

## POINTER #3 — DON'T DEFINE SUCCESS BY RICHES



### Consider

How will you know if and when you've achieved success in your life? Is there a certain number of dollars you think measures success? How about a certain accomplishment, position, or possession that would make you feel like you'd "made it?"

One need only look at bookshelves, the entertainment industry, the infomercials, and all the free financial seminars to see that our culture defines success in terms of wealth, fame, and power. But, don't you buy it for a minute! Money does *not* buy happiness.

As far as worldly success goes—that is, wealth and all that comes with it—many would agree that the biblical figure Solomon wins hands down. King Solomon was "greater than all the kings of the earth in riches and in wisdom" (1 Kings 10:23). He ruled Israel from about 960 to 922 BC and built a magnificent temple in Jerusalem like none in the world had ever seen.

Before he died, Solomon's father, King David, gave him some advice. Was it to "make the most money you can, play hard, and die happy"? Not even close! King David told Solomon, "Observe the requirements of the LORD your God, and follow all his ways . . . so that *you will be successful in all you do* and wherever you go" (1 Kings 2:3, emphasis added). We shouldn't be surprised, then, that when God later asked Solomon what he would ask for if God would grant him anything, his answer wasn't wealth. Rather, he asked for *wisdom* (see 1 Kings 3:5–14). God was pleased, and He gave it to him . . . PLUS God granted him the worldly wealth and success that Solomon *didn't* ask for!

True success starts with valuing the things that God values, not what the world values. Jesus probably said it best when He said, "Seek first (God's) kingdom and his righteousness, and all these things will be given to you as well" (Matthew 6:33, NIV).

So what, exactly, is *real* success? As you're formulating your criteria for what success means to you, consider the following quote by Bessie Stanley in the *Lincoln Sentinel* on November 30, 1905:

*He has achieved success who has lived well, laughed often and loved much; who has gained the respect of intelligent men and the love of little children; who has filled his niche and accomplished his task; who has left the world better than he found it, whether by an improved poppy, a perfect poem, or a rescued soul; who has never lacked appreciation of earth's beauty or failed to express it; who has always looked for the best in others and given them the best he had; whose life was an inspiration; whose memory a benediction.*



You are in control of how you define success. Rather than basing it on monetary wealth, consider a more comprehensive definition that would include God's perspective and Bessie Stanley's ideals as well as the following:

1. How you applied your gifts, skills, and abilities to the betterment of others
2. The quality of your relationships with people
3. The strength of your character
4. How well you fulfilled your roles as friend, son/daughter, spouse, parent, etc.
5. That you lived for God and others

With all that in mind, how would *you* define a successful life?



## Discuss

How will you measure success? Each person in the group should come up with at least six criteria for measuring a successful life **OTHER THAN MONEY**. These can include (but are not limited to) such things as: accomplishing a goal, serving others, proven character, a strong and growing relationship with God, recognition in one's field, health and energy, financial freedom (doesn't necessarily mean wealth), a lifetime marriage, peace of mind, etc. Try to come up with some different ones too. Then compile a complete list using everyone's criteria and share your list with the rest of the class. Synthesize the lists and come up with a top ten list of ways to measure success. How might this list compare with the definitions expressed in the Bible and by Bessie Stanley?



## Apply

Make a list of people who exemplify your definition of success. You may identify different people who are successful in different aspects of your definition. For example, in the area of personal character, it may be an extended family member or someone in your community whom you look up to. When it comes to achievement in a chosen field, it may be a famous person. When it comes to spiritual life, it may be a pastor, missionary, or other Christian leader whose walk with God has inspired you. Whoever it is in each category, write down the name, be on the lookout for other examples, and take note of their lives. They may become new role models for you!



## Words to Live By

*But those who wish to boast should boast in this alone: that they truly know me and understand that I am the LORD who demonstrates unfailing love and who brings justice and righteousness to the earth, and that I delight in these things. —Jeremiah 9:24*

## POINTER #5 — LEARN TO SPEAK COMFORTABLY IN GROUPS



### Consider

When people are asked to identify their greatest fear, one of the most commonly mentioned is “public speaking in front of an audience.” There is even a special name for this common anxiety: *glossophobia!*

The idea of standing in front of people to deliver information or make a persuasive speech is terrifying for millions of people. Giving a public talk, however, does not have to feel like a near-death experience. Speaking comfortably in front of groups is a skill that *can* be learned. Acquiring this skill will help you immensely in life, especially as you advance in your career. Consider these pointers to help you improve:



- Lower your expectations of yourself—you don’t need an orator’s eloquence to deliver a successful presentation.
- Realize that you usually know more about your subject than your audience and only you know exactly what you want to say—take comfort in this!
- Recognize and understand that most audiences want you to succeed—they’re on your side.
- Avoid excessive detail (especially when it is technically beyond your audience).
- Remember that people love stories.
- Show lots of enthusiasm and expression.
- Occasionally start with a question to the audience—it really settles down your nerves and they like it!
- Understand that butterflies are normal. You might think you’re coming off as a nervous wreck, but your audience won’t detect minor nervousness at all.
- Seek opportunities to lead a small group of friends—this will give you good practice.



