

The Daniel Fast for Financial Breakthrough

The Six Pots Spending System

I learned of a simple way of managing household finances many years ago and then slightly modified it to align the system with what God teaches us in His Word. I call the system Six Pots. The simplicity and ease make the system easy to follow and incorporate into your life. Also, you can adapt the system as you move from survival, to stability, to success and then to significance. Early on you may need more than 50% for your Everyday Living Pot. And as you become more prosperous, your Giving Pot may increase as you are blessed to bless others. But to understand the system, consider the levels in the diagram below.

Here are the Six Pots where you want to manage, increase and store your income.



The Big Pot – 100% All of your income goes through this system. You’ll see the wisdom in this as you grasp this overall concept. So as you look at this diagram, see any money that comes into your household as going into the center “big pot.” From there you will distribute the funds into each of the other pots. If you get a tax refund, the money goes into the Big Pot and through the system. If you get an bonus check, the money all goes into the Big Pot and through the system.

The Giving Pot – 10% of all your income goes to tithes. Your Giving Pot never receives any less than 10%. Not unless you want to break biblical principles and

The Daniel Fast for Financial Breakthrough

jeopardize your income. On the other hand, it's very likely that after you move out of Survival Mode, you will give more than 10% of your income to good works.

The Enjoyment Pot – 10% of all your income goes to the Enjoyment Pot. You draw from this pot for entertainment, family movie night, or vacations. This is a very important pot that should not be eliminated. Too often when people are in the survival mode or moving toward they stability mode, they skip having any fun. Consequently, they get

The Personal Growth Pot – 10% is set aside for activities and materials that will keep you growing and learning. As a lifetime learner, you want to have the funds necessary to make it possible. Perhaps you want a new computer or you want to attend a conference led by a favorite Bible teacher. Maybe you want enroll in a night class to learn a new skill or finish your college degree.

The Rainy Day Pot – 10% of all your income should be set aside for a “rainy day.” That means this is money you save, but for the purpose of spending later. Here is where you have the funds for expenses that you may pay once or twice a year, such as car insurance or home repairs. Having the money available, in a secure savings account when you need it will keep your finances stable.

The Investment Pot – 10% of all your income goes to the Investment Pot. This is where you use your money to make more money. I like to call this the Goose That Lays the Golden Eggs Pot. Do you remember that story from Aesop's Fables?

A man and his wife owned a very special goose. Every day the goose would lay a golden egg, which made the couple very rich.

"Just think," said the man's wife, "If we could have all the golden eggs that are inside the goose, we could be richer much faster."

"You're right," said her husband, "We wouldn't have to wait for the goose to lay her egg every day."

So, the couple killed the goose and cut her open, only to find that she was just like every other goose. She had no golden eggs inside of her at all, and they had no more golden eggs.

Your Investment Pot is your goose that lays golden eggs. Don't kill the goose! Instead, use the golden eggs by adding them back into the Big Pot to be distributed just like all

The Daniel Fast for Financial Breakthrough

your other income. Your golden eggs may be dividends from stock or positive income from rental properties.

The Everyday Life Pot – 50% of your income goes to your Everyday Living expenses including housing, food, utilities, and clothes. These are the recurring monthly bills and expenses.

How to Setup the Six Pots Spending System

I use a Microsoft Excel spreadsheet to setup my Six Pots Spending System. The software updates the figures quickly and it saves me a lot of time. But even paper and pencil can work. So whatever system is comfortable for you, invest a little time and create your own Six Pots Spending System. Here is what you need to get started:

1. Your check register for the last 12 months
2. Your current billing statements
3. Your computer and spreadsheet software OR a calculator, paper and pencil
4. Writing paper and pencil

Start by identifying all of your Everyday Living expenses that you pay monthly. Here is a list of what would likely be on your list:

1. Mortgage or Rent
2. Utilities
3. Phone, internet and cable
4. Food
5. Transportation (car payment, gas, bus fares) – auto repairs would be included in the Rainy Day Pot.
6. Laundry and cleaning
7. Clothing
8. Gardening
9. Animal care
10. Monthly tuition
11. Monthly medical insurance dues

The Daniel Fast for Financial Breakthrough

Then research what might be the expenses for your Rainy Day Pot. Look in your check register and see what you paid for insurance, car repair, medical bills or other occasional (not monthly) expenses that you will want to plan for over the year.

