

GETTING RICH RIGHT

TEACHER'S GUIDE

LESSON 1

How to Build a Personal Financial Plan for God's Glory

1. According to economists, what are the three uses of money?

1. A medium of exchange: you can use it to buy almost anything, and it overcomes the inefficiencies of the Barter System
2. A store of value: you can save it for the eventualities of life, and use it when you need it—from the short run, to pay for upcoming daily bills, to the long run, to save for retirement.
3. A unit of account: you can use it to give an account, so you can measure how well you doing with what you've got, and what you'll need in the future.

2. In Luke 16:9, what does Jesus tell us to use worldly wealth for? How does this differ from what economists say? How is it the same?

"I tell you, use worldly wealth to gain friends for yourselves, so that when it is gone, you will be welcomed into eternal dwellings" Luke 16:9. When we love others like God loved us (Great Commandments), and God gets the glory, we make disciples (Great Commission)—friends forever.

3. What are the two challenges with money that every Christian must conquer to make the most of their money? Which of these two challenges do you find most difficult?

It owns you (the Master Challenge) and you own it (the Ruler Challenge). Money owns you through love or fear, which should be reserved for God alone. When you own money, you rule. Will you rule like Jesus or the Gentiles?

4. God gave humanity the charge to rule over the earth, and all that is on it. See Genesis 1:27-28 and Psalm 8:6-8 for some of this guidance. How does Jesus' approach to ruling differ from the world's approach? Consider the two "Golden Rules" in your answer.

Humanity's charge to rule: Genesis 1:27-28 So God created mankind in his own image, in the image of God he created them; male and female he created them. God blessed them and said to them, "Be fruitful and increase in number; fill the earth and subdue it. Rule over the fish in the sea and the birds in the sky and over every living creature that moves on the ground."

Psalm 8:6-8 You made them rulers over the works of your hands; you put everything under their feet: all flocks and herds, and the animals of the wild, the birds in the sky, and the fish in the sea, all that swim the paths of the seas.

Two Golden Rules: Jesus: "Do unto others as you would have them do unto you," v. the world: "He (or she) who has the gold rules."

5. Name the four principles from the Rich Right Plan. How does each principle contribute to building a personal financial plan for God's glory? How do these principles build on each other to help you "gain friends for yourselves" and be "welcomed into eternal dwellings?"

The Rich Right Plan (from Luke 16:10-12): Principle #1: Worthy of Trust; Principle #2: Little to Much; Principle #3: Here to Eternity; Principle #4: Stewardship to Ownership.

6. On a scale of 1 to 10 (1 being clueless, to 10 being an expert), how comfortable are you with making the most of what God has given you, and future financial decisions to come? What financial tools are you currently using to build a successful path forward?

All free tools at AmericasChristianCU.com/GettingRichRight, then choose what you need.

Financial Statements:

- 1) Balance Sheet (Assets – Liabilities = Net Income)
- 2) Income Statement (Revenues – Expenses = Net Income)
- 3) Statement of Cash Flows (Three sources/uses of cash: Earn it, sell something, or borrow)

Tools for a Personal Financial Plan for Financial Independence:

Financial Worksheets to make the most of your money:

- 1) Track Every Penny Worksheet
- 2) Spending Annualizer & Budget Worksheet
- 3) Rank Your Spending Worksheet

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LESSON 2

Principle #1: Worthy of Trust Three Tools for Financial Freedom

1. Based on the “Right Principle,” to be worthy of trust, you need both character and competence, and you need to put those into action. On a scale of 1 (low) to 10 (high), where would you put yourself on the “Competence” axis? Where would you put yourself on the “Character” axis? Why?

2. Name the three financial statements from the lesson. Which one measures what you have? Which one measures where your money comes from and goes? Which one measures how profitable you are?

What do you have? The Balance Sheet

Where does your cash come from and where does it go? Statement of Cash Flows

Are you profitable (or running at a loss)? The Income Statement

Teachers: Questions #3-5 cover personal financial information. Do not ask students to share this information unless they want to – and even then, use caution.

For free tools to measure Balance Sheet, Cash Flows, and Profit, go to AmericasChristianCU.com/GettingRichRight. To protect your privacy, download the Excel or Google Sheets financial statements to your personal electronic device.

3. Create your personal Balance Sheet, by listing: 1) the three biggest things you own (assets), and 2) by listing the three biggest things you owe (liabilities). What is your Net Worth? What is your biggest asset? What is your biggest liability?

Go to AmericasChristianCU.com/GettingRichRight and download the Balance Sheet. For privacy, download the Excel or Google Sheets file to your personal device.

For Asset values, some are already listed in dollars (like bank account, investments), whereas others just estimate the values (like car, house, electronics). Liabilities always have an exact dollar amount. Those over 18 can run a credit check for a quick summary of everything they owe.

4. Create your own Cash Flows Statement, by listing cash inflows and outflows from the following three sources and uses: 1) operating—cash you earned and spent last month, 2) investing—cash you received from selling an asset, or spent to buy an asset, and 3) borrowing—cash you borrowed or paid back to a lender. From which of the three categories does most of your cash come from? Where does it go?

