



# STEWARDSHIP CONNECTIONS

A Newsletter for Financial Connections Within the Anabaptist Community

## The Adversity of Prosperity in the Twenty-First Century

By Ivan Bender

I will never forget the opening words of a financial seminar I attended one evening. The elderly gentleman at the podium dangled a very interesting question in front of the audience: **“Our culture has survived adversity—will it survive prosperity?”**

What a loaded question!

As we all know, the Amish and Mennonites faced severe adversity in the past. Many of our forefathers were burned at the stake, chopped to pieces, or left to rot in their prison cells. Their adversary’s tactics were very clear, but despite the extreme measures to obliterate them, their numbers kept increasing. They persevered! They didn’t give in! And now we’re reaping the fruits of their labor and drinking from the wells they dug. Are we keeping these wells clean so our descendants can also enjoy the waters we are now enjoying? Are we letting the waters get muddied by the cares of this world and America’s prosperity?

Although we aren’t facing physical adversity the way our forefathers did, we still have a very real adversary who is determined to destroy us. We know who this adversary is. It’s the same one who tempted and persuaded Eve to eat the forbidden fruit and who directed the painful experiences of our forefathers. But what are his tactics in this century? Before we can protect and preserve our cultural treasures, we must be able to

detect our enemy’s way of trying to destroy them. We must understand his tactics in our modern age.

While this discussion could go in many different directions, this article will focus on the financial aspects.

### The Modern Age

Most of us are familiar with the term *modern*. Modernism or modernity are closely related. When we think of modern things or modernity, we think of the latest styles in the world and the latest technology. Perhaps we even think of modern ways of thinking and acting. Interestingly enough, we as Anabaptists aren’t the only ones who think of modernity in terms of thought patterns and attitudes. Today’s sociologists (people who study human habits and societies) also come to the conclusion that modernity is more than just “things.”

According to sociologist Zygmunt Bauman in his book *Liquid Modernity*, there is a difference between modernity today versus a hundred years ago. People a hundred years ago believed modern things would result in a better future for them and their descendants. They envisioned coming to a point in time when people would reach the “golden age,” a time when there would be a better society, a better place to live, and better surroundings to raise one’s children.

## In this Issue

<b>The Adversity of Prosperity in the Twenty-First Century</b> .....	1
<i>Ivan Bender</i>	
<b>Why Give Now?</b> .....	3
<b>Young Family Finance &amp; Budgeting Seminars</b> .....	5
<b>Client Suggestions &amp; AF Responses</b> .....	6
<i>Fall Series 2021</i>	
<b>Business Workshops</b> .....	7
<b>Clean Records</b> .....	8
<i>Greg Wolf</i>	
<b>PA Business Seminars</b> .....	11
<b>Deacon Seminar</b> .....	12

Continued on page 2 »

The people behind the main thrust of this modern age were those with influence and money: the John D. Rockefellers and Andrew Carnegies who built “solid things” like railroads, mansions, and factories. Modernity up to 1945 or even later meant building and endorsing these practices. It took much perseverance, financial planning, and even sacrifice on the part of the ones who pursued this mindset.

The times we live in are often referred to as *post modernity* or *liquid modernity*. Liquid modernity involves a mindset of individuals not wanting to be tied to anything permanent or binding, from financial investments to marriage. Why invest a lot of effort in maintaining and cultivating a permanent relationship with your marriage partner when it’s deemed perfectly acceptable to abort and dismantle past commitments for another round of fresh romance? Why have long-term financial interest in any particular commodity when they make changes so quickly and one can perhaps make more money in another field? Even many manufactured goods are disposable. And in the age of instant communication, we get instant answers by googling. It makes sense that many fear that being committed to something might prevent them from enjoying the next source of instant gratification.

But what does all this have to do with finances among us plain people? Hang in there, and we shall get there eventually.

## Consumerism

One of the great differences between solid modernity and liquid modernity is the choices available to the consumer (the person who buys and consumes goods). Sociologists regard today’s typical consumers as being in a state of compulsion which has turned into addiction. This addiction is likened to a race that has an ever-shifting finish line—once the perceived goal is reached, there’s always another one to reach. All the gadgets available today are practically outdated by the time one learns to use them properly. The continual running, the gratifying awareness of staying in the race, becomes the true addiction. There really isn’t any particular prize waiting for the few who manage to cross the finish line.

As the general public is whipped into a buying frenzy, the producers of these goods do everything in their power to make sure that the consumers are never satisfied. Constant changes in car styles, clothing fashions, technology, and interior fashions keep the consumer buying. Change seems

to be the key word to keep the buying frenzy going. Jeremy Seabrook describes the scenario this way:

It is not so much that capitalism has delivered the goods to the people, as that the people have been increasingly delivered to the goods; that is to say, that the very character and sensibility of the people have been re-worked, re-fashioned, in such a way that they assort approximately . . . with the commodities, experiences and sensations. . . . the selling of which alone gives shape and significance to our lives.<sup>1</sup>

Many concerned brethren in our plain communities would agree this consumerism is the adversity our enemy Satan is throwing across our earthly trek to the Promised Land.

