

Budgeting: Ownership vs. Stewardship

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[0 : 00] Dear Heavenly Father, thank you for this opportunity to learn more from you. I ask that you help me get out of the way that I can share transparently and honestly! In a way that may be edifying for others, that I would learn more from the discussion, that you continue to instruct us all in what to do with the blessings that you've bestowed upon all of us. In your name I pray. Amen.

So how many of you show of hands were at my last seminar? Okay. That would be embarrassing, except I knew the answer to that question. This is a first for me. And so if there's doers and teachers, I wouldn't say I'm naturally inclined to the teaching, which may explain why you've never been to a seminar that I've given. Now, to infer that means I'm good at doing, I do not know, but I'm going to share what I've done. At least insofar as it may relate to the biblical foundations we'll talk through. As you may have gathered, I'm also not inclined to talk about myself a lot. So I'm going to force my hand here at the beginning as a way to introduce myself and my relationship with money sort of in rapid fire. So this paints the picture. It's probably pretty self-explanatory.

So earliest experience with money, and I was trying to think about when did money become into my world view. And I would say it's sitting in pews. I was raised in a Christian household, and I think it was the envelopes that I drew on during service that I later learned actually were to put our offering in, and we would pass an offering basket. The second picture here is how my dad gave. He didn't use the envelopes. It was a closed fist. This kind of struck me, and maybe it's something we come back to at the end of this discussion. But this is my memory of my dad, who's also the greatest example that I have that sort of informed the rest of my world view around money in particular. The third thing is the first thing I ever saved up to purchase.

That is an Anfernee Hardaway jersey. He's a good basketball player. That was between the ages of eight and nine. I think my allowance was \$1 a week, and that took me a long time to buy, but it was worth it. I wore it in my class photo in Costa Rica, where we moved as a missionary kid.

So picture four, I started getting the sense of what a dollar was worth, and then we changed the currency, and I lost the plot. So we started working in Colones, which, you know, Costa Rica, age 10.

[2 : 55] I also, probably my earliest memory of a recurring expense, which was to buy a Coke on the way to soccer practice. Costa Rica at the time, actually, you could buy a Coke. They'd give it to you in a plastic bag with a straw. It cost 25 cents. It was awesome. Our family relocated to Argentina, where I spent my formative high school years, where I continued to buy Coke, now in a plastic bottle format. And then, you know, the sort of the joys of my youth as it relates to money, you know, it was Coke, and it was financing my skateboard habit, which is awesome. I think it paints the picture of money didn't really, I didn't want for anything. You know, as we covered with Steve last week, I was rich from a very young age. We had everything we needed, myself as one of six kids, and we could kind of pursue our joys. We had early introductions to money and the like. My mom, at one point, 17, before I came back to the States to go to college, she said, hey, you might want to consider saving up for a car, because I was spending all my money on skateboards. And your intuitive response was mine, dude, I'm not going to sell out to corporate America.

Now, so if nothing else you take from that slide, please take that I'm not an authority on the matter by any means. One guy's experience, and we do have the benefit of an authority on the subject, and so there's a passage in Luke 16 that I think is going to sort of frame the rest of our time this afternoon.

And so Luke 16, 1 to 13, I have it on the screen across two slides. Can we have two volunteers to help with reading? Elena, thank you. Dan, appreciate it.

He also said to the disciples, there was a rich man who had a manager, and charges were brought to him that this man was wasting his possessions. He called to him and said, what is this I hear about you?

So, turn in the account of your management, for you can no longer be a manager. And the manager said to himself, what shall I do since my master is taking away the management away from me? I am not strong enough to dig, and I am ashamed to beg. I have decided what to do, so that when I am removed from management, people will receive me into their houses. So, so many of his master's debtors, one by one, he said to the nurse, how much do you owe my master? He said, a hundred measures of oil. He said, take your bill and sit down to you and write fifty. Then he said to another, how much do you owe? He said, a hundred measures of wheat.

[5 : 49] He said to him, take your bill and write eighty. The master commended the dishonest manager for his shrewdness. And the sons of this world are more shrewd in dealing with their own generation than the sons of life.

And I tell you, make friends for yourselves by means of unrighteous wealth, so that when it fails, they may receive you into the eternal blood of this. One who is faithful in the very little is also taken from much. And one who is dishonest in the very little is also dishonest in much.

If then you have not been faithful in the unrighteous wealth, who will entrust to you the true riches? And if you have not been faithful to that which is in others, who will give you that which is your own? No servant can serve two masters, for either he will hate the one and welcome the other, or he will be devoted to the one and despise the other. He cannot serve God and money.

Thanks, Dan. So what's going on here? Who do we have? So I'm a graphic person, if you haven't told yet.

[6 : 59] So let's talk about the players. We've got a rich man. We've got a reporter who is someone who tells the rich man something about the rich man's steward.

And then we have a steward who has these relationships with debtors. Make sense? What's the difference here?

I mean, what's Jesus talking about? What's the point? Get your priorities straight. Get your priorities straight. Where do you see that?

The very last, you cannot serve God and money. So you're serving money. You have to run priorities straight. Yeah, I can see that. Okay.

But also, the whole passage gets to that point. Yeah, that's the... So, like, one who is faithful with very little, that's Jesus telling us, you know, be faithful to what you have.

