

# TENTMAKERS

Financial Counsel for Pastors, Deacons, and Seminarians

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## FIXED-INCOME MEMBERS

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Inflation is an insidious process. It involves a massive redistribution of wealth from those on relatively fixed incomes to those who are successful investors during an age of inflation. Other beneficiaries, initially, are government employees (whose jobs are financed through government spending of fiat money), businessmen who are in a position to pass on increased costs to consumers, employees who have cost-of-living escalator clauses built into their contracts, and people who are in debt. The process is insidious for many reasons, not the least of which is that few people understand the cause of inflation (increases in the money supply through the nation's banking system). Also high on the list is the feeling that inflation is inevitable, and that no one can do anything about. Resignation in the face of crisis only accelerates the crisis.

Another feature of inflation which is insidious is that it is continuous. It allows people to get used to it. People like to make economic calculations in terms of the national monetary unit. They instinctively assume that if the currency unit's name has not changed, the value of the unit is also unchanged. People say things like this: "I just sold my camper at a 20% profit." But the "profit" was actually a loss. He has to pay capital gains taxes. His profit is actually a loss if the money buys less than before. So the illusion of profit is just that: an illusion. People may accept the fact that their money has depreciated, but emotionally they still think of themselves as winners. They act in terms of an earlier era, when the purchasing power of the money was stable. Despite the fact that such an era is at least 15 years distant in most nations, and sometimes even farther back (except in Germany and Switzerland, which have avoided serious price increases), most people still act as if they believed that today's inflation is a temporary phenomenon.

### Optimism

One reason for the persistence of this illusion is that most workers and businessmen have faith in their own ability to "beat the system" by making profits and wages above those attained by other consumers. They think they will survive. Even when they know they will fall behind, they prefer the slow erosion of their money's purchasing power to an "all or nothing" depression, where employed people do well, but unemployed people are ruined. The discontinuity of unemployment scares most people more than the continuity of inflation. This, despite the fact that only a few workers are ever unemployed for longer than seven weeks — under 1 % of the work force.

One group of people cannot afford such optimism: retired people. Their Social Security checks do increase with inflation, at least for the present, but few people can survive comfortably on the income from Social Security. Few people have savings from their careers. They are often widowed. They face illnesses that can wipe them out financially. They are left without economic defenses. The traditional investments of widows and retired people are bonds, annuities, life insurance, and stock in the companies they worked for. Inflation has ruined all but the last,

and even corporate stocks, in most cases. The stock market is at the same level that it was in February of 1966, but the dollar is down in purchasing power by at least 60%. Dividends are low, too. So the retired man or his widow cannot afford much optimism.

The problem for church leaders is that no one wants to admit to himself or to others that he cannot keep up. Few people ever admit defeat while they still have a semblance of middle-class income. They refuse to face up to the reality of inflation, or to admit that the politicians are unwilling to call a halt to the process, even when they understand it, which is infrequent. There are interludes when the government seems to be getting inflation under control (e.g., 1971, 1975, 1981), but these interludes are brief. So people who are being ground down by inflation keep silent, slowly depleting their savings by selling their bonds (at a steep discount), drawing money out of the bank (which pays them a miserly, government-mandated 5%), or selling family heirlooms.

### Smarter Buying

This presents a problem for the deacons. How should they approach a man who has worked diligently all his life, and who is now retired? How do they come to him and enquire about his ability to support his wife? How do they ask him about his investments, when they can be almost certain that the man made catastrophic decisions with his finances — decisions rivaling the catastrophic investments of most denominational pension fund committees? The man does not want to admit to himself, his wife, or his children that he is being wiped out. How can he afford to admit it to his friends in the diaconate?

One way to do it is for the deacons to sponsor a seminar or other program that deals with the economic problems facing retired people. When a general program is offered, it is not embarrassing for older people to attend. They all want help. They all want guidance. This way, the deacons have not had to single out one man, as if he were the only one in the congregation who faces problems.

I suggest at least a Saturday seminar. The reality of inflation can be discussed. The reasons for it can be suggested. Then a thorough consideration of the effects of inflation on family budgets can be presented. Once the problems are outlined, the deacons can offer suggestions for solving the problems. They can lead in the creation of a CO-OP buying service in the church. They can help to establish guidelines for effective shopping. For example, when a sale of some product appears in the newspaper, the deacon in charge can call up the families and schedule a pooling of funds. Then he can go to the store manager and buy up the supply in bulk. The manager does not want to deplete his inventory at one shot, so he will usually be willing to order in bulk for cash. Another suggestion: a diaconate-sponsored shopping trip to the various thrift shops in town. Get the church van or bus into use on Saturdays. Pick up the retired members at the church, and make a "thrift day shopping

spree" out of it. Encourage them to buy in advance: grandchildren's birthdays, Christmas, etc. Teach them to shop smarter. But make it a group event, so that no one is singled out as a poor person or an unintelligent shopper.