Consumerism hides behind the mentality of “everyone else has it, so I need it too,” and “if they can afford it, surely I can too.” This worldly mindset seeps subtly into our circles, finding and filling every crack in our churches and families that isn’t firmly sealed by the Word of God.

We live in a time that is ripe for this consumeristic mindset to wreak havoc within our circles. Fifty to one hundred years ago, most of the Amish were farmers. They didn’t have a lot of cash. Instead they had land, machinery, tools, and other collateral that could be converted to cash when they reached the age to pass the farm to the next generation. Today most plain people handle a lot of cash, but sometimes struggle to channel that cash in the proper places. That’s why it is essential to be aware of our adversary’s tactics when it comes to being a faithful steward in God’s kingdom.

The good news is that if we are truly a part of God’s kingdom, today’s adversities can be overcome, including in the financial field. God’s Word is as potent as ever, and Satan and his tactics have no choice but to back off. What are some practical steps that can be taken to combat that nasty cycle of consumerism and the huge pressures we are feeling and seeing in our circles? One way is by tracking our expenses to gauge whether or not we are spending our money as true stewards or if we are bending to the idol of consumerism.

## Tracking Expenses

How often at the end of the year do we go to file our income taxes and are aghast at how much money went through our

ALTHOUGH WE AREN'T FACING PHYSICAL ADVERSITY THE WAY OUR FOREFATHERS DID, WE STILL HAVE A VERY REAL ADVERSARY WHO IS DETERMINED TO DESTROY US.

<sup>1</sup> Zygmunt Bauman, *Liquid Modernity* (Malden, MA: Polity Press, 2012), p. 85.

# WHY GIVE NOW?



Anabaptist Foundation helps conservative Anabaptist businesses and families channel financial resources to churches and charities. On a daily basis, we walk alongside generous Christians who encourage church deacons and charity administrators by anonymously supplying the funds needed to do God's work.

Activity in the Charitable Gift Fund program tends to occur in predictable cycles. Heavy giving occurs in December, followed by much lighter giving activity in early spring and summer. This year has felt different. Contributions were very strong in December 2020 but then, surprisingly, never slacked off. During the first half of 2021, our Charitable Gift Fund users have continued to give steadily and generously, right through what have been the traditionally "slow" months. Why are we so busy?

- ✓ **Our people have money to give.** Conservative Anabaptist businesses are prospering. Family needs are met. Extra funds have accumulated in business and personal checkbooks.
- ✓ **Our people want to give.** Those who recognize that everything belongs to God naturally want God's money to be actively employed doing God's work. They understand that resources should not be buried in the ground and left unused.
- ✓ **Our people wish to give anonymously.** Using a Charitable Gift Fund account allows a donor to give anonymously in obedience to Jesus' instruction in Matthew 6:1-4.
- ✓ **Our people desire to give like stewards.** Money earned by diligence should be distributed with diligence. Our people want access to solid information and impartial counsel so they can "invest" God's money to meet specific, legitimate needs. The Foundation provides our Charitable Gift Fund users with information about charities and charitable needs.

We rejoice in this increase in giving. Our Foundation staff are glad to help God's people channel their financial

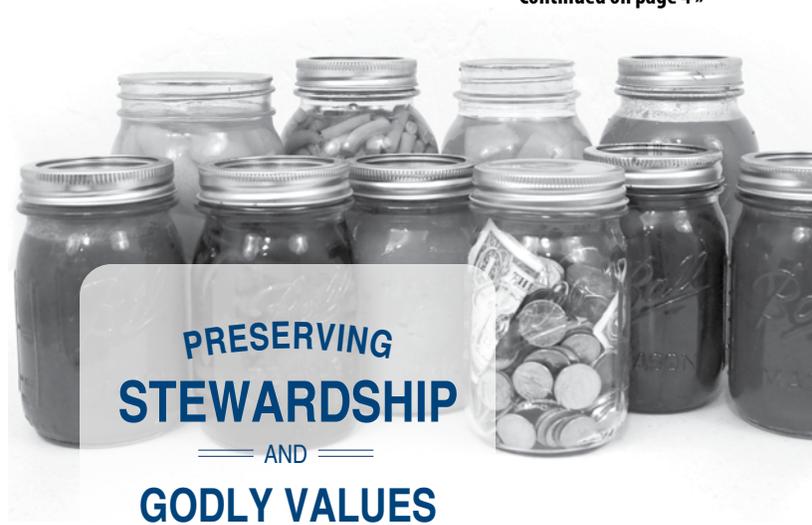
resources to do God's work. And we have good software and processes in place for efficiently issuing contribution receipts and gift disbursements. We can handle more work.