[8 : 06] Yeah. And that's right for you. Right. And that faithfulness with this small thing is going to yield something. Um... Two more cheers in the...

Two more cheers in the front if you'd like them. I don't bite. You sure of me? As he goes to...

As he goes to... I'm not sure. Any other observations? Early on in the...

Early on in the passage, maybe this first paragraph, you know, there's really sort of an inflection point in the downstream. So there's this beginning where there's observation of... Um...

There's charges brought up against the steward, right? And then he says, you know, what is this that I hear about you? So he's heard something. And then he asks for something. He says, turn in an account of your management for you can no longer be manager.

[9 : 15] It's an interesting thing. Like, if I... It sounds... It sounds like he's told his steward that he's not going to have his role anymore. Which, if you're fired, I think very rarely does someone say, hey, you're going to be fired.

But between now and then, I want you to go and do something. But that's what's happening here, which is interesting. So I feel like what's being introduced is sort of this element of time. It's like, okay, I know something.

What am I going to do with it? And so the second piece, right? Now the manager goes away and introspectively says, geez, I have some time. What shall I do? My management's going away.

And then there's sort of this self-assessment about himself. I'm not strong alternative outcomes, right? I'm not strong enough for this other thing. I'm ashamed to ask for money. I'm really skilled in this money thing, which is where my gig's been until this time.

But I'm going to lose it. So he figures it out. He says, I've decided what I'm going to do. And I'm deciding what I'm going to do in a way that when I'm removed from management, someone else will receive me into their house.

[10 : 26] It's interesting to me because this sort of introspection, the steward removes himself from the situation and he said, okay, where are the relationships that exist in my universe?

It's like I've managed these resources through resources that are not my own that belong to a rich man, right, that extend to others. So I'm the middle man. And if I'm going to lose my job, what could I do?

So what he does do is he goes and he cancels his debts, right? He goes and meets with A and he says, third paragraph, hey, how much do you owe him?

And he said, oh, I owe 100. And he said, let's take your bill. Let's cut it in half. I'll hook you up. And then he says to the other one, how much do you owe? 100 measures of wheat. And he said to him, great, we're going to reduce it.

Let's write it down. Now, if I'm the rich man and this guy's gone and done this, I'm not super happy about it. But I'm curious the outcome of our passage is what does the rich man say?

[11 : 39] Genius, dude. Thank you so much. What's that about? The actor praises him for acting shrewdly to prepare for his future.

I think what's being highlighted here is there's money exemplifies someone's allegiance. And so the net effect of this, right, why does he do it? He goes so that when he is fired, someone else will take him in.

And who's going to take him in? Downstream folks. Hey, I owe you one. I owe you left. I owe you more because now you've cleaned up this relationship that I had.

I owe this other guy left. So the rich man's commending the shrewdness because the steward really has thought about himself in the present and he's thought about his future outcome. Right?

And he's like, geez, I'm going to prepare for my future self. So there's time. There's a moment present and there's a moment future. And so this is less about creative accounting, manipulation, deceit.

[12 : 44] But I think the reality is that money really is about relationships. It tests faithfulness. It tests the things we're allegiant to.

Right? If someone output your spending habits for the last year, they could make some deductions about what you value inherently. Right? And the other thing is that it's temporary.

Yes? Wait, what's the relationship between this problem and the concept of allegiance? Allegiance? Yeah. I don't see the connection. So, allegiance in the sense that money is exemplifying where your allegiance lies.

In the case of this outcome, right, these folks weren't allegiant, didn't have a relationship with the steward. It was through the steward to the master. The intermediary changed the nature of the relationship between them and the master, delivering them savings.

Right? He canceled half their debts. So, now they think about this relationship with the steward in a different way in simple terms. you're gaining the allegiance of others?

[13 : 53] Is that the... They did. They did. In this parable, they did. And so, maybe, and it's the right question because, you know, Jesus then has some, some observations, right?

The first paragraph, he says, for the sons of this world are more shrewd in dealing with their own generation than the sons of light. And I tell you, make friends by yourselves by means of unrighteous wealth so that when it fails, they may receive you into the eternal dwellings.

So, Jesus is taking, taking, he's zooming out, right? He's qualifying the unrighteous wealth as sort of the wealth of this world and identifying it as a temporal thing that's subject to change.

And he's saying, really, at the end of the day, you know, this is Jesus' way of saying, you need help with your joblessness in eternity. Hey, Ed.

Hi. We got some, we have some, we have some chairs for Ed and Christine. No, it's okay. You got some work. It's fine. Okay. There's a spot.

[15 : 09] Scott, do you want to sit there? So, there's really the lens out here, the greater lens at play here is one of, that's rooted in identity.

So, the central figure, really, there's two, but the steward, right? If we're to position ourselves somewhere, there's a steward who's a manager and his charge is really to administer something that doesn't belong to him.

So, to distill an ownership versus stewardship mindset, you really, if you view money through that lens, you start to really distinguish how very different they can be.

In the case of an identity from wealth, an identity from wealth, right, about things that I own, I can think of resources as my own or I'm tempted to.

They're mine. They're self-directed. They're mine so I can do what I want with them, right? I'm revealing an allegiance to myself, in effect, and that there's a time, again, component to it, which is there's a present and a future.

[16:23] If I own it, it's really about short-term consumption, right, and maybe long-term goals, personal goals that belong to me, again, ownership mindset. And then there's a point in the future where the game's over, right?

