Advance Praise for

THE FAITH-BASED MILLIONAIRE

“Too often I see people segment their lives into those areas that are ‘spiritual’ or ‘secular.’ Jay addresses this artificial separation and shows the way to a more fully integrated life. Our financial management certainly does reflect our values. The Faith-Based Millionaire is a fresh approach to having an authentic and purposeful life.” —Dan Miller, best-selling author of 48 Days to the Work You Love and No More Mondays

“Jay Peroni is a man with a passion and a message and has the ability to deliver it in a readable and compelling manner. This book will challenge your thinking and be an inspiration to your faith. I am pleased to recommend it.” —Ron Blue, President of Kingdom Advisors, and best-selling author of Master Your Money

“Mr. Peroni has discovered and revealed the powerful truths of God’s Word in his book, The Faith-Based Millionaire. It has the potential to assist changing mind-sets in the Body of Christ concerning the wealth that God wants His children to have to build His Kingdom and be personally blessed. Psalm 122:9 (NIV): “For the sake of the house of the Lord our God, I will seek your prosperity.”

—Dr. C. Thomas Anderson, Founder and Senior Pastor of Living Word Bible Church in Mesa, Arizona, and best-selling author of Becoming a Millionaire God’s Way

“Reconciling God and money is one of the most challenging dilemmas faced by people who want to honor God with their finances and their lives. Jay Peroni does an excellent job helping people figure out this dilemma in his book, The Faith-Based Millionaire.” —Larry Julian, Business Leadership Coach and best-selling author of God Is My CEO

“Jay points out that it’s not about the goal of being a millionaire but a matter of your financial behavior being governed by integrating your faith and commonsense principles to produce God-honoring results.” —Dick Towner, Executive Director, Good Sense Stewardship Movement

“In a culture so often driven by the bottom line, Jay Peroni has chosen to pursue values over and above personal gain. His commitment to Christ and to serving others offers a fresh perspective toward allowing one’s faith to inform every aspect of life—not excluding the investments we make, financial or otherwise. I dearly appreciate Jay’s earnest desire to help many live out their faith with integrity. As a pastor and co-journeyer with Christ, this book is helping me toward that end.” —Josh Peigh, Spiritual Growth Pastor, Manchester Christian Church
“The Faith-Based Millionaire is easy to read, but it will challenge you to the core. This is The Purpose-Driven Life for your finances. It is inspiring, insightful, and practical no matter where you are financially. Jay raises key questions to help you uncover what is truly important to you. I thoroughly enjoyed reading it!”
—Paul Dietrich, Chairman and Chief Investment Officer of Foxhall Capital Management

“The Faith-Based Millionaire is a wonderful book. It is easy to read and full of practical wisdom. More importantly, it is guided by a respect for eternal values. I pray it enjoys great success. It is truly needed.”
—Thomas Strobhar, President of Thomas Strobhar Financial

**Christian Leaders Speak Out on Faith and Money**

“Financial peace isn’t the acquisition of stuff. It’s learning to live on less than you make, so you can give money back and have money to invest. You can’t win until you do this.”
—Dave Ramsey, host of The Dave Ramsey Show, best-selling author of Total Money Makeover

“Most people fail to realize that money is both a test and trust From God.”
—Rev. Dr. Rick Warren, best-selling author of The Purpose-Driven Life

“If a person gets his attitude toward money straight, it will help straighten out almost every other area in his life.”
—Billy Graham, world-renowned evangelist

“Against the backdrop of people who avoid work, cut corners, and do half-hearted jobs, a diligent man stands out. Practicing diligence is an excellent way to stand out for Christ at home, in the workplace, and even at church. Today, complete each one of your tasks, however big or small, with diligence.”
—Dr. David Jeremiah, Pastor of Shadow Mountain Community Church, host of Turning Point

“The currency of this world will be worthless at our death or at Christ’s return, both of which are imminent.”
—Randy C. Alcorn, ministry leader and best-selling author of Money, Possessions, and Eternity

“What I possess, God owns.”
—Howard Dayton, co-founder of Crown Financial Ministries
The Faith-Based Millionaire™
The Faith-Based Millionaire™

How to Unlock Wealth by Placing Principles Before Profits

JAY PERONI
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For more information, go to www.jayperoni.com.

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This book is dedicated to my family:

My loving wife, Karen;

My amazing daughters, Katelyn and Emma;

And my incredible sons, Cameron and Jack
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Acknowledgments

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Thank you for your feedback, advice, and wisdom. Your work at Good Sense Ministries has been inspiring. Dave Ramsey: Thank you for taking the time to help me sort through some of the challenges facing today’s families. Ron Blue: Thank you for your leadership, dedication, and commitment to educating and training a new generation of Christian financial advisors.

Finally, I am deeply grateful to all the clients I have had the pleasure of serving over the last thirteen years. You have been a blessing and a joy to work with. Without you, there would be no life-changing educational materials. You have taught me as much as I have taught you!
Has anyone ever asked you a question that you could not answer? Not just a simple question, but one of those really deep, meaningful, complex questions of life. You know the type: Is there life after death; do you believe in God; is Jesus the only way to heaven? Imagine yourself for a moment, listening to a soul-searching question—one that is convicting, paralyzing, and so deep that it penetrates the depths of your soul. If you have been there, you know how this feels. Contemplating the possibilities can leave you speechless. Your mind becomes impatient and longs for an instant answer. Yet, often there is nothing there. There is no foundation on which to formulate a response—just emptiness. No matter how hard you try, you cannot craft a response. You could fake it, but then you would risk sounding foolish. I received such a question in February 2003.

The question came in the form of a phone call from a dear client. The phone rang with a life-altering inquiry that literally turned my world upside down. After nearly seven years of professional experience at the time, a master’s degree in financial planning, and rigorous training to become a CFP® professional, I could not answer “the question” because it challenged conventional wisdom.
My mind kept racing. Every time I thought about “the question,” I interrupted myself. Though I had all this schooling and industry experience, I did not even know where to start in attempting a solution. I continued looking out the window as if the answer were there. How can you not have a response, you coward? I thought. I sat there with a blank stare for another fifteen minutes before moving on to a more meaningless task. It was as though a barrier in my mind prevented me from reaching a logical conclusion.

Because I could not lay “the question” to rest that February evening, my mind continued to search for a resolution. The more I thought about it, the more it haunted me. I would think about it long and often, sometimes at the most inopportune moments. It began to tug on my soul, it kept me up at night, and it wrestled with me and nearly won.

This continued for almost two years until I finally reached a conclusion. Though I would like to say the journey was smooth sailing, it was anything but. Sixteen years of school and by now nearly ten years of professional work experience were contradicted by a simple question. What appeared so innocent was actually a pivotal moment in my life. Little did I know, I was at a crossroads and forced to choose sides. By now you are probably intrigued. At least I hope so . . . What was “the question”? How could something that appeared so simple challenge a financial advisor’s foundational beliefs? What could it possibly be? Not so soon. Let’s not get ahead of ourselves. The fact that the question was so hard for me to answer is the reason you hold this book in your hands. You will see not only my journey, but that of many others who have also found the answer.

**Why Listen to Me?**

I grew up in the small suburban town of Pepperell, Massachusetts, which is forty-five miles north of Boston. Being both a guy and from the East Coast, I have developed the tendency to tell it like I see it. I’m not one to sugarcoat anything. I will tell you the truth even if it’s not what you want to hear. Now, you do not have to believe a word I say.
However, based on my life experiences and the life experiences of thousands of individuals I have counseled over the last decade of my life, I believe that the lessons taught in this book will transform your life. My real-life experience, education, and twenty years of Christian faith give me a unique balance of financial and biblical knowledge. I will show you how to apply both.

Whether your financial life is on track or on the brink of disaster, you can always improve your financial picture. You can always be more effective, more organized, and more in harmony with God. He wants you to be more like Him. In order to do this, you need to think more like Him. You were born to reach a greater potential than where you are today. He has a greater plan for your life. The problem with reaching that greater plan may be that you keep getting in the way of your own success; you may have settled for something less than He had in mind. There is good news: **You can do much better than you have been doing.** This book will help you live for something greater.

**The Question That Changed It All**

I remember these words from one of my clients like it was yesterday: “Jay, can I expect God to bless my investments if I am investing in companies that violate His principles?” Wow! I had never contemplated this. I’m paid to provide financial advice and improve the financial lives of my clients. Such a powerful question had never been posed to me. Here was a Christian woman asking if she could expect God to bless her investments (401[k], stocks, and mutual funds) if she was investing in the abortion industry or pornography companies. This question challenged and convicted me. I’d never thought about this in regard to my personal finances, let alone those of my clients. I felt like a deer caught in the headlights. My education and industry experience never prepared me for this question. Today, with confidence, I can not only answer this question, but I can also help you develop a financial plan based on integrating your faith into your investments.
If you take action, you will succeed. Don’t just read the words in this book, live them. Implement the action steps in this book as if your life depended on it. Great ideas are just those . . . ideas. Without implementation, you are stuck in a “fairy-tale” world wishing for your financial life to be different. The difference between knowing and doing is as extreme as the difference between becoming rich and remaining broke. That is right—they are both choices. If you do not overcome self-defeating thoughts and behaviors, you will continue to be broke.

There are people in this world who are poor. I am not talking about those people—the ones who have no way to get food, water, and basic necessities. These individuals need more than money can provide. Being broke is different. This means you spend more than you make. This comes from a series of bad choices that, once compounded, equal a financial mess. If you are broke, you are in that situation because of your choices. You most likely have either an income problem (the lack thereof) or a spending problem. You can choose another path—one that leads to wealth. With a change of attitude, a little hope, and some motivation to move you in the right direction, you can succeed.

Let me ask you:

- Do you spend more than you make?
- Are you just scraping by—living paycheck to paycheck?
- Are you one missed paycheck away from financial disaster?
- Do your debts keep you awake at night?
- Do you ever worry about paying your bills?
- Do you have little to no savings?
- Do you feel that you are inadequately prepared for retirement?
- Are you unsure of what investments are right for you?
- Would you like to be confident that your investments are aligned with your faith?
- Are you worried about the state of the economy or the stock market?
If you answered yes to any one of these questions, this book is for you. Through a series of exercises in this book, you will begin to feel more confident that you are moving in the right direction. I will show you a better way. Sit back and get ready to change. I will highlight twelve essential habits that are necessary to create positive financial changes in your life. I will attempt to inspire you, motivate you, and captivate your imagination so that you may discover who you truly are, learn what is important to you, and take positive action to create a financial life that encompasses your faith.

For the first time, I will reveal the true story of the “faith-based millionaire.” It involves a silent subculture of individuals who have both faith and wealth. It is not a mere coincidence that they have both when you observe their habits. How does a person’s faith affect their financial welfare? What essential habits does the faith-based millionaire possess that most don’t? If you keep an open mind and are eager to learn, you, too, can discover the essential habits that lead to faith-based wealth.

I’ve spent the last five years getting to know individuals who live in a world most people never knew existed or could only dream about. I have watched, studied, interviewed, and counseled hundreds of faith-based millionaires and found some pretty interesting commonalities. They did not all take the same path, but many of them share similar traits. Rather than thinking you could never possibly become a millionaire, I will show you how you can make it not only possible but more probable.

**WHO WANTS TO BE A MILLIONAIRE?**

Most people convince themselves that it is too hard to achieve the lifestyle they dream of. The truth in this book is quite different. It will open to you a whole new financial world that you never dreamed possible. Chances are if you are holding this book, you have not found the answers. You are still searching for a way to live a more fulfilling lifestyle.

Many people desire to be a millionaire. The word *million* resonates with many people. Today more than ever, people are fascinated with millionaires. Take one look at TV shows, books, and the media focus on the word *million*. Is your goal to become a millionaire? Or do you simply long for the lifestyle
being portrayed? Do you want to make a larger impact with your money? Is God involved in your finances? These questions will help you understand your motivation for wanting to improve your financial life.

The idea behind this book is that you can make a difference with your money. It is not just about becoming a millionaire, but rather about creating the lifestyle of the millionaire so you have the freedom to go and do the things that God calls you to do. Without money it is difficult to help more of God’s people. It is not that He needs our money; it is His desire to know that you place Him first in your life.

What the world says about money and what God has said about money often contradict each other. Do you currently follow the crowd and find it is not working? Would you like to learn how to march to the beat of a different drummer? Would you like to get a glimpse of the financial strategies being used by the faithful and wealthy? As a financial advisor, I have had the tremendous privilege of working with faithful and wealthy investors, from whom I have learned many valuable lessons and drawn many valuable insights. Most of these lessons are never taught in school or at home. In fact, numerous churches do not even teach this. Many people spend their entire lifetimes without developing the habits essential to creating faith-based wealth. They continue playing by the only rules that they know—ones that unfortunately never lead to financial freedom. I will show you another path. If you seek to find the road that leads to faith-based wealth, come travel with me and get on the path to changing your financial life.

**The Faith-Based Millionaire Creed**

It all begins with the Faith-Based Millionaire Creed. A *creed*, according to *American Heritage Dictionary*, is “a formal statement of religious belief; a confession of faith or a system of belief, principles, or opinions.” I found that it is quite fitting to set in motion a creed that is followed by the majority of faith-based millionaires. This will provide a glimpse into the foundational concepts of this book:

1. **You are called to increase your money.** Whatever you have,
be it an extra $10 or $10,000, it was provided to you by God, and it’s your duty to multiply it. Look no further than the Parable of the Talents in Matthew 25 of the New Testament. Even for a nonbeliever, it still makes sense to increase your assets to help humanity. In order to increase your assets, you will need to control spending, minimize debt, save regularly, and achieve a reasonable rate of return.

2. You can’t expect to be blessed by investing in organizations that support things contrary to your beliefs. If you truly do believe in God, you can’t expect blessings of any type from supporting anything that contradicts your faith; it just doesn’t work. This brings to the surface the idea that those of faith are called to a higher purpose. Nobody said faith made life easier; faith in fact often makes life harder! You may achieve profitability without placing your principles first, but the bigger question is: Will God continue to bless you—not just financially, but spiritually and healthwise?

3. Wealth will not come to you because you have faith. Make no mistake about that statement; adhering to the wisdom of your faith is your best bet to gain wealth. While it is generally true that obedience and faithfulness to God, combined with using His principles, lead to prosperity, it is quite inappropriate for you to presume on this rule of thumb, or to make demands of God. God does not promise you a life free of troubles, financial or otherwise. As dictated in the Bible, we all are called to a life of stewardship—sharing our time, talent, and treasures. You who are just starting out and trying to transform your financial situation may not be postured at this time to give the amount of treasure you would someday like to contribute. Stewardship, however, can also consist of offering time and talent. Therefore, those in poverty or with limited income may not be able to give much treasure but instead contribute their time and talent, which are of equal value; while those with more limited time or talent but also more wealth can choose to share their treasure, treasure that hopefully has been increased as a result of implementing the concepts discussed in this book.
As I have developed my Christian faith over the last twenty years, I am not here to impose my faith on you. Faith is a personal thing. It is truly between you and God. Wherever you are in your faith, this book will help you make positive changes in your financial life. These principles have stood the test of time and come directly from our Creator. He has given you all the resources you will ever need. My faith has grown through this eye-opening experience, and I will share what I have discovered. I hope that your eyes, heart, and mind will remain open and that you truly will be able to take the next step toward financial freedom.

It will take some time. This book is not about becoming wealthy overnight. The key is to place your faith above all else and let the lessons sink in. Change your outlook, and begin a new financial life. If you learn and implement the lessons in this book, you will have the potential to achieve financial freedom. To get started you need to think big. What is one area of your financial life that you would like to improve over the next twelve months? Write it down, memorize it, and commit to accomplishing it. My goal with this book is that you will gain wisdom, learn new positive behaviors, and work toward creating the financial life you always dreamed of.

A Complex World Simplified

Truth be told, there are thousands of books about finance and thousands about faith, but there are very few that show you how to combine the two. The Faith-Based Millionaire™ will show you how to blend your personal faith into your future financial plans. In addition to your spiritual and physical health, your financial health is an important aspect of your life here on earth. Your attitude toward money often reflects your relationship with God. When you get your financial issues in line with your faith issues, you often grow closer to Him. Start planning today so that you may experience the financial freedom God intended for your life.

If you search Amazon.com, Barnes & Noble, or any other major bookstore, you will find no shortage of financial books promising to make you
Rich. You may own some of these books. As a professional in the industry, I have read hundreds of them. Here are some common threads that I see:

- They are confusing and complex.
- They often overpromise and underdeliver.
- They are difficult to implement.
- Most of us never finish the book because it is too long or just plain boring.
- They put you to sleep.

This book was written to prevent you from experiencing the results listed above. It is purposefully written in a simple, straightforward manner that will allow you to read it within a few hours. Over the years I have been told that one of my strengths is my ability to take complex concepts and make them easy to grasp. I will try to do this for you. I will also leave you with practical easy-to-implement action steps that will enable you to make immediate financial changes. I hope you will also have some fun along the way as you discover the twelve habits essential to creating faith-based wealth.

**Free! Audio Bonus**

If you are impatient and want to get started creating your new financial life immediately, I have created an audio message just for you. As an additional way to say thank you for reading this book, I have created an audio program titled: “The Faith-Based Millionaire Jump Start.”

I created this as a bonus gift for purchasing this book. It will help inspire you to take immediate action on the lessons you will learn throughout this book.

Please visit my website at www.jayperoni.com. Click on the “FBM Jump Start” button and enjoy!

Many Blessings,

Jay Peroni, CFP®
As a career and life coach, I have seen people make dramatic strides forward as they identify meaningful and purposeful work. In addition to the sense of accomplishment and fulfillment that is released in that process, we typically see the appearance of increased finances as well. And that is where many of these same people are caught unprepared. Responsible management of finances requires just as clear a plan as the business or career that created those abundant resources. Being good stewards of the wealth that explodes when we find our authentic fit in our work is not an automatic process. We must learn how to give, invest, and spend wisely.

And yet I frequently see people who just assume the money will take care of itself. Or that money is just material—separate from their spiritual selves. And thus people segment their lives into those areas that are “spiritual” or “secular.” The result is a fragmented life and the misuse of the wealth with which they have been entrusted. Jay addresses this artificial separation and shows the way to a more fully integrated life. Our financial management certainly does reflect our values. The Faith-Based Millionaire is a fresh approach to having an authentic and purposeful life.

How we handle our financial resources is reflected in the biblical story of the talents. The servants who doubled their “talents” were enthusiastically rewarded, while the one who simply maintained his little
nest egg was severely reprimanded for not taking advantage of honorable methods of increase.

*The Faith-Based Millionaire* shows us that “placing principles before profits” does not mean compromising or reducing profits, but rather our congruity in integrating our values throughout everything we have at our disposal actually increases our long-term profitability.

In his engaging style (e.g., Chapter 5: “Raise Your Standard of Giving”), Jay shows how to live an intentional financial life, how to decide to be a success, and then how to experience true success in multiple areas of your life.

He proposes real solutions and investing models that are available to all of us. He offers the encouragement that there are opportunities that “fit” you—based on your unique goals and position.

I urge you to do something special for others and yourself—read *The Faith-Based Millionaire*. *The stewardship of your time, talents, and treasure will allow you to finish well and leave a legacy that blesses future generations.*

Dan Miller
Author of *48 Days to the Work You Love*
and *No More Mondays*
INTRODUCTION:

Dan and Emily’s Dilemma

MEET DAN AND EMILY

Emily and her husband, Dan, have been married for twenty-five years and have three beautiful daughters ages eighteen to twenty-four. Like many Americans, Dan and Emily are a hardworking, middle-class couple with two incomes. Despite having an above-average combined income, they have very little to show for it.

They have always worked hard yet never seem to get ahead. The pressures of a large mortgage payment, college loans, car payments, and credit cards devour the income as fast as it comes in. They have a nice home in a nice neighborhood, lease two dependable vehicles, and have all the amenities to which Americans have become accustomed. Though they feel blessed, abundance and freedom are words they wish could be applied to their lives. They are controlled by money instead of controlling it. Living paycheck to paycheck was never the financial life they imagined.

If you were to ask Emily or Dan about their saving, investment, and giving strategies, they would confess that things are fairly haphazard. They have been doing some saving in their 401(k)s and IRAs, but have virtually no emergency savings. They have been giving when they can,
but doing so in an inconsistent manner. They are unsure if what they are doing is the “right” thing. However, they desire to have more money so they can support more of the causes they are passionate about.

Emily volunteers ten hours a week at a local young moms’ shelter that provides teenage expecting mothers with alternatives to abortion. She has always been pro-life and supports traditional marriage, positive family values, and works hard to make the environment a cleaner and safer place. She and Dan donate money to their local church and support various ministries around the globe.

Emily and Dan are tired of living one paycheck away from disaster and frustrated with the little financial progress they seem to be making. They want to change, but don’t even know where to begin. Emily decides to give Rose Johnson a call for some advice. She has always admired the Johnsons, who used to live next door before downsizing to a smaller home a few years ago. Rose and her husband, Earl, always seem to have all the answers when it comes to finances. Emily and Dan could sure use some good financial advice right about now.

**DINNER WITH THE JOHNSONS**

After a brief conversation with Rose, Emily and Dan are invited to dinner with the Johnsons to discuss their financial questions. They are looking forward to learning what made Rose and Earl so successful. “There has to be some secret,” Emily decides.

At the restaurant, Rose and Earl look better than ever. Even in their late seventies, they look so full of life. Dan and Emily have always wondered how the Johnsons became so wealthy on one income. They have been retired for nearly twenty years and still enjoy financial freedom. Earl was a mid-level manager for a telephone company. He was never an executive and always made a modest income, to Earl’s own admission. How could they have become so wealthy? Emily and Dan were excited to find out.

They couldn’t remember the last time they got together with the Johnsons, yet it felt like yesterday. “Rose and Earl,” Emily began, “the
two of you have always been dear to me. You are such wonderful people. You have provided much inspiration to our family. One thing I have always wondered about you is how you did it. How were you able to do so well for yourselves on one income?"

Earl’s face lit up like a light on a Christmas tree. His normal, relaxed mannerisms turned to a look of excitement and passion. He was like a young child waiting to open a Christmas gift in the early morning hours before his parents awakened. His excitement could not be contained. “Emily, thank you for your dear and kind words. You have always been like the daughter we never had.

“You know, in the last thirty years I have been dying for someone to ask that very question. I look around me today and feel sorry for most of the people I see. Youngsters these days bite off more than they can chew. They buy, then buy, then buy some more. No matter how much they make, they spend more than they have. We never skimped, yet we held on to each dollar like it was the last we would ever receive. We saw the importance of money. Not to love it, but to respect its value. Early on, Rose and I decided that God was our number one priority. We paid Him first with our income, then we paid ourselves through saving, then we lived on the rest. Most people do the opposite. They spend, and then save, and God gets the leftovers. We gave money to our church and charities without a second thought. We have helped many people who were in unfortunate circumstances get back on their feet. Not because we expected something in return, but because we were so blessed by God. We felt called to grow our assets so that we could help more of His people who are sick and helpless.

“We focused on our faith in good times and bad. We still made our share of mistakes, but we tried our hardest to learn from those mistakes. The best decision I ever made was marrying Rose. She has always been the most loving and supporting wife a guy could ever ask for.” Rose smiled and put her hand on Earl’s. After fifty years of marriage, you could tell they were still madly in love.

Earl continued, “We believe we were truly blessed because of our firm commitment to our values. We never wavered; we never threw in
the towel, no matter how much we could have made. We always put our principles before any profit. Even when the going got tough, we saved all that we could. We planned and were never afraid to ask for financial advice when we knew we needed it.”

Rose interjected, “Earl has always been such a hard worker. He focused on what he was good at and handed the things that he wasn’t good at off to professionals. The tax man, our attorney, and our financial advisor grew to know us and helped us prepare. Those partnerships more than paid for themselves over the years.”

“You better believe it,” Earl chimed in. “Between the tax savings and investment gains, we sure made out. I kept busy working for a company that valued my work and treated me well. I loved what I did and always found a way to save and give back to God. I felt Rose and I were obligated to maximize all the income God provided us. We never bought what we couldn’t afford, yet we always had everything we needed. We applied a set of principles to every area of our life together and looked to be as consistent as we could be. You can never be perfect, but you can always try to improve. For the longest time, we were supporting companies whose values we did not agree with in our investment portfolio. Little did we know we owned companies that were working against the things we were fighting hard to improve! As soon as we discovered that, we made drastic changes. You know what you know and often are unaware of what you do not know.”

Rose gave Dan and Emily a look of overwhelming joy. “We have never shared this with anyone. We were always taught to not talk about money. Yet with something so important and all of the trouble our country is in, we should be talking a lot more about money. Many people work hard, save all they can, and invest in a manner that does not even consider what types of companies they are buying. How can you expect God to bless you financially when you are investing in companies fighting against His work? We are called to be salt and light in our society, not to blend in and do as everyone else is doing. We learned this early enough.”

Earl concluded, “Rose and I do everything as a team, and you have obviously seen our results. The best advice I can ever give you, Emily
and Dan, is to hold dearly to what you value. Even if everyone thinks you are foolish, just stand on what you believe. There are so many people quick to follow the crowd. Swim against the tide and never compromise your values!”

Emily was amazed. It seemed so simple yet it really opened her eyes. She’d never thought about the wisdom Earl and Rose had just shared. Dan and Emily wanted so much more out of life and could see they were missing the point. It is not just about how much you make, but rather how you make it and what you do with it.

The Next Morning

Emily and Dan awoke with a new awareness, an eagerness to get things in order. Dinner with Rose and Earl had presented some new challenges and motivations. Emily began her day with her normal routine. Upon entering the kitchen, she glanced over at yesterday’s stack of mail. She proceeded with her daily chore of separating the bills, junk mail, and savings statements. Dan came down for his first of many cups of coffee. As Emily continued sorting, she noticed a statement from an investment company. “Dan?” Emily glanced over as Dan poured coffee into his mug. “Where are we investing?”

“I’m not too sure. I know we have mutual funds that buy stocks and stuff. That’s all I know,” Dan responded.

As they sat down for breakfast, Earl’s passionate voice rang out in Emily’s mind: “Little did we know we owned companies that were working against the things we were fighting hard to improve!” Emily looked back at the pile and saw an investment statement staring back at her. She ripped open the envelope to find an updated listing of the monthly holdings of their funds. Not expecting to find anything unusual, she glanced up and down the list of the top twenty-five stocks owned by their mutual fund. At first, there was nothing unusual, and then the meaning finally sank in. In disgust, she quickly handed the list to Dan.

“Dan, do you realize what we are investing in?”

“No, I couldn’t tell you.” Dan was puzzled. “All I can say is that
some of these companies produce products that clearly do not match what we believe in.”

“Quite frankly, I am shocked,” Emily exclaimed. Dan glanced over and grabbed the list of holdings. As he looked up and down the list, he had the same reaction. “How could we have missed this?

“How can we donate to pro-life causes yet invest in pro-abortion companies? How can we give money to the National Coalition Against Pornography and yet invest in companies producing pornography? Our investment dollars appear to be canceling out our giving dollars. I see what Earl meant when he said he discovered his investments were not in line with his faith.”

**NEW CHOICES**

Emily and Dan are faced with new choices and many new questions. They are committed to finding the answers and willing to do all they can to make a bigger difference. Most of all, they are dedicated to integrating their faith into their financial picture. They have a new outlook and a new hope for their future. The first challenge is to be aware, but once you are aware, what do you do next?

As Dan and Emily were, you may be unaware of where and what you are investing in. This book will take you on a journey to evaluate many of the financial issues that surround your personal faith.

You will learn:

- How to find the passion and purpose you need to succeed
- Why you should complete a faith-based financial plan
- How to decide whether to do your own planning or hire a faith-based planner
- How to evaluate your giving and maximize its potential
- How to reduce spending so you can find more money to give and save
- How to analyze your debt and minimize bad debt
- How to maximize your savings and potentially increase its return
• How to make sure your investments are not violating the principles of your faith
• How to reduce your portfolio risks
• How to monitor your financial plan

You will also explore specific strategies that will help you create a plan to achieve wealth. Financial freedom is a privilege, an honor, and the goal of many. Though Earl and Rose are fictional characters, I have been working with couples like the Johnsons for the last decade. I have literally seen hundreds of millionaires who place their faith as the top priority in their lives. I have picked up some incredibly valuable lessons that the Johnsons’ story exemplifies. With more than twenty years of personal faith experience and more than a decade of financial experience, I have extensively studied how to incorporate your personal faith into your financial plan.

I will share stories, illustrations, and examples to help you understand the lessons that I have learned on my journey as a financial advisor to the faithful and to the wealthy. Are you ready to learn? Are you ready to find more purpose with your investments? Are you ready to take the next step?

BEFORE WE GET STARTED

Differentiating Between Socially Responsible Investing and Faith-Based Investing

There is continued confusion pertaining to the difference between socially responsible investing and faith-based investing. This book, while encouraging socially responsible investing, focuses on “faith-based investing,” which is investing that avoids companies whose activities are intrinsically evil, meaning the activities are always immoral, regardless of the circumstances or culture, as revealed by God through time. For example, abortion, the murdering of the innocent, is always wrong and immoral even if it is legally permissible within a society.

“Socially responsible investing,” on the other hand, is investing that
JAY PERONI

avoids companies whose activities are not considered socially responsible, and tends to correlate the important issues of a time period or a current fad. For example, though certain activities that can cause damage to or are not conducive to preserving the environment may not be socially responsible, such activities are not intrinsically evil or immoral.

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**THE PHILOSOPHY BEHIND THE FAITH-BASED MILLIONAIRE™**

- Your faith in God should drive your financial plan.
- Without a motivating purpose, you will not reach your goals.
- Profits are important, but principles are more important.
- You are called by God to multiply your assets in order to help more of His people.
- Pay God, pay yourself, and then pay your bills.
- The choices you make every day either add to your wealth or subtract from it.
- Your plan needs to be simple: quick to implement, easy to monitor, and effortless.
Blood Money

Essential Habit #1: Always place principles before profits.

When Values and Profits Collide

Most Americans agree that both principles and values should come before any financial profits. If you, too, agree, then would it not be logical to assume that your investments ought to reflect the principles that you hold important in your daily life? This fundamental concept can be hard to follow in today’s society when it appears that so many of America’s most admired companies put profits before principles. Stories of greed, selfishness, and corruptness fill our TVs, radios, and newspapers and can pollute our perception of corporate America. For every bad story, there are also numerous good ones; you just have to be willing to look for them.

“Not everything that can be counted, counts; and not everything that counts can be counted.”

—Albert Einstein
Many corporate leaders are faced with decisions in which values and profit collide. This is why it is valuable for you, the investor, to set your priorities. Let your principles and values guide you in accomplishing this task. To start, ask yourself this important question: Would I abandon my principles in favor of choosing a path of profit? Think long and hard about that very question.

Would You Take a Bullet For Your Faith?

Sometimes faith is built on a weak foundation—it is easy to move and quick to fall. Other times it is built on solid ground—unable to be swayed or moved. Where does your faith stand? Is your faith strong enough that you would let nothing detract you? Would you take a bullet for what you believe in? If push came to shove and you were forced to choose between your life and your faith in God, what would you choose?

One story from the Columbine High School tragedy involves Cassie Bernall, a student who was shot to death as she confirmed her belief in God. One Tuesday in April 1999, it was reported that Cassie was sitting in the school library studying when the unthinkable happened. A fellow student armed with a gun entered the library and opened fire on his classmates. He came across Cassie and asked: “Do you believe in God?”

“Yes, I believe in God,” she said.

“Why?” the gunman asked. But he did not wait for an answer. He shot and killed Cassie.

Giving up your life for your faith is the ultimate sacrifice. I ask you, “How important is your faith in your financial life?” When it comes to your finances, does your faith in God guide your decision-making process or are you motivated solely by profit potential? Is your faith strong enough that you cling to your principles before analyzing what type of gain you may make? Will you take a strong stance, as Cassie did, and stand strong on your beliefs no matter what the consequences may be? Whether you are new to your faith or have a solid foundation, my goal with this book is to help you make a bigger difference with your money. By getting more, you will have more to give!
I met Hannah Stephenson in 2005. At the time, Hannah was working for a Catholic university. She had never put much thought into her retirement portfolio or the values it reflected. As she glanced at the list of stocks held in her mutual funds, she recognized a few familiar names. They appeared to be good companies with good products. However, as she progressed farther down the list, some names stood out like a sore thumb . . .

- Cuties and Beauties, Incorporated—Producers of pornographic videos and magazines
- Extinction Corporation—Producers of abortion-related products
- We R God & Associates—A company involved in cloning and embryonic stem cell research
- No-Tell Hotels—Engaged in promoting homosexuality and pornographic video distribution

Beyond the names Hannah recognized, there were probably many others she was unaware of that also violated her moral compass and contradicted the beliefs of her faith. Hannah had made conscious decisions not to support unfavorable companies that did not reflect her values. In spite of these conscious decisions in her consumer life, the end result showed that some of Hannah’s investment purchases had slipped through the cracks in her portfolio. She questioned whether she should be investing in companies she was so strongly opposed to. How could she do this with a clean conscious? If she did profit with her current investments, was it the moral and ethical thing to do?

Where to Draw the Line?

Hannah makes deliberate choices in her life each and every day. Such choices include, but are not limited to: where she works, where she spends her income, what charities and ministries she supports, and where she invests her savings.
Hannah wouldn't work at an abortion clinic because she is pro-life.

She wouldn't purchase pornography.

She wouldn't donate money to homosexual lobbyists or fund embryonic stem cell research.

Hannah did not even consider where she was investing. She unknowingly was investing in a mutual fund that bought the following types of companies:

- Companies that profited from abortions
- Companies that profited from online pornographic websites and adult entertainment nightclubs
- Companies that profited from cloning animals and embryonic stem cell research
- Companies that were actively promoting the homosexual lifestyle

Disturbingly, upon reviewing her statements closely, Hannah found that she was supporting all of these areas with her investment dollars. Even though Hannah strives to support causes she believes in and avoids things she is opposed to, these factors were never considered in her investments. Each year her investment dollars were supporting values that blatantly contradicted her belief system. Bottom line, Hannah felt that she was working against herself.

Where the Real Power Is

You may be thinking, *Hannah was not directly investing in these companies, so what difference does it really make? After all, the companies that she owns in her portfolio don't really benefit much from an increase in stock prices.* Or do they? Isn't this similar to when you buy a used Ford on a random car lot and Ford does not receive any benefit from that used car sale?

There really is power in your choices. Money is a form of power. If you want to change the world, start with your actions. You have the ability to
create change. Stock prices are affected by supply and demand. Supply represents the number of outstanding shares that a company has in the marketplace. Demand is represented by the number of investors willing to pay for the stock of a company. Typical CEO and executive bonuses are tied to stock performance. Boards of directors and key shareholders care what the price of their company stock is. Employees who may have stock options and company stock in their 401(k)s care about the share price. Bottom line: Typical executives, employees, board members, and key shareholders are affected by the increase or decrease of a company's stock price.