Have you been blessed financially in 2020 and 2021? Is it in your heart to put more of God's money to work in His kingdom? Is it important to you to be able to give anonymously to churches and charities? When you have questions about charitable needs, would it help you to have access to a neutral source of information with conservative Anabaptist values?

If you are not already using a Charitable Gift Fund account to make anonymous gifts to the churches and charities you wish to support, please contact us now to find out more. Don't wait until late December to open a new account, for two important reasons. First, if you have extra funds which should be actively employed doing God's work, you should not allow them to sit idle while they could be meeting needs at churches and charities. That would be like burying God's money in the ground. Second, while we are glad to help you get started with a new Charitable Gift Fund account whenever you are ready, we'd rather do it now before the year-end deadlines and rush. Good intentions are undercut by procrastination. If you intend to do it, get started today.

For information about the **Charitable Gift Fund Program**, contact Anabaptist Foundation at 800-653-9817 or [giftfund@afweb.org](mailto:giftfund@afweb.org).

Continued on page 4 »



**PRESERVING  
STEWARDSHIP  
AND  
GODLY VALUES**

## CHARITABLE BEQUEST PROGRAM

Anabaptist Foundation's Charitable Bequest Program is a simple way to plan and manage end-of-life gifts. When planning their estate or revising their will, many people focus on dividing assets among family members. Meeting family needs is an appropriate use of your resources, but consider where support for God's kingdom fits within your planning. If during your lifetime you have sought to be a steward of the resources God entrusted to your care, continue to be a good steward all the way until the end.

- ✓ What is the balance between meeting family needs and allowing family members to learn their own life lessons regarding work and stewardship?
- ✓ Can too much inheritance weaken personal accountability or trust in God for the future?
- ✓ Do you wish to make a significant contribution to one or more charities? Would a bequest gift be your once-in-a-lifetime opportunity to make a larger gift?

### How do I make a charitable bequest?

Participating in the Charitable Bequest Program is easy. Working with your own lawyer, you revise your will to designate a portion of your assets as a charitable bequest to Anabaptist Foundation. Then we help you create a Bequest Plan that guides how we fulfill your charitable goals. You select the charities you wish to support. When your estate is settled after your death, your executor will simply make one charitable bequest to Anabaptist Foundation. Following

your Bequest Plan, the Foundation then oversees the distribution of those assets to the charities you designate.

### How do I decide what to give?

The first step is to decide what share of your assets you wish to designate for charity. It is better to use percentages or shares rather than a dollar amount, since you don't know what the final size of your estate will be. Options include giving a fixed percentage (like a 10% tithe on the estate) or giving all that remains after specific bequests to your family are met.

After you have reached this decision, it is important that you contact the Foundation so we can help you create a Bequest Plan. If you plan to name the Foundation as a charitable beneficiary, then we wish to have accurate information regarding which churches, schools, or other charities you want to support, and the percent of the bequest intended for each. One of the benefits of the Charitable Bequest Program is that you can review and modify your Bequest Plan at any time. You can add or delete charities or change the percentages assigned to each by simply contacting Anabaptist Foundation. This eliminates the expense of changing your will if your giving priorities change over time. Your bequest distributions to charity can occur all at one time or be spread over a period of years.

To learn more about the **Charitable Bequest Program** or for help to create a Bequest Plan for funds you have already designated for Anabaptist Foundation from your estate, please contact us at 800-653-9817 or [info@afweb.org](mailto:info@afweb.org). 

hands and how little we have to show for it? Often we have no way of knowing how much we spent for what! Tracking our money is very helpful in becoming aware of our spending habits. Perhaps you are a conscientious individual and will learn that you haven't overspent; it just simply costs a lot to support a family. Or you may learn that you have spent much more than you were aware of or wanted to in certain categories.

Take a simple notebook and make columns with headings at the top of each column. Typically the headings consist of *giving, taxes, housing, transportation, recreation, food and household, savings, clothing, education, medical, miscellaneous,*

**GOD'S WORD IS AS POTENT AS EVER,  
AND SATAN AND HIS TACTICS HAVE  
NO CHOICE BUT TO BACK OFF.**

and any other category you feel is appropriate. Also include a column dedicated to tracking your income. Then write down every penny you spend, listing it in the proper category, as well as all your income in its column. At the end of the year, or even monthly, you can see exactly where all your money went. At that point you can divide your income into each expense category total. This will tell you what percentage of your income each expense category consists of.