The passage talks about the present and he talks about the eternal, and so there's things of this world that will fade away and then there's the eternal, which Jesus is making the distinction between, right, sort of the wisdom of this world and the long-term potential of faithful stewardship. Or is it game over? Because now if you jump to the stewardship column, right, we can think of the game over as really the reality of implications that are eternal beyond this life and the stewardship of our resources.

What have we done with them? What has God used them to compound in our lives? There's a long-term faithfulness component. There's accountability, right? If money is not my own and in fact it belongs to God, then it matters what I spend it on because it's not mine, right?

So it really changes the nature of even one dollar at the end of the day. And it tests faithfulness because we, budget decisions are ever-present.

[17:34] It would be great if we could make them once and we could go about our day because it's taxing. There's a lot involved. But the testing of faithfulness is constantly going back to it, constantly revisiting it, making adjustments, correcting action, addressing in action, right, a host of things.

So, you know, with that framing, I want to jump into budgeting a little bit. And my goal with all these things is to have a practical sort of application piece where you can look at these components in action.

And so, to speak about budgeting through the lens of stewardship, you know, we noted the steward knew he was going to be fired and then he acted shrewdly before the reckoning.

So there's a future that's unknown to all of us. What do we do with the time between now and then, right, budgeting? Stream of consciousness, budget, the word budget, what comes to mind?

Annoyance. Restrictions. What's that? Restrictions. Restrictions. Restrictions, annoyance, these are pretty negative. Makes sense to me.

[18:43] Priorities. Priorities. Planning. What is it? Planning. Planning. Fear.

Fear. Like a scarcity mindset? Yes. Optimizing. It's like a maximizing mindset. I think we hit most of these.

After budgeting for a while, like my favorite one, because annoyance, certainly, and there's a lot of friction in it, there's a lot of prioritization. I think the favorite, the favorite top of mind one that fell out of me is the fourth here under sort of the life on purpose, which is permission to spend.

Like once there is, there are habits that we're faithful with. It's, you don't have, you stop thinking about it so much because you know, there's the, the dollars were, were planned intentionally.

And it's really not about restriction or scarcity or meant to be about guilt. And I, I do think the stewardship mindset, if we think about someone's extended this to us and we have an opportunity to go in to use it to fulfill someone else's mission and we put these dollars on mission, it's, can be extremely edifying.

[19:59] And with, with measurement over time and going back and seeing the success of those efforts, um, I think is almost more compelling to continue to action in that, in that regard.

And so, the game summary, it's plan to direct money right before it directs you. Right? Have a, have a plan for the, the dollars. Andrew said it.

And so, for me, I'm more of a, if you think about, um, optimists or pessimists, most people, if they get to know me, they say I'm a pessimist. I disagree with them.

I will contend. I would contend I'm a realist. Uh, and I tend to choose reality over optimism. I do think reality, whether that's, has a inclination towards the downside or the upside is, like, the critical piece of a real budget.

Right? We're not, we're not really making stuff up, um, because you're not helping yourself if it's, if it's make-believe and it's not real. And so, components, obviously, of, of any budget, you have all the things that are going in and you have the things going out.

[21:04] Um, some examples, right, W-2, business income. I used to wait tables. I used to live off tips, uh, in college. Bonus, if you're so lucky along the way or fortunate, there's incentive

compensations that I'd throw up there and then there's gifts.

Um, you know, I'm surprised every year, um, how folks have been generous with, with me and my family and so I throw that up on, on the inside. Then there's the outside, things we all spend money on.

These are pretty similar to Steve's categories, generally speaking. Um, and then there's a layer of this, right, there's the, you could just differentiate between fixed and, and variable.

Some of these things change over time. I give the example of bonuses or gifts, right, it's hard to plan around what those will be, no screw thing, whereas W-2, business income, you get a paycheck, um, you know what it is.

I personally tend to use after-tax income just because that's what's on, on the check and so when I do accounting, it's, it's easier and more intuitive to me and so that's on the upside and then they expect, the, the outside, right, variable.

[22 : 14] Things like housing can be fixed, transportation, food and groceries, less so, um, but, you know, you have making debt payments, those can be somewhat fixed and then the variable pieces of, of, I would almost throw into sort of lifestyle choices around how much you're going to give, right, outside of your tithes and offerings, uh, restaurants, entertainment, savings, um, discretionary income.

So four categories. If you're building a budget and you have these four, which ones do you, are you budging against all of them? Some of them?

None of them? Bree, I, some. What are you not budging against? Maybe that's a better question.

That's why we're here. Oh, okay, yeah, totally. Fair point. Uh, so, my gut is always to not, not count the upside.

That's my realistic, not my pessimistic, self shining through. So if I'm gonna, if I'm gonna, like, articulate where I think all these dollars go during the course of the year, I'm gonna count the knowns and not the unknowns.

[23 : 28] So I'm subtracting all the expenses from the income and I'm solving for zero. This is, Steve was doing something similar. This is called a zero-based budget where all the dollars are spoken for.

Now, that doesn't mean you spent all of them, right? But it's saying, I have a pie X and there's a home for each one of those dollars. And the example of not, right, if you're putting savings aside for future, those aren't getting, they're not getting spent, but you've, you've given the dollars a name so that there aren't these just extra dollars out in the world.