## Discuss

Each person in the group should select a topic or starter from the list below. After allowing a short time (like a minute or two) for everyone to gather their thoughts, each person should take a turn standing in front of the rest of the group and speaking on his or her topic for TWO minutes. Use a cell phone or watch as a timer. You can't sit down until you've talked on your topic for two minutes.

### HOT TOPICS

- What I Enjoy about the Sport of \_\_\_\_\_
- Interesting and Authentic Ways to Share Your Faith
- What I Would Do with a Million Dollars and Why
- Why We Celebrate Thanksgiving
- Why (insert place name) Is a Fabulous Place to Visit/Travel
- Should the Homework Load for High School Students Be Officially Limited to Two Hours?
- How Should You Choose the Best College for You?
- Media Bias and How to Be Discerning of It
- My Nickname and How I Got It
- If I Were the Teacher, This Class Would Be Different (and How)
- The Hardest Thing I've Ever Done
- I Am a Famous Athlete!—My Best Moments of the Game
- How to Prepare (insert name of meal/dish here)
- My favorite holiday memory was . . .
- My all-time favorite movie is . . .
- My all-time favorite vacation was . . .
- My funniest experience was . . .
- If I could change one school policy it would be . . .
- Why my most likely career choice is . . .
- To me, a successful life is . . .



## Above and Beyond

Prepare a short devotional message or Bible lesson and share it with the rest of your group. Include Scripture verses, practical application of the principles you are sharing, and personal stories from your own life to illustrate your points.



## Apply

Extra practice: Give your speech to someone at home. Was it better the second time you did it? Did you feel more comfortable? What was different? Remember, “practice makes less imperfect!”

## **POINTER #1 —** **CHOOSE YOUR MAJOR/CAREER AFTER** **CONDUCTING A COMPREHENSIVE** **ASSESSMENT OF YOURSELF AND** **POTENTIAL CAREER MATCHES**



### **Consider**

There are a number of important factors to consider when identifying your future career and the path that will get you there. You may already have an idea of the type of work you'd like to pursue or the fields that interest you. Unfortunately, many develop these ideas without really knowing what that career field or job *actually* entails. They end up in a career mismatch or extending their college years in search of a better fit. Either way, it's regrettable.

Here are some *specific* things you need to evaluate as you consider career alternatives:

- Do I have a genuine interest in the subject area?
- Am I functionally gifted in that career area?
- What is the job outlook for that career (supply and demand)?
- Am I satisfied with the compensation that is typical for that career?
- What are my opportunities to advance in this career?
- Am I willing to do what it takes to become qualified for that job/profession?
- What are my personal and/or lifestyle preferences that may influence my satisfaction with that career, such as:
  - **working by myself versus working with others**
  - **stress tolerance**
  - **location preference**
  - **comfort level with income fluctuation (different careers have different patterns of income)**
  - **desire to work in larger versus smaller settings**
  - **workload demands and hours**

Because all of these variables contribute to overall career satisfaction, it is highly advisable to do your research before making a decision to select your college major, enlist in a branch of the military, sign up for a trade school, or make any other kind of decision about your career. Your research should include:

- Talking to people who are already in that career about what their jobs and lives are like, their satisfaction with the career, the outlook for jobs, etc.
- Investigating the current requirements and qualifications to serve in that career
- Researching what schools offer the education you need, and what the costs and personal investment will be in terms of money and time
- Doing a comprehensive self-assessment to determine if, in fact, you have the aptitude, skill set, and interest to work in that career
- Prayerfully asking God for wisdom and guidance

In this chapter, we're going to help you do all of the above. You will start a binder in which you'll keep your research and any information or resources you acquire along the way. Are you ready? Let's get started!



## Discuss

***In your small group, discuss the following questions (some may include activities to do together). Be honest and respect others' responses. There are no right or wrong answers and your group should be a safe place to talk and share freely.***

1. Talk about the qualities of your ideal job.
2. What would you like to see yourself doing ten years from now?
3. Consider the subjects you like best in school. Which classes truly engage you? Which ones aren't so interesting? Are there areas of study you know you would definitely NOT want to go into? Which ones and why?
4. What majors or subject areas have you considered if you are thinking about college? Trades? Technical schools? Each person in your group should identify two or three potential matches for occupations or college majors and share them with the group.



## Apply

Supplies needed: 1” or 1½” binder; four dividers; loose leaf paper; four clear plastic page protector sleeves for storing brochures, articles, business cards, or other resources you acquire.

In your career binder, make four sections using the dividers: Self Assessment, Research, Interviews, and Education. Place some looseleaf paper in each section, along with a clear plastic page protector sleeve. You will need all these for your career planning project. As you work through this section, continue to add any ideas or information you come across.



