



# Depth Perception™

Commentary from Design For Ministry™  
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## The gift of financial awareness 30 June 2007

I often sit with families experiencing financial stress, trying to help them identify their options and the next steps toward a degree of financial health. After all this time I think it is somewhat safe to say the people with whom I meet are at one of three levels:

1. Without any idea of what they earn or spend.
2. Aware of their monthly income and expense but unaware of their total earnings and with no idea of their net worth. (This is the largest group of the three.)
3. Knowledgeable of their family income, expenses and net worth, but struggling to regain footing after being treated unfairly or having lost an investment they risked.

The irony is that what feels like the overwhelming problems experienced by groups one and two are solved relatively simply. Awareness is needed in two areas:

- a. Expense against income, and
- b. Net worth (assets minus liabilities)

### ***Awareness is a significant tool to manage money effectively.***

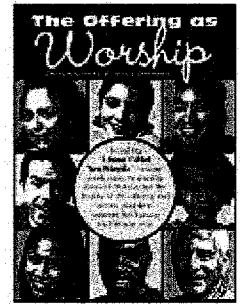
In most of these appointments we are able to identify practical and immediate next steps simply by becoming aware of the family's financial reality. I merely ask the family about information they already have and the solutions almost reveal themselves. Simply by organizing their answers into income or expense and asset or liability, we are able to get an accurate financial picture and to identify what needs to happen next.

What sometimes gets group three in trouble is that their awareness of expense/income and net worth are disconnected from each other. People who are otherwise organized financially sometimes forget to keep the long-term in mind when making a family budget decision, or they make a purchase of a significant item without considering the impact on their estate.

More about this next time . . . .

-mark I vincent

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