Yes? Yeah, just to point out too, what I showed last week, I should have been more clear about this.

That was not my budget. That was like a real life month's worth of spending, basically, in the interest of transparency as opposed to like showing you the ideal month.

Like, I don't like what things actually look like. So yes, I would also recommend what Justin's talking about here. This is more what our budget looks like too. Does that make sense? Zero-based budgeting? Have you all heard of that before?

It's familiar? Okay. No? Yes? I see yeses and noes. Not the term, but I think all dollars are spoken for. Yeah. And so, you know, what is that safeguard against, for example?

[24 : 41] Waste. Waste? Yeah. I remember, so before I would budget, I would think, you know, straight out of college when I was getting my first paychecks, I kind of continued my spending habits, but I knew I was making more, so it just felt like, oh, there's extra.

And if I ever wanted or anything, oh, there's extra. But it wasn't really defining an outcome for those dollars. It was just like a feeling. And so this kind of gets away from the feeling of, is there enough? Well, in fact, and then you could be more specific. Right, so this is mine. This is our sort of allocation on a percentage basis back in 2017.

And there's a reason I chose 2017, which I'll get to later. But you can see tithes and offerings at the top. If you think about this as a waterfall, money that we received, you know, the first thing out is our tithes and offerings on a percentage basis.

We also, and then whatever's left over that, we're kind of splitting up. Right? We have a gifts category that kind of lives outside of that. Household expenses, things like, you know, your bigger ticket items around housing, transportation, food, comforts, clothing, restaurants, entertainment, personal allocation, non-category.

[26 : 06] So I kind of have the budgeted expenses and then I have this tranche that it's budgeted saving. And I always, I've always tried to think of saving as an expense just so I, you know, it feels like you're contributing to that and you're making the conscious decision to do it.

And so of the pie, right, I'm splitting it across these different, these, these different categories. And maybe before I leave this, if you were to Google help me make a budget like common trends, you'd probably see, you see these note that's compared to, you have this 50-30-20 rule which maybe you've come across which is 50% of needs, my money goes to 30% wants and then 20% of it goes to savings.

I was just curious, like how this lined up and so I tried to do the comparison to see where we land. It's, it's pretty different but I also think when you're that general, like, of course it's going to be abstract.

So I, I think this is different for everyone. I, you know, discretionary things like personal spending, you know, that can be, needs and wants can be distorted pretty easily.

[27 : 21] We all need clothing but what kind of clothing do we need, right? So, nothing groundbreaking there but the point of the budget, right, and I think the, the victory if you will is, you know, you go and you live life against it and, and you measure it and so the second column is really the measure of achievement at the end of the year.

So we kind of look at, you know, you set a path and then look at what, what spending actually looked like. Now, in our example you can see the, the top bracket where the, the spending's going out and what's left over sort of the savings.

You know, one impacts the other so we, I over, over spent in this example and you can see the red letters or the red numbers are kind of where the, the delta is. So, gave too much in tithes and offerings, bummer.

Gave too much in gifts, that's too bad. So, some, not, not of consequence, right? But then things like transportation, okay, over spent, over spent there on a relative basis.

There's a rounding error somewhere in here and then the non-category over spent. Steve had this category as miscellaneous last week which I was so happy to see it because it is impossible to like give every dollar a name and so there's this bucket where it's like, geez, I'm not going to have thought of everything.

[28 : 47] You have to be careful with this one because it also becomes where the slush fund is and it's like, ah, miscellaneous. Non-category. So, but, you know, the point of measuring, you start fine-tuning, right?

And the point really being is, you know, you make adjustments up and down and you try to address the deviations where you can and some of the deviations are good, of course.

It also gives a sense of relative scale, right? You can see household expenses really dominate the pie. So, 31%.

So, it's like, geez, if I wanted to save more, if I wanted to give more, if I can address my household expenses, that would be the most intuitive, logical way to do it. And so, in my example, I set out to do that.

So, between 2017 and 2018, you can see how successful I was. it went from 31% to 37%. And so, pretty big deficit and pretty consequential.

[29 : 50] The other great thing about measuring and sitting down and assessing this is that you can go back and you can cast blame and say, hey, whose fault was this? Can we address this? And this particular example, my dog, you know, this was the year, 2018, where she graduated from puppy food to full-sized dog food.

And so, I have a feeling that Cali was the problem. Now, you might say, Justin, is feeding your dog really a household expense?

And I would say, well, yes, yes it is because it's right here in household expenses. And, the beauty of making your budget and evolving it over time is you control these categories, right?

And, there's a logic to it. And so, just to offer another sort of example of sort of what fits in these things, this is different for everyone.

This is our example that's kind of held up over time. I think the value when you think about categories is, what's great, and you'll see this later on, is the more you can use the same categories over time in a logical way, the easier it is to measure against them and to see progress and change and evolution.

[31 : 09] So, and it also helps me in the case of comforts, right, to like develop this mindset of like necessary versus unnecessary things. Like if things had to go away or if we were making compromises, I'm probably hitting the comforts first to sacrifice the things that make life easier.

questions here? Yes? I guess on that topic, you know, how do you reason that, you know, internet and phone service are a comfort?

Like to me, that would be more a necessity, but I don't know, maybe you have a... No, it's a good question. It can move it. It's more like some of the things, well, in the case of internet, right, like how much internet is enough internet?

