
FINANCIAL ASSISTANCE TO OTHERS

A BIBLICAL PERSPECTIVE

Can you identify with President Lincoln's predicament in the quote to the right? Relationally, it is a difficult situation. On one hand, a family member is without, so we consider the admonition found in 1 Timothy 5:8 to "provide for our own" so that we don't "deny the faith" and become "worse than an unbeliever". Those are strong words for a follower of Christ to consider.

However, on the other hand, we remember the words of the Apostle Paul in 2 Thessalonians 3:10, where he instructs that those who don't work, don't eat. This resonates with us because being in a position to provide means that we likely have worked quite hard to earn and save. As a result, self-righteousness can easily grow in this situation.

Is the Bible contradictory on the issue? Hardly, but it's not necessarily as clear a topic as, say, income taxes or debt. We encourage you to consider the total body of scripture on the topic, consider individual scriptures in their proper context, and lean significantly on the biblical promise that if we lack wisdom and ask God for it, it will be given. In other words, consult the owner.

"You are now in need of some ready money; and what I propose is, that you shall go to work, "tooth and nail", for somebody who will give you money for it... Now if you will do this, you will soon be out of debt, and what is better, you will have a habit that will keep you from getting in debt again. But if I should now clear you out, next year you will be just as deep in as ever. You say you would almost give your place in Heaven for \$70 or \$80. Then you value your place in Heaven very cheaply, for I am sure you can ... get the \$70 or \$80 for four or five months' work.

President Abraham Lincoln

"But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever."

1 Timothy 5:8

FINANCIAL ASSISTANCE TO OTHERS: WHY, HOW, AND WHEN

Review the following biblical references:

READ: 1 Timothy 5:8, Ephesians 5

There exists a clear biblical admonition to provide, at some proper level, for our relatives and immediate family.

READ: Matthew 5:42

God expects us to be generous and willing to share, to hold our belongings with an open hand, and to give freely and cheerfully.

READ: Philippians 4:19

God meets our needs in many ways, one of which is through the generosity of others.

READ: 2 Thessalonians 3:10

If physically able, we are called to work and to be productive, not lazy and consumptive. The motivation of basic needs (food and shelter) should compel us to work diligently.

READ: Proverbs 22:26

Refrain from co-signing a debt for another.

READ: James 2:15-17

Pray for others in need, but in addition to prayer, act. Faith without works is dead.

READ: Luke 11:42

The Pharisees gave in observance of the Law and Old Testament tradition but neglected to give and share out of love. Jesus encouraged both.

PRINCIPLES

Think about how God deals with His children when you are assisting others.

1. God loves us equally but treats us uniquely.
2. God creates proper expectations.
3. God gives us grace.
4. God is never manipulative.

QUESTIONS TO CONSIDER

Choosing how best to assist someone in need is not always easy. The following questions can help guide you in determining an appropriate course of action.

PERSONAL

- 1) Am I helping or enabling? Is the potential beneficiary in need because of laziness or fantasy, matters of their own making, or factors outside their control?
- 2) What is the least favorable, or most favorable, outcome if I err on the side of giving less/more? How serious is that? How likely is it to occur?
- 3) Is my response to this need an extension or expression of God's generous and merciful nature? Is God using this circumstance to teach me about His nature?
- 4) Is my response out of guilt or love?
- 5) Have I been given excess for such a time as this? What is His purpose for my abundance?
- 6) Is my reluctance to respond a reflection of greed or self-righteousness, or is it truly what I believe to be best for the potential beneficiary?
- 7) Am I too close to the situation? Am I seeking wise outside counsel and the counsel of the Holy Spirit?
- 8) How will my response affect my relationship with the recipient?
- 9) Would my assistance prevent or help what God is trying to accomplish in the recipient's life?
- 10) How am I evaluating success? Is success my desired outcome or being obedient to God?
- 11) What have I done, if anything, to facilitate this struggle?
- 12) How can I accelerate the growth and development of the recipient?
- 13) Am I consciously seeking out and responding to opportunities God may be placing in my path to serve and provide for others?
- 14) What are my reasonable expectations for the recipient? Where might this lead the recipient 3-5 years from now?

