

PRACTICAL APPLICATION WORKBOOK

BIBLICAL FINANCIAL STUDY



CROWN FINANCIAL MINISTRIES

biblical financial freedom

Crownuk.org

Copyright ©2008 by Crown Financial Ministries.
All rights reserved

Published by Crown Financial Ministries UK

All scripture quotations are from the New King James Version, Copyright © 1982 by Thomas Nelson, Inc.

ISBN: 978-0-9560093-2-6

Printed in the United Kingdom

Practical application

Practical Module	Page	Practical application assignments
1 Getting started	1	<ul style="list-style-type: none"> • Read <i>Your Money Counts</i> • Register at My Crown at www.crownuk.org • Read background notes to the spending tracker • Start to complete your first month's spending tracker • Filing system • Briefly review this book
2 Financial position	11	<ul style="list-style-type: none"> • Continue with your first month's spending tracker • Personal financial statement • Deed of ownership
3 Spending	17	<ul style="list-style-type: none"> • Spending budget hints • Idea list
4 Debt.	25	<ul style="list-style-type: none"> • Debt schedule • Snowball strategy • Debt repayment schedule
5 Budgeting one.	35	<ul style="list-style-type: none"> • Complete your first month's spending tracker • Prepare your spending budget • Five budgeting tests • Your periodic expenses • Review 'my life goals'
6 Budgeting two.	45	<ul style="list-style-type: none"> • Beginning your spending plan • How to record spending • Spending plan • Bank, cash and credit card records • Balancing your bank account
7 Implementation.	59	<ul style="list-style-type: none"> • Review/complete your spending plan • Periodic expenses tracker • Month end routines • Spending tracker summary
8 Estate planning.	65	<ul style="list-style-type: none"> • Organising your estate • Draft a Will
9 Investing.	73	<ul style="list-style-type: none"> • Saving and investing • Organising your insurance
10 Life goals	81	<ul style="list-style-type: none"> • My life goals • Come lead with us
Form centre index.	89	<ul style="list-style-type: none"> • Primary • Secondary • Debt • Financial planning



Introduction

Welcome to the *Practical Application Workbook* – a programme designed to help you give your finances a health check and set them in order. This workbook is designed to help you identify how you are spending your money and work out a spending budget. Whether you are single or married this Crown Financial Ministries workbook can help you take stock of where you are and plan your way forward on your financial journey.

The *Practical Application Workbook* is part of our Financially Free series of publications that are used by churches world wide to help people reassess their finances so they can work toward being financially free. This is an integral part of our *Student Manual* study which explores what the Bible has to say about how we handle money, wealth and possessions. You may be studying this workbook as part of that course, in which case your Crown group leader is available to help you with any aspects that require clarification. You may be studying this as part of a course hosted by a church, or have been given or purchased the book for your own individual purposes.

The workbook contains a number of Crown study group and ‘Christian perspective’ notes that are generally shown in separate boxes. Please read these as they provide some insights into what the Bible has to say about how we should handle our money, wealth and possessions. Over 2,350 Bible verses refer to managing finances – more than seven percent of the entire Bible!

Today, there are many who are in debt and finding it hard to make ends meet. Household budgets are under greater pressure than has been the case for a long time and as a result we are saving less. More than £6,000 per person in this country is spent on advertising – trying to encourage us to spend money, which in many case we don’t have. The Bible informs us that the borrower is slave to the lender. In fact this was written by King Solomon, who was as wealthy comparatively as some of the wealthiest people alive today!

If you wish to find out more about what the Bible has to say about finances you might like to read our book, *Your Money Counts*, which is co-authored by me and Howard Dayton, the founder of Crown Financial Ministries in the United States.

You will find references to ‘My Crown’, which is an area on the crownuk.org website where there are resources that may assist you when studying and completing this workbook. In particular you can download the forms from the ‘My Crown’ form centre and access the debt snowball calculator.

I trust you find this book useful.

A handwritten signature in black ink that reads "Mark Lloydbottom".

