

Dr. Ron Armstrong • May 2, 2021

A Generous Life: Saving and Investing

Proverbs 21:20 In the house of the wise are stores of choice food and oil, but a foolish man devours all he has. (Saving)

Proverbs 21:5 Steady plodding brings prosperity; hasty speculation brings poverty. (LB) (Risk)

Proverbs 22:7 The rich rule over the poor, and the borrower is slave to the lender. (Debt)

A. The inescapable saving and investing equation:

$$\begin{array}{ccc} & \text{INCOME (Plan 1)} & \\ & \text{-EXPENSES (Plan 2)} & \\ \text{SAVINGS} & \leftarrow \quad +/\- \quad \rightarrow & \text{DEBT} \\ \text{(Plan 3)} & & \text{(Plan 4)} \end{array}$$

1. Saving and investing are part of the “wise life” of the believer. It’s more than a project.
2. This is not a game.

B. Here are ten helpful investment strategies:

1. Develop your circle of counselors.
2. Start and stay simple. An index fund strategy is simplest, cheapest, and best. (Buffet said so.)

3 Vanguard funds, VTI (US), VXUS (Int), BND “The Little Book of Commonsense Investing.” John Bogle. (The percentage will change.)

3. Be an investor, not a trader. Compounding is the key, but you don’t get that benefit if you are moving in and out of investments.
4. Keep investing in your earning ability. New skills bring surprising opportunities and blessings.
5. Defense is more important than offense. Don’t chase “once in a lifetime” opportunities.

6. Hybrid investments (like real estate or a business) require money and work. That’s okay if both parts are a good match for who you are.

7. Avoid investments with risk of complete forfeiture. If you can lose it all, it’s not really investing; it’s probably plain old gambling.

8. I don’t sign personal guarantees. The Bible warns me not to, so I don’t.

9. Debt can multiply returns, but it also multiplies risk. If it goes badly, it will impact you severely.

10. Don’t invest in things you don’t understand after having studied them.

C. A few quick strategies for becoming “debt free.”

1. The battle of debt is fought in the mind. You have to shift your thinking from “normal” to “temporary.” Slavery is not normal.
2. The first step out of the hole is to stop digging. You can’t borrow your way out of debt.
3. “Always pay extra.” Never send in a minimum payment even if it’s only \$10 extra.
4. “Snowball” your payments. When you pay one off, add that payment to the next debt.
5. Commit to one: One 30-year mortgage per customer. Move all want, but don’t lengthen the term.
6. If you have to finance a car, commit to a shorter period each time.
7. Change your goal from “get an education” to “get an education without soul-crushing debt.”

D. Life is always about what you do with “right now.”

1. Automate: tithe, saving, and debt reduction.
2. Make a refrigerator commitment. Don’t take them down until you have written that plan.