If you want to change a company’s behaviors, affect them where it really hurts: their stock price. It is virtually impossible to boycott every product a company manufactures; however, it is easy to avoid buying a company’s stock. If millions of like-minded investors rallied together to do the same, you could not only affect Wall Street, you could change the direction of this country. Reformation in America is more likely to happen through Wall Street than through the White House. Lobbying can be effective, but changing corporate America is the key! Corporations will listen when Americans begin avoiding their company stock because of immoral activities. Case in point, I was listening to the radio this morning and heard a news report that a major pornographic distributor reported significant losses for their net earnings report due to a 30 percent drop in advertising revenues. If investors avoid buying a company because they advertise in a porn magazine, that corporation will evaluate their advertising practices. This can hurt a company where it really matters: their wallet!

**Blood Money**

You may be investing in companies that violate your morals and values. Make a conscious effort to find out where your investments are going and what you are involved in. Look at your mutual funds and stocks and analyze your various accounts. I will show you how you can go about doing this as you work through the book. The first step is to commit to becoming aware and consider the alternatives that you may not have known you had. First, let’s look at the definition of *blood money*.
BLOOD MONEY

**blood money** (blud mune) n.

1. money paid to a hired killer
2. money paid as compensation to the next of kin of a murdered person; wergeld
3. **money gotten ruthlessly at the expense of others’ lives or suffering**

Source: http://www.yourdictionary.com/blood-money

You have values and beliefs that are important to you. When you compromise your values to enhance your finances, profits can resemble blood money. Both your personal internal value system and our country’s external legal system define immoralities and crimes, thus both illegal and legal profits can have negative results. Even if good outcomes ultimately result from immoral or illegal activities, the underlying source of profit is an activity that either is breaking the law or compromises your value system. This can resemble blood money as defined by definition number three below:

3. **money gotten ruthlessly at the expense of others’ lives or suffering**

Examples of blood money include, but are not limited to, profits from a prostitution ring given to a church, illegal drug money being used to help the poor, even legitimate profits from an investment in a company that explicitly violates your values. Your investment dollars may be funding immoral activities.

“The only thing necessary for the triumph of evil is for good men to do nothing.”

—Edmund Burke
THE FAITH-BASED MILLIONAIRE

• If your value system rates protection of the institution of marriage and the family as an extremely important issue, would you want to invest money in companies that are producing entertainment that seeks to destroy appropriate attitudes and promote alternative lifestyles?
• If preventing human cruelty is important to you, would you want to invest in companies that carry out substandard labor practices?
• If abortion is a key issue for you, would you want to invest in companies manufacturing abortion drugs or performing elective abortions?

Is That Blood on Your Hands?

I don’t think anyone would argue that sin is not profitable. In fact, a September 14, 2007, *New York Times* article titled “At Least on Wall Street, Wages of Sin Beat Those of Virtue” claimed that “sin” stocks (those involved in gambling, alcohol, and tobacco) outperformed the S&P 500 Index over the last five years (September 2002–September 2007).³ It even highlighted a mutual fund that had purposely invested in “sin” stocks and averaged over 20 percent per year for the last five years.

A detailed analysis of the fund revealed it was investing as follows:

• 5 percent of the fund was invested in pro-abortion–related companies.
• 10 percent of the fund was invested in companies involved in pornographic production and distribution.
• 30 percent of the fund was invested in companies involved in alcohol manufacturing and distribution.
• 20 percent of the fund was invested in tobacco companies.
• 30 percent of the fund was invested in casinos, online gaming, and other gambling companies.

Is this the type of fund you would want to invest in? The returns were quite attractive, but do the companies in this mutual fund mirror your
values and beliefs? It is true that many stocks in these industries have performed well over time. Selling illegal drugs and prostitution have also been very profitable. Does that make them right? Is the return on your investments more important than the source of the profit? Do you turn your head and invest blindly or develop a process to screen out investments that violate your faith? The choice is up to you. If you would not knowingly invest in the mutual fund described above, why would you not take the time to discover what values your investments are supporting?

History often confirms that bad behavior has a way of catching up with both people and companies. Earning a return in a manner that honors God and is a blessing to your fellow man is more important than just maximizing your returns without considering what your dollars are supporting. It may or may not prove to be more profitable to invest in “sin” stocks, but eventually there may be a price to pay. Are you willing to take that risk?

Now that you are aware of the concept of blood money, you may ask, “Should I avoid being in a 401(k)? The only choices I have are a couple of index funds, a balanced fund, and a few growth funds. There’s also a money market fund, and a few bond funds. None of them are morally screened. However, I’m allowed to put away $15,000 per year pretax, and the company matches my contribution dollar-for-dollar up to 4 percent of payroll. Are you saying I’ve got blood money on my hands if I invest? Are you saying God can’t bless my 401(k)?”

These could be questions that God may be speaking to your heart. He may be challenging you. I cannot answer these questions for you. You may choose to accept the company match, but I suggest you try to find investments that are in the closest alignment with your faith. There are tools to screen your 401(k). A faith-based planner may be able to help you sort out your 401(k) if you do not know how (see chapter 3). Then invest the remaining amount that you want to save for retirement in accounts that allow you to control where your money goes.

“Making money is much harder to do if, deep down, you suspect it to be a morally reprehensible activity.”

—Rabbi Daniel Lapin
THE QUEST TO FIND CONSISTENCY

Gene came into my office looking to incorporate his faith into his financial plan. His faith has led him to believe that human embryos are human beings, yet his portfolio owned two of the leading companies conducting and promoting embryonic stem cell research and human cloning. He was morally opposed to pornography, yet he owned shares in several companies that distributed pornography and a publicly traded nightclub that hosted nude dancing. He also took pride in calling himself pro-life, yet Gene owned shares in one of the largest corporations responsible for manufacturing drugs used to induce abortions. It was pretty evident to me that Gene had no process in place to evaluate where his investments were going. Yet when he became aware, he was appalled.

What you value most in your life should be incorporated into your earning, spending, giving, and investment decisions. Sometimes you may live an inconsistent life. That is why it is important for you to have a process to create more consistency in your financial life. What you may consider “okay” in one area of life can be wrong in another area, and vice versa. It’s easy to adopt a nonchalant attitude when it comes to bending the rules in your private life. This type of thinking can become habit-forming, and you may condition yourself into continuing this behavior when it comes to your finances. Is this hypocritical? Of course it is. Do you make mistakes and cross lines you shouldn’t? How you deal with these mistakes develops your character. The choices you make determine who you become.

God desires you to be pure in everything that you think, say, and do. Your heart is central to this as it represents the source of your attitudes, desires, thoughts, character, and ultimately your motivations. You are often motivated by what is in your heart. If you have a pure heart, you will most likely seek to do all that pleases God. However, if you have a rebellious, evil, or selfish heart, you may choose to do what feels good rather than what is right.
Matthew 5:8 states, “Blessed are the pure in heart, for they shall see God” (NASB). Obviously, the quality of the heart is the central issue. Proverbs 4:23 also reflects, “Above all else, guard your heart, for it is the wellspring of life” (NIV). Human nature, which includes selfishness, seeks to destroy our hope of sharing life with God. This is exactly why it is important to guard, preserve, and maintain your heart.

The inconsistency that is in your life may lead you away from God instead of toward Him. Without a desire to change your behavior for the better, you may live in a constant state of guilt over poor choices made in the past and choices you continue to make today. There is a form of guilt that may keep you stuck in the same situations again and again. Maybe your fear of repeating past mistakes prevents you from taking chances, financial or otherwise. It’s healthy to learn from past mistakes, but once you’ve learned a lesson from them, move on. If you are constantly looking in the rearview mirror, you are bound to crash. Guilt will never change the past, just as worry will never change the future.

How, then, do you examine your life to ensure that you are being consistent? It begins with three stages: assessment, admission and responsibility, and then forgiveness. This process will help you analyze where you are, not only in your financial life but in your entire life. Most likely fears are holding you back from experiencing what God truly has in store for you. Fear is almost always the reason that you are trapped in a cycle of limited progression. You can become your own worst enemy when you let guilt and fear control your life. God offers you forgiveness from guilt and His strength to help you overcome your fears.

**FAITH-BASED WISDOM**

“Supersize” your finances as you incorporate your faith.

**supersize** (SOO.pur.syzz) v. To exchange something for a much larger size; to increase in size substantially.

Source: http://www.wordspy.com/words/supersize.asp
ALIGNING YOUR VALUES WITH YOUR FINANCES

In order to align your faith and values with your financial plan, a process is needed to create consistency. This includes self-assessment, taking responsibility, and taking action. This will help you understand where you have been, where you are today, and where you are heading.

Step One: Take a Personal Moral Inventory to Assess Your Values and Beliefs

Psalm 139:23–24 gives us a starting point: “Search me, O God, and know my heart; test me and know my anxious thoughts. See if there is any offensive way in me, and lead me in the way everlasting” (niv). There are many “hot buttons” when it comes to your life. A hot button is an issue or cause that ignites a strong emotional response. These are issues that are close and dear to your heart and induce strong positive or negative emotions. These hot buttons usually dictate the clothes you wear, the car you drive, where you live, the charities you support, and many other facets of your life. When you examine your life, think about the areas I have listed at the end of this chapter. This list does not contain every possible hot button, but is rather a starting point for you to think about what’s important to you. Over the last decade of helping individuals make financial decisions, these have been the most prevalent areas of concern. I have found that many of these areas are not Democrat vs. Republican or godly vs. ungodly debates. There are common areas in which most humans agree and other areas in which many agree to disagree.

Here are a few questions to ask yourself to help get you started:

• What in my life is extremely important to me?
• What has been keeping me from concentrating on the most important things?
• What areas do I feel passionate about?
• What types of companies (if any) would I not want to support financially?
• If I could solve any world problem, what would it be?

The answers to the above questions will give you insight into your own personal moral inventory. When you think about issues and/or causes that are most important in your life and what they truly mean to you, you begin to grasp what you are willing to do in order to make changes. You are able to determine what is and what is not worth sacrificing. Stand up for what you believe in and make an effort to uncover what values your investment dollars are supporting.

**Step Two: Take Responsibility for Your Actions and Admit Your Faults**

You can change the world by changing yourself. Start by taking responsibility for your actions. You may be quick to point fingers, to blame someone or something else for not getting the things you want in life. It was the circumstances, the economy, your boss, your spouse—blame, blame, blame. You may be one to never admit your faults and simply refuse to see how your behavior and decisions have stopped you from accomplishing what you wanted financially.

Jarvis always shopped at the same grocery store at the corner of Plum and Oak Street. He frequented the store at least twice a week despite the fact that the store sold semi-pornographic magazines, right in the clear path of young children. His small town had only one grocer, and though it bothered him immensely, he still shopped there. After months of displeasure, he finally approached the manager to voice his complaints. The manager was unsympathetic and refused to change the product lineup. This rallied Jarvis to encourage others he knew to also voice their complaints. Finally, Jarvis fought to make change. He started a petition and was able to gather more than two hundred signatures. Upon handing the petition to the manager, the store caved in and changed their policies.
Jarvis was so motivated by the impact he had at his local grocer’s, he began to analyze other financial changes he could make. He started questioning what types of companies his investment dollars were supporting and took the responsibility to find out where his money was going. After meeting with his financial planner, he discovered he owned shares in several gaming companies that were major suppliers to casinos, racetracks, and other gambling activities. He also owned several companies that marketed and distributed hard-core pornography. He recognized that he was investing in ways contrary to his beliefs and then took action to find investments that were better alternatives.

In your financial life, you cannot change the past. What is done is done; however, you can change your future. If you have made mistakes in investing, educate yourself on the options available to you to prevent repeating past mistakes. If you do not have the knowledge or time to make changes, find someone to help you. You can always find help if you are willing to look for it.

**Step Three: Ask for Forgiveness and Move On**

Having become aware of past mistakes that have kept you from succeeding financially, it’s time to accept the mistakes you’ve made and start fresh. When the past remains in the present, it is nearly impossible to move forward. I see this as a major area in which people feel defeated. They have so many problems financially that they never work on fixing anything because they feel they are beyond hope. This is never the case; remember, there is always a brighter day. Ask God to help you forgive yourself and move on. When it comes to money, it can be hard to stay optimistic. Keep your faith, stay positive, and with a little work and effort, you will get to where you want to be. You can make a difference. You can live for a better tomorrow!

Do you cling to past mistakes, financial or personal? Do you believe that God could never forgive you for something? If so, this could not be farther from the truth. In fact, in 1 John 1:9, God promises to forgive you if you ask: “If we confess our sins, he is faithful and just and will
forgive us our sins and purify us from all unrighteousness” (NIV). If you do not forgive yourself, you will be unable to move forward because your past failures will keep you from changing your financial life.

With God’s help, you can move on and make financial progress. You need to think differently. Expecting failure and bad things to happen often becomes a self-fulfilling prophecy. You become more likely to get in your own way and sabotage your ability to change. If instead you set your mind on creating a more positive financial future and keep your focus set on God’s ways, you will often find that you are exceeding your expectations.

The Faith-Based Millionaire Mind-Set

After going through the process of aligning your values with your finances, you may begin to discover and wrestle with questions you’d never before pondered. You will begin to get a glimpse into the mind of the faith-based millionaire. The mind-set of the faith-based millionaire often differs greatly from the mind-sets of others I have counseled. To help you further gauge your mind-set, here are a few foundational questions:

- Do you have faith in God or money?
- Do you rely on God or on your own abilities?
- If you have faith in God and rely on Him, do you place your full trust in Him?

Throughout the book, I will highlight key thoughts of the faith-based millionaire. Thinking like a faith-based millionaire will help you become one. There are some common ways of thinking that influence how those who have been faithful and are wealthy approach money. This thinking is quite different from that of the general population.
The mind-set consists of four core beliefs:

1. **God Created Everything**

   This means that you believe it all starts and ends with God just as stated in Genesis 1:1: “In the beginning God created the heavens and the earth” (NIV). If you believe that God created everything from the planets to the earth to life to humans to, more specifically, you, then this should be the foundation of your faith. **Who is in control of everything?**

2. **God Owns Everything**

   Psalm 24:1 shows us that “the earth is the Lord’s, and everything in it, the world, and all who live in it” (NIV). This belief comes from a life of trust and reliance on God. Your faith is your greatest asset in this world. As your faith continues to grow, your reliance on God should increase as well. If you believe God owns everything, this motivates you to a whole new level. This also leads to an important question: **Who does your money really belong to?**

3. **We Are God’s Trustees**

   First Timothy 6:17–18 exhorts, “Command those who are rich in this present world not to be arrogant nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment. Command them to do good, to be rich in good deeds, and to be generous and willing to share” (NIV). This helps to form the mind-set of a trustee. A trustee is one to whom property is entrusted. The belief that God entrusts you with wealth carries greater responsibility and a higher purpose. This mind-set also looks to shift from your self-interests to God’s interests. If you believe God created and owns everything and He has entrusted the things of this earth to you, isn’t your money really His money? He allows you usage during your lifetime, but He is still in control and the ultimate owner. That line of thought leads to another important question: **How should you manage His money?**
4. Managing Money Involves an Emphasis on Honoring God

The core of this belief is to look at how God would want His money invested. This involves an understanding of what God would support or condone. You may believe that issues or causes are not just black or white. You may believe that there are gray areas. Do you think God sees in gray? There is right or wrong. Man uses gray to justify his lifestyle. Rather than be convicted of wrongdoing, man often changes what God intended to suit his needs rather than God’s desires. How should God’s money be invested?

“Character is doing the right thing when nobody’s looking. There are too many people who think that the only thing that’s right is to get by, and the only thing that’s wrong is to get caught.”

—J. C. Watts (b. 1957), U.S. congressman

The Hot-Button List

There are many companies that produce products and services that blatantly oppose what you believe in. You may be knowingly or unknowingly investing in companies that are fighting against moral and social issues and causes dear to you. You may not even realize that you have a choice as to where you invest and that you can avoid investing in companies that contradict your belief system.

Following is a list of causes and concerns that may affect your moral decisions. These hot buttons are the most common examples of issues that generate strong emotional responses. If any of these issues are of concern to you, I strongly advise that you begin to consider the implications of investing in companies that violate your internal moral compass. There are tools and research available to help you eliminate or minimize your involvement in these hot buttons.
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<thead>
<tr>
<th>Moral vs. Social Issues</th>
<th>Description</th>
<th>Of Concern to You?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moral Issues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abortion</td>
<td>This includes companies engaged in the manufacturing, marketing, and licensing of substances used to voluntarily terminate pregnancy. This also includes companies who provide voluntary abortion services.</td>
<td></td>
</tr>
<tr>
<td>Homosexual Activities</td>
<td>This includes companies that actively recognize and promote homosexuality. This can include companies offering same-sex benefits when not required by law, diversity training, and other homosexual-friendly policies and programs.</td>
<td></td>
</tr>
<tr>
<td>Pornography</td>
<td>This would include companies involved in the distribution or production of adult-oriented publications, motion pictures, or television programs. It also includes companies involved in sexually explicit Internet operations, videos games, and live performances.</td>
<td></td>
</tr>
<tr>
<td>Poor Human Rights</td>
<td>This includes companies who have exposure in countries where there are poor working conditions, abusive practices, child labor, and violations of human rights.</td>
<td></td>
</tr>
<tr>
<td>Embryonic Stem Cell Research</td>
<td>This includes companies involved in using embryonic or fetal tissue cells in their research. It also includes companies conducting adult, umbilical, or placenta stem cell research.</td>
<td></td>
</tr>
<tr>
<td><strong>Social Issues</strong></td>
<td></td>
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</tr>
<tr>
<td>Alcohol</td>
<td>This would include companies involved in alcohol manufacturing, branding, and wholesale distribution.</td>
<td></td>
</tr>
<tr>
<td>Antifamily Entertainment</td>
<td>This includes exposure to companies producing or marketing video, print, or live entertainment that is violent, vulgar, or mocking Judeo-Christian traditions or beliefs.</td>
<td></td>
</tr>
<tr>
<td>Gambling</td>
<td>This includes companies involved in the ownership and operation of casinos, gaming parlors, racetracks, online betting, or other wagering services. It also includes companies involved in manufacturing equipment used in gambling.</td>
<td></td>
</tr>
<tr>
<td>Poor Environmental Record</td>
<td>This includes companies ranked high for environmental damage through pollution, toxic emissions, oil or chemical spills, and high levels of waste.</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>This includes companies involved in tobacco manufacturing, wholesale distribution, and products used for tobacco consumption.</td>
<td></td>
</tr>
</tbody>
</table>
Here is a question to ponder: Would you purposely invest money in companies involved in any of the areas listed on page 25? After taking some time to examine this list of hot buttons, what issues, if any, most resonated with you? Are there any areas in which you wish to avoid investing in your financial life? If any of these issues ignite strong emotional responses, is your passion strong enough that you want to do something about it? As you explore additional concepts, you will be enlightened with tools, tips, and a process to incorporate your faith into your financial life. Chapter 9 is dedicated to how you can make sure your investment dollars are not violating your specific “hot buttons.”

**Introducing Faith-Based Investing**

In the book of Mark, this question is posed: “What does it profit a man to gain the whole world, and forfeit his soul?” (8:36 NASB). Through the effort to find solutions to address the issues that go along with this question, faith-based investing was born. This movement seeks to align a person’s faith, moral beliefs, and ultimately God’s Word with the investment community.
There are now millions of religious investors attempting to align their morals and values with their investment portfolios. Religious concerns have long been a factor in the investment process because investors have wanted to avoid companies that contradict their belief system. This began with social screens for products such as alcohol and tobacco and has migrated to moral issues such as pornography and abortion.

There has also been a recent movement for investors to reassess their financial priorities in light of the corporate and mutual fund scandals that have surfaced over the last ten years. People are looking for more meaning in their lives and ultimately to make a more positive difference with their investments. This has led to the desire and ability to screen for more social and moral issues.

The rise in the number of faith-based investment choices has opened the door to new avenues of investing. There also has been a surge in the level of sophistication in research available to advisors, money managers, and individual investors. As a result of this movement and awareness, millions now have the opportunity to put their money where their values are.

The appropriate starting point for any investment should include having a noble purpose as well as developing a process to maximize moral integrity. It is not just whether you should compare the harm of investing in one company vs. another company. It is more about trying to avoid the “blood money” that results when you invest in companies that are not in line with your beliefs. If you participate through your investment dollars in things you do not agree with, you are still enabling that activity. More important, when you send money into a mutual fund that invests in things that are objectionable to you, your moral integrity has been compromised.

The limitations of your knowledge should not blind you to the fact that there is a moral responsibility when you invest. If you look the other way when others are doing wrong, you are still morally responsible. So how do you invest in a manner that reflects your morals and values? This will be discussed at length throughout the book.

The first part of the process is to determine what is truly important to you. Is God a top priority in your life? Are you looking for balance
and consistency? Doesn’t it make sense to include your faith in all areas of your life—finances included?

First, let me congratulate you on reading this far. You are well on your way to learning what it takes to accumulate faith-based wealth. Beginning with this chapter, each of the next eleven chapters will end with a summary titled “The Faith-Based Millionaire™ Action Plan.” This will summarize what you have just learned. More important, it is designed to motivate you to take immediate action. To get different results, you need different actions. If you don’t take action, well . . . you will have to settle for the same results. You can change your financial future. Take the first steps today!

**The Faith-Based Millionaire™ Action Plan**

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Take some time over the next week to sit down and list what “hot buttons” are important to you.
- Learn what values your investment dollars are supporting. If you own stocks or mutual funds, spend some time researching what types of companies you own. This information can be found online, in a prospectus, and using various screening tools.
- Make a conscious effort to incorporate your faith into your financial plan.
- Ask God for forgiveness in any areas where you have failed Him financially.
- Go back to the “Faith-Based Millionaire Mind” and work on creating a new mind-set to begin building true wealth.

**FREE RESOURCE #1:** “Special Report on How to Screen Your Investments.”
Go to www.jayperoni.com/reader-only-resources.php.
Ignite the Flame

Essential Habit #2: Find your purpose and passion to create financial changes.

Do You Really Want to Change Your Financial Future?

When Charlie met Frank at a bowling league in November 1998, they hit it off instantly and became the best of friends. Charlie had always been a hard worker, sometimes working two or three jobs as a plumber and an electrician. He made a good living, but never seemed to save enough to get him closer to financial freedom. Now in his fifties, Charlie had the expectation that he would always have to work to make ends meet.

Frank, on the other hand, was a

"Take the first step in faith. You don’t have to see the whole staircase. Just take the first step.”

—Martin Luther King Jr.
Jay Peroni, a lifetime firefighter. Though he never had an income over $80,000 a year, he saved every month and socked away enough money to have financial freedom at the age of sixty. His idea of retirement was the ability to work by choice not requirement. Now that he has “retired,” Frank is actually busier than ever—volunteering at a soup kitchen, helping with the children’s ministry at his church, and helping lower-income families complete home repairs they could never afford on their own.

Though ten years separate Frank and Charlie, they have a ton in common and spend many hours a month together fishing, hiking, going to ball games, and bowling. Charlie could not grasp how Frank was able to live so well in retirement. He often joked that he would never be able to retire and could never imagine the financial freedom that Frank has.

Faith-Based Millionaire Mind-Set

Always seek wisdom over money. If you lose all of your wealth on earth, you can gain it back if you have the right kind of wisdom.

As long as you cannot imagine it, your dream will never come true. Self-defeating thoughts and self-imposed ceilings limit your financial progress. Your thoughts and attitudes will determine your success. If you have no strength to overcome this mind-set, you will fail to reach the potential God intended for your life. It is not a lack of resources or a shortage of talent that prevents you from achieving wealth; it is the barrier that resides inside your mind. Your thoughts can keep you from living the financial life God has prepared for you. You will never change your financial future until you change your thinking. Do you think God will want to provide you with new, exciting, and fresh ideas if you continue having negative thoughts and a bad attitude?

Envisioning your dreams coming true is a huge key to your success.
Have you ever seen the movie *Rudy*? It is based on the true story of Daniel “Rudy” Ruettiger. He grew up in a mill town and dreamed of playing football at the University of Notre Dame, for his dad’s favorite team. The obstacles facing Rudy were tremendous, to say the least. A few barriers included Rudy’s poor grades and lack of money to attend Notre Dame, insufficient talent to play football, and not having the physical size (Rudy was 5’7” and weighed 165 pounds) to play football for the Fighting Irish. Instead of chasing his dreams, Rudy takes a job at the local steel mill and settles for mediocrity until his best friend, Pete, is killed in an explosion at the mill.

It is then Rudy decides to make his dreams of attending Notre Dame and playing college football for the Fighting Irish a reality. He is ridiculed by friends and family for his idea and is even rejected by Notre Dame. He could have let bygones be bygones, but instead goes to a small junior college, hoping to qualify for a transfer to the university.

During his final semester of eligibility for transfer, he is granted admission to Notre Dame. After walking onto football practice tryouts, Rudy convinces the coach to give him a spot on the football practice team, where Rudy exhibits more drive and desire than some of his big-name varsity teammates.

Ultimately, it is this drive and determination that get Rudy to fully realize his dream—playing in a game. In the final game of the season, the coach is persuaded to insert Rudy (after all the players and later the fans chant, “Rudy . . . Rudy . . . Rudy . . .”). Rudy gets in the game and sacks the opposing quarterback to end the game. Rudy is then carried off the field by his teammates and becomes the last Notre Dame player to have such a distinction.

This was no accident. There was no stroke of luck. Rudy saw what he wanted and made it happen. He first had a dream, and then he stopped at nothing to make his dream come true. He could have quit very easily, but his determination and desire to change were overwhelming. Rudy believed he could do it when no one else did.

Wanting to change and actually changing are two separate paths. If the desire to change is small, then changing will be difficult. However,
if your desire is overwhelming, change will become inevitable. It all begins in your mind. If you continually allow negative thoughts and a poor attitude to dictate your life, you will stay imprisoned in a life of defeat and failure. However, if you see yourself achieving wealth, becoming successful, and being closer to God, nothing can keep you from reaching your goals.

Over time, if you truly desire to change, you can wipe your financial slate clean and begin a new journey. The road to success begins with examining the past in order to prevent repeating mistakes. Do not let your past barriers prevent future financial progress. If you truly desire to make changes, you will need to develop new habits. In order to unlearn bad behaviors, you must understand the reasons why you’ve made certain choices. If you have poor money-management skills, you should seek to learn the roots of those habits. Have you ever wondered why some people seem destined for greatness while others are dead broke? Expect God to do great things in your financial life if you put Him first and trust in Him.

God is constantly trying to plant new seeds in your heart to help you grow and expand beyond your current capabilities. Like Peter, who stepped out of the boat toward Jesus and walked on water, you have to take the first step in faith. Fresh ideas and a new outlook go a long way. Eighty percent of your results will come from your own changed behaviors and attitudes about money. If you don’t change your behavior, your results cannot change. It is simply a matter of cause and effect. No matter what your financial situation, you should always keep in mind that there is hope.

**The Fuel to Feed the Fire**

You may think, *I cannot succeed financially; there are too many obstacles*. You may not be able to succeed on your own, but with God by your side, anything is possible. He can make things happen that seem impossible. He can open doors that you never thought could be opened. Do you have faith that the Creator of life can supernaturally turn your financial life around? He can make a way for you even when
the odds are stacked against you and there appears to be no way. Don’t see God as a small-sized God but rather a God who can help you accomplish anything.

Do you know people who are always negative? Even if something good happens to them, they still find something to complain about. You know the type: poor me, nothing good ever happens to me, this is just my luck, etc. It is hard to be blessed when you cannot recognize a blessing when it comes. Turn your negative thoughts into positive responses. Things can always be worse. With God by your side, you can get through whatever you face.

Ron was at rock bottom, in his late forties and about to lose everything: his family, his business, and his millions. The 1980s real-estate market downturn left Ron with highly leveraged real estate and wiped out his net worth in an instant. A “paper millionaire” no longer, he now owed more than his properties were worth. To top it off, he was three months behind on his personal residence mortgage payments and about to lose that as well. Here Ron was, bankrupt, a failing marriage, and considering ending his life. It was painful for him to wake up each day. This went on for months, then years. He hung in there, and his family stuck around despite his behavior.

Finally, a friend leveled with Ron. “I know you have been down in the dumps and keep focusing on the life you lost, but think about the living you still have left to do. God loves you and can still use you for His good. Focus on the good in your life and forget the bad.” His friend then challenged him, “Ron, don’t you think God wants you to do more than you are doing? Don’t you think He has better things in store for you? You need to stop being so negative!”

Ron took the advice to heart and began waking each day with a new mind-set. He concentrated on the good things in his life and worked hard to turn things around. He leaned on God and fought his way out of depression into a life full of hope, promise, and a brighter future. He concentrated on restoring his broken relationships, building back his finances, and honoring God with his attitude.

When Ron turned to God, he found joy, a fresh vision, and a new
Jay Peroni

sense of purpose. Life is a precious gift—every second, each breath, and the start of every new day. You may never get another opportunity to do the things that matter most. You may be so busy that life can pass you by. When you realize what’s important, and create a plan to make it happen, you will reap the greatest rewards. Having a plan is important, but you also need to have a personal connection—something that will keep you motivated. There needs to be fuel to light a fire under you.

Without knowing what is truly important to you, goals have little meaning. Like the dieter who says, “Yeah, I’d like to lose the love handles,” as he eats two more doughnuts, chugs two beers, and watches another episode of Jerry Springer. His motivation is at zero. Now add some meaning to your goals and it’s a different ball game all together. Take, for example, a woman who has a burning desire to lose her post-pregnancy pounds and fit back into her pre-pregnancy wardrobe. She wakes at 6:00 a.m. every morning, does sixty minutes of cardio, and has been keeping track of her calories. Who do you think is more likely to stick with a diet: the Doughnut Dude or the Motivated Mama?

**If the Homeless Can Do It, So Can You!**

Adam Shepard set out to prove that you can still make the American Dream come true. With only the clothes on his back, twenty-five dollars in his pocket, and an emergency credit card, he set a huge goal of having a furnished apartment, a car, and savings of $2,500 within a year. He further challenged himself to accomplish this without relying on anyone he knew or his college education.

He literally abandoned the comfortable world he knew in South Carolina and became homeless to see if you could go from nothing to something within a year. Relying on homeless shelters, food stamps, a hard work ethic, and his ability to make friends, Adam worked his way up from a day laborer to a steady job with a moving company.

Within ten months of this challenge, he met his goal. Adam had rented an apartment, purchased a used pickup truck for cash, and ac-
cumulated nearly $5,000 in savings. He set out to prove that you can rise out of poverty if you have the desire and will to do so. He passed on luxury items, bought only what he truly needed to live on and could afford, and banked the rest.

Adam’s story provides the details on how a simple life can still leave you content, happy, and determined to reach your goals. You may say, “Well, I’ve got children . . . I have so many bills . . . I have this or that . . . I cannot do it.” You can choose to believe you cannot do it, or you can begin to make some things happen in your life.

Your attitude will determine your altitude. Don’t let your current situation be a detriment to your success; let it be a motivator. You can always find a way to achieve your goals if you are willing to rise above your circumstances. Use your down-and-out situations to add fuel to the fire. With your trust in God, a burning passion, and a strong desire to succeed, there is little to stop you from achieving your goals.

Create a Vision

A lack of vision sometimes leads to mediocrity. If you don’t have a vision of where you are heading, how will you know when you get there? Do you remember the story of Alice in Wonderland? Here is an excerpt from the childhood classic, which highlights what I’m writing about:

“Cheshire Puss . . . would you tell me please, which way I ought to go from here?”

“That depends on where you want to get to,” said the Cat.

“I don’t much care where—,” said Alice.

“Then it doesn’t matter which way you go,” said the Cat.

“So long as I get SOMEWHERE,” Alice added as an explanation.

“If you don’t have a vision for the future, then your future is threatened to be a repeat of the past.”

—A. R. Bernard
“Oh, you’re sure to do that,” said the Cat. “If you only walk long enough.”

People who achieve great things often do so because they have a good idea of where they want to be. Think of some of the most successful people you know. Did they get where they are today because of luck? Or because of hard work and knowing what they wanted and where they wanted to go?

Many people have a dream life that they would love to see come to fruition, but often they sell themselves short. They have preconceived notions that to get what they want in life will be too hard and too much work. Have you ever looked at someone who emulated what you wanted for yourself and thought it could never happen to you? If there were no constraints and you could simply make it happen overnight, you would most likely do what it takes to make it happen. Your goals must be compelling and motivating enough to get you excited about achieving them. They must be powerful enough that you think about them constantly. This includes trying to live your ideal life: where you work or volunteer, what activities you participate in, what charities you support, and any other personal goals. These goals should be specific and easily defined. They should be tangible so you can feel, touch, see, smell, and hear them. They should excite all of your senses and drive you toward success.

In order to create the vision, you will need to uncover exactly what excites you. This involves a self-assessment. By examining how God designed you, it is easier to look around at all the opportunities that are right in front of you.

**MAKE SUCCESS THE ONLY OPTION**

When I look at helping a client create a vision or plan for their financial future, I advise them to focus on five important steps that need to take place for success to happen:
1. Clearly define your beliefs and values.
2. Identify your interests and passions.
3. Define your financial purpose.
4. Learn from past mistakes.
5. Take responsibility for your actions.

**Step 1: Clearly Define Your Beliefs and Values**

**Clarify Your Values**

There is a set of principles and values that dictate the decisions you make throughout the course of your life. These inner principles shape your belief system and character, determine your behavior, and influence decisions you make. Your personal values are what you hold most dear and pertain to God, family, health, career, and other important facets of life.

Your values reflect the things that are truly important to you. They are

“When your values are clear, your decisions are easy.”
—Roy Disney
your internal operating system that directs your actions in everyday life. If you do not truly know what you value, how can you make plans and take action?

Many do not take the time to understand what they value most. Every time you make a choice about doing one thing rather than another, you make a values-based decision. When two of your values conflict (e.g., family versus work), you will be better able to prioritize if you understand what is most important to you.

Clarifying your values sets the stage for you to define God’s purpose for your life. He has intentionally put you in certain situations and experiences. Your life lessons are preparation for the “next chapter.” Once you have discovered what you ultimately strive to accomplish, then you will suddenly find additional motivation. A good source of fuel for your burning passion often comes from what you value most.

• What truly motivates you to want to succeed financially?
• What specific social or moral issues, activities, and interests excite you?
• What talents, strengths, or special skills do you possess?
• What charities, missions, or ministries do you wish to give more money to?

When you find the answers to these questions, summarize them and use the results of what you discovered about yourself as your motivation to succeed. Make it personal, commit it to memory, look at it daily, and do not let obstacles get in your way. It will not always be easy. Life will almost always get in the way when you least expect it. If you can stay focused on the things that motivate you, your burning desire will carry you through when things don’t go the way you thought they would.
How success may be defined:

At age 4  success is . . . not peeing in your pants.
At age 12  success is . . . having friends.
At age 16  success is . . . having a driver’s license.
At age 35  success is . . . having money.
At age 50  success is . . . having money.
At age 70  success is . . . having a driver’s license.
At age 75  success is . . . having friends.
At age 80  success is . . . not peeing in your pants.