Mark Lloydbottom, FCA
National Director
Crown Financial Ministries



practical module one

Getting started

Action:

- Read *Your Money Counts* 1
- Register at My Crown at www.crownuk.org 1
- Read background notes to the first month's spending tracker 3
- Start to complete your first month's spending tracker 8
- Filing system 10
- Briefly review this workbook

Initial preparation

In preparation for this study we ask that you read *Your Money Counts*. This book provides an overview of the topics in the *Student Manual* study.

If you have access to the Internet please register on My Crown at www.crownuk.org. Here you will be able to access a range of materials and tools designed to enhance the value of this study. This area of our site provides access to electronic versions of the forms in this workbook and Crown's financial articles library.

Overview of the practical work

Finances are an essential aspect of our daily life and household budgets are now under greater pressure than ever before. Whether you receive all your income from working or receive a proportion from state benefits, managing finances is something that you do every day. With so many transactions made using plastic cards, it is not necessarily easy to keep track and manage our finances. And even if there is a plan, costs can rise very quickly when these are not under your immediate control. Furthermore, there is normally no guarantee that your income will continue at current levels. Having a plan is essential; not having a plan is like starting a long journey without a map. The next ten practical modules will provide you with the information and tools to prepare your own plans that take into account your situation and aspirations, blended to take account of what you learn from the *Student Manual*. Where this helps, we include a completed practical sample based on Matt and Jennifer.

In this study, using the primary forms, you will prepare:

- A spending budget, and
- A spending plan

In order to prepare these you will need to record all your spending on the first month's spending tracker.

Your personal finance plan

Each week in your Crown study group you will be assigned one or more practical applications to complete. This workbook contains those exercises for each week, a completed sample of each practical application and blank worksheets. If you wish to complete some of this work on a spreadsheet please visit 'My Crown' at crownuk.org.

If you are studying this course independently of a Crown study group you will find that for one month you will need to record your spending and then it is possible to complete this *Practical Application Workbook* in five to six weeks.

If using the forms provided, you may wish to complete these in pencil so that you can easily make changes. If you are married, please complete these with your spouse.

The information in this workbook is here to serve you. This study is practical and intended to assist you in starting or developing an effective approach to managing your finances. For those who regularly use cards, debits (charges) appear all too easily on credit card and bank statements. This aspect of your finances is one we look at during this study. We plan to take you through your finances so that you can instill discipline into your financial planning. If you are completing this while attending a 10-week study group you will not be required to share this personal information. Don't feel pressured to read and apply all the information in this workbook during those 10 weeks, but we encourage you to learn and apply as much as possible.

Our form centre

There are 17 forms used in this workbook, primary: these are the forms at the centre of the system; secondary; you may use these if you think they are of use; debt repayment and financial planning forms. A full list of these forms is found page 89.

First month's spending tracker (FC6)

One of our objectives is to prepare and use a spending budget; although we know that many people are uneasy when contemplating preparing a budget. A budget is often viewed as an unwanted and unnecessary exercise in futility. To some, keeping records is unnecessary when credit card or bank statement appear to keep track for you. Nothing could be further from the truth. If properly understood and followed, the spending budget will help guide you through what you spend as you will have a reference to what you decided you should spend.

As part of your work you will prepare a spending budget and to start this you will need to keep track of everything you spend. You will need to gather this information together over the course of the next month. The first month's spending tracker will help you do this. You need to decide when you will record what you spend as you will probably wish to update your first month's spending tracker daily. Keeping track of how cash is spent is important.

Study Matt and Jennifer's spending tracker example on pages 6-7. Keep a complete record of all your expenditure whether by cash, cheque or debit from all accounts. If you are uncertain about which expenditure column to record your expenditure under, please refer to pages 3-5.

Christian Perspective: The key is to apply God's wisdom about handling money along with the practical application lessons in this workbook. With that successful combination, you will have a solid foundation to help you on your journey to achieve biblical financial freedom.

