

## **Help! My Wallet's Shrinking!**

People round the world have been hard hit by the GFC – the Global Financial Crisis.

U.S. estate agents organise home foreclosure bus tours.

In one suburb in Sydney, Australia, 5,000 homes were repossessed in just one year.

With rising unemployment and increased living costs, times can be tough.

What can we do?

The title of our message today is Help! My Wallet's Shrinking!

How many of you have felt like that?

Lots of us, I'm sure.

But I believe that we are not just helpless victims of something that's way beyond our control.

There are important steps that we can take to take control of our finances.

I have three things that we can do to put us in the best position to control our money.

### **1. Be Practical**

There are two steps to being practical.

#### **Understand The Basic Reality**

Accountants use a tool called a Balance Sheet which is divided into two columns.

On one side of the Balance Sheet is a column headed "Income", and on the other is a column headed "Expenses".

This is the basic reality of life that every one of us has income and expenses.

But here's what you need to know: If your expenses are greater than your income, you're in trouble.

You're going backwards financially.

If that's the position you're in, then you have two options.

You can increase your salary, by increasing your hourly rate or the number of hours you're working.

Or you can reduce your expenses; this is the better option because most people, if they increase their income, they automatically increase their spending.

Unlimited spending is not an option.

#### **Plan A Budget**

This is so important.

A budget is where you find out your true financial position.

This is where you figure out if you're earning more than you're spending or spending more than you're earning.

A budget contains two main sections: your income and your expenditure.

How much are you actually earning?

Include everything you can think of.

If you have a job, then your salary is part of that.

If you have investments, then include that.

If you receive any other support or income, put that in too.

Add it all up, and calculate it as a monthly figure.

The other part of your budget is what you spend.

For many people, this is very difficult because they have absolutely no idea where their money goes.

Now is the time to start keeping all your receipts so you can figure this out.

Things to include in the expenditure part of your budget include groceries, clothing, school expenses, car expenses, insurances, telephone, gas, electricity, birthday / Christmas gifts, rent / mortgage; in fact, anything you spend money on.

I like to do a budget for the entire year but divided into the twelve months.

It's important to put the items in the correct month of payment.

Here are some examples:

You may buy your groceries weekly, but calculate how much you spend each month.

Our phone bill is paid monthly so it goes in every month.

Utilities like gas and electricity might get paid bimonthly or quarterly; put them in the month when you pay them.

Finally, you add up each monthly column so you can see how much you're spending each month.

Not only does this give you an overall financial picture, but it helps you to see which are the high and low expenditure months.

If you've got a month that's got lots of bills, it helps if you can look at your budget and see that the following month doesn't have anywhere near as much bills.

It also helps because you might be able to change your payment to a different month to reduce the burden in a heavy expenditure month.

One tip in saving money is to make sure that you always pay out your credit card in full by the due date.

ILLUS For instance, if you owe \$1,000 on your credit card and pay \$999 on the due date, you won't just pay interest on the \$1 you didn't pay. You will pay interest on the full \$1,000 right up to the due date, and then interest on the \$1 for as long as it's still due.

## **2. Check Your Attitude**

You might be wondering: What's attitude got to do with anything?

Absolutely everything; attitude affects everything.

Here are two ways you can check your attitude:

### **Be Content With What You've Got**

How do you know if you're not content?

This is a saying I picked up somewhere and I use it a lot: Most people don't have a money problem; they have a spending problem.

Here's a word you may not know: Oniomania – it refers to shopping addiction, which is really a spending addiction.

People want it all and they want it now.

This kind of spending is driven by emotion.

If you want to get your finances under control, then you've got to look within and ask yourself the question, "Why am I not content with what I've already got?"

For a lot of people, spending makes them feel better.

They are driven by the need for more, bigger, better, the newest, the latest, the most fashionable.

ILLUS Think of an ad for shampoo. They choose a beautiful model. The implication is if you buy this, you'll look like her. But you never will. They don't want you to be happy with what you've got or who you are, because then you won't buy their product.

ILLUS There's a deodorant ad on TV. A normal ordinary guy walking along, nothing amazing happening. Then he sprays some of this deodorant under his arms. And what happens? Suddenly, out of nowhere, thousands of beautiful, bikinied babes, are headed in his direction. And they all want him. You see men, if you use their product, that will happen to you too!

