



# DISCIPLE DEVELOPMENT MONTH

## “Financial Management God’s Way”

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### Step 3: Full Emergency Fund, Buying a Home, and Insurance

Week 3 || 01.25.24

1. Build a Full Emergency Fund of 3-6 Months of Expenses
  - a. Money to cover expenses to keep your household running
  - b. Protects from rarer, larger emergencies such as a job loss
  - c. Lean towards 3 if dual income, 6 if single income
  - d. Insurance from emergencies, not for investing. Keep it separate
  - e. Only use in a true emergency

Notes:

2. Insurance
  - a. Recommended: auto, homeowners/renters, umbrella, health, long-term disability, term life, long-term care, identity theft
  - b. Review your policies carefully, consider raising deductibles
  - c. Avoid: whole life/cash value, life/disability insurance on debt, mortgage life, accidental death, cancer, prepaid burial, extended warranties

Notes:

3. Wills
  - a. A legal document describing how to handle your property upon death
  - b. Everyone 18 or older needs one, critical if you have children under 18
  - c. Give your executor a copy and talk to them about your wishes
  - d. Ensure your parents have a will-if you're the executor know their wishes
  - e. <https://www.ramseysolutions.com/retirement/will>

Notes:

4. Don't Borrow for Big Purchases, Be Content and Save Up
  - a. But godliness with contentment is great gain, for we brought nothing into the world, and we cannot take anything out of the world. 1 Timothy 6:6-7
  - b. And he said to them, "Take care, and be on your guard against all covetousness, for one's life does not consist in the abundance of his possessions." Luke 12:15
  - c. Use sinking funds to save up for large purchases
    - a. Christmas, vacations, car maintenance, upcoming expenses

Notes:

5. Credit Cards
  - a. The average credit card balance is over \$9000
  - b. Most people spend more in fees than they get from rewards
  - c. Debit cards with MC/Visa logos give the same shopping protection
  - d. You can get a home mortgage without a FICO score
  - e. Only use if you already have the money and pay it off monthly
  - f. Get one with no annual fees

Notes:

6. Avoid Money Messes
  - a. Cars: save up money to buy, no loans, no leases, buy used
  - b. Student loans: avoid these with scholarships, jobs, cheaper schools
  - c. Home equity, 401k, or cosigning loans: don't do them

Notes:

7. Buying a Home
  - a. Down payment of 20% preferred to avoid PMI
  - b. 15-year fixed rate loan preferred, may need to start with 20 or 30
  - c. Monthly payment no more than 25% of take-home pay recommended. Make sure your payment fits in your budget.
  - d. Don't rush, know the area well before buying
  - e. Agents are free to buyers. Always have a professional inspection

Notes:

8. Homework before next class
  - a. Continue tracking your January expenses, review how you did for the month
  - b. Keep working on Steps 1 and 2 if you haven't completed those (starter emergency fund and paying off consumer debts)
  - c. Calculate how much you need for your full 3-6 month emergency fund and make a plan to fund it
  - d. Review your insurance coverages and determine if you have any missing or have some you don't need
  - e. Make a list of what sinking funds you need in your budget and add them
  - f. Review your credit card usage and if you're not being wise with them consider getting rid of them for a time
  - g. Note challenges you are facing and bring them to the next class session

#### Small Group Questions:

1. How did you do with tracking your monthly budget this past week? What struggles did you have? Did you complete your starter emergency fund or pay off any debts?
2. Have you ever had an emergency that would have benefitted from having a 3-6 month emergency fund to cover? How does having a full emergency fund in place make handling unexpected events less stressful?
3. Does it make more sense in your life situation to have a 3 or 6 month emergency fund? Share with your group why you feel that way.
4. What (if any) insurance types covered were confusing to you? Is there any type you are struggling to determine if you need to have?
5. If you've had your life impacted by a will being in place or not when a loved one passed away, consider sharing your story to help others see the importance of having a will.
6. What sinking funds do you think make sense for you to have? Share your list as you may help others with categories they forgot.
7. How has someone you know been burned by using credit cards in the past? Why is it important to be very careful if you choose to use one?
8. Why is it wise to wait to buy a home until after you've completed baby steps 1, 2, and 3? What may happen in your life if you don't wait?