

Towards a Jubilee Economy

Session Two: Discussing Your Finances and Budget in Community

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Participant's Guide

Goals for Session Two

1. Share about money in your family of origin.
2. Be grounded in Scripture, and God's vision for human beings to help one another and cheer one another on to inherit a good portion of the creation (a home).
3. Share about the process of budgeting, logistically and emotionally.
4. Talk about what credit scores are

Outline of Session Two

- Part 1: Personal sharing about money and family (20 min)
 - What did your family of origin teach you about money?
 - What did they model for you about what it means, and feels like, to manage wealth?
- Part 2: Reflect on Scripture: What does God's family means about money (20 min)
 - 2 Corinthians 8 - 9 (selections): Jesus came to make us more and more generous. God's vision for the church was to have Christians care for the global church, not just local, in terms of economic sharing, broadly speaking. So there is no shame in making our needs and struggles known.
- Part 3: Personal sharing about budgeting (20 min)
 - What did budgeting make you feel?
 - What questions or realizations did you have as you did the budgeting?
 - If you have been budgeting long before this, how did it feel to start back then?
 - What questions might you have about budgeting as you get older? Identify them.
 - How can you put prayer and budgeting together?
 - What one goal do you have that you'd like to move towards during FHS?
- Part 4: What goes into a credit score? (15 min):
 - Leader will share how a credit score looks, and what factors go into it
 - Segue to the topic of debt, for next time

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Part 1: Personal Sharing About Money and Family

1. What did your family of origin teach you about money?
2. What did they model for you about what it means, and feels like, to manage wealth?

The following words might help you describe your experience. Do any fit? Why or why not?

Secret

Open

Organized

Disorganized

Scarce

Abundant

Educational

Mysterious

Stressful

Peaceful

Fairness

Favoritism

Pressure

Relaxed

Generous

Intimidating

Savings

Spending

Shameful

Pride

What other words would you choose? Why?

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Part 2: Be Grounded in Scripture

We want to understand how God shaped His people through Jesus. Last week, we looked at an Old Testament passage to appreciate how God guided and shaped His people back then. But we can't just insert ourselves back into the story of Israel. We also have to look at the place in the biblical story we do get involved.

2 Corinthians 8:1 - 15, New American Standard Bible

Introduction:

Here is a section from Paul's Second Letter to the Corinthians. Paul is collecting funds from Gentile Christians in Greece, Macedonia, and Asia Minor, on behalf of famine-stricken Jewish Christians in Jerusalem and Judea. Notice his vision for the Christian movement from a global perspective, and how Jesus inspires him.

Guiding Questions As You Read:

1. Paul says that the Macedonian Christians were not wealthy. In fact, in v.2, they had "great affliction" and "deep poverty." What kind of people would feel "abundance of joy" at the opportunity to give, even though they didn't have a lot of wealth?
2. Imagine being the apostle Paul, collecting money from some people to help another group of people. What kind of person would gather funds from people who were already poor?
3. Why is Jesus inspiring, according to v.9?
4. If the vision of Jesus is to make us all more generous, doesn't that mean we have to share about our financial needs, resources, and struggles?
5. How can the Christian movement express "equality" in Paul's view, in v.12 - 15? How does this express "right relationship" from a Christian perspective?
6. If time permits and you are interested, check out the "manna" story in Exodus 16. Do you think Paul is being strategic in v.15 by quoting from Exodus 16:18?

Scripture:

¹ Now, brethren, we wish to make known to you the grace of God which has been given in the churches of Macedonia, ² that in a great ordeal of affliction their abundance of joy and their deep poverty overflowed in the wealth of their liberality. ³ For I testify that according to their ability, and beyond their ability, they gave of their own accord, ⁴ begging us with much urging for the favor of participation in the support of the saints, ⁵ and this, not as we had expected, but they first gave themselves to the Lord and to us by the will of God. ⁶ So we urged Titus that as he had previously made a beginning, so he would also complete in you this gracious work