## Consider

The job market has changed in recent decades, making the way we determine our career field and eventual profession more important than ever. That’s why it’s important you take this process seriously. Don’t let anyone else do it for you, or talk you out of it. It’s *your* life. No one knows you like you do. And whatever career you choose, you’re the one who has to live with it.

And, it pays to consider that we are a “knowledge economy” with substantial differences in compensation depending on your years of schooling. Need proof? Check out the following table and you’ll see the enormous lifetime differences in income based on years of education.<sup>5</sup> (We think you will want to finish high school!)

<b>AVERAGE EARNINGS ACCORDING TO LEVEL OF EDUCATION</b>		
	(Average) Annual Earnings	Lifetime Earnings (42 years)
HS dropout, no degree	\$19,226	\$ 807,492
HS diploma	\$28,950	\$1,215,900
Two-year college associate’s degree	\$36,395	\$1,528,590
Four-year college bachelor’s degree	\$51,568	\$2,165,856
Post-graduate degree (6+ years)	\$67,073	\$2,817,066

For your career planning project, you’ll be completing a number of steps that will prepare you for the reality of the career you’re considering. This will include taking an honest inventory of your

current situation and outlook, as well as doing research and looking at options and strategies for the way forward. Each component of this process will be recorded in your career planning binder in the following sections:

## SELF ASSESSMENT

**Conduct a comprehensive self-assessment.** Record your answers to the following prompts and questions in the “Self Assessment” section of your binder.

- **Interests and passions.** Think about which fields (e.g., medicine, business, education, performing arts) interest and excite you. What are they and why? Are you analytical? Persuasive? Creative? Organized? Relational? Mechanical? *Never* choose a major or career that may bore you!
- **Skills and aptitudes.** Just because you’re interested in an area doesn’t mean you have the required skills. You need to thoroughly understand your strengths and weaknesses and find an area that plays to your unique skill set and abilities. What are your greatest skills (things you can actually *do*)? How about aptitudes (these are areas in which you may not have actual skills, but that you know you would likely be good at)? Note that certain skills come naturally while others can be acquired with proper training. Regardless, it’s critical to select a career in which you can excel.
- **Lifestyle and workplace preferences.** Identify your personal preferences regarding location, work hours, travel requirements, desired income, work style (individual versus team), and stress level. Your career has to fit who you are.
- **Willingness to obtain the necessary qualifications.** Some careers require only an undergraduate degree, while others (e.g., physicians) require extensive additional education and training. Even if you have the interest and skill, if you aren’t willing to do what it takes to become qualified, it’s not worth pursuing. How much time and effort are you willing to put toward your career?

*Note: Your school counselor or career center may have a comprehensive self-assessment tool for your use or be able to give you access to one online. If so, substitute that exercise for this step—or better yet, do both to make sure you cover all the bases.*

## RESEARCH

**Develop a list of potential careers** that captures your interests, skills, and personal preferences. Learn about the qualifications for each career possibility and consider whether you have the skills and/or are willing to acquire them. Meet with admissions counselors and relevant faculty. Attend career fairs. Review the recommendations from any aptitude tests you’ve completed. Speak with others who know you best to hear their perspectives.



From Chapter Six in the  
**What I Wish I Knew at 18 (Christian Edition) Student Guide:**  
**Career Selection/Advancement**

**Investigate the demand outlook** for the careers you’re considering. This is an essential step because the global economy is constantly changing. New industries emerge (e.g., social networking) and mature industries decline (e.g., autos). Do your research to discover which careers are experiencing strong job growth. Don’t invest in a dead end road.

## INTERVIEWS

**Talk to people in that field (or fields).** As your list narrows, meet with actual practitioners in each career area to learn what the job is like, the qualifications, advancement potential, and what it takes to succeed. By speaking with people in that specific career, you’ll receive invaluable, real-world perspectives.

**Seek out work study or internship opportunities** to get a flavor of what the career is actually like. This will provide a firsthand reality check and either confirm or reject your preliminary conclusions.

## EDUCATION

**Discover which schools offer programs in the field(s) you’re considering.** Check websites and course catalogs. Contact the school directly and talk to a counselor about your potential interest in the school and request an information packet.

**Know and understand the requirements (and deadlines) for college entrance and financial aid.** Have you written the SAT or ACT exam? If you will be seeking financial aid, have your parents completed the FAFSA (Free Application for Federal Student Aid)? Do you want to apply for scholarships or financial aid either from your school of choice or privately? These exams and applications have deadlines and you’ll need to be aware of them. A good website to explore and register with (to help you with deadlines, information, research, and college planning) is [www.collegeboard.org](http://www.collegeboard.org). Be sure, too, that you **WRITE DOWN** all application deadlines and deadlines for admission, scholarship, and financial aid applications. Record these in the Education section of your binder.



## Discuss

Do you already have a vague idea of the career you want? Here’s a group exercise in which you can all take turns imagining what interviewing for your eventual dream job might be like.

