



10 STEPS TO FINANCIAL FREEDOM

STEP 6: PLANNING, BUDGET & MANAGEMENT

6.1) BLACK FILE AND BLUE FILE

We have now finished looking at the basic principles of finances. From now on every person will plan and execute his own financial situation. In order to do that, we have to implement one practical thing. You need to get a blue file and a black file.

The file of the Moneywise course is black and contains everything we must do and live on earth before we die. You can also place the pdf's downloaded from *Ten Steps To Financial Freedom Course* in this file

Each student should also buy themselves a blue file in the coming week. This blue file is called our *heaven file*, and in it we will collect all the documentation concerning our lives that have to be in place by the time we go to heaven. In other words, our heaven file contains all our personal and legal documents concerning any aspect of our lives.

Below is a list of documents that you have to find and gather in your heaven file during the rest of the Moneywise course:

Also find the link to download a word document containing this index for you to easily amend the index for your own purposes:



- File index
- Id documents, children's birth certificates and marriage certificate
- Passports
- Matric certificate and any diploma and/or university degree
- Your CV
- Congregation membership certificate or documents
- Your personal life plan
- Your budget
- Your will
- Trust act and resolutions
- Company registrations and minutes
- Vehicle registrations and licenses
- All insurance documents (life, home, vehicles, furniture, etc.)
- Medical documents
- TV licenses
- SARS documents
- Property registrations



- Bond documents for homes
- All bank documents and list of bank accounts
- All official documents of loans and business transactions.
- Business plans
- Share certificates and where your Kruger Rands are kept
- Details of contact persons such as accountant / financial advisor / personal banker / attorney / godparents of the children
- Passwords of bank, email addresses, online subscriptions, etc. (Make sure passwords for your bank accounts are not easily accessible)
- Contact persons and details of minor children's extra mural activities
- Contracts and contact details of e.g. cell phone, security, gym, clubs where you have membership

Next: Write your own personal Financial Plan – Download your very own template for you to amend as you wish – find the link below this video



6.2) PERSONAL FINANCIAL PLAN

- “He that fails to plan plans to fail! He that aims at nothing will hit it every time!”
- In the army they teach that 90% of a project is planning and 10% is the execution thereof!
- God provides according to the purpose for your creation.
- People have different purposes for their creation and different gifts, and need diversified plans to achieve them.
- Your gift makes a way for you – Prov.18:16 - “A man's gift makes room for him, and brings him before great men.”
- Plans grow and unfold over time.
- Believe in what the Lord says to you in your heart, for He speaks to you personally about your situation. *Believe in your own life*; believe that you are here for a purpose and that He has already provided everything necessary. Get rid of the orphan- and poverty mentality which believes that there is not enough for you on earth! God's plans will not lack God's money!
- “You are the *captain of your own ship* and you must take responsibility for your ship!”
- A plan should have objectives for your life according to God's will.
- A plan demands a focused life.
- You are an original and not a copy of other people's lives!



- A plan brings definite expectations.
- A plan makes it easier to formulate goals and a strategy.

Your plan will differ according to the **phase of life** in which you find yourself:

- 0-20 = Establishing your own identity
- 20-40 = Discovering and establishing yourself in society
- 40-60 = Living your dream
- 60-80 = Living your legend

A PLAN will have some **definite elements**:

- content
- phases
- strategy
- goals & dates
- weekly action plan



6.3) QUESTIONS TO ASK IN YOUR PLAN:

- Write down a broad outline of the most important things you want to achieve in your life. What is your estimation of the cost?
- What is your family planning and its accompanying financial implications
- What financial milestones do you want to achieve in life?
- What is your basic planning for your life? (Next 5 years): (Year 5 – 10)
- Make your basic calculations concerning the point of financial freedom in your life. What has to happen before you can achieve that?
- Who are the most important role players that will help you to achieve these objectives?
- What gifts and *talents* do you have with which you can earn money?
- What are your most important values in achieving your objectives?
- What are the necessary measures you have to take immediately? What is the NEXT STEP you need to take in your plan?



6.4) WHAT IS A BUDGET?

- A budget flows from a plan that has certain definite measures, objectives and values.
- A budget is a systematic exposition of the upcoming monthly and annual expenses with a view to discipline in spending. A budget is an exposition of upcoming provision and disciplinary lines to realize the plan.
- The budget determines primary and secondary expenses.
- A budget must have a realistic foundation, with a faith challenge for advancement included. We can also say that a budget is a calculation according to a plan that becomes a mindset that stirs faith in you to work it out!
- There is not really a right or wrong budget. A budget is healthy or less healthy inasmuch as it serves the plan or not.
- A budget can be approached from two sides. Firstly, take your life plan and focus on the goals of the following year. Write down the financial implications of that plan. In other words, what will it cost to realize that plan in the following year? Secondly, draw up a budget of your present incomes and expenses. Put the two next to each other and most probably your present budget will fall short of your future plans. The challenge is now to merge the two plans. On the one hand we look for unnecessary expenses we can cut, and on the other hand we look for more ways to supplement the income. Work on the matter until you succeed, or sort what is not in line under faith goals to be addressed through prayer.



