

# MANAGING YOUR MONEY

## FINANCIAL FREEDOM

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# MANAGING YOUR MONEY FINANCIAL FREEDOM

By Karen McCall

*Karen McCall is the author of  
the Money Minder system and founder  
of The Financial Recovery Institute in  
San Rafael, California. Contact information  
is provided at the conclusion of this booklet.*

*Biblically based elaboration provided by  
Suzie Sallee, United States Ministries  
Resource Coordinator.*



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# INTRODUCTION

Are you are unable to manage your money or finances as well as you would like? Does your money situation sometimes feel out of control? No matter how great your income, do you fear you don't have sufficient financial stability or security? Does the subject of money launch you into stress, shame, or even denial?

You are not alone. Millions share your worries and insecurities about managing money. Like you, they wish to learn the secret to financial well-being and peace of mind. The secret is, that secret lies within you.

## A PERSONAL STORY

A number of years ago, Jeanne finally faced the fact that the way she approached money wasn't working. She felt embarrassed, ashamed, and confused. She had survived a childhood of poverty, illness, and neglect to become a "successful" businesswoman. She had no concept that her childhood experiences might in any way be connected to what she perceived as her "problem" with money.

To overcome her money problems, Jeanne thought she simply needed more. If she had more money, she reasoned, then she could straighten out her finances — and no one would be the wiser.

The debt Jeanne had accumulated was a carefully kept secret. By day, she went to work. She always dressed professionally, carried a briefcase, and had a company car.

While on the surface Jeanne looked like she was doing well, she just didn't seem to make enough money to buy the things she needed. She kept thinking she would get around to those things once she'd gotten her bills paid. She was denying that her problems were more than just temporary. And she couldn't grasp the possibility that she might not be earning enough.

Since most of her paycheck was already spoken for in one way or another every month, Jeanne was constantly looking for ways to get more cash. One of her favorite ploys was to go to lunch with as many people as she could, insist on putting the lunch on her credit card, and then ask everyone to pay her in cash for their lunches. For the time being, Jeanne felt “flush” with money again, with no thoughts of her escalating credit card bill. When it came to manipulating her finances, Jeanne had plenty of other schemes that were just as solidly based in “reality” as that one. At home she had a deep teak bowl on top of the refrigerator into which she tossed her bills as they came in. Eventually she would see the arriving envelopes change from white to the red or yellow of collection agencies, or the registered letters of the IRS. All went unopened and into the bowl.

Then one night she brought the bowl down and opened each envelope. She was shocked at how much she owed. As she realized she didn’t have enough to pay rent, let alone the overwhelming stack of bills, she felt a life-shaking fear in the pit of her stomach.

About this time, her company arranged to send her across the country for six months, all expenses paid. The thought of being with important people made

her wish she could have a few new things so she could appear at her best. A few days before her departure, she received a new American Express card in the mail. Her dreams were answered. True, she had wanted to reduce her debt. But American Express had sent her this card, and surely, she thought, they must know that she could pay the bills that would follow. Otherwise, why would they have issued her the card?

The next day, she headed to the nearest upscale store. Two hours of shopping later, she was at the cosmetics counter when the salesperson checking her credit card number over the phone turned and said, "They want to talk with you."

Her immediate reaction was, "What can they want? How can I possibly have done anything wrong? I just got my card I can't be over the limit yet."

It was the credit authorization department just checking to see that she was, indeed, the rightful owner of the card because they were alarmed at the enormous amount she had charged. In just two hours!

She was shocked. She'd had absolutely no awareness of what she had been spending, nor could she have told you what she'd spent the money on without looking in the shopping bags piled at her feet.



When she returned home, Jeanne came up with what she thought was a great solution for getting more money. To bring in some cash, she would sell everything — all of her belongings, everything in her apartment. She held a sale and sold precious things that she had accumulated for 40 years. She even sold irreplaceable keepsakes.

She also decided to reduce her expenses. She decided to give up her apartment and find a free place to live. To her, this seemed quite a reasonable solution. She found a position with a professional couple, allowing her to live with them rent-free in exchange for cooking dinner a few nights a week. They lived in a fashionable neighborhood, so she had a very prestigious address. But the shame of living in this situation was too much to bear. She could never bring anyone home, and she didn't feel comfortable having her children visit her from college. Her secrecy and isolation increased. Eventually, she had no social life at all.

She became so fixated on her financial trouble that she stopped allowing herself anything that was nourishing, supportive, or gratifying. The more she paid out to her creditors, the fewer resources she had to meet her own needs. Jeanne dealt with this dilemma by shutting down her sense of her own needs. She got "smaller and smaller,"

which meant she could make do with less and less.

Still her behavior with money didn't change appreciably. Most of her waking moments — and many of her nights — were powerfully fixed on the getting and spending of money. Eventually her life became completely unmanageable, though she never lost her job and most of her colleagues were unaware of what was happening. She was still very good at looking good. But the worry and anguish that characterized her life had exacted a steep price. The quality of her life had deteriorated badly. Jeanne had reached the bottom of a dizzying downward spiral.