In the Tracking Budget Guide, featured at the end of this article, you will find a guideline budget on page 46. These percentages can give you an idea what each category

should be percentagewise. By comparing your percentages to the guideline budget, you can get an idea if you are on track or not with your spending habits. If you find that the percentages you're spending every month nearly match the guideline budget, great! Give God the glory and carry on.

But what if one of these categories is glaringly disproportionate? You might say, 10% for giving? There is no way I can do that! And recreation and travel a mere 1%? How can I enjoy God's creation in the woods during hunting season and take my boys to a few horse sales a year for that little? If only my wife wouldn't spend so much on her groceries!

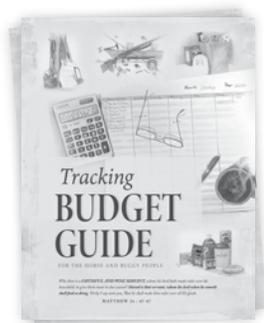
Don't be discouraged. Remember, you are merely a steward of this money and not the owner. A steward doesn't have the right to spend at his own will, but neither does the Master expect the steward to figure out the mess on his own. Entreat the Master in prayer and search the Scriptures, so that you and your life partner can through the grace of God make changes in these spending habits.

Find some books and resources that explain budgeting. Budgeting will tell your money where to go, whereas tracking shows where it went after it was spent. There are resources available that can help you be a faithful steward of the goods the Owner has entrusted to you.

## Summary

We truly are challenged as a culture to maintain foundational values that establish our identity as a separate people: a people who are called to be "a chosen generation, a royal priesthood, an holy nation, a peculiar people" (1 Peter 2:9). It is of utmost importance that we fully appreciate and have interest in our cultural identity as Biblical stewards if we expect our children to enjoy the benefits of this heritage as we do today.

We cannot help that we live in the twenty-first century. We cannot help that we live in a society where happiness is thought to be obtained in compulsive consumerism. Let's not be discouraged by the times and challenges we are facing! Let's not be complacent and unconcerned. The same God who allowed us to be born in these times will assist us in being faithful stewards. 



# \$8.50

## Tracking Budget Guide

plus shipping and handling,  
and sales tax (where applicable).

To order call **570-800-2191**.

# YOUNG FAMILY FINANCE & BUDGETING SEMINARS

SCHEDULE A  
SEMINAR IN  
YOUR AREA

The **Young Family Finance Seminar** lays a solid Biblical foundation for youth and young families, teaching stewardship concepts, principles of giving, scriptural view of debt, and principles of saving. The **Budgeting Seminar** then builds on this by offering practical advice in setting up a budget to help avoid financial pitfalls.

AF's Stewardship Resources partners with local communities that have a heart for this kind of teaching. For more information or to schedule a seminar in your area, please contact Jason Sensenig at [jasonsensenig@afweb.org](mailto:jasonsensenig@afweb.org) or call him at 570-468-1357.

## Upcoming Family Finance Seminars

Hillsdale, PA – Tuesday, August 17, 2021  
Budgeting Seminar, 6:30 p.m.

To be held at Hillsdale Mennonite Fellowship Hall  
1369 Fleming Summit Road, Commadore, PA 15729

Holmesville, OH – Monday, October 11, 2021  
Budgeting seminar, 6:00 p.m.

To be held at James & Mary Ann Schlabach  
9756 Township Road 554, Holmesville, OH 44633

New Bedford, OH – Tuesday, October 12, 2021  
Budgeting seminar, 6:00 p.m.

To be held at Abe & Rosy Troyer  
4512 Co Hwy 59, Baltic, OH 43804

Hanover, PA – Saturday, November 13, 2021  
Budgeting Seminar, 6:00 p.m.

To be held at P.E.A.C.E. Ministries Activity Center  
236 Baltimore Street, Hanover, PA 17331

Hanover, PA – Sunday, November 14  
Young Family Finance Seminar, 10:30 a.m. & 7:00 p.m.

To be held at Hostetters Mennonite Church  
537 Hostetter Road, Hanover, PA 17331

To reserve your seat, call 570-468-1268 and leave a message, or email [seminars@afweb.org](mailto:seminars@afweb.org).

# Client Suggestions & AF Responses

**Anabaptist Financial** sends out client surveys to evaluate how we are doing with customer service. We value the feedback and suggestions for improvement. Survey responses are reviewed by our officer team and office staff.

Following are some of the survey comments along with our responses. We believe these comments and questions are representative of our client base, and by featuring them here, we hope to answer questions others may have.

## **Question:**

**How secure is my investment at Anabaptist Financial?**

**Answer:** While it is true that none of our material possessions in this life are truly secure, we are stewards of all that God has entrusted to us and should do our best to make wise financial and investment decisions. Therefore, the security of your funds should be one of the primary considerations when deciding where to invest your money.

