

# Ask the Budget Guy

Submitted by Allen Gunter

## PARTING IS SUCH SWEET SORROW...

There's not going to be a newsletter in July, so it's time to say goodbye for the summer (sniff, sniff). But before we bid each other a fond farewell, here are a few thoughts until we meet again in August.

### But I Waaant It!!

No, that's not your kids talking – that's you!! You reeeaaaally want a vacation. You *need* a vacation. In fact, you've worked hard and by golly you *deserve* a vacation!!

Have a great time! Just do yourself a favor and please, *please, please* don't charge any part of it unless you're going to pay the bill in full when you get it. (And don't fall for the ads that suggest that a vacation is a great reason to take out a home equity loan!) Otherwise that vacation is going to cost you a lot more than you think.

Suppose you charge \$3,000 on a credit card that carries a 12% interest rate. If you just pay the minimum when the bill comes due, it will take you almost *six years* to pay for that vacation, and instead of \$3,000, it will have cost you **\$4,200 – 40% more!!** And if your card carries a 20% rate, it will take you *over nine years* and the cost will **more than double**. (Even at just a 5% home equity rate you'll be looking at almost six years and an extra 14%.)

Vacations are not emergencies – you can plan for them. So if you didn't save for this year's vacation, make it a very cheap one. And then start saving for next year – just think how great that one will be!!

### What Goes Down Must Come Up

Nah, that's not a typo. And I haven't found a way to reverse the law of gravity. But I also haven't found a way to reverse the effects of inflation. It's been low for a long time, but there seem to be a number of signs that it may be headed up in the near future.

You may never have thought much about inflation because it's so low, but just a little over 20 years ago it was over 10% per year. If the rate of inflation goes

up and you carry a balance on your credit cards or have any variable rate loans, be prepared for a double whammy: *Not only will the cost of everything you buy go up, the interest rates on your credit cards and other variable debt will go up!*

There's not much you can do to keep prices from rising. But you can protect yourself against higher credit card and loan interest rates: *Get your cards and loans paid off as soon as you can*. Frankly, it's a win-win for you. Even if the rate of inflation doesn't increase, you'll be in much better financial shape (and probably happier, too).

### God's Budget – Hanging in the Balance?

I'm the Budget Guy, right? So budget things catch my eye. And the article in last month's newsletter about how far church contributions have fallen behind pledges caught my eye because that spells trouble for SHPC's budget. If you're behind on your pledge, why not fix that before you head out on vacation this summer?

Whenever I get behind on my own pledge, I think of Luke 16:11: *If you have not been faithful in the use of worldly wealth, who will entrust the true riches to you?* That verse gives me a spiritual slap up along side the head and refocuses me on what is truly important in this world – and the next.

### Your Budget – Hanging in the Balance?

And what about your budget? Does it need some balancing? Would you like a little help getting your finances in order? Leave me a message at 892-3580, ext. 122 or send me an email at [BudgetGuy@SHPC.org](mailto:BudgetGuy@SHPC.org). There's no cost or obligation, and everything is completely confidential.

And don't forget about the Crown Financial Ministries Small Study Groups that will be held in the Fall. Learn what the Bible says about how we should handle our money and get some tools you can put to work on your own situation. Call Ron Miller at 892-1862 for more information on these classes.