FUNDAMENTALS OF FINANCIAL STEWARDSHIP

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This manual is not for people who want to "get rich quick". But some people who may have earlier joined the rat race will find they would have been in better shape had they done the little things, the fundamentals this manual advocates. If you are like these people, don't despair. Read on and find out how you can straighten out your finances. Those who never learned the fundamentals nor had the chance to implement them will benefit most from this manual, not merely by reading but by putting them to practice.

TEN FUNDAMENTAL PRINCIPLES

Let me walk you through ten fundamental principles of financial stewardship that have helped many households accumulate financial resources through the years and who have since lived a life of financial certainty. If you are a person who puts his/her trust in God and who desires to be a good steward of the resources He has entrusted you with, then you will easily understand this book's strategy of financial stewardship.

The 10 fundamental principles of financial stewardship elaborated in this manual are:

- GET STARTED NOW
- PUT YOUR FINANCIAL PRIORITIES IN THE RIGHT ORDER
- GATHER FOOD AT HARVEST, STORE PROVISIONS IN SUMMER
- USE TIME AND BE CONSISTENT
- BE PART OF A SAVINGS/ INVESTMENT GROUP
- ESTABLISH A SAVINGS-INSURANCE FUND
- BECOME AN OWNER, NOT A DEBTOR
- INVEST WITH PROFESSIONAL MANAGEMENT
- START A FAMILY TRADITION
- DEVELOP A WINNING ATTITUDE

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PRINCIPLE # 1 GET STARTED NOW

Problem: **Most people don't have "extra income" to invest for the future. They have difficulties "making both ends meet".**

Solution: **You will find money to save, if you are willing, no matter what your income is.**

Whenever I tell people to start saving, their very first response is: "How can I save, I have no extra income. I can't even make both ends meet." Your reaction to my advice would probably be the same. But don't let your problem discourage you and immobilize you into inaction. There is a solution to your problem.

Reflect for a moment on how you perceive savings.

1. The Popular Concept

Most people view savings as something that is left of their income after expenditures. That is,

$$\mathbf{Y - C = S}$$

where **Y** = INCOME, **C** = CONSUMPTION; **S** = SAVINGS

Indeed, that is how economists and accountants measure savings. But you won't find money to save if you continue rationalizing the situation you are in, and end up without savings. Don't get discouraged; read on, and find out for yourself what can be done to start your own savings program.

2. The "Debtor's" Concept

Some people believe that savings do exist, but not necessarily in their own pockets or bank account. To them, savings is other people's money that they could have access to when they need it to support their present comfort and lifestyle. Somehow, their own income is not sufficient to maintain the kind of lifestyle they have chosen. The have determined in their hearts the lifestyle they would like to maintain, and then they go about looking for the money to support that lifestyle, even to the extent of borrowing. If we let C^d be the desired level of consumption implied by the debtor's pre-determined lifestyle, and let Y be the amount of income he actually earns, then the result will be negative savings or DEBT for as long as desired consumption C^d is greater than actual income. That is,

$$\mathbf{C^d - Y = -S}$$

Those who are in perpetual debt adhere to the debtor's concept of savings. They have very low willingness to save, but they have faith that their relative or neighbor will always have savings that they should be able to borrow. If you belong to this group of people, this book can help you re-order your financial priorities.

3. The 'Saver's' Concept

People who save are those who view savings as that portion of income deliberately set aside even before they spend a single centavo. In other words, saving is a planned activity; it is determined *ex-ante*, and it is realized through a decisive act. Once they have determined the amount to save, they spend the rest of their income with the assurance of continuing provision for the future. That is,

$$\mathbf{Y - S = C}$$

4. Factors Determining the Level of Savings

What influences a household's decision whether to save or not? Two major factors determine the level of your savings:

(a) *Capacity to Save*: Your capacity or ability to save is determined by the level of your income. Your savings capacity is not totally under your control. It is influenced by many external factors. The level of your income depends on: your position in the company or organization you work for, your productivity, your boss's perception of your usefulness to the company, your relationship with your superiors, the availability of openings for promotion, the suitability of your skills and talents to the requirements of a better paying job, and some other factors. Your capacity to save may change over a period of time, but like most people, you don't necessarily have the power to change it instantaneously.

(b) *Willingness to Save*: The other major determinant factor is your willingness to save. This factor is totally under your control. Do you know that God gave you this will power? Yes, He did. He gave you and me not only the freedom to choose but also the power to exercise that personal freedom. To sin or not to sin, to save or not to save, 'big' or 'small' things it does not matter, God gave us the power to choose as well as the power to carry out that choice.

Your willingness to save is inextricably linked to your willingness to spend. The good news is that you have the power to control these two opposing propensities. You will soon find out that it is difficult to develop a saving habit without your spending habit being affected. You may have difficulty adjusting your spending habits without overhauling your belief system, especially how you view yourself in relation to God, to your fellowmen, to your family, and even to the environment.

The 'battle' for a sustainable habit of saving is not waged in your pocket. It is waged and must be won first and foremost in your mind.

In sum, you will find money to save, if you *decide* to start saving NOW.

5. The Capacity-Willingness Grid

Some people have the capacity to save but not the willingness, while others have the willingness but lack the capacity. The chart below shows four quadrants, Q1, Q2, Q3, and Q4 representing four major types of households in terms of their capacity and willingness to save. The vertical axis Y represents 'capacity' and it points upward to indicate that capacity increases as it goes from bottom to top. On the other hand, the horizontal axis X represents 'willingness' and it points to the right to indicate that 'willingness' increases as it goes from left to right.

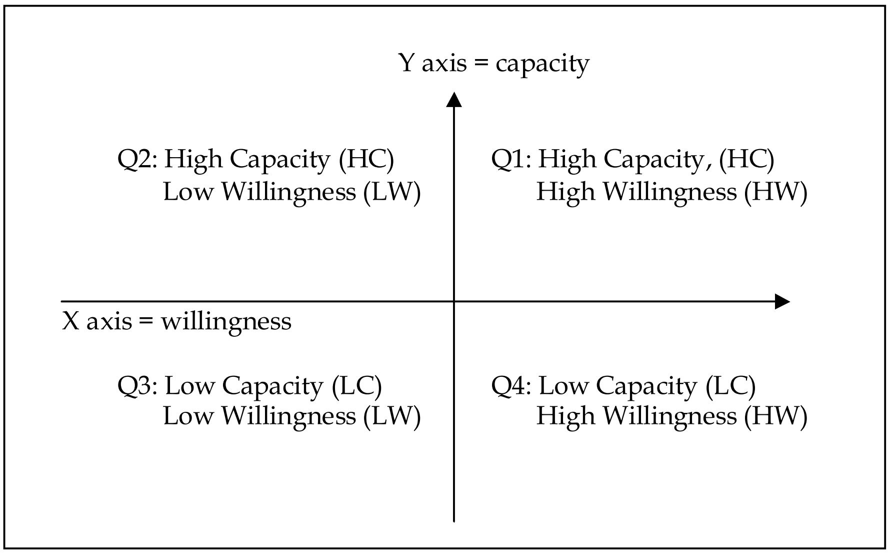

Figure 1. Savings Capacity-Willingness Grid

Using the chart above, we may classify four types of households on the basis of their capacity and willingness to save.