It is good to remember that the actual return of invested funds is more important than the rate of return. While no investment can ever be perfectly secure in this world, AF is based on the concept that an investment and loans program within our own conservative Anabaptist communities, backed by real estate and real property, is as secure an investment as is reasonably possible. We limit participation in Anabaptist Financial to individuals who adhere to the 1963 Mennonite Confession of Faith or earlier, similar confessions. This way our investors' funds are at work among our own people, based on shared values. Our loans program includes a thorough application process, review by a loans committee, conventional loan-to-value ratios, filing of mortgages and liens for security, and provision for a brotherhood accountability committee through the church if a borrower is unable to make payments.

We do not seek to maximize returns by investing in subprime mortgages. Borrowers must meet our lending standards in order to get loans. We are organized as an investment company, not a bank, which is why funds invested at AF are not covered by FDIC, the federal government's deposit insurance program. Instead, we seek to ensure security by carefully choosing the type of people to whom we lend, by maintaining a thorough review process, and by requiring brotherhood accountability. No investment funds are placed in the stock market. All

investor funds are held in cash bank accounts or loaned back out to our own people.

Anabaptist Financial is not privately controlled. We believe it is significant that we have:

- Substantial loan loss reserves and equity, which are both audited requirements.
- A team of officers working in day-to-day operations.
- A 10-member board of directors from a variety of conservative Anabaptist church groups who exercise oversight and governance.
- A 40-member advisory group from a variety of conservative Anabaptist church groups who give insight and help guide the overall direction of the organization.
- An independent auditor who audits our finances annually.
- State Securities Commission (SEC) registrations or exemptions to accept investments legally.
- Registration as a 501(c)(3) nonprofit organization with the Internal Revenue Service and annual filing of Form 990, which details all our activities.

Sometimes investors ask what would happen to their investment at Anabaptist Financial in the event of an economic downturn or a financial collapse. Since all funds held at Anabaptist Financial are cash deposits, your investment would retain the same value which cash holds.

In such a scenario, the cash reserve balances which AF maintains may not be sufficient to meet all investor withdrawal requests, and immediate availability of funds may be limited. Ultimately, the security of investor funds is linked to the ability of our borrowers to repay their loans and the strength of our Anabaptist communities. We believe that our conservative Anabaptist people would be the last to default on their loans, which gives us optimism that AF and our investors would fare as well or better than would be generally expected in such circumstances.

**Continued on page 7 »**



### Client suggestion:

- Offer electronic statements.
- Offer online account access. I know this creates a lot of complexity, so paper quarterly statements are fine.

**AF response:** Over the years, many of our participants have requested both electronic statements and online account access. We are now able to offer these features. Please call or email to sign up.

### Client suggestion:

- Providing a locked-in interest rate would be wonderful.

**AF response:** Providing a locked-in interest rate to borrowers involves a lot of risk to Anabaptist Financial's investors. By paying a variable rate to both investors and borrowers, this risk is mitigated because both rates move in tandem. In order to offer long-term fixed rates to borrowers, our investors would also need to agree to fixed investment rates. With the constant inflow and outflow of both investments and loans, offering fixed rates is prohibitive at this time. We will continue to explore this possibility.

### Client suggestion:

- I would appreciate if my investment could be returned on shorter notice. For my business, it is almost impossible to know what I will need in 60 days. What about one week?

**AF response:** Anabaptist Financial is an investment company, organized to handle long-term investments. We are not organized to handle daily transactions or frequent deposits and withdrawals like a bank is. Anabaptist Financial offers two investment options to enable investors to choose which best meets their needs:

1. A short-term Demand Rate account in which funds are available for immediate withdrawal. This account is for funds that may be needed on short notice.
2. A long-term, Demand Plus 60-Day account in which Anabaptist Financial has up to 60 days to return funds. We seek to honor withdrawal requests on the date they are requested and typically can do so. But it is important to remember that Anabaptist Financial is not a bank, and from time to time may need up to 60 days to return funds because of liquidity and cash management purposes. In order to pay our long-term Demand Plus 60-Day higher interest rate to investors, Anabaptist Financial must be able to make corresponding long-term loans to borrowers to earn these rates. Therefore, investors who need funds available on notice should always use the Demand Rate account. 



