

## **A Half-Million Dollar Truck**

### **By Bob Young**

Being “retired” is interesting. If retirement means not having a paying job I am retired, but since I am still quite active in ministry and missions I prefer to think of my status as “reinvested.” People have a lot of questions: Why did you retire? What do you do now that you are retired? How did you retire (how were you able to afford to retire)? The answer to the “why” question is that I wanted to be able to minister to immediate needs, among those who can least afford help, without remuneration--gratis. The answer to the “what do you do now” question is that I do ministry and missions consulting and seminars, spending more time teaching and preaching than I did in full-time ministry. The answer to the “how” question is the subject of this article.

Current statistics show that most folks need to make more rapid financial progress toward retirement. In fact, the statistics suggest that few persons are financially prepared for retirement. Can we talk about the importance of saving? My answer to the third question is, “by saving.” Nothing makes a greater difference in one’s financial situation in later years than the ability and commitment to live on less than one makes. “If your outgo exceeds your income, your upkeep will be your downfall.”

A few years ago, a youth minister friend, 24 years old, had just started in a new youth ministry position. It was his first ministry job after college graduation. Suddenly, he had more money than he had ever had before. He decided that he just had to have new pickup. The one he wanted cost \$15000. (I told you this was a few years ago!) He asked me what I thought, and I advised against the purchase, suggesting that his current vehicle was sufficient for a while longer, or that a used vehicle would be a nice upgrade. My friend bought the new truck anyway. When I next saw him, I asked, “How do you like you half-million dollar truck?” “What do you mean?” he responded. I explained to him that the real decision he had made was to have the truck instead of having \$500,000 at age 64.

A simple mathematical rule (Rule of 72) says that when that the interest rate times the number of years equals 72, the result is that the principal doubles. For example, a 9% investment doubles in 8 years, an 8% investment doubles in 9 years, a 6% investment doubles in 12 years. The interest rates and investment returns were pretty good when my youth minister friend and I were conversing, and my calculations went like this:

after 8 yrs--from \$15000-30000;  
after 16 years--from \$30000-60000;  
after 24 years--from \$60000-120000;  
after 32 years--from \$120000-240000;  
after 40 years--from \$240000-480000.

Such is the power of compounding. When we are young, we have more time than we do money. A young family that forgoes just one new car in the early years, choosing instead to

save or invest the money that would have gone to the new vehicle and the accompanying payments, takes a major step forward toward retirement funding.

The first eldership I worked with set aside \$5/week and told me it was for retirement. They said I could not have it as salary and that it had to be invested in a retirement plan. They told me they would forward it to another eldership, but they would not give it directly to me. The retirement plan was established, and they put in \$5/week during the first year I worked with them, and \$10/year the second year. (Incidentally, those amounts were about 3-7% of my salary in those years.) After that, another church put in \$10/week for two years. The next church I worked with put in \$15/week for four years. When my wife and I purchased our own home, the pay package was restructured, I started another retirement plan, and the contributions to my initial retirement plan stopped. Jan and I never put more money in that original plan and we have kept the funds separate. You can calculate the amount invested (about \$5000), and you can make a close guess at the current balance in that little account after 40 years, using the Rule of 72 outlined above.

Jan and I have experienced the power of compounding. We are grateful for the few dollars that we were able to save early on—they have multiplied. We are grateful to that eldership that pointed us down the right path. My mother taught me to save 10%. We have done at least that, but could have done more. Through the years when Jan has worked outside the home we have saved almost all of her earnings. Our regret is that we did not save more in the early years of our marriage and allow the value of time to multiply our savings. Our joy is that we saved throughout our marriage and that God has blessed those efforts to his service.

“The most important thing is not how much you make, but how much you keep.”