1. Put yourself in the position of a hiring manager in the field you are considering. Imagine 30 candidates have applied for the job but you can **ONLY PICK ONE**.
2. Think about the qualities you will seek (experience, qualifications, and credentials) to fill that position.
3. Next, imagine yourself as **YOU**, applying for that job. What qualifications and experiences will you need in order to be the best candidate for the job? Would **YOU** hire **YOU**? There’s only one right answer to that question!

4. What can you start doing NOW to position yourself to be their top choice (e.g., education, critical skills, internships, volunteering, personal qualities, professional connections, experiences)?

Discuss these scenarios and your thoughts and ideas with the rest of your group. Help each other come up with suggestions for item #4 above and record these in the Journal at the end of this section.



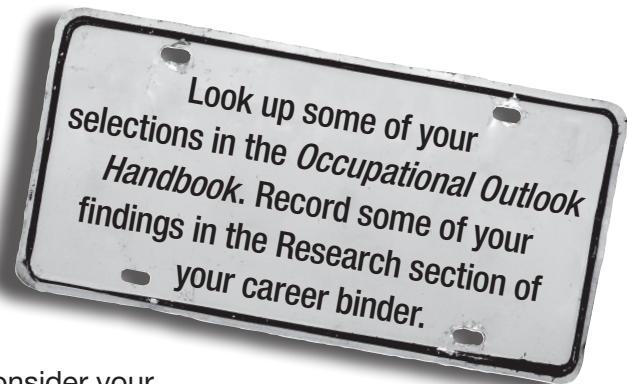
## Apply

Like every journey in life, career choice and advancement have a beginning, a middle, and an end. Many people think the beginning starts with the choices you make *after* high school—not true! You can begin now to identify pathways and objectives that will take you where you want to go, or at least get you started in the right direction.

A great research tool is the Bureau of Labor Statistic's *Occupational Outlook Handbook*, which you can find at [www.bls.gov/oco](http://www.bls.gov/oco). On this site you will find the descriptions for hundreds of occupations, in addition to the education and training you'll need to qualify for them. Also listed are average earnings and future projections for growth in each profession. Need help starting to identify which jobs and careers might be a good fit for you? Check out this website: [www.bls.gov/k12/index.htm](http://www.bls.gov/k12/index.htm). It's called, "What Do You Like?" and can help you narrow down your options based on your own interests.

Here's another idea: after the discussion with your small group about your ideal job, look up some of your selections in the *Occupational Outlook Handbook*. Record some of your findings in the Research section of your career binder.

- What surprises you?
- What interests you?
- Has anything caused you to reconsider your previous choices?



From Chapter Seven in the  
*What I Wish I Knew at 18 (Christian Edition) Student Guide:*  
 Love and Marriage

**POINTER #2 —**  
**LOVE TAKES TIME—AND TIMING!**



**Consider**

While infatuation can occur in a moment, it takes a *long* time to *really* get to know someone and truly gauge if he or she is a candidate for something deeper. When you contemplate the pointer, “Fully explore your compatibility before committing,” you’ll see that it takes significant time to gauge whether you have a perfect match. That means lots of conversations, experiences, and observation. You need to know that the Hollywood “three days and we’re engaged” routine doesn’t really work in the long term. It takes *time* for real love to solidify and grow. As tough as it is, you need to be patient. If your relationship is truly meant to be, it will happen.

You also need to consider timing. During the teen and young adult years, people are going through the greatest time of self-discovery in their lives. At the end of that time period, you don’t even have the same person you started off with because people change so much during this time. The timing of a committed love relationship may not be right during this often turbulent season of life.

The timing issue is always more fundamental if we’re in a season of change, or have a lot going on in our life, are on the rebound from a previous relationship, or are not able to place the necessary priority a serious relationship deserves. It may not mean this relationship is a “not ever” one; it may just be a “not now” one.

You also need to know that the timing may not be right at certain seasons of your life for you to date at all—and that’s okay. Too often young adults get trapped into the notion that they always need to have a love interest. No so! Don’t let your self-worth and significance be tied to whether or not you have a date on Friday night. And don’t hesitate to step off the dating treadmill if you need to or want to . . . you don’t always have to be actively dating or have a steady boyfriend or girlfriend.

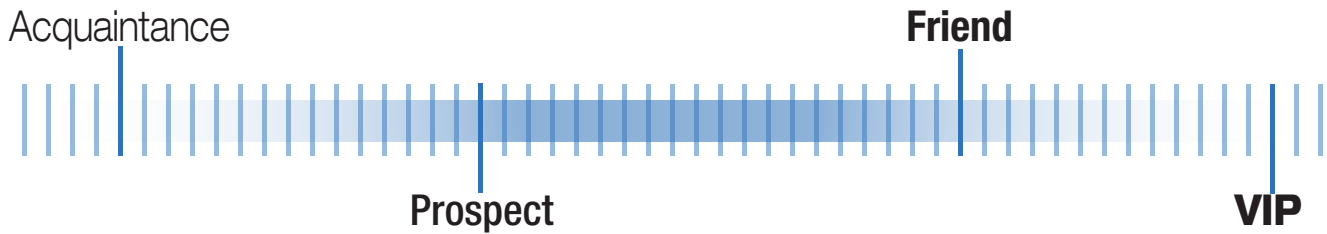


**Words to Live By**

*Better a patient person than a warrior, one with self-control than one who takes a city.*  
 —Proverbs 16:32

Here’s a great exercise that can help you pace yourself in relationships, and be discerning about what levels of trust and propriety are appropriate at which levels.

