

Financial Deception—Living Paycheque to Paycheque Is Okay

In this world, we are bombarded with all kinds of false concepts with regard to finances. I call these “Financial Deceptions.” Financial deceptions are beliefs that appear to be correct but are contrary to God’s principles.

For example, statistics reveal that 80 percent to 90 percent of the people in North America live “paycheque to paycheque”—that is, they spend all their regular income and have no savings. Many people believe this is okay. However, God says it is foolish: “The wise man saves for the future, but the foolish man spends whatever he gets” (Proverbs 21:20 TLB).

Unfortunately, most people fall into the foolish category as they do not regularly save for things such as

1. anticipated non-monthly expenses (e.g., property taxes, annual insurance premiums)
2. normal *unexpected* expenditures (e.g., automobile repairs, home repairs)
3. a significant reduction in the family’s income (e.g., one spouse out of work)

In my experience, a “cushion” in your savings account of four to eight months’ worth of expenses is reasonable and prudent.

God’s Word is clear that a wise man saves for the future. In his example of building a tower (Luke 14:28–30), Jesus clearly communicated that if you don’t plan for future expenses, you are foolish.

Saving for the future would include setting aside sufficient funds on a monthly basis to provide for non-monthly expenses. For example, if your family’s annual vacation costs \$1800, then God’s principles would suggest that you save \$150 per month throughout the year so that you have sufficient funds to pay for your vacation and avoid unnecessary debt.

Some non-monthly expenses, such as automobile repairs, will have to be estimated. Although these estimates will not be perfect, generally it is possible over the year to anticipate and regularly save to cover most, if not all, of your automobile maintenance.

On a longer-term basis, God’s principles would encourage saving for future needs such as retirement and your children’s education. In my experience, most parents don’t save for education until about one year before a child starts attending college or university. Generally, I recommend that parents start saving for education shortly after the child is born. For example, \$100 per month invested at 7 percent will accumulate to a total of more than \$43,000 within 18 years.

In summary, living paycheque to paycheque is not consistent with God’s Word. God’s Word is clear that we should plan ahead and save for future needs. To accomplish this practically, it will be necessary to develop and implement a budget. An Excel-based budgeting system is available at no cost from my firm. If you would like a copy please send an e-mail to info@Copland-CA.com.