Clarify Your Beliefs

The clearer you are about what you value and believe in, the happier and more effective you will be. Your beliefs are the assumptions you make about yourself, about others in the world, and about how you expect things to be. According to the American Heritage Dictionary, the definition of belief is “mental acceptance of the conviction in the truth, actuality or validity of something.” This brings home the point that just because you believe that something is not possible, this does not make it true.

When your beliefs change, your behavior will follow. Roger Bannister became the first runner to complete a four-minute mile. He was the first because he was the only one who believed it was possible. No one else, including scientists, thought it was humanly possible. So for a long time, no one broke a four-minute mile. Then came Roger; he not only believed it, he did it! Since the human brain fathomed it was possible, many people have broken a four-minute mile. You believe what you want to believe. Whether you are right or wrong, truth is truth.

Think about your core beliefs. Some of these beliefs move you forward.

“We know what we are, but know not what we may be.”
—William Shakespeare

“Whether you think you can or you think you can’t, you’re right.”
—Henry Ford
Some hold you back. These empowering and disempowering beliefs often determine how you conduct your life. Throughout history, wise people around the world have recognized that beliefs are so powerful they can create reality. Ralph Waldo Emerson, Henry Ford, and Napoleon Hill are just a few of the well-known proponents of “what you think is what you get.”

Whether you realize it consciously or not, you hold many beliefs about your financial life. Some of them have served you well—they’ve allowed you to make financial progress; other beliefs have held you back.

**Step 2: Identify Your Interests and Passions**

Many of the happiest and most successful people in the world love what they do. They know exactly what they enjoy and what they dislike. They choose to pursue things that are most enjoyable. A key trait of almost all the self-made, faith-based millionaires I know is that they love what they do for a living! They have discovered their passion, focused on their key interests, and became enthused about how they earned their money.

God has instilled a passion within you. He has programmed within you a desire to participate in activities that are natural, rewarding, and fulfilling. Some find these early on. Others never truly discover their passion. Almost every successful person I have met found a way to consistently tap into his or her passion. Once they found a way, they also discovered how to earn a living through it.

Think of some of the most successful quarterbacks in NFL history: Montana, Aikman, Elway, Marino, etc. Every single one of them played the game with passion. Even some of today’s best quarterbacks (Tom Brady and Peyton Manning) have that same passion. If you discover what your interests and passions are, you will always be far more successful than if you just go through the motions. Take some time to search yourself and determine what really makes you tick.

“We are not here merely to make a living. We are here to enrich the world.”

—Woodrow Wilson
• What are your interests?
• What are you really passionate about?
• What are your hobbies?
• What do you like to do for fun?
• What interests do you want to further develop?
• Is there another career or job (paid or unpaid) that you would like to research or pursue?

A great resource I have found for integrating your natural gifts, looking at your unique personality traits, and finding your values and passions is at www.48days.com. Dan Miller, who wrote 48 Days to the Work You Love and No More Mondays, offers life-changing resources to help others find their true callings. His unique clarification of how God gifts us will introduce you to a new sense of freedom and fulfillment of your life’s calling.

**Step 3: Define Your Financial Purpose**

What are you on earth for? Millions have read Rick Warren’s Purpose-Driven Life and found a sense of purpose. Have you found purpose in a certain career, position, or situation? What is the purpose of your money? Money can buy a lot of things, but there are also a few things it can never buy:

**Money can buy:**

. . . a bed, but not sleep
. . . books, but not knowledge
   . . . a clock, but not time
   . . . a position, but not respect
   . . . food, but not an appetite
   . . . a house, but not a home
   . . . medicine, but not health
   . . . sex, but not love
   . . . amusement, but not happiness
   . . . a crucifix, but not a savior
You should be able to answer the question “What is the purpose of my financial plan?” This includes reasons why you are saving, investing, or incurring debt. What is the “bigger picture”? More important, what does God want you to accomplish through your finances?

Here are some questions to ask yourself to help get you started:

• If money weren’t an issue, what would I be doing?
• My ideal job would be what?
• I would like to spend my days doing what?
• My life is not complete until this is done: ___________________________.
• If I died today, how would I want people to remember me?
• What are the community/social/religious issues I feel most passionate about?

Step 4: Learn from Past Mistakes

Money battles are usually won or lost one spending decision at a time. I see people consistently make the same mistakes again and again and expect a different outcome each time. The reality is that most people fall victim to the battles of everyday life. They wave the white flag and surrender without ever considering the choices they had available to them. With a little help, big changes can be made, but a change of perspective is required. It has been estimated that

FAITH-BASED WISDOM

Don’t get on the “hedonic treadmill.”

hedonic treadmill n. The tendency for a person’s economic expectations and desires to rise at the same rate as his or her income, resulting in no net gain of satisfaction or happiness.

Source: http://www.wordspy.com/words/hedonic.treadmill.asp
if the wealth in this world were redistributed equally among every person on this earth, eventually those who were wealthy would be wealthy again and those who were poor would be poor again. Donald Trump is a great example. He made a fortune, lost it, and then got it back again. He realized past mistakes, learned from them, and grew committed to overcoming them.

Spending is a great battle between wealth and consumerism. Fortunes are often lost one dollar at time. This happens through what I call “wealth leakage.” The wealth leaks out of your pockets into the hands of someone else—the bank, the credit card company, the auto dealership, the stores at the mall, etc. Instead of saving and adding to your wealth, it flows out into the world, never to be seen by you again. Stop the leakage and keep more of what you work so hard for. It may not seem like a big deal when you stop at Starbucks for a “Grande White Mocha,” but when you realize your retirement account isn’t so “Grande,” it will capture your attention. Just $25 of excessive spending per week can add up to $1,300 per year, which could have gone toward paying off creditors or saving for your future.
Jay Peroni

It’s Time for a “Financial Mulligan”

In golf, a mulligan is a shot retaken, due to an errant shot. A mulligan shot is strictly prohibited in the official rules of the game, but is commonplace in social golf. Traditionally, mulligans are allowed only on the tee shot (usually one per round) and are not just taken at any time of the golfer’s choosing.

In your financial life, you have probably made many mistakes. The past is the past. You cannot change it, so now is your time for a “financial mulligan.” It is time to start over and prepare to succeed financially. God has brought you to a time such as this. Seize the moment, wipe your financial slate clean, and take the next best shot. With God on your side, you can shoot a hole in one. With Him by your side, anything is possible.

“A good leader is a person who takes a little more than his share of the blame and a little less than his share of the credit.”

—John C. Maxwell

Step 5: Take Responsibility for Your Actions

Do you play the blame game?

Why are people so quick to blame others or circumstances for their problems? Often I see people who are quick to point the finger and it rarely points back at them. Choices are made each day, and these choices have consequences. When the results come in less than favorable, somehow it is easier to push the blame toward someone or something else. This is especially true with finances. One example: Most Americans used to be able to rely on three income sources for retirement—the company pension, Social Security, and personal savings. As the futures of company pensions and Social Security hang in the balance, the pressure builds for you to save on your own for retirement. If you do not have enough income when you retire, whom will you
blame: your employer, the government, or will you accept responsibility? The natural inclination of many people is to pass the blame.

You know you are not accepting personal responsibility if you blame other people for your financial problems. I see many people pass the blame whenever they are faced with difficulties. It wasn’t the credit card company’s fault you maxed the card out. It wasn’t the bank’s fault you defaulted on your mortgage. It wasn’t your employer’s fault you didn’t save enough for retirement. These life situations, hardships, character flaws, or whatever else you want to call them begin with you. Rather than agreeing that the common denominator in all your problems is you, will you continue to blame others?

**Do any of the following excuses sound familiar?**

- I was late because of traffic.
- I have been so busy that I haven’t been eating right or exercising so that is why I put on a few pounds.
- My company isn’t paying me enough, so I cannot save for retirement.

By taking responsibility, you admit your part in creating the problem. You could have been on time if you left earlier. You could have maintained or lost weight if you reprioritized your schedule. You could have saved for retirement if you cut back on spending. There is always a cause-and-effect relationship.

When you consistently point fingers at others, you look at yourself as a victim. Have you ever seen a rich victim? They are not very common. I have seen many poor victims. These are people who are poor and blame others. They blame their lack of financial success on circumstances and people around them.

Many people get into financial trouble because of greed, laziness, or lack of commitment. Quit blaming others. Admit you are the problem. You can always work toward improving your own bad habits, but it is very difficult to change the circumstances and the things around you. So if you
concentrate on yourself and what you could do differently, you can begin to create new opportunities. Blaming the world limits your choices. You can either take responsibility or continue playing the blame game.

Harboring negative emotions and anger about your financial situation diminishes financial progress. Your financial problems can begin to eat away at you little by little. Financial stress can become overwhelming and lead to withdrawal, depression, and other dangerous behaviors.

In order to make financial progress, you also need to have an open mind and look to others for guidance. Begin to identify areas in your financial life that you would like to change and commit to finding solutions. Take smart, calculated risks, and realize that you are responsible for the outcomes. Begin to recognize any areas in which you need financial advice and seek a professional who is able to help you begin to identify solutions you never considered. You can make progress, but you first have to claim responsibility for your actions.

People make a lot of excuses for their lack of financial success. I thought I had heard every excuse in the book as to why people fail financially until I heard these reasons:

“IT’S REALLY NOT MY FAULT,” BECAUSE . . .

• Nobody told me The Secret.
• I found Poor Dad, but I can’t find Rich Dad.
• I couldn’t find a Book for Dummies on this.
• My Purpose-Driven Life drove off with my emergency fund.
• I was going to plan, but I got food poisoning from my Chicken Soup for the Soul.
• I took the Road Less Traveled and got lost in Brokesville.
• I had Great Expectations, but no action plan.
• I Started Late and can’t figure out how to Finish Rich.
• My finances “chose their own adventure.”
• My savings got Left Behind.
PUTTING YOUR VISION TOGETHER

Your vision is extremely important for success. In order to properly manage wealth, you need to identify your core values and priorities. This vision will direct and affect all areas of your life, including your finances. What motivates you becomes your burning passion. This burning passion drives your success. If your passion is lukewarm, so, too, will be your results.

Creating an action plan helps you implement your mission, live by your values, and move toward achieving your vision. Among the hundreds of faith-based millionaires I have interviewed, I have found these common characteristics that help make a vision work:

1. Love what you do each day. I’ve never seen anyone succeed who didn’t love what they were doing.
2. Don’t let roadblocks get in your way. You cannot stop. If there is a concrete wall in front of you, you have to find a way around it. You can never, ever give up or even think in terms of giving up.
3. Confidence is a very important thing. But confidence isn’t something you just develop by saying, “I’m going to do this or that.” You really have to believe it. Just saying you can do something is not enough. You have to take steps toward actually doing it.
4. Don’t let criticism get you down. You have to remain cool under fire and let criticism roll off you. Good leaders handle conflict easily; bad leaders are eaten up by it.
5. Become a people person. Learn to network. You must work well with others and be loyal to your team.
Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Make a list of the values you hold dear. Things like a personal relationship with God, your spouse and family members, a healthy body, your church and/or other nonprofit organization(s), the financial freedom to go where and when you are called to go, etc. Be honest with yourself and don’t prejudge your answers. Just list what comes to mind first.
- Identify your interests and passions and incorporate them into your financial life.
- Define your financial purpose and create a specific list of goals you want to attain.
- Pray for God to help you on your new journey.
- Learn from your past financial mistakes and commit to not repeating them. Make a list of one area you would like to improve in your relationship with God, in your work life, in your family life, with your health, with your education, and in your financial life.
- Take responsibility for your financial future. Today is a new day. Your slate is clean.
- Commit to making wiser decisions.

**FREE RESOURCE #2:** “Special Report on How to Find Your Financial Purpose.” Go to www.jayperoni.com/reader-only-resources.php.
A Fool Forever?

Essential Habit #3:
Seek wise counsel.

COMMON MISTAKES

Where do you go for financial advice? More specifically, where do you go to implement a faith-based financial plan? The key to planning is to minimize mistakes and have an end goal in mind. The majority of the common mistakes I see being made could have been prevented by having a solid plan in place.

There are many common mistakes made because of insufficient preparation. If you took an exam and did not study, would you pass? If cities did not have emergency plans and there was a natural disaster, would evacuations...

“He who asks is a fool for five minutes, but he who does not ask remains a fool forever.”
—Mark Twain
remain orderly? Proper planning can help prevent common mistakes. People often make critical errors that could have been avoided with a little planning. Here are some of the most common mistakes that I see on a day-to-day basis:

1. Making investment decisions based on emotions (greed or fear) rather than the facts.
2. Choosing investments that are not suited to personal goals or investment time horizon. Often people invest in assets that are too aggressive or too conservative based on when they will need to withdraw from their investments.
3. Failing to diversify assets by putting all the eggs in one basket. I often see people who hold all of their wealth in a few individual stocks or they have mutual funds that do not provide enough variety.
4. Reacting to short-term events and not to long-term trends.
5. Trying to “time the market”—deciding when to be in or out of the stock market.
6. Buying “hot” investments with no sound basis for the decision.
7. Allowing fees, expenses, and/or commissions to become the major factors in making an investment decision.

FAITH-BASED WISDOM

Seek wise counsel for your “cockroach problems.”

cockroach problem n. A problem that is bigger than it initially appears.

Source: http://www.wordspy.com/words/cockroachproblem.asp

THE “CROSSROADS”:
WHICH PATH WILL YOU CHOOSE?

This chapter will look at two major ways to incorporate your faith into your financial plan. There are many paths to get you from point A to point B, but here are the two most basic approaches:
Option 1: Do it yourself: Plan your own finances and develop a solid investment process using an objective third party to temper your emotional impulses.
Option 2: Hire a planner: Hire a competent faith-based financial planner to develop a plan for you.

I will help you explore these two methods in greater detail throughout this chapter. Moreover, I will explain the pros and cons of each potential avenue. Why do so many people never obtain the financial independence they desire? Often it’s simply because they just don’t take that first step, getting started. The fact is, there’s nothing complicated about the common investing techniques, and it usually doesn’t take much time to understand the basics. Investing is for everyone, not just the rich. The biggest risk you face is not educating yourself.

Dave came into my office and wanted to pull out his entire retirement nest egg and send it overseas. He was not content with the amount of money he had saved for retirement. He had only ten years left and needed to “add fuel to the fire.” His answer was to take substantial risks to expedite the returns on his portfolio. He recently had received an online advertisement for an overseas investment with a high guaranteed rate of return, which proved the old adage correct: “If it looks too good to be true, it usually is.” This Internet fraud not only targeted Dave, but come to find out, it had already bilked more than $12 million from unsuspecting investors. Always check with a financial advisor you trust before making a big move, and never send money outside of the country without having a professional provide due diligence for you.

**OPTION 1: DO IT YOURSELF**

**FINANCIAL PLANNING**

Many investors choose to handle their own finances. Typical reasons why people choose to invest on their own include, but are not limited to:
Lack of trust in financial professionals.
Cost issues—don’t want or cannot afford to pay for advice.
Expertise in the area of finance.
They enjoy and have time to do the proper research.

Lift the Fog

Money can be a form of power, but the ultimate financial power is education. With the proper knowledge of how money works, you will enable yourself to make wiser financial decisions that foster a greater financial well-being. You have already committed to learning more about money. How? You made a smart decision to read this book. One giant step forward! Don’t stop here. Commit to learning more about stocks, bonds, mutual funds, and other financial topics. You can either continue working for money or find a way to make it work for you. Develop a financial aptitude.

One of the most important things to learn is not how to make money, but rather what to do after you make it. Always evaluate your decisions by asking, “Does what I’m doing make financial sense?” Keeping up with the Joneses and following the crowd is like a sheep being led to the slaughter. Dare to be different. Learn what it really takes to build wealth. Money may come and go, but if you have an education in how money works, you gain power over money and can continue building or rebuilding wealth if necessary.

Know When You Are in Over Your Head

It is wise to use your gifts to the best of your ability. It also makes sense to seek help when your abilities are limited. Take me, for example. I have discovered what I am good at and what requires professional assistance. Household improvements and repairs are not my strong suit. I learned very early on that this is an area that requires help immediately. After several “experiences” of making bigger problems out of small routine repairs, it has become quite obvious this is an area where I lack gifts. I can make a moun-
tain out of a molehill! Simple tasks for most people turn into a big mess for me. Believe me, it is not fun paying someone to fix not only the original problem, but also the new problems I have created. Sometimes, even when you have the expertise, knowledge, or skills, it is still important to have a sounding board to bounce ideas off of and receive wise counsel from.

A prospective client, Bill, was a middle-aged CFO with more than twenty-five years of financial experience, an MBA from a good school, and decades of investment experience. The thorn in his side was his investment portfolio! Despite the schooling and book knowledge, Bill’s portfolio was a mess and nearly impossible to keep track of. Like the weeds that took over the garden, Bill left his portfolio untamed. Bill had “overdiversified” his holdings. He owned hundreds of stocks, mutual funds, and bonds. Tracking, analyzing, and monitoring all of his positions would make a full-time job. Bill thought he knew what he was doing, but his results confirmed otherwise. Bill should have sought wise counsel.

“A fool and his money are soon parted.”
—English Proverb

The help I need most urgently
is help in admitting
that I need help.

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Why Do I Keep Losing Money?

Most investors who manage their own portfolios fail to keep up with the stock market averages. For example, in 2007, DALBAR, Inc. (www.dalbar.com) found the average equity investor underperformed the S&P 500 index by 7.5 percent per year for the twenty-year period from 1987 to 2006. Remarkably, this was not the first time investors have failed miserably in their quest for stock market wealth. DALBAR had found similarly poor performance in each of its previous fourteen annual Qualitative Analysis of Investor Behavior (QAIB) reports. They concluded the problem is behavioral. Investors make poor choices, and their improper investment behaviors are corrosive to their success.

Will Rogers once said, “Don’t gamble; take all your savings and buy some good stock and hold it till it goes up, then sell it. If it don’t go up, don’t buy it.” Ironically, good investment choices are the goal of every rational faith-based investor. No one seeks failure, yet failure persists. Decades of data dispute the fact that most investors fail to recognize they have a problem, let alone pursue strategies that solve their shortcomings. Good choices and sound investing are illusive. If taming bad behavior was easy then everyone would make the appropriate course corrections as soon as they stubbed their investing toes enough to learn they were traveling on the wrong road. What should an investor do to fix his or her poor behavior patterns?

DALBAR suggests professional help is critical to bridging the gap between purpose and performance. QAIB 2007 states, “The most important role of the financial advisor is to protect clients from the behaviors that erode their investments and savings.”

The four common goals of every faith-based investor should be to:

1. Know yourself and not let emotions make your investment decisions
2. Listen and follow the Word of God as it relates to your investment portfolio.
3. Buy low and sell high.
4. Avoid unnecessary costs, fees, expenses, and taxes.
We will explore all four of these concepts in chapter 9. The purpose of this book is to help you gain more so you have more to give. That is why developing a solid investment process is so critical.

**Millionaire Today, Broke Tomorrow?**

Why is it that nearly 78 percent of all NFL players are divorced, bankrupt or unemployed two years after leaving the game? Why do an estimated 33% of lottery winners file for bankruptcy after their windfall? Why do stars such as Mike Tyson, Michael Jackson, Burt Reynolds, and Kim Basinger, who all made millions of dollars a year at one time, file for bankruptcy? With great wealth comes a greater responsibility: how to manage it!

Many who have not prepared for great wealth do not know how deal with the financial issues that arise almost immediately. Having a team of wise advisors is critical. These advisors can help set up trusts to shelter your money from taxes and to ensure that the money goes to your heirs, ministries and and specified charities when you die. They can also help you minimize the taxes you pay this year and in the upcoming years, and they can help develop an investment strategy based on your short- and long-term needs.

During your lifetime, you may come into an unexpected financial blessing or increase. If this occurs, God will test your heart and see if you will be a trustworthy steward of the wealth He has entrusted to you. Those who are found to handle blessings wisely and with a kingdom focus will often be rewarded with a second wave of blessing that will far exceed the first. You need to show that you can handle blessings in order to receive more. Your preparation today, even if you do not currently possess great wealth, will pay huge dividends when you gain wealth in the future.

**Option 2: Hire a Faith-Based Financial Planner**

Tiger Woods is arguably one of the best golfers of all time. One of the greatest observations that stand out for me is that no matter
what level of success he has achieved, he has always used a coach, from the early days with his dad to the coach he has today. The names may change from time to time, but he always has one. Ponder this: Tiger Woods is taking constructive feedback from a golfer who is less skilled than he is. Imagine for a moment what it would be like if you were one of the best in the world at what you do for a living. Would you be humble enough to admit that you can improve?

Hiring a financial “coach” (planner, advisor, etc.) allows an unbiased individual to point out mistakes that you may never see and help you potentially improve upon your results. As technology, research, and the financial world become more complex, the need for a professional advisor increases.

Wherever you are in your financial life (success or failure or in between), you can always do better than where you are today. If you are committed to integrating your personal faith into your financial plan and are in it for the long haul, you should get a personal coach. You need feedback on your progress toward getting better. Successful people and those who want to be are usually the type of people who hire a financial planner.

From the hundreds of public talks I have given over the last ten years, I have found that the general public is quite confused about how to choose a financial planner. I have put together eight of the most common questions I have been asked over the years:

1. **What does a financial planner do?**

   Well, that depends. Many individuals refer to themselves as “financial planners,” but not all perform true comprehensive financial planning. Investment, insurance, and tax professionals sometimes specialize in certain areas of financial planning (such as retirement planning, estate planning, tax planning, or investment management). A Certified Financial Planner™ professional is qualified to give you comprehensive financial advice as a result of examination, continuing education, board certification, and accumulated experience. In general, individuals who call themselves “financial planners” aim to help you plan for your goals and needs and improve your unique financial situation.
2. **What doesn’t a financial planner do?**

A financial planner cannot make you a thriftier shopper, a better saver, or help you earn more money. Ideally, he or she will look at your financial “big picture” and help you work to enhance it via money management. Depending on their credentials, they may recommend specific investments, long-run investing strategies, insurance options, retirement planning, risk-management methods, and more.

3. **Who needs a financial planner?**

If you have some significant assets built up (a home, a retirement fund, savings, etc.) and are wondering about how to protect and/or grow those assets, you’re probably ready for a financial planner. If you currently live paycheck to paycheck or have less than $10,000 combined in your savings and/or any retirement accounts, then you’re probably not yet in need of a financial planner. Researching savings strategies and taking a good look at your spending habits is a good place to start building wealth at a faster pace.

4. **How much does it cost?**

That is a tricky question to answer. The cost of hiring a financial planner can vary depending on who you hire, where they are located, and what type of “fee structure” they use. A *fee-only* financial planner earns a flat fee, hourly or otherwise. A *fee-based* planner generally prefers to charge advisory fees (often .50 percent to 2 percent annually of the assets under management) for his or her services, rather than commissions linked to investments or product sales.

In occasional instances, charging commissions may actually be more cost-effective for you but not as beneficial. A *commission-based* planner typically receives the total percentage of his or her income in up-front commissions; therefore, some may feel they have little incentive to service you on an ongoing basis.
In most cases, your initial meeting with one of these professionals will be free of charge (be sure to ask in advance about this), and you can discuss fee schedules and compensation arrangements at that time.

5. What is a “CFP®”?

If you see the designation “CFP®” after a planner’s name, you have found a Certified Financial Planner™ professional. A CFP® professional has passed a comprehensive examination, amassed three or more years of qualifying full-time work experience, and enrolled in continuing education courses. A CFP® professional must also adhere to a strict code of ethics as set forth by the CFP® board.

Can you claim to be a financial planner without being a CFP® professional? Yes, although it’s important to point out that the field of financial planning remains vastly unregulated—meaning almost anyone can call themselves a “financial planner.” Does that mean a planner without their CFP® designation is unqualified? Not necessarily. But if they aren’t certified, you may want to inquire about their experience and training.

6. How do I choose a planner?

In two words . . . ask questions. Ask trusted friends or colleagues for referrals. Sit down with any planner you’re considering and find out how long they’ve been in business, what their credentials are, how they operate, etc. Most important, make sure if and when you hire a planner that your personalities will mesh. This is a person you may well be working with for the rest of your life, so you should choose someone you feel comfortable with.

7. What is so different about a faith-based financial planner?

There is typically a difference between the kind of advice you will receive from a faith-based advisor and that received from any other
advisor. When you choose a financial advisor of any discipline, you are looking for several things, most important that your advisor is first and foremost interested in your needs. You want someone who is competent, performs their work with excellence, and possesses humility and integrity. So, what is the difference between faith-based and non-faith-based advisors? I believe there are some primary differences between any financial planner and a faith-based planner who has a predetermined process of how to incorporate an investor’s faith into their financial plan.

Ultimately as a faith-based investor, you should expect your advisor to give advice that is consistent with God’s Word. This stems from the advisor’s belief that they are handling God’s resources. Scripture contains more than two thousand verses dealing with money and money management. His principles and truth transcend time, income levels, cultures, experiences, tax law changes, market ups and downs, etc. God’s Word is a light that can guide every area of your life including your finances. You should expect a faith-based advisor to be prayerfully seeking God’s wisdom to share with you as they make recommendations relative to your financial situation.

Second, a faith-based advisor should have a worldview or a perspective that is different from that of the typical advisor. This viewpoint is often eternal in its nature and, consequently for the client, helps him or her to actually be a manager of God’s resources. The advisor may help a client make financial decisions that have eternal consequences. The faith-based advisor is not necessarily better, but he is different.

**Faith-Based Millionaire Mind-Set**

Learn how to control money before it controls you.
The third reason is that the character of a believer in Jesus Christ should be of a higher standard than the character of a nonbeliever. The character qualities of that advisor should be based upon Scripture.

8. How do I find a faith-based financial planner?

Two organizations that I have researched provide resources, tools, and training for Christian advisors. These two organizations provide leadership, discipline, accountability, and training for financial professionals looking to incorporate their faith into their financial practice:

Kingdom Advisors

www.kingdomadvisors.org

The Kingdom Advisors organization serves by revealing biblical wisdom to financial advisors, trusting they will respond by integrating spiritual principles into their counsel so their clients may realize expanded opportunities for kingdom impact.

They seek to provide:

• Knowledge and understanding of spiritual principles to integrate into their counsel
• Know-how for communicating with their clients and developing/managing their practices
• Purpose realized in their spiritual calling for fulfillment, influence, and marketplace impact

They are positioned in the industry as a professional education, training, and development organization for faith-based advisors.

National Association of Christian Financial Consultants

www.nacfc.org

Members of the National Association of Christian Financial Consultants (NACFC) are professionals associated through a personal
relationship with Jesus Christ, and are committed to both investing and financial planning disciplines centered upon biblical principles. Members of the NACFC meet the following standards:

- Members will have expressed a testimony to a saving knowledge and relationship with Jesus Christ.
- Members will be professionally trained investment counselors in good standing with industry regulators to ensure their professional integrity.
- Members will commit to integrating biblical principles and guidelines into their own money-management philosophy.
- Members will consider the accountability of the ultimate use of investment dollars striving to keep the money of Christian investors away from companies whose products, services, or corporate policies violate biblical principles.
- Above all, members of the NACFC publicly claim that their professions, families, and possessions are gifts from God, and that their predominant role is to manage their business with obedience and accountability to God in directing the investment dollars of the customers who trust them to do so.

A Wise Choice

When faced with the two choices I have highlighted, I strongly recommend finding a planner who can include your faith in your financial plan. A faith-based planner will be able to sort through all of the investment choices and help you decide whether individual securities, mutual

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“The mind of man plans his way, but the Lord directs his steps.”
—Proverbs 16:9 NASB

“Listen to advice and accept instruction, and in the end you will be wise.”
—Proverbs 19:20 NIV
funds, or separately managed accounts make the most sense for your situation. Doing it yourself may prove to be less costly in the short run, but buyers beware, you often get what you pay for. If you are not a professional in this area, my best professional advice is to seek wise counsel. It could be the best financial decision you will ever make.

THE FAITH-BASED MILLIONAIRE™ ACTION PLAN

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Analyze your current financial plan (if you have one).
- Decide if you need a faith-based financial planner.
- Research the various faith-based investment options available.
- Use faith-based research and financial planning tools.
- Look to Kingdom Advisors or the NACFC to find a faith-based planner.
- Commit to creating or updating your financial plan to include your faith.

New Changes, New Beginnings

Essential Habit #4: Establish a financial plan.

Without a Plan, You Plan to Fail

Most people have not determined their financial goals, let alone developed a plan to reach them. You should begin with some basic decisions as you prepare to head down the road of your new financial life. If you do not plan where you want to go, you will likely end up somewhere other than your desired destination. While it is definitively important to have a plan in place, it is critical to have a strategy to execute the plan. Dwight D. Eisenhower once said, “Plans are worthless, but planning is everything.” Financial planning can be viewed in a similar fashion. You might have a

“A dream is just a dream. A goal is a dream with a deadline and a plan.”

—Harvey Mackay
plan, but if you do not have a course of action to implement the plan, your plan is worthless.

Many do not plan because they have a false notion that financial planning is a laborious and complex task. In reality, it can be pretty simple. Over the years I have helped many clients develop financial plans. These plans often cover some basic areas such as cash flow, investments, net worth, tax planning, risk management, income planning, estate planning, college funding, and retirement planning. No doubt, every one of these areas is important in relation to the financial planning process.

A key element of a faith-based financial plan deals with your financial habits, and in that area there are generally two types of people—savers and spenders. There are those who spend first and save what is left, and those who save first and spend the remainder. If you want to accumulate wealth, learn to become a saver.

I recently met with a client of mine named Ed who has been retired for fifteen years. Over the years I have gained a lot of wisdom from him. He once shared with me his greatest financial secret in life: “Lean on God during the highs and lows, watch what you put in your mouth, get

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ONE POSSIBLE REASON
WHY THINGS
AREN’T GOING
ACCORDING
TO PLAN

IS THAT
THERE NEVER
WAS A PLAN.

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plenty of exercise, and always put a little aside.” It seems so simple, yet here he is in his late seventies, acting younger than clients I have who are in their forties. He gets it!

A successful retirement is not just about money. It is about the triad of health: your spiritual health, your physical health, and your financial health. It doesn’t matter how much money you have when you retire if you have poor health and no relationship with God. There is nothing complicated about a plan that calls for having faith in God, eating right, frequent exercise, and regular saving.

**Do You See the Bigger Picture?**

By examining your financial picture it is easier to create strategies that will enable you to stay on track with your financial planning process. A financial plan will provide the needed framework to help you become and continue to be organized. Think of this as your financial blueprint. If you were building a house and had no blueprint, your house would most likely have many problems. But with a financial plan, you can create a blueprint that neatly lays out a plan for future financial success. If you make the decision to meet with a financial professional, the process of creating a blueprint will begin with looking at your past, current, and future financial pictures.

**Do the “Four Step”**

Setting up a financial plan that incorporates your faith involves four important steps. I will show you how to create a financial plan that adds more meaning to your life, helps you clarify your purpose, and helps you take steps in the right direction. Where there is a will, there is a way. I will show you the way. Here are the four steps we will cover in this chapter:

1. Set financial goals.
2. Prioritize your financial goals.
3. Take a financial inventory.
4. Set your plan in motion.

**Step One: Set Financial Goals**

Your goals should be based on needs rather than just wants. You may sometimes allow greedy intentions to get the best of you. When you learn contentment, you often begin to set goals that focus on your greatest needs rather than selfish desires. With financial freedom being a goal of many, setting proper financial goals will help you move in that direction.

![Image of a person running]

**How Much Land Does a Man Need?**

After slowly accumulating more and more property, a greedy man named David hears that a man is giving land away. This is a dream come true. He decides to visit him, and the man offers David as much land as he wants, provided he can walk its perimeter in one day. David agrees and goes out on his trek, but when the sun starts to set, he finds he has walked too far. Running back, David collapses at the starting point.
point just as the sun disappears behind the horizon. The man tries to congratulate David, only to find him dead. To answer the question “How much land did David need?” David was buried in a hole six feet long by two feet wide. That was all the land he really needed.

**Set It and Forget It?**

Setting goals is a very important part of life in general and of financial planning in particular. Before you actually invest your money, you should spend some time considering and setting your personal financial goals. For example, do you want to retire early? Would you like to start your own business soon? Do you need to pay for your children’s college educations? Would you like to buy or build a new house? Would you like to fund a ministry project or help a worthy cause? In addition to these, there are several other questions you should consider to develop an appropriate financial plan. First, what is your time horizon for your goals? Second, what is your investment risk tolerance? Third, what are your liquidity needs? Finally, what are the most appropriate investments to help you achieve your goals?

Start by setting your goals, and don’t forget that you cannot make progress without revisiting these goals periodically. Most people do not begin because they do not know where to start.

Your financial goals typically can be separated into three main categories: assets (savings and investments), liabilities (debt), and cash flow (income and expenses). I will briefly cover some simple guidelines in each of these areas to help you get started as you ponder your personal financial goals.

**Asset Creation Goals**

This is where wealth creation happens. An asset is something you purchase that has the ability to go up in value and provide income. The goal for most faith-based millionaires is to increase assets so that they can produce more income to help more people. Do you follow the logic
that an increase in assets increases income, which increases the ability to give more to help those who are less fortunate?

If you are trying to save more, start or add to an existing emergency fund. Take some time to learn about different savings vehicles. You can also learn ways to minimize taxes on your savings. The bottom line is to develop a process to maximize your savings returns.

After a hard day at work, do you ask, “When can I retire?” Retirement may seem a long way off, but it’s never too early to start planning—especially if you want retirement to be the purposeful life you imagine. Retiring to something purposeful takes planning. The earlier you start, the sooner you can make it happen.

You may also want to send children or grandchildren off to college. Estimate how much it will cost. Think about how you might resolve conflicts between goals. For instance, if you need to save for your child’s education and your own retirement at the same time, how will you do it?

You should start saving for your future today. It is never too late. Fund your retirement accounts—maximize 401(k)s, traditional IRAs, or Roth IRAs. You should seek to develop wise investing habits and rebalance your portfolio at least once a year. Create financial goals to help you increase your wealth by increasing your assets.

**Liability Management Goals**

Liabilities are items that require you to pay back principal and/or interest. These include your various financial obligations. The amount of a liability is the balance remaining to be paid. Buying on credit increases your total liabilities, while paying debts decreases them. Unless liabilities are creating income or building your asset base, you should seek to minimize them. Examples of liabilities include loans, mortgages, and credit card balances.

If you are trying to reduce debt, you can develop a plan for paying off your credit cards. You can create a budget if you don’t have one. You may also want to pursue spending strategies that will stretch your
dollars and help you live within your budget. Another wise choice is to pay a little extra on your mortgage principal each month, if you are able.

**Cash Flow Goals**

Cash flow is simply the amount of money coming into and going out of your household on a monthly basis. Your financial goals should seek to minimize money going out (expenses) and maximize money being paid to you (income).