# YOUR STORY

Can you identify at all with Jeanne's story? I can — you see, my middle name is Jeanne. I'm Karen Jeanne McCall and I know what it's like to hit rock bottom, with no idea how to climb back up. I also know there *is* a path upward, because I've climbed it myself. And I know that you can too.

Is your life significantly less happy or more stressful because of chronic money problems? Do you find yourself repeatedly falling behind financially no matter how much you earn or how much you try to control your spending? Have you tried and failed to pay off debts or to put away savings? Is money a source of tension between you and your spouse, partner, or parents?

If you answered yes to questions like these, you may feel you have a problem with money. You may think you simply lack the know-how for managing money. Knowing how to manage money is certainly important, but money woes are not just about how you handle dollars and cents. Chronic money troubles usually take root many years before they blossom into a crisis. They are often the product of deep unmet needs that surface as self-defeating behaviors when it comes to money. In that sense, our money troubles begin

long before we find ourselves facing piles of unpaid bills, with no idea of how we are going to get by.

The first step to financial recovery is in understanding the emotional component of money problems, and then using money management tools to gain clarity about your money situation.

Here you will learn:

- How money problems tend to multiply and how you can identify the “red flags” that signal where you are on the slippery slope to disaster.
- The steps on the upward path of recovery.
- How to identify self-defeating money behaviors and understand their sources.
- The roles of clarity in helping you take control of your money situation.
- The six tools for gaining clarity.

By the end of this booklet you will have a deeper understanding of the behaviors that create money problems, and the road map for recovering from them. You may also want to start a journal or have a pad of paper ready to write

down feelings, thoughts, and exercises we'll be working through.

The following list describes the downward spiral I call the money life drain. Take a moment to read through the list to determine if these relate to you own personal experience.

- Mounting financial burdens and increasingly out-of-control spending
- An inability to save, coupled with pressure to work and earn more
- A greater number of hours spent working (often at two or even three jobs), with corresponding emotional and physical strain, and adverse effects on relationships at home and at work
- Compromised physical health and overall well-being
- Isolation and social deprivation

If you have experienced any of these, you may be on the same downward spiral I experienced. You may well reach the place where you feel completely depleted. Not only your finances, but your emotional, spiritual, and physical resources are exhausted.

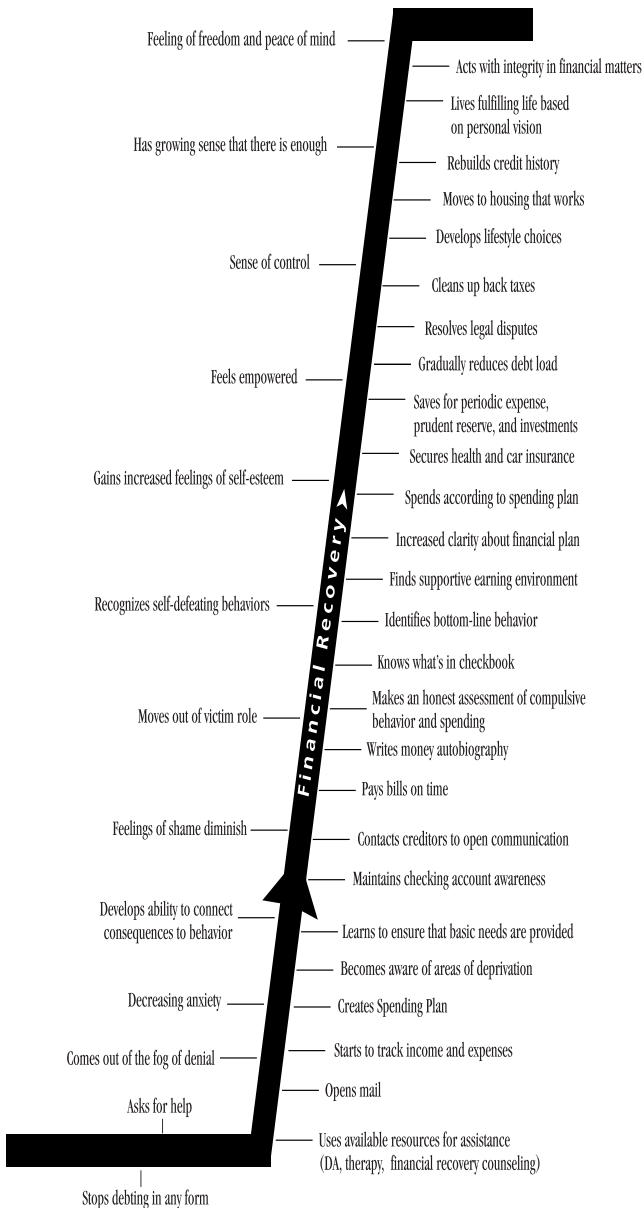
## BEHAVIORS

## THOUGHTS & FEELINGS



## THOUGHTS & FEELINGS

## BEHAVIORS



Financial deterioration is not necessarily a linear process, and you may never hit bottom. However it is likely that you can identify with at least a few of the behaviors on the left side of the chart. For example, here are some common ones.

- Using credit cards for nonessentials
- Being unable to pay off credit card purchases
- Consolidating loans
- Letting your insurance lapse
- Selling personal assets to pay debts

You will end the cycle of money troubles only when you change the motivations behind your behaviors.



