



Creating a cash flow plan

How to align your money with your true needs and values



Everence

The Bible frequently speaks about money and material items, viewing them as gifts from God. But God also doesn't want money to control us, as the writer of Hebrews understood.

Keep your lives free from the love of money and be content with what you have, because God has said, 'Never will I leave you; never will I forsake you.' – Hebrews 13:5

In addition, Proverbs also encourages us to take a disciplined approach to our money, to allow for growth over the long term.

Wealth hastily gained will dwindle, but those who gather little by little will increase it.
– Proverbs 13:11

Gaining control

The first critical step to gain control over money is to track where it goes. By creating a cash flow plan, you can make sure your spending and giving reflects who you are and what's important to you.

This guide is intended to help you:

- Identify your needs and priorities for your money.
- Reflect your faith and values in your financial habits.
- Create or improve your cash flow plan.
- Improve your overall financial health and vitality.
- Build a solid foundation for your financial goals.

Consider your money habits:

When I spend money, I typically:

- Buy what I want and worry about making ends meet later.
- Make sure I can cover my current bills before spending more.
- Follow a predetermined cash flow plan for spending, giving and saving.

When I think about my beliefs and priorities, my use of money:

- Doesn't reflect them.
- Somewhat reflects them.
- Reflects them well.

“I need that!”

Do you really need it – or do you want it?

The Apostle Paul makes it clear God wants our needs to be met: “God is able to bless you abundantly, so that in all things at all times, having all that you need, you will abound in every good work ...” (2 Corinthians 9:8). The tough thing is determining what’s a true need – and what is a “want.”

One common definition of need: “everything we can afford.” But just because we get a raise, does that mean we actually “need” a newer car?

Determine your needs

A better way to define needs is to go back to basics: food, shelter, transportation, insurance, household needs. And, ask: “What do I need to fulfill God’s call on my life?” That could involve developing job skills, getting an education, having transportation, raising a family or participating in a ministry.

Then ask: How much food and what kind? How large a home? How much education? What kind of transportation? These questions should be answered based on how they support you or distract you from meeting core needs and living out your faith values.

Evaluating a purchase

Spending money is routine in our lives, like eating and sleeping. Sometimes, we give little thought to whether a raincoat on sale, an evening out or a muffin from the corner bakery makes financial sense.

Here are a few questions to ask yourself. Is this purchase:

- The right item, at the right place, and at the right time?
- More important than other uses for my money right now?
- One that supports my faith values?
- Not hindering my long-term goals for saving and giving?

Once you are clear about what determines a need, then you can more easily decide when “enough is enough.”

Where does your money go?

Knowing where your money goes today is the necessary first step to help you chart a course for where you want it to go in the future. On the cash flow plan you’ll find later in this guide, record your expenditures each month.

Ways to track expenses include:

- Save receipts.
- Identify expenses in your checkbook.
- Keep track of cash purchases.
- Use computer software such as Vine Vision 360* from Everence or Mint.com to track expenses.

*Vine Vision 360 is available to Everence members engaged in financial planning with their Everence advisors.

A sound foundation:

Your cash flow plan and goals

A cash flow plan is simply a way of planning ahead to ensure you have enough money for anticipated expenses and long-term goals. How you decide to use your money in advance of actually spending it plays a bigger role in maintaining sound finances than earning a large income. An appropriate cash flow plan is your financial foundation.

Setting a cash flow plan

Building a cash flow plan is not difficult, but requires a desire to be financially healthy, a commitment to your goals and a plan to follow through.

Reflect on the goals important in your life, and then list them below.

1. _____

2. _____

3. _____

If you are married, determine who the financial leader is. Does one of you possess better financial skills or have more time or interest in money management? Letting that person take the lead can be a big step toward sticking to a cash flow plan. However, one person can't carry all the responsibility. You and your spouse still must talk frequently about all the financial decisions that continually arise. Often, when it comes to money and marriages, one spouse may be disposed toward spending money while the other may be disposed toward saving. Having clear communication and understanding between spouses will help you establish a clear and successful cash flow plan.

Involve the entire family. School-age children can better be ready for decisions about purchases if they are aware of your finances. And you are modeling good financial behaviors for them that may stick with them for their entire lifetime. Educating your children about appropriately handling money is a gift they will appreciate for the rest of their lives.

The cash flow plan outlined in this booklet gives you a starting point. First, list your income. Then fill in the Recurring expenses worksheet. Then, take a look at the Intermittent expense page, to help you quantify expenses that are not necessarily recurring or have a known amount, but will exist in your cash flow plan. Your Everence advisor or representative can help you walk through this process.

Structuring bank accounts

Each section of your cash flow plan can be most easily handled by aligning it with an appropriate bank account type (without co-mingling funds). You might also consider how you access those funds as part of your plan.

Recurring expenses are predictable and occur at least monthly, if not more. These types of expenses are best managed in a bank account that allows for multiple transactions and does not have account minimums or bill pay fees (such as a bank checking account or credit union draft account). Consider having at least one month's worth of recurring expenses available in your account balance, and have money deposited into your account using direct deposit.

To find your abundance for good works, subtract your expenses from your income.

Total income
– **Total expenses**

Your abundance for good works

Intermittent expenses occur less frequently than monthly, and are best managed in an account that allows you to make periodic distributions or payments (anywhere from none to 10 per month). It's worthwhile to keep this account separate from the one(s) used for recurring expenses, and you might even consider getting a separate debit card. Again, it's a good idea to use direct deposit with this account to ensure you are depositing the appropriate amount of money. This account can also be an effective way to build up seed money for future intermittent expenses.

