



DISCIPLE DEVELOPMENT MONTH

“Financial Management God’s Way”

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Steps 4 thru 7: Building Wealth and Giving

Week 4 || 02.01.24

1. Don't Try to Get Rich Quick, Building Wealth Takes Hard Work Over Time
 - a. Wealth gained hastily will dwindle, but whoever gathers little by little will increase it. Proverbs 13:11
 - b. The plans of the diligent lead surely to abundance, but everyone who is hasty comes only to poverty. Proverbs 21:5
 - c. A slack hand causes poverty, but the hand of the diligent makes rich. Proverbs 10:4

Notes:

2. Anyone Can Build Wealth
 - a. 88% of millionaires today are self-made
 - b. 79% said their primary wealth source came from regular, consistent investing in their retirement plans
 - c. 33% surveyed never made more than \$100k/year
 - d. Starting early is important to take advantage of compound growth
 - e. Investing \$5/day over 40 years yields \$1.8 million (w/ 12% returns)
 - f. <https://www.ramseysolutions.com/retirement/compound-interest-calculator>

Notes:

3. Common Mistakes to Avoid
 - a. Not investing consistently
 - b. Trying to time the market's ups and downs
 - c. Getting greedy on upswings or panicking on downswings
 - d. Falling for get rich quick schemes

Notes:

4. Invest 15% of Household Income for Retirement
 - a. Prioritize any employer matching first: Roth then traditional
 - b. Next employer Roth or Roth IRA
 - c. Last comes employer traditional or traditional IRAs

Notes:

5. Diversification is Wise
 - a. Give a portion to seven, or even to eight, for you know not what disaster may happen on earth. Ecclesiastes 11:2
 - b. Invest in mutual funds, not individual stocks
 - i. At least 10 years old, averaging around 12% returns
 - c. When first starting choose a fund that closely tracks S&P 500 index
 - d. Later diversify your investing into 4 categories of mutual funds
 - i. Growth and income (Large cap)
 - ii. Growth (Mid cap)
 - iii. Aggressive growth (Small cap)
 - iv. International (Global)
 - e. Rebalance your diversification every 3-6 months

Notes:

6. Save for Children's College
 - a. Recommend 529 plans that allow you to choose funds to invest in
 - b. Growth is tax free if the money is used for educational purposes
 - c. <https://www.ramseysolutions.com/saving/college-savings-calculator>

Notes:

7. Pay off Your Home Early
 - a. A must before retirement, doing it earlier gives you financial options
 - b. Not financially sound to keep the mortgage to keep the tax deduction
 - c. Before sending in extra payments, check with the mortgage company to determine the appropriate process to use

Notes:

8. Build Wealth and Give Generously

- a. "For God so loved the world, that he gave his only Son, that whoever believes in him should not perish but have eternal life. John 3:16
- b. You shall remember the Lord your God, for it is he who gives you power to get wealth, that he may confirm his covenant that he swore to your fathers, as it is this day. Deuteronomy 8:18
- c. As for the rich in this present age, charge them not to be haughty, nor to set their hopes on the uncertainty of riches, but on God, who richly provides us with everything to enjoy. They are to do good, to be rich in good works, to be generous and ready to share, thus storing up treasure for themselves as a good foundation for the future, so that they may take hold of that which is truly life. 1 Timothy 6:17-19
- d. But godliness with contentment is great gain, for we brought nothing into the world, and we cannot take anything out of the world. 1 Timothy 6:6-7
- e. A good man leaves an inheritance to his children's children, but the sinner's wealth is laid up for the righteous. Proverbs 13:22

Notes:

9. Homework

- a. Create your February budget and track expenses, adjust your budget as necessary
- b. Keep working on Steps 1, 2, and 3 if you haven't completed those (\$1000 starter emergency fund, paying off consumer debts, building the full emergency fund)
- c. If you're done with those steps, ensure your retirement investing is on track. Work towards getting 15% of your income into retirement. Review where you are putting money, make sure you are taking full advantage of matching and Roth options first. Review what investments you have and adjust diversify wisely.
- d. If retirement savings is good, start saving for your kids' college.
- e. If college savings is good, start paying off your home mortgage early.
- f. Spend time dreaming about what you hope your future and retirement years will look like. If married, share your dreams.

The Power of Compounding

To help you see the power of compounding in action, here's the story of Jack and Blake—two guys who got serious about investing for retirement. They picked good, growth stock mutual funds that average an annual return of about 11.6%—just under the long-term growth rate of the S&P 500.