Background notes to the first month's spending tracker

Please look at Matt and Jennifer's example on pages 6-7. These following notes are intended to assist you writing up your own spending tracker. Which you will find on pages 8-9.

1. Income

Your monthly income: List all gross income (before tax, national insurance, pension, student loan or any other payroll deductions) in the first month's spending tracker 'income' column on page 8. Include any of the following that you may receive.

Commissions	_____
Bonuses	_____
Tips	_____
Retirement income	_____
Net business income	_____
Net rents	_____
Other	_____

Total expenditure

This column should include the total of all the costs that are included in the 15 expenditure columns.

Payroll deductions – amounts automatically deducted from your salary/wage

The next step is to include as expenditure the payroll deductions for PAYE and NIC, pension, student loan and any other deductions. These are to be entered in one of the 15 expenditure columns.

Category 1 – Tithe/giving

Include giving to church, the poor, other ministries and all other giving categories.

Christian Perspective: Some Christians tithe (give 10 percent) of their income to the local church.

Category 2 – Taxes

Include your tax and national insurance as payments. If you are a business owner, you should ensure that you keep your business and personal finances separate. Some business owners pay themselves a regular net 'wage/salary' leaving the business to pay the tax when due, while others draw a gross salary and save from this their self assessment tax liability. Whichever approach you adopt it is important to set aside money that does not belong to you. Tax payments must be made on time in order to avoid HMRC interest charges.

Other deductions: payroll deductions for giving, savings, debt payments, pension, union subscription should not be subtracted from gross income. Include them in one of the expenditure columns to gain an accurate picture of your spending, e.g. if a payroll deduction is made for pensions, this amount should be regarded as a part of your gross income and then noted as an expense under the investments category (13).

Living expenditure

Living expenditure, is divided into 13 categories (Category 3 to Category 15). Each category is described more fully below.

Category 3 – Periodic

While some costs are incurred on a weekly or monthly basis, others aren't. For the first month's spending tracker please do not enter any expenditure in this column. Periodic expenses are those that do not arise on a regular monthly basis. We will deal with these costs when the first month's spending tracker is complete.

Category 4 – Housing

All monthly expenses necessary to maintain your home, including mortgage or rent payments, council tax, water, home insurance, maintenance, gas and electricity, telephone, Internet and television.

Category 5 – Food

Include all costs of shopping. Because many supermarkets sell a much wider range of goods and even offer financial services, any non-food costs need to be recorded in the appropriate column. These costs can total as much as 10 percent or more of the cost of a visit to the supermarket. Running short of cash? The offer of cash back is tempting, so make sure that any cash is used for costs in your budget.

Category 6 – Transportation

Include payments for car finance, fuel, vehicle insurance, cleaning, servicing, MOT, roadside agency, parking, tolls and vehicle excise duty. Also, include other costs such as bus, train and any other travel transport costs.

Category 7 – Insurance

Enter all insurance payments such as sickness, life, disability, excluding those that you include in housing and transportation.

Category 8 – Debts

Include all monthly payments required to meet debt obligations. Home mortgage and car payments are not included here.

Category 9 – Entertainment/recreation

Include holidays, sporting equipment, membership subscriptions, hobby expenses, sporting events, videos and pets. Also include takeaways and eating out.

Category 10 – Clothing

Record the cost of all clothing items.

Category 11 – Medical/dental

Include the cost of dental treatment, prescriptions and the cost of any private consultation or treatments.

Category 12 – Miscellaneous

Expenses that do not fit anywhere else are included in this category.

Category 13 – Investments

Include any payroll deductions for savings or pension payments and any other amounts that you are setting aside or investing.

Category 14 – School/child care

Include cost of tutoring, school trips, school books and materials, music/dance lessons, day care, personal allowance/pocket money and any other similar expenses. School lunches should be included in this category or in food (category 5).

Category 15 – Personal

Include any other personal items of expenditure which you do not consider appropriate for any of the other columns.

