

Matt Bell

Giving

Trusted

Preparing Your Kids for
a Lifetime of God-Honoring
Money Management

Saving

Spending



Few investments in your children can return greater lifetime and eternal rewards than teaching them to manage money God's way. My friend Matt Bell has provided us with a helpful guide to accomplish just that.

CHUCK BENTLEY

CEO of Crown Financial Ministries and host of *My MoneyLife*

Helping young children get on a solid, God-glorifying financial path is a wonderful gift. It will help keep them from the financial challenges and pain so many adults experience. If you have children or grandchildren, *Trusted* is a great read. I heartily recommend it!

HOWARD DAYTON

Founder of Compass - finances God's way and author of *Your Money Counts*

Matt Bell's guide for teaching children how to manage money for a lifetime is a gem! Children crave their parents' trust, especially regarding money. Let Matt's experience and wisdom presented in *Trusted* take a big, scary topic and break it down into simple steps any family in any income bracket can follow. Building God-honoring trustworthiness in your children is an investment any parent can afford, one that is guaranteed to return huge dividends both now and for eternity.

MARY HUNT

Author of several personal finance books, including *Raising Financially Confident Kids*, and author of the *Everyday Cheapskate* syndicated column and blog

In *Trusted*, Matt accomplishes the rare feat of faithfully teaching God's Word on the subject of money *and* applying that wisdom to modern-day financial life in a compelling way. Chock-full of practical advice and real-life examples, *Trusted* leaves readers well equipped to prepare our children to be wise financial stewards and ensure that we, the parents, are doing likewise. Matt conveys godly wisdom on how to teach our children to use and steward their money in a way that conforms them to Christ and His Kingdom, for His glory. Awesome!

GREG BAUMER

Chairman of Generous Giving and coauthor of *God and Money* and *True Riches*

JOHN CORTINES

Director of Generosity at the Maclellan Foundation and coauthor of *God and Money* and *True Riches*

Is there any aspect of our children's lives that will not be impacted by how they view and use the Lord's money and resources? How can we help them develop biblical convictions and practices? Matt, in his humble, relatable way, provides not just the *whys* but the *hows*, with stories and practical suggestions. For those of us endeavoring to impart biblical financial truth, wisdom, and purehearted motivation to our children, this book is an invaluable help. It has immediately become one of my most highly recommended resources for parents.

MARK GRISSOM

National Stewardship Director for Cru

Trusted is full of wise and biblical advice for parents to teach their kids about handling money. I found Matt's writing practical and insightful. It's also entirely relevant and useful for us adults. Read this book and apply it to your life and your parenting, and you and your kids will experience what the Bible describes as the life that is truly life.

TODD HARPER

Cofounder of Generous Giving

An inescapable reality of life is that we're all being disciplined by something or someone. The way we think, view the world, and make decisions is being shaped by some force outside ourselves. We can be disciplined by Jesus, by our coworkers, by social media, or even by a news channel. This book gives its readers the always-timely reminder that our finances reflect to whom our faith and true allegiance belong. *Trusted* gives parents and children alike a picture of what healthy stewardship looks like as disciples of Jesus.

KYLE IDLEMAN

Senior pastor of Southeast Christian Church and author of *Not a Fan* and *One at a Time*

Teaching our kids to be faithful stewards of God's resources needs to be one of our top priorities as parents. Matt has given us the tools we need to do just that. *Trusted* provides a wonderful biblical foundation with clear direction to build our kids up and prepare them for a lifetime of honoring God with the resources He entrusts them with.

JAMES LENHOFF

National sales director for Good Sense, cofounder of Wealthquest, and author of *Living a Rich Life*

Like all parents, my wife and I want the best for our kids, and we know that money will be a big deal in their faith journey, their relationships, their impact, and so much more. In *Trusted*, Matt provides clear guidance for fostering in your kids a healthy perspective about money and the early money-management habits that will serve them well for the rest of their lives. It's all grounded in Scripture and brought to life with compelling real-life stories. If you put the ideas from *Trusted* into action, you'll make an invaluable investment in the lives of your children.

BOB LOTICH, CEPF®

Author of *Simple Money, Rich Life* and host of the *SeedTime Money* podcast

A truly unique parenting book equipping moms and dads to not only model but also teach their kids the proven principles that lead to financial freedom. I love the combination of good financial counsel and parenting helps (and just enough Chicago stories to make me crave pizza).

JONATHAN MCKEE

Author of over twenty-five books, including *Parenting Generation Screen*

Filled with memorable real-life anecdotes and informed by careful biblical study, *Trusted* is a treasure trove of practical wisdom. I don't know of a better guide to help parents train their children to be wise financial stewards. Matt Bell has done a great service for the church in writing this book.

ROBERT L. PLUMMER, PHD

Collin and Evelyn Aikman Professor of Biblical Studies at The Southern Baptist Theological Seminary

Your children will learn about money from somewhere, and what they learn will significantly impact their lives. As parents, we should be concerned whether the teachings on money our children receive are financially wise and biblically sound. Matt Bell has put together an excellent resource to help parents lead their children in finances. Get it. Read it. And prepare your children to manage money in a manner that avoids common money mistakes and glorifies God.

