

## Money, Part II - Debt – Act Your Wage

Introduction:

Quick review of what we learned last week.

- Money/possessions are important and a substantial amount of scripture teaches us about them
  - There are more than 2,350 verses dealing with money and possessions versus approximately 500 verses on prayer, fewer than 500 verses on faith
  - 16 of the 38 parables from which our Lord taught his followers dealt with money or possessions.
  - He said a lot about it because he wants us to know His perspective
- God's Part – (ownership, control, provision)
- Our Part – stewardship, being a good and faithful steward

### Debt

“We have so much personal debt in our nation that the average person has been described as someone driving on a bond-financed highway, in a bank-financed car, fueled by charge-card-financed gasoline, going to purchase furniture on the installment plan to put in his mortgage company-financed home!”

*Roget's College Thesaurus* lists the following as synonyms for debt:

- Liable
- Minus
- Owing
- In hock
- Up against
- Encumbered
- Insolvent
- In the hole
- Broke

Dave Ramsey in the beginning part of *Total Money Makeover* addresses some myths about debt and then counters those myths with the truth. Let's take a look at a few of these.

Debt Myths vs. Truth:

- Myth = Debt is a tool and should be used to create prosperity
  - Truth is that debt adds considerable risk; most often doesn't bring prosperity, and isn't used by wealthy people nearly as much as we are led to believe.
  - 75% of Forbes 400 (400 richest people in America) said the best way to build wealth is to become and stay debt free
  - **Prov. 22:7**
- Myth = If I loan money to friends or relatives, I am helping them.
  - Truth is that if I loan money to a friend or relative, the relationship will be strained or destroyed. The only relationship that would be enhanced is the kind resulting from one party being the master and the other party a servant.

- The old joke is that if you loan your brother-in-law \$100 and you never see him again, was it worth it?
- Myth = By co-signing a loan, I am helping a friend or relative
  - Truth is that you better be ready to repay the loan. The bank wants a co-signer for a reason, which is that they don't expect the friend or relative to pay.
  - **Prov. 17:18**
- Myth = "90 days same as cash" equals using other people's money for free
  - Truth is that 90 days is not the same as cash
  - If you have the cash to buy, flash that cash, request a discount and if they won't give it to you, go to their competitor
  - Most people don't pay off the debt in the allotted time. Nationally 88% of these contracts convert to debt with interest rates of 24% - 38% and they back charge you to the date of purchase.
  - When you play with snakes you will be bitten
- Myth = Car payments are a way of life; you'll always have one
  - Truth is that staying away from car payments by driving reliable used cars is what the average millionaire does; that's how they become millionaires.
  - Usually the largest payment besides the mortgage and keeps most people from building wealth
- Myth = You should get a credit card to build your credit
  - Truth is you don't need to build your credit to be debt free
  - Cash buys things better than credit
  - You can qualify for a conventional fifteen year fixed-rate loan:
    - By paying your rent early or on time for 2 years
    - Keeping the same job for 2 years
    - Having a good down payment (more than nothing)
    - Having no other credit, good or bad
    - Not trying to get too big of a loan (payment should not be > 25% of take-home pay)
- Myth = If no one used debt, our economy would collapse
  - Truth is it would prosper
  - If every American would stop using debt in one year, maybe, but if they stopped over the next 25 to 50 years, gradually, the economy would prosper; just because we don't borrow to buy doesn't mean we won't buy.
  - The economy would be much more stable

All very applicable. Now let's see what the Bible has to say.

### **Debt**

The Bible does not say that debt is sin, but it does discourage it

- Never generally a positive thing, cautions us, encourages us to get out of it
- **Rom. 13:8** –
- **Prov. 22:7**
- **I Cor. 7:23**

- In OT, 2 ways it was used (curse-related to disobedience & blessing-reward for obedience)
  - Blessings – **Deut 28:12**
  - Curse – **Deut 28:15** –
- When we go into debt, we assume that we will earn enough or will have sufficient resources to pay the debt. Scripture cautions against presumption: James 4:13 -- Come now, you who say, “Today or tomorrow we will go to such and such a city, spend a year there, buy and sell, and make a profit”; whereas you do not know what *will happen* tomorrow. For what *is* your life? It is even a vapor that appears for a little time and then vanishes away. Instead you *ought* to say, “If the Lord wills, we shall live and do this or that.”
- Borrowing without repaying is a sin –
  - **Ps 37:21**
- Factors that lead to debt
  - Lack of knowledge—most people not trained to be good stewards – don’t look at the total cost including interest
  - Lack of planning or discipline – no budget—maybe simplest answer to most financial problems is for folks to live by a budget
  - Indulgences-spend to satisfy fleshly desires
    - Household need, transportation need, but what kind, how much?
  - Unexpected circumstances – illness, major repair, etc.—compounds the problem
- What is the answer
  - **Matt 6:33**
  - **Pray** and ask the Lord to provide (include confession, if appropriate)
    - **II Kings 4:1-7** —May not be the way God works in your life, but He can!!
  - Start giving right now – the reason you may not be able to pay your bills is that your not tithing as the Bible commands (**Mal 3:8**)
  - No new debt (cut up the credit cards if you must)
  - Establish a budget (a written spending plan)
  - List your assets –everything you own—what can you sell (**Prov 27:23**)
  - List your liabilities – all of them—smallest to largest and interest rates—establish a payment plan
  - Reduce spending—most obvious, but most difficult
  - Additional income – maybe necessary for spouse to work—sometimes we take off the table what Biblically is not
  - Don’t give up, even when you feel like it’s not working
  - Consider participating in accountability type group such as financial peace university (Dave Ramsey) or Crown Ministry small group. CCP considering if enough are interested.
- When is debt acceptable – scripture is silent – (the following are from Mr. Dayton’s book)

- The item is an asset with potential to appreciate or produce income (e.g. mortgage, business)
- The value of the item equals or exceeds the amount owed against it (i.e. a down payment is required)
- Debt does not put undue strain on budget
- Make debt exception, not the rule
- Create a debt repayment plan and pay off ahead of schedule
- Cosigning (**Prov 17:18**) – don't do it unless you plan on paying for it

**Remember:** that God's responsibility is ownership, control and provision and ours is stewardship. How we handle our money, especially how we manage debt goes a long way to indicating how well we are doing as a good and faithful steward.