

# Are you **SAVING** for the Future?



There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up. - Proverbs 21:20

Where do you spend most of your time focused on? The past, the present or the future. I used to hear a phrase that I always liked, "She is so heavenly focused that she is no earthly good." While we could all use a little more focused time on our future heavenly home, the future we are talking about today is a little closer than our trip over yonder.

With most of our clients, we usually try to discern if they are a **Giver**, a **Spender**, or a **Saver**. While the Givers and Spenders tend to look at the present (with a view towards the future), our Savers are most definitely focused on the future. They are concerned about being prepared down the road.

When it comes to savings, there are four key funds that we should be focused on- **The Rainy-Day Fund**, **The Retirement Fund**, **The Recurring Expenses Fund**, and **The Really Really Want It Fund**. We need a savings strategy to get money into each of these funds.

Let's start in reverse order.

## **The Really-Really Want It Fund**

Have you ever had something that you really, really wanted but you couldn't afford it? Of course, you have. We all have. Could be a vacation, or a hobby enhancer (like a mountain bike or a golf club), or something for the house (like a screened in back porch) or just something really cool. If you think hard, we all have something we could cut out of a magazine and put on the fridge as a vision goal. We say go for it and save. It might take you weeks, or months or even years to accomplish the goal. But, if you and your significant others agree, make it happen.

## **The Recurring Expenses Fund**

In our coaching, we call this fund the Setback Savings Account. A saving account that anticipates our expenses over the next 12 months that are not regular like a monthly bill. These are expenses that arise every year but occur periodically during the year. These are things like auto repair, home repair, medical expenses, some insurances that you pay every 6 month or maybe even annually, vacation, children's activities, clothing, Christmas and gift giving. Our unofficial survey says that families spend \$3,000 to \$5,000 per person per year. So if you have a family of 4 you might spend \$12,000 to \$20,000 over the next 12 months in Recurring Expenses. One of the big breakthroughs that we see many of our clients have is learning to project these expenses and then saving for them. Wouldn't it be nice if the next time something broke that you had money in the bank to pay for it?

## **The Retirement Fund**

Einstein said that compound interest was the 8<sup>th</sup> wonder of the world. Sometimes when we have clients in we like to introduce them to someone older and wiser than they are. We introduce them to themselves at 64. Sixty-four-year-old you definitely has some opinions about how you have invested in his/her retirement fund. We are not going to debate whether retirement is a Biblical concept or not. We simply want to point out that there is probably a day coming that you wish you had the option not to work. One of our clients described retirement as the Go-Go phase, the Slow-Go phase, and then the No-Go phase. We added the Big-Show phase when you finally graduate up to the big house in heaven. The Proverbs instruct us to observe the ant who works to put aside provisions because **WINTER IS COMING**.

**6** Go to the ant, O sluggard, observe her ways and be wise, **7** which, having no chief, Officer or ruler, **8** prepares her food in the summer *and* gathers her provision in the harvest. **9** How long will you lie down, O sluggard? When will you arise from your sleep? **10** "A little sleep, a little slumber, a little folding of the hands to rest"— **11** your poverty will come in like a vagabond and your need like an armed man. Proverbs 6

### **The Rainy-Day Fund**

Lastly, we need to put money into a rainy-day fund. This fund has a lot of names. The most popular one is the Emergency fund. We sometimes refer to it as a Payroll Emergency Fund. Meaning that if you lost all income, how long could you make it before you had to tap into retirement funds or start borrowing from people. We recommend a 3–6-month rainy day fund. I have a friend who lost a job early in his career and took an average replacement job because he was just not prepared to not have a payroll. The 2<sup>nd</sup> job turned out to be a bit of a burden, but he was stuck. He and his wife vowed to not let that happen again so they took the next 10 years setting back money that would give them flexibility if they were ever in that position again. How long could you make it if you lost all income today?

### **Which One is Most Important**

Yes. They are all important. Each saving strategy focuses on providing security and peace in different seasons. If you don't prioritize each of these, you will eventually experience some financial pressure that could be painful for you. The **lack of a really-really want it fund** means that you do without or go into debt to get something or sacrifice a financial goal. The **lack of a recurring expenses fund** means that as things break you are always playing catch up or struggling through the pressure of it or go into debt to fix things. The **lack of a retirement fund** means that as you age you might work longer than you want to or be dependent on others or even live a very spartan lifestyle. The **lack of a rainy-day fund** means that if you lose a job or have a major illness you could go through a very difficult time.

### **Account Structure**

You may have enough discipline to keep all these savings accounts together and if you do, well done. Most of us benefit from keeping these funds segmented in different account. We normally recommend that you have one account to pay bills from and then the savings accounts in different accounts. You might put the Really-Really Want it Fund in with one of the others, just keep track of how much you have earmarked.

### **Conclusion**

Don't underestimate the peace that comes with having a fully functioning saving systems. The savers among us know this to be true, even though savers sometime step over the boundary

and become hoarders and even struggle with generosity. We ultimately are trusting God with our lives and futures but a nice saving strategy helps too. Save on!

### **Check Out our “Are you Well Managed in Your Finances” Series**

Here is a working list of our key areas to focus on to be well managed. You might look through the other articles.

- Do you have a **WORKING BUDGET**– Proverbs 21:5 •
- Are you reaching your **GIVING** goals- 2 Corinthian 9:6-7 •
- Are you **SAVING** for the future- Proverbs 21:20 •
- Are you **MANAGING DEBT** well- Proverbs 22:7 •
- Are you protecting your family with **INSURANCES**– Proverbs 27:12 •
- Are you protecting your family with an **ESTATE PLAN**– Proverbs 13:22 •
- Do you have **INTEGRITY IN YOUR FINANCIAL DEALINGS**– Proverbs 28:6

If we can help you with this, contact us at [www.freedom5one.com](http://www.freedom5one.com)