Income is something that is paid to you generally in the form of wages, dividends, or interest. Money, gain, or anything of value that you receive from whatever source generally is included in your income. Income can come from passive or active sources. If you work and receive any form of compensation, this is active income. It requires your action. Passive income, on the other hand, is derived from your investments (real estate, stocks, bonds, etc.). When your passive income exceeds your active income, money is working for you instead of against you. Here are some examples of income:

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**Income: Money into Your Pocket**

Start by adding up all of your income. In addition to your regular salary and wages, be sure to include other types of income, such as dividends, interest, and child support.
Next, add up all of your expenses. To see where you have a choice in your spending, it helps to divide expenses into two categories: fixed expenses (e.g., housing, food, clothing, and transportation) and discretionary expenses (e.g., entertainment, vacations, and hobbies). You’ll also want to make sure that you have identified any out-of-pattern expenses, such as holiday gifts, car maintenance, home repair, and so on. To make sure that you’re not forgetting anything, it may help to look through canceled checks, credit card bills, and other receipts from the past year. Finally, as you itemize your expenses, it is important to remember your financial goals. Whenever possible, treat your goals as expenses and contribute toward them regularly.

**Step Two: Prioritize Your Financial Goals**

It is important to begin the financial planning process by clarifying your priorities. Whether you want to save for a new home, start a new business, send children or grandchildren off to college, fund a ministry, or plan for retirement, planning is often a key to success. To get started, write down what you want to accomplish in order of importance. Once your list is prioritized, start right away with the first goal or accomplishment on your list. What will it take you to realize this accomplishment? Keep focused on your goal and work toward your desired outcome until it is complete. Once this goal is completed, start the process again with the second priority on your list, then the third, fourth, fifth, and so on. It does not matter if you are not able to do everything within a prescheduled period of time. However, what is important is that you have decided the relative importance of the things you want to complete and are decisive about your priorities. Keep your priorities in a daily planner and strive to stick to them. Make this a daily habit.

**Step Three: Take a Financial Inventory**

If you don’t know where you are today, how can you possibly know if you are heading in the right direction? How are you at saving money
for your future? Though you may have bank accounts, CDs, retirement mutual funds, 401(k)s, and other investments, is there a method to the madness? Is there a process or a plan? If not, how do you gauge whether you are on track or not? Do you have investments? It is difficult for God to bless investments when there are none.

To make progress, you need to determine where you stand today. This reality check consists of compiling all of your statements, savings and checking account documents, investment statements, credit card statements, loan and mortgage receipts, and 401(k) accounts, if you have any. In other words, everything you own or owe. Are you living at your peak financial potential or wasting away valuable dollars each day? Challenge yourself to get a good handle on your finances. The most important things to analyze are:

✓ How much income do you have on a monthly basis?
✓ What are your monthly expenses?
✓ Are you saving?
✓ What is the total amount you owe?
✓ What is your net worth (assets minus liabilities)?
✓ How much are you giving?
✓ Are you buying assets or liabilities?

By taking an up-to-date inventory of your assets, liabilities, income, and expenses, you can get a current picture of your financial situation. This will also tell you in what financial direction you are heading. For a quick frame of reference, keep these points in mind:

• If your assets exceed liabilities, you are heading in the right direction.
• If your income exceeds expenses, you are heading in the right direction.
• Now . . . make sure you are buying additional assets and continue to minimize future liabilities.
Gain Confidence, Change Direction

Now that you have an idea of where you are heading, you should be able to tell if you are going in the right or wrong direction. Once you gain confidence and see the bigger picture, you have the opportunity to change direction. This new insight should allow you to see things in a different light. Now every spending decision should include an evaluation as to whether you are adding to or subtracting from your wealth. This often creates new feelings. Your feelings lead to actions. Your actions lead to results. Focus on the results!
You may need to reset your financial thermostat—have a new outlook on wealth. A positive attitude goes a long way. It helps to support happiness and success. Every step in the right direction will enable you to gain momentum. As you incorporate your faith into your financial plan, keep in mind the driving passion behind your financial goals. Accumulating assets for a greater purpose can be a good thing, but accumulating solely for the purposes of greed can be a lost cause.

**Step Four: Set Your Plan in Motion**

**Simplify Your Financial Life**

Many mistakes are made simply because people get overwhelmed with financial statements, bills, and all the endless papers. They become unorganized and things seem more complicated than they really are. In order to change your financial future, I recommend that you put as much of your finances on autopilot as you can. The key to this is to develop a system.

 ✓ **Get organized.** Set up a filing system at your house for your bank, brokerage, tax, insurance, and other financial records.

 ✓ **Get rid of paperwork you’re sure you don’t need.** Many people hold on to bills, bank statements, receipts, canceled checks, and other documents far longer than necessary simply because they worry about some day needing them to prove a payment or another transaction. Keep only the statements you truly need and shred the rest. It’s a good idea to keep your tax returns forever. But you can usually toss the supporting documents, such as canceled checks and old receipts, three years after you’ve filed the return.

 ✓ **Consolidate accounts.** Think about how many different financial institutions you use and how many accounts you have. You may be able to simplify your finances, reduce mail and paperwork, and even get better deals by concentrating your business with fewer institutions.

 ✓ **Use direct deposit.** Ask to have your pay, pension, or Social Security benefits automatically deposited into your account at a financial institution. The service is free and easy to set up. Deposits are made
quickly—checks don’t sit around your house waiting to be delivered to the bank. You avoid filling out deposit slips, preparing envelopes, and waiting in teller lines. And, direct deposit is safe and reliable, while paper checks can be lost, misplaced, or stolen.

✓ **Put your savings on autopilot.** Arrange with your bank, employer, or Social Security Administration to automatically transfer a certain amount each month to a bank account, mutual fund, or other investments. The old saying is “Out of sight, out of mind.” This approach helps you stick to a savings plan because the investments are made like clockwork, and the results over time can be impressive.

✓ **Automate recurring bills.** Arrange for automatic withdrawals from your checking account to cover recurring expenses—for example, mortgage loans, utility bills, health club memberships, or insurance premiums—at no charge to you. This takes the hassle out of making scheduled payments and helps avoid late charges or service interruptions.

✓ **Explore banking and bill paying over the Internet.** Online banking lets you review deposits and withdrawals, keep track of your balance, and transfer funds between linked accounts twenty-four hours a day, seven days a week. Most banks also allow you to pay bills quickly and easily online by keying in a few details and clicking “OK.” Online bill paying often is either free of charge or carries a fee that is usually less than what you’d spend on postage.

Avoid Financial Shortcuts

Simplify, but don’t cut corners. There is no shortcut to wealth. Sorry to bring the rain to the parade. It takes financial education, lots of hard work, and time to become a successful investor. You need to have a thorough self-evaluation process, create a well-thought-out financial plan, carefully execute the details, and keep good records. In a world full of self-help books, TV, radio shows, and websites, there is no shortage of advice. Today advice is big business. The reality is there are no one-size-fits-all shortcuts to wealth. Slow and steady wins the race. God wants us to gather money little by little and make it grow.
There are no shortcuts to any place worth going.
—Beverly Sills

Make a commitment to doing it the right way! Scripture shows that there is a general connection between faithfulness and prosperity. This includes both nonfinancial blessings (e.g., the joy that comes from giving to the Lord) and financial blessings. In the Old Testament King Solomon wrote, “A generous man will prosper” (Proverbs 11:25 NIV); and in the New Testament the apostle Paul wrote, “Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously” (2 Corinthians 9:6 NIV). In other words, in giving, as in many other areas of life, input often determines output. The money put into God’s kingdom does not disappear. Rather, in many cases, like a good investment, it often comes back to us. There is an observable and biblical correlation between financial sowing and financial reaping. But just when you might think that the apostle Paul is giving us a biblically sanctioned get-rich-quick scheme, he goes on to explain the specific reason for this correspondence. Why does God enrich those who give generously to Him? It is not for increased comfort but for further generosity. In the words of the Apostle, “You will be made rich in every way so that you can be generous on every occasion” (2 Corinthians 9:11 NIV). God gives more, but what He gives more of is seed, which is meant to be resown. Trying to turn God’s promise into a means for selfish gain short-circuits God’s process and His promise no longer applies. God replenishes the store of the generous; He does not line the pockets of the greedy.

The Ultimate Get-Rich-Quick Strategy

A young man asked an older rich man how he had made his money.

The old guy fingered his worsted-wool vest and said, “Well, son, it was 1932, the depth of the Great Depression. I was down to my last nickel. I invested that nickel in an apple. I spent the entire day polishing the apple and, at the end of the day, I sold the apple for 10 cents.

“The next morning, I invested those ten cents in two apples. I spent the entire day polishing them and sold them at 5:00 p.m. for 20 cents. I contin-
ued this system for a month, by the end of which I’d accumulated a fortune of $1.37. Then my wife’s father died and left us two million dollars.”

**Maintain a Long-Term Perspective**

**Keep an Eye on the Horizon**

Money may seem complex if you get bombarded by CNBC, *Money* magazine, the *Wall Street Journal*, *Barron’s*, and other financial newspapers, magazines, and shows. If you choose to turn off the noise and examine yourself first, you will better understand your personal attitude toward money. Sometimes you must take two steps back before you can take three steps forward. Money isn’t as complicated as it’s made out to be, but first you need to understand what money means to you.

When on a boat (large or small), many people become seasick because they feel the up and down motions. The best advice I have heard is to focus on the horizon. Focus on something far away, which helps your mind become less aware of the ups and downs. Investing and financial planning are the same way. If you focus on the noise of each day and focus on the ups and downs of the market or your financial life, you can easily become “seasick.” If you instead turn off the noise and focus on the long-term results, you are more apt to feel at ease. Worry-

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**FAITH-BASED WISDOM**

**Don’t be a part of the “Casino Culture.”**

**casino culture** *n.* A culture in which low-percentage money-making schemes—such as high-tech stocks, day trading, lotteries, and domain name speculation—become mainstream investment vehicles.

Source: http://www.wordspy.com/words/casinoculture.asp
ing never solves problems, but planning has. Always keep a long-term perspective and create a plan to track and measure progress.

**Check Up Before You Wreck Up**

**Your Financial Black Box**

Dr. David Warren of the Aeronautical Research Laboratories in Melbourne, Australia, invented the “black box” flight data recorder. He was the first person to conceive the idea of recording the flight crew’s conversation on an airplane and protecting that recording in the event of a crash or fire. The purpose of the black box was to help identify the reasons for a plane crash by recording any clues in the flight crew’s conversation. The black box was invented in 1953 and in production by 1957. The first ones were painted bright red or orange to make them easier to find after a crash. In 1960, Australia became the first country to make flight recorders mandatory in aircraft.

Like a black box that provides documentation in the event of a crash, each moment, each decision or choice made is being recorded. God sees everything you do. Everyone makes mistakes, but what do you do when you make mistakes? Turn to the source of creation or cover it up and move on? When financial disasters come your way, there are typically patterns and behaviors that create the problems. If you take the time to examine all the things you are doing and what you could do better, you have a better chance of avoiding major crashes. Make a conscious effort to have your financial plans evaluated regularly. Just like a plane needs regular tune-ups and scheduled maintenance, your financial life should be evaluated on an ongoing basis. You may be well on track today, but tomorrow’s events may change your circumstances. Be prepared for any change and be ahead of the curve. You will feel less turbulence, and you will be ready for any bumps along the way!
Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Take time to learn more about finances.
- Spend at least fifteen minutes each week learning something new about the money world.
- Buy assets over liabilities and concentrate on increasing income and reducing expenses.
- Avoid financial traps and implement positive thinking.
- Focus on long-term goals rather than short-term events.
- Continually ask God for guidance and direction in your financial life.

**FREE RESOURCE #4:** “Financial Inventory Sheet: How to Organize Your Finances.” Go to www.jayperoni.com/reader-only-resources.php.
Essential Habit # 5:
Give generously to help those less fortunate.

The Get to Give Manifesto:
Why Having More Is a Good Thing!

Many people “give” only to “get.” They choose to give money so they will be blessed, which is backward thinking. We as God’s people should seek to “get” in order to “give.” Keeping God as your top priority and having a financial plan based on the goal of being more generous will allow you to pursue both God and wealth. It all begins with an assessment of your heart.

Your heart reveals who you are. It reveals your desires, your motivation, and ultimately who you become. Matthew 6:21 says, “Where your treasure is, there your heart will be also” (NIV). So I ask you, what
is your treasure and where is your heart? How do you view money, and how important is money to you?

You may be like many and say money does not matter to you. You may even say that money is the root of all evil or that it’s hard for the rich to enter heaven, so you do not pursue wealth. It’s not your thing . . . You may even think your money struggles and challenges are your sacrifice for God. Often many people falsely identify riches as evil because of the rich young ruler portrayed in Matthew chapter 19.

When you break God’s Word down and look at God’s most basic interest in you, you’ll find that He wants to know the intentions of your heart. Your heart reveals how you view money. Are you in love with God or money? It is “the love of money” (1 Timothy 6:10 NIV) that is the root of all evil, not the money itself. Money is neither good nor evil. It can be used for both good and evil purposes. Most of the people I have observed who say money is not important act otherwise. The words speak, but the actions speak louder.

A person who struggles with money is often a slave to money. Many who say money is not important focus and desire money more than those who have abundance. This is because those struggling are often up to their eyeballs in debt, are less likely to be able to “afford” to tithe, and choose jobs rather than callings to “pay the bills.” In other words, they let money control their choices—what they can and cannot afford to buy, whether they can or cannot give, and where they work.

This can be as dangerous as the person “in love” with money. It can have the same power over you. The rich young ruler needed to get rid of his riches because the riches were first in his life—above God. If you place God above riches, there is no reason to view money as evil. In fact, it can be used for His purposes.

If you instead choose to have power over money, you can use money as a tool to advance God’s kingdom by supporting ministries and helping to build churches, thereby saving lives and souls for God’s glory. How you think about money and your relationship with money reflect your true intentions. How you earn money and what you do are what matters most. A desire to be wealthy so you can be more generous
is not wrong. However, a desire to be wealthy so you can be self-indulgent is wrong.

I wrote *The Faith-Based Millionaire* to help people “get” more so they could “give” more. The “Get to Give Manifesto” involves seven commitments:

1. Commit to tithing (10 percent of your income and financial gains) and commit to offerings (additional gifts above your tithe).
2. Commit to having a larger vision of how you can help advance God’s kingdom—your specific calling and how God can use your time, talents, and treasure.
3. Commit to changing your perspective of wealth—it is a tool that is used to do more of God’s work.
4. As a Christ follower, commit to taking more risks! Stop being so cautious all the time; stop seeking safety! God wants you to lay it on the line.
5. Commit to increasing your assets so you have more to give.
6. Commit to becoming better educated about your finances—choose sound investments that complement your faith.
7. Commit to seeking wise counsel from a team of professionals who share your faith.

Poverty does not spread the gospel; it spreads hopelessness and despair. It costs money to fund ministries, build churches, print tracts, and feed bodies and souls. You can win at the money game and experience financial freedom that will allow God to fully use your time, talents, and treasure! Learn how to truly “master” your money rather than being “enslaved” by it. This is a choice—which path will you choose?

**Giving Advances God’s Creation**

Every financial plan should have the flexibility to allow you to give to any organization or charity you wish to support without putting a strain
“Some people give time, some money, some their skills and connections, some literally give their life’s blood. But everyone has something to give.”

—Barbara Bush

on your monthly finances. This should be a top priority in any faith-based plan. The first investments should be in God’s kingdom. By this I mean building churches, helping ministries, and supporting local church-funded charities. Many people do not implement giving in their monthly budget, financial plan, or investments. Although it’s commendable to give what you can, when you can, this is not the motto of a faith-based financial plan. One piece of advice I often give young Christian couples is this: “God does not want a tip, He wants your whole heart and for you to show Him that He is number one in your life.” Money is like seeds to a farmer. Each dollar can be planted to produce more and more dollars. The same can be said about your income. Don’t save and spend all of it; rather, give some back to God, and reap what you sow.

**The Law of Reciprocation**

Unfortunately, it goes without saying that many Americans today give just to receive. Evidence of this exists all around the world. When you’re mad at someone they often become mad at you. If you are nice to someone, they’ll usually be nice back. When someone goes out of their way to do something nice, most people will try to return the favor. The law of reciprocation is at work everywhere.

When you look at finances, many people will discredit the law of reciprocation in this area. I disagree. I have seen many people refuse to give money to charities because they think that money donated is money that will be hard to make back, or it won’t be used for its intended purpose. This thought process occurs out of fear, greed, materialism, or selfishness. People often refuse to give because they believe they will not receive instant gratification.

When you have faith you should have every reason to believe you
will be blessed when you give. It may not be today, tomorrow, or the next day, but you will be blessed. I have seen this firsthand in my life and the lives of countless others. Sometimes blessings come in the monetary variety, but often there are more important blessings. One personal example involved good friends of mine who tried for years to get pregnant with many difficulties. Then one day out of the blue, we got a call saying they were finally going to have a baby! There are numerous examples of this happening every day—even people beating cancer, overcoming serious illnesses. One day they’re on a deathbed, the next day they’re walking around as good as new. I am talking about supernatural occurrences—things that could never be logically explained.

Are these stories of God giving back miraculously to those who give to Him? I believe the answer is yes. Still, even with real-life stories of the miracles God blesses us with, so many still have that little voice in their head of self-doubt. We live in such a results-oriented society that many people want a return the second they give. Like food that fills you up and drink that quenches your thirst, you may become accustomed to the “If I do X, then Y will occur” mentality. When you give money to a charity or ministry, there may not always be an instant reward. That is the point! It is so beautiful, yet so simplistic: when money is given away, there should be no expectation of a return. People will always remain skeptical, but I firmly believe that even if getting is a natural outcome of giving, it should not be your motivation to give.

**Give Without Expectations**

If you purposefully give your money away, that kind of authentic generosity often spills over into other areas of your life. You become more generous with your time, words, and actions toward your friends, families, and coworkers. Compare and contrast those who willingly give money away to a worthy cause because they want to with those who refuse to give a dime away because they don’t see how it will benefit them. Compare their personalities. Is one more selfish than the other? Would people be willing to help the selfish one? Is one more caring and
helpful than the other? Would people gladly help the one more caring and helpful?

Giving without expectation allows you to conquer the quality of selfishness that seems to condition the majority of people when it comes to money. Selfish thoughts of What’s in it for me? prevent many people from giving.

The only way to overcome that negative conditioning is to develop a willingness to give. Learn to give because you willingly want to help others. Not everybody can cultivate the desire to genuinely give, but if you do, rest assured, your return will be hundreds of times more valuable than what you gave in the first place.

God’s Economy

There is a moral obligation to help those less fortunate. God’s economy is quite different from man’s economy. By serving those in need, you are ultimately serving God Himself. If you fail to help those in need, you fail to serve Him. When you truly love others, this means you are caring for others in the same manner in which you would want to be cared for.

When you look around the world—at the wars, natural disasters, illnesses, crimes, or jobs lost—you see people who need help meeting their most basic needs of food, clothing, and shelter. When you help provide care for the physically and emotionally wounded or provide job training and economic empowerment or provide emergency relief after famine, war, disease, and natural disasters, you have the opportunity to show God’s love.

Medical problems and ongoing financial hardships can sometimes create lengthy dependent relationships. It makes sense to attempt to discourage long-term dependence, but this should not be done in a judgmental manner, especially not in such a way as to keep your money to yourself. God has made many people wealthy so that they might spread wealth around to those in need. While it stands that you should be cautious not to create unnecessary dependencies, be careful not to use this as a reason to not spread the blessings that God has provided you.
I Woulda, Coulda, Shoulda

The biggest stumbling block that I see when it comes to giving is people putting self-interests above others’ interests. When you have selfish motives or a materialistic attitude it becomes increasingly difficult to stick to a set of principles. For example, if greed, jealousy, envy, or other selfish desires get the best of you, the almighty dollar becomes a major focal point. Not only will this force consume you, it will eat you alive! You see, unless you find true contentment, you will always be envious of someone with more money and more things who is better-looking, younger, or has something that you want.

Without contentment, there is no line to be drawn; there is no point where you say enough is enough. Once you cross the line, it becomes easier and easier to push that line farther and farther out. It seemed innocent at first. Now, your desires for more have gotten the best of you. You may even wake up one day, look at yourself in the mirror, and not even recognize who you’ve become. Make money your god, and before you know it you often become a slave to money. When this occurs, you will stop at nothing to obtain more. Like Gollum from the Lord of the Rings series, you become consumed by money and it becomes your “precious.” Avoid the stumbling block by learning to become content. This involves breaking free from consumerism and materialism.

FAITH-BASED WISDOM

Don’t catch “affluenza.”

affluenza (AF.loo.en.zuh) n. An extreme form of materialism in which consumers overwork and accumulate high levels of debt to purchase more goods (affluence + influenza).

Source: http://www.wordspy.com/words/affluenza.asp
Break Free

The major way to give more is to break free from the grips of materialism. The goal of this life should not be to accumulate money for the sake of personal gain. As a person of faith, our God may bless us with wealth, but it ultimately belongs to Him and thus should be used to glorify Him.

The American lifestyle is easily glorified. I don’t want to sound anti-American; America truly is the home of opportunity. With a creative mind and a hard work ethic, anything is possible, but don’t be fooled by the extravagant lifestyles of the rich and famous. They make up a small percentage of the country’s population. Don’t try to compete. Instead, start by examining your lifestyle; look at the clothes you wear, the car you drive, the house you live in, and all of the luxuries you have. Again, it comes back to appreciation for what you have. America is a land of excess, and I understand it’s easy to become attached to “things.”

Change Your Money Attitude

The problem is not money itself, but rather how you think about money. Whether you are rich or poor, you can be equally trapped by materialism. What are some of the signs that you are trapped?

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• You love the idea of excess wealth.
• You desire wealth for the wrong reasons (selfish intentions).
• Your spending and giving habits favor self-interests over God’s interests. You serve money instead of God.

The poor man who will stop at nothing to have a larger house can become equally as obsessed with money as the rich man who has a larger house, but still looks for a bigger home. You are just as susceptible when you have little to no money as when you have more money than you would ever need. You can avoid materialism by having the proper motives. There are noble reasons to save for future needs—to become financially free, to send children to college, to save for retirement, and so on. Though these goals can also appear to be self-serving, in reality they are providing for your family and preventing you from relying on others to help you out.

Faith-Based Millionaire Mind-Set

Prosper to be generous, not greedy!

Work for Something Worthwhile

I see many people working hard to meet their family’s immediate needs and to support organizations and charities they value. They have purpose and a strong set of priorities. On the other hand, I also see many working hard just to accumulate nicer things and to spend more on personal pleasures. This is where you can begin to step into the undercurrents of materialism. Be careful. The undertow will sweep you away.

It is not that you are making a large salary that creates the problem.
It is when you do not reciprocate your blessings and give back to those less fortunate that materialism can creep in. Don’t get me wrong, it is okay to have some nice things. God created this world for our enjoyment, but realize this world is temporary, eternity is forever.

Ask yourself these questions:

- Do I find contentment in the things I already have or do I long for more?
- Are my dreams for the future about things or people?
- Do I find myself comparing my accomplishments and material possessions to those of others around me?
- Do I buy items based on prestige rather than value?
- Could I live in a smaller house/apartment?
- Could I sell my car and buy a less expensive one?
- Could I give up all my material possessions?
- What are some of the most important things in my life? Are these things being properly reflected in how I allocate my time, money, and energy?

**Houston . . . We Have a Problem!**

The above questions should help you spot any signs that materialism has crept into your everyday financial outlook. Don’t feel like a bad person if you answered yes to most of the questions. The sad truth is, companies spend billions of dollars a year to convince consumers that they need bigger, better, more improved “things.” It is not enough to convince that there is a need for their products, they strive to create discontentment, so that they have customers for life. The world advertises that things will make us happy. This is so far from the truth.

The phrase “Houston . . . we have a problem” indicates that there is a genuine report of a problem. John Swigert Jr. and James Lovell, who, with Fred Haise Jr. made up the crew of the Apollo 13 moon flight, used this phrase to report a major technical problem back to their Houston base. The exact phrase was recorded as:
Swigert:  Okay, Houston, we’ve had a problem here.
Duke:   This is Houston. Say again please.
Lovell:  Houston, we’ve had a problem. We’ve had a main B
bus undervolt.¹

You will not realize that you have a problem until you understand
where your intentions lie. Are you working for the joy of God or just
for your own joy? If you get caught up desiring more, paying for the
things you cannot afford to keep up with the Joneses, you minimize
your abilities to reach out to those who are hurting and in need. The
reality is, true joy is found only in God.

When you place your trust and guidance in God, you begin to
understand the differences between needs and wants. You may want
much but often need very little. It is when you enter into the world’s
philosophy of “Have it now, pay for it later” that you can get into
problems! The more you have, the more you have to lose, but through
God you gain all you will ever need. Finding contentment in Him and
breaking the chains of materialism lead you to the place He wants you
to be. Learn to trust God with your finances, and He will enable you to
break free from the bondage that has enslaved you.

**Find True Wealth**

Find true wealth by putting God first in your life. Give all things
to Him. Hold your wealth in your open hands and give it all to God.
Don’t put your trust in worldly wealth. Hard-earned wealth can disap-
pear overnight as economic bubbles burst, companies go bankrupt, and
housing markets collapse. Be careful where you place your trust.

C. S. Lewis once said, “All that is not of eternal use, is eternally
useless.” This is completely the point of true wealth. It has an eterno-
mal purpose. It has a foundation in faith, love, and God. Do you love
people and use things or use people and love things? The driving force
for accumulating true wealth is to advance God’s kingdom.
There was a millionaire who was about to die and wanted to take some of his wealth with him. So he started negotiations with God about the matter. God had never allowed this before so He was quite hesitant. Finally, after long talks, God reluctantly agreed to allow the man to bring his wealth to heaven.

The millionaire, thinking he would make it easy to carry his wealth to heaven, converted all his money into gold bullion. When he died, the funeral home made sure that the suitcases containing the gold bullion went with him. The millionaire arrived at the gates of heaven with all his suitcases and there was Peter. Peter told him he could not bring the suitcases into heaven. But the millionaire argued that he had already spoken to God and had His permission. So Peter got on the “God phone” and sure enough, it was true. So Peter was curious as to what was so valuable that the man wanted to bring it into heaven. Peter said, “Could I look in the suitcases?” So the man opened the suitcases and Peter exclaimed, “Why are you bringing pavement to heaven?!”

**Look Around: It’s Easy to Find Those Who Need Help**

When you look past your self-interests and seek to bring joy to others, God will bring joy to your life. It is more joyous to give than to receive. Make a commitment to live a simple life and use your wealth to support worthy causes. Until you get your priorities straight and focus on the truly important things in life, it will be nearly impossible to put principles before profits.

Once you align yourself with God and place Him first, you will often be ready to make two important mind shifts:

1. You will begin to care more about where you invest His money.
2. You will look for ways to multiply His money to help more of His people.
By pursuing these two philosophies, you place God first and break the stronghold of materialism. Place principles before profits and focus on people rather than things. This is an important step in the journey toward true wealth.

**The Antidote**

An antidote is a substance that counteracts a form of poisoning. Sometimes the antidote for a particular toxin is manufactured by injecting the toxin into an animal in small doses and the resulting antibodies are extracted from the animal’s blood. The poisonous bites inflicted by some snakes, spiders, and other venomous animals are often treatable by the use of these antivenins, although a number do lack one, and a bite or sting from such an animal may result in death. Some animal venom, especially that produced by arthropods (e.g., certain spiders, scorpions, bees, etc.), is potentially lethal only when it provokes allergic reactions and induces anaphylactic shock; as such, there is no “antidote” because it is not a form of poisoning, though anaphylactic shock can be treated.²

Giving is the only antidote to materialism. God prospers us to raise not our standard of living but our standard of giving. Martin Luther said it best: “I have held many things in my hands and I have lost them all; but whatever I placed in God’s hands that I still possess.”

Each time you give away money, you release its grip on you. By helping others, you find true meaning in life. You begin to discover purpose. You find that money can be used for a greater good. It is more blessed to give than to receive. You receive far more when you give than when you keep.

**The New Giving Mentality**

John Templeton, one of the great international money managers, once said, “The best investment with the least risk and the greatest dividend is giving.” He figured out that investing in noble causes provided greater personal gains than the financial benefits of traditional investing. If you looked at your giving activities and developed a strategy con-
sistent with your values, you may find additional motivation to increase what you make so you can give more away. When you become more selfless, life becomes more worthwhile and enjoyable. It all begins with developing a giving mentality where you truly put others before your own self-interests.

Sample giving mentality:

- I commit to helping others less fortunate than I.
- I will give at least 10 percent of my income to help others.
- Of my remaining income, I will seek to make generous gifts.
- I will ask God to teach me to give sacrificially.
- I realize I cannot take worldly riches with me when I die. Therefore, I will focus on eternal riches.

**The Greatest Message Ever**

While faith determines our eternal destination, our behavior determines our eternal rewards. Our handling of money is a litmus test of our true character. The greatest message on money and possessions is found in Matthew 6:19–24:

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also. The eye is the lamp of the body. If your eyes are good, your whole body will be full of light. But if your eyes are bad, your whole body will be full of darkness. If then the light within you is darkness, how great is that darkness!

No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money. (NIV)

Answer the following questions:
• What do you value most?
• What would you hate to lose?
• What do you think about most often?
• What gives you the greatest pleasure?

God’s primary argument against amassing material wealth is that it is only temporary. He is not opposed to wealth if you place Him first. Investing money now in God’s kingdom will pay greater dividends in heaven than you could ever see here on earth. The currency of this world will be worthless at your death. When you see your life through the lens of eternity, your attitude toward wealth will change drastically.

**Prepare to Give**

See that you need God before you need money. Money without God is like a car without gas. You won’t go very far. When you break free from the grips money has on you and learn contentment, you will quickly discover that God provides everything you’ll ever need. You may not have every want filled, but every need will be filled.

Give with a grateful heart. Realize how much good is in your life. Bad things may happen, but life is good. The glass is always half full. Try to be grateful for each day, and live it as if it may be your last. With this mentality, what can you do today that you may not get the opportunity to do tomorrow? Put God first, and find ways to give more of your time, energy, and money to make a difference.

Start small, but start somewhere. If you have never given or have been giving inconsistently, start giving regularly. Even if it is small, just start somewhere. Giving is the best gift you will ever receive. There are so many spiritual, personal, and health-related benefits. Give as a percentage of your income rather than a fixed dollar amount, and try to gradually increase your giving percentage each year.

Be on the lookout for opportunities. You do not need to look far to see others in need. Ministries, charities, and churches desperately need your help to assist others who are hurting. Despite living in one of
the greatest economic periods in world history, giving as a percentage of income has steadily been decreasing.

**WAYS TO GIVE**

When you decide to give wealth back to God, whether it is large or small, there still needs to be a process to determine how, when, and where you will give. If you keep some of these principles in mind, you will become a better giver:

**Plan in advance to give.** When you plan to do something in advance, have a process in place, and commit to it, you are far more likely to do something. Plan to give and have a system in place.

**Trust God for everything.** When He is first, your attitude toward giving will change. You will begin to see things in a different light.

**Establish giving priorities.** In order to decide where to give money, develop a list of priorities, for example:

- Your local church
- Ministries
- Charities
- Worthy causes
- Random acts of kindness

By thinking through your priorities, you are able to decide more quickly where to give your money. More significantly, these priorities will provide you with clear guidelines for where money will go. Ask God to show you where He wants you to give.

**Know when enough is enough.** When your basic needs are being met and you see others struggling, should you be investing or giving? If given the choice, giving should always win. When you analyze your financial needs and determine how much you really need to survive, it is easier to find “extra money” to give away. Many people probably cannot imagine reaching a point where they say enough is enough. Getting to this point is where you find all your needs met in God.
Many people believe that once they acquire a certain level of wealth, they no longer have to worry about money. Once they acquire wealth, the worry of having enough money often becomes replaced by the worry of losing what was gained. Both of these worries can be dangerous as they have the ability to show a lack of faith and an improper attitude toward money. This attitude prevents a lot of people from giving. Ecclesiastes 5:10 says, “Whoever loves money never has money enough; whoever loves wealth is never satisfied with his income” (NIV). It is a continual challenge to acknowledge that God is in control of our lives and to trust Him, not our wealth, with our future.

As you acquire wealth it can become difficult to resist raising your standard of living. The most effective way to limit spending is to continue to give generously. This not only restricts how much money you can spend, it also helps to keep priorities in order. Your priorities may become out of focus if you constantly put your needs ahead of others’. When you take a close look, you realize our lives here on earth encompass such a small period of time compared to eternity. It often seems there is so much to do and so little time. Don’t you sometimes
wish there were more hours in a day? When you keep your priorities in line with God’s plans for your life, you will begin to see things in a whole new light. You may reach a point where contentment is found. Then and only then will you be able to draw the line of when you have enough. That allows you to give more to others.

**Set Up Your Own Donor-Advised Fund**

Richard Lewis came into my office looking to find the best way to give $20,000 of an inheritance he had just received to his favorite causes. He wanted to maximize his gift and also receive some tax benefits. I helped him set up his very own donor-advised fund that he named “The Lewis Lasting Legacy Account.”

A donor-advised fund offers an easy way for a donor to make significant charitable gifts over a long period of time. This fund is similar to a private foundation but requires less money, time, legal assistance, and administration to establish and maintain. Because donor-advised funds are public charities, they also enjoy greater tax advantages than private foundations.

It’s easy to set up an account. The donor first signs a letter of understanding with the administering organization, establishes an account, names the account, and recommends an investment strategy. Then, the donor makes required minimum gifts of assets, which may include cash, real estate, stocks, mutual funds, closely held securities, and, in some instances, private and restricted securities, depending on the donor-advised fund. The required minimum donations vary from organization to organization, but are usually less than those required by private foundations. If you are looking for a Christian donor-advised fund, here is a great resource to check out:

**National Christian Foundation**

www.nationalchristian.com

1-800-681-6223
Founded in 1982 by Larry Burkett, Ron Blue, and Terry Parker, NCF and the nationwide network of Local Christian Foundation (LCF) affiliates have granted more than $1.4 billion to more than fifteen thousand churches and ministries worldwide. To accomplish this, NCF and the LCFs offer expert counsel and innovative, flexible giving solutions to help:

- Individuals and families make a greater impact with their charitable giving, give practically any asset entrusted to them, and balance their giving with income needs.
- Churches and ministries offer their supporters creative ways of giving, which can lead to significant new funding for their organization.
- Professional advisors (financial planners, CPAs, attorneys, and others) present charitable giving expertise to their clients, which turns their practice into a ministry and builds stronger relationships.

NCF is annually among the top ten U.S. foundations in grant distributions and among the top five public foundations in a number of other giving categories. NCF is also a member of the Evangelical Council for Financial Accountability (ECFA).

**Quite the Challenge**

I’ve learned that God has a purpose for every set of circumstances He allows, and there is a need to seek His purposes and work along with His plan. Look to help others solve money problems. Recommend a reputable counselor or a good book (hint, hint), or prescribe a particular course of action. But also make sure you allow God the opportunity to work in that situation.