ART RAINER

Author of *The Money Challenge for Teens* and *The Secret Slide Money Club* series

I love the vision Matt has for this book—that cultivating within each of our kids biblical financial perspectives and practices will enrich their relationship with Jesus, strengthen their relationship with their future spouse, enable them to make the difference with their life they were designed to make, and so much more. Through solid biblical teaching, practical guidance, and real-life examples, *Trusted* will help you bring that vision to life in your kids.

ROB WEST

CEO of Kingdom Advisors and host of *MoneyWise*

I've always enjoyed reading Matt's material on finances, but this book may be his best and most important work. Everything changes for the good when our kids embrace God's design for managing money. So devour this book. You and your kids will benefit from its biblical grounding and practical application.

ASHLEY WOOLDRIDGE

Senior pastor of Christ's Church of the Valley in Phoenix, Arizona

One of the most important things that we can teach our children about, besides their relationship with Jesus, is how to handle money in a God-honoring way. Our discipleship as parents in this area will impact our children their entire lives. Matt has laid out a game plan that will change your legacy for generations to come. Read it, and more importantly, *do it!* Your kids will thank you one day. We guarantee it.

DAVE AND ANN WILSON

Hosts of *FamilyLife Today*[®] and authors of *No Perfect Parents*

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FOCUS
ON THE FAMILY[®]

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Introduction

More than Money

“For where your treasure is, there your heart will be also.”

MATTHEW 6:21

ONE MORNING, when our daughter, Annika, was about three, my wife, Jude, and I heard her getting dressed in her bedroom. With great delight, she exclaimed to no one in particular, “I have pockets!”

We hardly had time to laugh before she followed that with “I want *money* in my pockets!”

Kids develop an awareness of and a curiosity about money at a surprisingly early age. Researchers say that children as young as two can begin to understand that money is a means of exchange. They wouldn’t use those words, of course, but when they’re with us at the checkout line in a store, they understand at some level that an exchange is taking place. This idea is probably clearer in their minds when we use cash than when we use something as abstract as a credit card or the tap of our phone, but our kids can see that we give the cashier something and we receive something in return—groceries or clothing or a new toy.

Class Is Always in Session

But what are our kids learning about money, and who's doing most of the teaching? If parents are not intentional about teaching their kids wise practices concerning the use of money, the consumer culture that surrounds us will be more than happy to be the teacher. In fact, that culture is teaching all of us all the time—overtly, subtly, and in both cases, very effectively. But the lessons our culture has for us are anything but healthy.

Consider the fact that it's normal for adults to have too much debt and too little in savings, too much financial stress and too little joy. And what about that constant nagging sense that if we just had something more we'd be so much happier? Where did *that* come from?

We have the opportunity to teach our children much better lessons about money, but we have to remember that there's only so much time available. As I write this, our kids are now thirteen, fifteen, and seventeen. In the blink of an eye, our oldest, Jonathan, went from Thomas the Tank Engine to taking the ACT, from coloring books to college visits. When he was born, people told us that time would fly, and now here we are.

While it saddens us to think about our children leaving home, it's also exciting. From the moment they were born, Jude and I understood that our job was mostly to put ourselves out of a job—to prepare our kids to go out into the world and make good decisions on their own. To navigate life's countless ups and downs with faith, perseverance, and wisdom—and have the impact God uniquely designed each of them to have.

I think you'll agree that parenting is filled with moments of great joy and just as many daunting responsibilities. What's more, children don't exactly come with owner's manuals that tell us what

to teach them about money or anything else. That's why Jude and I are so grateful for the mentors God put in our lives.

The Funnel

When Jude was pregnant with Jonathan, we took part in a parenting class led by the associate pastor at our church, Keith, and his wife, “Cag” (Caroline). They used the metaphor of a funnel to suggest a helpful way of thinking about raising kids. As Keith explained, “The basic principle is that you start very narrow in terms of what you expect of your kids and the freedoms you give them. During the early years, parents make most of the decisions for their kids—what they’ll eat, what they’ll wear, who they’ll hang out with. As kids get older and prove themselves more trustworthy and capable of making wise decisions, the funnel broadens. Eventually, the goal is for them to be making good decisions on their own.”

That metaphor made a lot of sense, and it had the advantage of being biblical! This principle can be seen in the parable of the talents, in which Jesus describes our relationships with God and money by using the story of a wealthy man who entrusts his property to the care of three servants before leaving on a journey: “To one he gave five talents, to another two, to another one, to each according to his ability. Then he went away” (Matthew 25:15).

That’s interesting already, isn’t it? The master entrusted each of his servants with different talents—units of money—based on their current abilities. In the same way, the amount of money or responsibility we entrust to our children should be based on their current abilities.

“He who had received the five talents went at once and traded with them, and he made five talents more. So

also he who had the two talents made two talents more. But he who had received the one talent went and dug in the ground and hid his master's money. Now after a long time the master of those servants came and settled accounts with them." (Matthew 25:16-19)

The two who made something more of what was entrusted to them were strongly affirmed by the master. He told each of them, "Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master" (Matthew 25:21). But the servant who did not do anything productive with what was entrusted to him was roundly rebuked. The master even called him "wicked and slothful," telling him that he should have at least deposited the money in a bank to earn a bit of interest (Matthew 25:26-27).

This parable contains a few of the foundational principles of biblical money management that we'll be looking at together in this book. First, *God owns everything*. Anything in our possession has simply been entrusted to us by God to be managed according to His principles and for His purposes. When I read those verses as a new Christian in my late twenties, they introduced me to a profoundly new way of thinking about money.