as well. ⁷ But just as you abound in everything, in faith and utterance and knowledge and in all earnestness and in the love we inspired in you, see that you abound in this gracious work also. ⁸ I am not speaking this as a command, but as proving through the earnestness of others the sincerity of your love also. ⁹ For you know the grace of our Lord Jesus Christ, that though He was rich, yet for your sake He became poor, so that you through His poverty might become rich. ¹⁰ I give my opinion in this matter, for this is to your advantage, who were the first to begin a year ago not only to do this, but also to desire to do it. ¹¹ But now finish doing it also, so that just as there was the readiness to desire it, so there may be also the completion of it by your ability. ¹² For if the readiness is present, it is acceptable according to what a person has, not according to what he does not have. ¹³ For this is not for the ease of others and for your affliction, but by way of equality – ¹⁴ at this present time your abundance being a supply for their need, so that their abundance also may become a supply for your need, that there may be equality; ¹⁵ as it is written, “He who gathered much did not have too much, and he who gathered little had no lack.”

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Part 3: Personal Sharing About Budgeting (20 minutes)

1. What did budgeting make you feel?
2. What questions or realizations did you have as you did the budgeting?
3. If you have been budgeting long before this, how did it feel to start back then?
4. What questions might you have about budgeting as you get older? Identify them.
5. How can you put prayer and budgeting together?
6. What one goal do you have that you'd like to move towards during *Towards a Jubilee Economy*?

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Part 4: Credit Scores (15 minutes)

Here's What Americans' FICO® Scores Look Like -- How Do You Compare?

by [The Ascent Staff](#) | July 29, 2020

<https://www.fool.com/the-ascent/credit-cards/articles/heres-what-americans-fico-scores-look-like-how-do/>



Image source: Getty Images

The average American has a FICO credit score of 706. But unless your credit score is exactly 706, this doesn't tell you much about where you stand. Wondering how you compare with other American consumers? Here's a look at the current distribution of FICO scores, and some guidelines that can help you interpret what your score means.

Here's the distribution of FICO credit scores

The highest credit score is 850, but even some of the best **credit scores** don't reach that. If you know your own **FICO credit score**, you may wonder where you stand relative to the rest of American consumers. And if you don't know, take a moment to check using one of the many

free ways to check your credit score (FICO credit scores are issued by the Fair Isaac Corporation--and you can find your credit score directly from their website, too). The Ascent recently conducted a study showing the distribution of various credit scores by age, state, income, and more. Here's where American consumers stand:

CREDIT SCORE	PERCENTAGE OF AMERICAN'S
800-850	20%
740-799	25%
670-739	21%
580-669	18%
300-579	16%

Data Source: *The Ascent report: **Average Credit Score in America***. Data current as of 2019. Published March 2020.

The average American credit score

The average **FICO score** in the United States is 706. But this varies based on a variety of factors. Most peoples' **credit score tends to increase with time**. Some states have higher or lower average credit scores, too. For example, Minnesotans on average have the highest FICO credit scores in the nation at 733.

As of this report, 55% of Americans have a FICO score of 740 or higher. This has historically been the case, but the decade of steady economic growth since the Great Recession has caused Americans' credit profiles to improve significantly. Credit scores are higher when fewer consumers have serious delinquencies (or other issues) weighing down their scores. The state of the economy can influence whether or not people are financially able to avoid credit score pitfalls from year to year.

What is the highest credit score?

For most situations, 850 is the best FICO score possible. It's extremely difficult to reach a perfect credit score, though. Only 20% of Americans have a credit score of 800 or higher. Even if you're one of the people with the best credit score in the country, you might not reach 850.

Wondering how to get a 850 credit score? Here are some ways to **improve your credit score** -- and move closer to the highest credit score you can get:

- Paying off your credit card balance every month
- Correcting errors on your **credit report**
- **Keeping an old credit card open**, even if you don't use it often
- Paying your bills on-time
- Requesting an increase to your credit limit

If you reach a FICO credit score of 800 or higher, you should congratulate yourself. Raising your credit score takes hard work, dedication, and patience. Even if you don't have perfect credit, an excellent credit score is something to be proud of.

What is a "good" credit score?

The data in the chart tells you how you stand relative to other American consumers, but it doesn't tell you what lenders consider to be a **good credit score**.

There's no specific threshold above which a credit score is considered to be "good." Different lenders prefer their borrowers to have different minimum credit scores. What one borrower considers to be **excellent credit** may not quite meet the standards of another.