If you look at the world today, one thing is clear: Many of the problems in this world are God-sized problems. Although money can alleviate some circumstances and money is absolutely necessary for ministries to function, the most significant problems of the world can-
not be solved with money alone. In fact, many financial problems, affecting both individuals and nations, are really symptoms of deeper spiritual problems. Our giving, no matter how generous, is just a small part of the solution.

When some people come to grips with this fact, they might become cynical, thinking, *If my giving makes so little difference, why bother?* But this question could also be asked about any other work in the kingdom of God. Sometimes it seems there is a lot of labor for such minimal results. God wants us to be faithful and obedient and to trust Him with the results. He has arranged His kingdom in such a way that it’s rare for one individual to have a huge, visible impact. Rather, His purposes advance through the combined efforts of countless individuals who, by faith, give, pray, teach, encourage, plan, organize, and do whatever task God assigns them.

**Dangerous Pathways**

The most significant challenge of wealth is not pondering where and how to give, or wondering whether our giving makes a difference in the big picture. Undoubtedly, the most significant challenge is the ongoing temptation to look to our wealth for security and significance. It’s easy to rely on wealth for assurance that you will always have your material needs met.

Wealth does provide a cushion against those day-to-day financial crises. But God’s Word tells us that money can never be a source of true security. For example, look at 1 Timothy 6:17: “Command those who are rich in this present world not to be arrogant nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment” (NIV).

True significance is found not in wealth, power, status, or accomplishment, but in God alone. When selfish desires are set aside and a commitment is made to better this world, contentment can be found in God. This allows God’s people to show His love to the rest of the world.
Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Commit to giving as a percentage of your income.
- Decide in advance what percentage you will give and stick to it!
- Research the charity or ministry before you give.
- Keep track of your deductible contributions.
- Research donor-advised funds.

**FREE RESOURCE #5:** “Special Report on How to Choose a Ministry or Charity to Support.” Go to www.jayperoni.com/reader-on-lyresources.php
“Contentment makes poor men rich; discontentment makes rich men poor.”

—Benjamin Franklin

When it comes to spending, people often become their own worst enemies by following poor advice, making bad decisions, and backing themselves into a corner. After all, isn’t that today’s American way of life—live, spend, and die broke? The American Dream has turned into the American Nightmare for many families. You can either learn to master your money or become a slave to it. Which would you rather be: slave or master?

Many people don’t choose to become slaves to money, but it occurs because of their spending habits. Think about
your spending habits. Are you using your resources wisely or do you spend money like there is no tomorrow? For many, money burns a hole in their pockets. How often do you go out and spend money on an impulse, leading to buyer’s remorse? Have you ever been to the grocery store on an empty stomach? I went shopping one time on an empty stomach and came home with bags full of junk food. Did I really need Yoo-Hoos, Ding Dongs, and Wasabi peanuts? It was completely ridiculous.

How many things are in your garage or basement that you at one time just had to have and now sit around collecting dust? Instead of buying dust collectors, what if money was used wisely? I know there will be times when spending gets off track, but with a plan and some focus, you can minimize the damage.

Today, many people live beyond their means. Often people buy things they don’t need to impress people they don’t even like. Most people would agree that they have overspent on occasion but do not fall victim to impulsive or compulsive shopping. There are others who cannot say the same thing.
Has you ever seen a hamster running on a wheel inside a cage? Hamster wheels allow rodents to run even when their space is confined. They keep running and running and make no progress. Yes, they get exercise, but they do not travel any distance. For many, their finances are like the hamster on the wheel. They keep chugging along, spinning their wheels, and making little to no progress. Why is this?

Many are programmed to live life by the rules of the world. Often I see people base their spending rules on how much income they make. The more they make, the more they spend. The true reality of wealth creation is that how much you earn has very little to do with your ability to build wealth. How much you spend is far more critical.

Many falsely believe that the key to getting out of their financial holes is to add more income. Why, then, do people who add more income still live paycheck to paycheck? Why do most lottery winners end up dead broke even after winning millions? If income was the solution, why couldn’t everyone just find better jobs to make more money? The reality is that unless there is a change in spending habits, these people will remain trapped on the same financial wheel—spinning but going nowhere. You must change your rules.

**Change the Rules**

If you do not like the results, change the rules. Following the same rules that got you in trouble in the first place will only produce the same end result. Without a change, you are doomed to repeat past mistakes. Look at things in a new way. Follow the rules on page 103, and you will find financial freedom. (Please note that the following allocations would apply to those who have already paid down substantial debt; otherwise, the percentage allocated to recreation could be dramatically reduced and the remainder used to pay down debt.)
The rules are:

- Pay God first: 10 percent toward giving
- Pay yourself second: 10 percent into long-term savings
- Pay for necessities: 60 percent into a checking type account
- Pay for recreation: 10 percent into your fun account
- Pay for freedom: 10 percent into a financial freedom account

Though learning to live on 60 percent of your salary is a tough feat for anyone, it should be your ultimate goal. If you control what you spend, you will find a way to live within your means. Reduced spending may also allow you to give more than 10% and save more for the future. If you have a burning passion to change, you will. Otherwise, you will be afraid. Don’t let fear get the best of you. Fear may be present, but work to overcome your fears. If you are willing to do only what is easy, life will be hard. But if you’re willing to do what’s hard, life will be easy. Training your own mind is the most important skill you could ever own in terms of both happiness and success. You should recondition your mind with the knowledge that spending keeps you trapped in a world of limited financial progress. It impacts your ability to give and save more.

**Spend Less or Earn More?**

Lottery winnings, investments, and inheritances aside, there are only two basic ways to increase your personal wealth: spend less or earn more. Ironically, spending less may be your most immediate route to having “more”—more affluence and more confidence.

Will earning more make things easier? Earning more money might alleviate your current financial pressures, but it also might bring new ones. More money gives you more psychological license to “live it up.” Instead of the reduced debt and increased savings you might logically assume would result from a jump in income, what usually happens is that you end up spending a little more on living and not so much on your goals. In the earn-more school of thought, your career is your most
important asset, more crucial than any investment. You strive for a good salary to advance economically, and your home equity and your portfolio are just “icing on the cake” compared to the “big bucks” you pull down.

**The Secret Life**

The day Janet came to see me she appeared to have it made: years into retirement, she had a few hundred thousand in various savings accounts, a house that was paid off, and financial freedom. However, what appeared to be built on solid ground in reality had a foundation made of sand, and possessed the ability to become quicksand if immediate financial remedies were not administered.

Janet lived a secret life as a closet shopaholic. Her late husband had kept her on a very short leash. She had no freedom to spend any money on herself, and her husband controlled her. After her husband passed away, she became addicted to spending. It started out harmless enough with a few trips to the department stores, then she upped the ante by watching a little of the home shopping networks. Before she knew it, she was hooked. She spent hours by the TV, scouring for good deals and spending thousands of
dollars a day on purchases she was not even opening when the items were delivered. She often bought things she already owned from previous episodes. She became a collector, collecting the day’s latest sales. She wanted to stop, but she couldn’t. She was like a heroin addict who kept saying, “Just one more fix, one more. This is it, I promise.” This went on for years. Her daughters were even deceived by their mom’s habits. It wasn’t until Janet and I met that we began to look at the symptoms of her problems and how close she actually was to financial disaster. After “financial” therapy, Janet is back on track. She has learned how to get her spending under control, give money to causes she cares deeply about, and still have financial freedom.

**Discipline? I Don’t Need Discipline!**

Put your spending under God’s control. Once you recognize that you are a manager of God’s resources, you will begin to look at spending from the vantage point of whether He will be pleased with the purchase. Also, discover the factors that drive you to spend money. This could be anything from self-esteem to feeling like you just need a pick-me-up. When you go to shop, justify the reason why you are going, set a spending limit, and have a written list of what you need. This will help you avoid the many spending pitfalls.

A great way to control spending is to find a partner to hold you accountable for everything you spend for a specified period of time. Ecclesiastes 4:9–10 states, “Two are better than one because they have a good return for their labor. For if either of them falls, the one will lift up his companion. But woe to the one who falls when there is not another to lift him up” (NASB). When accountability is in place, your partner is aware of your weak spot and you can both focus on ways to become more cautious with your spending habits. If looking keeps you tempted, don’t look. Window-shopping often leads to purchasing. One great way to maintain accountability is to develop a spending record. Keep a list of spending and purchases and share these with your accountability partner. This list will include everyday items as well as monthly items. Review this at least twice a month with your partner. Pray for and encourage each other.
Don’t Believe the Hype

Remember, you don’t need what they are selling. In our TiVo and On Demand worlds, you can minimize commercials, but that just makes the advertisers come up with more aggressive and creative new ways to catch your attention. Think of it as you against them! If you listen long enough, they win. Responsible spending involves realizing your actual needs rather than your perceived needs. Advertisers want you unhappy. They want to create discontentment so that you’re always running out and buying the latest and greatest.

When you see an item that you think you must have, put it on your “want list.” Then wait seven days and find at least two additional prices for the same item. If you still need or want that particular item, go ahead and buy it. Make sure that you buy one item on the list at a time. Most of us do not like the word diet because it sounds restrictive. It makes you feel uneasy, captive, and unhappy. People may choose to use the phrase “lifestyle change,” as it tends to make people more willing to try it. With diets, just like with money, if behaviors are not modified there will be very few long-term results. There may be short-term benefits, but unless the habits change, the long-term outcome will default back to the old ways.

Begin by tracking your fixed and discretionary expenses for at least a month to see where you are spending your hard-earned dollars. Fixed expenses are things that are ongoing like your mortgage, utilities, food, and things you need to survive. Discretionary expenses are items that could be minimized or eliminated if push came to shove. Things like vacations, entertainment, dining out, and other luxuries are examples of discretionary items. Next, put a reasonable plan together as you consider which expenses need to be adjusted based on your values and priorities. A spending plan is essential to cutting out impulse purchases. Remember, it is not how much money you have but how you handle your money that really matters.
I WANT IT NOW, NOT LATER!

The perceived appeal of a millionaire’s lifestyle can cause people to live it up today. Many think millionaires have it made: cruises around the world, vacations abroad, sailing on a yacht drinking the finest champagne, a little shopping in Florence. It is easy to become accustomed to the “I want it now” mentality. That might even be your idea of how a millionaire lives.

Dr. Thomas Stanley, who has made a career out of studying millionaires, will tell you his research shows otherwise. Though Dr. Stanley does not specifically spell it out, many millionaires get that way by following God’s tried-and-true principles: hard work, creativity, willingness to take risks, self-discipline, and a high dose of personal values.

He discovered in his research that while many households have high incomes and live in expensive houses, they have correspondingly low accumulations of real wealth and high mortgages. These are the Income Affluent. The Balance Sheet Affluent are the real millionaires. They tend to live in older, yet expensive homes, bought years ago for a fraction of today’s market value. They have low mortgages and no debt. They focus on accumulating wealth, not spending it.\(^1\)

SEE THROUGH THE DISGUISE

The wealthy often look to buy assets that produce income. These are what I call “good assets.” Not all assets produce income, but you should look for assets that have the ability to create income for you either now or in the future. Many of the middle class and poor often buy liabilities disguised as assets. Take, for example, a home. Owning a home is the dream of many Americans who consider this their greatest asset. Is a house a good asset? Think about it. You live there, it produces no income for you, and you are required to make a payment to the bank every month. You have other expenses that go along with it: heat, electricity, water, taxes, etc. A house is often more like a liability (you have to make payments) for a long period of time before it becomes a good asset (has the ability to produce income).
Buying a home is often better than renting. However, one of the biggest myths is that the home you live in is your greatest asset. Even when you own it outright, it still does not produce income for you. It can become a good asset when you eventually sell. The cash you receive can then be used to purchase assets that will produce income. Be careful not to buy a home that is too large/expensive for your budget.

The better question now becomes, is a house a good investment? This is debatable. A recent study by Fidelity Investments showed that the average annual rate of return from residential real estate has been 5.9 percent per year since 1963. Purchasers of residential real estate typically employ leverage by financing a large portion of their purchase—and this provides a major boost to the available rate of return. As with any investment, leverage can cut both ways, increasing the potential for loss.

Is 5.9 percent a good return? Compared to the historical averages of the stock market, it is below average and more in line with the bond markets. My advice is to buy a house that you can afford and invest your excess cash into more financially lucrative investments.

It is not about how much you make, it’s about how much you keep. With that in mind, remember to buy assets and not liabilities. Assets put money in your pocket. Liabilities take money out of your pocket.

**REDUCE YOUR "WEALTH LEAKAGE"**

After exploring the four sides of the financial statement: assets, liabilities, income, and expenses, most people tend to increase their

**Faith-Based Millionaire Mind-Set**

Buy assets that have the ability to generate income so you have the ability to give more.
expenses as their income goes up. Wealth leaks out of their fingertips. That is why you often see someone who went from making $40,000 a year to $400,000 a year end up no happier and not much better off financially. In fact, it can be the opposite. Yes, the $400,000-a-year income creates a far better “lifestyle,” but if you are just consuming, all you have done is add additional stress to your life with additional income. The fear of losing the lifestyle is greater than ever.

The problem isn’t the income, it’s the spending. A common rationalization is, “I could make it if I just earned a little more.” No, you could make it if you spent a little less. Spending problems lead to financial problems. It is plain and simple. No amount of income will solve spending problems. There are always new things to spend money on.

I’d Like a Slice of Humble Pie

Have you ever followed a recipe and missed one of the most important ingredients? I once made an apple pie and used the wrong kind of apples. By messing up one of the most important ingredients, the pie was a disaster. It tasted tart, sort of bitter, and in my opinion was not edible. Very rarely do I meet a pie I do not like. That pie was an exception.

Sometimes a different kind of pie is needed: humble pie. In a world full of luxury cars, beachfront properties, gated communities, designer handbags, and lattes, image is as much a currency as the dollars it takes to purchase it. You can pretend to be wealthy and live the game of credit shuffling until the debt snowball knocks you out, or you can regain control and live life as God intended. Like a house of cards, even if you can afford the lifestyle, is it worth it? All the money in the world cannot bring you closer to God. In a society that sells image, it is difficult to not fall into materialistic traps.

There are daily temptations to have a nicer car, to have a bigger house, to have better things . . . more, more, more. It is never enough. God calls each of His people to be humble and to humble themselves before Him. I’m not saying things in themselves are bad. It is the at-
titude that often goes along with them. I have a luxury car and you
don’t so I’m better than you. Or I make $500,000 a year; what do you make? The way you live your life is a direct and open reflection of your relationship with your Creator. Is it built on solid ground or is it shallow like a worldly image? Look to God and keep your eyes focused on Him. Creating an image is not very important in the big scheme of things; God has a much greater purpose. He says, “If my people, who are called by my name, will humble themselves and pray and seek my face and turn from their wicked ways, then will I hear from heaven and will forgive their sin and will heal their land” (2 Chronicles 7:14 NIV).

Calculating your “wealth leakage” involves looking at all of your expenses. Look at the little and big things you spend your money on daily, weekly, monthly, or annually. This is everything you spend your money on: cash, check, credit card, everything. Look for items that can be eliminated or reduced to free up wealth.

**Dollars a Day**

Beware of the little expenses; they can add up quick. Think about this: A few dollars a day for many years will make someone a millionaire through diligent savings and modest gains. As I showed earlier, it is not what you earn that is most important, but rather what you spend. Many people have excess baggage, things they do not need. Money leaks out of wallets, purses, and bank accounts every single day. If you stopped and looked around your house or apartment, looked in the closets, storage areas, basement, and garage, you would probably see many “things” that you just had to have at one time. What if instead those dollars had been invested or donated? What difference could that have made in your financial plan?

You can’t turn back time and change the past, but you can make a change that will impact your future. You can become a faith-based millionaire by saving a few dollars a day. Think of a typical day: the coffee run, buying the newspaper, paying for dry cleaning, extended service plans, large cell phone

“A small leak will sink a great ship.”

—Benjamin Franklin
bills, premium cable and Internet services, lunches out, and frivolous impulsive purchases. This doesn't even include other monthly necessities such as your car payment or your mortgage. Now throw in the occasional vacations you might take, the memberships you may or may not use, the habits of choice—smoking, drinking, etc.—and other weekly, monthly, or yearly things that you really could do without. It's no wonder most of us have more money going out of than coming into our bank accounts.

I am not saying that you should give everything up tomorrow. What I am saying is that you make choices every day, every week, every month in every year as to where your income does or does not go. Ask yourself: Are there any things I spend money on that I could do without or at least cut back on? For most of us, as our income goes up, so does our spending. Unless you change your habits, it won't matter if you're making $30,000 per year or $300,000, your habits could be making you live outside your means. Just like a lottery winner who was once poor before he became a millionaire, unless he changes his money-management skills, chances are he eventually will be right back where he was before he won the lottery.

Watch for purchases that could be made elsewhere at reduced expense or not at all. Instead of buying or leasing a brand-new vehicle, try purchasing a reliable two- or three-year-old used vehicle. Rent movies instead of going to the movie theater, make your morning cup of coffee at home, and take leftovers from home instead of buying lunch at work. Simple choices can lead to hundreds of dollars in savings per month and tens of thousands of dollars over the course of just a few years.

Treat the Symptoms, Cure the Disease

Many people look to cure the symptoms and not the true problem: their poor spending habits. I call that the “Band-Aid approach.” If your arm was infected, would you put a bandage on it or take action to get the medical help you need? Debt can present the same scenario: Treat the root of the problem (spending) and not the quick fix (debt consolidation). Debt consolidation is often dangerous; it treats only the symp-
toms. Few people have the courage to seek out the change required to adopt new and better spending habits.

In order to be wealthy, you have to decide to be wealthy. This includes taking responsibility for your money. If you have a large amount of debt, you are unable to save and accumulate assets that lead to wealth. By minimizing debt, you are able to save a portion of everything you earn. You win over time by maximizing your earnings and savings. The biggest area where people fail is in the area of spending.

As you grow in faith, you often develop maturity. Spiritual maturity can help you separate your needs from your wants. This doesn’t mean the wants will go away; it will just make it easier for you to have the discipline to either save for the item or realize you cannot afford it. A major barrier to winning the battle of chronic spending is your view toward debt.

Debt adds considerable risk to your financial life. There is a false belief that you need to use other people’s money to make money. Many of the wealthy do not use debt for leverage. Many became wealthy by avoiding debt like the plague. It is not a sin to borrow; however, debt is a form of bondage as the borrower becomes a slave to the lender. We should all seek to stay away from car payments if at all possible. Driving reliable used cars is what the average faith-based millionaire does. They typically have a two-year-old car with no payments. They do not get caught up in the “0 percent interest, no payments” mentality. Most faith-based millionaires realize that debt is only a method to make the banks wealthy.

**Don’t Try to Keep Up with the Joneses; They’re Broke!**

Don’t consider keeping up with the Joneses; the Joneses are broke! Radical change is required for a money-management breakthrough. You can get anywhere if you simply go one step at a time. The key to winning any battle is to identify the enemy. The way out of debt is to outmaneuver the enemy and run for your life! In my experi-

“Being frugal is the cornerstone of wealth building.”

—Thomas J. Stanley
Financial peace isn’t the acquisition of stuff. It’s learning to live on less than you make, so you can give money back and have money to invest. You can’t win until you do this.”

—Dave Ramsey

ences, I see that God tends to pour blessings on people going in the direction He wants them to go. It makes sense to reduce debt so you are able to give at least 10 percent of your income to God’s people and invest another 15 percent to 20 percent of your income toward long-term goals and savings.

There must be a desire to change. As a Chinese proverb says, “When the student is ready, the teacher shall appear.” If you are not ready to change, you will not make progress. Like a car up on cinder blocks spinning its wheels, the wheels are moving but the car goes nowhere. When you are ready, the teacher will appear . . . so here I am. Are you ready?

Try not to be obsessed with pleasure and luxuries. Having the latest and greatest of any new expensive possessions will eventually deplete your financial resources. In order to start investing, you should have a plan to control spending, lower debt (car or house), establish an emergency fund, and have a gift program established. Start with an emergency fund. Investing should begin only after any major debts have been reduced. Along with investing, there should also be a need to give away more of your money and yourself to those in need. Breaking the hold that money and things can have on you will give you greater freedom to do God’s will in the world.

**Avoid the Sizzle, Buy the Steak**

One of the things I love most about traveling is going to new places I have never been. Seeing life in a new place is exciting for me. The restaurants, the shops, the department stores, the cultures, and landscapes are often distinctive in various regions of the country. From the quaint shops of Maine to the mega-lane highways of L.A. and the windowless restaurants in Maui, it is always fun seeing new places and having new
experiences. Midwesterners, for example, are spoiled when it comes to
great steaks. Just like a good steak, you should consider purchases that
have substance and add value to your life. Just buying something be-
cause it is the latest toy is not an excuse. It will probably end up in the
basement or garage before long.

Many things turn out to be more sizzle than steak. I once visited a
small, quaint restaurant outside Madison, Wisconsin, and was told that
their steaks were the best anywhere. How often do you find the opinions
of others match your actual experience? You hear great feedback and so
many positive comments about something that you build up a picture
in your mind. The actual often fails to meet your expectations because it
has been so hyped up. Have you even seen a movie that numerous people
raved about? You get there and are disappointed. Why is this?

When I finally arrived at the restaurant and ordered a medium-
well-done fillet, all heads in the restaurant turned to me. Did I say
something wrong? I was quickly informed that I must order the steak
at medium to rare. *Okay*, I thought, *you know better than I do.* When I
finally sank my teeth into that steak, it not only lived up to my expec-
tations, it far exceeded them. I had no idea steak could be that tender,
and I had never imagined it would be such a tasty delight. I have since
found that a steak tender enough to be cut without a knife is uncom-
mon. I have had hundreds of steaks since then, but none will live up
to the experience I had in Wisconsin. I still remember it like it was
yesterday. Boy, that was one good steak!

Every major purchase made should have some significance. It should
be about giving glory to God and avoiding the sizzle. Buying something
solely for show or to enhance your image is only temporary. It will not
last. Purchases and investments that enhance or improve our world can
have a lasting impact. What if you fed a child for a year who couldn’t
afford food? What if you gave money to help a young, pregnant mom
who decided to keep her baby or to your church for their fund that sends
Bibles to China where it is unlawful to read the gospel? Here is where
you find a deeper impact. You truly can make a difference when you look
beyond your life to the lives of those in need of a hand.
GET YOUR MONEY’S WORTH

A feisty seventy-year-old woman had to call a furnace repairman. After a quick inspection, the man put some oil in the motor and handed her a bill for $70 in labor. “Labor charges!” she exclaimed. “It only took you five minutes.” The repairman explained that his company had a minimum one-hour charge on every house call. “Well, I want my remaining fifty-five minutes of labor,” the lady responded, and she handed him a rake. The repairman spent the next fifty-five minutes in her yard bagging leaves.

FAITH-BASED WISDOM

Increase your “joy-to-stuff ratio.”

joy-to-stuff ratio (joy-too-STUF ray.shee.oh) n. The time a person has to enjoy life versus the time a person spends accumulating material goods.


FIVE RULES FOR WEALTH

Wealth comes to those who spend carefully, use debt wisely, and develop a regular savings program. There are some common threads that run throughout many areas of your financial life. When I look at where the typical family in America is financially, I am saddened. I believe that if each family lived with these rules, the world would be a much better place:

1. Live below your means.
2. Allocate time, energy, and money efficiently to build wealth.
3. Turn to God in times of need.
4. Question needs versus wants.
5. Financial freedom is more important than high social status.
Is It Adding to or Subtracting from Your Wealth?

Assets are things that bring wealth. They have value and grow over time. They have the ability to provide you income today, tomorrow, or at some point in the future. Examples of assets include certificates of deposit (CDs), savings accounts, mutual funds, stocks, bonds, and investment real estate. Liabilities, on the other hand, are things that take away from your wealth. They require that you make payments at some point to reduce what you owe. Examples of liabilities include mortgages, loans, credit cards, and IOUs.

As you begin to work through this area of your life, evaluate:

- What is my monthly income? How can I increase it?
- What are my monthly expenses? How can I reduce these?
- What assets do I own? How can I get better returns?
- What liabilities do I owe? How can I pay these off as quickly as possible?
- What else do I own? Do I really need it or can I sell it to help with my goals?

Questions like these will help you get into the mind-set you need to succeed financially. Financial freedom should be the goal of every individual. If you are not planning ways to add to your wealth, chances are you will never end up accumulating any. There needs to be a process, a plan, and a strategy to overcome your weaknesses and add to your strengths. With God on your side, all is possible. The only thing holding you back is you!

The Great Unknown

The purpose of saving is to set money aside for the future. By minimizing your expenses now, you have the ability to save money for your future. As Proverbs 21:20 advises, “In the house of the wise are stores of
choice food and oil, but a foolish man devours all he has” (NIV). Wise men will prepare in advance for future needs, both known and unknown, while the foolish will continue to consume and not consider the future impact. This is why the rich become richer and the poor become poorer. The rich are net savers while the poor are net spenders.

America is currently experiencing one of the most affluent periods in human history. Despite the abundance of wealth in America, the average American is spending more than he or she makes. If the reason for this lack of saving was faith in God and a conviction that helping others was more important, it might make sense. With the evidence of giving percentages going down steadily each year, the proof tells a different story. The lack of saving is not from a trust in God, but more likely comes from a spending mentality. Self-indulgence, materialism, and lack of planning and discipline are more reasonable answers. God doesn’t bless a lack of saving for those reasons.

If a job loss or major unexpected tragedy occurred, most Americans would not have enough savings to weather the storm. Because Americans are spending more than they make, it is presuming upon their future. To eat, drink, and be merry is one thing, but to expect God to bail you out is an inappropriate mind-set. That does not show faith, but rather foolishness.

When you spend money, there are two costs:

1. Loss of the use of that money now. It was spent, and now it is gone.
2. Loss of the potential earnings on that money.

To illustrate my point, if you have a dollar and spend it on a pack of gum that cost $1 at the store, many assume the gum cost $1. If you instead could have invested that dollar for twenty years, it would have grown to $10. The gum actually cost you $10 (1$ for the gum and $9 in the opportunity lost). This is the effect that spending and borrowing have. You consume current income, future income, and reduce your potential future wealth.
Just as we talked about good and poor reasons to save, we should not be fearmongers and be so anxious about the future that we do not enjoy ourselves today. There needs to be a fine balance. That is why my suggested rules help balance the necessities, fun, long-term giving, and financial freedom goals. We cannot say that saving money is either godly or ungodly. It may be one or the other, depending on the reasons and the alternatives. Faith can be either an aid or a stumbling block in one’s path toward saving.

**THE FAITH-BASED MILLIONAIRE™ ACTION PLAN**

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Complete a thirty-day wealth-leakage challenge.
- Decide what is good spending and what is bad spending.
- Minimize or eliminate bad spending.
- Go to the wealth-leakage calculator and determine how much this money could grow to.
- Set your new rules: How much can you give? How much can you reduce spending? Now stick to it!

**FREE RESOURCE #6:** “Special Report on How to Save Thousands of Dollars a Year Making Simple Changes.” Go to www.jayperoni.com/reader-only-resources.php.
The Good, the Bad, and the Ugly

Essential Habit # 7: Minimize your debt.

THE GOOD, THE BAD, AND THE UGLY SIDE OF DEBT

The Good, the Bad and the Ugly is a 1966 Italian epic spaghetti Western directed by Sergio Leone, and starring Clint Eastwood, Lee Van Cleef, and Eli Wallach. The movie features three plot threads, which follow the adventures of three men that eventually intersect. All of them are looking for gold that was stolen from the army payroll. Clint Eastwood, “the Good,” is a cool bounty hunter nicknamed “Blondie.” Lee Van Cleef, “the Bad,” is Angel Eyes, an amoral murderer for hire with no

“In life, as in chess, forethought wins.”
—Charles Buxton
political agenda who disguises himself as a union soldier. Eli Wallach, who plays Tucco, “the Ugly,” is a savage and gullible dullard who double-crosses Blondie. Eventually there is a final showdown for the gold.¹

Similar to the characters in the movie, there is good, bad, and ugly debt. As a modern consumer, you may think you need credit and cannot survive without it. This chapter will explore the different uses of debt as well as how you can develop a plan to get out or stay out of debt.

**Does Yesterday’s Advice Ring True Today?**

When you were growing up, you may have heard your parents or grandparents say, “If you can’t pay for it with cash, then you can’t afford to buy it.” That sound advice worked then, but does it still ring true today? The average cost of a car, house, or college education has skyrocketed when compared to the average household income. Typical families now have legitimate needs to borrow money if they want to buy a home, drive a car, or educate themselves or their children. Throw in a handful of credit cards, and it is no wonder the average consumer is carrying more debt than ever before. With greater credit needs comes a greater need for debt management.

Good debt management ensures that you will have credit when you need it, make wise borrowing decisions, and avoid disaster if you become overextended. You can ensure that loans are available when you need them by establishing and maintaining a positive credit record. You can benefit from many specialized loan programs if you are aware of

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**Faith-Based Millionaire Mind-Set**

Until you learn to handle the money you already have, you cannot expect God to provide more.
your borrowing options. You can save money by taking steps to reduce the cost of debt and save yourself from disaster if you know what to do when you can no longer meet your financial obligations.

Having a never-ending supply of cash may be a dream. Many would love to do whatever they want when they want. It is far better than the alternative—incuring debt. In order to pursue true wealth, you need to understand the difference between “good” and “bad” debt. So how can you tell “good debt” from “bad debt”?

Here are the working definitions of what I am talking about:

**Good debt:** Good debt involves purchasing something that will gain, retain, or *create* value. A home mortgage is a prime example of good debt.

**Bad debt:** To put it simply, bad debt is any debt you incur when buying something that will lose value.

**Ugly debt:** Ugly debt is debt incurred when purchasing something consumable (meaning it will have *no* further value). This seems logical, right?

**A Driving Factor**

Many people assume bad debts because “that’s just how it is.” But that’s not necessarily how it has to be. For example, look at vehicles. Many Americans buy cars via automobile loans. But a new or late-model car loses value the moment you drive it off the lot, and it continues to lose value with every mile it travels. So why incur bad debt for this? Well, for many a vehicle is simply a necessity and a loan is the only means they have available to obtain it. But a large percentage of Americans purchase more car than they really need or can afford. It’s important when facing bad debt to keep that debt in check. Purchase only what you need, and with a plan to pay it off as quickly as you can.

Can bad debt turn into good debt? Yes! Let’s say you purchase a vehicle by taking out a loan for a portion of the cost—that’s bad debt. But if the vehicle is a hybrid or electric vehicle that typically has a high resale value and saves you a substantial amount of money on gasoline, your bad debt could turn into good debt.
What about student loans? Your education is used only by you and cannot be resold. So is that bad debt? As I mentioned before, if a debt creates value, then it can be considered good debt. A student loan definitely falls into this category, as higher education creates increased earning potential. Most people want to be debt-free. That takes time. Until that time, try to get a handle on which kind of debt you are incurring.

**Get a Handle on Debt**

Money does not make up for the things you lack in your life. It may temporarily solve problems but is never a solution to a problem. It is kind of like using a screwdriver to drive in a nail. While it probably can be done, it is not the most effective way to complete the task. Just like the expectations that once you have more money, your problems will go away. This is a fantasy. Without changing your habits, you will continue to make the same mistakes.

If you don’t keep a handle on debt, things get out of control. You need to avoid impulse spending and overextending yourself. You really have four choices of what to do with your income: spend, save, lend, or invest. Freedom and power are better than momentary pleasures.

This chapter on debt could be a whole book. I will provide you with some sound wisdom relating to debt management, but if debt is your number one concern, seek wise counsel. Of all the books that I have read on debt management, Dave Ramsey’s *Total Money Makeover* is one of the finest. “Winning at money is 80 percent behavior and 20 percent head knowledge,” according to Dave. In his book, he provides a practical, how-to blueprint to get your financial house in order. Swim against the tide like salmon. There are no shortcuts to wealth. Spending does not equal happiness. Before you consider debt, ask yourself:

- Is this adding to my wealth or subtracting from it?
- Do I really need this now?
THE FAITH-BASED MILLIONAIRE

• Do I have enough in savings to pay for this?
• If I borrow, how much interest will I pay?
• Does this make financial sense?

**Heed the Warning**

I think it goes without saying that there are many dangers of debt. When used properly, debt can help you reach short- and long-term goals. Debt should be used with extreme caution due to its potential for enslaving people in financial bondage.

Debt presumes on your future, and most people do not know what the future holds. You may be out of assets, out of a job, or have new developments in your financial life. If you commit to a loan, you impose on your future by committing money you may or may not have in the future. When you commit yourself to payments over time, you are presuming: no pay reductions, no loss of job, and no unexpected expenses. That is a dangerous and improbable assumption.

Debt can also lower your standard of living in the future. If you borrow today, you’ll have the principal and interest to pay back over time. This will reduce your future income because you are financially committed to keep making monthly payments. This leaves you less to give away or to invest for your future. Compound interest, which is interest on interest, works against you when you borrow. If you borrow $1,000 on a credit card and make only the minimum payments, it will take you years to pay off and you will end up paying significantly more for the item you borrowed money for. It can often cost you seven to eight times the purchase price!

**FAITH-BASED WISDOM**

**Prevent “fiscalamities” before they happen!**

**Fiscalamity** (fis.kuh.LAM.uh.tee) *n.* Dire financial or economic distress created by fiscal mismanagement.

There are other factors that should go into a purchasing decision: the purchase price, ongoing expenses, finance charges, and late payment fees. Credit can be dangerous as it is so easy to say yes to payments without realizing you are saying no to your financial future. The right question is not, Can I afford it? but rather, Do I need it?

**Is There Light at the End of the Tunnel?**

There are more and more people struggling with debt as economic times have become increasingly more difficult. Credit is tightening, banks are collapsing, Wall Street is off track, and millions have lost or are close to losing their homes. Many are so deep in trouble with debt that they have lost all hope and do not see light at the end of the tunnel. You may be in this place yourself. You may be dwelling on your mistakes, paralyzed from taking any action at all. The fact remains, we have all made mistakes, but no one is beyond hope. There is a light at the end of the tunnel shining bright for you. Keep holding on! With discipline, action, and placing your circumstances under God’s control, you can defeat debt.

No, it won’t happen overnight, but it will be much faster with Him by your side. Lynnae is living proof. Her story isn’t unique. In fact, it is quite common. However, her dedication and commitment are rare and quite inspiring. She grew up in a lower-middle-class family and had high hopes of climbing out of the socioeconomic class her family knew all too well. Destined to break the cycle, she set off to college and fell into the trappings of credit card companies: “Borrow a little; it won’t harm you.” After being introduced to credit cards, she was quickly hooked. What started as small debt became a downward spiral as debt burdened and enslaved her for years before she finally “saw the light.” Debts snowballed out of control, and her credit cards, student loans, and other bills became overwhelming.

After getting married, her habits remained unchanged and the trend continued. As her family’s income increased so did the bills. Though Lynnae and her spouse always had good intentions of getting out of debt, their behaviors did not change and thus the results were the
same—no progress! This continued for years until she recommitted her life to Christ. Through her commitment to Him and a new dedication to becoming debt-free, she has made tremendous strides.