Second, *God expects us to do something productive with what He has entrusted to us*. We are to manage His resources well.

Third, *as we prove ourselves faithful, God will entrust us with more*. As we teach our kids about wise money management, and as they demonstrate their ability to faithfully manage what we entrust to them, we should entrust them with more. That's how they will grow in ability and responsibility.

An Incredible Opportunity

It's been my experience that many people misunderstand biblical financial stewardship. They think of it as a heavy burden. They imagine God saying to them, "Here is some of My stuff. Don't break any of it or lose any of it." That seems to be how the third servant understood his master's instructions—and look what happened to him!

But that isn't God's message. Instead, He's saying, "Here's a portion of what I own. Manage it well, enjoy it, use it to do some good in My name, and as you do, I'll give you more to manage." Stewardship isn't a heavy burden; it's an incredible opportunity. Wouldn't it be wonderful if our kids grew up seeing money that way?

One final takeaway from the parable is that someday God will return and we'll need to account for how we managed all that He entrusted to us. That, too, is a good model for us. As long as our kids are under our roofs, they should know they're accountable to us and to God, and when they leave our homes, they will continue to be accountable to God. We're not looking for them to mess up, always ready to scold them for their mistakes. Rather, we're looking for ways to continue teaching them, to give them course corrections as they learn to become wise money managers.

This central principle—that we need to first demonstrate our trustworthiness in small matters before we will be entrusted with more—is reinforced in another parable of Jesus:

"Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. So if you have not been trustworthy in handling worldly wealth, who will trust you with true riches? And if you have not been

trustworthy with someone else's property, who will give you property of your own?" (Luke 16:10-12, NIV)

The two questions that Jesus asks here are ultimately what this book is about. Yes, the chapters ahead will be filled with practical, biblical ideas on teaching our kids about money—giving, saving, investing, spending, and all the rest. But managing money biblically isn't just about managing money. It's very much about our eternal relationships—and our children's eternal relationships—with our Savior, Jesus Christ.

You Can Do This

If you feel hesitant or ill-equipped to teach your children about money, you're certainly not alone. Many parents recognize how important it is that their kids learn about money but are reluctant to be the ones who do the actual teaching. Reasons vary, from a lack of confidence in their own money-management abilities to concerns that they won't be able to teach in a way that resonates with their kids. Others would rather outsource the job to their children's schools.

My encouragement to you? You're the perfect person for this job. Even if you're having some financial struggles of your own or haven't ever studied what the Bible says about money, the fact that you're reading this book shows that you care about helping your kids in this area. That's a huge step in the right direction.

Throughout this book, as I unpack various biblical financial principles, I'm going to focus first on what it can look like for adults to put each principle into practice. Then I'm going to suggest ways we as parents can teach these principles to our children.

I'm also going to encourage you to think about three distinct

parenting roles: the gatekeeper, the teacher, and the role model—and how your embrace of each one can be used to foster wise money-management beliefs and behaviors in your kids.

Gatekeeping is about setting rules and defining boundaries. This is about creating and enforcing structural constraints, which are helpful for anyone who's trying to build constructive habits. There's a parenting book that speaks to me about this even though I haven't even read it. It's called *Be the Parent*. The title says it all, doesn't it? Gatekeeping is about stepping up and being the parent. Sometimes it isn't much fun, but it's essential for our children's healthy development.

Do not rob your children of limits.

DR. HENRY CLOUD AND DR. JOHN TOWNSEND, *BOUNDARIES WITH KIDS*

Teaching is about being proactive in conveying particular lessons. Kids aren't born knowing how to prioritize their use of money, how to save or invest it, or how to make smart buying decisions. We have to teach them.

As for being a role model, that's the most important role of all, which is why I'm going to spend time looking at each principle through adult eyes before exploring ways to teach it to our kids. As someone pointed out early in our parenting journey, more will be caught than taught. Our kids will learn the most about money by observation: listening to what we say about money in casual conversations and watching what we do with it. (They're listening more closely and watching more intently than we often realize!) We don't have to have the money thing completely figured out.

We just need to be learning, increasing our understanding of biblical financial principles, and growing in our application of those principles. My hope is that this book will help each of us parents become better money managers, and in doing so, enable us to set powerful, positive examples for our kids.

Ultimately, we want our children to have the wisdom to set their own boundaries and make their own good choices. Some early, proactive gatekeeping and teaching on our part, along with thoughtful, intentional role modeling, will help them get there.

As for our kids' schools, it's great that more and more are doing some teaching in this area. However, studies about school-based financial literacy efforts reveal mixed results at best. Classroom lessons are often too theoretical. Your children's teachers can *talk* about comparison shopping, but you're the one who can take them to a store, show them how you comparison shop, and have them do some comparison shopping of their own. Your children's teachers can *talk* about savings accounts, but you're the one who can help them open a savings account and guide them in building the habit of saving a portion of every dollar they receive. Those real experiences will have a far greater impact on your kids.

The most effective money-management lessons are those that are learned with real money in real time in the real world.