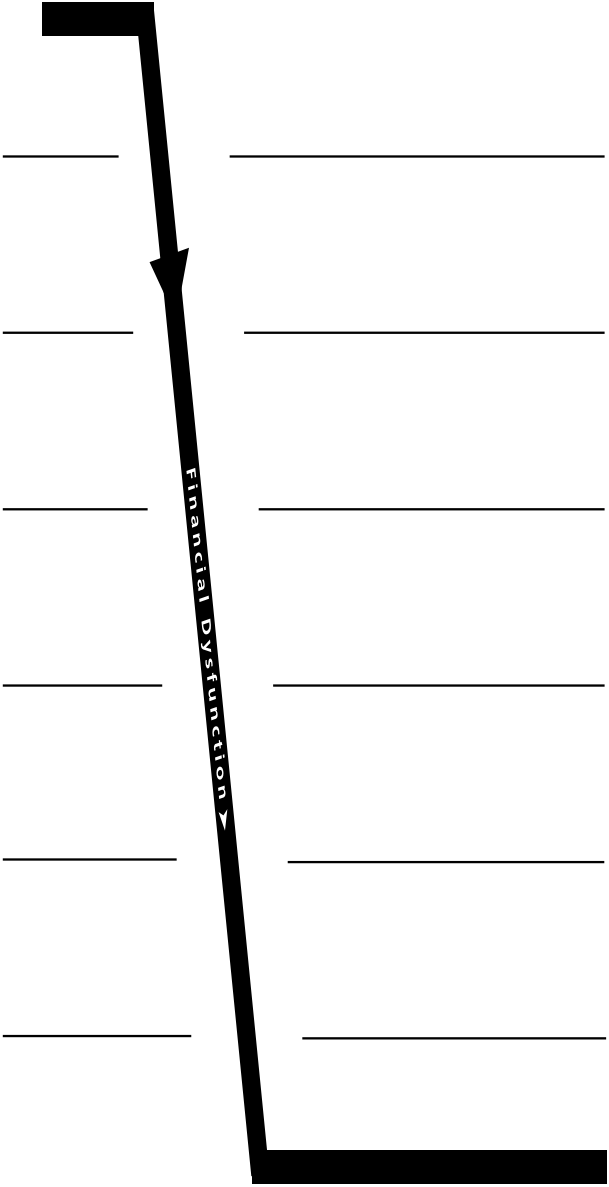
## EXERCISE:

### MAKING THE CONNECTION

1. Take a few moments to study the “V” chart. Have you been able to identify with any of the behaviors listed?
2. The following page is a “V” chart with space for you to write in (or you can make a copy for your journal). Use the chart to list the behaviors you can identify with. On the left, write down some of the specific patterns you are beginning to see in your financial life, such as excessive credit card use. Then on the right, make note of any feelings connected with these patterns. Include feelings that tend to precede money behaviors (and may be triggering them), such as loneliness or anxiety, as well as feelings you experience afterward, such as fear, shame, or relief.

BEHAVIORS

THOUGHTS & FEELINGS



# THE JOURNEY UPWARD

Just as financial problems tend to accelerate once they begin, so too the process of recovery gathers momentum once you begin to replace troublesome behaviors with effective ones.

Take a moment to study the right side of the complete “V” chart on page 12-13. It shows a process of growth that starts with basic money-management skills, such as tracking expenses and creating a spending plan. By putting these skills into practice, you will stabilize your money situation and progress to further problem solving.

As you go up the chart, you may not understand every entry now, but you should get a sense of increasing mastery, in which clearing away old problems gives way to more and more positive goals. At the top of the chart, you will reach the point where you are free to let your personal vision drive your decisions in regard to money. Instead of being a source of problems and shame, money has become a resource that you will use to live the life you want.

## EXERCISE: VISUALIZING YOUR PROCESS OF RECOVERY

1. Look at the right side of the complete “V” chart again. (page 12-13). You will see that there is a progression in the upward journey. The progression can take time.
2. Pick a few of the benchmarks listed on the right side of the chart that are really exciting to you and that you would like to visualize achieving. List them to the right on the blank chart on the facing page.
3. To the left on this same chart, describe how it would feel to accomplish each of those benchmarks.

THOUGHTS & FEELINGS

BEHAVIORS

Financial Recovery

THOUGHTS & FEELINGS

BEHAVIORS

To effectively change the way you manage money, you first need to understand your behaviors and gain insight into the “whys” behind them. Then you need to gain clarity. Clarity means becoming — and staying — clear about your money situation. As you’ll discover, clarity is what enables you to make choices based on the life you want.

## UNDERSTANDING

In this section, you will begin exploring the origins of self-defeating money behaviors and their effect on your life today. You will learn about the components of serious money problems and some common self-defeating money patterns. You will examine how the symbolic value you assign to money can keep you from getting what you really want. And you will experience, through stories of others, how unmet needs can set you up for money problems.

By the end of this section, you will have begun your journey to heightened awareness and understanding. Remember, the point is not to blame yourself or anyone else. On the contrary, the point is to gain perspective and insight. Coming to grips with the reasons for the behaviors that aren’t working for you is a big step toward replacing them with a more effective and satisfying way of living.