Advertisers play on our desires and our insecurities.

Where do you really get your self-worth from?

Do you really need what they're selling to make you feel good about yourself?

ILLUS – I love these slogans: Because we're worth it (L'Oreal); when only the best will do (Benson & Hedges); have it your way (Burger King); the ultimate driving machine (BMW); there are some things that money can't buy, for everything else there's MasterCard; American by birth, rebel by choice (Harley); never follow (Audi).

What are these slogans designed to do?

Sell their product by playing with your mind.

Advertisers count on your discontent; they even cultivate it.

### **Know The Difference Between A Want & A Need**

Understand the difference between a luxury and a necessity.

Food is a good example.

You need to eat foods from the major food groups to stay healthy and strong; they include, meat, fish, eggs, fruit, vegetables, chocolate (just kidding!), and dairy.

These are all necessities.

The list doesn't include potato chips, ice-cream, cakes, biscuits, soft drinks, sweets, desserts, cigarettes, alcohol.

I'm not saying that you should never have any luxuries, but if you're going through a tough time, then you need to cut your spending on your wants.

This all comes back to your attitude.

Are you willing to make tough decisions to get your finances under control?

Because if you aren't, there's no use complaining that life has dealt you a tough blow; it's all to do with your own decisions.

ILLUS A number of years ago, my wife and I spent ten years with an income that was deemed to be below the poverty level. But in that time, our children attended a private school, we went on overseas trips several times, and we never lacked. One day, our next door neighbours said, "It's okay for you, you can afford to send your children to a private school." They were earning more than I was. But they were spending \$200 a week on cigarettes, \$80 a week on alcohol, \$60 a week on gambling, and bought fast-food several nights a week. If you stood behind them in the supermarket and looked into their shopping trolley, you'd see that it was jam-packed full of potato chips, ice-cream, cakes, biscuits, soft drinks, sweets, desserts and other luxuries. They could afford to send their kids to a private school, but they chose instead take that money and smoke it, drink it, gamble it, and waste it on other junk.

ILLUS A businessman was on vacation in Mexico. Relaxing on the beach, and staring out over the water, he watched a fisherman haul his boat ashore. "That's a lot of fish," he said admiringly. "How long you been out there?" "Not long," said the fisherman. "So how do you spend the rest of your time?" he asked. "I play with my children, read a little, take a siesta with my wife, Christina. Then at night, our *amigos* come over and we play cards and drink wine." "Well," said the businessman, "You're talking to the right person. I studied

business at Harvard. My advice to you is: Stay out fishing for longer, sell all your excess fish, buy more boats, build your own cannery, and move to New York to run your business.” “How long would that take, *señor*?” “Probably about twenty years.” “Then what happens?” “Then it’s time to put your company on the stock market and make millions of dollars.” “And then what do I do, *señor*?” “Then you can retire. Just think, you could play with your children, read a little, take a siesta with your wife, get your friends over each night, play cards, and drink wine.”

Doesn’t that story illustrate the folly of discontent?

We spend years being unhappy with what we’ve got in the hope that one day we’ll have the things that will make us happy.

### **3. The God Thing**

You’re probably thinking: What’s God got to do with it?

#### **God Cares About You & Your Wellbeing**

He’s interested in you and your welfare.

How much?

Jesus said, “God so loved the world that He gave His only Son that whoever believes in Him, will not perish but have everlasting life.” (John 3:16)

God cares about you so much that He sent His own Son to die for you.

#### **Give God Your Best**

Here’s something else Jesus said: So don’t worry about these things, saying, “What will we eat? What will we drink? What will we wear?” These things dominate the thoughts of unbelievers, but your heavenly Father already knows all your needs. (Mat 6:31-32 NLT)

God already know all of your needs and wants to provide them.

He doesn’t promise to provide your wants, but He does promise to provide for your needs.

So how do you get God to help you with your needs?

Simple. Immediately after Jesus said that, He said this: Seek the Kingdom of God above all else, and live righteously, and he will give you everything you need. (Matthew 6:33 NLT)

The key is giving God your best, pursuing Him, genuinely trying to live in a way that pleases Him.

Do that, and He’ll never let you down.