Download your budget template, find the link below

6.5) MAIN CATEGORIES AND SUBDIVISIONS OF A BUDGET:

A) Essential payments

- Tithes or sowing
- Taxes
- Debt
- Savings / investments
- Retirement provision (annuities, pension)
- Life insurance
- Medical scheme (medical fund, hospital plan, savings plan)

B) Housing

- Rent
- Mortgage instalment
- Insurance
- Maintenance



C) Life expenses

- Vehicle instalment
- Petrol
- Food & dining out
- Clothes
- Telephone
- Household items (appliances, furniture, cleansing agents)
- Maid / gardener
- Banking fees
- Tuition-fee (school fees)
- Water & lights
- Unforeseen expenses



D) Luxuries

- Holidays
- Recreation
- Sport
- Hobbies
- Inheritance
- Personal development (studies, conferences, etc.)
- Financing your gift or ministry

What are people spending in an average budget:

	Average	Normal	Ideal
• Essential payments -	20%	20%	30%
• Housing -	30%	30%	0%
• Life expenses -	50%	40%	40%
• Luxuries -	13th cheque	10%	30%



Every couple or single person must now compile a budget of their monthly spending.

ESSENTIAL PAYMENTS		
MATTER	CURRENT SPENDING	IDEAL SPENDING
Tithes or sowing	R	R
Taxes	R	R
Debt	R	R
Savings / investments	R	R
Retirement provision	R	R
Life insurance	R	R
Medical	R	R
	R	R
	R	R
TOTAL	R	R

HOUSING		
MATTER	CURRENT SPENDING	IDEAL SPENDING
Rent	R	R
Mortgage instalment	R	R
Insurance	R	R
Maintenance	R	R
	R	R
TOTAL	R	R

LIFE EXPENSES		
MATTER	CURRENT SPENDING	IDEAL SPENDING
Vehicle 1: Instalment	R	R
Vehicle 1: Insurance	R	R
Vehicle 1: Maintenance	R	R
Vehicle 1: Petrol	R	R
Vehicle 2: Instalment	R	R



Vehicle 2: Insurance	R	R
Vehicle 2: Maintenance	R	R
Vehicle 2: Petrol	R	R
Food & dining out	R	R
Clothes	R	R
Cell phone	R	R
Telkom phone	R	R
Internet	R	R
Household appliances	R	R
Maid (s)	R	R
Gardener	R	R
Banking fees	R	R
Tuition fees (school, univ.)	R	R
Music and sport fees	R	R
Water & Lights	R	R
Unforeseen expenses	R	R
1)	R	R
2)	R	R
3)	R	R
4)	R	R
5)	R	R
TOTAL	R	R

LUXURIES		
MATTER	CURRENT SPENDING	IDEAL SPENDING
Holiday	R	R
Recreation	R	R
Sport	R	R
Hobbies	R	R
Inheritance	R	R
Personal development	R	R
Financing your gift or ministry	R	R
	R	R
TOTAL	R	R

SUMMARY:

Percentage



- Essential payments R_____ %
- Housing R_____ %
- Life expenses R_____ %
- Luxuries R_____ %
- TOTAL R_____ %

6.6) WEALTH BUDGET

I am of the opinion that the true wealth creator's budget can be explained as follows:

- 10% = Personal sowing
- 10% = Community projects
- 10% = Emergency fund
- 20% = Investment
- 50% = Life expenses

This is an incredible new way of thinking about the budget. You will need to grow into this budget over time. Personal sowing is what you personally sow into the lives of people that you encounter. Community projects are executed by yourself or other people. An emergency fund is for unplanned things that can go wrong. Your investment is money that you invest in such a way that you recreate your whole month's income with it. This investment must become your family bank that makes you and your family financially free. Your life expenses must cover all your personal expenses as set out in the previous budget.



6.7) FOUR FOUNDATION STONES

PLANNING	Plan / purpose	Revelation
BUDGET	Financial structuring	Exposition
MANAGEMENT	Implementation	Discipline
BOOK KEEPING	Feedback	Accountability

6.8) MANAGEMENT

Most people resent management. However, without management your plan and budget are worth nothing. Finances form a circle in which the different components complement each other and if one fails, the whole process in your life will miscarry. It remains true that most failures in life are due to incomplete planning, budget or management. We must be honest with ourselves and put the things necessary for success in place.

Management means that you *manage the strategy* of the plan and budget in order to reach the objectives of the plan. You will not achieve it by accident, but only when you purposefully manage everything in that direction. Everyone wants better circumstances and more money, but prefers that someone else does it for them. *Life around you will only change and improve when you take up the responsibility to see that it happens!* That is what management is all about. When you are the captain of your own ship, you must have a plan, purpose, budget and strategy that must be lived and managed! Most people regard management as too ordinary and too much repetition of the same duties, but without it you will never achieve success!

There is a small but very effective bookkeeping program called **Ace Money Lite**. It is free of charge and can be downloaded from the internet. It is very simple and even a child can use it. Electronic bank statements can be imported directly and then you only have to create and allocate the category of income and expenditure. If you also have a business to manage, you can look at **Omni accounting** as a package that can also handle businesses. Keep all your slips and then enter them into a bookkeeping system. It should not take you longer than 1-2 hours per month. Keep your finger on everything you do and know where your money goes if you plan to make progress. Most people manage their finances by instinct, which eventually proves to be very inaccurate. They are only soothing their conscience, but going nowhere. Get up and take responsibility for what happens in your own life, especially in your finances.