A Living Classroom

When God brought the Jews out of slavery in Egypt, and as He prepared them for all they would experience in their new home in Israel, He stressed the importance of teaching their children about their history. But He didn't tell them to set up a chalkboard and hold classroom sessions five days a week from nine to four. He told them to work their teaching into the natural rhythms of daily life:

“And these words that I command you today shall be on your heart. You shall teach them diligently to your children, and shall talk of them when you sit in your house, and when you walk by the way, and when you lie down, and when you rise. You shall bind them as a sign on your hand, and they shall be as frontlets between your eyes. You shall write them on the doorposts of your house and on your gates.” (Deuteronomy 6:6-9)

We would be wise to take the same approach in teaching our kids about money, opening up conversations about it as we go about our daily lives and taking advantage of natural teaching opportunities as they arise.

Mistakes Will Be Made

In the Star Wars movie *The Empire Strikes Back*, there’s a scene in which Luke Skywalker is discouraged and doubtful about his ability to lift his X-wing fighter that he crash-landed in a swamp. Spurred on by Yoda, he reluctantly agrees to “give it a try.” To which Yoda snaps, “No! Try not. Do, or do not. There is no try.”

While it may be presumptuous to challenge a Jedi master, challenge I must. (Sorry!) On the one hand, I get it. We don’t want our kids making a feeble attempt at a chore, complaining that it’s too difficult, and then giving up. We want them to get the job done. I remember hearing a preacher talk about doing some yard work with his young son. After he asked the boy to pound a stake into the ground, his son complained that the day was too hot and the hammer too heavy. Lovingly but firmly, the dad made it clear that he knew his son could complete the task and expected him to do so. When the boy finished the job, he gained confidence in his

ability to do more than what he sometimes thought he could, and he learned about the importance of finishing whatever job he set out to do. *Do, or do not.*

On the other hand, many aspects of money management are rarely so clear. Paying a bill on time might be a matter of do or do not, but when it comes to making a wise purchasing decision, there's a lot of subjectivity involved. And it's in those messier areas where there's much to be learned by trial and error, by trying and failing and trying again. The failing part of that equation is especially important.

The Real World

During a parenting seminar, Dr. Henry Cloud, a renowned Christian psychologist and prolific author, was asked by a mother in attendance, "What is the best thing parents can teach their child?" He said, "I don't know whether there's 'one best thing.' But I can tell you one that's way up there on the list. . . . Teach your child how to lose."

Taken aback, the mother said, "What do you mean, 'Teach him how to lose?' I want my child to win. Why on earth would you want to teach your child how to lose?"

Dr. Cloud explained, "Because he will lose. And since he will, he'd better know how. . . . Losing well, with the ability to continue on, is one of the most important character traits you can develop in your child." Dr. Cloud went on to say, "Your child's ability to do this will determine how well his life goes."¹

Real losing is far different from getting the wrong answer on a money-management quiz. When a child loses a ten-dollar bill, she feels really bad. That sort of loss can teach her lessons about responsibility like nothing else. Or when a child has a bike stolen

after carelessly leaving it on the sidewalk overnight and must go without a bike while saving for a new one.

The key here for parents is to resist the powerful urge we often feel to swoop in and save the day. We must allow our kids to feel some pain, challenge them to solve their own problems, and let them lose well. All of this, of course, should be done in age-appropriate ways and seasoned with grace.

Believe me, I'm saying this as much to myself as to you. I've crossed the line many times and have done too much to "rescue" our kids. But there have also been many times when I haven't, and I know it's in *those* times that they have learned, grown, and gained confidence in their own abilities.

I want our kids—yours and mine—to try lots of things with money. I want them to be hands-on with money, to make some mistakes and to learn by doing. I want them wrestling through the challenge of making trade-offs in the clothing store (one pair of designer jeans or three pairs of not-so-designer jeans?), dealing with the regret of spending their whole weekly allowance right after receiving it, learning to wait as long as it takes to save for something they want to buy, and eventually even experiencing the roller-coaster dynamics of investing money in the stock market. I don't want our kids leaving home just book smart about money; I want them to be street smart.

Keep remembering that the more real-world you make these lessons, the more effective they will be. Teach lessons in real time whenever possible, and have your kids implement the lessons with real money—*their* money. And always remember that you *can* do this.

In fact, you're the best person for the job.

The Road Ahead

The two chapters that make up the first section of this book are designed to give you what I hope will be a very encouraging and exciting sense of all that's possible in teaching your kids about money, as well as an eyes-wide-open look at some of the obstacles that stand in the way. Section two consists of seven chapters, each one focusing on a specific aspect of money management, from earning to planning, and from giving to investing. We'll look at key biblical principles that pertain to each one, spending the first portion of each chapter looking at how to put those principles to work in our own lives—this is essential if we are to be good role models—and then exploring ways to teach each principle to our children. Section three offers more advanced lessons designed to help our kids discover their “inner money manager” and build biblical financial habits that will last.

I recommend that you read the book all the way through so you understand the big picture. Then go back to individual chapters for reminders of how to teach each topic to your kids at various stages of their lives. On my website (mattaboutmoney.com), you'll find my latest recommended tools that will help you implement the ideas in this book.

I'm thrilled that you've decided to embark on this journey. I know your kids will be blessed by your active involvement in this important area of their lives, and I pray that the journey will be a great blessing to you as well.

