

THINGS WORTH KNOWING ABOUT FINANCES

By Austin Pryor

Having been an investment advisor for many years, I often hear the question, “What is the number one financial mistake many investors make?” My answer is always the same: They ignore biblical wisdom when managing their money and follow secular wisdom instead.

Do you believe that? Have you ever considered that when you use God’s protective biblical principles as a guide, you will manage your financial resources more wisely, more prudently – and glorify God at the same time? I do because I have lived it. From the early 1970s through the mid-80’s, I relied primarily on my skills and intellect for making financial decisions. My successes were many, but my failures were more.

In the late 1980s I faced up to my limitations and turned to the teachings of Larry Burkett, who had become a leading voice on the importance of Christians applying precepts found in the Bible to managing finances. Getting in sync with God’s ways, rather than mine, laid a foundation for future financial success. Here are some of those principles that I have found work regardless of how much faith you have – or how little:

We should look primarily to God’s wisdom for decision-making. The principles God has given are practical and relevant, often running counter to conventional “wisdom.” “All Scripture is God-breathed and is useful for teaching, rebuking, correcting and training in righteousness” (2 Timothy 3:16).

We must accept personal responsibility for our decisions. We cannot look to others to make the tough choices for us. It is our responsibility to make knowledgeable, biblically consistent financial decisions. “Now it is required that those who have been given a trust must prove faithful” (1 Corinthians 4:2).

Debt can be enslaving and should be avoided if possible. Whether you are an individual, a company, or a nation, debt can destroy freedom and prosperity, take away independence, and reduce options for what can be done with financial resources earned in the future. “The rich rule over the poor, and the borrower is a servant to the lender” (Proverbs 22:7).

Maintaining a proper balance between current spending and long-term saving is wise. Our spending decisions should always be tempered by awareness that some of those resources might be needed in the future. If we spend everything now, we will have nothing for future needs and emergencies. “In the house of the wise are stores of choice food and oil, but a foolish man devours all he has”(Proverbs 21:20).

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We should invest consistently using a carefully considered strategy. Some people invest impulsively on a case-by-case basis, rather than intentionally formulating a wise strategy and holding to it. “The plans of the diligent lead to profit as surely as haste leads to poverty” (Proverbs 21:5).

In our investing, we should rely on diversification. Too often investors become preoccupied with market cycles and become ensnared by unpredictable shifts. Diversification is a good means for controlling risk and protecting capital. “Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth” (Ecclesiastes 11:2).

As we “renew our minds,” as Romans 12:2 says, with the use of these and other proven biblical precepts, following them consistently, we can be confident of making wise spending, saving and investment choices.

Austin Pryor has more than 40 years of experience advising investors and is the founder of the Sound Mind Investing. He is the author of The Sound Mind Investing Handbook, endorsed by many respected Christian teachers, with more than 100,000 copies sold. Austin lives in Louisville, Kentucky, with his wife Susie.

Reflection/Discussion Questions

1. Even if you are not a financial professional, prior to reading this Monday Manna, what would be your opinion as to the number one financial mistake that investors make? Why do you say that?
2. Looking at your own spending, saving, and investing practices, what approach or strategy have you followed? Do you think your methodology has been effective? Explain your answer.
3. What do you think of the recommendation to apply precepts from the Bible to manage money and make financial decisions? Do you agree with the assertion that biblical principles are practical and relevant, and can lay a foundation for future financial success? Why or why not?
4. Which of the principles cited seems of greatest importance or significance to you? Why do you think many people are resistant to following these concepts for managing their finances?

NOTE:

If you have a Bible and would like to read more, consider the following passages:
Proverbs 3:27-28, 11:24-25, 14:31, 15:16, 22:2,26-27; Matthew 6:19-21,33; 1 Timothy 6:6

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