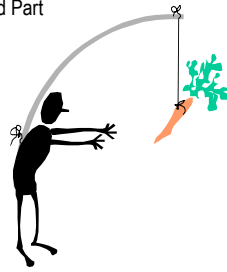


OUTLINE – BIBLICAL STEWARDSHIP FOR TODAY

- 1) Biblical Stewardship Overview
- 2) Money – Making Money is Easy, Keeping it is the Hard Part
- 3) Debt – The Good, The Bad, and The Ugly
- 4) Tithing – The New Testament Way
- 5) Benevolence Giving
- 6) God’s Wisdom with Money
- 7) God’s Economy
- 8) Prosperity Preaching – Pros & Cons
- 9) Attitude is the Key for God to Bless
- 10) Biblical Investing vs Gambling**
- 11) Retirement and Taxes



INTRODUCTION / GOALS / OBJECTIVES

- **Question:** If one has extra funds, is it better to pay down debt (e.g. mortgage) or invest more?
- **Answer:** It depends on the interest rates. If debt interest is lower than interest/gains on investments, then put the extra money into the investments
- **Note:** If you don’t need your money for a long time (5-10 yrs), then consider stocks, else invest in bonds & cash

Do you have Time to Invest?

- Scripture teaches us to number our days, to act accordingly, to help the needy, to support the Lord’s work, and to provide for our descendants...
- **THEREFORE** – If our “Day Job” doesn’t provide enough funds to help us with these goals, then we have to do something drastic:
 - Either find another Day Job (work harder, not smarter), or
 - Find the TIME NOW to learn how to invest (work smarter, not harder), or
 - You will have the TIME LATER to pray night and day like the Destitute Widows of 1 Timothy 5:5
- **REMEMBER** – If God commands us or encourages us to do something - He gives us the resources, the strength, the motivation to do it, and He takes responsibility for the results!

Short Range Planning (1 year)

- Fear God Prov 22:4
- Tithe / Give Prov 3:9-10
- Reduce / Eliminate Debt Rom 13:8
- Become a good steward Prov 22:1
- Develop & Live by a Budget Prov 27:23
- Fix Spending Level 1Tim 6:8-9
- Be Prepared for hard times Prov 22:3
- Discipline, discipline, discipline Prov 13:18

Long Range Planning

- Retirement - No Biblical principle for retirement except for certain Levites who were made to retire at 50 after only working 20 yrs (Num 4 & 8:25-26)
- Educational Expenses (college) for you & your children & even g’kids
- Investment for Future Generations (‘provide for your children’s children’), even purchase of homes...
- Realization that the economy may not get better...
Pr 27:24 For riches are not for ever...
- Know your Social Security Benefits
(1-800-772-1213) -- ask for Form SSA-7004 or http://www.ssa.gov/
- Define 1 year, 5 year, and 10 year goals
May have to endure short term pain for long term gain (Pr 21:17)

First Priority in Investing

- Preserve Capital at all costs
 - “Investors can be wrong 3 out of 4 stocks and still make money in the market if they quickly cut losses and add money to the stocks that are working.” (src Investor’s Business Daily)
 - Proverbs 27:12 A prudent man foresees the evil, and hides himself; but the simple pass on, and are punished.



1 Year Goals	5 Year Goals	10 Year Goals
<ul style="list-style-type: none"> • Decrease debt by 20% • Increase net worth by 20% • Establish a brokerage or Mutual Fund acct • Tithe 10% on gross • Save 5% of gross • Start living on a budget 	<ul style="list-style-type: none"> • Eliminate all consumer debt • Decrease appreciating debt (mortgage) by 20% • Increase net worth by 30% • Establish trust accounts for children • Tithe 12% on gross • Save 10% of gross 	<ul style="list-style-type: none"> • Eliminate Mortgage • Increase net worth by 20% • Establish trust accounts for grandchildren • Tithe 15% on gross • Save 15% on gross

What are some of the worst mistakes an investor can make?

- Not being DISCIPLINED, and failing to cut losses
- Purchasing low-priced, low quality stocks
- Putting money in options, futures, commodities, and other volatile securities
- Fighting the trend of the general market
- Not following a system or set of rules
- Letting emotions or ego get in the way of a sound investing strategy

Experienced Investors....