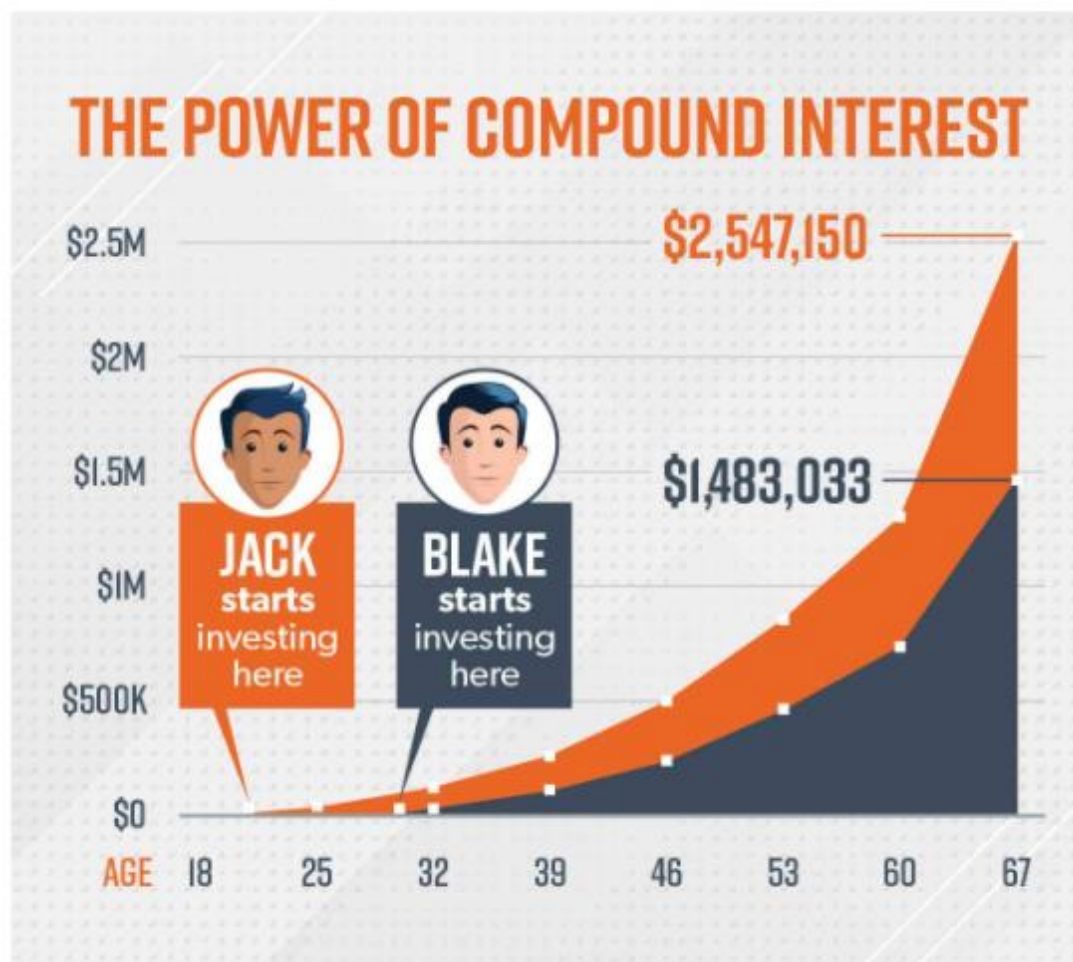
Jack

- Starts investing at age 21
- Invests \$2,400 every year
- Stops contributing money at age 30
- **Total amount contributed:** \$21,600

Blake

- Starts investing at age 30
- Invests \$2,400 every year
- Contributes money until age 67 (a total of 37 years!)
- **Total amount contributed:** \$91,200

At age 67, **Jack's** investment has grown to **\$2,547,150**, and **Blake's** has grown to **\$1,483,033**! Nine years made a difference of over one million dollars.



Small Group Questions:

1. How did you do with tracking your monthly budget this past week? What struggles did you have? Did you complete your starter emergency fund or pay off any debts?
2. What are some dreams you have for retirement? Or goals you have for your future?
3. What has made you nervous about investing? What can you keep in mind when you see the markets and your retirement accounts going down in value?
4. If you currently have a mortgage or rent payment, how would not having a home payment potentially change your life? What could you do then that you can't do now?
5. If you have a story about how you were impacted by someone being generous to you, consider sharing that with your group to demonstrate the power of generosity.
6. What has God laid on your heart to give more towards in the future? If He has laid a burden for a certain group of people, who is that and how do you hope to help?
7. How do you hope to setup your family (or future family) for success after you pass away?