GOD'S RENEWAL FOR HOUSEHOLDS
"Part XXIV: Renewing Household Families: Skillful Household Management - Productive Household Investing"

Introduction: (To show the need . . .)

There is an increasing problem with future retirement in America. Consider the following often-expressed concerns:

(1) Robert J. Samuelson, in the April 24, 1995 issue of Newsweek reported that "Social Security isn't a fully funded pension. It is welfare. Current workers' pay for current retirees. Benefits shift according to economic conditions and political whim . . . The taxes of **today's** retirees were spent years ago. The same is true of Medicare."

That being so, what is going to happen when the huge population segment of "Baby Boomers" hits retirement and starts looking to Social Security checks to supply their livelihood -- what will they do if they find they can't live on Social Security checks?!

(2) Another problem is the shrinking value of the dollar due to inflation. If we compare the value of the American dollar in 1900 with what it is today, inflation has shrunk our dollar to less than 6 cents! (Stowers, Yes You Can ... Achieve Financial Independence, p. 18)

In view of the shrinking value of the dollar, how are people living on the fixed Social Security income going to make it?!

(3) According to government statistics quoted by Bill Britton in the Torrington Register-Citizen's "Investor's Corner," in the 1930s, the average American lived into his sixties. Baby boomers, due to medical improvements and dietary supplements are expected to live much longer, on the average into their eighties. Over a million are projected to live as long as 100 years. If they retire at age 65, that means some will live 20 to 35 years on retirement income. **If they will live that long, and they are expecting to make ends meet on the fixed income of Social Security checks, how are they going to make it?!**

(4) Christian financial counselor, Larry Burkett warns that the government may be tempted to tamper with private retirement accounts to pay for Social Security benefits as Americans have over 2.5 trillion dollars in retirement vehicles already! (Burkett, Money Smart, p. 211) The precedent exists in the government already as it is absorbing Social Security trust funds to finance current national budget deficits. **Well, if the government in an "emergency" were to absorb these savings, how would the retired survive on Social Security alone?!**

(We turn to the sermon's "Need" section . . .)

Need: "If Social Security will be unable to finance my retirement, and with concerns over future governmental action, what can I do?!

I. **In spite of all forces to the contrary, all the needs of those who obey Christ are always, unconditionally met, Phil. 4:11-20; Ep. 1:15-23.**
II. **Yet, God may allow some shortfalls to help ministry, 2 Co. 12:7-10.**
III. **Now, though securing their livelihood, God wants believers to seek income, 2 Thess. 3:10, & a wise way is by investing, Mtt. 25:14-29.**
IV. **Solomon has supplied us with investing directives in Ecclesiastes 11:1-6 that, with current expert advice, show us how to invest well:**
    A. Principle One - Invest **boldly** in ***QUALITY businesses***, Eccl. 11:1a.
        1. The order to cast bread boldly on the waters is a phrase taken from the grain trade of ancient seaport towns, Ryr. St. Bib., KJV, ftn.
        2. Current financial experts confirm Solomon's suggestion here:
            a. Norman Fosback, Ed. in Chief, Mutual Funds mag., Jan. '96, p. 10 says: "Most investors don't take enough risk...concerned with losing money in the short run, they ignore the fact that long-term investing in...stocks & stock...funds...ultimately eliminates risk."
            b. However, such investments must be make in ***quality businesses***, not in speculative ventures. The disastrous hedging of stock portfolios by futures and options created much of the market crisis and drop in 1987! (Individual Investor, Oct. '97, p. 126)
    B. Principle Two - Do so with a ***long-term*** perspective, 11:1b.
        1. Solomon says that in "many days" investors will earn profit, 11:1b.
        2. Kiplinger's Mutual Funds '97 mag., p. 33, 40 reports on Frank & Marcia Parrish of Denver who, with but average incomes invested in aggr. growth funds. During the '73-'74 market drop, their nest egg's value fell **below** all they'd put into it, but they ***kept investing***! The market has since risen 1,000%, & they retired with $2 million!
    C. Principle Three - **Diversify** fully with **quality** ventures, Eccl. 11:2-3.
        1. Solomon urges diversifying investments into 7 or 8 ventures, for one never knows which venture will profit or fail, Eccl. 11:2-3.
        2. Bill Staton, CFA, chairman of an advisory firm who does nationwide invest. seminars says (Bottom Line/Personal): "...studies show that you can achieve about **90%** of ...diversification with...7 or 8 companies [***providing*** they are all in] ... different **industries**."