Like am I a 300 service? Like do I have a gig? Like it's more of like the subscriptions I manage and the resources that I need and its relative need.

So I think internet could grow. In my world, I have all the internet I need at work, for example, and if I needed to live without it, we would be fine, I think. But it's not, it wouldn't be wrong, I don't think, by any means to throw that on household expense.

[32 : 25] So no right or wrong answer there. Thanks. Yes? We might cover this later, but can you differentiate between how you define short, long term and then margin savings? Yeah, great.

So in this example, 2017, savings category, long term savings, I think of like five or more years. So in this example, we were saving for a down payment on a future place to live.

And in the short term savings, we were driving a 2004 Pontiac Grand Am and it had 200,000 miles on it. Geez, in five years, we'd like to be able to replace our car.

So just to make sure I'm staying honest with the near term needs, there's sort of the short term and then there's the longer term. Margin savings is sort of the, how does this budget zero out?

So if I have my income, I track all my expenses and there's still margin left, it just flows right into there. And it's also the first thing to go, right? That make sense? And obviously, those savings goals change over time.

[33 : 31] I had a, we had a joke with my wife whose car it was. It wasn't mine, of course. Eight more years.

Eight more years. Eight more years. Every year we talked about the cars. Like if we could just hang on for eight more years. That happened for six years. So pretty close. The turning point in the passage is really this idea that you need to turn in an account of your management.

And so when we think about stewardship of resources and we're turning in an account or we're being accountable, to whom are we accountable, do you think? The Lord.

The Lord. Because it's his stuff. To yourself. To yourself. Which self? Your present self or your future self?

Both hands. Nice. Married your spouse too. Mm-hmm. Yeah, you've, you've got them all.

[34 : 42] And I think, Elena, you're the others, right? Spouse, family. This idea of mutual interdependence. I think the older I've gotten, the more I've come to understand that all my handling of money is mostly about other people and not myself.

Um, it's rarely, uh, purely individual decision. And even when I think about our long-term savings, it's like, I'll never, I don't think I'll ever spend it.

Like, I don't know who, like, it probably won't be me. It might be my, my kids. Um, but it's kind of gone and forgotten. And I, but I do think we're accountable to those folks.

Um, and God, I think, this one particularly for me because I work in, I work in commercial real estate and do development. Um, this idea of value creation, um, that developers tend to engage in.

But God, you know, his work as creator is very much about, um, the work of his hands, us, and the work that we do. In effect, um, there's, there's an inherent value to it. And so how are we stewarding, not just our finances, but the, the work that we do, um, the product of our work, um, and how it interacts with, um, you know, resources, how our labor's productive, um, and then how we use those gifts to create value, um, for others.

[36 : 06] So practical structures for accountability. We talked about establishing a budget a little bit, um, give every dollar a name, um, do it on purpose.

The back, the, the, the budget is very forward looking, right? It's things that haven't happened yet. Uh, accountability, I feel like is, is about viewing those dollars along the way and then also looking back, um, to assess performance and to be accountable for that, that performance.

And so it's not something that once it's done we set it and forget it. Um, but, um, there's, there's a habit involved of recurring routine budget reviews.

Um, cash envelopes. Anyone? Anyone heard of cash? There's, okay, I got a cash envelopes. Some no's, cash envelopes. So budgeting, um, there's, there's a, a method of budgeting where you take some, you assign your dollars and name and you put that amount in a cash envelope.

Say for like transportation, I'm gonna spend 200 this month. I'm gonna spend 100 on gifts and you actually use cash and you put it in envelopes. The idea being is whenever you need to use that, that allocation, you're paying with actual cash.

[37 : 21] There's pros and cons to that. Um, right? Some, some pros from an accountability structure, it's like very obvious how much you have left and you can see it. Uh, another pro is we tend to underspend, right?

You don't want to go to the grocery store and get stuck at the register because you don't have enough cash. So at the end of the month, when you're looking at that and you're being accountable yourself, there's probably a few dollars left in each one of those envelopes.

Um, or at least that will most likely to be the case as it plays out. Um, and it's also very obvious on what the constraint is, right? You, you spend and once it's gone, it's gone for that category and you may have other funds, but you've, you've spent some assigned to X, Y, or Z.

Yes. So, great question.

The nature of the exercise acts real cash. And so I would say probably in the mid, was it the nineties? This was like very, very, very popular. Um, and it's something I did when I was newly married because it helped us see the thing.

[38 : 28] now over time we've normalized our habits and now cash can be kind of cumbersome actually to use, which is kind of a component of the, of your question.

I think it's like not, uh, very practical to use cash for everything. And so, um, we've moved a little bit more to, to swipes, but the premise of the budget of the cash envelopes is in fact to withdraw cash every month, put the cash in the envelope, and then when you spend, you're spending those cash in that category.

Not advocating for it. It's, it's, uh, it's a potential and I think it helps when, um, when you're first starting out because it helps, it helps you sort of reveal, uh, the habits that you have in spending.

Um, one of the things we like about it and one of the reasons is it's productive is that it introduces friction into spending. It's harder. It feels costly, right? Even if it's \$2, it feels the same, it's the same labor than it is \$100, right?

And so when we, personally, when we evolved out of cash envelopes, which, which we did, um, because our, our spending normalized, we would still make the habit of on a monthly basis outputting our, our month of expenses and then categorizing each one of them.