An **emergency fund** is an account established to lessen the blow of a significant financial event, such as loss of income, extraordinary car repair, significant home repair or unexpected large medical expense. These types of expenses are best managed with an account that isn't primarily set up for frequent transactions, such as a money market account, where you can still get the money when you need it but it also earns interest and grows. The ideal amount of money for an emergency fund depends on the number of income sources your household has. For example, a family with a single wage earner might put the equivalent of six months of their recurring and intermittent expenses into an emergency fund, while a family with two wage earners might have a minimum of three months saved. An emergency fund account can be funded by existing un-earmarked funds or built up over time from surplus in your cash flow plan.

Aligning faith and money

As you develop your cash flow plan, consider how it can reflect your faith.

"Seek first his kingdom and his righteousness, and all these things will be given to you as well." – Matthew 6:33.

Gary Moore, Christian financial counselor who has decades of Wall Street experience and has written books on integrating faith with money, says this verse is foundational for Christians. "One of the most important things I discovered was that God didn't want just 10 percent of my money; God wanted 100 percent of it." Gary affirms that turning over all of his resources to God gives him "security of the truest kind."

Lynn Miller, a former Everence stewardship minister, took the discussion of God's priorities a step further. In his study of Scripture, Lynn came to believe God wants us to use our money in three ways:

- Firstfruits offerings to God,
- Meeting our own needs, and
- Good works God calls us to perform.

However you ultimately integrate your faith and finances, learn to live generously. That is the true way to love God and find satisfaction in managing your money well.

Cash flow worksheet

Income

Earnings/income per month

Salary #1 (net take-home)	\$ _____
Salary #2 (net take-home)	\$ _____
Other (less taxes)	\$ _____
Other (less taxes)	\$ _____

Total monthly income \$ _____

Recurring expenses

Expenses per month

Monthly

1. Giving

Church (tithe)	\$ _____
Other contributions	\$ _____

2. Auto/transportation

Car payment	\$ _____
Car payment	\$ _____
Public transportation/ parking	\$ _____
Fuel	\$ _____

3. Housing

Mortgage/rent payment	\$ _____
Second mortgage/ home equity	\$ _____
Utilities:	
Gas/electric	\$ _____
Water	\$ _____
Trash	\$ _____
Cell phone/telephone	\$ _____
Internet	\$ _____
Cable TV	\$ _____
Other	\$ _____

4. Pleasure/leisure

Eating out	\$ _____
Movies/events/entertainment	\$ _____
Fitness/sports	\$ _____
Hobbies	\$ _____
Media rental/expense	\$ _____
Other	\$ _____

Expenses per month

Monthly

5. Insurance

Auto	\$ _____
Homeowner's/renter's	\$ _____
Life	\$ _____
Medical/dental	\$ _____
Other	\$ _____

6. Health care/hygiene

Medical/dental/vision	\$ _____
Prescriptions	\$ _____
Cosmetics	\$ _____
Haircuts	\$ _____
Other	\$ _____

7. Personal

Groceries	\$ _____
Laundry/dry cleaning	\$ _____
Subscriptions	\$ _____
Childcare/daycare	\$ _____
Personal technology	\$ _____
Counseling	\$ _____
Professional dues	\$ _____
Other	\$ _____

8. Education

Tuition/fees	\$ _____
Extra-curricular activities	\$ _____
Student loans	\$ _____

9. Consumer debt obligations

Credit card	\$ _____
Credit card	\$ _____
Credit card	\$ _____
Personal loans	\$ _____
Other	\$ _____

Total recurring expenses \$ _____

Intermittent expenses

Intermittent expenses	Annual	Intermittent expenses	Annual
1. Giving		5. Insurance	
Charitable	\$ _____	Life insurance	\$ _____
Gifts/presents	\$ _____	Homeowner's/renter's	\$ _____
Other gifting	\$ _____	Disability	\$ _____
		Long-term care	\$ _____
2. Auto		Umbrella (liability)	\$ _____
Car repair/maintenance	\$ _____	6. Health	
Car replacement	\$ _____	Medical/dental/vision	\$ _____
Car insurance	\$ _____	HSA contributions	\$ _____
Car registration	\$ _____	Prescriptions	\$ _____
Other	\$ _____		
3. Home		7. Personal	
Home repair/maintenance	\$ _____	Adult clothing	\$ _____
Home improvements	\$ _____	Children's clothing	\$ _____
Real estate taxes	\$ _____	Childcare/daycare	\$ _____
Furniture replacement	\$ _____	Income tax estimates	\$ _____
Home technology		Professional services	\$ _____
replacement	\$ _____	Other	\$ _____
Home appliance		8. Education	
replacement	\$ _____	Tuition/fees	\$ _____
Pet expense	\$ _____	529 or other contributions	\$ _____
Other	\$ _____	Other	\$ _____
4. Pleasure/leisure			
Sports	\$ _____		
Hobbies	\$ _____		
Entertainment	\$ _____		
Travel	\$ _____		
Vacation	\$ _____		
Subscriptions	\$ _____		

Total annual intermittent savings \$ _____

Everence can help

Cash flow assistance

If you would like a partner to help you manage money or create a cash flow plan, we can help.

If repaying loans or credit cards is difficult, you could contact LSS Financial Counseling, which provides basic financial assistance for free through Everence. Call toll-free (877) 809-0039 or learn more at everence.com.

In addition, Everence Federal Credit Union can help with a wide variety of accounts and other tools for your cash flow planning needs.

Your Everence representative can also help you look at your cash flow needs, to help you reach your long-term financial goals.

Learn more about these Everence services by calling your local Everence office or find your representative at Everence.com or by calling (800) 348-7468 ext. 3202.

Everence helps individuals, organizations and congregations integrate finances with faith through a national team of advisors and representatives. Everence offers banking, insurance and financial services with community benefits and stewardship education.

Everence is a ministry of Mennonite Church USA and other churches.

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