Today Lynnae is firmly committed to getting out and staying out of debt. She and her husband bought their first house, drive fully-paid for cars, and are working diligently to pay off a student loan. They have defeated the credit card companies and paid off their unsecured debt!

Lynnae told me, “When I got into debt in college, I wasn’t really walking with the Lord. After college I rededicated my life to Christ, and as a Christian, I knew it was important to keep my word in paying back the people from whom I’d borrowed money. That has always been my primary motivating factor in paying off debt. My greatest victory has probably been getting out of credit card debt completely. My husband and I have had balances on our cards from the time we were married until we paid off our last credit card in May 2008.”

Though Lynnae and her husband have had great success with God on their side, they admit it still has not always been smooth sailing. “Our biggest challenges have come in the area of income. I’ve been a stay-at-home mom for the last ten years, which is very important to us. And my husband has been in Christian ministry for a good part of the last 10 years. We know this is where God wants us, but the lack of income can be discouraging at times. My husband also went through a long period of unemployment last year. That was also discouraging, but God has gotten us through difficult times in many ways. Encouragement from our church family has been important. We’ve also received money from various unexpected sources at just the time we needed it. I would consider the very fact that we managed to get through eight months of unemployment without using our credit cards at all a big miracle. On paper, there’s no way we should have been able to get through the last year without additional debt. But somehow God provided. It wasn’t always easy, but He gave us what we needed.”

After enduring the slavery of debt for the last twelve years, Lynnae has learned quite a bit: “I think the greatest lesson I’ve learned is that when you commit to doing something that you know God is calling you to do, He will make a way for you to follow through, even when the going gets tough.
In our case, we made a commitment to get out of debt. We decided to cut up our credit cards, as we haven’t always used the cards responsibly. Though it was tempting to get another card when times got tight so we’d have something to fall back on in case of an emergency, we opted to trust God. In the end, God came through, and my faith grew more than it ever could have without the financial trials.” You can also get through the difficulties. You need to trust God and commit to making changes in your life.

If you want to follow Lynnae’s progress, she has a weekly blog dedicated to being frugal—looking at ways to minimize spending and control debt. She can be reached at www.beingfrugal.net. I highly recommend that you visit her site.

**Destroy the Shovel**

Millions of people have dug themselves into a hole with credit card debt. If you are in a hole, stop digging. Destroy the shovel. Get rid of your cards so that you do not incur any new debts. In order to solve the current problems, you have to reduce your future problems. This has to be a choice you make. Don’t buy things you cannot afford.

When Elizabeth came to see me she was up to her eyeballs in debt. She was robbing Peter to pay Paul. She had seven credit cards and because of late payments, her interest rates had soared to 30 percent or more on each of her cards. She had accumulated more than $20,000 in debt and couldn’t even afford to pay the interest on the cards. She was then using cash advances to make her monthly credit card minimum payments. My first bit of advice was to cut up all her remaining cards. She had to stop increasing her balances in order to chip away at the current balances.

**Perform Plastic Surgery**

Credit card debt is one of the biggest obstacles to financial freedom. Credit cards eat up valuable dollars you could be giving away to churches, ministries, and charities. They also prevent you from saving more. If credit cards are a thorn in your side, here are some rules to live by:
Rule 1: Pay off your balance each month.
Rule 2: If you violate rule 1, even once, cut up the card.

This may sound harsh, but believe me, it is the best way to prevent getting into more trouble. The best credit card is one that is being paid off each month. Don’t let the credit card companies take your wealth away.

Dan went to his boss and said, “I need a raise! And it may be helpful for you to know that there are three other companies after me.” “Is that so?” asked his boss. “What other companies are after you?” After a little more prodding Dan replied, “Those would be Visa, MasterCard, and Discover.”

**Killing Me Softly with Interest**

Have you ever heard the saying “I’m so poor, I can’t even pay attention”? It is so true with credit cards. Most people do not pay attention to the fine print. The biggest financial mistakes that I see on a day-to-day basis mainly deal with credit card issues. It is not so much the balance that is the problem, it is the interest. This is the biggest wealth-killer. If you have even a $10,000 balance at 19.99 percent, this is almost $2,000 a year in interest. That is $2,000 that could have been donated or invested. This adds up over time, especially when you are making only the minimum required payments.

You will make very little progress if you are just sending that minimum payment each month. This is where the credit card companies make most of their profit. If you owe $10,000 and make the minimum payments, you will often pay two to three or more times the principal amount in interest. That’s right, over the life of that debt, you’ll pay $10,000 or $20,000 or more to service that debt. So a $10,000 purchase may in reality end up costing you $20,000 or $30,000. Credit card companies make money by killing you with late fees, high interest payments, and confusing small print. Don’t be a victim of their game; get out of debt. You can’t achieve true wealth carrying credit card debt.
In order to make headway in paying off your credit card debt, you need an aggressive course of action. This requires lowering your interest payments, paying off the smallest balances first, and paying more than the required monthly payments. In order to get the monkey off your back, you have to first be prepared to fight back. In this war for your wealth, pacifism leads to poverty.

You can lower your interest by following a simple method:

1. Find out your current interest rates on your cards.
2. Shop around and find what competing cards are charging for interest.
3. Call your card companies and ask to speak to a supervisor or manager. Use competitor rates to negotiate your rate down. Keep escalating your request up to the next manager if you do not get the answer you are looking for from the first manager you talk to. Be persistent. Don’t back down.
4. While you are at it, negotiate to have your late fees reversed. This is also negotiable. Be prepared to fight back.
5. Set up your future payments to that company to be made automatically. Either use a bill-payment company or have your monthly payments scheduled to automatically hit before their respective due dates.
6. Continue making the largest monthly payment you can make—above the minimum payment.

Jane came to see me a few years ago. She didn’t think she could ever get out of debt. She and I sat down and figured out that at her current pace, it would take her twenty-eight and a half years to pay off her debt. Her interest rates were between 19 percent and 27 percent. She followed the action plan listed above and negotiated her rates down to 7–12 percent. She paid off the smallest balances first and kept allocating money toward debt repayment. Within three years, Jane had paid off all her...
balances. She saved more than twenty-five years of payments and nearly $100,000 in interest charges. She is now able to take the money she was paying the credit card companies and give more to her church and save more for her future. Jane got the credit card monkey off her back.

**I’d Like to Order the Combo Plan**

Many experts will tell you to pay off all debt before investing or saving. This is not always good advice. In fact, often it is plain bad advice. There are two forces at work here: time and compound interest. Time and compound interest work to your advantage with investing and against you when you have debt. The question I often hear is: Should I pay off my debt first and then invest or should I pay the monthly minimum on my debt and invest the rest? I suggest you look at a combo plan.

Roger came to see me. He is only forty years old and has twenty-plus years until retirement. He figures he could pay off his credit card debt within ten years by paying $500 per month. If he uses $500 per month for ten years toward credit cards and then pays $500 to savings once he pays off his debt, he would accumulate $103,276 at retirement if he could earn 10 percent annually on his investment savings.

If Roger used a combo plan ($250 to investing/$250 to debt), it may take more than twenty years to pay off his debt, yet he would have $191,424 at retirement, given a 10 percent return over twenty years.

When major corporations need money to fund future projects, much of corporate America will use debt to finance some of their growth. When they do borrow, they do not use all of their income to service that debt, so why should you? Smart businesses handle debt responsibly. They use it to eventually make more money. Debt should be incurred only if it will make you money in the long run. Borrowing money to fund a business or purchase real estate and other assets can make financial sense. Borrowing and incurring debt for things that will not add to your wealth is foolish. When you have existing debt, use a combo plan—pay some toward debt but also save for your future. Use time to your advantage.
HOW TO TACKLE YOUR DEBTS

In the game of football, good tackling is critical on defense. In your financial picture, tackling debt is also critical. So how do you tackle debt?

Make a list of your debts as follows:

<table>
<thead>
<tr>
<th>Account</th>
<th>Outstanding Balance</th>
<th>Minimum Monthly Payment</th>
<th>Months to Pay Off*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Divide the outstanding balance by the minimum monthly payment (for example, if the outstanding balance is $2,000 and the monthly payment is $100, it will take 20 months to pay it off).

To be a better tackler:

1. Pay off debts with the lowest number of months remaining. Add any additional money you can afford to this debt first. Pay minimum payments on the rest of your debts.
2. Once your first debt is paid off, close the account and take that monthly payment you were paying toward that debt and apply that extra amount to the debt that was second on your list. Pay this one off and move on down the list.
3. Continue this process until all debts are paid off.

A BAND-AID WON’T FIX IT, BUT A ROOT CANAL WILL

Many people get into trouble from spending. They try to fix the problem by taking out a second mortgage, home equity loan, or tap into other lines of credit to consolidate debt. On the surface this appears to be wise. After all, you save interest, you have one payment, and you free up cash flow. Unfortunately, this solution does not address the root of the problem: S-P-E-N-D-I-N-G!
If you had aches and pains at the root of a tooth, would a Band-Aid ease the pain? Sometimes people need to have a root canal done on their finances. Debt consolidation can be helpful, but more often than not, it treats the immediate problem rather than the cause of the problem. You also risk exposing other areas of your finances to future problems.

If you use a home equity loan to consolidate your debts, the loan is secured by a lien on your home. As a result, the lender can foreclose on your home if you default on the loan. If the term of your consolidation loan is longer than the terms of your smaller existing loans, you may end up paying more total interest even if the rate is lower. So you won’t actually be saving any money over time, even though your monthly payments will be less. If you use a longer-term loan to consolidate your debts, it will take you longer to pay off your debt.

For debt consolidation to be worthwhile, the monthly payment on your consolidation loan should be less than the sum of the monthly payments on your individual loans. If this isn’t the case, consolidation may not be your best option. Moreover, the interest rate on your consolidation loan should be lower than the average of the interest rates on your individual loans. This allows you not only to save money but also to lower your monthly payment.
Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Decide to stop using your existing credit cards unless you can pay off the balance each month.
- Pay more than the minimum monthly payments each month.
- Shop around for rates; call at least three companies and try to reduce your current interest rates.
- Tackle your debt by listing it out and prioritizing which balances to pay off first.
- Consider consolidation loans as a last resort.
- Commit to borrowing money only if it makes financial sense (good debts).

8

When It Rains, It Pours

Essential Habit #8: Save regularly; put it on autopilot.

Face Your Giant

One of my favorite football movies of all time is Facing the Giants. It is so much more about life than just football. If you haven’t seen it, I highly recommend it. A scene that I really enjoy is where Coach Taylor is considering quitting. He feels he has done everything he can for his school’s football team and that he has failed. His team seems destined to lose every game. The parents are upset with him. He is on the verge of losing his job. He is at the end of himself. Then a janitor named Mr. Bridges walks into his office and provides a glimmer of hope with a passage from Revelation 3:7–8: “What he opens no one can shut, and

“The magic of compounding interest is truly the eighth wonder of the world.”

—Albert Einstein
what he shuts no one can open. I know your deeds. See, I have placed before you an open door that no one can shut. I know that you have little strength, yet you have kept my word and have not denied my name” (NIV).

Mr. Bridges then tells Coach Taylor a powerful story about two farmers who were in a drought. Both desperately needed rain and prayed for it. But only one of them went out and prepared his field for rain. He then asks a revealing question, “Which one do you think trusted God to send the rain?”

Your financial life is the same way. You can sit around and wait for God to do something, or you can take the necessary steps needed to prepare your financial life for God to work. He cannot bless savings or investments you never make. Go and prepare your life for financial stability, take steps, and He will direct your path. The first step is preparing for Him to work!

**To Save or Invest?**

Both saving and investing have a place in your finances, but don't confuse the two. With savings, your principal normally remains constant and earns interest or dividends. Savings are typically kept in certificates of deposit (CDs), checking accounts, money market accounts, and savings accounts. By comparison, investments can go up or down in value and may or may not pay interest or dividends. Examples of investments include stocks, bonds, mutual funds, collectibles, precious metals, and real estate.

You should invest for the future, and this should come as no surprise: The future is expensive. For example, college expenses are increasing at double the rate of inflation, and people are retiring earlier and living longer. You have to take responsibility for your own finances; nobody else is going to. Government programs like Social Security will probably play a less-significant role in your life than they did for previous generations. Corporations are switching from guaranteed pensions to plans that require you to make contributions and choose invest-
ments. The better you manage your dollars, the more likely it is that you will have the money you need to reach your goals.

Everyone has different goals and expectations, and everyone has different reasons for investing. However, it simply comes down to managing your money to provide a more meaningful life and financial security for you and your family.

The Magic

The purpose of a magic trick is to amuse and create a feeling of wonder; the audience is generally aware that the magic is performed using trickery, and derives enjoyment from the magician’s skill and cunning. Traditionally, magicians refuse to reveal the secrets to the audience. They even take an oath to never reveal these secrets:

The Magician’s Oath: As a magician I promise never to reveal the secret of any illusion to a non-magician, unless that one swears to uphold the Magician’s Oath in turn. I promise never to perform any illusion for any non-magician without first practicing the effect until I can perform it well enough to maintain the illusion of magic.

In the world of investing, compound interest is one of the greatest magic tricks. The key is for you to understand the secret. The more you know about how compound interest works, the more excited you will be to save. As your money mysteriously multiplies over time, you see the fruits of your labor. Like a snowball that starts slowly rolling downhill and builds to a gigantic boulder, investing small today can turn into millions in the future. The key is consistency, discipline, and having an end goal in mind. If you haven’t yet discovered the magic of compound interest, you are truly missing an amazing force at work. When you start, even if it is small, your investments can grow large over time.
Find More Money

How do you find more money to invest? For most people there are two solutions: you either grow your income or reduce your expenses. Aside from inheriting or coming into additional money or selling something, there really is no other way. One thing to keep in mind is that your income can grow only to the extent that you do. If you are not constantly improving yourself and your skills, you will find it difficult to increase your income.

Think big! You will be paid in direct proportion to the value you deliver to your company. Focus on opportunities and go beyond your job description. Making a higher income is often correlated to the level of commitment you have toward your job. If you love what you do, it is easier to be successful. If you have others around you who are successful, learn from them. Partner and mentor with someone wealthier and more successful than you. Leaders earn a heck of a lot more than followers.

You are bigger than your problems. Grow yourself above your problems. Grow beyond your internal ceiling. Get paid based on results. Earn what you're worth. Focus more on your net worth than your income. Even if you are not earning much now, manage money well. Until you show you can handle what you've got, you won't get any more. Develop good money-management habits and look for more money to invest. Good money-management skills are more important than the amount of money you have.

There are people who always seem to live crisis to crisis. They tend
To save more, go on a “spending fast.”

**spending fast n.** A period in which a person voluntarily spends as little money as possible.

Source: http://www.wordspy.com/words/spendingfast.asp

Money is a great friend, once you send it off to work.”

—Peter Lynch

Send Money Off to Work for You

Remember when you were a child and you wanted a new bike or a new toy and found out that you had to work to pay for it? So you mowed lawns, delivered newspapers, or did other chores, earned the money, and bought those things you wanted. When you got older and earned more money, you became enlightened with the concept of saving. Eventually, you may have taken your cash out of the piggy bank and opened an interest-bearing savings account. You quickly discovered that money could actually make money. This is the concept of money working for you instead of you working for your money.

You probably work hard for your money and, if you’re fortunate, have some left over after paying your expenses. You want to commit that extra money to earning a financial return but realize that savings accounts provide very little interest. You’re ready to expand your portfolio to include investments that have the potential to provide greater returns.
When it rains on your parade, look up rather than down. Without the rain, there would be no rainbow. —G. K. Chesterton

The Rainy Day Fund

It is often said that when it rains, it pours. Disasters can happen in the blink of an eye. In times of crisis, you don’t want to be shaking pennies out of a piggy bank. Having a financial safety net in place can ensure that you’re protected when a financial emergency arises. One way to accomplish this is by setting up a cash reserve, a pool of readily available funds that can help you meet emergency or highly urgent short-term needs.

You should have at least three to six months’ worth of living expenses in your cash reserve. The actual amount, however, should be based on your particular circumstances. Do you have a mortgage? Do you have short-term and long-term disability protection? Are you making payments on your child’s orthodontics? Are you making car payments? Other factors you need to consider include your job security, health, and income. The bottom line: Without an emergency fund, a period of crisis (e.g., unemployment, disability) could be financially devastating. If you haven’t established a cash reserve, or if the one you have is inadequate, you can take several steps to eliminate the shortfall:

- Save aggressively: If available, use payroll deduction at work; budget your savings as part of regular household expenses.
- Reduce your discretionary spending (e.g., eating out, movies, Starbucks).
- Use current or liquid assets (those that are cash or are convertible to cash within a year).
- Use earnings from other investments (e.g., CDs, stocks, mutual funds).
- Check out other resources (e.g., do you have a cash-value insurance policy that you can borrow from?).

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“A penny saved is a penny earned.”
—Benjamin Franklin

**Where to Keep the Pennies Growing**

You’ll want to make sure that your cash reserve is readily available when you need it. However, an FDIC-insured, low-interest savings account isn’t your only option. There are several excellent alternatives, each with unique advantages. For example, money market accounts and short-term CDs typically offer higher interest rates than savings accounts, with little (if any) increased risk.

It’s important to note that certain fixed-term investment vehicles (i.e., those that pledge to return your principal plus interest on a given date), such as CDs and Treasury securities, impose a significant penalty for early withdrawals. So, if you’re going to use fixed-term investments as part of your cash reserve, you’ll want to be sure to stagger their maturity dates over a short period of time (e.g., two to five months). This will ensure the availability of funds, without penalty, to meet sudden financial needs.

Review your cash reserve periodically. Your personal and financial circumstances change often. Because your cash reserve is a guard against financial devastation, you should review it annually to make sure it fits your current needs.

**Savings on Steroids**

Here is a safe plan to consider that incorporates investing in God’s work, your emergency funds and unperceived needs, and long-term savings for your goals. Having a plan and sticking to it are critical. This savings plan is a starting point and will vary from individual to individual:

- 10 percent to church, ministries, and charities first (now)
- 10 percent for emergencies and savings (short and intermediate term)
- 10 percent to long-term savings for the future (retirement, college, etc.)
Faith or Common Sense?
Sometimes You Need Both!

Many confuse the act of saving with hoarding. There are both proper and appropriate ways to save and invest portions of your money. However, there is a danger of investing to create financial freedom apart from God. Where is the line? It will come down to your heart and where your motives lie. The motives must still involve God and His direction for your life. Taking matters into your own hands and relying on wealth alone will open the door to a materialistic lifestyle.

I have met many strong followers of Christ who believe investing and saving show a lack of faith in God. It reminds me of a story:

A man died and went to heaven, and when he got to heaven he questioned why God allowed him to die. Earlier in the day the man had turned on the weather report and saw that heavy rains and flooding were coming and everyone should evacuate. The man, being faithful, said, “God will help me through,” so he did nothing. The waters came in like a fury. The floodwaters began to rise and he was forced to the second floor of the house. He saw a boat go by and the
two men inside the boat asked if he needed help. He refused, saying that the Lord would help him. So they went on their way. The waters continued to rise until he was forced onto the roof of the house. Suddenly a helicopter came by and asked if he wanted a lift. Again, he refused, saying, “The Lord will help me,” and off the helicopter went. The man died in the flood and questioned why God would allow a man with such strong faith to die. But who do you think sent the message, the boat, and the helicopter?

There is a strong need for faith, but there also needs to be a balance of God-given common sense. It is your responsibility to provide for your family’s future. First Timothy 5:8 always comes to my mind: “If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever” (niv). Pretty strong words! You should have faith but also the desire to find ways to provide for your family.

**Habits to Keep**

**Invest to Maximize God’s Money**

By learning about the various options that are available to you, you can make the best decisions possible to maximize your financial future. Careful study, prayer, and education are necessary. If you were buying a car, would you buy the first one available? You would likely do some research, comparing features, options, and prices. It’s the same with investing. There are several steps you’ll need to take to educate yourself in all the possibilities so you can focus on the type of investing that is most beneficial to you. God expects His followers to be wise in the area of finances. If you do not desire to do this, you are expected and commanded to seek wise counsel. Like the thief who pleads ignorance, the judge will still sentence him. Ignorance is not a valid defense.
Invest to Learn to Defer Gratification

By saving and investing, you will be able to delay things you want today in preparation for tomorrow. If you do not save for your future, you might end up imposing on someone or something (family, friends, government, etc.) that drains resources (family finances, church funds, or taxpayer dollars, etc.).

My friend Tony has a great heart for the Lord. He would often get in bitter disagreements with his friend Roger over where faith and common sense separate. Roger, who was taking care of a family of four, often would get himself in financial messes expecting that God would provide. Tony saw this and grew angry as Roger appeared to be disguising a lack of reason as faith. It nearly tore their friendship apart. It makes sense to be careful that you are not so close to the edge that you blindly cry out in faith when reason could solve the problem. At the same time, you cannot take God completely out of the picture and do everything on your own. By praying and carefully examining your options, you can begin to achieve the correct balance. Delaying your immediate wants allows God to provide for your needs and prepare you for the bigger things to come.

Invest to Provide for Your Family’s Needs

As a father, I have the tremendous pleasure of providing for my family’s physical, mental, spiritual, and financial needs. Because I was the main breadwinner, Karen and I decided early in our marriage that when it came time to have children, she would stay at home with them. As a provider of the family, saving and investing allow me to provide an adequate backup plan for use in the case of my unlikely premature demise. I have faith that God would provide, but why drain resources when I can use the skills and resources God provided me today to prepare for tomorrow?
**Invest to Become a More Effective Long-Term Giver**

Many strive to reach the ideal saving plan, where they may begin or continue to give to God as a percentage and build up a reserve for future needs—known and unknown needs. As you begin to create new habits, you may gain a longer-term perspective. This often prepares and teaches you how to be a better long-term giver and saver. This also helps to prepare you for your future retirement needs. Without planning for your future, you rely on others to take care of you—the government, the church, your family, and your kids. If you have the means to save now for the future, it makes sense to save now. This is not hoarding; it is wise and careful planning.

**Habits to Break**

**Don’t Invest Just to Build a Trump Empire**

Donald knows how to build wealth, and he is good at it. What good is an empire if that is your only focus in life? I am not criticizing Donald. I don’t know his priorities, but I do know that if your only goal is to create the empire and there is no other purpose, you labor in vain. He who dies with the most toys still dies and, worse yet, still faces the judgment of God. If you misuse God’s blessings and strive for only your personal benefit, do you think there will be a price to pay?

**Stop Thinking Money Equals Happiness**

The reality is, money equals happiness minus happiness. Having money does not guarantee happiness. I have seen surveys that show nearly 80 percent of people who win the lottery become less happy after they win. Investing or saving to make you happy is not a valid reason to save. Money will never bring the true satisfaction you are seeking.
Don’t Invest Out of Fear or a Lack of Trust in God’s Ability to Provide

This has been my own personal stumbling block. Far too many of my money decisions over the years have been fear- or worry-based. Thankfully, God is helping me understand that no amount of money can guarantee true security.

Systematize Your Savings and Investments

Systematic saving is the process of saving a portion of your income on a regular basis. It is important because establishing or increasing an emergency fund should be your first savings priority in a financial plan. Unfortunately, most people do not save on a regular basis. I have found a key to long-term success is to save automatically by setting up systematic, regular savings. This helps you develop excellent habits.

After giving, you should always pay yourself first and create an excellent habit that will reward you for a lifetime. For those who do not yet have financial security and independence, systematic saving and building a cash reserve are the first steps (managing debt is a close second, except in dire situations). You should look at systematic saving as paying yourself before passing what is left on to others. Money spent is money that usually must be replaced by working for it.

With an automatic savings plan, you formally arrange with an employer or financial institution to periodically set aside a specified amount of money from your income or an existing account. A planned approach differs from this in that savings are not set aside automatically, but require that you deliberately set the specified amount aside every period. Automatic plans are preferable because the transactions are made by others, thereby avoiding the temptation to divert funds (out of sight, out of mind). Yet, planning for periodic savings, which is often part of a budgeting process, is an excellent alternative, especially if the routine savings amount is viewed as a mandatory bill payment.
Think about this for a moment:
Given the choice, would you want to be . . .

<table>
<thead>
<tr>
<th>Choice Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Fully dependent on others (government, friends, and family) and living in poverty?</td>
</tr>
<tr>
<td>b. Partially dependent (some income, but still relying heavily on others), one major crisis away from poverty?</td>
</tr>
<tr>
<td>c. Not dependent, but living paycheck to paycheck?</td>
</tr>
<tr>
<td>d. Partially financially free (can survive on your income, but there’s not a lot extra to help others)?</td>
</tr>
<tr>
<td>e. Completely financially free (can take care of your major financial needs and also lend a major hand to others)?</td>
</tr>
</tbody>
</table>

Here are the likely outcomes:

- If you save $0 annually and spend more than you make, you will most likely end up like A.
- If you save less than 5 percent of your income annually and never set up a plan, you will most likely end up like B.
- If you save 5 to 10 percent of your income annually, you will most likely end up like C.
- If you save 10 to 20 percent of your income annually, you will most likely end up like D.
- If you save greater than 20 percent of your income annually, you will most likely end up like E.

**Which Retirement Plan Suits You?**

All retirement plans are not the same. In fact, there is such a wide variety of retirement plans that learning more about your choices is a good idea. Here’s a brief look at three of the most popular retirement plans and what they have to offer:
Traditional 401(k)

Many people have a 401(k) retirement savings plan, which works like this: The plan is funded with pretax dollars taken out of your paycheck (through payroll deductions). If you’re lucky, your company will match your level of contribution or even make contributions on your behalf—after all, the employer contributions are tax-deductible.

In 2008, the IRS will let you put up to $15,500 a year in a traditional 401(k). However, many employers will let you contribute only up to 10 percent (or less) of your annual salary. The IRS also allows catch-up contributions (additional contributions from those age fifty and above), with a current annual limit of $5,000.

Do you have a million dollars? At the moment you may not have it, but if you invest and save diligently and let your assets compound, who knows? You may be a millionaire someday. In fact, you may need to be a millionaire someday. If you stay retired for twenty or thirty years—which could happen—it may take well over $1 million to fund that retirement.

For years, employers have wondered: Why don’t people contribute more to their 401(k)s? At the typical large company, the majority of employees contribute too little, and some find it a hassle to even fill out the paperwork. Most people don’t speak “financial” and don’t look at financial magazines or websites. It’s “boring.” So they mentally file “401(k)” under “boring.” But the advantages of a 401(k) should not bore you; they should motivate you.

The money in your 401(k) compounds year after year without tax penalties. The earlier you start, the more compounding you get. Let’s say you put $2,400 annually in a 401(k) starting at age thirty, and, for the sake of example, let’s assume you get an 8 percent annual return. How much money would you have at age sixty-five? A retirement nest egg of $437,148 could result from putting in $200 per month. But if you started putting in that $200 a month five years later, you might have only $285,588. As stated above, you can put up to $15,500 into a 401(k) in 2008, and if you are age fifty or older, you are allowed
up to an additional $5,000 in “catch-up” contributions. Who would turn down free money? Big companies will often match an employee’s 401(k) contributions. A typical corporate match is 50¢ for each dollar up to 6 percent of your salary.

Many employees don’t recognize this benefit. Your 401(k) contributions are pulled out of your wages before taxes are withheld (pretax dollars). So you get reduced taxable income (less for Uncle Sam) and tax-free growth; you pay taxes on 401(k) assets when you withdraw them from the plan. With the new and increasingly popular Roth 401(k), the contributions are after-tax (no reduction in taxable income), but you can enjoy both tax-free compounding and tax-free withdrawals.

Why not take advantage? If you don’t contribute greatly to your 401(k), 403(b), or 457 plan, you may be ignoring a great retirement savings opportunity. Talk to your financial advisor about the 401(k) and other great resources to help you save for retirement.

**Traditional IRA**

The traditional IRA is essentially an individual savings plan. Contributions are tax-deductible (when requirements are met), with an annual limit. Although earnings within the traditional IRA grow tax-deferred until withdrawal, they will be taxed when withdrawal begins—and this must happen by the time the owner reaches the age of seventy and a half years. If the required amounts are not withdrawn at that age, a 50 percent penalty will be assessed on the amount not taken. The annual contribution limit is $5,000 for 2008.

**Roth IRA**

The Roth IRA began in the 1998 tax year, a result of 1997’s Taxpayer Relief Act. A Roth IRA gives individuals the ability to invest posttax income (up to a specified amount) each year. Roth IRA earnings grow tax-free, and withdrawals may be made free of penalty after the owner reaches the age of fifty-nine years six months, as long as the
funds have been in the account for a minimum of five years. While contributions to a Roth IRA are not tax-deductible, a Roth IRA has an advantage on the back end, with fewer requirements and limitations regarding withdrawals. The annual contribution limit is $5,000 for 2008.

**Is Your Retirement in Fashion?**

Most people save for retirement in one fashion or another—paying Social Security taxes, saving in company retirement plans such as 401(k)s, or through their company’s pension plan. Just as you need to define your savings intentions, you need to define the purpose of your saving for retirement. What are your motives? Is this reasonable planning, exercising foresight, or are you just trying to replace God’s hand? How is having a big fat retirement plan any different from the rich fool who was storing up for his later years so he could live in comfort and security?

What is a reasonable amount to save for retirement? At what point does responsible saving cross the line and become hoarding? The goal of much retirement planning is to provide a regular monthly interest income sufficient to meet all your needs without ever touching the principal that generates the interest. This way, it’s nearly impossible to outlive your money. It is one thing to save, but there still needs to be a point where you decide when you have more than enough.

**Extreme Makeover—Finance Edition**

One of ABC’s most popular shows for the last few years has been *Extreme Makeover: Home Edition*. Designers, builders, contractors, and thousands of volunteers band together to help families struck by tragedy. The family’s house, including all rooms, the exterior, and landscaping, is made over by this team within seven days while the family goes off on vacation.

There will be times in your life when tragedy strikes and times
when you have more than you need. “To save or not to save” is often a question those of faith ask themselves. There are times when you may need an extreme makeover on your finances. Ty Pennington unfortunately can’t help you here. There are other times when you are financially blessed beyond belief. How do you balance the good and bad times?

Some people take savings to a whole new extreme, which is called hoarding. If there is no purpose to saving other than to shield oneself from future problems or to accumulate wealth for the sake of wealth, this can become a huge barrier between you and God. The rich fool in Luke fell into this trap: “I will tear down my barns and build bigger ones, and there I will store all my grain and my goods. And I’ll say to myself, ‘You have plenty of good things laid up for many years. Take life easy; eat, drink and be merry’” (Luke 12:18–19 niv).

There is often a conflict between self-reliance and faith. If you have not saved a dime for retirement, can you expect God to bail you out? On the other side of the coin, if you take things into your own hands and save beyond the point where you could ever feasibly run out of money, do you risk taking God out of the picture? It is sort of like the owner of the bakery praying to God, “Give us this day our daily bread.” It seems self-defeating and meaningless. When do you reach the point when you have enough? This is a personal question you need to ask yourself. Tune out the noise of what the world tells you and listen to what God has to say. He will provide as long as you put your trust in Him. Balance your savings within the context of God’s plan for your finances.
THE FAITH-BASED MILLIONAIRE™
ACTION PLAN

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

☐ Develop an emergency fund; decide on your cushion.

☐ Research the best place to park your emergency funds. When planning a vacation destination, do you just pick the first place you see or do you do research?

☐ Commit to using your emergency fund for emergencies, not spending.

☐ Maximize your 401(k) or retirement plan at work.

☐ Utilize other retirement savings accounts.

☐ Put your savings program on autopilot; save automatically.

☐ Save to help others: Improve your community, improve your state, improve your country, and improve the world!

Perfect Complements

Essential Habit #9:
Find sound investments that complement your faith.

Every Cloud Has a Silver Lining

A merican showman Phineas T. Barnum first recorded the wording of this modern saying in Struggles and Triumphs (1869): ‘Every cloud,’ says the proverb, ‘has a silver lining.’” Thunder clouds, which are usually dark and threatening, can still have a silver gleam of sunlight along one edge—the “silver lining” of the cloud. Today we view this to mean that in every bad situation there is an element of good.

A mother who was diagnosed with terminal cancer refused the abortion she was offered, thereby giving the gift of life to her unborn daughter. She told her husband, “If I am going

“Without faith a man can do nothing; with it all things are possible.”

—Sir William Osler
to die, my baby is going to live.” Her husband was quoted after she died as saying, “She knew all too well she didn’t have long to live. So she put her little daughter’s life before her own.”

Your perspective in life reflects how you see the world. You can either choose to see the good in everyone and everything or choose to focus only on the bad. Human nature often chooses to focus solely on the bad in others, ignoring all the good being done. One look at the nightly news will validate my point. How many news stories are uplifting? How many are negative? There is much good and bad occurring daily, but the negative stories grab the majority of the headlines.

**Moral Compass**

On Wall Street, there is a lot of good investing being done, and when you find good being done, you should go out of your way to support it. It makes good sense for society. It also makes sense to invest in companies that complement your faith. No company is perfect, but there are many companies that support traditional Judeo-Christian values such as honesty, compassion, diligence, prudence, and creativity. There are thousands of companies that strive to offer quality products and services at fair prices, support a sustainable and healthy environment, and give generously to charities that benefit the world around us.

If a company exemplifies good corporate behavior and has solid financial prospects, isn’t this a match made in heaven? Faith-based investing targets companies whose business philosophies reflect good values. Finding such companies isn’t always easy, but finding them makes investing interesting and fun. To evaluate a potential investment, it is logical to analyze the attendant moral and social characteristics to ensure they are in line with your faith.
Many well-educated, morally and socially conscious investors wind up buying shares of companies whose beliefs and business practices are far removed from their own. Most investors simply haven’t thought about merging their personal beliefs with their investment strategies. Some may not even be aware of where and how their money is invested.

Consider this: When you invest in a company, you own part of that company. Some investors would prefer to separate themselves from their investments, but any shareholder cannot. So what you really need to consider, based on what the company does and how they conduct business, is whether you would feel comfortable being a partial owner of that company.

How you invest or don’t invest your money can be a significant statement of your beliefs and personal principles. For example, if someone is strongly opposed to gambling or pornography, they could choose to not invest in any company that contributes to those industries. If everyone who opposed those industries sold (or didn’t purchase) shares from those

—Aristotle

“We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly.”
Faith-Based Millionaire Mind-Set

If you can invest in a way that stays true to your faith and has a solid return potential, why would you not do so?

Investing according to your beliefs and convictions can definitely affect your rate of return. Whether the effect is positive or negative depends upon the investments you choose and the performance of those investments. But it is entirely possible, and perhaps probable, that at some point you will face a situation where you feel the best return on your investment would come from a company whose practices are absolutely contrary to what you believe. In that case, what do you do? No one but you can answer that question. You must decide for yourself which is more important—your convictions or your potential financial return.

If you'd like to take a closer look at how your money is invested, or if you'd like to start an investment strategy more in tune with your beliefs, speak with a faith-based financial planner or do your own research. The answers are there. You have to be willing to look for them.