## The 4 Stages of Relationships



Generally speaking, most relationships go through four stages and, ideally, each stage should build on the other. **What takes a relationship to new stages or levels are: trust, compatibility, and a shared interest in making it so.** Every person who becomes more than an acquaintance will start in the first stage. Many stay there forever. Some may grow into the next stage and the next. Only a very few will make it to the fourth stage—and that’s the way it should be.

Unfortunately, many people—particularly young and inexperienced people—can rush the stages, moving from one to the next prematurely in the rush to intimacy or by succumbing to pressure. Or, they can exhibit behaviors in one stage that are inappropriate for that level of relationship, which should be reserved for a deeper or intimate one. Here are the stages:

### Stage One—Acquaintance (someone you don’t know well)

Characteristics of this stage: being very careful how you’re behaving around (or being perceived by) the other person, not wanting to offend or alienate them in any way, sometimes even being overly anxious to please or have the other person find you attractive/acceptable, trust level is very guarded, you avoid conflict at all costs.

### Stage Two—Prospect (a potential friend)

Characteristics of this stage: finding common interests, exchanging contact information, starting to communicate spontaneously, conversations are generally fairly superficial and don’t go to deep personal issues; you may exchange socially-accepted physical gestures of greeting (such as a handshake) but they are very casual and tempered; you still avoid conflict; trust level is raised but still fairly cautionary (Each person is wondering, “Can I trust you? Are you a long-term person in my life or not?”).

### Stage Three—Friend

Characteristics of this stage: developing higher levels of trust, seeing each other’s differences and shortcomings and sticking with the relationship anyway, expressing and receiving honest opinions and negotiating conflict successfully, demonstrating genuine affection, sharing thoughts and feelings safely, more self-disclosure and vulnerability, developing shared activities and interests that you do together regularly and possibly exclusively with that person only, and finding common interests and values.

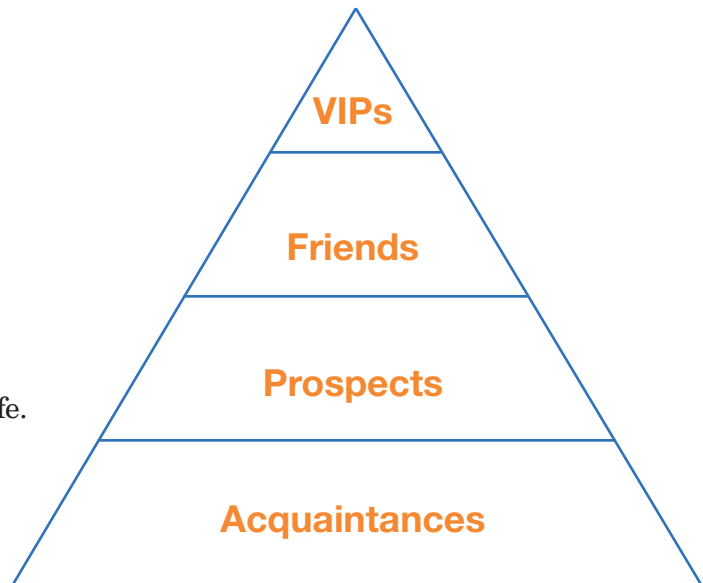
**From Chapter Seven in the**  
*What I Wish I Knew at 18 (Christian Edition) Student Guide:*  
**Love and Marriage**

**Stage Four—VIP**

Imagine your relationships in a pyramid, with this level being the very small piece at the top. Relatively few people in your lifetime will make it to this level. You may not realize this yet, but you don't have to have fifty million best friends! No one does! It's not about quantity; it's quality that counts at this level. When it comes to the top of the pyramid, that's reserved for very special people in your life.

You will have several kinds of relationships in this upper level. Familial VIPs are inherited; the closeness of your upbringing gives you a connection that is unique. They are not just invested in you, but you are invested in them as a part of your genetic mini-community, which is your family. That takes it to a different level that wouldn't be the same for your friends or romantic relationships.

For the average person, there are more people at the VIP level that are the same gender as you; people with whom you have total trust, loyalty, and bonding. For romantic relationships, this level is reserved for the super serious, either in or headed toward marriage.



