

# Gospel Centered & Outward Focused: Finances

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## OVERVIEW & PURPOSE

We are called to steward the resources that God has provided to us. Personal finance is a major area encompassed within that call to steward. The core criteria we will be using is Dave Ramsey's Financial Peace University teachings.

## THE SEVEN BABY STEPS

1. Beginner emergency fund of \$1,000.00
2. Use the debt snowball to pay off all of your debts except for the home mortgage.
3. Establish a fully funded emergency fund (3-6 months of household expenses).
4. Invest 15% of your household income into retirement.
5. Start saving for kid's college
6. Pay off your home early
7. Build wealth and give outrageously

## WHY THE BABY STEPS AND WHY THAT ORDER

Before starting the baby steps, you need a budget, You can set one up for free in 10 minutes on your desktop computer or smartphone with the Every Dollar App.

[www.everydollar.com](http://www.everydollar.com)

1. A beginner emergency fund needs to be established in order to prevent you from going further into debt while you are in baby step 2- paying off all of your debts. This is not much however, it is designed to be motivational to increase the intensity in which you attach the debt snowball after which to reach baby step 3

and have a fully funded emergency fund. If you have any savings already before starting this plan, take the balance down to \$1,000.00 and apply the rest toward your smallest debt (regardless on interest rate).

2. The Debt Snowball- list all of your debts (except for your home mortgage) in order of smallest balance to largest balance regardless of interest rate. Personal finances is only 10% math/ head knowledge and 90% behavior. With the snowball method you will mentally and emotionally gain more momentum and traction when you begin to knock off smaller debts even though they may be the highest interest rate. This step is the most highly focused, it is recommended to temporarily stop all investing and saving in order to eliminate your debts in the quickest manner. This step is challenging yet worth the reward. [Hebrews 12:11](#)
3. A fully funded emergency fund is 3-6 months of household expenses. This should be kept in a simple savings account or money market account. The purpose of this is to be your shield between you and a rainy day (rainy days will happen). When you have 3-6 months saved during an emergency, you are set up for success to take care of that without going back into debt.
4. Invest 15% of your income into retirement. Once you have your emergency fund set up, baby steps 4,5, and 6 are to be completed simultaneously. Utilize favored retirement accounts to perform your investing, Roth IRA, Roth 401 (k) IRA, 401 (k), etc.
5. Save and plan for kid's college. This step is left general on purpose for many reasons, if you don't have children- not applicable, skip to completing steps 4 and 6 together. If you have children, calculations must be done factoring in their current age and when they will be heading off to school. Sitting down with a licensed investment professional can assist in this calculation.
6. Pay off your home. Any money left outside of your household budget, 15% into retirement, and after saving for kid's college, should be applied toward the principal balance of your home mortgage.
7. Build wealth and give outrageously. Once you have reached the point where you no longer have any debt including your home mortgage and your are maximizing your retirement accounts, your ability to build wealth is greatly increased. Wealth unfortunately, has quite a negative connotation to in today's culture. Biblically, the purpose of becoming wealthy is to give outrageously and leave a legacy.

## FINANCIAL PEACE UNIVERSITY KEY POINTS

1. Personal finance is personal. This plan is not just about paying off debt and

becoming wealthy. When we begin to get our financial act together, we are able to glorify God and his kingdom much better. One of the primary reasons we want financial freedom is because our financial status should yield more opportunity to serve God and not be the excuse of why we can't serve God more. Being financially fit and aware changes the dynamics of our relationships with others, our spiritual lives, and professional lives. Becoming debt free is living within biblical instruction. **Proverbs 22:7**.

2. Making a budget on paper every month before the month begins is crucial. It's unfortunate that our culture has almost deemed the very word "budget" as a negative term implying that you must be broke. All a budget is, is a plan for your money. Failing to plan is a plan to fail. **Luke 14:28**
3. One of the biggest built-in benefits to this particular structure regarding life insurance is that, the 7 step process affords the opportunity to become self-insured. Term life insurance is the preferred product of life insurance rather than whole life, universal life, variable life, index life, etc. policies. By having a paid for home per the recommendation of only a 15 year mortgage, having no debts, and retirement savings well under way, the goal is to become self-insured.
4. Building wealth is biblical- **Proverbs 13:22**. Becoming wealthy should be viewed and filtered through a gospel lens. **Proverbs 13:11**

## **FIVE WEEK CLASS SCHEDULE AND DETAILS**

Course Dates: 5/31, 6/7, 6/14, 6/21, 6/28 Class begins at 6:30pm.

Child care is provided.

Please feel free to bring your own meal, we will not be providing dinner.

Please remember to bring your own material for notes as we won't have workbooks.