[39 : 44] Now, pros and cons. Cons, this is time consuming. It's kind of annoying. It feels like it kind of doesn't matter because, hey, it's already spent. What are you accomplishing?

But the pro is the friction still exists. I still, I'm feeling the spend. I'm actually feeling it twice. And if I do this at the end of the month and I just feel like I just spent this all at once, it's going to inform my posture and my behavior going into the next month.

It's also going to highlight the things, the places kind of where we missed that month and kind of inspire some corrective adjustments in the month ahead. Does that make sense? I'm trying to introduce feeling into something that's like, it's not about feeling.

It's pretty objective, right? They're numbers. But there's certainly a feel to it. Any questions on those? Yes. Does this influence using debit versus over credit cards?

Does it influence? Yeah, like would you rather use debit cards so you can feel the pain? Feeling pain. Yes. So this is, for me, this is debit cards.

[40 : 56] Yeah, I don't tend to use credit cards on like daily stuff. I don't collect points and all that. I don't want to be rewarded for savings or for spending.

I want to be rewarded for not spending. But that's personal. Scott. So I personally have done this many, many times and I always go through this and nothing ever changes the next month.

It's like, you'd always be like, oh, we overspent this month. What did we overspend on? Oh, the car broke down. I had to go get it fixed. Well, it's like, well, I had to do that. That's why we were, and then we'll be like, oh, well, there was a big health in Chernobyl or something.

It's always like, I always feel like the big, like the big problems are never like, oh, we're, we're buying too, we're having too much fun. Like, I'm doing too many.

Oh, wow, this big expense came up that had to pay. you know, that's always like, like, gets me the most. Yeah, that's a, a astute point.

[42 : 07] That's, and that's so true. It's not the fun stuff. It's not like the things you can control. It's the things outside of your control. Like, in the same way you don't budget for not paying the meter and getting a parking ticket.

Because if you did, you'd just get tickets. Like, what's the point? Like, I'm not, I'm not planning on that happening. So, I guess, I don't have a solution for you.

I don't think you asked for one. But that, you know, emergency fund, right, the rainy day fund to pull in there, it's probably not going to influence your, like, next year's budget because you're not predicting those huge exposures, right?

I'm just thinking, I guess it's really about, like, the, you have your short-term savings and it's, it's like, how short-term is it? Yeah. Because sometimes you can be, like, next month or even, like, six, I don't know.

Yeah. I hear you. Let me know when you figure it out. Justin. Yes. You, you, you've reinvented some software here in Excel, which smart business people like you tend to do.

[43 : 11] do you find, like, I, I pay for some small amounts, yeah, no problem, I pay some small amount for software that rolls this up for us, basically. Have you tried that before?

Do you find pros and cons there where it's, like, no, you like the pain of entering the money and figuring it out curses the use of, like, seeing it, or maybe not checking it as a certain, like, have you tinkered with that at all? I, I have, um, it is a friction thing.

It's also, like, the category thing for me. Like, a lot of them, I find limits and it's been hard for me to package the historical into the new software and just alignment because I very much like the, the universe and because I started this way, I'm, like, a slave to it, if you will, a little bit.

Um, but it is, there are easier ways to do this. And I have, I don't, there's no way we're going to get to that, but I do have a slide with different software platforms.

Um, um, and then, so maybe to move a little quicker through this. So annual, that was monthly. We also do it annually in my house, so we take stock of the year ahead.

[44 : 18] Really, that's backward looking, that's forward looking, that's about making changes, that's about seeing successes and celebrating the wins. In the world where we use cash envelopes, uh, anecdotally, it was awesome because those, like I said, the cash envelopes usually have something left in it.

It was an excuse to go out and just, like, give it away and just, like, just, like, to love giving, um, which was, like, a really rewarding thing that's, it's not been entirely lost, but, um, something that, that the cash, um, provided us with.

Um, so really, it's about, about measuring achievement, um, right, and obvious, our, our budget reviews have, have evolved a lot over the years. Um, at the end of the day, I think, for us, it's more, the budget reviews are about discovery and they're intended to be a product of discovery.

I think they're making sure that we measure, what we measure is understandable and is making sense to us and also make sure that our new goals, um, have a platform, really, to be understood over time. So if you have goals that you can be constantly, constantly, um, visiting, uh, successes against them.

Accountability is the other thing. I'm married, not everyone's married. Please don't, don't wait to get married if you're not married to have accountability in your life. Tyler was, was, uh, my person, God's great, God's gift to me, um, at a time when I entered the workforce and was making \$41,000 a year in New Haven, Connecticut.

[45 : 42] Having moved from Oklahoma where I, uh, paid \$400 in rent for a five-bedroom house, uh, like, Tyler, Tyler, Tyler, this guy, this landlord guy, he wants, he wants three months of rent.

Is that, is that normal? Is that, yes, it is, Justin. And then, you know, when I think about accountability, the benefit, Tyler was, like, a few life stages ahead of me always, right?

He was graduating, he, he went to grad school, he got, I watched him get married, I watched him have kids, and so he was, like, a really helpful resources to understand what's coming next and how to be prepared for it.

Um, so don't, find, find someone, pick their brain, I mean, a question, you know, I feel like grocery prices have gone up a lot, you know, is that because I'm hearing it in the news and then I'm trying to give myself a reason to spend more on groceries or are you feeling that too?