3. M. Stolper, pres. of a firm investing in funds, says: "...study after study...have [sic] shown that you are **fully** diversified once you own 25 or 30 stocks. Mathematically...anything more...is likely to water down the strength of your portfolio." (Ibid., Bottom Line/Personal)

D. Principle Four - Do **NOT** try to ***time*** the market, but **regularly** invest to maximize best the long-term growth possible, Eccl. 11:4-5.

1. Solomon reveals it is impossible to predict the market's future, 4-5; thus, instead of timing it, invest regularly long-term, v. 6 implied.
2. Peter Lynch claims far more has been lost by trying to avoid market crashes than is really lost in them, "Inv. Cor.," Reg.-Cit. (1/26/97).
3. To illustrate, though Roger Babson accurately predicted the 1929 crash, he'd also suggested selling stocks since '26, leading followers to miss a 140% appreciation that far exceeded the '29 crash! **Then** he urged investing heavily in 1930, a horrible call for market timers! (Andrew Feinberg, "Awaiting Armag.," Ind. Inv., Oct. '97, p. 126).
4. Besides, had one **left** $1,000 in stocks in 1926 when **Babson *first*** called to **trim** stocks, **today** it would = $800,080.00, an **80,008% *rise***! (Twent. Cent. Inv. Adv., Fall, 1994, "Redefining Risk," p. 2)

E. Principle Five - Invest as **soon** as income allows, & do so **habitually**.

1. Solomon orders us to sow our (investment) seed in the ***morning***, at **first** opportunity, and to remain active ("and **until** the evening") to equip one's self to produce the ***next*** (day's) investment, Ecc. 11:6a.
2. Michael Stolper (Ibid., Bottom Line/Personal) notes that 2/3 of the time the market rises; thus, though systematic investing is fine, if we **have** a lump sum, for **best** returns ***long-term***, invest it **ALL *NOW***!

V. **Investment experts urge complementing investments with savings:***

A. For principal needed within 5 years, plan **not** to invest it in **stocks** as a market downturn may not allow enough time to recover the principal; use bonds or money market vehicles for this money.
B. For principal needed in 5 to 10 years, invest it in middle-of-the road index or growth & income funds, or quality, large company stocks.
C. For money needed **after** 10 years, select stocks or stock funds of more aggressive, high quality nature through use of professional managers.

VI. **Counselor, Larry Burkett correctly suggests we use the growing resource of longevity to work after age 65 to counter retirement savings shortfalls, Investing for the Fut. calendar, May 13th entry.**

Lesson Application*: *To prepare for the financial future, (1) believe on Christ to enter His care, Jn. 3:16; Ps. 91:14-16. (2) Then, walk with God (1 Jn. 1:9; Gal. 5:16-23; 1 Jn. 2:3-6) and heed His insight on savings & investments (Ecc. 11:1-6) with counsel, Pr. 11:14.

Conclusion: (To illustrate the sermon lesson . . .)

One of the best mutual fund managers in history was Peter Lynch who directed the mammoth Fidelity Magellan Fund for twenty-some years. It boasted one of the very best average annual percentage rates ever in stocks during his tenure -- over 20% per annum.

In fact, had one deposited $100 a month into that fund and **not withdrawn any of it**, doing so from January 1st of 1976 to December 31st of 1996, for a twenty-year period, and providing he was using a tax-deferred account like an Individual Retirement Account, his total $24,000 invested would have yielded $335,048, over 13.96 **times** what he had invested. That is an increase of 1,396 %!

Yet, according to the Value Line Mutual Fund Survey, the **depressing reality** is that **most** of the investors who used that fund over those same years actually managed to **LOSE** more than they earned with it! They did so because, looking at the short-term picture, and seeing their principal as their **source** of **security**, they invested when they saw the fund's net asset value climb up and took money out when it came down on its long track record of ***many*** ups and downs! They did not follow the principle of investing boldly in good company stock for the **long-term**, and **continuing** to **keep** it there, **adding** to it in keeping with the teaching of Ecclesiastes 11:1-6!

If we as stewards of faith trust the teaching of God's Word and look to the Lord for our real security, we will be faithful in following His Word regarding even the area of investments. Conversely, if we view the principal of our investments as our secure god, and thus do not follow God's Biblical advice in how we should invest it, we will lose out on returns, and potentially lose rewards in eternity for how we failed to utilize the resource of money put to our disposal in accordance with Scripture's commands, cf. Mtt. 25:14-28; 1 Cor. 3:13-15.

We need to trust in Christ as Savior, trusting all we are AND *OWN* to His leadership, including our savings and investments, and manage them according to His sovereign, Biblical directives!