HC - HW households – tend to have high level of savings
HC – LW households – tend to have low level of savings
LC – LW: households – tend to have lowest level of savings
LC – HW: households – tend to have moderate to low level of savings

If you are classified in the HC-HW group, you belong to a very small group of people who are financially independent. You may not find anything in this book that would contribute more to what you already have achieved. But you could contribute towards meeting the challenge of transforming the Philippines from a nation of workers into a nation of investors if you are willing to share your experience to your countrymen. So, read on, and see how your experience could be used to encourage others who have not yet developed a sustainable habit of saving.

At the other end is the LC-HW group. This group is also composed of relatively few households. They have joined savings associations in their work places, neighborhoods, or communities or participated in the savings program of their favorite banks. They may not be financially wealthy but they surely have a modest financial safety net. If you belong to this group, don't stop now. Go on and share your experience to your neighbors, friends, and co-workers. You will be surprised how grateful they will be for giving them something of great value to themselves, their families, and their communities.

The majority of Filipinos would fall in the HC-LW group or the LC-LW group. These households have very low to negative levels of savings. If you belong to this group, be of good cheer; for you will find a way to save money if you decide to start your savings program NOW.

PRINCIPLE # 2 PUT YOUR FINANCIAL PRIORITIES IN THE RIGHT ORDER

PROBLEM: At the end of the month, most people don't have anything left to save.

Solution: Return to God what is His, pay your taxes to the government, return what you have borrowed, and keep a portion as personal savings for your family's future.

If you have not set your financial priorities in the right order, you will not know how to live victoriously in the area of finance no matter how hard you try balancing your budget.

Let me explain two basic principles that will help you order your financial priorities. First, the **Principle of Returning**: this principle applies to the relationship between a steward and the owner of resources that have been entrusted to the former. In any society, the steward is obligated to return what belongs to the owner. This may be in the form of rent, if the productive resources are leased to the steward, or a share in the income if the resources are committed as an equity share. These obligations lay senior claims on the income resulting from good stewardship of the resources.

Second, the **Principle of Giving:** this principle applies to the relationship between the owner of resources and the people to whom the owner owes nothing. *Out of the abundance of his heart,* the steward gives a portion of his income to others who have less

Not too many are aware that the *principle of returning* is a fundamental biblical principle. Many charitable organizations give prior emphasis in their teachings on the *principle of giving*, for they depend on the generous giving of people to carry out their missions.

I am not discouraging anyone from giving love gifts. In fact, I would encourage you to give cheerfully and without sacrificing your financial priorities. If you have learned by heart the principle of returning, then you would not give others what you do not own. What you would desire is to let no debt remain outstanding except the continuing debt to love your fellowman (Romans 13:8).

1. Return To God What Belongs To Him

If you believe God, then you worship God by acknowledging Him as the owner and the provider of the resources under your disposal today. You are God's steward of the resources He has entrusted to your care here on earth. When you acknowledge God's sovereignty in your finances, you will return to Him with thanksgiving in your heart what is His: the tithes. "Test me in this," says the Lord Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have enough room for it." (Malachi 3:10).

Why should we return to God who already owns everything and lacks nothing? It is us who needs the extra money, don't we? If you believe in God, you will remember that He is the One who gives you the power to create wealth (Deuteronomy 8:18). Even before we can ask anything from God, He has already endowed us with resources. Consider what God has done and is doing for you and me:

- God scatters his gifts to the poor (Psalm 112 : 9)
- He supplies the sower not only bread for food but also his store of seed (2 Corinthians 9:10)
- He gives talents to all, each according to his ability "Again, it will be like a man going on a journey, who called his servants and entrusted his property to them. To one he gave five talents of money, to another two talents, and to another one talent, each according to his ability". (Matthew 25 : 14 – 15)
- He gives abundantly to those who use their talents for His Glory. "For everyone who has will be given more, and he will have an abundance. Whoever does not have, even what he has will be taken from him". (Matthew 25: 29)

Because we differ in ability, our income potential would also differ. But, if you return what belongs to God, He will pour out so much blessing and compensate for what you lack. "Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this," says the Lord Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it. I will prevent pests from devouring your crops, and the vines in your fields will not cast their fruit," says the Lord Almighty. "Then all the nations will call you blessed, for yours will be a delightful land," says the Lord Almighty. (Malachi 3:10-12)

God's blessings are not always in financial or physical form. Oftentimes, God's blessings are intangibles, but they are a powerful resource that refreshes our being, strengthens our capabilities, enhances our creativity, increases our emotional intelligence, and multiplies our "social capital" through improved inter-personal relationships and support network.

2. Return To Other People What You Owe Them

Honor all your obligations to other people and agencies.

What are your obligations to your fellowmen?

To the Government:	Taxes
To resource providers:	Loans
To workers/employees:	Salaries, bonuses
To shareholders:	Profit share
To customers:	Quality product, services
To suppliers:	Timely payment

Pay your taxes, said Apostle Paul (Romans 13:6). There are people who pay little or no taxes at all because they suspect government officials to be corrupt. If you're a law-abiding citizen it is your right to be angry at corruption, but in your anger be careful not to sin by not paying your taxes. Taxes rank among the priority obligations of citizens in a sovereign country. If you desire to seek first the Kingdom of God and His righteousness, then you will quickly reorder your priorities and return to the authorities what you owe them.

Apostle Paul said give everyone what you owe him; let no debt remain outstanding, except the continuing debt to love one another. Repay your loans, return what you have borrowed, for in so doing, you demonstrate your love to your fellowman. A man who has not learned to return what he has borrowed is a lonely and miserable person. Nobody trusts him, he has no true friends, only hangers-on to the material wealth he possesses. And he worries that other people will take away his wealth.

3. Return To Yourself And Your Family/Children

After returning to God and to those who owe you, pay yourself and your family/ children.

How do you pay yourself and your family/children? By SAVING.

Your savings now is your source of income when you retire. It could also be your lifetime gift to your own family, to your own children and grandchildren. The next generation, your children owe you their future. How has God prepared you for such an awesome responsibility? He gave you the power to create wealth, according to your ability. With this creative ability, you can earn a fortune in your lifetime, no matter what your annual income is.