Recap

If we don't teach our kids about money, it isn't that they won't learn. They *will* learn, but the culture will be their teacher, and what it teaches is often at odds with Scripture. The Bible teaches

that God owns everything, He entrusts us with what we can handle right now, and as we prove ourselves trustworthy, He will entrust us with more to manage. That'll be our model throughout the book. When our kids are very little, we make most decisions for them. Over time, as we teach them and as they prove themselves trustworthy, we can and should entrust them with more responsibility. You're the perfect person to use this process in teaching your children God's principles for managing money. Despite any doubts you may have, you can do this!

Section 1

Stepping Up

*The Possibilities
and the Perils*





CHAPTER I

ENDLESS POTENTIAL

“I came that they may have life and have it abundantly.”

JOHN 10:10

IN 2012, Jude and I accepted the opportunity for me to join the staff of Sound Mind Investing, which required a move from Chicago to Louisville, Kentucky. As we packed our house, SMI’s owner, Austin Pryor, sent a welcome package that contained gifts for our three children. As I quickly discovered, Louisville is big on college basketball, and people who live there are mostly either University of Louisville fans or University of Kentucky fans. Austin is a die-hard Kentucky fan, so the gifts for the kids were T-shirts that celebrated one of Kentucky’s recent national championships. Enclosed with the package was a card that contained only the words of Proverbs 22:6: “Train up a child in the way he should go; even when he is old he will not depart from it.” (I believe the word *should* was underlined.)

I can’t say that we’ve bought into the “need” to teach our kids which basketball team to cheer for (somehow I’m still gainfully employed), but the longer we’ve been parents, the more we have

seen the larger wisdom in that proverb and the incredible opportunity it represents. The advice pertains to all aspects of parenting, of course, but if we narrow our focus to money, it's exciting to see how helping our kids get on the right financial path could have not just a *linear* effect but an *exponential* effect. Let me explain.

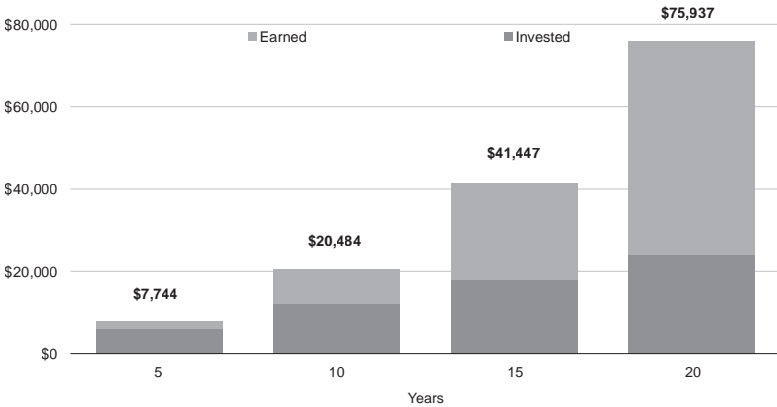
You might be familiar with the concept of compounding, but if not, here's a brief refresher: Compounding is earning interest *on* interest.

Here's an example. If you saved one hundred dollars per month for fifty years and put the money under your mattress, it would grow in a linear fashion (and your mattress would get very lumpy). Each step would be equal to the last. Your hundred-dollar stash would grow to two hundred dollars and then three hundred dollars and on and on. After fifty years, you'd have sixty thousand dollars.

But now let's do something more productive with that money. Let's invest it, and let's assume that over those fifty years you were able to generate the stock market's long-term average annual return of 10 percent. This time your money wouldn't grow in a linear fashion. It would grow exponentially. After fifty years, the sixty thousand dollars you invested would have grown to more than \$1.7 million. Wow! That's incredible, isn't it?

Let's take a closer look at how this would happen. In the early days—in fact, in the early years—it wouldn't look like much was happening at all. In the chart below, you can see that after five years, you would have invested six thousand dollars, and it would have earned about another \$1,750. That's nice, but nothing too exciting. The amount you invested would have been more than three times greater than the amount you earned. After ten years, you would have invested twelve thousand dollars, and it would have

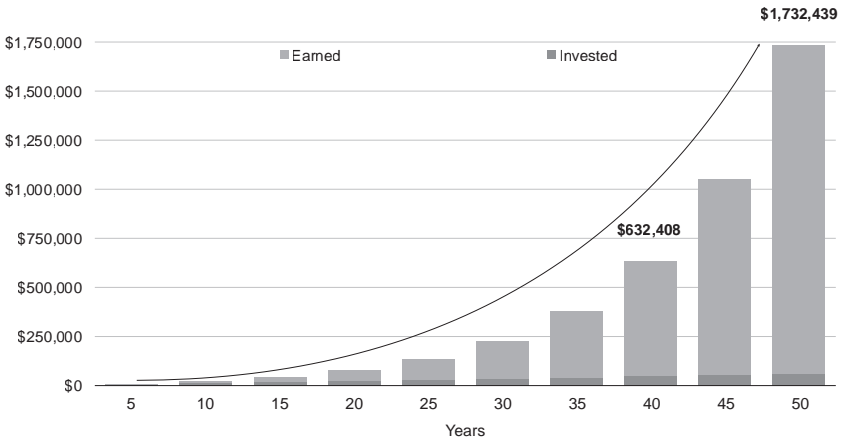
earned about another \$8,500. At that point, things would start to get a little more interesting, but still nothing earth-shattering.