## PATTERNS OF SELF-DEFEATING MONEY BEHAVIORS

As I began to understand the self-defeating nature of my own money behaviors, it became clear to me that in many ways I was like someone who has problems with drug use or excessive drinking or eating. Often, part of the “payoff” of such patterns of behavior is that they have a numbing effect — they make us feel better by taking us out of our feelings altogether.

While the variations of self-defeating and self-destructive money behaviors are endless, there are some core patterns that commonly occur in the lives of people with chronic money troubles. Although you may not experience these problems as chronically or severely, knowing about these patterns can help you to identify and understand self-defeating money behaviors in your own life.

## COMPULSIVE SHOPPING AND OVERSPENDING

Many people get into money trouble through compulsive shopping and overspending. A behavior is “compulsive” when you just can’t stop, even though you know it’s harming you. Compulsive shopping distracts us from what we

really need — what would nourish, support, and gratify our true needs. Compulsive shoppers and over-spenders defer their basic needs — food for the table, warm clothing for winter, regular medical and dental care, or insurance for example — in order to spend money or purchase the clothing, cars, and other items that have come, in their minds, to define who they are.

Compulsive shoppers tend to be people who “live to shop.” They may not even buy much, but going to the mall or other retail outlets is their principle — perhaps only — way of getting a sense of meaning in life, often to the exclusion of family, friends, and other interests. Constantly looking for “deals,” or spending endless hours of shopping for goods and then returning them later are hallmarks of compulsive shopping. With the proliferation of catalog shopping, online shopping, and the home shopping networks on television, compulsive shoppers today have many ways to get a “fix.”

The saying “Money burns a hole in my pocket” is an apt description of over-spenders. They may not spend their money on goods; they may spend it on dining out, activities, movies, or anything that satisfies their hunger for the moment until the next thing captures their attention. Their need is to



get rid of money as quick as they get it — or before they get it.

Many people with these patterns have learned early in life to equate self-worth and love with the things they have or are able to buy. They may not even spend money on themselves at all; rather, they may spend it excessively on family and friends or charities.

Sadly, however, when compulsive shopping or over-spending becomes the focus of our physical, emotional, and spiritual energy, our relationships suffer. The irony is that we may be seeking love and a sense of self-worth, and yet our behavior, and the financial difficulties it causes, only deepens our isolation, loneliness, and depression.

## CHRONIC DEBTING

One of the most prevalent self-defeating behaviors when it comes to money is chronic debting — constantly owing money to others, whether credit card issuers, banks, family, friends, or the IRS. People with this pattern are never caught up with their debts. If they manage to pay off one or more of their obligations, they soon pile up new ones.

Chronic debtors sometimes try to satisfy their needs in order to feel valued or

important through free spending and lavish financial gestures. As a result, they live a lifestyle beyond the reach of their normal income.

Even in the face of tremendous debt, chronic debtors can't imagine giving up their credit cards. As credit card payments (usually the minimum on each card) eat up more and more of their income, they begin using their credit cards for basic living expenses, including groceries and rent.

## CHRONIC UNDER EARNING

It may seem odd, but chronic under earning can also be a self-defeating money behavior. People with this pattern never manage to make enough money to take care of needs despite their stated desire to do so. Some under earners were always taken care of by others and never learned how to care for themselves. Oftentimes they have come from wealthy or middle class families and feel that, in a pinch, someone will always come to their rescue.

Other under earners live on very little money and are constantly broke, with sometimes even the most basic needs unmet, living paycheck-to-paycheck and crisis-to-crisis. People caught in this pattern usually have feelings of

being unworthy. Deep down, they feel they don't deserve to meet even their minimum needs. This feeling surfaces as the belief that there just isn't enough money, time, or energy for them to provide for themselves in an appropriate way.

## EXERCISE: REFLECTING ON YOUR SPENDING PATTERNS

Now that you have learned about these patterns, take a moment to consider whether they have had an impact on your life. Can you think of an experience or example in your own life where you may have engaged in compulsive shopping, overspending, chronic debting, or chronic under earning?

- Write about that experience
- What emotional impact did that experience have on you at the time?
- What impact did it have on those close to you?

## CHARACTERISTICS OF SELF-DEFEATING MONEY BEHAVIORS

As you can see, self-defeating money behaviors can manifest themselves in several ways. But these kinds of behavioral patterns generally have

four traits in common: obsession, lack of control, denial, and persistence in the behavior regardless of negative consequences.

## *1. Obsession*

When we have chronic money trouble, it's not the amount of money involved that counts, but the way thoughts about money control our lives. Some common signposts of obsession with money include the following:

- Having an inordinate focus on getting and keeping (or losing) money
- Spending the better part of one's waking hours worrying about money; being unable to concentrate on other things besides money
- Being unable to sleep at night because of constant thinking about money
- Frequent "scheming" about ways to come up with money to pay off debts
- Missing work in order to have time to "figure it all out"

## *2. Lack of Control*

When we are trapped in self-defeating behavior patterns, we may sincerely

want to resolve the situation, but for reasons beyond our comprehension we are unable to stop our problematic behaviors. In the case of money, for example, we may continue using our credit cards despite our best intentions and promises to others and ourselves. Often we are mystified at our own lack of control and consequently become ashamed and unwilling to talk about what is happening. Secrecy becomes rampant. This can be a dark existence of intense emotional pain and mounting feelings of powerlessness.