To illustrate, if you earn an average annual income in monetary units (m.u.) for 40 years, you can determine your lifetime fortune as follows (assuming zero interest rate):

Average yearly income of 50,000 m.u. for 40 years = 2.0 million m.u.
Average yearly income of 75,000 m.u. for 40 years = 3.0 million m.u.
Average yearly income of 100,000 m.u. for 40 years = 4.0 million m.u.

4. Give generously and with a cheerful heart

Give generously from what you have returned to yourself. After settling your obligations to God, to your fellowmen, and to yourself and your family, you are now able to decide with a clear conscience your 'love gifts' to those who have less.

"Remember this: Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. And God is able to make all grace abound to you, so that in all things at all times, having all that you need, you will abound in every good work." (2 Corinthians 9: 6 - 8).

After setting aside the amount for your tithes and obligations, determine the amount you are able and willing to give as offerings and faith giving to your church, to ministries, and to charitable organizations. Here is God's promise to the generous and cheerful giver: "Now he who supplies seed to the sower and bread for food will also supply and increase your store of seed and will enlarge the harvest of your righteousness. You will be made rich in every way so that you can be generous on every occasion (2 Corinthians 9 : 11a). There are numerous ministries that deserve your support, and it is important that you decide which ministry to give to without feeling guilty of not being able to give to others.

Every giving should be planned and well-thought out. Some people give to a cause just to stop the solicitors from nagging them. Others give because they want people to know they are generous. When you give, be sure you believe in the cause and that you are interested in the results. When you know the results, you will have abounding joy for the harvest because you were part of the good work. When you have abounding joy, your store of seed increases, you become a powerhouse of communicable energy. This is your reward when you exercise the privilege of giving.

5. Live on a Balanced Budget

You have to learn one tough rule in life: live within your means. Learn this well and live it, and teach your family to do the same. How do you apply the principle of returning and the principle of giving to arrive at a balanced budget? Determine your 'Daily Bread' budget by deducting from your annual income: (a) the amounts to be returned to various resource owners; and (b) the amount you are willing to give away as gifts. For those who are comfortable with equations, your 'Daily Bread' budget can be determined as follows:

Daily Bread Budget = (Income) minus (Tithes + Taxes + Loans & other obligations due + Savings + Offerings/Gifts)

The remainder is your Daily Bread Budget which is what you spend for your day to day needs. Spend it all and worry no more, because you have already provided for your basic financial priorities.

PRINCIPLE # 3. GATHER FOOD AT HARVEST, STORE PROVISIONS IN SUMMER

Problem: Many people have incomes which come in different amounts and in non-regular intervals.

Solution: Hold some funds in reserve to be used during the days of scarcity.

You may have one thing in common with other people like farmers, carpenters, taxi drivers, professionals, petty traders, and self-employed operators of microenterprises. Like them, you also experience cyclical periods of good and bad harvest, periods of abundance and scarcity, or periods of more or less than enough. But if you are willing, you will learn how to handle your finances to overcome uncertainties. In fact, God has given His people long, long time ago an understanding of economic and business cycles and the vision of how to smoothen the flow of income over these cycles.

At this point, if you have found in yourself the willingness to save, let me walk you through some practical measures you can take to start your personal savings program.

1. Make a Fresh Start:

Choose an amount you are willing to save. Start small.

Do not touch this savings. In the years to come, your savings will be the one working for you and your reserves will grow faster.

I started my advocacy on Financial Stewardship in mid-1980's by telling people to save One Money Unit a day. The amount could be One U.S. dollar, One Baht, One Peso, One Ringgit, etc. depending on the currency of the country where you are living. Obviously, the same one unit of money you had in the 1980's will be worth less in value in the 21st century. But if you can save that one unit of money, you can start your personal savings program NOW. Do not wait until you are able to save two units or five units of money a day before deciding to start your personal savings program.

If you think you can't afford to save one unit of money a day, try *one money unit per week*. If you still think you don't have this amount, try *one money unit per month*. If at this point, you still believe you cannot set aside take this small amount from your monthly income, how about saving *one money unit per year*. Does that sound ridiculous to you? If it does, you must have realized you can save some amount after all.

When confronted with doubts about your ability to save, try setting your savings target to an affordable amount and start your personal savings program with that amount. *The amount of savings is of secondary importance when you start your savings program.* The crucial thing when getting started is to overcome one's own 'poverty mentality' and fatalistic attitude. Only then will you be able to commit to save and harness your will power to develop a sustainable habit of saving.

2. Forecast Your Monthly Cash Flow

A characteristic malady of many households is they consume everything they have harvested today, and then say "que sera sera" [what will be, will be] about their provisions for tomorrow. People who have not developed the habit of storing up reserves during good harvest end up borrowing during lean months.

You must have heard the story of Joseph, the son of Jacob, who was sold by his brothers to Midianite merchants and brought to the land of the Pharaoh. One day the Pharaoh had a dream and he told all the magicians and wise men of Egypt, but no one could interpret the dream. The Pharaoh dreamed that seven scrawny, ugly, and lean cows ate up seven fat and sleek cows, but even after they ate them the seven lean cows remained as ugly as before. The dream was repeated, this time it was seven heads of grain – withered and thin and scorched by the east wind - gobbling seven good heads of grain. Joseph was called to interpret the Pharaoh's dream and Joseph said only God can interpret the dream. The interpretation was that the seven robust heads of grain and the seven healthy cows represented seven years of economic abundance, while the seven thin heads of grain and the seven lean cows represented seven years of famine and hardship.

The story of Joseph, son of Jacob, appears in the book of Genesis, the first book of the Bible. 'Genesis' means the origin, and in this book God revealed to Joseph the fundamental cycle of economic 'boom' and 'bust' that would characterize the world economy. Through the Pharaoh's dream, God has forewarned that the world will go through periods of good and bad harvest. What is worse, the poverty that bad harvest will bring about will surely overwhelm the nation.

Is there a way to overcome the devastating effects of bad harvest? God revealed the solution to Joseph, a solution that is at the heart of what we are advocating in this book. Joseph advised the Pharaoh to take a fifth (20 per cent) of the harvest during the years of abundance and to appoint commissioners to do the collection. The Pharaoh appointed Joseph to implement the savings program (in kind), and the harvest was held in reserve. When the famine came, the stored food was more than enough for the country of Egypt. And when the famine became severe and spread to other countries, the food that Joseph collected also saved the lives of their foreign neighbors. (Genesis 41:34-36).

What lessons from this story can we apply to our individual lives? An important lesson is that periods of abundance and scarcity very much apply to our own individual situations. But while most of us know this through experience, many have forgotten the solution that God has given a long time ago. The solution is clear: save during periods of abundance in order to smoothen the harmful impact of scarcity and adversity, which is likely to come.