**A MAJOR WORD OF CAUTION!**

Don't rush to this stage (like they do in the movies). When you do, you take a big risk of making an emotional investment without really knowing the person—a mistake that may have a high emotional cost later when you break up. It's better to go slowly through the stages and reserve this level for people who really prove their friendship, commitment, and compatibility over time.



## Discuss

For discussion in your small group:

1. Do you agree that all your relationships fall somewhere on this spectrum?
2. What do you think happens when people rush or mix up the stages?
3. How would you respond if someone began behaving toward you as if you and he/she were in stage three (or even four), when in your own mind you only feel comfortable with him or her as a stage two?
4. Having good boundaries means you know what is appropriate for each relational stage and you will not act (or put up with others acting) out of line with what is acceptable for that level of relationship. What happens when people don't have good boundaries?
5. After completing this Pointer, do you understand why true love takes *time*? Explain.
6. As a group, take the following list of behaviors and assign them to the most appropriate relational stage. You may have differences of opinions as to which belong where. Each person should be prepared to defend his or her ideas.
  - Giving out your phone number
  - Talking on the phone (long conversations)
  - Sharing your deepest feelings, secrets, and experiences
  - Praying with and for one another
  - Being "friends" on Facebook®
  - Hanging out with the other person in groups
  - Communicating disappointment or criticism
  - Hanging out with the other person one-on-one
  - Texting
  - PDAs (public displays of affection)
  - Spending time with each other's families
  - Being exclusive with that person (not dating any other people)
  - Being blunt/very direct with your opinions
  - Expressing strong emotions like anger, fear, or grief
  - If a potentially romantic relationship, one-on-one "dates"
  - Going on a weekend camping trip

From Chapter Seven in the  
*What I Wish I Knew at 18 (Christian Edition) Student Guide:*  
Love and Marriage



## Apply

Are you dating someone right now? Here's a quick checklist recapping the principles in this section. How many of them can you answer so far? Which ones do you need to further explore?

- Can they be trusted?
- How do they behave under stress?
- Are they willing to share their feelings or do they bury them inside?
- Do they share similar goals, views, interests, and values?
- Do they have an authentic and demonstrable faith in Jesus Christ?
- Do they have any dependencies?
- What are their career interests and ambitions?
- Are they interested in marriage and having a family someday?
- Do they respect your values and boundaries?
- How much of your attraction is toward the inside versus the outside and the physical versus the non-physical?

## **POINTER #2 — LIVE WITHIN YOUR MEANS AND GENERATE POSITIVE CASH FLOW/CREATE REGULAR CASH FLOW STATEMENTS AND ANALYZE YOUR SPENDING/USE CREDIT SPARINGLY AND WISELY**



### **Consider**

When it comes to managing money, one of the toughest challenges is that there are so many things to do with it! For this reason, and the widespread availability of credit, it's easy for people to lose control. This is why it takes great discipline and restraint to manage our money well.

The fact is that everyone is in a different financial situation. That's because we choose different careers with wildly varying pay, live in different places, have different family sizes, and have different habits and desires. If that isn't enough, we have peers and neighbors with fancier possessions that can be awfully tempting. Interestingly, people with high incomes can run into financial problems just like folks with more modest incomes. It's just that the things they spend money on are more expensive!

Regardless of your income, it's essential to have the discipline of spending less than you earn (in order to generate "positive cash flow") and have enough left over to save and invest for your future. **That means automatically investing first and living on the rest rather than spending first and investing what's left.** It also means

closely monitoring your spending by creating cash flow statements (that detail your income and spending on various items) and avoiding the overuse of credit cards to pay for your daily expenses. The availability of credit has led to chronic overspending and financial problems for many people when they are unable to pay off their monthly balances.

The greater the debt, the more difficult it is to handle tougher economic times. The best way to control debt is by not using it to pay for things you really can't afford. The "buy now-pay later" mentality is a trap that will only dig a financial hole that can be very difficult to climb out of. For this reason, the Bible warns us, "Just as the rich rule the poor, so the borrower is servant to the lender" (Proverbs 22:7). Obviously, loans like mortgages and car loans are a practical necessity in our culture. But credit card debt that you cannot pay off each month will only spiral into financial disaster that will rob your peace of mind and prevent you from using your God-given provision for its intended purposes.





From Chapter Eight in the  
*What I Wish I Knew at 18 (Christian Edition) Student Guide:*  
**Managing your Finances**

So, the secret to managing your daily finances is to spend less than you earn (which allows you to invest for the future), monitor your spending (considering the percentages included in the back of this book), use credit and loans sparingly (to pay off your full balance each month), and being a prudent consumer who understands the difference between needs and wants. Whether your career is lucrative or modest, if you do these things well, you'll be in good shape.



## Discuss

1. Complete together, as a group, the “(Sort of) Real World Budgeting Exercise” in the Appendix on page 161–162.
2. In your small group, discuss the advantages of:
  - Spending less than you earn and saving and investing the rest
  - Monitoring your spending through the use of a cash flow statement (see example on page 163 of Appendix)
  - Using credit sparingly and not spending on what you cannot afford

Are you prepared to commit to doing these three things when managing your budget? What will be the most challenging for you?