- ...ALWAYS cut losses short and let winners ride
- ...NEVER chase a stock
- ...NEVER get Greedy (“Pigs get fat, but Hogs get slaughtered”)
- ...ALWAYS know the exit points on both sides of an investment (+/-)
- ...Never give solicited or unsolicited tips (bad tips will tarnish one’s reputation)
- **Note:** Impatience is your worst enemy – Charles Schwab

Investing Do’s

- Research, research, research
- Consult brokers, advisors, tax consultants, money managers
- Proceed slowly and cautiously
- Know your Get-Out points before you Get In (Profit and Loss)
- Track your investments (manually or by computer with a spreadsheet like Excel or with a money management package like Quicken or Microsoft Money)
- **In All Cases, Buy Low & Sell High and Have fun**

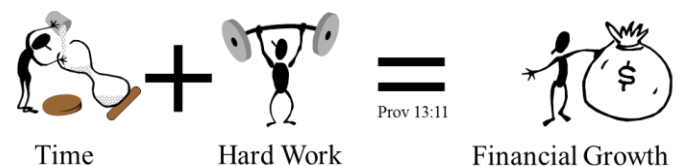
Investing Don’ts

- Buy or sell impulsively
- Trust brokers, advisors, tax consultants, money managers, or even friends: They all have to work for a living. (Pr 31:16)
- Go at it alone
- Forget God

Proverbial Wrap Up

- Don’t forget God Prov 3:9-10
- Have a generous heart Prov 19:17
- Common Sense Investing Prov 8:12-21; 24:4
- Invest for the long haul Prov 6:6-8
- Ask, write, call for advise Prov 15:22
- Don’t rush into anything Prov 28:20
- Stay out of debt Prov 22:7
- Avoid “surety” Prov 6:1-5; 11:15
- Be diligent Prov 10:4; 21:5; 22:29; 27:23
- Diversify Prov 11:24; Ecc 11:1-2, Is 32:30
- Stay Motivated Prov 13:19a; 16:26

Final Note: Don’t expect God to tell you what or when to buy or sell. ‘This ain’t the race track, sweetheart!’ God expects us to even work at savings (Proverbs 13:11b)



What do the Experts Say

Peter Lynch's Principles of Responsible Investing

- "Buying what's hot without doing your research isn't investing. It's gambling."
- "You cannot predict the market's ups and downs, but you can prepare for them."
- "There are no one-size-fits-all solutions to investing."
- "Have you spent more time planning for your vacation than your retirement?"
- "Remember, only you are accountable for your investments."

Gambling (Isa 65:11-13)

- Luck of the draw | No or little skill | Pure chance
- Ex.: Uncovered Short Sells | Ex.: Day Trading by & large
- Ex.: Lotteries, Sweepstakes, etc.
 - ♦ Example: A 13 year old with no driving experience, no driver education, and not driving a safe vehicle is an accident waiting to happen on any road, even in good weather.

Investing is a Manageable Risk

- Proper research
- Thoughtful Prayer
- Seek ye first the kingdom of God
- Providence - even if everything were done right, results could still be adverse (...by time & chance do some become rich - Eccl 9:11)
 - ♦ Example: An experienced driver with proper driver education and driving a safe vehicle, should be able to drive on the highway for many, many miles without having an accident in good or bad weather.
- **Christian Advantage** → If the driver obeys the speed limit & other good laws of the road, then God takes responsibility for any accidents.
- What good is it to obey God's directives if the wicked get richer, the aggressive drivers beat me to work, and Christians are always behind the power curve? (Psalm 73:12)
 - ♦ Answer: God takes responsibility for our outcomes. We do not have to worry! (Psalm 73:23-28)
 - ♦ **Christian Advantage** → Therefore – If I do what I know to do from Scripture, and I am hit with financial or any other types of misfortunes, God assumes responsibility

Risk Principles

- Risk Principle #1: Emotions**
 - ♦ Don't get involved with things you don't understand
 - ♦ Don't risk money you cannot afford to lose
 - ♦ Don't make snap decisions
- Risk Principle #2: Past Performance**
 - ♦ Past performance is no guarantee of future returns
- Risk Principle #3: Procrastination**
 - ♦ Don't wait too long
- Risk Principle #4: Ignorance**
 - ♦ Ignorance is no excuse
- Risk Principle #5: No Guarantees**
 - ♦ There's no such thing as Zero Risk
 - ♦ If you don't take Risks, you stand to lose to inflation
- Risk Principle #6: Risk vs Reward**
 - ♦ Must balance risk with reasonable expectations of reward
- Risk Principle #7: Patience**
 - ♦ Hasty decisions can be costly
 - ♦ Non-decisiveness is also costly

Note on Ignorance: It's like someone coming to Christ when they are old and wishing they had come to Him sooner. Ignorance is no excuse. They probably had many opportunities and squandered them

Note on 401(k) – Untapped resource. Though 40% of benefits managers say their companies offer 401(k) retirement accounts, less than 40% of employees actually use them

Note on Patience: Investors who sell out when the market drops, rather than patiently riding out the downturn, are likely to lose more money than people who leave their portfolios alone. BUT, does one have the correct portfolio mix? There are so many variables...

