What is the key to saving money? (21:20)

There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up.

THE TEXT (NASB)

There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up.

There is treasure to be desired and oil in the dwelling of the wise; but a foolish man spendeth it up. KJV - Proverbs 21:20

INTRODUCTION

Saving is smart, but not everyone does it.

Consuming everything and saving nothing leaves nothing. This, the proverb calls foolish. The wise do not devour all their income, nor give it all away. They learn the proper mix of saving, sharing, and spending. Yet knowing when to stop spending is not easy. The problem is not consumption as such, but uncontrolled consumption.

How can we overcome the urge to splurge?

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COMMENTARY

Stop Spending

Consumption comes naturally, while saving must be learned. We're called consumers, and spending is easy—especially on sales days like Black Friday. That's when we'll buy things just because prices are low. Yet a major key to financial success is consistent under-spending. It should be learned early in life, between four-to-six years of age. We'll talk about training kids below, with "The Problem with the Pig." But first, let's look at the proverb. It contrasts wise and foolish use of a surplus. The voracious, uncontrolled consumption of any excess leads to poverty. There go the foolish. Fools consume everything, while the wise preserve a surplus.

Taming the Urge to Splurge

The first rule for saving is: Don't eat the surplus. We can't save what's already eaten! So financial planners advise their clients to save off the top, not from the bottom. Their mantra is, "Pay yourself first." And "paying" means "saving." Another adage in financial planning: "Your rate of saving is just as important as your rate of return." Your salary doesn't make you wealthy; your spending habits do.

It's Okay to Be Rich

None of this suggests that the wise must live in a dump. This proverb assumes that the possession of wealth is a good thing—contradicting anyone who believes that the rich must be evil, or that the wise and holy must be financially poor. That's just not true. It is wise not to flaunt our treasures. The wealthy must safeguard their riches, not just from thieves, but also from fools who don't truly appreciate the value of things. But the "bourgeoisie" are not necessarily trapped by greed and selfishness, the way the communists paint them.

Thomas J. Stanley, Ph.D., prefaces his New York Times best-seller, *The Millionaire Next Door*, with an explanation why he wrote it:

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> Why do I continue to write about rich people? It is not for the benefit of rich people! What I write is designed to enlighten those who are confused and misinformed about what it means to be rich. Most Americans have no idea about the true inner workings of a wealthy household. The advertising industry and Hollywood have done a wonderful job conditioning us to believe that wealth and hyper-consumption go hand in hand. Yet, as I have said many times, the large majority of rich live well below their means. Unfortunately, most Americans think that they are emulating the rich by immediately consuming any upward swing in their cash flow.[1]

Translation: *precious treasure and oil*

The expression, “precious treasure,” consists of two Hebrew words, also is It .(“madh-khah” pronounced ,mădḏ•ḥ̣ā) חמד and ,(“tsar-ō” pronounced ,ṣ̣ār•□ô) אוצר translated, “treasure to be desired.” The wise own not just ordinary treasure, but precious, delightful, and ingenious treasure. It’s not just more stuff! The proverb uses these two words to emphasize its intrinsic worth. Gill describes this treasure as: “Gold, silver, jewels, and precious stones; all sorts food, as Aben Ezra explains it, and rich and costly, raiment; all which may be lawfully desired and sought after, and, when obtained, laid up for future use.”

Note also that the desirable treasure is diversified: both treasure and oil. Oil was considered a luxury as note in Proverbs 21:17.

Translation: *foolish man*

The expression, “foolish man,” consists of two Hebrew words: כּסיל (kesîl, pronounced “kĕ-seel”), and אדם (□ā•ḏām, pronounced “ah-dham”). The Hebrew word for foolish comes from another Hebrew word, כּסל (kā•săl, pronounced “kah-sal”), meaning fat or silly, and it’s explained further in Proverbs 17:16. The folly described in the text seems to be related to a shallow understanding of time itself and an overconfidence that leads to short-sightedness, and blindness toward the future.

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Foolish Voracious Consumption

I was once invited, with scores of other sales reps, to a gala presentation by a Canadian-owned mutual fund company. We were offered trays and platters of lavish hors d’oeuvres and delicacies. I confess a weakness for smoked salmon, yet after my tenth helping, I started to feel a little guilty, even foolish, hoping no one had noticed me pigging-out. I wondered why our host firm spent so extravagantly on promotion. Its president was a huge advocate of leveraged investing, who pushed risky borrowing even for passive investment. Then, about seven years later, that mutual fund company evaporated, and its founder lost billions of dollars. So I was given examples of two foolish men: Me, for gorging myself on hors d’oeuvres; and the president of that fund company, trying to build and sustain a financial empire on borrowed money.

