

How about a really important finance refresher today—possibly one that you have never considered? So, do you recall what the term *present value* means? Well, here's how the Investopedia website defines present value: "Present value (PV) is the current value of a future sum of money or stream of cash flows. It is determined by discounting the future value by the estimated rate of return the money could earn if invested. Present value calculations can be useful in investing and in strategic planning for businesses."

And embedded in that definition of present value is the element of the *rate of return*. So, here's how Investopedia defines *rate of return*: "A rate of return is the net gain or loss of an investment over a specified time period, expressed as a percentage of the investment's initial cost. When calculating the rate of return, you are determining the percentage change from the beginning of the period until the end."

Let's simplify that with a numerical example in dollars. If you have \$100 at the present time and invest that at a 10% rate of return, you will have \$110 at the end. And to reverse that: if the future value of \$110 is discounted at a 10% rate of return, the present value is \$100. The very practical concepts of present value and future value in finance are used by many finance and accounting professionals every day.

In fact, a large number of financial experts abound in the U.S.—and every one of them is generally trying to help people best achieve their best financial future by investing in stocks and bonds and real estate investments and maybe bitcoin. As with any profession, some folks giving advice are great, some are lacking—and, by definition, the average advisor is average! But the fact remains, whether folks use the services of a professional or not, they need to know some key financial principles to be good stewards of their finances. And what follows may help believers in a way they might not have fully considered.

Here's the thing: the U.S. has historically been a nation of amazing opportunity stemming from operating in free markets which work to foster the rewarding of strong stewardship. And that's especially been true the past fifty years or so. All that has allowed many ordinary people to earn enough to diligently set aside some resources each month to invest in the activities of truly great stewards—folks like Steve Jobs and Sam Walton and Bill Gates. And that investing can grow into a nest egg for later when these ordinary investors are less able to work or want to step back and enjoy a more generous flexibility of later years.

For many, the path is pretty clear: these folks try to gauge how much money they need to set aside at the present time—and also in the years following—doing that in order to grow those resources into a desired future amount. And that is the pursuit of good, long-term stewardship. And that's from the present value of investments earning solid rates of return to yield a great future value.

So, hey...here's a kind of final big-picture example from something like that: Fred and Maria Smith work for decades to build a nest egg of, say, \$500,000 in savings and investments when they retire, which would in turn be combined with their income from Social Security funds to meet their needs. So far, so good.

...But maybe not so good in the future. For decades, that scenario has been based on trust and hope in a national program and the trustworthiness of its leaders to ensure future amounts promised will have a reasonable, actually reliable chance of being there. That's right, for decades, the U.S. Federal Government has basically covenanted to pay Social Security payments to workers who had paid funds out of every one of their paychecks into the Social Security system. And the Feds took the present value of what was literally paid into the system by every person and promised to pay each person future values. Now if a citizen was single, childless, and died before age 62, all the funds put into the Social Security system were simply gone. But if a citizen lived to be, say, 100, they have gotten their future values over 35 years.

But, for a very long time, many close watchers have been quite concerned about this loose covenant the U.S. has with its citizens. That's because the Federal Government has never truly invested U.S. workers' contributions into investments on their behalf. Believe it or not, the Government simply spent their contributions on current spending. So, what's that really mean? Well, here's one pretty clear take: that there is not a concrete "future value" of real assets sitting in a bank vault or a Schwab investment account

for each worker. Instead, there's a loose promise to pay what are now sadly called "unfunded liabilities" for those future promises to folks like the Smiths. And those promises for payments by a Government without the full financial assets to back them up are currently estimated to be [many trillions!](#)

Of course, the Smiths need to know all about this in order to make rational decisions about their future. The difficulty as to Social Security is made worse by some risks about the \$500,000 they've saved! Why, you say? Because the Federal Government has a whole lot to say about the future value of that \$500,000, too! What about very high inflation that could deteriorate the buying power of that nest egg, as Americans experienced in the Carter years and Biden years. What about more taxes that might be taken from the earnings or the growth of the \$500,000?

So, here's where Americans sit. In arguably the wealthiest country in world history, officials charged with serving its citizens well through a Government-controlled system have actually been representing those citizens quite badly for decades. Indeed, the future value of the finances that Americans have been implicitly promised looks very shaky indeed. To that point, Psalm 136:3-4 (ESV) said this centuries ago...

"Put not your trust in princes...in whom there is no salvation; When his breath departs, he returns to the earth." Yes, indeed, Americans might be treated very well by the U.S. Government, but the trillions in unfunded promises is not a convincing indicator of that!

But there is a *present value* that believers can totally trust—and that trust is properly placed in the Prince of Peace, Jesus Christ. And that present value has a whole lot of promise and power for us to anchor in, not only in its future value but in the present value itself. So, let's take a look at a couple of God's promises.

First, let's start with the future value that is promised to believers. The letter to the Hebrew Christians (1:1-2) says this about Jesus Christ, the Son of God: "Long ago, at many times and in many ways, God spoke to our fathers by the prophets, but in these last days he has spoken to us by his Son, whom he appointed the heir of all things, through whom also he created the world." Whoa, did you hear that? God the Father appointed His Son the heir of all things. That right: the Son of God, your Savior, is the heir of all things! That's the unfathomable future value of the whole universe and beyond.

And believers who are children of God are "heirs of God and fellow heirs with Christ!" (Romans 8:17) That's right, when we stick with Christ through thick and thin, we are fellow heirs of all things. What a future value that is...again, unfathomable. But wait a minute, if believers have an infinite array of all things as to future value, what about the present value? Well, the truth is, it's incalculable because we can't even fathom the infinite nature of its future value. But the present value of all things must be near-infinite too. That's God's promise through our putting our trust in the True Prince, Jesus Christ, the Prince of Peace!

When I speak to young people about stewardship and finance, I tell them just this single understanding literally changes everything they should think about finance over their decades remaining on this planet. They are *fellow heirs with Christ*...their worries are over...the future is assured! And the present value coming from the Prince of Peace is not merely the present value of that inheritance, it's the present value of salvation and eternal life...of reconciliation to the Father through Christ...of His peace and fellowship with Him...of obeying His voice in our lives. *Wow, that's present value in the very present of this very day!*

But, beyond even these things, we mustn't neglect the future rewards promised believers who build on the foundation of Christ each day, rewards bestowed by Christ Himself at His Judgement Seat. (1 Cor 3:9-16) God is again the Master of Everything, by measure of present value and future value for His children!

Remember Psalm 136:3-4 where we are instructed to "put not our trust in princes" ...? Well, verses 5-6 that directly follow are a profound rejoinder to that: "Blessed is he whose help is the God of Jacob, who hope is in the Lord his God." Indeed, *blessed as to present value and blessed as to future value!* Stunning.

A&A: Application & Action

1. When it comes to the estimated \$100 trillion in current unfunded future financial commitments made by Congress, does that change your financial behavior today? Do you ignore that? Do you discount your dependence on Social Security in the future down to \$0? Discuss.

2. Do you believe that the U.S. is demonstrably immoral for taking the path of the estimated \$100 trillion in unfunded liabilities? Discuss.

3. As a believer in Christ, when you ponder God's promise that you are a fellow heir with Christ's heirship "in all things" and that your future is so fully assured, does that change how you think about your finances in this life? Why or why not? Be specific.