With that in mind, FICO does provide some general guidelines to help you interpret your own credit score:

Exceptional	800 or above
Very Good	740-799
Good	670-739
Fair	580-669
Poor	Below 580

Data Source: www.myFICO.com.

What does your credit score mean?

Your credit score measures how often you pay bills on-time (payment history), how close you are to your credit limits (**credit utilization ratio**), and how much experience you have with managing debt (credit history and credit mix).

A higher credit score can give you more options for borrowing money. It also qualify you for low-interest loans, which can save you tens of thousands of dollars in interest.

What is a good credit score for credit cards?

The **best credit card offers** are typically reserved for consumers with excellent credit. Still, there are plenty of great credit card products that frequently accept consumers with **good credit**, or even fair credit. Consumers with poor credit are typically restricted to **secured credit cards**. These cards can help rebuild credit over time.

What is a good credit score for a loan?

If you need a **car loan** or a mortgage, it's another story. Lower credit scores are often able to borrow money for these purchases. However, they'll be at a major disadvantage when it comes to the interest rate they get.

The minimum FICO score required for conventional **mortgage approval** is 620. You can get a mortgage with this credit score, but you might have to pay more in interest. For example, as of this writing:

- The average borrower with a score of 620 can expect an APR of 5.084% for a 30-year loan
- The average borrower with a score between 700 and 759 can expect a much lower APR of 3.717% for the same 30-year loan

To put this into perspective, with a \$200,000 mortgage, the **lower-credit** borrower would pay an additional \$58,120 in interest over the term of the loan.

Because of these factors, it's important to pay attention to your credit score. Even though it's hard to get a perfect credit score, if you work towards the best credit score you can get, your wallet will thank you.

From Quora

“How rare is an 800 credit score?”

<https://www.quora.com/How-rare-is-an-800-credit-score>

Joe Parsons, updated December 14, 2020

Originating mortgages in the SF Bay Area for 30 years

I view hundreds of credit reports every year. The scores are all over the map, with relatively few over 800.

The primary reason more people don't have higher credit scores is that they have high credit card balances. Credit utilization, the balance on a credit card expressed as a percentage of the credit limit, is second only to the consumer's payment history in the calculation of the FICO score. Payment history makes up 35% of your score, but credit utilization is a close second at 30%.

When your balance exceeds 30% of the limit, your score starts to drop. A single credit card with 30% utilization will cost 15-20 points. The effect is cumulative for multiple accounts.

You should ideally pay your credit card balances in full each month. Otherwise, you are paying 18%-36% interest on those balances. Why would you want to do that?

The “sweet spot” for credit card balances is no more than 10% of the limit. If you habitually carry a high balance, you are wasting money and losing points on your credit score.

Consumers with high scores (775+) have these characteristics in common:

They have a flawless payment history for at least the past two years.

They have at least four active trade lines.

They have more than one type of credit—installment loans, mortgages, credit cards.

They have very low balances on their credit cards. Most habitually pay their balances in full each month.

They have had some of their accounts for a long time: four years or more.

If you are struggling to optimize your scores after a period of rough sledding, take heart.

A history of late payments has less effect on your scores as it gets older. A single late payment has very little effect on your score after about two years. You can start today to raise your scores.

Maylon Walker

I have a flawless payment history for my entire credit history. I pay off my credit cards multiple times per month. My credit was 848, then I made a mistake. I paid off my mortgage. My monthly budget is now better than ever, but my credit dropped to 801. It has moved back up to the 820s. Without the mortgage I have noticed that minor changes in credit card balances affect my credit score by 20+ points. If I make a few purchases and my utilization is 2% higher than normal my score drops about 20 points. If I have everything paid off so I am at 0% usage it jumps 20 points. My normal utilization is less than 5%. I am considering buying another house or car where I would have low payments so I have another type of credit.

Joe Parsons

Don't stress about your credit score—you're doing great! The only benefit to a FICO score above 760 is (wait for it...) bragging rights. If you were ever to need a mortgage again, the best rate for a conventional loan comes at 740. You don't get a better rate at 800+.

You may be able to pick up some points if you really want them by getting a couple of additional credit cards. Use them regularly and pay them off in full as you're already accustomed to doing. I would recommend against taking on debt just to get a few points on your score.