Translation: *swallows it up*

The Hebrew word for “swallows it up,” בלע (bā•lă', pronounced “bah-la”), is used of men (Isaiah 28:4), fish (Jonah 2:1), serpents (Exodus 7:12), and figuratively, ears of corn (Genesis 41:7, 24). bā•lă' is even used of the earth itself, when a huge fissure suddenly swallows alive the Israelites rebelling against God (Exodus 15:12 and Numbers 16:30-34). It often signals destruction and ruin, such as in Isaiah 49:19 and Lamentations 2:2. In the verb form found here, it does not describe slow, methodical chewing and tasting, but bolting ravenously, consumption gone bestial.

An uncontrolled mouth is like a ravenous shark. It swallows fast, waste on waist. Any enjoyment or appreciation of subtle flavours are lost in the rush to devour. An uncontrolled mouth eats simply to consume and annihilate, barely aware of what it devours. Excess consumption means excess garbage, but it becomes garbage, almost before it’s consumed.

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The Problem With The Pig 

The piggy bank conveys a confusing message. Pigs don't save. They gobble. Yet for decades, the piggy bank has been a primary symbol of saving, a tool given to kids to encourage their restraint and forethought. Some obviously thought of it as fattening up the pig for slaughter. It's saving money for fun on a rainy day. That financial strategy is better than mindless feasting, but it still lacks something. The symbolism and subliminal message of the pig is not saving, but consumption, so piggy banks are quickly emptied. Squirrels store up. Pigs gobble. So when we teach kids to use foresight, we might give them "squirrelly banks."

It's vital to teach kids early to trust God and to use money, not the other way around. Albert Barnes's commentary expresses the same idea. "The wise man keeps a store in reserve. He gains uprightly, spends moderately, and never exhausts himself." So what kinds of saving?

Types of Saving

"When" Savings: Cash can be saved for specific items that will definitely break down and need to be replaced. This may include a car, stove, washing machine, or even your house itself. Some people call this a capital fund.

"If" Savings: Cash can be saved for unexpected emergencies, such as accidents, critical illness or untimely death. This is contingent saving, often covered by insurance policies.

"Wow" Savings: Cash can be saved for discretionary desires, like a special vacation or something beautiful for our homes or spouses. If the desire is not a necessity, the cash should be saved up front, freeing our enjoyment from any anxiety about the debt.

Beware of Consumer Credit—Anti Saving

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Credit is the denial of saving: “Enjoy now, pay later” versus “Pay now, enjoy later.” While saving is based on delayed gratification, credit breeds instant impatience. Easy credit is bait for fools. If this proverb condemns spending all we get, imagine what it would say about carrying a balance on a credit card. The height of folly! Consumer debt is uncollateralized, which means the money has been borrowed and spent, with nothing left to show for it.

Learning How to Save

Should you maintain a savings account, even when you’re in debt, perhaps with a mortgage or car debt? Financial advisors differ. Some say you should focus all your efforts on paying off all your debt, beginning with consumer debt and ending with the mortgage. Others think it’s okay to have some savings and debt simultaneously. I once belonged to the first group, but now I’ve migrated to the second. I still passionately dislike debt, and work remove it. But I realize now that freedom is not simply being debt-free. We can be free of our lenders, and still be enslaved to our money. Those who are rich can be slaves to coveting their wealth. They may have many luxuries, but little personal freedom or joy. The ability to master money is worth more than money itself.

First Save, Then Invest

Saving is a learned skill. It requires humbling yourself and deliberately denying your desires. So, we must always learn to save, even if we’re in debt. Let me explain. People don’t act like calculators. The arithmetic dictates that paying off a loan at a high interest rate is better than saving some money at a lower interest rate. Further, the interest paid on personal loans is not tax deductible, and the interest earned on non-registered accounts (versus registered retirement–RRSP or tax-free savings–TFSA accounts) are also taxable. So both the differential between interest expense and interest income, and the tax laws themselves discourage saving. But it gets worse.

Enter human anxiety, plain ordinary greed, and discontent fanned by hostile consumer advertising. With low interest rates, money is cheap and over-consumption easy. The financial and tax systems discourage saving and promote consumption. Hence, the sooner we learn wise savings habits, especially segmented savings, the better.

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Steps for Sound Saving

If you feel like you're in a financial fog, your first step is to leave it. Learn where your money is going. Awareness is often the first step toward prevention. You can't manage what you don't measure. If you hate book-keeping (as do I), then simply keep all your receipts in a jar (and write your own receipt, if you don't get one with the purchase). After a week (no longer) add them all up. You can also use a note pad or calculator. Eventually, you can learn to use a personal tracking tool like Your Money Kitchen or Mint.com (US) (Mint.com/canada - Canada).