## Apply

Throughout your life, it's critical that you monitor your spending to ensure you're living within your means. One component of this is a cash flow statement (sample on page 163), which details how you distribute your income to spending, savings, and charitable giving. This will help you identify how you are spending your money in different areas.

The next step is to develop a budget, which compares your *actual* spending to your *budgeted* (or targeted) level of spending. You will first need to develop spending targets for different expense categories (e.g., housing, food,) and then compare your actual spending to these amounts. Your goal is to spend less than you budget. Further explanation and blank budget worksheets appear on pages 164 to 166 in the Appendix section of this study guide. You can use these worksheets throughout your life and, if you already have income, start now.



## Words to Live By

*If you are faithful in little things, you will be faithful in large ones. But if you are dishonest in little things, you won't be honest with greater responsibilities. And if you are untrustworthy about worldly wealth, who will trust you with the true riches of heaven? —Jesus, in Luke 16:10–11*

## (SORT OF) REAL WORLD BUDGETING EXERCISE

When it comes to budgeting (allocating your income to living expenses, savings and investments, and charitable donations), it pays to prepare monthly/quarterly cash flow statements. These detail how you spent your money and whether or not you're on track. It's important to note that some living expenses are fixed (you can't reduce these payments—things like your rent/mortgage and car loans) and others are variable (you can change how much you spend month to month (clothing and entertainment). Also, some expenses are essentials (must-haves like food and housing) while others are discretionary (nice-to-haves like fine dining, brand-name clothes, unlimited calling/texting plans).

One of the greatest challenges in managing money is first spending on our *needs* before our *wants*. As consumers, we have many choices in how to spend our money. The key is having the discipline to say no to things we can't afford and making wise choices in how we divvy up our income.

The exercise you're about to do will give you an overly simplistic glimpse at what it is like to budget. Your job is to develop three budgets assuming three different levels of income. You choose the level you wish to spend on Essentials (modest, average, or expensive) as well as on Discretionary items listed on the following page. Produce worksheets that list your income, essential expenses, discretionary expenses, savings and investments, and charitable giving.

- What are your priorities?
- How did your spending change at the lowest and highest levels of income?

### INCOME ASSUMPTIONS:

Income	Taxes
\$30,000	\$2,700
\$50,000	\$8,000
\$80,000	\$17,600

### ESSENTIAL EXPENSES:

#### Housing-related:

Modest	\$9,000 (\$ 750/mo.)
Average	\$12,000 (\$1,000/mo.)
Expensive	\$24,000 (\$2,000/mo.)

#### Food/Clothing/Other Essentials-related:

Modest	\$8,000 (\$ 667/mo.)
Average	\$12,000 (\$1,000/mo.)
Expensive	\$16,000 (\$1,333/mo.)

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***What I Wish I Knew at 18 (Christian Edition) Student Guide:***  
**Manging your Finances**

**Automobile (payment/insurance/maintenance):**

Old used car:	\$1,200 (\$100/mo.)
Newer used car	\$4,800 (\$400/mo.)
New car	\$10,800 (\$900/mo.)

**DISCRETIONARY EXPENSES:**

**Entertainment: (movies/dinner/sporting events):**

1) 2x week (inexpensive)	\$2,600 (\$50/wk.)
2) 2x week (medium)	\$7,800 (\$150/wk.)
3) 2x week (expensive)	\$15,600 (\$300/wk.)
4) 1x week (inexpensive)	\$1,300 (\$25/wk.)
5) 1x week (medium)	\$3,900 (\$75/wk.)
6) 1x week (expensive)	\$7,800 (\$150/wk.)
7) 1x month (inexpensive)	\$300 (\$25/wk.)
8) 1x month (medium)	\$900 (\$75/wk.)
9) 1x month (expensive)	\$1,800 (\$150/wk.)

**Vacations: (travel/hotel/food/etc.):**

1) Europe	\$5,000 one week; \$8,000 two weeks
2) Hawaii	\$3,500 one week; \$6,000 two weeks
3) Southern California	\$2,500 one week; \$4,000 two weeks
4) RV trip	\$1,000 one week; \$1,750 two weeks
5) Camping	\$300 one week; \$500 two weeks

**Health Insurance:**

Premium Plan	\$7,200 (\$600/mo.)
Good Plan	\$4,500 (\$375/mo.)
Basic Plan	\$2,400 (\$200/mo.)

**Cable TV Packages:**

Premium (all stations)	\$1,200 (\$100/mo.)
Average (some extras)	\$840 (\$ 70/mo.)
Basic	\$480 (\$ 40/mo.)

**Budget Worksheet Guidelines:**

- Select one level of spending in each Essential and Discretionary category
- Assume three weeks of vacation
- Remember to save room for investments and charitable giving
- Remember your goal is positive cash flow!