Like, that, even, even stuff like that. Um, and then just a practical warning, like, not every, not every Tyler, right? Like, we, and the, the internet has lots of, um, thoughts about money and you can find any answer that you're looking for.

[46 : 57] Um, and, you know, things that come across all the time are these, like, you know, the things that measure you up. Um, you know, how much you have, you should have saved by now.

Like, are you behind? Are you doing well? Are you, you know, how this idea that you're comparing yourself, um, to an average. So the temptation always to, to find affirmation and, and your relative achievement against these things, which is really easy to fall into.

Um, and could also be discouraging where you, you see yourself not reaching some arbitrary metric that someone set out. And so I think the, the reminder here is when we think about averages and medians and, um, what you should or shouldn't be that we're all, we're set apart by God's grace.

Um, and we're not conforming to the pattern of this world, right, to be abundantly generous to overachieve. Um, um, we're all, we're all stewards.

Cash and credit, I have 10 minutes unless, if we want to hold, like, 20, 30 for Q&A.; We could do cash and credit, we could look at compounding efforts over time, we could do practical, practical, um, tools.

[48 : 10] Is there a prevailing preference? Cash debt? Compounding? All of the above? 2XB.

2XB. Spark notes. Spark notes. Thank you. I'll do spark notes. Oh. Retirement accounts.

Retirement accounts. Next week? Next week. Dead.

Option three, practical. Practical. Practical's a little, okay, we'll do practical. What's the spark of that one?

Credit versus debt. Credit versus debt. You know, pretty brief. I think the, the big picture is debt creates a power imbalance. Right. Uh, the Bible says rich rules over the poor and the borrower slave to the lender.

That's real. Today. Um, it's dictating an outcome for your money that you haven't earned yet. And so, I feel like the time, time is misaligned. It's not to say, um, debt is, debt is bad.

[49 : 15] There's productive and there's consumptive, um, debt. Um, mortgage, business capital, education, achievement, you know, where, where debt tends to be more productive, although not always the case.

And then there's consumption. And so, I think the, the caution here is there's debts everywhere.

Um, and there's always an opportunity to enter into this voluntary servitude, right, where we're, we're trapped in a cycle that now requires our future self of us.

Yes? Can you go through why credit cards are consumptive? Are they very productive? They could be both. They could be both.

I think it's, it's more behavioral. So how are you, how are you using the credit card? Is it for pure consumption? Is it, are they lifestyle choices that aren't necessary that borrow against your future self?

Didn't you mention you're using credit cards but you use them for predictable payments? So it's like you're building credit that way but not tempted to overspend. Is that what you're saying or is it something different? Yeah, I, I don't. I tend to use credit, I don't, no.

[50 : 20] I, I have, I have a credit card. I'll, I'll use it on, on big stuff that's out of the norm like that Scott mentioned almost as a way just to then transfer and cover it emergency funds to, to move money to cover the immediate need and that interrupt, does interrupt sort of the monthly cycle.

Um, yes? Oh, sorry, this is unrelated to but I have, um, going back to the passage, I was just wondering why the master recommends it just not its manager.

Um, like, uh, does that mean that he thinks that it wasn't right that he still thinks that it was smart for him to do for himself or does he think, like, it's like, he is actually happy that he did that?

Because, I don't know. Yeah, no, it's a good question. I think it's less that he's happy. I think the word the passage uses is shrewd. Uh, he praises the manager's shrewdness and I think, I looked it up, I didn't memorize it.

Um, the word shrewd is not here, um, but it has to do with strategic thinking, right, and it's, it's future focused and so I think that the point is that the act, it was clear that the action he took was about a future orientation.

[51 : 36] even if that future didn't involve a relationship with him as his, uh, ruler, but that he commended his, his action to think for himself to prepare for his future before that future arrived.

It's more about management and the idea of, of stewardship was kind of how, what I took away from it. Um, I'll jump to the punchline on this one.

So, compounding, right, this is about, you know, stewardship's about faithfulness, like, over and over and over and over again. And, the math of the thing, some people, not everyone likes math, but the great thing about math is math is very morally neutral.

Right, it's going to emphasize in the, in the, in the effect of interest and growth, it's going to emphasize the direction we choose. So, if we choose, right, in this, we have \$240 a month.

On the left, you're spending that \$240 a month to service, to make a minimum payment on a \$12,000 debt at a 20%, 21% interest. After two years, right, you've paid down the balance, but you've spent \$5,000, almost \$6,000.

[52 : 43] After four years, you've spent \$11,000. You still have a balance. It takes you 10 years to pay off that debt to zero, making minimum payments. And in all, you've spent, this is the cash that's left your wallet, \$28,000.

And this is where you're, where you are now, here at zero. So, conversely, if you take the same money and invest at the same rate over that same time and earn 8%, that, your cash position is \$44,000.

So, it's the same math in both directions. One is delivering a benefit to the lender, right, borrower is slave to the lender and the other is delivering a benefit to you.

So, I, to, one, the primary takeaway here is that time matters a lot, right, time committed to this direction versus time committed to the other direction. And, there's an opportunity cost associated with time.

So, if you think about those same 10 years, the same 10 years of consequence, right, if you started at 25 and you invested 240 a month, 8% return until you retired, so until age, well, no, until age 60, you have \$550,000.