Once you know what your costs are for a typical month, use this number as your initial savings target. Scrimp, save, beg, or work extra hard to build a one-month buffer. It won't be easy. Your one month buffer becomes your personal emergency fund. If possible, keep it in a tax-sheltered savings account (in Canada, the TFSA), devoted to securities that are not exposed to the stock or bond markets. When you need to use this emergency account, be sure to replenish it before you take on any more debt.

Then pay down your debt, using the snowball method.

Beware of merely trading one kind of debt for another. Sometimes it makes sense to convert high interest debt (like credit cards) to low interest debt (like a line of credit). But beware of trapping yourself in permanent indebtedness, especially debt that compromises the security and comfort of your principle residence. Aim to be totally debt-free—including your house mortgage—especially before entering full retirement. Study Proverbs 30:24-28.

OUR CREATOR, REDEEMER, AND FRIEND

When Jesus commanded his followers not to worry about the future (Matthew 6:25-33), He did not forbid saving for future needs. Jesus was not anti-saving.

On the contrary, Jesus commanded his followers to use funds wisely, very wisely. He spoke of investing someplace safe from theft (insider trading or Ponzi schemes), rust (asset erosion from inflation or rising interest rates), and moth (creatures of low intelligence nibbling away—what else but fees, especially banking fees). Invest your wealth where it cannot be touched by theft, rust, or moth. Save your money in the Bank of Heaven.

The second-best selling book in Canadian history is *The Wealthy Barber*, by David Chilton. He recommends that people pay themselves first—10 percent off the top for personal, long-term savings. I find it very interesting that he used 10 percent, the exact percentage the Bible speaks of in honouring God first (Genesis 14:20). Who should be number one, me or God?

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APPLICATION

- Memorize the text in your favourite Bible translation and think about it often.
- Trust God to feed you, not your storehouse or bank account. That’s not to say you shouldn’t have a storehouse or bank account, but just don’t trust it.
- Destroy your dumb debt (owing money for something that no longer exists). Consider help from debt experts such as Dave Ramsay (http://www.daveramsay.com) or Mary Hunt (http://www.debtproofliving.com/).
- Listen to Andy Stanley’s (North Point Ministries) message from his LOST series.
- Slow down when you eat and think about what you are eating. Consider skipping a meal entirely to discover that there is more to life than food.

Which of these steps, if any, does Jesus want you to take now? Ask Him.

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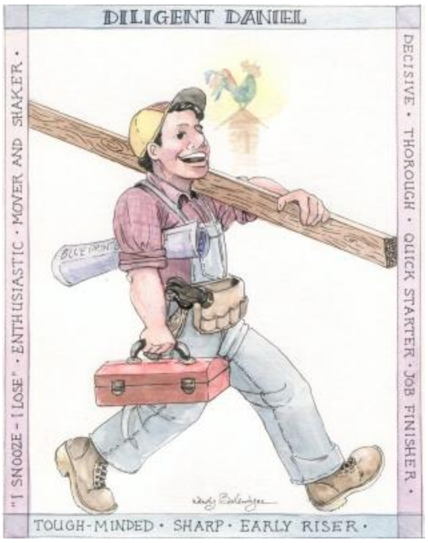
KEY WORDS

envy, contentment, capital, more assets (quantity), accounting, expense tracking, bf saving, saving money

ILLUSTRATION

Who is Diligent Daniel?



Diligent Daniel is a friend of Steady Eddie. Whereas Steady Eddie is known for his staying power, Diligent Daniel is known for his decisiveness and thoroughness. He is an early riser, a quick starter, and a job finisher. There's no room for procrastination here.

Daniel is tough-minded and sharp. He tells himself each day, “I snooze- I lose.” He pushes himself and calls himself lazy. He is tough on himself—not rough.

He’s the one Benjamin Franklin was thinking about two hundred years ago when he came up with the maxim, “Early to bed, early to rise makes a man healthy, WEALTHY, and wise.” Daniel’s also the one the author Oswald Chambers described with the words, “The heights by great men reached and kept, were not attained by sudden flight, but they while their companions slept, were toiling upward in the night.”

Daniel is more of a thinker than Steady Eddie, but is known for his enthusiastic work capacity, not his brilliance. He’s a mover and a shaker. He’s not afraid to get his hands dirty and is in good physical condition. He’s a builder. He starts the job right away and gets it DONE. He doesn’t flip-flop in this thinking. He is not double-minded. He remains humble while exuding confidence.

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One of his favourite financial tools is the Registered Education Savings Plan (RESP).

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FOOTNOTES

[1] Thomas J. Stanley, Ph.D. and William D. Danko, Ph.D., *The Millionaire Next Door* (Lanham: Taylor Trade Publishing, 2010), xiv.