## REAL WORLD CASH FLOW STATEMENT

(Numbers in parentheses indicate recommended percentages)

### INCOME

Salary/Wages (net) \_\_\_\_\_  
 Investment Earnings \_\_\_\_\_

**TOTAL INCOME** (cash inflow) \_\_\_\_\_

**CHARITABLE GIVING (5-10)** \_\_\_\_\_

**SAVINGS/INVESTMENTS (10-20)** \_\_\_\_\_

Short-term \_\_\_\_\_  
 Long-term \_\_\_\_\_

**DEBT/LOAN PAYMENTS (0-10)** \_\_\_\_\_

Credit Cards \_\_\_\_\_  
 School Loans \_\_\_\_\_  
 Other \_\_\_\_\_

**HOUSING (20-35)**

Mortgage/Taxes/Rent \_\_\_\_\_  
 Repairs/Upkeep \_\_\_\_\_  
 Utilities (cable/electric/gas . . .) \_\_\_\_\_

**TRANSPORTATION (5-15)**

Car Loan \_\_\_\_\_  
 Gas/Maintenance/Repairs \_\_\_\_\_

**INSURANCE (5)**

Car \_\_\_\_\_  
 Home \_\_\_\_\_  
 Life \_\_\_\_\_  
 Medical \_\_\_\_\_

**HOUSEHOLD/PERSONAL (15-25)**

Food \_\_\_\_\_  
 Clothing \_\_\_\_\_  
 Liquor/Tobacco \_\_\_\_\_  
 Barber/Beauty/Massage \_\_\_\_\_  
 Technology \_\_\_\_\_  
 Books/Magazines \_\_\_\_\_  
 Gifts \_\_\_\_\_  
 Other \_\_\_\_\_

### ENTERTAINMENT (5-10)

Dining \_\_\_\_\_  
 Shows \_\_\_\_\_  
 Vacations \_\_\_\_\_  
 Clubs/Rec. \_\_\_\_\_  
 Coffee/Social \_\_\_\_\_

**MISCELLANEOUS (2-5)** \_\_\_\_\_

**TOTAL EXPENDITURES** \_\_\_\_\_

**TOTAL INCOME** \_\_\_\_\_

**LESS EXPENDITURES** \_\_\_\_\_

**NET CASH FLOW** \_\_\_\_\_

## BUDGETING

Now that you've seen how families analyze their spending through cash flow statements, the next step is creating a budget. This is an essential tool to ensure your spending remains within the targets you establish. In order to do a budget, you need to create "budgeted" or "targeted" levels of spending for each category that appears on the cash flow statement. (Note: the percentages appearing on the previous cash flow statements are a useful guide for determining budgeted amounts.) Then, by monitoring your actual spending (through keeping track of your expenses) you will be able to compare what you actually spent with the amounts you budgeted. The difference between actual and budgeted expenses is called a "variance," which will either be positive or negative depending on whether you over- or underspent compared to your budget.

Most people do budgets on a monthly or quarterly basis. If spending gets out of hand, it becomes very obvious from the budget worksheets. This will guide you to making the necessary adjustments to your lifestyle and spending in order to live within your means.

A sample budget form follows. Be sure to incorporate budgeting in your financial management. If everyone did, our world would be in much better financial shape!

### Notes

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# BUDGET WORKSHEET

Period \_\_\_\_\_

CATEGORY	ACTUAL	BUDGET	VARIANCE	EXPLANATION
<b>INCOME</b>				
Salary/Wages (net)				
Investment Earnings				
<b>TOTAL INCOME</b> (cash inflow)				
<b>CHARITABLE GIVING (5–10%)</b>				
<b>SAVINGS/INVESTMENTS (10–20%)</b>				
Short-term				
Long-term				
<b>DEBT/LOAN PAYMENTS (0–10%)</b>				
Credit Cards				
School Loans				
Other				
<b>HOUSING (20–35%)</b>				
Mortgage/Taxes/Rent				
Repairs/Upkeep				
Utilities (cable/electric/gas . . .)				
<b>TRANSPORTATION (5–15%)</b>				
Car Loan				
Gas/Maintenance/Repairs				
<b>INSURANCE (5%)</b>				
Car				

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CATEGORY	ACTUAL	BUDGET	VARIANCE	EXPLANATION
Home				
Life				
Medical				
<b>HOUSEHOLD/PERSONAL (15-25%)</b>				
Food				
Clothing				
Liquor/Tobacco				
Barber/Beauty/Massage				
Technology				
Books/Magazines				
Gifts				
Other				
<b>ENTERTAINMENT (5-10%)</b>				
Dining				
Shows				
Vacations				
Clubs/Rec.				
Coffee/Social				
<b>MISCELLANEOUS (2-5%)</b>				
<b>TOTAL EXPENDITURES</b>				
<b>TOTAL INCOME</b>				
<b>LESS EXPENDITURES</b>				
<b>NET CASH FLOW</b>				