Go to AmericasChristianCU.com/GettingRichRight and download the Statement of Cash Flows Worksheet. For privacy, student should download the Excel or Google Sheets to their own personal device.

List Cash Inflows and Cash Outflows in Three categories: Operations: list what you earn (cash inflow), then what you spend (cash outflows)—for a specific period of time (a month, or a year). Investing: sell an asset (cash inflow), or buy an asset (cash outflows). Financing: borrow money (cash inflow) or pay of debt (cash outflow). Hint: Your Balance Sheet above lists all your Assets (Investing) and all your Debt (Financing).

5. Create your own Income Statement, by listing: 1) what you earned, and 2) what you spent. Do you earn more than you spend?

Go to AmericasChristianCU.com/GettingRichRight and download the Income Statement. For privacy, student should download the Excel or Google Sheets to their own personal device. List what you earn (after taxes), and what you spend. Goal is to earn more than you spend—this is a Profit.

6. What makes a person financially dependent or independent? Which one are you? What is the biggest thing you need to do to reach (or maintain) financial independence?

You are Financially Independent when: 1) you earn more than you spend, or 2) you have enough assets to cover all of your expenses for the rest of your life.

Otherwise, you are Financially Dependent on someone else (parents, government, bank).

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LESSON 3

Principle #2: Little to Much (Part 1) The Two Sources of Earnings

1. Name the two sources of earnings. How do you calculate each? Explain how these two sources of earnings are different from each other.

Active Income: $You * Rate * Time$

Passive Income: $Your\ Stuff\ (Assets) * Rate * Time$

Active Income requires your effort (that is, You), whereas Passive Income involves your assets (that is, Your Stuff) working for you.

2. According to Proverbs, what are the three elements of the Wisdom-Wealth connection? Which of the three elements do you personally find most challenging? Why? Which of the three elements do you find most surprising? Why?

Element 1: Do Something (diligence over sloth)

Element 2: Do it Right (righteousness over wickedness)

Element 3: Be Generous (generosity over stinginess)

3. In what three ways is money like seed? Which of these three ways is the only way to get more (money or seed)?

With seed, you can: 1) eat it, 2) store it, or 3) plant it.

With money, you can: 1) pay your bills, 2) store some for the eventualities of life, or 3) invest it.

The only way you can get more is to invest it.

4. Do you earn more with Simple Interest or Compound Interest? Why?

You earn more with Compound Interest, because it allows you to earn interest on your interest.

Calculations (more advanced)

Simple Interest = $Your\ investment\ (called\ Principal) * Rate * Time$

Example: $\$1,000\ (Principal) * 10\% \text{ interest } (Rate) * 5\ \text{years } (Time) = \$500\ \text{interest earned}$

Add interest earned (\$500) to original investment = \$1,500 after 5 years

Compound Interest = $Principal * (1 + (Rate))^Time$

Same Example with Compound Interest: $\$1,000 * (1 + 0.10)^5 = \$1,610.51\ \text{after } 5\ \text{years}$

In this example, Compound Interest earns you an extra \$110.51 (that is, \$1,610.51 - \$1,500).

5. Test drive the Net Worth Projector:

How much will \$10,000 grow to in 40 years, if invested in the Stock Market at 9.6% annual rate of return?

\$391,221

How much will a \$10,000 student loan grow to in 40 years at 6% (assume you have not paid down your balance)?

\$102,857

How much will a \$10,000 credit card debt grow to in 40 years at 20% (assume you have not paid down your balance)?

\$14,697,716

How much will a \$10,000 credit card debt grow to in 40 years at 26% (assume you have not paid down your balance)?

\$103,471,752

Take-Away: Beware unpaid balances left outstanding on credit cards, because of their very high rate of interest.

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LESSON 4

Principle #2: Little to Much (Part 2) Seven Tips to Make the Most of Your Money

NOTE TO TEACHERS: To make the most of this lesson, you must give the “Track Every Penny” exercise to your students one week before you cover this lesson.

1. While holding your breath (one big breath only), write down everything you want. What did you choose?

Odds are students left out basics like food and shelter, because someone else has been providing these for them (like their parents). Don't overlook what you really need, and put needs at the top of the “want” list.

2. The purpose of accounting is to measure the truth. Why is truth so important when it comes to making the most of your money?

An account that isn't truthful is no account at all. If you aren't truthful with where you're really at now, you can't make changes to improve your spending.

3. List the Seven Tips for making the most of your money. Which tip do you think will help you personally the most? Why? How will it help?

Seven Tips: 1) Prioritize, 2) Incentivize, 3) Annualize, 4) Unionize, 5) Colonize, 6) Economize, and 7) Analyze.

4. For one week, write down every penny you spend. Every penny! Use the free “Track Every Penny” worksheet found at AmericasChristianCU.com/GettingRichRight to record your results. Where did your money go? What surprised you the most?