Ethical Investing...or "Value-Based" Investing

Ezek 22:12 states God's displeasure with those who profit from immorality

Abortion – Avoid abortifacients, insurance companies that pay for abortions, hospitals that perform abortions, or those companies that have a pattern of contributions to Planned Parenthood (America's number one promoter of abortion).

Pornography – Avoid purchasing shares of any company that advertises in or produces pornographic media

Anti-Family Entertainment – Screen out companies that sponsor sex, violence and other anti-family values on prime-time television

Non-Traditional Life Styles – Steer clear from any company that is helping to promote unbiblical lifestyles by providing Domestic Partner Benefits

Alcohol – Choose not to invest in manufacturers of alcohol

Tobacco – Don't invest in companies that manufacture tobacco

Gambling/Gaming – Choose not to invest in the gambling/gaming industry

Market Generalities

- Bond prices do not respond well to favorable economic news
- Buy on Rumor, Sell on News
- Concentrate on doing the Entry right – the Entry is 85% of the investment
- General news rather than stock market news is usually more helpful in formulating a view on the future direction of prices
- Good techniques lead to good profits
- Good investors are always running scared
- Good investors win bigger and lose smaller amounts
- Hit singles, not home runs
- If technical stock news makes it to the public sector – expect a potential reversal
- If you don't have a game plan, you're gambling, not investing
- Ignore the news media – "The true goals of the national news media are to shock, agitate, entertain, and editorialize a socialist agenda – not to provide usable information"
- Quiet weak markets are good markets to sell
- Day trading expenses average 56%/year, and 90-95% intra-day traders fail to make a profit in the first year
- Do the opposite of what most investors do – sell into rallies & buy into slumps – Be a CONTRARIAN
- Don't focus on making money, but focus on protecting what you have
- Excuses are for losers
- Fear is a stronger motivator than greed
- Fear, greed, and pride of opinion prevent the average person from maintaining an objective stance
- For any task, the odds of success are greater if you can rehearse it first
- In a bear market, rallies are often unpredictable and treacherous
- Investors tend to move in crowds that by nature are driven by herd instincts and the desire for instant wealth
- It is better to average up than average down, but don't average unless you are sure you know your stock – and don't pyramid
- Know when to do nothing
- Know your Risk / Reward ratio (seek 75% win probability)
- Light volume means little urgency; light volume selling indicates some profit taking; light volume & rising price – watch out
- Look after the losses, and the profits will take care of themselves
- Market performance has a habit of regressing or returning to the mean – so after a few good days, weeks, months or years, expect a few poor ones.
- Markets, from a share perspective, are a zero-sum game – For every item bought, one is sold
- Missed money is better than lost money
- Most stock traders have as many losing trades as winners
- Only fight battles you can win & stay on Goliath's side (the market trend is your friend)
- Only when you have figured out the odds of winning and losing can you approach the markets with any hope for success
- Preserve capital at all cost – in order to win, we must last
- Seek better odds, not certainty; small losses, not big gains
- Stock Prices tend to move in trends; volume goes with the trend; & a trend, once established, tends to continue in force
- Stocks never reflect true value – only investor perceptions; We trade people, not stocks
- The best stock trades will be profitable the first day 95% of the time – if not, change tactics
- The crowd frequently moves to an extreme well ahead of an important market turning point
- The crowd is correct most of the time EXCEPT at turning points
- The market moves up slowly, but comes down fast
- There are usually more rallies in a bear market than there are relapses in a bull market
- Investments should be based on the maximum potential loss first, then look at the potential profit
- When in doubt, get out
- When losing big – step back and scale back
- Winners make it happen; Losers let it happen

When to Get Out of an Investment

Tactical Operations

- Getting out of commitments which have moved AS EXPECTED and show a profit
- Trigger points are established before a trade is entered
- Getting out of commitments which have not moved as expected, whether the transaction shows a profit or a loss
- Key discriminator between consistent winners and consistent losers is that consistent winners stick to their game plan

Again, First Priority in all Investments

- Preserve Capital at all costs
 - ♦ Example: Sell if the price falls 8% below the purchase price
 - ♦ "Investors can be wrong 3 out of 4 stocks and still make money in the market if they quickly cut losses and add money to the stocks that are working." (src Investor's Business Daily)