Include business/work expense payments here. Avoid the temptation to charge expenses to a card and then not make the payment to the card company as this may lead to increased credit card debt.

You might like to look at the spending budget sample on pages 38-39. Here you will see that the total of each column will need to be allocated over different costs within each category.

In order to help, you might like to make notes in the columns alongside the expense to remind you how the money was spent. Alternatively you may use the date column if you decide to use the 1-31 day on the tracker form as a reference for the date of payments.

And finally...

We recognise there is a lot of information to be included on the first month's spending tracker – it will all be helpful to have in a few weeks when you prepare your spending budget.

First month's spending tracker sample – 1 (FC6)

Date: January 2020

Matt and Jennifer

	Date	Income	Total expenditure	Tithe/ giving	Taxes	Periodic	Housing	Food	Transportation
				1	2	3	4	5	6
1	Jan 1	2,900	1,295	170	675		450	Mortgage*	
2			55						30
3			134					100	
4			150						130
5			-						
6			35				35	Insurance	
7			30						30
8		100	10						
9			110					100	
10	Jan 10		120				120	Council Tax	
11			45						
12			45				25	Electricity	
13			12						
14			25				25	Gas	
15									
16									
17		80	100					90	
18			52						30
19			225						
20	Jan 20							TV	
21			74				30		
22		5	20						
23			50					50	
24									
25									
26			77						10
27		20	35				35	Maintenance	
28	Jan 28		14						
29			126					100	
30									
31									
This month total		3105	2839	170	675		720	440	230

Please look at the spending budget sample on pages 38-39 – you will need to break down the totals for each of the 15 category costs, e.g. housing has up to 10 possible costs. Do not enter any payments into the periodic column.

* We use this column to make a note of the nature of the expense – thus £450 in category 4 is the mortgage.

First month's spending sample tracker – 2 (FC6)

Date: January 2020

Matt and Jennifer

	Insurance	Debts	Ent/rec	Clothing	Med/den	Miscellaneous	Investments	School/care	Personal
	7	8	9	10	11	12	13	14	15
1									
2							25		
3					14			20	
4		20							
5									
6									
7									
8									10
9				10					
10									
11		45	Credit card						
12								20	
13			12						
14									
15									
16									
17									10
18				8	14				
19		225							
20									
21			24					20	
22	20								
23									
24									
25									
26		50							17
27									
28				14					
29								26	
30									
31									
T	20	340	36	32	28		25	86	37

First month's spending tracker – 1 (FC6)

Date:

	Date	Income	Total expenditure	Tithe/ giving	Taxes	Periodic	Housing	Food	Transportation
				1	2	3	4	5	6
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
This month total									

Please look at the spending budget sample on pages 38-39 and note that you will need to break down the totals for each of the 15 category costs over their individual costs e.g. housing has up to 10 possible costs. Do not enter any payments into the periodic column (3).

The 'total expenditure' total for the month should be equal to the totals of columns 1-15.

First month's spending tracker – 2 (FC6)

Date:

	Insurance	Debts	Ent/rec	Clothing	Med/den	Miscellaneous	Investments	School/Care	Personal
	7	8	9	10	11	12	13	14	15
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
T									

The filing system

It is important to keep your invoices and receipts as these are the evidence of a paid bill. We recommend that you choose a filing system and implement it consistently. Here is our suggestion:

Category filing

Either buy a filing box, use a filing cabinet or convert a shoe box into a filing system. If you use the latter approach you can use a new shoe box each year. Suggested filing headings could include:

- Council tax
- Gas and electric
- Household general – e.g. telephone, Internet, water etc.
- Food
- Transportation
- Medical
- Personal
- Clothing
- Children
- Saving
- Entertainment
- Debts
- Miscellaneous
- Insurance payments

In adopting this filing system you can then file each invoice/receipt in date order. Record on the receipt the date paid, and payment method e.g. bank payment, cash, 'plastic.'

As a refinement to the above you may consider filing your credit card receipts and other 'plastic' card charges in a file by month.