In the short run, your income will remain the same while your personal finances will go through a cycle of upward and downward swings in view of your expenditure commitments. If you plot your expected monthly income against expected expenditures over a period of one year, it may look like this:

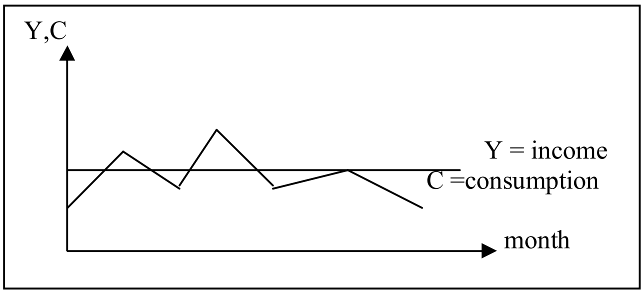

Figure 2. Expected monthly income and expenditures

There are months when your expenditures are less than your income, hence you generate a temporary surplus; and there are other months when your expenditures exceed your income. Even without making any significant effort to save, you should be able to establish the months of the year when you can save, and the other months when you may need to draw on your savings to cover extraordinary expenditures.

3. Change Your Lifestyle

If your household continues to have difficulties making both ends meet or it continues to spend much more than it earns, this should tell you that it is time to CHANGE YOUR LIFESTYLE. But you cannot impose on your family members the financial discipline you aim for without getting adverse reaction from them. You need to call a family meeting to discuss the benefits of a family savings program. If you have not talked to you family about savings before, don't let that stop you from taking the first step now.

At the family meeting, explain why the family has to embark on a savings program and how it will benefit each member of the family. Give each family member a chance to resolve privately which aspects of their personal expenditures need pruning in order to generate some savings. You may ask each family member to jot down on a notebook whenever family money is spent.

At the end of the month, review with your family the expenditures and conclude where money was not spent well or 'wasted'. You will probably be surprised to find there are much more than One Money Unit per day you can save by making minor adjustments in spending your income. In the next section, we will review a few spending habits where money is wasted. Adjustments in spending habits are the small steps that, when taken by your family consistently, will enable you to develop a sustainable habit of saving and achieve significant victories in your finances.

4. Avoid the Credit Trap

For many households, the most immediate problem is getting out of the credit trap. Households that are heavily in debt are gambling on the future of their children. In times of adversity, heavily indebted households will be the most badly affected. Companies and individuals who suffered the most from the 1997 Asian financial crisis were the ones who borrowed lots of money, most especially in hard currency. But the small enterprises that relied on cash transactions on a daily basis withstood the financial crisis and survived.

When buying things, avoid installment payments and pay cash instead. If you don't have the required lump sum now, then save money first and pay cash. Don't get caught in a credit trap. Avoid using credit cards especially if you tend to overspend. Credit cards tend to encourage people to spend without having to deal with their current cash flows. If, however, you are like me who finds it more convenient to carry a credit card rather than cash, then make it a habit to pay off your charges at the end of each billing period, otherwise you may pay high finance charges.

Switch to a cheaper credit card if the financial charges of your present credit card are enormous. Better still, discard your credit card if it leads you to excessive and expensive debt, and get a debit card. An important advantage of a debit card is that you cannot spend money that is not in your checking account. Besides, the debit card will make you aware of your account's balance, which serves as a restraint to your spending.

5. Dispose of your idle assets

One thing my friends in the U.S. enjoy doing on Saturdays is rummaging through a garage sale. This is usually organized by a neighborhood association for the purpose of ridding the house of items that are no longer in active use. This is not a common practice in Asia, but occasionally some groups may organize a garage sale to raise funds for a cause. Expatriates working in a foreign country also have their own market for second hands, wherein used items are sold by outgoing expatriates to fellow expatriates or their local friends. You may not raise a lot of money by selling used household items, but you will have some amount to put into your savings account.

PRINCIPLE # 4 USE TIME AND BE CONSISTENT

Problem: **Most people think they cannot save because they do not make a lot of money.**

Solution: **Set aside an amount of money you are able and willing to save, and let it grow over time.**

You need time and discipline to accumulate money for investment. All of us have got time, but we also need discipline to be able to save. Begin to use time to develop a sustainable habit of saving.

Your savings is your investment. Investment does not only refer to money used as capital in an enterprise. It also refers to money held in a financial instrument such as bank deposits, equity shares, bonds, and the like. If you are a worker or employee like most people, you may not be attracted to invest your savings in an enterprise as you won't have the time to manage and oversee the enterprise. The most convenient form of investment that is available to all is bank deposit, or other similar forms of financial plans. Here are some tips on how to make your money grow.

1. Focus on developing your habit of saving first

Put prior emphasis on developing the habit of saving. Let the amount of savings take secondary importance. Beginners have a tendency to make up for lost time by setting an ambitious savings goal. Remember that, at this point, you have not yet developed a habit of saving, and even if you already have started your savings program, you won't know for sure whether you could sustain it.

For a start, let your objective be, "To develop a sustainable habit of saving", rather than "To accumulate a savings of XXXXXX amount at the end of the year". As a beginner, you will find greater satisfaction in trying to achieve the first objective than pursuing an ambitious monetary goal. The fact that you have not saved at all indicates that the process of saving requires some amount of discipline. You have to go through a routine and consistently do it over a period of time. The rigors of developing a habit are in themselves hurdles to overcome. If you place additional hurdles along the way, such as an ambitious amount to save, you will make your own personal savings program very difficult to realize, and you may end up disillusioned and frustrated.

2. Reinvest you earnings to benefit from compound interest

Put your savings in an 'untouchable bank account' in your favorite bank. This bank account is different from other bank accounts that you normally use for all kinds of transactions. By making this bank account untouchable, you will allow the account to accumulate a sum for the future consisting of both the principal sum of your deposit and the interest on the deposit. Make the habit of depositing into this account a specified amount regularly each week.

3. Apply the rule of "72"

Some agencies offer "Double-Your-Money" Savings Scheme to entice depositors, often without disclosing the rate of return on deposits. You can make your own evaluation of the financial returns of these schemes by applying the Rule of "72". Rule of "72" states that your money will double at an exact point by dividing 72 by the rate of interest in percent.

You can use the Rule of "72" to determine the effective interest rate on a given savings scheme. For example, if a savings scheme promises to double your money in 10 years, you can estimate the rate of return as follows:

(72 divided by 10 years) = 7.2 %

You can also apply Rule of "72" to determine how long it will take your money to double in amount, given the interest rate. The schedule below shows that if you invested a sum of money at an interest rate of 3 % per annum, your money will have doubled at the end of 24 years. You deposit will double in 12 years at an interest rate of 6% p.a., in 6 years at an interest of 12% p.a. The underlying assumption, of course, is that you reinvest all the interest earnings and that taxes are not deducted from the interest earnings [2].

