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By Robert J. Tamasy

FOUNDATIONAL, BIBLICAL PRINCIPLES OF INVESTING

Our clients often come to us seeking advice on what investments to make, when to make those investments, and how to receive the greatest return on the funds they invest. Many proven principles undergird the counsel we give to our clients, but even before we do that, it is imperative for us to recognize what we all are up against – the perils and pitfalls that can prevent us from achieving our financial goals.

Perhaps most important is a simple, universal truth: As investors, we can be our own worst enemies. This observation stems not only from our decades of practical experience as investors and money managers, but also is confirmed by what God tells us in the Bible.

Given our imperfect, fallen natures, and our disposition to concentrate on our own self-interests, it would be surprising if we *were not* the primary problem we face when investing. Consider for a moment the kind of people we are, as described in the Scriptures:

Our wisdom is flawed. We tend to regard our planning and decision-making as clear, objective and rational, but in reality we are not as smart or wise as we would like to believe. *“Let no person deceive himself. If any one among you supposes that he is wise in this age, let him become a fool (let him discard his worldly discernment and recognize himself as dull, stupid and foolish, without true learning and scholarship), that he may become (really) wise. For this world’s wisdom is foolishness (absurdity and stupidity) with God”* (1 Corinthians 3:18-19, Amplified).

Our motivations are impure. In making important life decisions, especially those affecting our money and material resources, we can easily deceive ourselves in understanding our true motives. *“The heart is deceitful above all things, and it is exceedingly perverse and corrupt and severely, mortally sick! Who can know it (perceive, understand, be acquainted with his own heart and mind)?”* (Jeremiah 17:9, Amplified).

Our emotions are powerful. A wide range of emotional factors, ranging from fear to greed to envy, influences our thinking. Because of that, we need to be careful to avoid irrational, emotionally charged decisions that could later prove to be disastrous. *“For I know that nothing good dwells within me, that is, in my flesh. I can will what is right, but I cannot perform it. I have the intention and urge to do what is right, but no power to carry it out”* (Romans 7:18, Amplified).

Our vision is limited. Even though we wish it were different, not one of us can see accurately into the future. Because of that, we should not presume and act solely upon what we expect to happen in the days, weeks, months and even years ahead. *“Come now, you who say, ‘Today or tomorrow we will go into such and such a city and spend a year there to carry on our business and make money.’ Yet you do not know (the least thing) about what may happen tomorrow.... You boast (falsely) in your presumption and your self-conceit”* (James 4:13-14,16, Amplified).

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Mark Biller is Sound Mind Investing's Executive Editor. His writings on a variety of financial topics have been featured in national print and electronic media, and he has appeared as a financial commentator for various national and local radio programs.

Reflection/Discussion Questions

1. What do you think about the statement that in making financial investments, we can be our own worst enemies? What does that mean to you? Do you agree?
2. It is observed that our wisdom and judgment are often flawed as we approach financial decisions. Can we overcome that problem – and if so, how?
3. Have you found that emotions sometimes influence your decisions in how you handle your money? If so, give an example.
4. How can we compensate for the reality that our vision for the future is limited, and factors important to our investment decisions can change unexpectedly and sometimes, very quickly?

NOTE: If you would like to look at or discuss other portions from the Bible that relate to this topic, consider the following brief sampling of passages: Proverbs 3:5-6, 13:11, 16:3,9, 21:2; Matthew 6:19-24; Luke 12:15-21

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