A FOCUSED APPROACH TO LEARNING

FALL SERIES 2021

# BUSINESS WORKSHOPS

## Human Resources Workshops

September 8-9, **Millersburg, OH**

September 27-28, **Halsey, OR**

September 30-October 1, **Pasco, WA**

October 12-13, **East Earl, PA**

November 16-17, **Middlebury, IN**

November 30-December 1, **Hutchinson, KS**

## Business Planning Workshops

September 14-15, **Memphis, MO**

October 12-13, **Millersburg, OH**

November 9-10, **Seneca Falls, NY**

## Business Succession Workshops

September 8-9, **Arthur, IL**

November 2-3, **Millersburg, OH**

November 16-17, **Memphis, MO**

## Marketing Workshops

October 26-27, **Odon, IN**

**Reserve your seat today!** Call 570-468-1268.

# Clean Records *Separating Family and Business Finances*

By Greg Wolf

Many family-owned businesses find it challenging to keep family and business finances separate. Larger businesses that operate as separate business entities do a better job of this, but even then do not always avoid mixing the two. This creates a range of problems, including frustration and stress, improper tax and financial reporting, and the inability to properly react to reports. Muddled financial records lead to a muddled focus, muddled reporting, and muddled decisions.<sup>1</sup>

Consider John, the owner of a small appliance store which he operates in a renovated farm building on his property. He manages the store while his wife Susie does the bookkeeping. John also has two employees who work in sales and service.

## **MUDDLED FINANCIAL RECORDS LEAD TO A MUDDLED FOCUS, MUDDLED REPORTING, AND MUDDLED DECISIONS.**

Tuesdays are busy days. Store hours are longer, and it's Susie's day for bookwork. At 6:00 pm when the store closes, John and Susie review the bookwork and then go to the house for supper. Since Susie was working most of the day, she is always happy when John grabs some cash from the register to order in pizza or take the family out for supper. The cash is certainly not as much as Susie should get paid for her time, John reasons, as he freely takes whatever is needed for Tuesday supper.

As time goes on, and the business grows, John finds himself using cash from the business more and more. The children are getting older and a big help in the store. John feels justified buying a new bike for his 12-year-old son and a sewing machine for his 14-year-old daughter, paid for out of the cash drawer. After all, they are big helpers. Susie is now in the store on Thursday as well, and the Tuesday supper tradition has also been adopted for Thursdays. Business is good, and life is good for John and Susie.

Fast forward the story five years. John's son and daughter are ready to become full-time employees of the business. John's daughter can replace Susie in bookkeeping, while his son is ready to work in the repair department. But John has a few problems.

First of all, he doesn't know how to value the bookkeeping role. Susie never tracked her hours spent on bookwork and never got paid except for the trade-off of cash from the store register to pay for supper. How much time should it take his daughter, and how much should she be paid as she takes up this role? John has no idea.

Secondly, John had never paid his son until now, although he knows he paid for a lot of nice things for his son out of the store's cash register. It always motivated his son to work when he saw the fruit of his labor come out of the cash register to fund his next desire. How much time and pay can John promise his son? He has no idea how to value his son's labor because he never tracked his time and "pay" in the past.

John is a good businessman, but a poor recordkeeper. He has failed to observe some basic principles of finance in relation to his business and personal finances. He wanted his children to become part of the business and enjoy the work, but his sloppy recordkeeping almost prevented it. As John discussed and reviewed a plan to bring his children into the business, it became apparent that this habit of robbing the register would need to stop. John's muddled finances never allowed him to know how much the business actually made and how much the family actually spent. This needed to change in order for John to give an honest paycheck to his children, be honest in accounting of taxes, and to develop a disciplined family budget. With no way to predict his children's value to the business, John had to pay them less than the going wage until the recordkeeping was clear. He hoped they would not move on to other jobs before he could pay them their worth.

While a family-owned business is often a valuable and intentional extension of family life, there needs to be a distinct wall between the two entities. As a business grows, it may be best for a separate business entity, but even a sole proprietorship calls for a mental distinction between family finances and business finances. This is necessary for proper stewardship in both realms as we diligently manage God-given resources.<sup>2</sup> Maintaining this wall of distinction should not be regarded as burdensome, but rather helpful in maintaining proper focus and management in each realm. Each has their unique God-ordained roles.

## **Practical ways to keep things clear**

Let's consider some specific practices that keep things clear between family and business finances.

1 Ephesians 5:17 "Wherefore be ye not unwise, but understanding what the will of the Lord is."

2 Proverbs 12:24 "The hand of the diligent shall bear rule: but the slothful shall be under tribute."

## 1) Separate the two

Take steps toward a tangible separation between personal and business finances. Open separate checking accounts. Keep separate accounting systems, budgeting processes, and financial reports. Use only business collateral for business loans and only personal collateral with personal loans.

For now, don't think about what the banker and the IRS man might expect. Instead, think about this tangible distinction purely for the sake of stewardship.

- **Checking** – Keeping track of whether it was Mom's grocery expenses or the boys' snacks at the shop is too hard when you use a single checking account for both business and the home. Separate checking accounts make it much easier. Separate accounts will track almost all the money that moves through the family or the business. It may be even easier if you use separate banks for the separate accounts.