72 divided by 3% interest = 24 years
72 divided by 6% interest = 12 years
72 divided by 9% interest = 8 years
72 divided by 12% interest = 6 years
72 divided by 15% interest = 4.8 years

This shows the power of interest to increase the value of your money over time. It is, therefore, important to know the yield, or rate of return, or interest rate of investment to determine the value of your savings in the future.

4. Calculate The Future Value Of Your Savings

Let us do some simple exercises to enable you to realize how much savings you could accumulate at the end of a period if invested in an instrument with a certain rate of return.

Case 1. Quit a bad habit (smoking or drinking hard liquor) to develop a saving habit. *Assume that you can place your savings in an investment scheme that offers a rate of return of 7% p.a.*

(a) Smoking: At Php 30 per day, total expenditures on cigarettes will amount to Php10,950 annually. If the person quits smoking and save this amount, his accumulated savings after 5 years will be as follows: (All amounts in Php):

Year (a)	**Annual Savings (b)**	**Interest Factor (c)**	**Accumulated Amount (d) = (b) X (c)**
1	10,950	1.4026	15,358.47
2	10,950	1.3108	14,353.26
3	10,950	1.2250	13,413.75

[2] Some banks automatically deduct the income tax on interest earnings of your deposits, hence the effective yield will be lower than the nominal interest rate that is quoted by the bank. Depositors have the right to ask the bank to disclose its method for calculating interest yield on their deposits.

4	10,950	1.1449	12,536.65
5	10,950	1.0700	11,716.50
TOTAL			67,378.63

(b) Drinking hard liquour: At Php 500 per week, total expenditures will amount to Php 26,000 annually. If this amount is saved, this will accumulate after five years as follows:

Year (a)	Annual Savings (b)	Interest Factor (c)	Accumulated Amount (d) = (b) X (c)
1	26,000	1.4036	36,493.60
2	26,000	1.3108	34,080.80
3	26,000	1.2250	31,850.00
4	26,000	1.1449	29,767.40
5	26,000	1.0700	27,820.00
TOTAL			160,011.00

Case 2. Cut down on your sorties in expensive places or your unplanned dine-outs in expensive restaurants to start your savings program.

Let us say you spend Php 1,500 per week on your unplanned dine-outs, then your total expenditures for this item would amount to Php 78,000 annually. Here is how your savings account would look like after the end of five years.

Year (a)	Annual Savings (b)	Interest Factor (c)	Accumulated Amount (d) = (b) X (c)
1	78,000	1.4036	109,480.80
2	78,000	1.3108	102,242.40
3	78,000	1.2250	95,550.00
4	78,000	1.1449	89,302.20
5	78,000	1.0700	83,460.00
TOTAL			480,035.40

Case 3. Set up a retirement fund by saving Php 5,000 per month. Your total savings will be Php 60,000 annually. Your pension fund would look like this after the end of 5 years.

Year (a)	Annual Savings (b)	Interest Factor (c)	Accumulated Amount (d) = (b) X (c)
1	60,000	1.4036	85,836.00
2	60,000	1.3108	78,648.00
3	60,000	1.2250	73,500.00
4	60,000	1.1449	68,694.00
5	60,000	1.0700	64,200.00

TOTAL			<u>370,878.00</u>

Case 4. ***Set up an emergency fund by saving Php 1,000 per month***. Your total savings will be Php 12,000 per year. Your fund would look like this after the end of five years.

Year (a)	Annual Savings (b)	Interest Factor (c)	Accumulated Amount (d) = (b) X (c)
1	12,000	1.4036	16,843.20
2	12,000	1.3108	15,729.60
3	12,000	1.2250	14,700.00
4	12,000	1.1449	13,738.80
5	12,000	1.0700	12,840.00
TOTAL			<u>73,351.60</u>

5. Protect your future savings from risks

In all our previous discussions, we have assumed that your future savings will be automatically protected from risks. This will not happen unless you have made provisions for insurance. Business enterprises today try to protect their wealth from unforeseen adversities that could lead to a loss. You would benefit much to heed their example by looking for an investment plan that provides your savings solid protection from the risk of loss. If you are looking for a financial plan that allows you to accumulate financial wealth over a period of time, you will benefit most from a scheme that combines savings with insurance.

Imagine looking at a continuum of investment schemes illustrated below where at one end, you can choose a savings plan that will maximize your income but with minimal protection from the risk of loss. At the opposite end, you will find an insurance plan that maximizes protection from risks but it exacts the greatest sacrifice in terms of income from your savings.

High income
Low protection

High Protection
Low income

As you move from left to right (putting more money into insurance), you would be sacrificing income in favor of protection. And as you move from right to left (putting more money into bank deposits, for example), you would be sacrificing protection in favor of income. A person with lots of money to invest would most likely place a good amount of money in high-earning assets and then purchase the insurance coverage that would ensure the greatest protection to his assets.

But if you don’t have much money to invest, choose a savings plan that offers a well balanced menu of benefits in terms of both income *and* protection. A savings-cum-insurance plan will be most beneficial to households who would like to save as much as they could for the future, but who would suffer most in the event an unforeseen disaster wipes out their investments.

6. Live a frugal lifestyle

It does not take a lot of money to start your own savings program. All you need to do is establish a simple goal. Sit down with your spouse or your family members and decide what you want to achieve. Once your family's goals are clearly set out, stick to it.

One important reminder to make your saving habit sustainable: live a frugal lifestyle. Starting a savings program is one thing, but you may have difficulties maintaining it consistently through the years unless you live a frugal lifestyle. What does 'frugal' mean? An anonymous posting in a daily newspaper puts it neatly thus:

> To be frugal is to abhor waste.
> It does not stand for spending too little.
> Rather, it stands against spending too much.
> To be frugal is to keep it simple.
> The less you want, the less you need.
> To be frugal is to conserve
> the fruits of your labor.
> It does not stop you from having a good time.
> But it impels you to save for hard times.

PRINCIPLE # 5. BE PART OF A SAVINGS / INVESTMENT GROUP

Problem: **Most people need other people to realize their own plans. They get extra motivation to save when everybody else is doing it.**

Solution: **Form a Financial Center in your community and encourage your friends to join the savings group.**

It seems much easier for people to adopt a new habit when there is social pressure for change. You can influence your neighbors and friends in your community by helping them get started with their own savings program.

1. Encourage your neighbors and friends to save and form a savings group

Talk to your neighbors and friends about the importance of saving and encourage them to be part of a business group that promotes the habit of saving. In Pasay city where the biblical principles of financial stewardship were first pilot tested by Pastor Rolando Londonio and Bro. Jojo Padilla of VEDCOR (Ventures and Entrepreneurship Development

Centre in the Orient), the village-level savings group was called a "Financial Center". Subsequently, the savings groups were structured into a single organization and registered as a cooperative, the GOSHEN MULTIPURPOSE COOPERATIVE (GMPC). The organizational structure of GMPC was unique because the individual members are clustered into Bayanihan "Financial Centers" (FCs) with up to 30 members per FC. [See Annex 1 for more details on the Bayanihan Financial Center].