### *3. Denial*

Denial looms in large self-defeating money behaviors. We are in denial when we refuse to accept things as they really are and fail to accept objective evidence regarding our own behavior.

Human beings can be very clever when it comes to finding ways to deny their problems. Here are some common forms of denial in self-defeating money behaviors:

- Rationalizing our behavior by saying, “It’s only temporary,” or “It’s never been this bad before,” when in fact the problems are chronic.
- Blaming others: “It’s not really my fault.”

- Intellectualizing. This form of denial is especially common among those of us who perceive ourselves as bright and able to understand the mechanics of money. We figure things out in our heads, and then explain “logically” why things happened the way they did, as if our problems were inevitable.
- Minimizing problems by comparing ourselves to other people: “The Smith’s owe over \$100,000 in credit card debt! Can you believe that? We only owe \$60,000.”
- Avoiding money issues altogether.

#### *4. Continued Self-defeating Behavior Regardless of Negative Consequences*

Self-defeating money behaviors exact a heavy toll. Unfortunately, when we are in their grip, the negative consequences of our behavior have no impact on our ability or willingness to change our patterns. Instead, we convince ourselves that “next time it will work out.” As the negative consequences mount, they only increase our burden of secrecy and shame, further undermining our self-esteem. Sometimes the consequences can be minor — a bounced check, or an unpaid traffic ticket. The point is, when we tell ourselves we are never going to do something again and then find

ourselves doing that very thing not long after, we must find a different way of doing things. The belief that things will work out if only we try harder, while seeming virtuous, has caused many people to continue self-defeating behaviors regardless of the consequences.

## MONEY AS SYMBOL

What causes self-defeating money behaviors? For many people, the source of problematic behavior is a kind of hunger that stems from unmet needs, sometimes in the present and sometimes even going back to childhood. Money becomes an issue not so much because of its objective, tangible value as because of its deep symbolic value.

For many people that substitute is money, or the things money can buy. According to psychiatrist David W. Krueger, MD, "Money is a tremendous force. One that in terms of its tangible value determines where we live, how we live, whether we can put food on the table and so on ... But, when you look closely, you see that that there are all kinds of emotional things that hitchhike on its coattails." Those emotional "hitchhikers" are what gives money its symbolic power. Dr. Krueger explains, "Money is treated unconsciously by many people as a 'currency of caring.'

So, a lot of things are attributed to money — love, power, fame. This is confusing what money is with what money can do. And when our conscious intentions are at odds with our unconscious motivations, we'll never feel quite 'right' inside."

## IDENTIFYING YOUR UNMET NEEDS

Chronically unmet needs can lead to a state of deprivation — such a low level of self-esteem that people neglect their needs. They may not go to the doctor or dentist. They may drive a car that is unsafe or that has worn tires, brakes, or windshield wipers. Less obvious, but every bit as harmful, are the kinds of deprivation that show up in relationships, work, spiritual life, or overall lifestyle (for example, denying the need for rest and relaxation). Such kinds of deprivation include:

- Isolation — a person's life becomes narrower
- Lack of a meaningful social life that includes time for family and friends
- Lack of fulfillment of spiritual needs
- Lack of time for fun and recreation



Whether experienced in childhood or in the present, deprivation can set us up for a cycle of self-defeating money patterns as we try to satisfy unmet emotional needs through material things. It is in this way that money takes on a symbolic value far beyond its actual, tangible worth. Once the cycle is in place, it can take on a life of its own.

## EXERCISE: WHAT DOES MONEY MEAN TO YOU?

Spend a few moments recalling some of your earliest experiences in connection with money. Try to recall specific episodes or things your parents or other important people taught you about money. Then respond to the following questions.

- What is your earliest memory of money?
- How did it make you feel?
- What messages about money did you take away from this experience?
- Do those feelings and messages concerning money continue to surface today?
- In what kinds of circumstances do they come back?

- In what ways do you feel a sense of deprivation in your life?
- In what ways might your feelings of deprivation relate to your behavior concerning money?

## CLARITY

There is an old adage that what you don't know can't hurt you. When it comes to money matters, however, what you don't know *can* hurt you, and inevitably does. If you are vague about your money situation or habits, or if you feel that you have no control over your money, it's very difficult to connect your money behaviors with their consequences. And it's virtually impossible to take concrete steps toward change.

In my experience, poor money management is always marked by vagueness. Here are some things people have reported:

- Feeling like they are in a financial fog or money coma
- Using credit cards without concern for the upcoming bill

- Having no clear idea of what they owe or what their credit cards and loans are costing them
- Not opening bills, or feeling guilt or shame when bills are opened
- Living from financial crisis to financial crisis
- Feeling hopeless because there will never be enough money

The best way to reverse self-limiting or self-destructive money patterns is to establish what I call bottom-line behaviors. By bottom-line behaviors, I mean specific promises you make to yourself that clearly establish the boundaries of your behavior from now on. It can be very frustrating when dealing with serious money issues because you can't say, for example, "Don't spend money." You have to draw the line somewhere else. Here are the bottom-line behaviors that are part of successful financial recovery:

- Know your bills and pay them on time
- Know what your income is
- Know where your money goes
- Know the balance in your checkbook

- Know whether your checkbook balance agrees with your bank statement
- Know how much you owe
- Know what your debt is costing you in interest
- Know how much you are saving
- Know (understand) your investments

Each bottom-line behavior starts with the word “know.” There’s a reason for this. Knowledge is the clarity you seek. It has the power to burn away your money fog.