### A Diaconal Co-op

If the deacons operate a CO-OP buying program for poor members, they can determine who in the congregation is really in need. Then they can take diaconal funds and buy certain goods that are in common use: soaps, canned goods, household items, etc. They can get on the phone and call the poorest members, announcing a terrific deal they were able to locate. The products can be sold at a fraction of the retail cost. The deacons do buy low, but they can sell even lower on a selective basis.

People who will not take money from someone else will happily take a tip or a special deal of some kind. Taking advantage of a deal is an old American tradition — also an old German, Australian, Dutch, and everybody else tradition. The church can give its charity in ways that are more acceptable by devising strategies like this one.

The diaconal CO-OP buying can be done in age segments. Different age groups buy different products. The deacons should not have to operate the whole program. Younger, energetic members should run theirs for themselves. But they should co-operate with the deacons when specials become available that all age groups can use. The deacons can help the older ones pool their funds for an even larger discount, and everyone who buys should be a beneficiary. The diaconate is a service organization, not a church-operated discount buying service. But part of the service can be to help the weaker members make better decisions. They can help the newly married couples in the writing of wills or the purchase of annual renewable term life insurance (no other individually purchased life insurance should be owned; only group term is a legitimate, economical substitute). They can help older people in buying necessities. Each group has its own problems, and the deacons should be well informed and able to give competent advice to everyone.

Any diaconate that cannot perform such services is not competent. Deacons should be educated by the pastor, the elders, or individuals selected by the elders from the laity. Deacons must be trained to do more than pass the collection plate.

### Specific Counsel

The deacons can use the seminars and the CO-OP buying service to inform themselves about the financial status of the retired members. They can ask specific questions more easily when the questions are part of an overall program of discount buying. Since such a program is general, and aimed at everyone within a specific age group, the deacons can begin to enquire about the needs and goals of these members. They are not singling out individual families; they are assembling data on all the families within a certain age group. It would be wise for them to have such a program for all age groups, so that they can oversee the economic status of the whole church. The elders have this authority because of their legitimate control over the tithe. They can delegate certain aspects of this authority to the deacons. Seminars and programs for all age groups should be presented throughout the year.

If the diaconate in a local church is understood to be an active organization which offers programs for all members, and specific

counsel for all age groups, then the poor man need not feel embarrassed by any enquiry into his financial condition. This is another reason why churches should activate the diaconate. The diaconate cannot do its job well if it is a passive organization. It must become known as an aid-producing and information-producing organization. If this is done, more members will come to the deacons on their own initiative. The problem-solving aspect of the diaconate will become better known.

What I am arguing is this: the ability of the diaconate to deal with the problems of the fixed-income members will be enhanced if the diaconate is successfully handling the economic problems of the whole congregation. The reputation for competence will spill over from one age group to another. A diaconate that is ineffective in dealing with one group's problems will find itself less able to gain the confidence of the other age groups. Their ability to cover the charitable activities with a veneer of "service as usual" will also be hampered.

Once the deacons can gain the confidence of the poorer members, so that the latter need not be publicly embarrassed, then the diaconate will begin to function as God intended that it should. They can come in and help reorganize the economic affairs of the poor. They will also gain more knowledge about the actual needs of the poorer members, especially their rising cost of living. They must be taught to budget their funds, which too many retired people never really learned to do in their higher income years. Bad habits of a lifetime are not overcome in a year. This is one reason why counseling is so critical in that first year of retirement: emotional counseling, budgeting, intelligent buying, etc. People who now have more time to spare should be encouraged to convert spare time to income, either by more intelligent shopping, or by part-time jobs.

### ICE Seminars

The ICE is making available videotaped seminars dealing with inflation, budgeting, and retirement: These come in several packages. Churches that are interested in renting a day's seminar can contact the ICE and ask about the seminar program. We have tapes aimed at several age groups, which can be mixed with the general introductory tapes on inflation.

Videotapes work far better than audiotapes for group study. Ten people will stare at T.V. for hours, when they would not be able to pay attention to an audiotape for more than a few minutes. The screen captures people's attention. Also, people are used to sitting passively, staring at a T.V. set for hours on end. A big-screen T.V. is not necessary, except for very large churches. (An MGA-Mitsubishi or a Kloss Vidiobeam big-screen unit is a good investment for churches with several hundred members. These units can be used for Friday night family movies, seminars, and Sunday School training. But for groups of fewer than 25 people, a standard 21" T.V. is adequate.)

The ICE also intends to package videotape seminars for training deacons, so that they can better use the seminar programs for laymen. These are not ready yet, but if there is sufficient demand, we will produce them. The ICE has spent about \$60,000 in professional videotape production equipment, so we are very interested in putting this equipment to good use for the benefit of local churches. We hope to be able to rent an all-day seminar for about \$100, and even less, if we get sufficient demand. Let us know what topics would be of interest to you at this price: 1) inflation; 2) young family finances; 3) retirement finances; 4) investing for retirement; 5) crisis investing; 6) diaconate training.