The Two Go Hand in Hand

Profit without principles is ill-gained profit. Principles without sound financials often lead to weak profits. However, principles with sound financials will help you maximize profits. The two go hand in hand. You
should consider both your principles and the financial feasibility of the investment. If you are privileged enough to be able to invest, shouldn’t you make sure that you are doing the best you can to maximize your money? At the same time, shouldn’t you make sure you are not profiting at the expense of others’ misfortunes?

The point of my book is not to dictate to you what you should or should not invest in. My personal goal is to be pleasing to God and try to maximize the wealth He has entrusted to me in a fashion that I believe will please Him. Your beliefs and your plan may be similar or immensely different from mine. My purpose is to challenge you and open your mind to an area you probably have not spent much time thinking about.

The revelations that I’ve had in my financial life did not come to me overnight. In fact, it took approximately two years for me to become fully aware, to truly embrace and wrap my hands around exactly what I needed to do. The first problem was conviction. I had a lot of questions and concerns that I needed to wrestle with. The second turning point came as a result of more tools becoming readily accessible. There were quite a few hurdles to cross in order to be able to take what was important to me and implement it in an easy and understandable fashion. It is one thing to want to do something; it is another to be able to do it. Those were my two challenges.

Now, with advancements in technology and research, I have no excuses. And my eyes are open. I really have only two choices: take the time to understand what I own or pretend that it really doesn’t matter. For me, the choice is easy. As you read this book and work through the many issues I lay out, my hope is that the choice will be just as easy for you.

If you think of investing like farming, you will see that the fruits of your labor can be multiplied in a way that appears supernatural. It starts with a small seed in the ground and over time grows into a gigantic tree with overflowing fruit.

“We have always known that heedless self-interest is bad morals; we know now that it is [also] bad economics.”

—Franklin D. Roosevelt at the height of the U.S. Depression in 1936
Faith-Based Mutual Funds

Millions of investors have traditionally used mutual funds over the last fifty-plus years. In fact, there are trillions of dollars invested in mutual funds today, and there are literally more than twelve thousand different mutual funds to choose from. Some mutual funds screen for morally or socially responsible issues, but most do not. The reason mutual funds are so popular is that they accomplish three main goals:

1. Diversification
2. Professional management
3. Pooling money from numerous investors to allow smaller investors to participate

The biggest reason most people use mutual funds is for the professional management and easy access. The control and management of the mutual fund are in the hands of a professional. This can be a good or bad thing. The good news is that if the manager shares a similar faith and viewpoint, he may screen for “hot buttons” important to you. This may enable your faith to be integrated into your portfolio. However, if the manager has opposing views or does no screening, you run the risk of owning investments that violate the principles of your faith.

Another area of concern with mutual funds is long-term performance. The majority of mutual fund managers over the long run will underperform the stock market. This may or may not be a problem to you. This poses two questions:

1. Does it really matter what the stock market returns? Underlying question: Do you care what the index does if you reach your financial goals?
2. Does it really matter that you underperform the stock market if your moral integrity is in check? Underlying question: If you do underperform the market because of screening, can’t God make up the difference somewhere?

Notice each question really has an underlying question. Your financial fate is in the hands of the people running your fund. If they share your faith
and beliefs, it can be a good thing. However if they oppose your faith or do not incorporate it into their investment process, you may be violating principles dear to you. Though mutual funds have many benefits, be careful as you lose control over where your investments are going.

**List of Faith-Based Mutual Funds**

There are many mutual fund choices for the faith-based investor. Here is a sample of the offerings:

<table>
<thead>
<tr>
<th>Fund Company/Website</th>
<th>Phone Number</th>
<th>Faith</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ave Maria Mutual Funds</td>
<td>1-866-AVE-MARIA</td>
<td>Catholic</td>
</tr>
<tr>
<td><a href="http://www.avemariafunds.com">www.avemariafunds.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LKCM Aquinas Funds</td>
<td>1-800-423-6369</td>
<td>Catholic</td>
</tr>
<tr>
<td><a href="http://www.aquinasfunds.com">www.aquinasfunds.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMA Praxis</td>
<td>1-800-348-7468</td>
<td>Mennonite</td>
</tr>
<tr>
<td><a href="http://www.mmapraxis.com">www.mmapraxis.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Covenant Funds</td>
<td>1-877-835-4531</td>
<td>Presbyterian</td>
</tr>
<tr>
<td><a href="http://www.newcovenantfunds.com">www.newcovenantfunds.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shepherd Funds</td>
<td>1-800-416-2053</td>
<td>Conservative Christian</td>
</tr>
<tr>
<td><a href="http://www.shepherdfunds.com">www.shepherdfunds.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steward Mutual Funds</td>
<td>1-800-262-6631</td>
<td>Conservative Christian</td>
</tr>
<tr>
<td><a href="http://www.stewardmutualfunds.com">www.stewardmutualfunds.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timothy Plan Funds</td>
<td>1-800-846-7526</td>
<td>Conservative Christian</td>
</tr>
<tr>
<td><a href="http://www.timothyplan.com">www.timothyplan.com</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
When 1 Percent Becomes 4 Percent

Millions of people think that investing in a diversified portfolio of mutual funds for a long period of time is the wisest thing to do. In my opinion, mutual funds rank as one of the worst choices for most people. The biggest problems with mutual funds are the lack of ability to “know what you own” and the high-levels. Even when you “think” you are paying 1 percent a year, you may be shocked to “know” that the fees you are paying actually exceed 4 percent. Over time, this can be thousands or even millions of dollars. The longer you invest in mutual funds, the more you pay in fees.

So how does 1 percent become 4 percent? If you look at the fixed expenses of a mutual fund, they are included in what is known as the Annual Expense Ratio (found online or in the fund’s prospectus). Every mutual fund and exchange-traded fund (ETF) charges this fee. “No-load” funds (no commissions when you buy or sell shares) still charge annual fees. The expense ratio pays for the fund’s recurring operating costs (such as salaries, research costs, technology, and service, to name a few), but it does not cover trading and other costs. Morningstar, the leading independent third-party mutual fund rating company lists the average expense ratio as 1.56 percent per year.

What is not listed in the expense ratio are variable costs. The biggest variable costs are brokerage commissions and trading expenses. Whenever the fund manager buys or sells a security, he pays brokerage commissions—just as you would if you were to buy or sell a stock or bond. Typically, funds spend tens of millions of dollars in trading costs per year, and these expenses are not included in the Annual Expense Ratio or even disclosed in the prospectus. To find these and other expenses, you must look in the fund’s Statement of Additional Information (SAI).

These additional expenses are difficult to determine, but a 2007 analysis by Virginia Tech, the University of Virginia and Boston College revealed that the average SAI charge is 1.44 percent per year. This is in addition to the 1.56 percent charged by the average Annual Expense Ratio. In other words, the total charge of the average mutual fund is 3.00 percent per year. If you pay an advisor 1 percent or more per year
to manage your assets in what is known as a “wrap account,” you may be paying total annual costs that exceed 4 percent per year.

**The True Cost of Mutual Funds Based on a $250,000 Account**

<table>
<thead>
<tr>
<th>CHARGE</th>
<th>INDUSTRY AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisor Fee for $250,000 Account</td>
<td>1.39%</td>
</tr>
<tr>
<td>Annual Expense Ratio</td>
<td>1.56%</td>
</tr>
<tr>
<td>SAI Charges</td>
<td>1.44%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.39%</td>
</tr>
</tbody>
</table>

Source: Virginia Tech, University of Virginia, and Boston College; Morningstar, Tiburon Strategic Advisors, and Edelman Financial

**So What Do Most Faith-Based Millionaires Invest In?**

Most faith-based millionaires invest in one vehicle: “businesses.” Whether it is their own personal business or those of other private or publicly traded companies, most of the faith-based millionaires I have met do not use mutual funds as the “vehicle of choice.” Many financial experts advise you to “invest for the long-term in mutual funds.” This can be bad advice over the long run as you are losing wealth through these high fees. Mutual funds lack transparency, may own companies objectionable to your faith, and have layers of hidden costs as I have just explained. There is a better way!

Here is why most faith-based investor prefer to own individual stocks and not mutual funds:

1. They know which stocks they own every minute of the day. With a mutual fund, you don’t know on a daily basis which stocks the fund manager is buying or selling.
2. With mutual funds, you have no input into what the fund manager buys or sells. The manager may be buying companies that contradict your faith unless the mutual is screening what types of companies it buys. Most mutual funds do not screen. With individual stocks, investors make the decisions: what to buy, how long they want to own it, and when to sell.

3. A mutual fund manager may be forced to sell shares to meet redemptions. This forced selling may be counterintuitive to what should actually be done—buy low and sell high. Most faith-based investors are not as inclined to panic. In a mutual fund, many investors panic, bail out, and hurt other shareholders.

4. By owning individual stocks, they have direct control over their investments. In a mutual fund, you turn control over to someone you most likely have never met and cannot ever speak to.

5. By owning individual shares, they decide how many companies they want to be invested in at any one time and can control the amount of diversification. In a mutual fund, there may be so many different stocks that they are overdiversified.

**Bottom Line:** If you don’t have the time or that much money to invest, mutual funds may be for you. But if you have the time, and you want control over what you own, then you, too, can be like most faith-based investors and own individual companies rather than mutual funds. Once this choice is made you can still either manage the portfolio yourself, hire a faith-based portfolio manager, or hire a faith-based financial planner who specializes in stock portfolio management.

**Hire Your Own Personal Faith-Based Portfolio Manager**

There is a relatively more-popular investment process called separate account management. It is similar to mutual funds in many ways, but allows you as the investor to see what is going on “behind the scenes.” Separate accounts provide individual investors access to institutional-quality money
managers at reduced account minimums. Within this structure, the investor directly owns the securities in the portfolio, and can impose restrictions against the purchase of specific securities as a means of customizing the portfolio for personal requirements. This flexibility allows the investor the benefits of direct security ownership combined with professional management.

Over the last ten years, separate accounts have become more popular. Many managers today will accept accounts of $50,000 or $100,000. This allows investors who normally would not have access to these managers to now participate. A major advantage of a separate account over a mutual fund is called the transparency factor. You are able to see every single holding that you own. Unlike your mutual fund, which reports its holdings monthly or quarterly, you can see what you own on a daily basis.

**Benefits of Separate Accounts**

**Investment Flows.** Often, mutual funds are managed based on the net inflow or outflow of their investors’ deposits. Stocks may be sold prematurely to meet redemptions, and other stocks may be bought at unattractive prices simply to put excess cash to work. A separate account is managed with your individual needs in mind.

**Client Input.** Although these are often model portfolio approaches, many managers allow clients to tailor their accounts. For example, certain investments may be excluded because of religious or social concerns.

**Tax Efficiency.** For taxable investors, a separate account avoids the pitfalls of mutual fund capital gains distributions. In some years, a mutual fund investor might have unrealized losses and yet owe taxes because of activity within the fund. You won’t pay taxes on gains you did not realize.

**Tax Planning.** For taxable investors, you can typically instruct the manager to generate gains or losses, if applicable. This allows your separate account to be integrated with your overall tax strategy.

**Reporting.** You will receive detailed reports from your manager, outlining exactly what you own and how your individual account has performed.
Transparency. You will see all of the trades (buys and sells) and charges.

Expenses. A private account is generally cost-effective when compared to the alternatives.

**Faith-Based Separate Account Managers**

Here are a couple of sample managers who run portfolios for faith-based investors. They generally accept accounts of $100,000 and over and have a wide range of portfolio options that range from conservative to aggressive. Please contact the individual managers for more specific information and for the most current data and performance records.

**Foxhall Capital Management, Inc.**

www.foxhallcapital.com
1-800-416-2053

**Stewardship Partners**

www.stewardshippartners.com
1-800-930-6949

**How Do You Actually Implement This?**

The question I often get is “How do you actually integrate your faith into a financial portfolio?” I want to give you a concrete process and show you how to find the perfect complements—combining your faith with your financial plan. Lisa and Rob Sullivan came to see me last year. Lisa and Rob are practicing Catholics and want to follow the teachings of Christ. For investing purposes it made sense to look to the Catholic Church’s values to reemphasize the beliefs, principles, and values that Lisa and Rob sought to support.
Five Nonnegotiables

Regarding the specific hot-button issues that Lisa and Rob wish to screen out, let us look specifically at five areas highlighted by the Catholic Church. These five current issues concern actions that the Catholic Church holds to be of utmost priority. They choose to condemn these activities and will not promote any of the activities listed.

1. **Abortion:** The Church teaches that, regarding a law permitting abortions, it is “never licit to obey it, or to take part in a propaganda campaign in favor of such a law, or to vote for it” (EV 73).

2. **Euthanasia:** The Church believes that no person has a right to take his own life, and no one has the right to take the life of any innocent person (cf. EV 73).

3. **Embryonic Stem Cell Research:** The Church believes human embryos are human beings (CRF 4b).

4. **Human Cloning:** The Church believes “attempts . . . for obtaining a human being without any connection with sexuality through ‘twin fission,’ cloning, or parthenogenesis are to be considered contrary to the moral law, since they are in opposition to the dignity both of human procreation and of the conjugal union” (RHL I:6).

5. **Homosexual “Marriage”:** The Catholic Church stands firm on marriage—what it is and is not. They define true marriage as the union of one man and one woman (UHP 10).\(^1\)

Lisa and Rob have several choices as Catholic investors within the mutual fund universe. The Sullivans decided to use the Ave Maria mutual fund group. With Ave Maria, they can build a portfolio of stocks, bonds, and cash and come up with an asset allocation mix that makes the most sense for their family. I will talk about asset allocation and how to put together a portfolio in the next chapter.
Based on risk levels (highest risk on top, lowest on bottom), Lisa and Rob have the following choices:

**THE RIGHT THING AND THE DIFFICULT THING**

Doing the right thing and doing the difficult thing are often one and the same. How you make your money is more important than how much of it you make. When it comes to investing, there are two central questions to consider when you look at screening your investments:

1. Will I get a lower return on my investments?
2. If so, do lower returns matter if I am upholding my principles?

This leads straight to your heart: What if investing in this manner does cost you something? What is your level of commitment to upholding your values and morals? Is your goal to just maximize profits? Or do you wish to maximize profits within the parameters of your morals? Selling crack cocaine to teenagers can be very profitable, but the source of profit obviously is as important as the size of profit. This book examines how you can balance the two by discovering ways to potentially produce spiritually and financially healthy profits.

The reality is that either you are willing to stand for what you
believe or you can fall victim to the almighty dollar. You can choose wealth at any price, but the price is often one you cannot afford to pay: the dad who works endless hours to build his business yet neglects his family, the entrepreneur who cuts corners to make more profits, the ballplayer who takes steroids to get a bigger salary, or even the greedy executive who commits fraud to increase shareholder returns. Is the gain worth the price?

Money can become a god. People give it more power than the true God above. They cling to materialism over spirituality. Those who answer to a higher power will eventually be faced with judgment. Did you give in to your every desire no matter the cost, or did you follow a guiding set of principles and hold to those principles even though you could have made more profits? What if it does cost something to follow those principles? God appreciates sacrifice as it shows your heart’s true intentions.

### The Tale of Two Investors

To illustrate my point, consider two investors:

- **Investor One**: A faith-based investor who decides to screen his portfolio according to his hot-button issues.
- **Investor Two**: A maximum-profit investor who decides that the highest return on his money is his goal.

If both follow the same asset-allocation process and use a similar investment selection process, will both investors have similar returns on their investments? You can make arguments on both sides that they will or will not achieve similar returns. Many people assume that the maximum-profit investor will always outperform the faith-based investor because he is not using any screens or filters to eliminate potential

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“God whispers to us in our pleasure, speaks in our conscience, but shouts in our pain; it is His megaphone to rouse a deaf world.”

—C. S. Lewis
investment choices. I have seen compelling arguments presented on both sides of the coin. There are studies showing screening hurts performance, but there are also studies showing that screening does not affect your returns. Whom do you believe?

How can you really tell if screening helps or hurts your long-term performance? You can compare a “screened index” to an “un-screened index.” A stock index is simply a group of stocks designed to replicate a slice of the overall market. Let us compare the Catholic Values 400 Index (four hundred companies supporting Christian values) and the S&P 500 (an unscreened index of five hundred companies designed to replicate the overall market).

Here is how the indexes have performed as of 12/31/2007:

<table>
<thead>
<tr>
<th>Annualized Returns</th>
<th>Catholic Values 400 Index</th>
<th>S&amp;P 500 Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Return</td>
<td>3.12%</td>
<td>5.49%</td>
</tr>
<tr>
<td>One Year</td>
<td>3.12%</td>
<td>5.59%</td>
</tr>
<tr>
<td>Three Year</td>
<td>6.31%</td>
<td>8.62%</td>
</tr>
<tr>
<td>Five Year</td>
<td>11.26%</td>
<td>12.83%</td>
</tr>
<tr>
<td>Ten Year</td>
<td>N/A</td>
<td>5.91%</td>
</tr>
<tr>
<td>Since Inception 5/1/98</td>
<td>4.23%</td>
<td>4.59%</td>
</tr>
</tbody>
</table>
As you can see, the performance of the Catholic Values 400 index has kept up with the overall performance of an unscreened index—the S&P 500—but it preserves the values of the Catholic investor. You can invest with values and still achieve financial success.

Now if the maximum-profit investor outperforms the faith-based investor, many assume that it was because of the screening process used by the faith-based investor. My argument is that the underperformance could be from the asset allocation or the investment selection process. Do not automatically assume that the screening parameters used by the faith-based investor caused the underperformance. I have seen many faith-based investors far exceed maximum-profit investors because they used a solid asset-allocation and investment selection process. I have also seen many faith-based investors suffer lower returns because of a weak asset-allocation and investment selection process. Both the faith-based investor and the maximum-profit investor stand an equal chance of achieving competitive financial returns if they follow a solid, disciplined process.

“Do not participate in the unfruitful deeds of darkness, but instead even expose them.”

—Ephesians 5:11 NASB
THE FAITH-BASED MILLIONAIRE™ ACTION PLAN

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Analyze investments with your hot buttons in mind. Research faith-based mutual funds to see which ones resonate with you.
- Decide if you have enough money for a separately managed account. Look at potentially hiring a faith-based portfolio manager.
- Evaluate investments from a financial-feasibility perspective.
- Educate yourself about basic market and economic considerations.
- Develop an investment plan based on your goals and your faith.

“In stocks and bonds, there is safety in numbers. No matter how careful you are, you can neither predict nor control the future. So you must diversify.”

—Sir John Templeton
potential returns, as well as potential losses. This proposition is probably familiar and makes sense to most of us. It is simply a fact of life—no sensible person would make a higher-risk, rather than lower-risk, investment without the prospect of a higher return. That is the trade-off. Your goal is to maximize returns without taking on more risk than you can bear.

The concept of risk tolerance is twofold. It refers to both your personal desire to assume risk and your financial ability to endure risk. It also assumes that risk is relative to your own personality and feelings about taking chances. If you find that you can’t sleep at night because you’re worrying about your investments, you’ve assumed too much risk. Your financial ability to endure risk has more to do with your age, stage in life, how soon you’ll need the money, and your financial goals. If you’re investing for retirement and you’re thirty-five years old, you can endure more risk than someone who is ten years into retirement, because you have a longer time frame before you need the money. With thirty years to build your retirement fund, you have the ability to withstand short-term fluctuations in hopes of a greater long-term return.

You can potentially help offset the risk in any one investment by spreading your money among several asset classes. Diversification strategies take advantage of the fact that forces in the markets do not normally influence all types or classes of investment assets at the same time or in the same way. Swings in overall portfolio return can be smoothed out by diversifying your investments among assets that tend not to experience price fluctuations that mirror each other. In a slowing economy, for example, stock prices might be going down or sideways, while falling interest rates cause the price of bonds to rise.

In addition to diversifying among asset classes, you should consider diversification within an asset class. For example, when investing in stocks, you can choose to invest in large companies that tend to be less risky than small companies. When investing in bonds, you can choose

"It is a socialist idea that making profits is a vice. I consider the real vice is making losses."

—Winston Churchill
between Treasury securities and the more risky corporate securities. Or, you could decide to allocate a portion of your investment funds among all four types of investments. Diversifying within an asset class helps reduce the risk to your portfolio due to the impact of any one particular type of stock, bond, or mutual fund.

Any investor would do well to call on three friends during the course of his or her financial life: diversification, patience, and consistency. Regardless of how the markets perform, these practices should be a part of your investment philosophy.

The saying “Don’t put all your eggs in one basket” has real value when it comes to investing. In a bear market, certain asset classes may perform better than others. The same goes for a bull market. If your assets are held mostly in one kind of investment (say, mostly in mutual funds or CDs or money market accounts), you could be hit hard by stock market losses, or alternately lose out on potential gains that other kinds of investments may be experiencing. So there is an opportunity cost as well as risk.
This is why asset allocation strategies are used in portfolio management. A financial advisor can ask you about your goals and tolerance for risk and assign percentages of your assets to different classes of investments. This diversification is designed to suit your preferred investment style and your objectives.

When you look at investing, the goal is to increase your initial investment dollars. This increase represents a return on your initial investment. When discussing returns, the most common language is called financial or portfolio performance. The financial performance of your portfolio will come mainly from asset allocation and investment selection. Studies conducted by Ibbotson Associates, Inc., show that more than 95 percent of an investor’s returns come from asset allocation and investment selection.

Asset allocation is simply the percentage of a portfolio allocated to different asset classes such as stocks, bonds, and cash. Investment selection is the process of selecting choices within each asset class.

While financial markets are by nature uncertain, there are ways to reduce risk. For example, investments can be spread over a variety of companies within a given industry. They can be further allocated to a range of the more conservative asset classes, such as real estate and bonds. Diversification and allocation have been shown to reduce the probability and magnitude of investment losses. A portfolio should always be built upon the prudent concepts of diversification and allocation.
Solomon wrote in Ecclesiastes 11:2, “Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth” (NASB). Divide your wealth (investment capital) into several parts and don’t risk it all in one place. Diversification is essential regardless of your age, personality, income level, or the time frame involved. As your savings grow, your diversity should grow, too. Diversification does not guarantee success, but it does reduce risk. Make different types of investments: bonds, domestic and foreign stocks, real estate. Mutual funds offer a high degree of diversification within a single fund. Even there, invest in different types of funds: small-cap, mid-cap, and large-cap funds, emerging markets, growth and income, etc.

Here is a sample illustration:

<table>
<thead>
<tr>
<th>Asset Allocation</th>
<th>Investment Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash 10%</td>
<td>• Bank CD</td>
</tr>
<tr>
<td></td>
<td>• Money Market</td>
</tr>
<tr>
<td>Bonds 40%</td>
<td>• XYZ Short-Term Bond Fund</td>
</tr>
<tr>
<td></td>
<td>• XYZ Long-Term Bond Fund</td>
</tr>
<tr>
<td>Stocks 50%</td>
<td>• XYZ Large-Cap Stock Fund</td>
</tr>
<tr>
<td></td>
<td>• XYZ Mid-Cap Stock Fund</td>
</tr>
<tr>
<td></td>
<td>• XYZ Small-Cap Stock Fund</td>
</tr>
<tr>
<td></td>
<td>• XYZ International Stock Fund</td>
</tr>
</tbody>
</table>

The most important decisions that you will make in the investment world include those involving asset allocation and investment selection. As you incorporate your faith into your financial plan, this important element will help determine your financial success or failure.

Impatient investors obsess on the day-to-day doings of the stock market. Have you ever heard of “day trading” or “market timing”?
FAITH-BASED WISDOM

Minimize “statement shock”!

**statement shock n.**

1. The shock a person experiences when they see a large balance on their credit card statement, particularly in January.
2. The shock a person experiences when they see a large drop in the value of their investment portfolio.

Source: http://www.wordspy.com/words/statementshock.asp

These are attempts to exploit short-term fluctuations in value. These investing methods might seem fun and exciting if you like to micro-manage, but they will add stress and anxiety to your life, and they are a poor alternative to a long-range investment strategy built around your life goals.

Most people invest a little at a time, within their budget, and with regularity. They invest $50 or $100 or more per month in their 401(k)s and similar investments through payroll deduction or automatic withdrawal. In essence, they are investing on “autopilot” to help themselves build wealth for retirement and for long-range goals. Investing regularly (and earlier in life) helps you take advantage of the power of compounding as well.

Are diversification, patience, and consistency part of your investing approach? Make sure they are. If you don’t have a long-range investment strategy, talk to a qualified financial advisor today.

**There’s Turbulence Ahead**

Perhaps the fluctuations are unsettling you. It’s a stressful time for the economy and Wall Street, and you may be concerned about your portfolio, given what’s going on with oil prices, the real estate market,
and rising unemployment figures. It may be a good time to review how your assets are invested.

I remember when I was eight years old and looked at the enormous roller coaster at a local amusement park. It seemed way too scary for me. After all, people were screaming like crazy the whole ride. I couldn’t do it. Just then an older friend grabbed me by the arm and dragged me into the line. I tried my hardest to get away, but there was no stopping him. “You will love it,” he demanded. Finally came our turn to ride to our deaths. We got on and my heart was beating in my throat. *Tell Mom I love her*, I thought. The ride took off like a bolt of lightning, and the next two and a half minutes turned into complete enjoyment. My response was the exact opposite of what I had expected. Sometimes people are fearful at first of things that appear difficult, but when they truly experience them, they find there was a blessing in disguise.

It is sometimes this way with the stock market. What appears to be a roller-coaster ride, the ups and downs of the market, scares people away or out of the market. I once met with a guy named Gary. He was so nervous, he often lost sleep and became physically sick. He would watch CNBC and stock market news and panic. If you ever have been seasick, the best advice is to look at the horizon; it helps you forget about the moving sensation. However, if you focus on the waves, you become more sick. When you allow your faith to become shallow and weak, you often do not look to God, and it is very easy to become nervous and have anxiety. The day-to-day news reports will surely make you sick if you are always focused on the here and now. The apostle Paul says in Philippians 4:6: “Do not be anxious about anything, but in everything, by prayer and petition, with thanksgiving, present your requests to God” *(niv)*.

The next time the stock market or your financial picture looks grim, give over your nervousness or anxiety to God. He will provide you the comfort and strength to overcome your fears. Trust in Him, and the scariest roller-coaster ride will become the ride of your life.

A balanced portfolio may help you ride out stock market turbulence. Stocks and mutual funds aren’t the only asset allocation choices you have, and you won’t be alone if you decide to examine other investment options.
Fixed annuities and Treasuries become attractive to investors when the market turns volatile. Bonds tend to maintain their strength when stocks perform poorly; fixed annuities are simply contracts with insurance firms, not correlated to stock market performance (though certain types of annuities may enable you to take advantage of stock market gains while maintaining your principal). Fixed-income mutual funds, dividend income funds, and bond funds also have their adherents.

Last but not least, you have cash, though cash holdings haven’t traditionally performed anywhere near the level of the stock markets.

If you are near retirement, this is all the more reason to review and possibly even revise your portfolio. Frequently, people approach or enter retirement with portfolios that haven’t been reviewed in years. The asset allocation that seemed wise ten years ago may seem foolhardy today.

Often, people in their fifties and sixties feel they need to accumulate more money for retirement, and that feeling leads them to accept more risk in their portfolio than they should. In the absence of a salary, however, you’ll likely want consistent income and growth, and therein comes the appeal of a balanced investment approach designed to manage risk while encouraging an adequate return. Ask your financial advisor to assist you. You may find that you have a mix of investments that matches your risk tolerance. Or, your portfolio may need minor or major adjustments. The right balance will help you insulate your assets to a greater degree against financial ups and downs.

**Would You Go Down with the Ship?**

The *Titanic* was one of the most publicized ships of her time. She was the most luxurious liner of her era and the largest moving object assembled at that time, capturing imaginations everywhere. It was unimaginable that she could ever sink. In fact, most people assumed the *Titanic* was “unsinkable.”

In the case of the *Titanic*, it was said, “The captain went down with the ship.” If you look at mutual funds and the stock market from 2000 to 2003, most portfolio managers also went down with their invest-
ment ships. Most investors did not look for the “lifeboats” because they weren’t Wall Street risk-takers. They were typical men and women who went to work every morning, put a little away every month for retirement, and suddenly, their savings vanished. This brings home the point that you cannot blindly follow Wall Street professionals.

Here are a couple of questions to consider:

- How many stock managers lost 40 percent or more of their investors’ money during the 2000–2003 stock market downturns?
- How many mutual funds fail to beat the S&P 500 over the long run?

The answer to both questions is “the majority.” So what do you do when the markets are going down—when there’s a bear market?

<table>
<thead>
<tr>
<th>Protect Your Downside!</th>
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<tr>
<td>Amount of Loss Incurred</td>
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<tr>
<td>60%</td>
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<tr>
<td>70%</td>
</tr>
</tbody>
</table>

Chased by a Bear

Remember the scene in the movie *The Great Outdoors* where John Candy’s character, Chet, is being chased by a large bear in the woods?
Chet finally gets inside the house and his look, mannerisms, and tone say it all: “Bear . . . bear . . . Big Bear . . . big bear chase meeeeee . . . !”

Many are often like Chet in that they panic when the markets go down. Unlike the threat of immediate physical danger (a bear), threats to your wealth (a bear market) are only temporary. How you proceed in the bad times determines your overall success or failure.

Increasing market volatility often raises many questions and uncertainties:

• Are we heading into a recession?
• Is the market going to continue to decline? Should I take my money out?
• How will my dreams and goals be affected?

Having a solid approach to financial planning can help protect you in times of market volatility. This approach should leverage strategies that can help you stay focused on your long-term plan. These strategies can help you weather the expected ups and downs of the market.

No matter what the current market brings, there are always opportunities in the financial markets. The key is to understand how to react and what your mind-set should be when there is significant market uncertainty. It is important to have effective strategies in mind during market volatility. Here are five things to think about when the markets take a turn:

1. Review Your Financial Plan

An ideal financial plan takes into consideration a lot more than your asset allocation. Your savings, debt, insurance, taxes, and retirement planning are also key pieces of a comprehensive plan. If you overlook any one of these elements, your dreams and goals may be in jeopardy. Market downturns are the time to discuss how market volatility could affect your plan and to determine if you need to make adjustments. You should cut back on expenses and try to save more.
2. **Take Time to Pray and Control Your Emotions**

Up-and-down market movement is a fact of life. God is in control. Lean on Him when things aren’t going well. He will provide strength. Don’t let your emotions drive your decisions. Stay focused on your long-term goals to help ensure your plans stay on track.

3. **Diversify, Diversify, Diversify**

Diversified investing across stock, bond, and cash investments can help smooth out the inherent ups and downs in the market. Having the appropriate investment mix based on your goals, risk tolerance, and time horizon is critical.

4. **Be Disciplined**

Disciplined investment strategies such as dollar cost averaging can help smooth out market fluctuations. Dollar cost averaging is the practice of investing fixed amounts in equities at set periods of time. Over time, your average price per share will usually be reduced and may help put you in a better position to weather a volatile market.

5. **Avoid Market Timing**

It can be tempting to react to market volatility by trying to time the market. But effectively timing the market requires you to make two correct decisions that are very difficult to make: exactly when to buy and exactly when to sell. This is a risky game to play. Being out of the market at the wrong time—even if it’s for a short period—can significantly cost you.

A collaborative financial planning process is built with a long-term view focused on your unique dreams and plans. Keep in mind, diversification helps spread any risk throughout your portfolio, so investments that do poorly may be balanced by others that do relatively better.

Diversification and asset allocation do not guarantee overall portfolio profit and do not protect against loss.
As the story goes, Chicken Little was walking through the forest one day when an acorn fell on her head. She thought at that moment the sky must be falling and decided she needed to alert the king so he could take proper action. She overreacted because of fear.

There are times when fear runs our lives as well. Inflation is out of whack. The economy is slipping into a recession. Debt is at an all-time high. You may hear bad news every day. Don't be a Chicken Little. Don't be afraid. The sky is not falling. Even when the markets are going in the wrong direction, don't give up hope. They will go back up. The market has survived the threat of global extinction, great depressions, world wars, presidential assassinations, and terrorist attacks, to name a few. Downturns are temporary, but the upward trends of the markets are permanent. Cling to your faith in God and trust Him during the scary times. Worry only validates our lack of trust in Him. Pray when you are feeling down and out. God will give you the strength to get through your darkest hours.

### How Long?
#### Post–World War II Recessions

<table>
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<tr>
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<td>Oct. 1949</td>
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</tr>
<tr>
<td>July 1953</td>
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<tr>
<td>Aug. 1957</td>
<td>April 1958</td>
<td>8 months</td>
</tr>
<tr>
<td>April 1960</td>
<td>Feb. 1961</td>
<td>10 months</td>
</tr>
<tr>
<td>Dec. 1969</td>
<td>Nov. 1970</td>
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</tr>
<tr>
<td>Nov. 1973</td>
<td>March 1975</td>
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</tr>
<tr>
<td>Jan. 1980</td>
<td>July 1980</td>
<td>6 months</td>
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<td>16 months</td>
</tr>
<tr>
<td>July 1990</td>
<td>March 1991</td>
<td>8 months</td>
</tr>
<tr>
<td>March 2001</td>
<td>Nov 2001</td>
<td>8 months</td>
</tr>
</tbody>
</table>
A Recession May Be in Session

Are we in a major recession, a mild recession, or just a slump? Whatever you want to call it, the market goes through down periods. Diversification certainly counts. Investments uncorrelated or indirectly correlated to the stock market—such as CDs, Treasuries, and annuities—are getting another look these days. Here’s a look at some of the options before investors.

Under recessionary conditions, short-term CDs, money market accounts, and Treasury notes sometimes appeal to those who want to receive a competitive yield versus stocks and bonds over six months or a year with less risk. Treasuries are also free from state income tax, and some Treasuries are TIPS (Treasury Inflation Protected Securities), meaning they are hedged against inflation. The comparative certainty of all these investments appeals to people seeking diversification.

In this kind of economic climate, some investors may also be attracted to bonds and bond funds. Bonds, after all, offer the investor a reliable payment stream and repayment of principal. Besides municipal and government bonds, there are also corporate bonds, including fixed-rate capital securities offering predictable monthly, quarterly, or semiannual income. Some investors like short-term bond funds, which typically invest in com-
Commercial paper, bills, and certificates of deposit. Bond funds often generate monthly income, and some allow check-writing so people can meet emergency cash needs. Some exchange-traded funds (ETFs) are bond ETFs, which tend to favor investment in inflation-protected bonds.

Annuities are another type of investment with little or no correlation to the stock market. Under these contracts, you make payments to an insurance company, which in turn agrees to make payments to you, immediately or in the near future. A fixed annuity offers “guaranteed” income payments and a “guaranteed” rate of return (“guaranteed” by the insurance company, that is, not the FDIC or SEC). A variable annuity usually allows you the choice of stock market participation (usually via mutual fund investment) with possible protection of your principal. An equity-indexed annuity offers returns tied to an equity index, but with a minimum rate of return “guaranteed” by the insurer.