NOTE TO TEACHERS: Each of the next three questions build on the one before.

Go to AmericasChristianCU.com/GettingRichRight and download the Track Every Penny Worksheet. Each student should download the Excel or Google Sheets file on their personal device for privacy.

5. Annualize everything. Using the free “Spending Annualizer & Budget Worksheet” at AmericasChristianCU.com/GettingRichRight 1) start with weekly spending from the “Track Every Penny Worksheet.” Then make adjustments for other 2) weekly, 3) monthly, 4) quarterly, 5) semi-annually, and 6) annually items to make the best guess of where your money goes. The “Spending Annualizer & Budget Worksheet” will automatically “annualize” everything, and then divide it by 12 to give you your personal “Monthly Budget.” What surprised you when you “annualized” your spending? Does your Monthly Budget reflect where you want your money to go each month? What would you change, if you could?

Go to AmericasChristianCU.com/GettingRichRight and download the Spending Annualizer & Budget Worksheet. Note that this worksheet starts with the information from the Track Every Penny Worksheet. Each student should download the Excel or Google Sheets worksheet on their own personal device for privacy.

What surprised you when you “annualized” your spending? Does your Monthly Budget reflect where you want your money to go each month? What would you change, if you could?

6. Based on your Monthly Budget (last column in the “Spending Annualizer & Budget Worksheet”), rank your spending from most satisfying to least satisfying (use the free “Rank Your Spending Worksheet” at AmericasChristianCU.com/GettingRichRight). What spending gave you the most satisfaction? What spending gave you the least satisfaction?

Go to AmericasChristianCU.com/GettingRichRight and download the Rank Your Spending Worksheet. Note that this worksheet starts with the last column from the Spending Annualizer & Budget Worksheet. Each student should download the Excel or Google Sheets worksheet on their own personal device for privacy.

7. What will you do differently next month to make the most of your money?

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LESSON 5

Principles #3 & #4: Completing the Plan

1. Play the Penny Game. How much money will you have if you double a penny every day for a month? Did this surprise you?

How to play the Penny Game: Give every student one penny. Have them all stand, and find a partner. One student flips the penny. The other student calls "Heads" or "Tails." The loser sits down. The winner gets to keep both pennies, and finds a new partner. Repeat. Loser sits, winner gets all pennies, and finds a new partner. Play until one person has all the pennies.

Pennies after a 30-day month: \$5,368,709.12; or 536,870,912 pennies.

Pennies after a 31-day month: \$10,737,418.24; or 1,073,742,824 pennies. That is, over 1 billion pennies!

2. What is the Penny Parable? How does it change your priorities?

The Penny Parable applies the results of the Penny Game to show that anything invested for eternity is worth more than everything here.

3. What is the difference between a Steward and an Owner? Why do you think Jesus says you need to be trustworthy handing other people's money before you can be trustworthy handing your own?

A Steward manages someone else's money. An Owner manages their own money.

4. How do you choose a good steward?

Follow the same principles from the Rich Right Plan to being a good owner. Choose someone who: 1) is worthy of trust, 2) can do a lot with a little or much, and 3) is focused on doing so from here to eternity.

5. Call to Action

1) *Complete your own Balance Sheet (use the free tool at AmericasChristianCU.com/GettingRichRight)*

Go to AmericasChristianCU.com/GettingRichRight and download the Balance Sheet. To protect the student's privacy, download a personal copy using either Excel or Google Sheets. Remember: Your three biggest assets and three biggest liabilities will get you close enough (95% of the way there).

2) *Complete your own Statement of Cash Flows (use the free tool at AmericasChristianCU.com/GettingRichRight)*

Go to AmericasChristianCU.com/GettingRichRight and download the Income Statement. To protect the student's privacy, download a personal copy using either Excel or Google Sheets. Write down what you earn each month (net of taxes), and what you spend. Hint: The free budgeting tools under Financial Tools, then Budgeting Tools (that is, Track Every Penny, and Spending Annualizer & Budget Worksheet) will help with your accuracy.

3) *Complete your own Income Statement (use the free tool at AmericasChristianCU.com/GettingRichRight)*

Go to AmericasChristianCU.com/GettingRichRight and download the Statement of Cash Flows. To protect the student's privacy, download a personal copy using either Excel or Google Sheets. Hint: To fill out the three sources of Cash: 1) Your Income Statement above is the first source (operations), and 2) your Balance Sheet above lists the assets you can sell, and what you've already borrowed.

6. What is the good God is calling you to do?

7. What will you do differently next month to make the most of your money?

Encourage students to take at least one step to improve what they are earning and/or what they are spending.

Use the Net Worth Projection Calculator (free at AmericasChristianCU.com/GettingRichRight) to move your assets into better places, or pay off debt with the highest rate of interest first.

Use the Rank Your Spending Worksheet (free at AmericasChristianCU.com/GettingRichRight) to adjust your spending to improve your satisfaction.

As always, to protect your privacy, load the respective worksheets in Excel or Google Sheets to your personal device.