Bringing people together to form a support group is a process of building interpersonal relationships. Open interpersonal communication and interaction help develop trust and confidence among neighbors and friends. In the case of the Bayanihan FC, the officers have to be skillful and tactful in facilitating the process of dialogue and cooperation among the members. The FC members usually meet once a week. During the weekly meetings, each member is encouraged to share her thoughts, her feelings, and her needs. The FC members learn how to reach consensus on issues affecting their lives and to encourage one another to be punctual in paying their savings commitments.

2. Transform commitments into organized effort

The FC gives each member the freedom to choose the amount of her weekly savings. This is called the "Pledged Savings" as it represents both the commitment and the willingness of the individual to participate in and support the FC's financing scheme. When the "Pledged Savings" are pooled to form the FC Loan Fund, the members of the FC decide on the following, *inter alia*:

- Schedule of weekly center meetings, during which savings are collected
- Center officers: Convenor, Recordkeeper, and Collector
- Depositary bank
- Signatories of the group bank account

Lending to members forms the core business of the FC. Since the FC members do not have a written record of their credit history, the fulfillment of Pledged Savings over a period of time is used as a substitute. This period is called the "testing period" because both the capacity and the willingness of the member to fulfill her pledged savings are being put to the test. GMPC started with a testing period of six (6) months, but it reduced this later on to 4 to 8 weeks as the cooperative gained experience in managing FCs.

During the testing period, the FC has to instill discipline among the members through a number of ways, including the following:

(a) The FC has to enforce punctual and 100% attendance of weekly FC meetings. A member who fails to attend the monthly meeting is a bad example to others. Habitual absentees are almost always irregular savers and, more likely than not, potential loan defaulters. A weak FC management that cannot enforce 100 percent attendance in weekly meetings is more likely to have greater difficulties in enforcing a 100 percent repayment of loans.

(b) FC management must know each member very well so as to be able to trust her. Trust is the basis of the FC's lending program inasmuch as it is collateral-free.

(c) With no tangible collateral to offer as security for the loan, FC members need to guarantee each other's loan. The willingness of FC members to pay for the unpaid loans in case of another person's inability to pay is directly proportional to the level of trust and confidence they have built into their relationships.

(d) A testing period must be sufficiently long enough for a member to show that she can be trusted and that her financial record with the FC validates the trust accorded to her by the other members. In the absence of a prior credit record, only the faithful payment of one's Pledged Savings will socially validate the member's trustworthiness.

Some FCs have expanded their portfolios to include a variety of deposit schemes and quasi-insurance plans. The FC as a business organization at the grassroots level has proven its capacity to handle business with social responsibility. Establishing business linkages between the formal financial institutions and the FC [3] would certainly boost the investment climate in the country and provide a solid ground for attracting small investments abroad, especially the savings of the Filipino overseas workers.

3. Formulate the business policies of the Financial Center

While pilot testing the savings plan , all members of the FC should be involved in formulating its business and financial management policies. In case the FC carries mainly the savings-loan portfolio, business success of the FC would depend heavily on the members' understanding and full adherence to the savings and credit policies of the FC.

FC members normally go through a training program to get familiarized with the features of the FC's savings program. FC members need to know the following savings features:

- minimum amount to open a savings account
- term of deposit
- interest rate on deposit
- withdrawability of the deposit
- penalty for early withdrawal
- deposit insurance coverage
- other additional features such as relationship of savings to credit limits
- the forms to be filled up and signed
- the procedure for opening a savings account, for making withdrawals

Likewise, members need to know the following features of the FC credit scheme:

- loan ceilings

[3] Since 1986, I have espoused the idea of linking banks and self-help groups (SHGs) of low-income people. Subsequently, several Asian countries – including India, Indonesia, Philippines, and Thailand - have adopted this approach as a means of enabling poor households to have access to the financial services of formal financial institutions. For a detailed discussion of the linkage banking approach, see B. Quiñones, Jr., 1999. "An Evaluation of the Linkage Banking Approach in Asia": APRACA:Bangkok.

- purpose of loan
- maturity term of loan
- interest rate on loans
- installment payments, weekly or monthly
- service charge and other fees
- security for the loan, collateral, or loan guarantee/insurance
- equity requirement
- penalty for overdue payment
- other additional features, such as eligibility of borrowers, credit-to-savings ratio, etc.
- the loan forms to be filled up and signed
- the loaning procedure

The FC may also embark on a different line of business such as a savings-insurance plan. In this case, the training program for members should help clarify the main features of the plan, including:

- the amount of premium to be paid, and when; or the contract price;
- mode of payment;
- the guarantees and benefits of the plan, e.g. accidental death benefit, dismemberment benefit, death benefits;
- cash values of the plan in case the plan holder lives to a certain period;
- waiver of installment due to disability
- rights and privileges of the beneficiary, and their transferability
- penalty for arrearages
- conditions for termination of the plan

4. Business License or Legal Identity of the Financial Center

The FC should have the business license or the legal identity to engage in a savings-credit business and/or a savings-insurance business. For people with little resources, the credit cooperative is an ideal form of organization because little capitalization is required for registration. For this reason, most FCs prefer the legal personality of a credit cooperative. This type of business organization provides the legal capacity to engage in savings-credit business. However, the FC as an agency or any of its individual members is required by law to acquire the appropriate license to be able to sell insurance plans. FCs that would like to offer a savings-insurance plan to its members can establish agency tie-ups with insurance companies.

PRINCIPLE # 6. ESTABLISH A SAVINGS-INSURANCE FUND

Problem: **Most people carry out their savings plan enthusiastically in the initial years, then they discontinue or withdraw their savings when emergencies arise.**

Solution: **Set up a time-bound savings-insurance fund and an emergency fund.**

A savings-insurance fund is for a specific purpose only. It is used for long-term investment or as a reserve fund for a need that is expected to materialize in the future. That need could be a child's education, house and lot, a car, financial freedom, or to help others. At the same time, establish an emergency fund as a support mechanism, which you can draw on to meet your emergency liquidity needs.

1. Save for your family's future needs

Savings is a planned activity and there must be a motive for doing this activity on a sustainable basis. Most people save because they want to provide adequately for a future need. But it takes time to accumulate a sum of money, and at this very moment, you don't know if some good Samaritan will provide for your family's future need in case an unforeseen disaster renders you incapacitated.

In other words, your own savings may not be sufficient to protect your family from unforeseen disaster. You have to use part of your savings to buy an insurance plan that could address your family's future needs adequately while at the same time provide a "cushion" against fortuitous events.