Now let's change the scale so we can allow for more time and account for a lot more growth. Look at the forty-year mark. By then, you would have invested forty-eight thousand dollars, and it would have turned into more than \$630,000. Your earnings, more than \$580,000, would be more than twelve times greater than what you invested. And take a look at the fifty-year mark, where your sixty thousand dollars would have turned into more than \$1,730,000. Your earnings of more than \$1,670,000 would completely dwarf the amount you put in. Stunning, right?

The trend line helps show the difference between linear growth and exponential growth. If we were looking at a chart of linear growth, the line would be straight. But an exponential line is far from straight. The further to the right it moves—in other words, the more time you give it—the more steeply upward it bends. At the end, the line is moving almost straight up. That's a very striking

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depiction of the power of compounding—or exponential—returns. It’s what happens when a return on investment earns a return, and that return earns a return, and on and on.

No Guarantees

Here’s an important caveat. The stock market, like life, delivers far from a smooth ride. That last chart used the stock market’s long-term average annual return. But that doesn’t mean each year’s return has been 10 percent. Just look at 2008, when the market fell by more than 37 percent. The next year it rocketed up by more than 28 percent. The following year it gained 17 percent, then just one percent. Or think about what happened in 2020. In February of that year, as the world grappled with the early days of the COVID-19 pandemic, the US stock market fell 34 percent in just sixteen trading days. It had never fallen so far so fast. Then, after bottoming out in the middle of March, the market closed out the year strong.

That 10-percent figure is an *average*—and averages are made up of some years with far greater gains and some with painful declines. To take full advantage of compounding, you have to be patient. You have to stick with it and do the work day in and day out, trusting that one day all your work will pay off. And you have to accept some setbacks along the way—sometimes gut-wrenching, painful setbacks.

Sounds a lot like parenting, doesn't it?

*Steady plodding brings prosperity;
hasty speculation brings poverty.*

PROVERBS 21:5, TLB

Steady Progress in the Right Direction

Perseverance in doing the right things: This is the principle explained by Jim Collins in his business classic, *Good to Great*, in which he explores the reasons why some companies break away from the pack of their competitors and achieve remarkable, sustained success. While there is usually a point when they do in fact break away, often it is not because of some revolutionary new idea that suddenly shoots them to the top. It's the result of steadily doing the right things over a long period of time.

Collins compares the process to “turning a flywheel,” and there's an important lesson here for us parents as we patiently instill lessons of wise money management in our children over many weeks, months, and years.

A flywheel is a heavy disk that helps maintain a constant speed

of rotation in a machine or uses its rotation to store energy for other parts of the machine. Collins describes it as “a massive metal disk mounted horizontally on an axle, about 30 feet in diameter, 2 feet thick, and weighing about 5,000 pounds.”¹

Imagine pushing on this thing to try to get it to turn. It takes every bit of muscle you can muster. You push and push. After several hours you get it to make one full rotation. You keep pushing. Eventually, it moves a little faster—a *little* faster. Hours later, you’re getting that massive metal disk to make two rotations per hour, but it’s exhausting and more than a little discouraging.

People laugh at you. They tell you to stop. They say that whatever you’re striving for isn’t working. Honestly, at times, even you begin to wonder.

But pushing on the flywheel represents the steps you’re taking in pursuit of something that matters to you, like having your kids grow up with a healthy relationship with money. For you, turning a flywheel may not be hard physical labor. It can also be something you’re doing little by little over time, often without seeing tangible signs of progress.

Collins found that in all the companies he studied—the ones that achieved unusual success—this was their pattern: In the early years, no one noticed what they were doing. There were no media articles, no shareholder parties. Just a lot of steady plodding, until one day they realized it wasn’t taking as much effort. Sales started edging up, and kept going up. The companies started putting distance between themselves and their competitors. Over time, the gap kept getting wider and wider.

The media started calling. Headlines were written about each company’s “overnight success.” But there was nothing overnight about it. They had been plugging away for a long time.²

You'll probably experience something similar as you teach your kids about money. There will be days when you'll wonder whether you're making progress, whether any lessons are sinking in. There will be tough days when your kids make bad choices and then *you* have to make the really hard choice to be the gatekeeper and enforce a boundary.

Keep going. Keep doing the right things. Eventually you'll see some light bulbs turning on, some good and wise decisions being made. You will recognize that as you've been slowly turning this massive flywheel—with the patience and perseverance behind all the lessons you've conveyed—your kids have started to make more decisions on their own. Wiser decisions. And because of the biblical perspective you've brought into your teaching, along with God's goodness in responding to your prayers, He has been shaping their hearts in powerful ways.

While none of us will have the final say in how our kids turn out, I pray and trust that one day we will be stunned by all the good that God brings about in and through their lives.

Immeasurably More

While the application of exponential growth to investing is important (we'll talk more about it in chapter 7) and fairly easy to see, such growth isn't just possible there. Exponential growth is possible in all areas of money management—all the tangible, dollars-and-cents areas of money management, and all the spiritual and character-related areas. And those are even more exciting than the sort of returns you can see on a brokerage statement.

Take generosity, for example. Think about the impact of a child who develops a passion for generosity along with some consistent practices that help her implement that passion. Think about how

God could multiply that exponentially, shaping that child's heart over her lifetime with a deep compassion for the world's many needs and encouraging the habit of making actual difference-making investments to address some of those needs. That child could play a role in saving lives and even shaping eternities. Think about the joy she would experience as a result.