The behaviors that create clarity are the heart of the Money Minder approach to money management, and you will return to them again and again. Over time, they will shift from being bottom-line behaviors to being values that you perpetuate on your continued path of financial growth. Because you will witness their incredible power in your life, these values will become ever more dear to you.

## THE SIX TOOLS FOR CREATING CLARITY

So how do you put these bottom-line behaviors into practice and achieve

clarity? The answer lies in the following six tools.

1. Tracking income and expenses
2. Creating a Spending Plan
3. Keeping an inventory of your wishes and unmet needs
4. Planning for periodic expenses
5. Tracking your debt and savings balances, and understanding the relationship between them
6. Creating an action plan

Learning to use the six tools will help you lay the foundation for creating and maintaining a more stable money life. Let's take a brief look at these tools and how they work.

### *1. Tracking Income and Expenses: The Road to Clarity*

Tracking income and expenses means you write down everything that comes to you through earnings or other means and everything that you spend. This may sound a bit overwhelming, but it is easy to begin and manage when you learn the practical approach to this beneficial task. Once you acquire the habit, it becomes second nature.

## *2. The Spending Plan: The Gift of Choice*

If you're like most people, at one time or another — perhaps repeatedly — you have tried to put yourself on a budget. You developed the budget, you followed it to the letter for a while, and then, somehow, you fell off the budget.

The reason so many people are unsuccessful in keeping to a budget for any length of time is that it is deprivation based. A budget is like a diet. The whole concept of a diet is based on denying yourself things you enjoy. Is it any wonder people start one diet after another with the best of intentions and then, somewhere along the way, give it up? Instead of solving their problem, the diet leads to broken resolutions that only add to their sense of shame and failure. The same thing is true of budgets. Here are two other important reasons that budgets usually don't work:

- They put the needs of others first (for example, using all your money to pay off creditors without using any for your own needs).
- They deal only with the dollar-and-cents part of the equation, not the human part.

A Spending Plan avoids these pitfalls. It is a plan that you design to help you meet your own needs at the same time that you meet your other financial obligations. A Spending Plan is like a food plan (rather than a diet) in which you plan your menus for taste, variety, and fun while working toward your health goals. Another benefit of the Spending Plan is that it provides a set of benchmarks for determining how close — or how far — you are from achieving your spending goals.

*KEY CONCEPT: Having a Spending Plan allows you to see the consequences of your financial choices while there's still an opportunity for you to do something about them.*

### ***3. Keeping an Inventory of Wishes and Needs: Gaining Your Priorities***

As you develop your Monthly Spending Plan, you will begin to notice certain areas in which you are not taking care of meeting your needs. As you go through the categories in your Spending Plan, you'll make note of the things you are depriving yourself of physically (such as nutritious food, medical checkups, or adequate transportation). Also, you'll become aware of less tangible areas where you are not being fulfilled, such as the emotional, intellectual, and spiritual realms of your life.

Some of the areas in which you feel unfulfilled will be wants or desires, and you'll record these on your Wish List. Others will be true needs, which you'll write on your Needs Assessment. You'll learn how to plan your spending so that your needs are met and, over time, your desires are fulfilled.

*KEY CONCEPT: Learning to distinguish between desires and needs is an important step toward building a sustainable financial life.*

#### ***4. Planning for Periodic Expenses: Don't Expect Life Not to Happen***

One of the areas that presents difficulty for many people in terms of planning is periodic expenses — normal life expenses, foreseeable and unforeseeable, that are not paid weekly or monthly, but rather annually, quarterly, or on some other timetable. These expenses are the ones that so often end up on credit cards because the bills come as unwelcome “surprises.” They include such things as car insurance, car registration, renters or home insurance, magazine and newspaper subscriptions, property taxes, income taxes (especially in the case of the self-employed), car repair, health needs, and gifts for birthdays and other special occasions.

Expenses like these can throw a monkey wrench into an otherwise workable



Spending Plan. You'll learn to account for them by scheduling them on a periodic Expense calendar and including them in the appropriate month's planning.

*KEY CONCEPT: When you don't have savings for periodic expenses, normal life events and obligations can turn into a crisis.*

## ***5. Creating Savings, Reducing Debt: Building Your Future***

There is a direct relationship between debt and savings. Creating a periodic savings reserve, for example, helps you avoid piling on debt by ensuring that you have the money to pay normal expenses. By the same token, you need to ensure that you have money set aside for your long-term needs, including extraordinary expenses (such as vacation or paying for needed health care). Otherwise, the first unseen expense that comes up will send you rushing back to your credit cards.

