Christian Stewardship

How to manage our resources according to God's plan
Session 6

Review: _____ we have belongs to God.

- *The heavens, indeed the highest heavens, belong to the LORD your God, as does the earth and _____ in it. (Deuteronomy 10:14)*

God is our _____ Provider: He distributes His goods however He wants, and He is worthy of being recognized as the most valuable of all.

- *Deuteronomy 8:7-18; 1 Chronicles 29:11-12; Luke 14:25-33*

We are His _____, slaves with authority to manage His goods with attention and _____.

- *Mateo 24:42 – 25:46*

According to our Lord, lending is a _____, and borrowing is a _____.

- *Deuteronomy 15:6; 28:12, 43-45; Proverbs 22:5*
- *Do not owe anyone _____ (Romans 13:8).*
- *You were bought at a price; do not become _____ of men (1 Corinthians 7:23).*

Compound interest and credit cards
The goal: _____ debts and don't allow compound interest to _____ you; invest and use compound interest to your advantage.

Car loans

The good and faithful servant realizes that a car loan normally is a _____ idea because cars _____ as you make your payments.

A ____ car loses a high percentage of its value in ___ to _____.

Consider not only your monthly payment but also _____, _____, and ____, too.

Buy a car that's at least _____ years old; drive it for the next ____.

Find a _____ mechanic. _____ how to do basic maintenance: change the oil and coolant, replace lights, maintain the brakes, etc. _____ for future repairs.

If you don't have a car loan payment now, save _____ for repairs and to be able to buy your next car _____.

House loans

The good and faithful servant knows the difference between what his _____ allows and what his _____ allows.

He realizes that over the years, the costs for _____, _____, _____, etc. will go up.
Electric: _____ a month in 2004, _____ a month in 2017.
Water, sewer, garbage: _____ in 2004, _____ in 2019.
County tax: _____ in 2004, _____ in 2017.

He also recognizes that he will have to replace the _____, the _____ _____, and appliances and includes those costs ahead of time in his _____ _____.

He takes into consideration possible changes in _____.

He recognizes the difference in price to buy a house and what he will pay to _____ the debt.

For example: $250,000 at 4.5% interest, his monthly payment is $1266.71.
Plus taxes (Dacula, 1.311% annual tax rate): add $273 per month.
Plus insurance and PMI: add $281 per month.
His monthly payment actually will be $_____ per month.

(In this case it is recommended that he has $_____ in savings and a yearly income of at least $_____)

He's going to pay $456,016.78 over 30 years.
(But with taxes and insurance, it will be at least $655,560.00).
The interest paid will be $206,016.78, completed in May _____.

From May to December 2019, he will have paid:

- $2668.53 in principal and $7465.17 in interest.

In all of 2020, he will have paid:

- $6824.19 in principal (he still owes $240,507.28 from the original loan) and $18,510 in interest.
- That is, he has paid $25,334.20 ($1266.71 x 20 months), but his debt has gone down from $250,000 to $240,507.28, only about $_____.

In the last year of his loan:

- He pays $5,019.71 of the principal… and only $_____ in interest.

Notice something very basic about home loans, called _____: most of the interest is paid in the _____ years of the loan! Therefore, he does not want to sell his house in the first _____ years of the loan, because he will have invested very little in the principal, and it probably has not increased enough in value to make any profit, especially considering the costs involved in buying and selling the house.

How can he reduce this heavy weight?

1) The strategy of _____ principal

May 2019 payment $1266.71: $329.21 principal and $937.50 interest.
June 2019 payment $1266.71: $330.45 principal and $936.27 interest.
July 2019 payment $1266.71: $331.69 principal and $935.03 interest.
August 2019 payment $1266.71: $332.93 principal and $933.78 interest.

In May 2019, he sends two payments:

1) His monthly payment of $1266.71, and

2) A prepayment of $330.45 for June 2019's principal (the principal of the coming month),

He has eliminated $936.27 in interest and one monthly payment.

Then in June 2019 he sends two payments:

1) His monthly payment of $1266.71, and

2) A prepayment of $331.69 for July 2019's principal (the principal of the coming month),

He has eliminated another $935.03 in interest and another payment.

That is, with two prepayments of $662.04, he has eliminated $1871.30 in interest and ____ monthly payments from the course of the loan.

$20 monthly in prepayments … instead of 360 monthly payments, he has _____ payments (about a year fewer) and pays $198,328.33 in interest instead of $206,016.78; he has eliminated $7688.45 in interest.

$50 monthly in prepayments … ____ payments (about 2 years), with a total of $187,896.51 in interest; he has eliminated $18,120.27 in interest.

$100 monthly toward principal … he pays $172,909.25 in interest, in 310 payments, allowing him to eliminate the debt ___ years early.

$200 monthly toward principal … $149,454.29 in interest, in 273 payments, to eliminate the debt ___ years early, in 2042.

Using the prepayment strategy will depend on other investment options that he has available. For example, if he works for a company that makes _____ _____ to his retirement in an investment fund, consider that option first! But prepaying the principal on a home loan is an excellent way to eliminate debt and increase material wealth.

From 4.5% to 5% interest:
The monthly payment goes up from $1266.71 to $1342.05
The total cost over 30 years goes from $456,016.78 to $483,139.46.
A 15 year loan: $1912.48 monthly, $344,246.98 total.

How can he reduce this heavy weight?

1) The strategy of prepaying principal
2) Borrowing _____ _____ for a house

Go back to our original example: $250,000 at 4.5% interest, the monthly payment is $1266.71, with taxes, insurance and PMI: $1821 a month.

If he borrows $200,000 at 4.5% interest with a $50,000 down payment, his monthly payment drops to $984, with taxes and insurance: $1361 a month.

If he borrows $175,000 at 4.5% interest with a $75,000 down payment, his monthly payment is $861, with taxes and insurance: $1238 a month. Total interest paid: $134,688 instead of $206,016.78 of the original example.

How can I possibly make such a large down payment?

1) A _____ for the future
2) An attitude of _____ instead of consumer
3) An appreciation of one's economic _____

Proverbs 21:5a – The plans of the _____ certainly lead to profit…
Next week: 18 suggestions to eliminate debt