2. Establish an emergency fund

Set aside a portion of your savings to establish an emergency fund which you could draw on for immediate financial relief. An emergency fund is an important safety valve and crucial to the stability of your long-term savings-insurance plan. When your emergency requirements vigorously compete for the use of your limited cash, an emergency fund diffuses the pressure on your limited cash and enables you to continue paying the installments on your savings-insurance plan. The size of your emergency fund will be smaller if your savings-insurance plan covers a good deal of your family's future needs, including hospitalization and medical expenses, college education, travel, and so forth.

It would be to your advantage to participate in a bigger pool of emergency fund established by many savers rather than rely only on your own small savings. Most of the Bayanihan FCs cater to the need of members for emergency funds. The members contribute a specified sum to the Bayanihan FC emergency fund on a weekly or monthly basis, and this entitles them to draw on the emergency fund as the need arises. If the member has a good track record both as a saver and a borrower, he can borrow from the emergency fund an amount that is larger than his outstanding savings. In this manner, the FC's emergency fund enhances the member's capacity to adequately meet his emergency expenses.

3. Make use of the "bayanihan" (mutual help) financial schemes widely acceptable among the local people

A highly popular method of handling emergency funds collectively is the "paluwagan" system, the term used for the informal financing scheme of the rotating savings and credit association (ROSCA) in the Philippines. Members of Paluwagan contribute regularly a fixed amount of money and take turns borrowing the entire sum of money raised by the group in each cycle. Paluwagan emerges in situations and areas where there is an active demand for emergency funds. In more recent years, the Paluwagan has evolved into an all-purpose loaning scheme. The FC can adopt the Paluwagan system for administering its emergency funds, with some modifications as indicated below.

- interest on emergency loan must be higher than other loan schemes of the FC
- amount of loan should be a multiple of the contributions to the emergency loan fund
- loan term must be very short, not to exceed 180 days
- installment payments must be on a daily or weekly basis
- penalty for overdue payment will be in terms of higher interest rate

4. Make use of donations to augment members' contributions to emergency fund

Donations from benevolent donors can be used to augment members' contributions to the emergency fund. Savings groups are well advised not to be dependent on external donors, but if donor funds are available, they can be used to augment the FC's emergency fund. The FC should view donor funds as a complement of the savings of its members. Its availability should not pre-empt efforts of the FC to mobilize internal resources from members. The FC enhances its financial self-sufficiency by building up its internal resources.

PRINCIPLE # 7. BECOME AN OWNER, NOT A DEBTOR

Problem: Many people hesitate to keep their savings in the bank because the bank pays low interest on deposits, and it does not lend money to small depositors.

Solution: Be a member of a savings group. Set up a Financial Center (FC) in your community.

Most people deposit their money in the bank for safekeeping. If they want to earn more than the rate of interest paid by the bank, they will invest their money elsewhere. Likewise, let your money do more work for you. Join a savings group that invests money in a sound business proposition. A savings group that empowers people is one that involves its members in managing their own savings and in running their own business. This is what happens to people who form their own Financial Center (FC). They become owners of a fund that could earn higher returns compared to bank deposits. Their money works hard for them, even to the extent of liquidating their old debts. They are no longer at the mercy of usurious moneylenders. Slowly but surely, they are being transformed from debtors to debt-free investors.

1. Be an active member of a Bayanihan Financial Center (FC)

A Bayanihan Financial Center (FC) is a group of between 20 to 30 persons who meet regularly every week to facilitate the collection of savings, the collection of installment payments, and the disbursement of FC funds to finance the investments of individual members. The FC is not an organization with a legal identity of its own. The FC is a branch or field unit of the organization or company duly registered as a business entity. The FC conducts the business of its mother organization/ company at the local level. Unlike a branch or a field unit, however, the FC is owned and operated by the member-clients themselves.

There can be more than one FC in a *baranggay* where several thousands of households reside. A FC is said to have great potential for institutional sustainability when all its members attend the weekly meetings promptly and regularly, and each member enforces the rules and regulations of the mother organization.

2. Grow the 'Bayanihan FC' into a multi-stakeholder network of producers and consumers

The Bayanihan FC can be viewed a business group whose individual members are the final arbiters of the kind of business the FC should embark on. As a business-entity, the Bayanihan FC has the potential to grow into a multi-stakeholder network that connects producers to consumers.

One of the models of a mutli-stakeholder network of consumers and producers is called "community assisted agriculture" or CSA. CSA is about a group of consumers from the same village who commit to buy all the products of a group of farmers at pre-agreed price and volume. The members of CSA may be engaged in different vocations but they have one common interest: they prefer to buy fresh farm products directly from farmers rather than packed food items from grocery shops. The product involved in the CSA is usually an organic produce. In some cases the village consumer group organizes a farmers market to sell the organic products to the community at large.

CSA is not that popular in the Philippines. The more popular model is the consumer cooperative where members set up a variety store that offers price discounts and patronage refund to members. The members generally are employees of government offices or private companies. More often than not, the consumer cooperative also operates like a credit cooperative because it offers a credit line to members who are expected to liquidate their credit purchases at the end of the month.

Oddly, the consumer cooperative prefers to buy and sell imported consumer goods rather than the produce of the members of producer cooperatives. We therefore see a strange phenomenon where consumer cooperatives are proliferating all over the country while producer cooperatives are having a hard time looking for friendly 'markets' for their products. It would certainly be beneficial for the local economy if the Bayanihan Financial Center could facilitate linkages between urban consumer groups and small farmer producers.

3. Organize a People's Congress on Financial Stewardship

Stakeholders of Bayanihan FC all over the country will benefit much from participation in an annual gathering that allows them to share their experiences, knowledge and information, to foster networking among the FCs, and to recommend effective organizational policies and strategies for enhancing the outreach of Bayanihan FCs nationwide. I suggested the term "People's Congress" for this annual gathering of FCs to emphasize its distinguishing feature of *people's participation*. It is also meant as a people's assembly where FC leaders and network representatives can vet recommendations for sound policies and good governance of FCs.

The first People's Congress on Financial Stewardship was conducted in December 2000 in Pasig city with almost 1,000 FC members participating. The gathering was facilitated by VEDCOR in collaboration with the City Government of Pasig and the City's Office of Cooperatives Development. The second People's Congress was organized in May 2001 at San Juan City with around 300 FC leaders and representatives participating. VEDCOR and the Fellowship of Christians in the Government (FOCIG) helped facilitate the arrangements and sessions of this event. A third People's Congress was organized by the FC leaders of Pasay city in September 2001.