Use separate cash accounts too. If all the cash from the home and business is mixed together in Dad's wallet or in one cash drawer or envelope, it's too hard to track. Separation is the key theme here. Separate the flows of cash into distinct streams that can be accounted for and managed separately.

- **Accounting** – This involves keeping a separate set of books to track and summarize the flows of cash through the family finances as well as the business. You will likely need a different kind of accounting system for the family than you do for the business. Different systems will help to maintain clarity between the two.

Our family opened a small family business in 2012 to fulfill a desire we had to provide a place to work together as our children grew to adulthood. Family Food Store operates as a sole proprietorship; in other words, the ownership of the business is held by my wife and I personally, and income is reported on a Schedule C on our personal tax return. However, we maintain completely separate bookkeeping systems. In our situation, we use QuickBooks for business accounting and an older version of Quicken for the family budgeting and bookkeeping. You don't need computerized accounting systems. Manual systems of bookkeeping for both family and business accounting can be effective. But systematic separation of the two is the key.

- **Budgeting** – Once accounts and their accounting are separated, there is a clearer basis for budgeting

in each realm. Budgeting is simply another way of thinking ahead and planning potential outcomes in an uncertain future. Budgets are important because they put on paper the planning that is likely already occurring in your head and that shows your priorities. Writing down a plan for your money is a way to help you think through how you will use your money and communicate your plan to others. Having a budget and following it also gives accountability for where your money is actually going. Make sure the books are open to partners or your spouse so they can see that income, expenses, and giving are according to the budget. It provides a means of leading and following in family and business finances.

- **Reports** – Reports range from simple summaries of family spending categories to business balance sheets, profit & loss statements, and cash flow statements. The important point here is that they should be distinctly separate. There is no other way to properly tell whether a business is making money, which is a key part of family income. And there is no other way to fairly look at family spending, which is a key part of household stewardship. The recordkeeping of a family that has a business should be similar to a family that does not have a business, and separation in reporting allows for that.

## WHILE A FAMILY-OWNED BUSINESS IS OFTEN A VALUABLE AND INTENTIONAL EXTENSION OF FAMILY LIFE, THERE NEEDS TO BE A DISTINCT WALL BETWEEN THE TWO ENTITIES.

- **Loans** – Banks often view family and small business finances as commingled in terms of loans and collateral, especially those without a distinct business entity involved. Extended family members and other private lenders are even more likely to view it like this. Nevertheless, those managing the family as well as the business should maintain clarity for their own stewardship purposes. It is simply too easy, for example, to

fund family needs—or wants—on a business line of credit. This makes it hard to know what's happening within the family and the business and to make wise and prudent management decisions.

## 2) Be an Employee

How family members in a family-owned business get paid depends on the type of entity and the advice of tax accountants. They may receive W-2 wages just as if they worked for some other business. Or they may receive 1099 wages or simply take owner draws of net income (as part of the owner's business equity). Regardless, the point is that how they are compensated should be systematic and distinct.

It is a good idea to set up specific time periods for getting compensation, much the same as employees in other businesses would have. This allows both the business and the family to budget accordingly, so they don't have to presume upon each other to keep cash flows positive. This

## FAMILY MEMBERS SHOULD HAVE THE SAME EXPECTATIONS, RESPONSIBILITIES, AND ACCOUNTABILITY AS IF THEY WERE EMPLOYED ELSEWHERE.

is especially important with businesses in which income varies a lot. This method requires discipline, but it is a necessary part of stewardship decision-making. Not having regular, set times for payments only muddies the waters and encourages unwise financial choices.

Family members should have the same expectations, responsibilities, and accountability as if they were employed elsewhere. This goes beyond the realm of finance, but it's worth mentioning here, because it relates to compensation.

## 3) Be a Customer

This is important when the family-owned business involves retail. It's easy to use business resources for the family, assuming it's all commonly owned anyway. But remember the wall that exists between the family and the business.

Our family business is in food retail. Opportunities are abundant to grab food out of the store for home use. This is not something to feel guilty about or even discourage, yet it should be done as though we are customers, with proper accounting. Family discounts are not necessarily wrong, especially when

food is going out of date or not selling. But failing to account for these purchases only muddies the waters of business profitability and family spending. It is also tempting to avoid our responsibility to pay sales tax, violating the command in Romans 13:6-7 to "render therefore to all their dues."<sup>3</sup>

## 4) Be a Landlord

It might sound overly formal for a family owning a business to be a landlord. This means the business should compensate the family for any family assets used by the business. That often includes real estate assets but can also include such assets as equipment and vehicles, if they are not owned by the business.