Think about all that a young person could bring to his future marriage by having grown up with a healthy relationship with money. As I'm sure you know, financial issues are a common factor in many divorces. And for couples who stay together, money is often a festering issue that creates stress and tension, robbing them of joy and influence.

On the other hand, a healthy relationship with money can bring a rich sense of satisfaction to a marriage, and that can have an exponential impact that's felt by future generations.

Imagine that your child is now in his forties and has just lost his job. He has a family and a mortgage. His friends try to reassure him, saying, "God will provide." To some people, those words might sound trite. But your son knows it's true. He's been the beneficiary of God's faithful provision before. In the midst of the storm, he actually experiences peace, which ripples out into his marriage and his parenting.

That sort of response doesn't just happen. This perspective doesn't develop overnight. It happens through the steady building of one's faith over time, and a significant part of it can be traced all the way back to when he was a child learning from you some seemingly simple lessons about God's goodness and His promise to provide for us. The calm faith with which he's walking through the job loss is an exponential return on your investment. It's impossible to quantify, but certainly "far more than we would ever dare

to ask or even dream of—infinately beyond our highest prayers, desires, thoughts, or hopes” (Ephesians 3:20, TLB).

Small Beginnings

Later in the book, when I encourage you to have your young children put coins in a piggy bank and you’re tempted to think of it as a small thing, I want you to remember this big picture we’ve been looking at. Because even such a simple lesson as saving a few coins out of every dollar received can have exponential returns. This is true even if you only look at the *financial* benefits of saving money—very few people have enough in savings. Today, something like two-thirds of all Americans live paycheck to paycheck, meaning that they have just enough to pay their bills and cover basic necessities until their next paycheck. That’s a stressful, unhappy way to live. It’s damaging to a person’s health and relationships. And it makes them vulnerable to taking steps backward in their finances, because one unexpected expense can lead them into debt and the feeling that they’ll never get ahead. Your kids can live differently. With your help, they can build the habit of saving a portion of all that they earn.

But there’s something bigger at stake here. By cultivating the habit of saving money, your kids will be developing a character trait that is foundational to an effective, satisfying life—the ability to delay gratification. Children who at a young age are able to put off an immediate reward to wait for a better one have been found to enjoy an incredible range of benefits later in life, from higher scores on college entrance exams to better relationships. We’ll talk more about this in chapter 6. Then, in chapter 11, you’ll see that the ability to delay gratification isn’t just essential for living a productive, joyful life—it’s what will enable your children to

experience the healthiest possible relationship with money and to manage it with a deep sense of gratitude, great effectiveness, and an uncommon level of joy.

Even though your kids probably don't have a lot of money right now, and they may be so young that fostering within them some of these bigger-picture perspectives may seem like a stretch, the money-related habits they begin developing right when they first get their hands on some money are extremely important. That's because the financial beliefs and behaviors they learn today, when they don't have much money, will be magnified when they're older and have more. As I discovered firsthand, that's true *for better or for worse*.

Living the Life

As soon as I was old enough to earn money, I did. And I worked hard. When I was twelve, I had a one-hundred-house newspaper route. Every day after school, I'd load up the baskets on my bike and deliver papers until it was dinnertime. We had a gravel driveway, and I remember one day falling as I jumped on my bike to begin that day's deliveries. My knee was cut, with blood dripping down my leg. But I got on my bike and delivered those papers.

When I was fourteen, I got a summer job working in the cornfields owned by one of our town's largest employers, DeKalb Ag, a company that engineered corn and other crop seeds. Early in the morning, I'd walk a couple of blocks from my family's home, wait for a covered pickup truck, jump in the back with a group of other kids my age, get driven out to the fields, and then spend all day walking through rows of corn, either detasseling or cross-pollinating the corn. That was considered a good job because it paid well, but it was hard work under the hot sun.

As I got older, I worked in restaurants and moved my way up from busboy to head cook.

I was very intent on making money, and I was equally intent on *spending* money. When I was sixteen, I bought a car, a good stereo, and more.

In college, those habits were magnified. While working at a radio station on campus, I had to get permission to work all the hours I wanted to work. And I kept spending—on different cars, restaurant meals, and who knows what else.

After graduating from college, my habits of hard work and free spending were further magnified. I discovered credit cards, and I thought they were amazing. I could buy a bunch of things and then pay just a small amount of the bill each month. So I did.

Prodigal Son

In my midtwenties, something completely unexpected happened. I inherited sixty thousand dollars from an uncle. I had no idea he'd planned to leave me any money. It felt like I had won the lottery, and I hadn't even bought a ticket.

Did I use the money to pay off all my credit-card debts? Put some in savings? Start investing? Did I give any of it away? No.

I used the money to create my dream job, producing a newsletter for people who take golf vacations. Once a month, I traveled to some great golf destination—Puerto Rico, southern Spain, the Monterey Peninsula in California. I would play the best courses in the area, take pictures, and write reviews. When I wasn't traveling, I enjoyed myself in Chicago, where I lived, shopping at high-end clothing stores and eating at expensive restaurants. My life was everything I dreamed it could be—except solvent. I was spending far more than I was making each month.

Two years after inheriting the sixty thousand dollars, I woke up to the hard reality that I had spent every last penny of it *and* had racked up twenty thousand dollars of credit-card debt. The habits I'd learned at a young age when I didn't have much money—work hard (good), spend everything I made and then some (not good)—were magnified when I got older, had more money, and gained access to credit cards.