Living by this rule will be a great achievement, because you will have overcome one of the most pervasive problems in our society today. Living on credit has become the American Way. Every day, you are encouraged to "buy now, pay later." Is it any wonder so many of us end up in chronic debt?

*KEY CONCEPT: You need not wait until you pay off all of your debt before you begin saving. In fact, you must start saving now to prevent future debt.*

## **6. The Action Plan: Taking Control**

As you work with your Spending Plan and the other tools I have described, you will uncover many action steps that you must take in order to create the life you want. You will record these steps in your Action Plan. For example, if you discover that you need to create more security in your life, your first action step may be to investigate the cost of health insurance. In this case, you would make an appropriate note on your Action Plan: "Call insurance agent this week." If you would like to plan a weekend getaway, you might write, "Call ranger service for a list of campgrounds," or "Call that new bed-and-breakfast inn for information."

*KEY CONCEPT: Your Action Plan is about more than "just" money. It is the tool with which you begin to initiate tangible change in an effort to take more control of your life.*

## MAKING A COMMITMENT TO LEARN THE TOOLS

You now have an overview of the behaviors and tools that will enable you to achieve clarity about your money situation. Gaining and keeping clarity is the biggest part of effective money management. When the money fog dispels, hope shines through. Over time, hope becomes confidence and confidence becomes mastery.

That's why your investment in learning the six tools I've described will continue to pay off for you long after you have resolved your present money worries. I continue to use those tools every day. They have empowered me to live the life I want. If you commit to learning and using them, they will do the same for you.

## EXERCISE: REFLECTING ON YOUR PROGRESS

Reflection is a natural step in learning AND GROWTH. It is an opportunity for you to pause and experience the progress you have made. In doing so, you integrate your lessons on a deeper level.

A most important phase of any new project is to stop and look at what you

have accomplished. It's time for you to do that now.

1. Do what you need to do to get quiet — take a walk; take a bath. Sit quietly. The purpose of this exercise is for you to appreciate what you have done. “Take it in.”
2. Reflect on what you have read. Are there particular behaviors that resonate with you? Can you identify with any of them? Experience in your body how the lessons and insights you have begun to absorb are changing you. As you imagine taking control of your financial life, experience how much freer you feel in your body. Notice the way your breath seems to move in and out of you in a more relaxed way.
3. As you continue this feeling of becoming freer, take a few minutes to write about your progress. Record your feelings and ideas.

What have you learned?

# BEYOND JUST MONEY

*We hope you are inspired by Karen McCall's practical money advice, now here is what Scripture says about money management.*

Money ... it is as important in our life today as it was in Jesus' day. Did you know that Jesus spoke of money more than any other single subject, except the kingdom of God itself? Jesus knew the role it would play in our lives and He spoke often with warnings and rebukes. Perhaps this was because Jesus understood how money itself can and often does become something that can separate us from Him.

Imagine, for a moment, the following scenario: your daughter is getting married — an anticipated celebration you have been looking forward to since the day of her birth. A big wedding and reception will be planned to mark the joyous occasion! Invitations are mailed out, the banquet hall reserved, and so many deposits written out the check-book is smoking. Only the best for your child, right? It's a small token reminder of her importance to you. You would give the moon wrapped with a bow if you could! Why? Because you want to show love and appreciation and offer the best you have, right?

You are not only the child of your own parents but a child of God's first. And because you are His child, He wants the best for you as well! In giving His best He laid down His life so that the penalty of our sin could be paid by His death. He did something for us that we were not capable of doing on our own. He *paid the ultimate* debt in order that we could gain eternal life with Him. As followers of Christ, our heart's desire should be to give *everything we have* to Him.

He created the earth and everything in it because of the love He has for us. He deserves so much more than we are capable of giving back and He continues to love and care for us with the desire to be the center of our lives.

Are we as willing to give back to God what already belongs to Him as we are to splurge on our own children? After all it is His, not ours. We are merely stewards (meaning a manager, not owner; an overseer of another's financial affairs). Knowing how much we love our own family and want the best for them is only a small glimpse into the love Jesus Christ has for us! What we do with money reveals what we hold most valuable. Where does God stand on your list of priorities? If He is not first, maybe it's time for a change!

Giving back to God what He has so graciously given to us reminds us of the intention of our heart, as well as the important position that we place on Him in our lives. Placing Him first allows us to give Him the best of what He deserves but also makes Him the center our attention so that we too can be a “people after God’s own heart.” God doesn’t need our money; He is our Provider. God doesn’t need our help, but He lovingly invites us to join in His work through the offering of our time, talents, and treasure in response to the grace He has given us in Jesus Christ.

*“For God so loved the world that **HE GAVE** His one and only Son, that whoever believes in Him shall not perish but have eternal life” (John 3:16).*

Jesus said, “No one can serve two masters ... You cannot serve both God and money” (Matthew 6:24). The Bible makes it exceedingly clear — we are to make God our first and foremost priority. Who is your master and whom do you serve, God or money? Jesus calls us to make a decision to choose. Where is your heart focused, on things of this world or lasting and eternal things? Living in an age where people measure the worth of others according to how much money they make shows us what man looks at. The Bible tells us that God looks at the heart (1 Samuel 16:7).

Ask yourself what you spend more time thinking about, money or God?

