only reduced the amount owing by R384.27**

- **If you pay R500 extra each month – pay off in 14 years 7 months and save R316 644 in interest**

Bonds

Month 2 – no extra R500

■ Amount owed at the start of month	= R499 615.73
■ Add: Interest at 14% for one month	= R 5 828.85
■ At the end of the month, you owe	= R 505 444.58
■ Less: Bond repayment at end of month	= R 6 217.60
■ New amount owed at the end of month	= R 499 226.98

Month 2 – extra R500

■ Amount owed at the start of month	= R499 615.73
■ Less: R500 extra in month 1	= R 499 115.73
■ Add: Interest at 14% for one month	= R 5 823.02
■ At the end of the month, you owe	= R 504 938.74
■ Less: Bond repayment at end of month	= R 6 717.60
■ New amount owed at the end of month	= R 498 221.15

Cars

- Repayments work like bond – just shorter term
- A car is generally not an investment
- Cars depreciate VERY quickly
- Beware of owing more than the car is worth
- Watch for lease versus outright purchase – you may not own your car at the end

Interest rates

- Take care with fixed interest rates – car and house
- Rule of thumb – over 20 years:
 - Interest rate up by 0.5%
 - Repayment goes up by 3.5%
- Current interest rate crunch – your bank does not want your house – talk to those you owe money to if you are in trouble
- NCA – www.ncr.org.za



Testimonies