You may want to learn more about these investments and others that may help you modify your portfolio for a recession or downturn. Before you make any investment decision, be sure to talk with a qualified financial advisor.

**Avoid Analysis Paralysis**

People have many false misconceptions about investing. They read or hear something and assume it is true without any research. Others rely too much on research and suffer from information overload or “analysis paralysis.” Some common misconceptions:

1. Diversifying means buying lots and lots of investments.
2. I should always try to beat the markets.
3. I should never take risk.

When it comes to money, most people play it safe. They want to feel secure. They settle for mediocrity instead of excellence. Passion doesn’t direct; fear does. They let their emotions control their destiny. Fear keeps people in the same type of job, earning the same type of pay. The pay pro-
gresses upward but so does the fear—there is now more to lose. The job is only a short-term solution to a long-term problem. They refuse to take any risk and seek better opportunities. If you master the power of money, you will not be afraid of change and will be able to take more risks. Who do you think is more likely to pursue his dreams and take a risk: the man with a million dollars in the bank or the guy living paycheck to paycheck?

Play the game to win, not to avoid losing. The greatest things in life are worth a risk: the risks of telling her you love her without knowing if you will hear it back; the risk of taking a new job opportunity not knowing if it will be beneficial in the long-run; the risk of saving for retirement not knowing if you will ever get there. Financial risks appear to be a huge leap of faith. The biggest risks are the ones you never take. If you do not take a chance once in a while, you may never lose, but you will rarely win. Take chances. Know the stakes. Know the worst thing that could happen as a result of your decisions and take calculated risks.

**THE FAITH-BASED MILLIONAIRE™ ACTION PLAN**

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Understand the financial risks you face.
- Develop a strategy to minimize the most significant risks.
- Modify your behavior and stick to your plan.
- Learn how to properly diversify and allocate your assets.
- Play the game to win instead of to not lose.

**FREE RESOURCE #10:** “Special Report on How to Handle Market Downturns.” Go to www.jayperoni.com/reader-only-resources.php.
Is the Train Off the Track?

Essential Habit #11: Monitor the results.

Seeing the Wreck in Slow Motion

A train wreck most often occurs as the result of a preceding accident, such as when a train wheel jumps off a track in a derailment; or miscommunication, as when a moving train meets another train on the same track; or when a boiler explosion occurs. Sometimes our lives go off track as well.

Jeremy sat there in front of the computer again. It was the only escape he had. Kids screaming in the background; his wife, Sarah, angry at him again. The stress had finally
gotten the better of him. His train-wreck marriage had hit him spot-on, and the sad thing was he’d seen it coming all along. Like a crash in slow motion, he saw the details unfolding before his eyes. How had he let things go so far astray?

With his marriage on the rocks, he felt like a prisoner. Trapped in a life that he had created and often despised, he became yet another victim of a love gone off track. Jeremy buried himself in his work to escape his present reality. Not much of a substances kind of guy, work became his drug of choice. Emotionless, cold, and uncollected, he had become everything he dreaded.

Why do people let their lives get so far out of control? Most of the time they see the train going off the tracks yet do nothing. They allow things to happen. They ignore the consequences. They refuse to fight. They refuse to become who God wants them to be. Many do this with their finances as well. I often see people stick their heads in the sand and pretend everything is okay. They put on a fake smile and pretend no problems exist. After all, if you ignore the bill piles, you do not owe anything, right? You can even ignore the investment statements so that you don’t have to admit you haven’t saved enough. Choosing to ignore a problem rather than monitor and readjust your life will not solve anything. Ignoring a problem very rarely provides an adequate solution.

Like the lover who let his best friend (wife) slip away, when you ignore your financial situation, you let your best friend (time) slip away. If you do not put time into your finances, eventually your desire to change may begin to fade and you will allow the fire to slowly burn out. You may then find yourself sitting in the dark wondering what the light used to look like. Don’t ever lose that hope. You can always change where you are.

**There Is Hope**

There is hope. There is light at the end of the tunnel. There is a spark that can reignite the fire. The burning passion is there. You just
need to find it. Once it is found, don’t let it burn out. Constantly gauge your financial plan and make sure it is on track; avoid the train wreck before it is too late. Problems, financial included, normally do not just appear overnight. You usually have advance notice. What you do today will affect your future. Make a commitment to get a handle on your financial situation!

Idealism is no substitute for diligence. Unless you do a thorough job of identifying and investing in principled investments that reflect your values, performance (financial and/or spiritual) may suffer. Profit is nice, but principled profit is the key to faith-based wealth. Make a commitment to track results and spend time regularly evaluating the performance of each aspect of your financial plan. Develop a process to ensure that your investments are in line with your faith at all times. Strive for consistency in your financial life.

**Take Control of Your Future**

Taking control of your financial future is a process. As with any process, it is important to monitor your progress and measure results. Doing so will help you understand how well you are doing and to determine if the financial strategies you are using are working. A balance sheet provides a snapshot view of a business’s financial status. An income statement measures progress. You should do the same with your personal finances.

**Monitoring Progress**

Preparing a personal balance sheet annually should be part of your financial management. Simply add up all your assets and subtract your liabilities to determine your net worth.

When preparing your personal balance sheet, separate your investment assets into stock, bond, and cash categories. Understanding your personal “asset allocation” will help you organize your finances and monitor them. Many financial institutions provide financial statement
formats as part of loan applications. You can also find examples in almost any financial planning book.

It also makes sense to track changes from year to year to determine if you are on track to reach your financial objectives. It is important that you begin tracking and analyzing your assets, liabilities, income, and expenses on a regular basis. If you do not know where you are heading, how will you know if you are on track?

**Measuring Your Results**

The other step, and the one that is more difficult, is determining how well you are doing. Determining your “absolute results,” or if your net worth has increased from year to year, is easy. Determining your “relative results,” or how well you are doing compared to the rest of the financial world, is not easy. If your stock portfolio went up 15 percent, that is good if the overall market was up only 10 percent. However, if the market was up 23 percent during that same period, a return of 15 percent is not so good. Keep in mind, the most important return is the return YOU personally need to achieve your goals. This is all that really matters.

Measuring your results can be difficult in two ways. First, just do-
ing the calculation can be complex, especially if you added or withdrew money from your portfolio during the year. It is also difficult to know what formula to use.

There are rate-of-return calculation tools in many computer software programs. If you are using a spreadsheet program, use the internal rate-of-return function to calculate the total return on your portfolio.

**MAKE WAY FOR THE HARVEST**

Pruning and harvesting are necessary to weed out to allow growth and then replant for future growth. The same is true with your portfolio. Rebalancing your portfolio involves restoring your original asset allocation by shifting your funds among investment categories to regain the ratios you decided on when you first designed your portfolio. You simply make changes as needed to bring your asset allocation back in line with the plan that you originally determined was appropriate for your investment objectives.

For example, say that your original asset allocation scheme calls for 50 percent stocks, 30 percent bonds, and 20 percent cash equivalents. You have $100,000, so you start out with $50,000 in stocks, $30,000 in bonds, and $20,000 in cash equivalents at the beginning of the year. Over the course of the year, your stocks provide a 10 percent return, bonds a 5 percent return, and cash investments a 1 percent return. Consequently, assuming that you reinvested your earnings, at the end of the year you have $55,000 in stocks, $31,500 in bonds, and $20,200 in cash. This means that the distribution of your assets has changed to 52 percent stocks, 30 percent bonds, and 18 percent cash.

This change in percentages may pose a problem because you chose the original percentages with the intention of maintaining them in accordance with your own particular risk toler-

“The harvest is plentiful but the workers are few. Ask the Lord of the harvest, therefore, to send out workers into his harvest field.”

—Matthew 9:37–38 NIV
 ance and expected return. Since stocks now make up a larger percentage of your portfolio than you had once intended, the volatility of your portfolio may have increased.

There are a few simple ways to bring your portfolio back into alignment. You can sell some of your stocks so that the ratio of stocks to other investments drops; you can add money to the portfolio and buy more bonds and cash equivalents; or you can do both. Many investment advisors recommend using shifts of 5 percent or more as a trigger for rebalancing. Others recommend that it be done every year. Tax time or year-end is usually a good time to think about rebalancing.

You should consider the transaction costs and/or tax consequences that might result from rebalancing. For example, selling shares of a mutual fund as part of your rebalancing strategy might trigger capital gains taxes and/or redemption fees.

**Prepare for the Famine**

In times of crisis, you don’t want to be shaking pennies out of a piggy bank. Having a financial safety net in place can ensure that you’re protected when a financial emergency arises. One way to accomplish this is by setting up a cash reserve, a pool of readily available funds that can help you meet emergency or highly urgent short-term needs.

Preparing through monitoring your financial situation can help during downtimes. If you are consistently evaluating your financial circumstances and diligently monitoring your spending plan, you can usually find money to save for the rough times. Preparing for famine will pay dividends if and when a financial emergency or disaster comes your way. Rather than borrowing your way out of trouble, you may find enough reserves to meet your crisis if you plan properly.

> “Nation will rise against nation, and kingdom against kingdom. There shall be famines and earthquakes in various places.”

—Matthew 24:7 NIV
Managing an investment portfolio is not—and never has been—an easy task, but this final step in the investment planning process is key to successful investing. Managing actually encompasses two distinct functions: portfolio management and portfolio monitoring.

Portfolio management refers to the selection of specific investments and the choice of timing to buy or sell, according to your goals and disposition. A higher level of expertise is needed for this than most investors possess. These investors should seek the help of a professional advisor and/or money manager who may or may not be under the direction of an advisor.

Portfolio monitoring is an ongoing program that provides you with information needed to evaluate your portfolio’s performance and allows you to rebalance the portfolio to keep it on track in achieving your objectives. This function, too, is often left to a professional. If you have the time and expertise to monitor your own portfolio well, use a software package specifically designed for this purpose. Do not attempt to monitor a portfolio manually.

Outsource Your Portfolio

The advisor’s role might be all-encompassing or limited to certain tasks. Either way, the duties can be broken down into four major categories:

Managing all or part of your portfolio. Typically, an advisor will employ and oversee money managers who evaluate and implement investment options and strategies. You may also simply employ money managers to implement your own investment decisions.

Reviewing your portfolio’s performance. This entails measuring the overall performance of your portfolio, as well as the performance of asset classes and individual investments within the portfolio.
**Reporting to you.** Reports from your advisor should provide you with information about your portfolio’s performance, compliance with your investment policy, progress toward your financial goals, and the effects on cash flow and taxes.

**Recommending changes to your investment plan.** A rebalance plan should be proposed, unless a buy-and-hold strategy is recommended.

"**JUST TELL ME WHAT I NEED TO KNOW**"

Managing a portfolio requires some understanding of environmental factors (e.g., political and social influences) that may affect the portfolio’s performance, so when certain events occur, you can respond appropriately. You also need to be aware of the costs involved in managing the portfolio in order to control investment-related expenses. Of course, to monitor performance, you will have to educate yourself in the various measuring techniques. Most important, you must have a clear vision of your investment goals and a thorough knowledge of the investment and rebalancing strategies and vehicles that have been or should be implemented.

**Factors Out of Your Control**

**War.** Historically, the stock market declines when the United States is on the brink of war, because investors (both foreign and domestic) become cautious. On the other hand, if war does break out, it may actually stimulate the U.S. economy and lead to more investor activity, which normally has a positive influence on the stock market. Your portfolio can be affected by foreign wars, particularly if you have invested in international stocks or mutual funds.

**The Federal Reserve.** The Federal Reserve is the national bank of the United States that controls the money supply. All U.S. banks are part of the Federal Reserve System and borrow money from
the Federal Reserve to lend to their customers. The interest rate charged by the Federal Reserve when it loans money to member banks is called the discount rate. In general, the lower the discount rate, the more money banks will borrow and the more money will be pumped into the economy. However, if too much money is pumped into the economy, prices may escalate and inflation may result. By comparison, if too little is pumped into the economy, a recession may result as economic activity drops.

Judicial system. The return you receive on your investment depends upon the success of the company whose stock you’ve invested in. That company’s success may, at times, be linked to the judicial system. That is, if a company must pay damages resulting from a lawsuit, the company’s earnings and profits may decline, and the value of stock shares in that company may drop. If this happens, investors who currently hold stock may suffer financial loss. However, if the setback is temporary, it may mean a financial boon for investors who buy shares when the price is low and then sell the shares when the company and stock price recover.

Federal government. Some industries are stringently regulated by the federal government (and may also be regulated at the state level). Since industry regulation can directly affect prices of stocks and bonds related to those industries, it’s important to pay attention to the actions of the legislative and executive branches of government. These branches also set and change monetary and fiscal policies that can affect your investments.

Tax laws. Tax laws (on both the federal and state levels) can significantly affect your overall investment strategy. For instance, you may be investing in a certain vehicle because of the tax advantages it offers, but if tax laws suddenly change and those tax advantages disappear or become less significant, you may need to make changes to your investment portfolio.
FAITH-BASED WISDOM

Don’t be led to the slaughter with “herd investments.”

herd investment n. An investment based on what other people or institutions are investing rather than on rational analysis.

Source: http://www.wordspy.com/words/herdinvestment.asp

CONTROL THE COSTS, BUT PAY FOR EXPERIENCE

The rewards of controlling investment-related expenses are two-fold: (1) you pay no more than is necessary, and (2) you pay enough to ensure that your portfolio provides strong returns.

A cost-effective implementation of your investment plan begins with an understanding of the charges associated with managing a portfolio. Some of the most common include:

Advisor’s and money manager’s fees. Advisor’s and money manager’s fees vary widely, depending on the size of your portfolio and the services rendered. Those advisors and managers who are registered with the Securities and Exchange Commission are required to publish a fee schedule. Some states permit performance-based fees. Under these arrangements, the advisor or money manager receives a higher fee if the portfolio performs better than expected (a benchmark is predetermined for this purpose).

Trading costs. Whenever securities are bought or sold, commissions and execution costs are incurred. The commission fee is generally calculated as a function of the number of shares traded, price per share, and degree of trading difficulty, among other things. The execution cost (also referred to as the spread) is the
difference between what you pay for a security (the asking price) and what the dealer pays for the security (the bid price).

**Custodial charges.** A custodian serves as the keeper or guardian of the investment and actually holds the securities. This custodian (typically a brokerage firm or trust company) is the intermediary between you and the advisor or money manager. Generally, an annual fee is charged for each account held by the custodian.

If your results meet your expectations, keep doing what you are doing. If your results do not measure up, you may want to take actions to improve them. This could include changing your stock selection process, urging your advisor to help you make better decisions, giving the responsibility to a professional investment advisor, choosing a different mutual fund, or beginning a completely new strategy. Remember, if the train is heading off the tracks, change direction before the train wreck!

### THE FAITH-BASED MILLIONAIRE™ ACTION PLAN

Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Monitor your progress.
- Measure your financial results.
- Use advisors to help you in areas in which you do not have expertise.
- Understand the costs of managing a portfolio.
- Avoid common pitfalls.

**FREE RESOURCE #11:** “Best Ways to Monitor Your Results.” Go to www.jayperoni.com/reader-only-resources.php.
In God We Trust?

Essential Habit #12:
Trust God with the outcome.

Just a Motto?

In God We Trust” is the United States national motto. It is displayed on U.S. currency. Do you really believe it? Do you trust in your faith in God or is your trust placed in worldly things? Let us examine the root of the motto.

The motto “In God We Trust” was placed on United States coins largely because of the increased religious sentiment existing during the Civil War. Secretary of the Treasury Salmon P. Chase received many appeals from devout persons throughout the country, urging that “The Lord is my rock and my fortress and my deliverer; my God, my rock, in whom I take refuge; my savior, You save me from violence.”

—2 Samuel 22:2–3 NASB
the United States recognize the Deity on United States coins. From Treasury Department records, it appears that the first such appeal came in a letter dated November 13, 1861. It was written to Secretary Chase by Rev. M. R. Watkinson, a minister of the gospel from Ridleyville, Pennsylvania, and read:

Dear Sir: You are about to submit your annual report to the Congress respecting the affairs of the national finances. One fact touching our currency has hitherto been seriously overlooked. I mean the recognition of the Almighty God in some form on our coins. You are probably a Christian. What if our Republic were not shattered beyond reconstruction? Would not the antiquaries of succeeding centuries rightly reason from our past that we were a heathen nation? What I propose is that instead of the goddess of liberty we shall have next inside the 13 stars a ring inscribed with the words PERPETUAL UNION; within the ring the all-seeing eye, crowned with a halo; beneath this eye the American flag, bearing in its field stars equal to the number of the States united; in the folds of the bars the words GOD, LIBERTY, LAW.

This would make a beautiful coin, to which no possible citizen could object. This would relieve us from the ignominy of heathenism. This would place us openly under the Divine protection we have personally claimed. From my hearth I have felt our national shame in disowning God as not the least of our present national disasters.¹

Many believe that God alone knows what turns the future will take, including those in the financial markets. If you believe accordingly, doesn’t it make sense to believe that the prudent course is to invest in those companies that best reflect your faith-based values? This is at the heart a trust issue. Will you do your best to be obedient to God’s principles and leave your financial outcome to Him or will you continue to rely on things of this world? It certainly makes sense to seek wise coun-

“Faith is not belief without proof, but trust without reservations.”

—Elton Trueblood
sel while on earth, but shouldn’t your ultimate trust be in God and not man? You can rely on faith to get you through the good and bad times, but your preparation must allow God to have the final say. He will choose to bless those who are obedient and faithful.

**So Whom Do You Trust?**

You have faced good and bad times and are seeking to multiply your assets to do more good. With an emphasis on others and less on yourself, you begin to see a whole new world of opportunity. There is always someone in need of a hand.

As you begin to honor God with your investments and stay true to your faith, you begin to multiply your assets. Seek to minimize dependence on others—your company, the government, your friends and family—but never seek to replace God. It is okay to be less dependent so you can provide assistance, but don’t shelter yourself from God’s
opportunity to bless you. Keep your faith in Him. If you focus on God, He will grant you your heart’s desires.

CHASE DREAMS, NOT ILLUSIONS

Everyone has a dream inside. At least once in your lifetime, you will have an opportunity to throw caution to the wind, take a big risk, break free, and follow your dream. You can ignore your dreams and play it safe. It is often easier to anchor your feet on the ground and do all the right things. But the cost of doing so is living a life of “quiet desperation,” wondering if maybe you gave up the only thing that really mattered. Sound familiar? I’ll bet this agonizing dialogue has run through your head sometime in your life: Should I follow my heart now? Or play it safe and build a long-term nest egg in hopes of a comfortable retirement? I’ve been down this road countless times with clients and prospective clients who are contemplating retirement. This is a decision most people face at some point; some even agonize over it throughout their lives. Unfortunately, most conventional retirement-planning wisdom is likely to be your worst enemy in making these kinds of decisions. The ultimate mirage: Wait until retirement; then you’ll be free. Why wait?

I often question the assumption that you have to wait until retirement to be free. When you place trust in God and His direction, you often ignore traditional wisdom because God is often unpredictable. I challenge America’s constant obsession with retirement and planning for the future. That obsession should never substitute for living your dreams today. Never! Don’t get me wrong. I believe planning is necessary, but there needs to be a balance between living today and preparing for the future. When do you risk all on a spin of the roulette wheel of life? When do you risk your retirement savings now to chase a dream?

TO PLAY IT SAFE OFTEN MEANS NO ONE WINS

It can be a big mistake to sacrifice following your dream in order to “play it safe” and follow the conventional road, building a retirement nest
egg and hoping somehow your drudgery today will pay off in a “comfortable” retirement. Where is the balance between conventional financial wisdom and people listening for God’s distinct and unique call in their lives? Having your only emphasis on your retirement “needs” and “staying the course” financially might block you from hearing/heeding the voice of the Lord to do something different in your unique situation.

You may have noticed that God doesn’t always follow the “conventional wisdom” in how He chooses to operate. This balance between focusing on the long-term via the conventional investing wisdom from traditional Wall Street firms and staying flexible to the leading of God in your unique situation can be tough, and it’s something for every faith-based investor to prayerfully keep an eye on. God knows that for many of us, money will be the chief competitor for our affections. Do you trust Him? Will you give up your financial security to see what you can do for Him? I suspect there are some of you reading this right now who may be facing a similar fork in the road. If you are, forget what you’ve read about the need to save for retirement! If God opens the window for you, He may also require you to put your financial security on the line to follow that godly dream you’re harboring.

**Where Is Your Affection?**

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Sometimes in your financial life, you may turn from that which you know to be right and stray from the path. Your affections may turn toward materialistic intentions instead of helping those less fortunate. You may let your selfish intentions distract you from doing greater acts of kindness. With your focus and trust in God, you become more selfless and your eyes may begin to open as you look for opportunities to help others.

**Don’t Just Build Treasures on Earth**

True wealth comes not in worldly riches, but in your faith and financial freedom. You may long to be a millionaire, but in case you missed it, that was not the point of this book. If you follow the lessons contained in this book, your becoming a millionaire may well be the outcome, but do not miss the point that if you are blessed with wealth, you will do well to use it to better the lives of those less fortunate. You cannot take it with you, so seek to plant seeds in others that can grow to improve our society. Each small seed can grow into a fully blossomed tree—gigantic and flourishing. If you do not like the world you live in, seek to change it.

With wealth comes great responsibility. Strive to keep your faith as the central focus point. Trust God with your wealth and seek His direction in all that you do. You will find contentment and a burning passion like no other!
Based on what was covered in this chapter, you may become a Faith-Based Millionaire™ if you start these actions immediately (check off each step as you complete it):

- Place your faith in God.
- Leave the financial results to Him.
- Chase dreams and not illusions.
- Long to create a meaningful legacy.
- Pray daily that God will have His hand in your life—finances included!

As I end the final lesson, I leave you with lyrics from Mercy Me’s *All That Is Within Me* CD. The words to “Goodbye Ordinary” sum up the twelve lessons you have uncovered. Wherever your financial journey has taken you, you are at a new crossroad. You can either continue doing what you have always done or make changes to pursue true wealth. Your faith is your guiding compass, and God will not lead you astray. Keep your trust in Him, follow your heart, and seek to say good-bye to the ordinary and hello to a new financial life of significance.

Yours truly,

Jay Peroni, CFP®

P.S. May you live a long and prosperous life filled with health, wealth, and the greatness of God!
Goodbye Ordinary
MercyMe

I wonder when we first bought into this
so satisfied with status quo
have we convinced ourselves that this is all there is
well all that is within me says we were meant to break free.

  live like there’s no tomorrow
  love extravagantly
  lead a life to be followed
  goodbye ordinary
  goodbye ordinary

We were never meant to compromise settle for mediocrity
this life was never made to be a waste of time
well all that is within me says no more just existing.

  live like there’s no tomorrow
  love extravagantly
  lead a life to be followed
  goodbye ordinary
  goodbye ordinary

No more complacency
no more just settling this time
goodbye to atrophy for we were meant to be alive.
CONCLUSION: Putting It All Together

Twelve Points to Success

You have no more excuses. I have revealed the twelve habits essential to achieving faith-based wealth. Throughout this book, I have stressed that creating new habits is critical. If you do not change your behavior, you will not get new results. To summarize what you have learned:

Essential Habit #1: Always place principles before profits. Take responsibility; seek profit, but do not compromise your values.

Essential Habit #2: Find your purpose and passion to create financial changes. If you do not get emotional, you will not change.

Essential Habit #3: Seek wise counsel. Find help for areas outside your expertise and have a sounding board.

Essential Habit #4: Establish a financial plan. Know what the end result should be and create an action plan to make it happen.

Essential Habit #5: Give generously to help those less fortunate. Accumulating wealth will enable you to help more of God’s people.
Essential Habit #6: Spend money frugally. Learn to live on less than you earn.

Essential Habit #7: Minimize your debt. Pay off debts as quickly as possible and incur only new debts that will bring long-term value.

Essential Habit #8: Save regularly; put it on autopilot. Build an emergency fund; save for your future. Set up automatic savings plans!

Essential Habit #9: Find sound investments that complement your faith. Find out where you are investing. Make sure the investment makes sense financially and does not contradict your faith.

Essential Habit #10: Manage risk. Take calculated chances to get where you need to go.

Essential Habit #11: Monitor the results. Track and monitor your progress and update your plan regularly.

Essential Habit #12: Trust God with the outcome. Put it all in His hands! With Him by your side, anything is possible.

It Won’t Always Be Easy

I wish I could say that getting started will be easy. You will need many new habits to begin. It will take hard work, dedication, and most of all, your commitment. Your determination will be your ultimate key to success. Make it personal and stick to it!

You have been taught twelve essential habits necessary for faith-based wealth. You have the power to achieve faith-based wealth. It begins with your will. You can continue to sleepwalk through life and just go through the motions, or you can wake up and begin anew. Take the road less traveled and discover that your financial life can take on new meaning. How do you start now? Do not let another day pass you by. Commit to following the ten principles below for the next month. Once you have been following them for a month, this new routine will quickly become habit. Once you have formed new habits, financial progress can begin.
1. Make it your daily mission to find your true financial purpose. Your priorities may shift over time and you may find new purposes. Always fully understand why you are saving, what you are saving for, and what the end results mean. Have this purpose engrained into your mind and do not lose focus. Always look to ignite the flame.

2. Make new choices daily. Remember that each dollar that comes into your hands is won or lost by the choices you make each day. Choose to be wealthy instead of letting endless dollars slip away.

3. Associate with positive, like-minded individuals. If you have negative influences and negative people in your life, try to minimize your exposure to those people and things. Attitudes are contagious. Being around someone who is negative will bring you down. In order to make new changes, you need a new positive attitude. Find other positive people to encourage and motivate you.

4. Educate yourself daily. Try to learn more about your finances, how investing and financial markets operate, and how to gain advantages in your financial situation. Make it a habit to learn more each day. Even if it is only spending ten minutes a day learning one new concept, begin your quest to learn more. Get good at one concept and then move on to new areas.

5. Practice self-control. Do not let impulses and emotions drive your decisions. Make it a new habit to evaluate major purchases and financial decisions with a more disciplined approach. Analyze how each decision will add or subtract from your wealth. No more guessing. Develop a new process.

6. Hire a team of advisors. I cannot stress enough the value of a good tax planner, legal mind, and financial advisor. There is much power found in good advice. Find individuals who succeed at what they do and pay them well. The money you pay for their expertise should save you a hunk of money in mistakes avoided and add to your wealth through their value-added benefits.

7. Develop the habit of analyzing your expected return on each investment you make. Often the profit potential does not come from
the sale of an investment, but rather in the purchase. If you pay too much for something, it will eat away at the profit or tie up your dollars for a longer time period.

8. Don’t try to look wealthy, look to become wealthy. Remember to buy assets and not liabilities. Remember, assets are items that pay income to you. Liabilities, on the other hand, require that you make payments. Minimize payments that are required by you and find ways to get more payments coming to you.

9. Give generously to others. Share your time, money, and assets. Seek to find those with less knowledge, those who are less fortunate, and those who need a helping hand. Educate, liberate, and provide hope to the hopeless. Make it a goal to have a better financial situation so you can help others rise above their current situations.

10. Most important: Always stay true to your principles. Always make sure that principles come before profits. Make it a habit to un-

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If It's Broken, Fix It!

Stop doing things that are not working. You will not be able to get new results by continuing with your old habits. Look for new ideas. Hopefully, you have found enough useful information in this book to begin to explore new possibilities. Do not stop here. Make it a personal quest to continue looking for new ideas. Go to my website at www.jayperoni.com to stay abreast of the latest developments in the faith-based financial planning arena.

You have been given two of the greatest gifts from God: the power of your mind and your time. You have the ability to use these gifts foolishly or with purpose. Use them wisely. If you invest your time and your mind in things that work to improve your financial situation, you stand a much greater chance of success. Commit to following your faith-based path and do not forget to ask for help along the way. The journey will be long and wide, but I have great confidence that if you follow the path laid out in this book, over time you will discover true wealth. I wish you a long and prosperous life filled with great wealth, much happiness, and a deep faith that transcends your life here on earth.
Recommended Resources

Books
Here is a list of books that I have enjoyed reading over the years:

Investing:
*Rich Dad, Poor Dad* by Robert Kiyosaki
*Secrets of the Millionaire Mind* by T. Harv Eker
*The Millionaire Next Door* by Thomas J. Stanley and William D. Danko

Business:
*Good to Great* by Jim Collins
*E-Myth* by Michael Gerber
*God Is My CEO* by Larry Julian

Career/Finding Your Calling:
*No More Mondays* by Dan Miller

Financial Planning:
*The Total Money Makeover* by Dave Ramsey
*Master Your Money* by Ron Blue
*Money, Purpose, Joy* by Matt Bell
*Becoming a Millionaire God’s Way* by Dr. Tom Anderson
Websites

www.jayperoni.com
www.investools.com
www.aspenviewstudio.com
www.48days.com
www.daveramsey.com

Tools for Faith-Based Investors

Spire Stocks: www.spirestocks.com

Spire stocks.com provides ongoing stock advice for investors who are looking to invest morally without sacrificing returns. For a minimal monthly subscription fee, an investor can receive ongoing recommendations that are easy and quick to implement.

Evalueator: www.evalueator.com

The Evalueator saves you time by keeping up with the moral integrity of companies, and provides simple solutions to screening investments. This online tool examines thousands of popular mutual funds and variable annuity subaccounts to determine if they have exposure in the following areas: abortion, pornography, antifamily entertainment, gambling, tobacco, alcohol, and non-marriage lifestyles (promoting non-traditional marriage).

IW Financial: www.iwfinancial.com

IW Financial provides research reports and information on thousands of individual securities. Their research enables you to look at individual companies to see if they violate any of your hot buttons. This is a great tool to use for positive and negative screening. Among the issue categories tracked by IW Financial are Environment, Governance, Human Rights, Adult Entertainment, Labor Relations, Alcohol, Gambling, and Tobacco.
Social Investment Forum: www.socialinvest.org

The Social Investment Forum is an association dedicated to advancing the concept, practice, and growth of socially and environmentally responsible investing. The goal is to help investors integrate economic, environmental, social, and governance factors into their investment decisions. The site has numerous tools and research that will help you sort through various mutual funds and issues that correspond with incorporating your values into your investment plan.

MoralMoney.com

Moral Money is a site dedicated to expanding the awareness of Biblically Responsible Investing and helping people grow closer to Christ by illuminating the biblical insights of investment stewardship. By providing free, up to date news, information, education, and professional tools and advice, they intend to make it possible for everyone to design and build an investment portfolio that is both honoring to God and financially desirable. Moral Money also equips financial professionals to offer Biblically Responsible Investing to their clients by offering them stock screening software and marketing tools and opportunities through professional memberships.

Home Learning Programs

Audio:
The Faith-Based Millionaire Audio Series—COMING SOON

DVDs:
The Faith-Based Millionaire Video Series—COMING SOON

Workbooks:
The Faith-Based Millionaire Workbook—COMING SOON
Journal:
_The Faith-Based Millionaire Daily Journal_—COMING SOON

Devotional:
_Financial Revelations: 365 Days of Financial Wisdom from Our Creator_—COMING SOON

**COACHING**

For group coaching and one-on-one coaching, please go to www.jayperoni.com.

**OTHER RECOMMENDED RESOURCES**

**Business Coaching:**
212 Connection Coach Kevin Miller: www.aspenviewstudio.com

**Website Design and Marketing:**
Produce Marketing: www.produce-market.com

**SPEAKING ENGAGEMENTS**

Jay Peroni has been an entertaining speaker for the last decade. His innovative, humorous, and down-to-earth speeches will motivate your group. To have Jay appear live at your next event, e-mail him at info@jayperoni.com, or call 1-603-315-9683.
Notes

Preface: Why the Faith-Based Millionaire?

Chapter 1: Blood Money
1. Full story and more information can be found at www.cassiebernall.com.
2. Company names have been changed to protect the accused.

Chapter 2: Ignite the Flame
1. *Rudy* is a 1993 film directed by David Anspaugh.
3. *Alice’s Adventures in Wonderland* (1865) is a work of fiction written by English author Charles Lutwidge Dodgson under the pseudonym Lewis Carroll. The book is commonly referred to by the abbreviated title *Alice in Wonderland*.

Chapter 4: New Changes, New Beginnings
1. Based on the 1886 short story by Leo Tolstoy entitled, “How Much Land Does a Man Need?”

Chapter 5: Raise Your Standard of Giving
3. From www.nationalchristian.com website.

Chapter 6: Change the Rules
2. Fidelity Research Institute, “The Equity You Live In: The Home as a Retirement Savings and Income Option,” p. 5.

Chapter 7: The Good, the Bad, and the Ugly

Chapter 8: When It Rains, It Pours

Chapter 9: Perfect Complements
2. FactSet Research Systems and Standard & Poor’s. Copyright © 2008 KLD Research & Analytics, Inc. All Rights Reserved. The KLD Catholic Values 400 Index is a service mark of KLD Research & Analytics, Inc. The Standard & Poor’s is a trademark/service mark of the McGraw-Hill Companies, Inc.

Chapter 10: Protect the Nest Egg
1. Data from Ibbotson Associates.

Chapter 11: Is the Train Off the Track?

Chapter 12: In God We Trust?
1. *The History of In God We Trust* by the U.S. Department of the Treasury.
Jay Peroni, renowned financial advisor and author of *The Faith-Based Millionaire*, has become the globe’s resident authority on the subject of “Faith-Based Investing.” While faith- and ethics-based people and groups lobby and stand up for what they believe in, they often inadvertently support the very interests they try to combat . . . by giving them their money! This trickles down into how we all manage and use our money. Jay shares his financial wisdom and principles in *The Faith-Based Millionaire* to show us how our faith and beliefs can unlock wealth . . . or cause poverty . . . in our lives. “How to Unlock Wealth by Placing Principles Before Profits” is not just the book's subtitle or his tagline . . . it’s his heart’s endeavor. Let him deliver his sharp financial guidance to you with wit, compassion, and truth.

Jay graduated with a Bachelor of Arts in economics and marketing from Assumption College and a Master of Science in personal financial planning from Bentley College. He is a Certified Financial Planner professional (CFP) and is a Qualified Kingdom Advisor from Kingdom Advisors. Jay is also a member of the National Association of Christian Financial Consultants (NACFC).

With more than thirteen years experience in the financial services industry, Jay values education as a way to promote professional excellence. He hosts *The Jay Peroni Show*, a weekly Internet radio show and has an active bi-weekly blog dedicated to faith-related trends in the world of finance. He has served as a speaker for the last decade and given thousands of presentations to various industry, church, and civic programs. When he’s not in the office, Jay enjoys spending time with his wife, Karen, and their four beautiful children. He lives and works in Bedford, New Hampshire.
FREE GIFT!

As my way of saying thank you for reading this book, I have prepared a special gift for readers of *The Faith-Based Millionaire*.

Go to www.faithbasedinvestor.com

Here you will receive a $97 value, absolutely

**FREE:**

- Latest Faith-Based Investing News
- The Faith-Based Investor Tool Kit
- Report on Faith-Based Investing
- Faith-Based Financial Planning Special Report
- Special Faith-Based Investing BONUS audios
- Special Members Only Access (coming soon)