PRACTICAL

- 1) Can I afford to provide the assistance?
- 2) Is this assistance best structured as a gift or a loan?
- 3) If a loan, are the repayment terms realistic?
- 4) If a loan, am I ready to forgive it in the event of default and treat the assistance as a gift? How would I feel if I was never repaid?
- 5) How do I feel about charging interest? What rate is appropriate?

SPECIFIC CIRCUMSTANCES

- 1) Weddings: Weddings are special opportunities to celebrate the blessed union of husband and wife, but weddings often come with significant pressure as well. In order to maintain the purpose and intent of the event, be willing to reflect on questions such as:
 - A) Whose wedding is it?
 - B) Did we set limits on the amount to be spent?
 - C) What are we trying to accomplish with the wedding?
 - D) Are we being manipulated because of the wedding?

Setting proper expectations is the key issue. There is not a right answer, but addressing these questions will be helpful.

- 2) Lifestyle/Major Purchases: Be careful that you are not committing a person to a lifestyle they will not be able to afford. Learning to save for major purchases is a significant element to building character and to the maturation process, as it teaches a person to set goals and establish priorities. Before assisting a person with a major purchase, consider how doing so may affect this learning process.
- 3) Loaning Money: Anytime you lend money to anyone, the nature of the relationship is impacted. For example, a parent/child relationship could now carry a lender/debtor overtone. Likewise, a mutual friendship can suddenly become one of master/servant. Proceeding to loan money to friends or family should be done with extreme caution, with the understanding that doing so can result in raising barriers to maintaining healthy relationships.
- 4) Indulgent Grandparents: Grandparents need to be respectful of the role parents play in teaching and training their children. If you as a parent feel that gifts or interactions by the grandparents are interrupting the example you are trying to set (or the lesson you are teaching), then boundaries should be prayerfully established and well communicated.
- 5) Education: Paying for education costs can be accomplished any number of ways, whether through current income, savings, scholarships, gifts from other family members, etc. There is no right way to fund these costs, just as there is no right school for a student to attend. However, care should be given to ensure the education is affordable. Many times, this requires planning for the expense well in advance, adjusting lifestyle to accommodate, and setting expectations with the student as to how you anticipate contributing to the funding.
- 6) Emergencies: What we label an emergency can often test the boundaries of how we define needs and wants. Admittedly, distinguishing between the two can sometimes be difficult. Whether through the loss of a loved one, sudden unemployment, medical issues, etc., true emergencies are oftentimes unanticipated and result in needs that must be met. In these cases, providing assistance via gift with no expectation of receiving something in return may be preferable to making a loan to avoid erecting barriers in your relationship with the recipient.

TECHNICAL CONSIDERATIONS

- 1) *Annual Gift Exclusion* – The amount of money that may be transferred by gift from one person to another each year without incurring a gift tax or affecting the unified credit. This amount can be transferred in the form of cash or other assets. The annual exclusion has no limits on the number of persons that can receive this amount each year.
- 2) *Applicable Credit Amount* - A tax credit that is afforded to everyone in America by the IRS. This credit allows each person to gift or bequeath a certain amount of their assets to other parties without having to pay gift or estate tax. The applicable credit amount can be used by taxpayers either before or after death. It is important to keep up to date as current tax laws can change.
- 3) *Tax Treatment of Cancelled Debt* - In general, if you are liable for a debt that is canceled, forgiven, or discharged, you will receive a Form 1099-C, *Cancellation of Debt*, and must include the canceled amount in gross income unless you qualify for an exclusion or exception. If you receive a Form 1099-C but the creditor is continuing to try to collect the debt, then the debt has not been cancelled and you do not have taxable cancellation of debt income.