[53 : 59] If you waited 10 years to do the same exact thing, you have \$228,000. So, the difference between those numbers is over 300 grand purely based on time.

So, time matters a lot more than income and, surveying the room, I mean, everyone in here is a time millionaire, right, I'm, I'm probably older than, than most of you all, ship, ship sailed.

So, seize the day. The other thing is, you know, time multiplies faithful decisions. You didn't miss a payment, by the way.

Every single month you were paying \$240 a month, putting it away, putting it away, putting it away. this is the visual representation of that. It's, it's pretty striking, right, how much time matters to start earlier.

Albert Einstein, it's rumored, he's often credited with this, this quote, but it's, it's, he's, he's not wrong, right, he understands compounding, earns it, right, you get it, you earn it, you're going to get it, and he who doesn't pay it, right, you're going to pay it to a bank, you're going to, you're going to pay it to some other person earning that interest.

[55 : 12] So there's, there's cost to waiting, there's, this is the consequence, we think about budgets with the consequence of our actions. I think this is saying there's consequence to inaction as well.

Justin, question on the 8%. Before we get that again, back to Google, I have looked at Google, and Google told me it's not too late for me. That's great. Perfect.

So seriously, no, the 8%, where are you coming up with 8%? Where's that coming from? Because when I see items like this, like, well, if you, you know, invest at a this percent return, I don't know where, what investment vehicle are you using for an 8% return?

It's a good question. I, I choose, I try to choose something conservative. So if you were to invest in index funds, right, packages of companies, VTSX, Vanguard, total market index, equities, right, historical return, year over year, is 10%, right?

If you were to adjust that for inflation, you'd probably call it sepan, whatever. So I'm using 8% as sort of a proxy, but it's a, it's a good question. It's easy to say, it's a, you can, what if I get 15?

[56 : 26] It's even better. It's like, okay, good luck. Trying to, what is it? Trying to be realistic, over optimistic, yeah. Another way, small decisions add up, and I, this more as, as a, as a way to, maybe outline your next 10 years, and maybe not.

There's, compounding of interest, there's also the small, compounding of, of decisions that happen over time, and so I provide this as, as an encouragement, not as a, not as a challenge, but the, and

this is a potential, right?

This is somebody's outcome. The benefit of measuring is you can, I can do this now. So my categories, I know what they are. We've used the same ones over time. And with, with my wife who, we were married in 2016, which is why 2017 is very important, as sort of a, as a beginning.

Recently, we looked at the last 10 years, and, our, our check, you know, when we, when we set out, was like, geez, married, I, recently graduated from grad school, we had two jobs, life was good, we'd never, never, earned so much in our lives, what's our budget for our lifestyle, going to be, and how's, what's it going to look like going forward?

And so, there are, headwinds, and there's opportunity. And maybe these are familiar to, and maybe they won't, they, they aren't, but I can assure you they will be, at some point.

[57 : 59] Comparison culture, housing anxiety, right? The big expenses. Lifestyle inflation was, particularly heavy to me, because you see people with things around you, and after you've worked, so hard, or so you think, for decades, you say, when is it my turn?

When is it my turn? When is it my turn? Right? Permission to spend, do I get to, am I, right? Who am I? Where am I in all this? And so that one was, that one was loud for me personally. And then there's the now and the then, the constant trade-off of like, oh, Spotify premium subscription.

Those Duncan ads are brutal. You know what I mean? You know what I mean? So not fear, but observations of reality, right?

The challenge is, lifestyle tends to expand to fill income. We've kind of seen that over time. And that stewardship really requires the resisting to that drift. And so if we knew today what we knew then, that this would happen, we were going to move, we were going to move from two to one income. We were going to have a baby. Then we're going to have another one. You know, how did budgeted lifestyle shake out over all those years? Pretty good.

[59 : 11] Pretty flat. Pretty flat. Trend line here is, that's 3% over nine years, 3% of adjustment.

I think that tracked below CPI over the same time period. And so this should tell you two things. The first one is, I'm married to an incredible person.

who's like, we're joined on the mission. And we're very, like, been very intentional. And that's been, that's been important to us. She does, you know, most of the spending.

And so I, you know, give, give Janine all the credit. The second thing is that babies aren't as expensive as everyone tells you that they are. So if you can have them, they're awesome. So that's budgeted lifestyle, right?

And then these are dollars spent, which we talked about, but a zero based budget means that there's, right, we're assigning all of it. And so the missing piece here is really the balance.

[60 : 16] And so the budgeted balance over that time, right, for those same years, what the income that we're actually allocating to all those things, and you can say it here. So in the same way that life throws the headwinds, there's opportunities.

You know, fortunate after some, some normal years, a promotion, a change of job, growth and capacity, all with sort of the desire for the consistent sort of buffering and the safeguarding against the temptation to live, live above our means.

And, you know, that's not to include then the variable income, right, that we didn't budget, those chances for bonuses, those things like gifts that, that together really like with the sort of the steadfast reliance on sort of the keeping, keeping budget and goals and check the margin for generosity really just, I'd encourage you huge opportunity for it to grow over time.

It's, it's been a blessing. We're just starting in a way, but I guess I've encouraged all of you really to set high goals because the, the, the blessing of being able to give has rewarded and continues to reward.

And I have no doubt that it will continue to reward.