

BUILDING FINANCIAL HOUSES ON BIBLICAL BEDROCK

By Austin Pryor

In the first weeks of 2014, the stock market devastation caused by the financial storm of 2008 has faded from our memories. From the low of that bear market through the end of November, stocks have returned more than 175%. The gain was 30% for the first 11 months of 2013 alone. During good times like we have been experiencing it is easy to forget the importance of preparing for the occasional storms.

During Hurricane Rita in 2005, Warren and Pam Adams lost their beach house on the Gulf Coast in Gilchrist, Texas, U.S.A. They loved the beach and decided to rebuild, but mindful of painful lessons learned during Rita, they built with a more storm-resistant foundation. This time, columns supporting the structure were stronger and higher. The house was built to withstand a Category 5 hurricane, and its bottom floor was 22 feet above sea level.

Three years later, Hurricane Ike roared through the little beach community. By the time the storm was gone, so were the local fire station, post office, and most of the 200 homes in Gilchrist. But the Adams' new house was still standing. Skeptics asked, "How could that one house survive when none of the others on the Gulf Coast side of town did?"

It survived because it was engineered to withstand hurricane-force winds and storm surges. We should heed this lesson as we consider the financial future. We do not know what storms will come or when, but they always do eventually. If we are wise, we will build our financial houses on a strong foundation so they will still be standing when the worst is over.

Jesus taught us how to build a life: *"Therefore everyone who hears these words of mine and puts them into practice is like a wise man who built his house on the rock. The rain came down, the streams rose, and the winds blew and beat against that house; yet it did not fall, because it had its foundation on the rock. But everyone who hears these words of mine and does not put them into practice is like a foolish man who built his house on sand. The rain came down, the streams rose, and the winds blew and beat against that house, and it fell with a great crash"* (Matthew 7:24-27).

He spoke in general terms about following his teachings in daily life, and this includes stewardship – how we manage our financial resources. How many financial houses have fallen "with a great crash" because they were built on the sand of human thinking? For many years, I have said the number one mistake many people make is ignoring the bedrock of biblical principles when managing their money and following secular advice. Since a new year has just begun, I encourage you to:

- **Remember** any difficulties you may have had navigating the storm of 2008. Learn from them so you will be well prepared for the next one.
- **Review** the strength of your financial foundation. Give special attention to your plan for becoming debt-free, building your emergency fund, and fine-tuning your investment risk to best reflect your risk-taking temperament and season of life.
- **Recommit** to following God's protective principles in all areas of your financial life.

I am *not* predicting we will be facing another financial hurricane in the coming year. But no one knows? If a storm does come, your financial house should be "built on the rock" so it will not collapse.

© Sound Mind Investing, 2014. Austin Pryor has 35 years of experience advising investors, and founded the Sound Mind Investing newsletter and website (http://www.soundmindinvesting.com/misc/s_austinpryorbio.htm). You can read more of his writing at www.soundmindinvesting.com. He lives with his wife, Susie, in Louisville, Kentucky, USA.

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Reflection/Discussion Questions

1. Were you personally or corporately affected by the economic disaster of 2008 or another dramatic downturns in the economy? If so, what was its impact?
2. What do you think of the comparison between constructing a house to withstand a severe natural storm and building a "financial house" to survive an economic disaster?
3. Have you considered taking specific steps to ensure your financial future against unforeseen financial hurricanes, typhoons or earthquakes? Why or why not?
4. Mr. Pryor suggests following biblical principles of stewardship and financial management. What is your reaction to his recommendation? Do any appropriate principles come to mind? If so, what are they?

NOTE: If you have a Bible and would like to review some other passages that relate to this topic, consider the following verses:

Proverbs 13:11, 15:16, 16:3,9, 19:21, 20:24, 22:7, 27:1; Matthew 6:19-24,33-34