In our business we have a small trailer for things such as picking up pallets of flour for our bakery. But we pull the trailer with our family vehicle. We used to try to guesstimate the miles used for tax information. But a couple years ago, we started reimbursing our family for the use of the vehicle each time the store uses it, using the IRS mileage rate. This has worked very well for us, placing a fair burden on the business for the use of that vehicle while relieving the family expenses associated with keeping that vehicle on the road.

## 5) Balance Priorities

Even with our best efforts to maintain clarity between family and business finances, there are still some gray areas. For example, how much should the family be compensated by the business? It may be appropriate to pull all the family income out of the business, but it may be wiser to seek alternative income for the family until the business strengthens and grows. This might be a part-time job to allow cash and equity to grow inside the business.

In the early years of a family business, a family may find it helpful to prioritize family budget categories. They may want to use income from the business for more fundamental requirements such as housing, food, and clothing but hold off on categories such as recreation, travel, and a non-mandatory vehicle replacement. These categories are not necessarily wrong, but funding could possibly come from somewhere else until there is more income within the business to support them. In other words, as a business starts up, the family that owns and runs it needs to be careful not to draw more compensation from it than it can sustain and meet its own need to stabilize and grow. While, over time, compensation should relate to the value the family contributes, there are seasons when a family might

<sup>3</sup> Romans 13:6-7 "For this cause pay ye tribute also: for they are God's ministers, attending continually upon this very thing. Render therefore to all their dues: tribute to whom tribute is due; custom to whom custom; fear to whom fear; honor to whom honor."

need to sacrifice some expectations for family spending that can be deferred until the business is more able.

This illustrates once again the importance of planning and budgeting in both family and business realms, acknowledging that there is a balance between the two that requires some adjusting of priorities over time. It also shows the importance of maintaining discipline in managing finances, both in family and business, to make consistent stewardship choices.

Families with businesses are often tempted to muddle the ownership and management of the two, assuming they both belong together anyway. But losing a sense of clarity causes confusion, misleads decisions, and hinders stewardship. It is important to develop a proper attitude of clear separation between the family and the business, implementing practices that will maintain that separation over time and believing this is best for the family as it seeks to wisely steward in each respective realm. 

# PA Business Seminar\*

**Martindale Reception Center**  
**352 Martindale Road, Ephrata, PA 17522**  
Tuesday, September 14, 2021  
Wednesday, September 15, 2021

**Antrim Brethren in Christ Church**  
**24 Kauffman Road East, Chambersburg, PA 17202**  
Thursday, September 16, 2021

**Theme: Business Leadership—Leading as a Servant**

**Growing Others Through Equipping and Mentoring**  
Manny Zook

**Creating a Culture of Trust** Daryl Weaver

**Casting a Compelling Vision** TBD

**Compensation Plans That Encourage Leadership, Participation, and Trust** Gary Garber

**Business Management Software—Beyond Accounting**  
Clyde Zimmerman

**Building a Solid Business Foundation** Clyde Zimmerman

**Leading as a Servant Through Succession** Gary Garber

**Being a Consecrated Servant** Manny Zook

\*The same seminar will be held each of the three days.

## WAYS TO REGISTER:

**Call** 570-468-1268

**Online** [www.afweb.org/resources/business-seminars](http://www.afweb.org/resources/business-seminars)

**Email** [seminars@afweb.org](mailto:seminars@afweb.org)

*Register before September 1 for a \$10 early registration discount.*



## Looking ahead: Business Seminars

**Hutchinson, Kansas**  
November 9, 2021

**Seneca Falls, NY**  
January 18-19, 2022

**Odon, IN**  
February 22, 2022

**Arthur, IL**  
February 23-24, 2022

**Berlin, OH**  
March 15-16, 2022

55 Whisper Creek Drive  
Lewisburg, PA 17837

\* \* Address service requested \* \*

Stewardship Connections ▪ Volume 14, Issue 3 ▪ August 2021 ▪ A quarterly publication of Anabaptist Financial

Website: [www.afweb.org](http://www.afweb.org) ▪ Phone: 800-653-9817 ▪ Fax: 866-230-6253 ▪ Email: [info@afweb.org](mailto:info@afweb.org)

**Editorial Team:** Merle Herr, Richie Lauer, Paul A. Miller, Floyd Miller (officers);  
Rachel Mast (managing editor); Teresa Sommers (graphic designer)

**Reviewers:** Wayne Keim  
Marvin Mast



Deacon Seminar in Ephrata, PA

## Deacon Seminar

*Open to all ordained brethren and those who serve as financial trustees and advisors. Spouses welcome.*

Halsey Mennonite Church  
910 E. 1st Street, Halsey, OR 97348

**Thursday, September 23, 2021**

**The seminar is free;** however, please register as soon as possible so we can plan for seating and lunch. Contact Sharolyn at **570-468-1326** or email [seminars@afweb.org](mailto:seminars@afweb.org).