A debt includes any indebtedness whether you are personally liable or liable only to the extent of the property securing the debt. Cancellation of all or part of a debt that is secured by property may occur because of a foreclosure, a repossession, a voluntary return of the property to the lender, abandonment of the property, or a principal residence loan modification. Regardless of whether or not you receive a Form 1099-C, you must report any taxable amount of a cancelled debt for which you are personally liable as ordinary income on Form 1040 or Form 1040NR and associated sub-schedules, as advised in IRS Publication 4681, *Canceled Debts, Foreclosures, Repossessions, and Abandonments (for Individuals)*.

- 4) *Applicable Federal Rates (AFR)* - Rates published monthly by the IRS for federal income tax purposes. These rates are used to calculate assigned interest charges. Every month, the IRS publishes these rates in accordance with section 1274(d) of the Internal Revenue Code. Interest on loans should not be less than the AFR for the loan to be considered a taxable event and not a gift by the IRS. Short-term AFR rates are determined from the one-month average of the market yields from marketable obligations, such as U.S. government T-bills with maturities of three years or less. Mid-term AFR rates are from obligations of maturities of more than three and up to nine years. Long-term AFR rates are from bonds with maturities of more than nine years. These rates are used to determine the original issue discount, unstated interest, gift tax and income tax consequences of below-market loans.

DECISION MAKING GUIDE

Instructions: Deciding how to financially help someone in need is not formulaic. The guide below is simply one tool to help evaluate the situation and determine how to proceed. Use it to help you better understand the habits of your potential beneficiary.

FINANCIAL

My Beneficiary ...

- ☐ Spends Less Than He/She Earns
- ☐ Uses a Budget
- ☐ Avoids Debt
- ☐ Seeks Wise Counsel
- ☐ I Am Confident in Their Ability to Handle Money

WORK ETHIC

My Beneficiary ...

- ☐ Uses Abilities to Serve Others
- ☐ Embraces Work:
 - For Building Character
 - For a Source of Provision
 - For a Source of Purpose

WISDOM

My Beneficiary ...

- ☐ Demonstrates a Humble Spirit
- ☐ Applies Wisdom to Dating/Marriage
- ☐ Makes Prudent Career Decisions
- ☐ Serves Church & Community

CHARACTER

My Beneficiary ...

- ☐ Accepts Responsibility for Actions
- ☐ Is committed to His/Her Word
- ☐ Fulfills Responsibilities
- ☐ Gives Faithfully and Generously

Based on the criteria above, your beneficiary will fall under one of the categories below.

CONTEMPLATE

RESPONSE GUIDELINES

Actions		Reluctant Giving	Cautionary Giving	Joyful Giving
If You Decide to Give a Financial Gift:	>	Proceed Reluctantly	Proceed Cautiously	Proceed Joyfully
		Attach Strings	Avoid Attaching Strings	Communicate Clearly
		Avoid Expectations	Temper Expectations	Celebrate Appropriately
If You Decide to Give a Financial Loan:	>	Proceed Reluctantly	Proceed Cautiously	Proceed Joyfully
		Attach Strings	Term Affordably	Celebrate Appropriately
		Avoid Expectations	Avoid Expectations	
		Communicate & Document Clearly	Communicate & Document Clearly	Communicate & Document Clearly
		Stand Ready to Forgive	Stand Ready to Forgive	Forgive as Able or As Necessary
Will My Beneficiary be Dependent?	>	Likely	Perhaps	No
Am I Enabling?	>	Proceed Only with Deep Understanding of the Relationship	Proceed With Caution	Not an Issue

SCRIPTURES ON FINANCIAL ASSISTANCE TO OTHERS

For even when we were with you, we used to give you this order: If anyone is not willing to work, then he is not to eat, either (2 Thessalonians 3:10).

“Give to him who asks of you, and do not turn away from him who wants to borrow from you” (Matthew 5:42).

And my God will supply all your needs according to His riches in glory in Christ Jesus (Philippians 4:19).

Do not be among those who give pledges, among those who become guarantors for debts (Proverbs 22:26).