Unable to pay my bills, I completed an unintentional re-enactment of the Bible's parable of the Prodigal Son by moving back home. I went from living the life to living in my parents' basement in the small town where I grew up. While I'll always be thankful to my parents for the safety net they provided, those early weeks were so depressing that all I wanted to do was sleep.

As difficult as that experience was, there were two wonderful life changes that came out of it. First, it made me start to ask some questions about the direction of my life. About that time, I got a call from Wayne, one of my friends from college. I had graduated a year ahead of him, moved out of state for a job, and lost touch with him. Unbeknownst to me, he had become a Christian that year. When he got back in touch, he wanted to talk about his new-found faith. The experience I had been through left me humbled and willing to listen.

Wayne said some tough things, like that the more I had leaned on my own understanding, the more things hadn't worked out so well. I didn't realize it at the time, but he was quoting Proverbs 3:5-6. Wayne also told me some hopeful truths. "God has a plan for your life," he said. Those conversations set me on a path of exploring Christianity.

About eleven months later, now living on my own again, I was on the verge of messing up something else that mattered to me.

Once again I was humbled and broken. Sitting in the quiet of the studio apartment I'd moved into, I bowed my head and prayed a simple prayer: *God, if You really do exist, I'd like to know You. If You really do have a plan for my life, I'd like to know what it is. I'm sorry for the many ways I have surely fallen short of your standards. Thank You for sending Your Son to die on a cross for my sins. From this day forward, please take control and lead my life. Amen.*

A New Beginning

I didn't see any flashes of lightning. There were no visits from angels, no parting of the clouds. But from that day forward, my life began to change in significant ways.

One positive development was that I woke up to my need to learn how to manage money, so I got started. After becoming a Christian, I started attending a church that had a "stewardship ministry" that taught people about biblical money management. I had never heard of such a thing, nor did I realize at the time that the Bible had anything to say about money. It turns out it says a lot.

Since I was deeply in debt and my mismanagement of money was what had led me to Christ, I was fascinated by this ministry. Innocently enough, I asked about serving in it. As a new Christian with twenty thousand dollars of debt, I really should have been served *by* the ministry, but for some reason they let me join the team. Maybe they were short on volunteers.

In order to become properly trained, I needed to attend various financial workshops. I was a sponge, soaking up everything I could. Eventually I was allowed to facilitate discussions at tables of workshop participants. Later I joined the teaching team.

Since I became a Christian at age twenty-nine, there are times when I wish it hadn't taken so long, when I'm tempted to view

all the years before that as wasted time. But I know that God has used all the mistakes and foolish decisions I made earlier in life for a purpose.

One benefit of learning financial lessons the hard way is that it has given me a passion for helping young people get onto a good financial path. I want to help people avoid the mistakes I made. It's one reason I love being a parent so much. I'm excited about doing whatever I can to help instill in our kids a passion for walking closely with God, and that includes managing money according to His principles and for His purposes.

I want them to discover as early as possible the "good works" God intends for them to do (Ephesians 2:10), to see and appreciate how He has uniquely designed them and how He plans to use their interests, passions, and abilities to help them live adventurous, difference-making lives. I love how *The Message* paraphrases 1 Corinthians 12:7: "Each person is given something to do that shows who God is." I can't wait to see how that truth gets expressed in each of my children, and I'm sure you feel the same way about yours.

Money can either be a force that helps propel our children toward a life of good works or a roadblock that stands in the way. It's such an important subject in God's eyes that the Bible says more about money than any other topic except the Kingdom of Heaven. In fact, Jesus named money as His chief rival for our hearts when He said, "No one can serve two masters, for either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve God and money" (Matthew 6:24).

That's such a commonly quoted verse that we risk missing its importance. Why did Jesus mention money there? He could have

picked so many other things, all of which can easily distract us from our relationship with Him—our marriages, our work, our hobbies, our friendships. But He chose money.

Get the money thing wrong, and it can shipwreck your life. “For the love of money is the first step toward all kinds of sin. Some people have even turned away from God because of their love for it, and as a result have pierced themselves with many sorrows” (1 Timothy 6:10, TLB).

Get the money thing right, and it can contribute mightily to a life of great joy and impact—a life of being entrusted with increasing responsibilities and increasing opportunities. “His master said to him, ‘Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master’” (Matthew 25:21).

Let’s help our kids get it right. Let’s teach them practical, age-appropriate, biblical lessons of wise money management, and then let’s watch with eager anticipation to see how God multiplies those lessons exponentially.

Before we can get to work, though, we need to see very clearly one of our greatest obstacles, and we need to learn some strategies for overcoming it.

Recap

Our kids have an incredibly valuable asset: They have time. Because of the power of compounding, a small amount of money invested over a long period of time can turn into a lot of money. But the incredible multiplying force of compounding isn’t restricted to investing. The exponential returns that could be generated through our children as they develop healthy, God-honoring, lifelong financial perspectives and practices around earning, generosity,

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debt, and so much else are impossible to quantify. Early training in this important area could impact their relationships with Jesus, their relationships with others, and the impact they have in ways that are “far more than we would ever dare to ask or even dream of—infinately beyond our highest prayers, desires, thoughts, or hopes” (Ephesians 3:20, TLB).