Judas Iscariot was a chosen disciple of Jesus: *“Then one of the Twelve — the one called Judas Iscariot — went to the chief priests and asked, ‘What are you willing to give me if I hand Him over to you?’ So they counted out for him thirty silver coins (the price of a slave). From then on Judas watched for the opportunity to hand Him over”* (Matthew 26:14-16).

God, too, chose us! We make bad decisions and stumble down the wrong path periodically, but God doesn't love us any less. His love is unconditional, but He calls us to live a purposeful and fruitful life — in Him! Our happiness is not His goal, but fulfilling His purpose is.

Judas made a terrible decision, one that has been marked in history as the ultimate betrayal. Jesus didn't stop loving him, though He was surely heartbroken by his deed. Judas' love for money and power outweighed his love for the Lord. Faith and belief in God and trusting in the Father to supply all that you need opens the door to a heavenly eternity that will outlast anything of this earth. You will only leave this world with the treasures of your heart, so the question would be ... what's in your heart?



Even in the days of Jesus, those closest to Him struggled with the love of money. The false power that's fueled by greed leads to the path of destruction. The love of money can turn you away from the love of God. And though Judas betrayed Jesus, God still had a plan that would allow us freedom from sin through His Son.

Looking to Scriptures relating on the topics of money and contentment, tithing, generosity and eternal reward allows us to hear what God says.

## *Money*

- **Choosing God over —**  
Numbers 31:25-30
- **The Rich Fool —**  
Luke 12:16-21
- **The Shrewd Manager —**  
Luke 16:1-8
- **Keeping it from controlling you —**  
Matthew 6:24
- **Cannot bring true happiness —**  
1 Timothy 6:6-10
- **Parable of the Loaned Money —**  
Matthew 25:14-30

- **Can dull our spiritual vision —**  
Deuteronomy 6:10-13
- **Dealing with the love of —**  
Mark 10:21
- **Parable of the Unforgiving Debtor —**  
Matthew 18:21-35

### *Contentment*

- **The Workers in the Vineyard —**  
Matthew 20:1-16
- **Not found in money —**  
Psalm 17:13-15
- **With what you have —**  
Matthew 6:24
- **In any situation you face —**  
Philippians 4:10-14
- **Understands who supplies  
our needs —** Exodus 20:17

### *Tithing*

- **Purpose and principles of —**  
Deuteronomy 14:22-23;  
2 Corinthians 8:10-15
- **To be given first —**  
Exodus 22:29

- **Give in proportion to what you have been given —**  
Deuteronomy 16:16-17
- **Balancing tithe and other responsibilities —**  
2 Corinthians 8:12
- **Other benefits of —**  
2 Corinthians 9:12-15
- **The Pharisee and the Tax Collector —**  
Luke 18:9-14

### *Generosity*

- **The Friend in Need —**  
Luke 11:5-8
- **The Good Samaritan —**  
Luke 10:30-37
- **The Owner of a House —**  
Matthew 13:52
- **The Prodigal Son —**  
Luke 15:11 -32
- **The Son's Request —**  
Matthew 7:9-11; Luke 11:11-13
- **Giving to the Needy —**  
Matthew 6:1-3

## *Eternal Reward*

- **The Hidden Treasure —**  
Matthew 13:44
- **The Lowest Seat at the Feast —**  
Luke 14:7-14
- **The Sheep and Goats —**  
Matthew 25:31-46
- **The Valuable Pearl —**  
Matthew 13:45-46
- **The Wise and Foolish Builders —**  
Matthew 7:24-27; Luke 6:46-49

We pray this booklet is helpful to you on your journey out of debt. God desires to be in a close and personal relationship with you so that you never find yourself spiritually bankrupt! Things of this world will fade and pass away but eternity is FOREVER! Jesus PAID the debt in full for you, invest in your future ... the return is out of this world!

# RESOURCES

For more information and resources contact:

The Financial Recovery Institute at  
[www.financialrecovery.com](http://www.financialrecovery.com)

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*Karen McCall is the author of the Money Minder system and founder of The Financial Recovery Institute in San Rafael, California. She has counseled hundreds of clients and guided the transformation of those through her comprehensive and practical recovery model. Karen is recognized nationally as a consultant, trainer, and speaker on self-defeating money behaviors — and what can be done about them. The information provided to you in this booklet is just the first of three steps Karen offers. Karen has been instrumental in helping Lutheran Hour Ministries encourage those in need of financial recovery.*



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# NOTES



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Lutheran Hour Ministries  
660 Mason Ridge Center Dr.  
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LLL — Canada  
270 Lawrence Avenue  
Kitchener, Ontario  
N2M 1Y4



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Lutheran Hour Ministries through:*

*E-mail:*

*U.S.A.*

**lh-min@lhm.org**

*Canada*

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*or on the World Wide Web:*

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# MANAGING YOUR MONEY

## FINANCIAL FREEDOM

Are you struggling to manage your money? Feel like your finances are spinning out of control? Does the subject of money launch you into stress, shame, or even denial? If so, you are not alone.

Written by someone who has struggled first-hand with financial failure, this booklet explores the emotional component of money problems and provides practical money management tools to help you gain clarity and hope for your financial future.

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