Among the salient recommendations of the People's Congress are: (i) the establishment of a national network to serve as a coordinating body of all FCs; (ii) the formation of new FCs in other areas; (iii) the training of FFS (Fundamentals of Financial Stewardship) trainers; and (iv) the establishment of a mechanism that would enable FCs to transact business with each other.

PRINCIPLE # 8 INVEST WITH PROFESSIONAL MANAGEMENT

Problem: **Most people don't have the time or investment expertise to make wise decision when and where to invest their savings.**

Solution: **Join a professional group that promotes sound financial stewardship.**

There are many ways to invest your personal savings apart from placing it in your bank account. Alternative investment vehicles for your savings include stocks, bonds, mutual funds, insurance, real estate, and the like. Like most people, you probably wouldn't know how to evaluate the trade-offs between yield and risk for each of these investment vehicles. So, for the moment, perhaps you are content in keeping your savings in your bank account, preferring to have low return in exchange for low risk and high liquidity. At the same time, the higher yields in alternative investment vehicles are enticing you to dream of an ideal plan that will match your desire for higher yield while also providing maximum protection.

In many countries, financial institutions and insurance companies have collaborated to offer investment-cum-insurance plans. You can make inquiries from your bank to get to know more about these plans.

1. Selecting the "best" plan or selecting a credible business partner

You would probably want to know which of the existing investment-insurance plans is the "best" in the market. If that is what you're looking for, you would most likely get it with the right amount of money. However, people behind the "best" plans are not always the "best" in terms of post-sales service.

If you like to be treated as a special client, look for people who would treat you as such. More likely than not, these kind of people will help you find a plan that will meet your requirements. Finding persons with integrity should be on the top of your assessment list if you are joining a Bayanihan FC or buying an investment-insurance plan.

2. Go for integrity

Don't be easily swayed by the sales tactics of the salesman. They are trained to overcome your objections and to lead you to a quick decision to invest NOW. If you don't know the background of these people, spend more time asking other people who know them. Remember, both your reputation and the satisfaction of your future need are at stake here. This is not only about money. It is more about whom you are partnering with, whether or not you can trust them to do business with you with integrity and responsibility.

PRINCIPLE # 9 START A FAMILY TRADITION

Problem: **Most people don't train their children in financial stewardship. They are also unable to leave even a modest fortune to them.**

Solution: **Teach your children the fundamentals of financial stewardship and start a tradition that you can pass on for generations to come.**

I have two children, two lovely daughters, the eldest was born in 1980, and the younger one in 1983. They were only six and four years old, respectively, when I started teaching the fundamentals of financial stewardship among the poor farmers in Thailand. They saw me teach the fundamentals of stewardship among poor households in several regions of the Philippines (1993-1995), then among the poor Malaysian-Indians in the slums of Kuala Lumpur (1996-2001), and among the Overseas Filipino Workers in Malaysia (2002) . They grew up hearing me talk about the importance of developing a habit of saving. Today, my daughters are not exactly outstanding models of personal savings, but they have modest amounts of investment in mutual funds.

1. Start a generation-to-generation savings program

Suppose you start your savings program by setting aside Php1,250 per month, which comes up to Php 15,000 annually. If you continue to save the same amount for the next ten years and you put the principal sum and subsequent earnings in an investment plan that offers a guaranteed yield of 10% per annum, you will have accumulated a sum of Php 262,935 at the end of the 10th year. This is a tidy sum to hand over to your children as a fortune. This sum would have grown to Php 1,768,895 [262,935 X 6.7275 yield factor] in another twenty years. So, even if your children will not add their own savings to your accumulated savings, still the amount of money that would pass on to your children's children will be substantial.

The more important, however, is that you pass on the habit of saving to your children and to your children's children. The saving habit that you sow now will become the cornerstone upon which your children can continue to build in the future. As soon as your children get a job, you should encourage them to establish their own savings program. If they have not developed the habit of saving, they would spend all your money and that's the end of your generation-to-generation savings program.

2. Erect your cornerstone in God's Kingdom

Teach your children the Kingdom principles of financial stewardship and they will know what their financial priorities are. Savings are an important instrument for achieving financial freedom, but it should not cast a shadow on one's obligations to God and to his fellowman. When your children know how to return to God and to honor their financial obligations to other men, they will live their lives with abounding joy.

PRINCIPLE # 10 DEVELOP A WINNING ATTITUDE

Problem: **Many people believe that things would get worse even before they get better. They have a fatalistic view of life.**

Solution: **Celebrate the victory of abundant life in Christ! Be courageous. Dare to succeed.**

Many people have a fatalistic view of life. They don't believe they can succeed no matter how hard they try. Or if they have tasted success, they think it will not last long and its luster will soon fade away. Fatalists would say, "Why bother to save and invest? Our currency has depreciated and now my money is not enough even for my daily needs." Or they would tell you, "Inflation will render your savings worthless. I would rather spend my money now and get more from my money, than wait for tomorrow and have less." Or they would swear, "Life is terribly difficult for me. My bills are piling up. I simply can't get on with my savings program."

God gave us the power to choose and the power to carry out that choice. King David chose to have a winning attitude. He declared, "The Lord is my shepherd, I shall not be in want (Psalm 23:1). And after making this affirmation, he proclaims triumphantly: "Surely goodness and love will follow me all the days of my life, and I will dwell in the house of the Lord forever." (Psalm 23:6) King David was absolutely sure that goodness and love will follow him because he was following the Lord to the Lord's 'house', the Kingdom of God, where he will live forever.

Jesus gave this command to us: "Seek first the Kingdom of God and His righteousness and all these things will be given to you as well." (Matt 6:33). There is a promise in this command. If you seek God and follow His righteous ways, he will bless you and give you the desire of your heart. Most people do it the wrong way. They seek first the kingdom of gold, they run after money, and they expect God to be trailing behind them – giving them everything they need to capture that gold. They won't find God, His Kingdom and His blessings this way. They won't find God's peace and abundant joy. They would try to run faster and catch more money, hoping to find happiness at the end of their flight, but they won't find the abundant life and lasting joy that God has in store for everyone who seeks Him.

The key to abundant life is to follow Jesus. Jesus said, "I have come that they may have life and have it to the full." (John 10:10b). But what has this got to do with your savings-investment program? We are God's stewards on earth. He is a God of order. Above all, He wants you and me to have the assurance of salvation so that we will dwell in the Kingdom of God forever. God also has plans for us to prosper wherever we are and no matter what the circumstances are. He gave us the power to create wealth and He wants us to use that power in order to be a blessing to others, that is to our family and to our neighbors. In the not so distant future when Jesus comes to earth for the second time, He will call us to govern with Him with righteousness and competence.

If you are now living an abundant life in Christ, you have the blessed assurance that goodness and love will follow you and your family, for generations to come, until He comes again. You will have a victorious attitude and the courage to pursue your goals because God is ahead of you, He is your shepherd.

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