

Faith Finances

A Guide to Mastering the 3 Biblical Principles of Financial Success in 8 Steps

By Tom Zordani

Opening

The following is a brief summary of Tom Zordani's book. Tom is a Catholic financial management consultant who details his own journey with the 8 steps. As Tom explains, money is one of the most discussed topics in the Bible, however, many people do not see giving money as an act of worship. A change of heart and attitude is needed to see the spiritual connection between faith and finances. "For where your treasure is, there will your heart be also." (Matthew 6:21)

For more information on Tom Zordani, [click here](#) to see his website.

Introduction

- 3 Financial Stewardship Principles in the Bible: Giving, Managing and Increase
- Financial Action Plan: live within your means, become debt free, educate your children and understand "true" stewardship
- Before you start: pray for God's help, study the 8 steps and seek counsel from someone better at finances.

Step #1 – Keep a Written Budget

- "Whatever stores you issue, do it by number and weight, spendings and takings, put everything in writing." (Sirach 42:1,7)
- The Bible tells us to make a written budget
- 3 things you can do with money: spend, save/invest or give away. God expects us to be in balance.
- Calculate Income and Expenses (5 "necessary" expenses: food, housing, utilities, transportation and clothing)
- Discretionary expenses: anything outside of tithing, paying yourself and the 5 "necessary" expenses

Step #2 – Tithing

- "And Abraham gave a tithe of everything." (Genesis 14:20)
- Tithing is not meant to be easy. It is meant to be sacrificial.
- Tithing is the foundation of creating wealth. If we expect to prosper, we must learn to give freely.
- 10% of gross income (Archdiocese of St. Louis recommends 5% to your local parish and 5% to the greater Church and other charities)
- The best time to start tithing is now.

Step #3 – Pay Yourself First/Establish an Emergency Fund

- "Prepare by saving a small portion of everything you make." (Proverbs 6:6-11)

- Secret to financial success – spend what you have left-after saving instead of saving what is left-over after spending.
- After you have written your budget and tithed 10% to God, pay yourself (at least 10%) out of the remaining 90% before you start paying your debts.
- A good emergency fund prevents you from taking on more debt.

Step #4 – Eliminate Debt Until Only the Mortgage Remains

- “Do not indulge in living luxuriously, spending money you do not have.” (Sirach 18:30)
- A proper attitude towards money is much more important than knowledge about money. It doesn’t matter how much money you make if you spend more than you make.
- The proper attitude is that you despise debt.
- Creating wealth – it is far less important how much money a person earns than how the money is used.
- God will often not bless someone with more if they are incapable of handling what they now have.
- Avoid purchasing things on credit that depreciate rapidly or never had long-standing value to begin with.
- Strategy for climbing out of debt – contact all your creditors and tell them what you can pay (not what you owe). Pay off the smallest amount first. Once paid, apply that amount to the next smallest bill and so forth. This may take a couple of years.
- In trying to eliminate debt, you must be committed to not taking on more new debt, use your emergency fund.
- Credit card companies can change the rules whenever they want. Debt is a very profitable business for them.

Step #5 – A Fully Funded Emergency Fund

- “By not being disciplined, poverty will come upon you; you will find your financial garden overrun with thorns.” (Proverbs 24:30)
- This is a continuation of Step #3 – pay yourself first.
- A fully funded emergency fund is having 6 months of income saved.
- Once debt is conquered, you have a fairly large discretionary income to begin the emergency fund.
- Once your financial position begins to improve, do not increase your spending.
- Many people think credit cards are an emergency fund – this is not a good attitude.

Step #6 – Fully Implement Retirement Savings

- “A sudden fortune often dwindles away; a person grows wealthy a little at a time.” (Proverbs 13:11)
- Compound interest: start investing early.
- The “rule of 72” helps explain compound interest: divide 72 by the rate of return will tell you the number of years you will double your investment (i.e. $72/8\%=9$)
- Keys to attaining wealth: start investing early, stay disciplined, avoid frivolous things.
- Live in the present and have hope and faith for the future.
- Retirement savings is a carefully planned event over your entire lifetime, start early.
- To manage immense wealth properly requires immense character.
- If you do not understand what you are doing, find someone who does.

Step #7 – Pay Off Mortgage

- “To build your house on other people’s money is like collecting stones for your own tomb.” (Sirach 21:9)
- The biggest single debt for most people is their home mortgage.
- Have at least 20% of home value saved before purchasing a home.
- Delay buying a home until you have cleared up any debt problems.
- When buying a house – don’t make it an emotional decision – look at “needs” versus “wants”.
- When buying a house – don’t base it on the largest payment you can make. Just because you qualify to buy a more expensive house doesn’t mean you should buy it.
- Mortgage payment (payment, insurance, taxes and utilities) should be no more than 36% of net income.
- Most people take on more debt when purchasing a house for all the furnishings.
- Try to make extra payments to principal or bi-weekly payments.

Step #8 – Give and Save In Abundance

- “The point is this: he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. Each must do as he has made up his mind, not reluctantly or under compulsion, for God loves a cheerful giver.” (2 Corinthians 9:6-7)
- You cannot expect to give “a little” and expect to receive much.
- The Law of Reciprocity (reaping what you sow) works equally for good and bad. If sow malice, you will reap malice. If you sow love, you will reap love.
- You cannot “think” or “hope” to give, you must actively seek to give. You must trust and have faith in God.
- Keep in mind that if you cannot give, God understands; if you can give and don’t, God knows.
- “There is more happiness in giving than receiving.” (Acts 20:35)
- Scripture is clear. We are expected to give. Not only monetary giving, but acts of kindness and humility.
- We are stewards of the gifts we have been given, we honor God by giving back a portion of those gifts.
- We are expected to grow and multiply our resources for the glory of God. We often handicap ourselves because we fail to open ourselves to God’s abundance. Believe in your God-given talents and potential.
- God promises that if we have faith in Him and trust Him, we will want for nothing.
- Teach your children to be exceptional givers.