1. Car insurance
2. Property taxes (if not included in your mortgage payment)
3. Home repairs
4. Car repairs

Now figure your after-tax income, no matter the source. Any money that comes into your hands should be identified, even if it's unemployment checks or a very small amount at this time. Review your check register and tag all your income.

Now it's math time. Add up all your after-tax income. Add up all your monthly expenses for a month. Add up all your occasional expenses (Rainy Day Pot) and divide that number by 12.

Example:

Monthly income:	\$2,000	100.0%
Monthly expenses:	\$1,250	62.5%
Occasional expenses (\div 12)	\$ 300	15.0%
		77.5%

Then you'll want to figure the percentage of these two categories compared to your income. You find the percentage by dividing the expense number by the income number. For example, when you divide \$1,250 by \$2,000 you get .625 or 62.5 percent. When you divide \$300 by \$2,000 you get .15 or 15%.

Now add up the percentage (in this example it's 77.5%) along with 10% for your tithe (remembers, this number never goes below 10%) and subtract that number from 100. In our example you get 12.5%.

The Daniel Fast for Financial Breakthrough

So with these calculations, here are your percentages so far for your Six Pots:

Tithe Pot	10.0%
Everyday Living Pot	62.5%
Rainy Day Pot	15.0%

You still have three pots that need a portion of the income. So to start, you might want to allocate the income this way:

Enjoyment Pot	4.0%	\$80
Personal Growth Pot	4.0%	\$80
Investment Pot	4.5%	\$90

Your other Pots would look like this:

Tithe Pot	10.0%	\$200
Everyday Living Pot	62.5%	\$1250
Rainy Day Pot	15.0%	\$300

You'll want to work toward having your Everyday Living Pot at just 50% and all the other pots at 10%. And you can do that by reducing debt and expenses and increasing your income. This would mean you've reach Stability and then you can move toward

Then, when you move toward "success" your Everyday Pot will likely be less than 50% and your Giving Pot will be more than 10%.

Our goal is to fully realize God's hope for us:

And God is able to make all grace abound toward you, that you, always having all sufficiency in all things, may have an abundance for every good work. 2 Corinthians 9:8

Zig Zigler calls this "significance." You know you're there when the Spirit of God whispers a message to you, "Send that widow \$1,000 so she can heat her house this winter."

The Daniel Fast for Financial Breakthrough

And you can say, “Yes, Lord.”

Or when the son of a Mexican beach vendor needs an operation and the Lord asks you to help with the expenses . . . and you can say, “Yes, Lord.”

Or when thousands of impoverished families in Zimbabwe are bearing the weight of a cruel and unscrupulous dictator – and the Lord says, “Start a micro-lending program using the churches in the area,” and you can say, “Yes, Lord.”

That’s significance. That’s having all sufficiency in all things and an abundance for every good work the Lord calls you to meet. That’s what He wants for us! That’s what I want for my life and I’m on my way there. That’s what I want for you and I hope you feel as if you’re on your way, too!

We can get there to that place of significance. Our God is able. And because He is able, He makes us able.

Remember what He says in Joshua 1:8-9 –

This Book of the Law shall not depart from your mouth, but you shall meditate in it day and night, that you may observe to do according to all that is written in it. For then you will make your way prosperous, and then you will have good success. Have I not commanded you? Be strong and of good courage; do not be afraid, nor be dismayed, for the LORD your God is with you wherever you go.