If a brother or sister is without clothing and in need of daily food, and one of you says to them, “Go in peace, be warmed and be filled,” and yet you do not give them what is necessary for their body, what use is that? Even so faith, if it has no works, is dead, being by itself (James 2:15-17).

“But woe to you Pharisees! For you pay tithe of mint and rue and every kind of garden herb, and yet disregard justice and the love of God; but these are the things you should have done without neglecting the others” (Luke 11:42).

Honor widows who are widows indeed; but if any widow has children or grandchildren, they must first learn to practice piety in regard to their own family and to make some return to their parents; for this is acceptable in the sight of God (1 Timothy 5:3-4).

But if any of you lacks wisdom, let him ask of God, who gives to all generously and without reproach, and it will be given to him (James 1:5).

But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever (1 Timothy 5:8).

“Give to everyone who asks of you, and whoever takes away what is yours, do not demand it back. Treat others the same way you want them to treat you. If you love those who love you, what credit is that to you? For even sinners love those who love them. If you do good to those who do good to you, what credit is that to you? For even sinners do the same. If you lend to those from whom you expect to receive, what credit is that to you? Even sinners lend to sinners in order to receive back the same amount. But love your enemies, and do good, and lend, expecting nothing in return; and your reward will be great, and you will be sons of the Most High; for He Himself is kind to ungrateful and evil men. Be merciful, just as your Father is merciful. Do not judge, and you will not be judged; and do not condemn, and you will not be condemned; pardon, and you will be pardoned. Give, and it will be given to you. They will pour into your lap a good measure—pressed down, shaken together, and running over. For by your standard of measure it will be measured to you in return” (Luke 6:30-38).

“Heal the sick, raise the dead, cleanse the lepers, cast out demons. Freely you received, freely give” (Matthew 10:8).

SCRIPTURES ON FINANCIAL ASSISTANCE TO OTHERS

(CONTINUED)

There is one who scatters, and yet increases all the more, and there is one who withholds what is justly due, and yet it results only in want. The generous man will be prosperous, and he who waters will himself be watered (Proverbs 11:24-25).

Now this I say, he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. Each one must do just as he has purposed in his heart, not grudgingly or under compulsion, for God loves a cheerful giver. And God is able to make all grace abound to you, so that always having all sufficiency in everything, you may have an abundance for every good deed; as it is written, “He scattered abroad, He gave to the poor, his righteousness endures forever.” Now He who supplies seed to the sower and bread for food will supply and multiply your seed for sowing and increase the harvest of your righteousness; you will be enriched in everything for all liberality, which through us is producing thanksgiving to God (2 Corinthians 9:6-11).

You shall generously give to him, and your heart shall not be grieved when you give to him, because for this thing the Lord your God will bless you in all your work and in all your undertakings. For the poor will never cease to be in the land; therefore I command you, saying, ‘You shall freely open your hand to your brother, to your needy and poor in your land.’ (Deuteronomy 15:10-11).

So then, while we have opportunity, let us do good to all people, and especially to those who are of the household of the faith (Galatians 6:10).

The sleep of the working man is pleasant, whether he eats little or much; but the full stomach of the rich man does not allow him to sleep (Ecclesiastes 5:12).

If we have food and covering, with these we shall be content (1 Timothy 6:8).

For this is not for the ease of others and for your affliction, but by way of equality (2 Corinthians 8:13).

“Or what man is there among you who, when his son asks for a loaf, will give him a stone? Or if he asks for a fish, he will not give him a snake, will he? If you then, being evil, know how to give good gifts to your children, how much more will your Father who is in heaven give what is good to those who ask Him! In everything, therefore, treat people the same way you want them to treat you, for this is the Law and the Prophets” (Matthew 7:9-12).

He who tills his land will have plenty of bread, but he who pursues worthless things lacks sense (Proverbs 12:11).

But whoever has the world’s goods, and sees his brother in need and closes his heart against him, how does the love of God abide in him? Little children, let us not love with word or with tongue, but in deed and truth (1 John 3:17-18).

SCRIPTURES ON
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(CONTINUED)

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