

Reasons for becoming debt free

Christians today are generally polarized into two opposite groups. One feels that the Word of God forbids any and all kinds of debt at all times (see Romans 13:8). Some of these even feel that debt is a sin. The other group assumes that debt is an acceptable and normal way of life that God often uses to meet the needs of His people. Neither of these viewpoints is totally accurate. Although debt is not a sin, it also is not a normal way of life, according to Scripture.¹ Rather, debt is a dangerous tool that must be used, if at all, with extreme caution and much prayer due to its potential for enslaving people in financial bondage (see Proverbs 22:7).

Why debt is dangerous

The following are reasons why debt needs to be treated with extreme caution:

1. Debt presumes on the future. When people commit themselves to payments over a period of time, they are presuming that there will be no pay reductions, no loss of job, and no unexpected expenses. That is an improbable assumption (see Proverbs 27:1).²
2. Debt lowers future standards of living. Money that is borrowed today must be repaid over time along with interest, which means that those things purchased with credit will cost more “tomorrow” than they did today. Therefore, the standard of living will have to be adjusted to compensate for the added expense.
3. Debt focuses on facade decisions rather than real-life decisions. Debt encourages people to make decisions based on whether they can afford a monthly payment, rather than whether they can afford the total cost (purchase price, operational expenses, and finance charges) of the item. Debt makes it too easy to say yes to low monthly payments while ignoring the real cost of items.
4. Debt leaves people at the mercy of the power of compound interest. If consumers pay the minimum monthly payment on a \$1,000 debt at 19.8 percent rate of interest and never charge anything else on that account, it will take eight (8) years to pay back the \$1,000 and they will pay \$2,023 for the privilege of charging \$1,000. In some cases, items charged on nationally accepted bank credit cards can cost upwards to eight times the original purchase price of the item by the time the bill is paid off.³
5. Debt could delay God’s plan. God said that He would provide for His people’s needs. Debt allows needs to be met now, from a means other than through God’s provision. Debt provides instant gratification, at the expense of financial freedom, rather than waiting on God’s perfect plan and His perfect timing.
6. Debt clouds the line that separates wants, desires, and needs. Needs are necessary purchases such as food, clothing, shelter, medical coverage, transportation, and others. Wants involve choices about quality of goods. Discount shopping versus specialty shopping, lobster versus chicken, or a new car versus a good used car, and so on. Desires are those things that can be purchased only after all other obligations are met and only if there are surplus funds available to purchase them.⁴ Debt allows desires to become wants and wants to become needs.
7. Debt encourages impulse buying and overspending. The chief financial officer of a national credit card company said that consumers spend on the average of 25 to 30 percent more when they charge than if they purchase with a check or cash and that a great majority of those extra purchases are the result of impulse buying. Unrestricted debt assumption and credit cards have provided the means to immediately buy beyond the means to repay, without sacrificing needs and necessities.⁵
8. Debt stifles resourcefulness. In a society that lives by the premise of “I want, what I want, when I want it,” the need to be resourceful — mending clothing, resoling shoes, and changing oil — in order to save money is no longer relevant. It is more convenient to purchase new or to charge services simply by “putting it on plastic,” and then paying for it later, regardless of interest or finance charges.
9. Debt eliminates family financial planning. Rather than planning for the future and allowing for a margin of errors, overruns, and changes to dictate future financial development, debt eliminates the necessity for future planning because the course for the financial future of the family will have already been set: pay the debt that has been accumulated.
10. Debt teaches children that the world’s method of managing money is normal. Debt causes children to have a casual regard for using credit cards, obtaining loans and mortgages, and keeping vows to pay the bills. For this reason, we have children who have graduated from college by borrowing for education expenses and living to the limit of their credit cards.⁶ They have never considered paying cash for transportation or anything else and have



begun adult life with so much debt that they have to work for years just to pay for the debt accumulated during their college years.

Conclusion

Debt-free living is still God's plan for His people today. The blessings of becoming debt free go far beyond the financial area. They extend to the spiritual and material realms as well. No one who is financially bound can be spiritually free. And the effects of financial bondage on a marriage relationship are devastating. Currently 50 percent of all first-time marriages fail, and the primary reason for the failure is financial incompatibility.⁷ Therefore, it is to all Christians' advantage to strive to become debt free.

Footnotes (and a great reading list too):

- ¹ Larry Burkett, *Debt-Free Living*, Moody, 1989, pp. 57-58
- ² Wilson J. Humber, *The Financially Challenged: A Survival Guide for Getting Through the Week, the Month, and the Rest of Your Life*, Moody, 1995
- ³ Larry Burkett, *Making Ends Meet, Christian Financial Concepts*, 1997, p.32
- ⁴ Larry Burkett, *The Complete Guide to Managing Your Money*, Inspirational, 1996, p. 53
- ⁵ Austin Pryor, *Sound Mind Investing*, Moody, 1996, p. 456
- ⁶ Larry Burkett, *Finances for Children and Teenagers*, Christian Financial Concepts, 1994, p. 18
- ⁷ Larry Burkett, *Answers to Your Questions About Debt and Credit*, Christian Financial Concepts, 1999, p. 2

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- 3) Get into a strong, accountable relationship with another believer in your cell who has conquered debt. If everyone in your group struggles with debt, ask your pastor to help you find someone.
- 4) Look for ways to pray and minister to others in your cell group, shifting the focus off of yourself and on to others. What prayer and support needs do they have? How can you befriend and serve the unbelievers in their lives?
- 5) As you make the journey out of debt and into financial freedom, share your triumphs and self-discoveries with your cell group. Too often, debt-laden cell members only share burdens. Don't make your

continued, page 21

My wife and I combined a substantial debt in our marriage. Mostly it was medical and hospital bills from past illness, but there were credit card debts as well, all totaling over \$30,000. We decided jointly to eliminate debt and began by praying together, cutting up all credit and gas cards, and committing to giving to our church and missions. I believe God honored that commitment and desire, after all He tells us, "... the borrower is servant to the lender." (Prov. 22:7) We were able to totally get out debt in about 3 years through budgeting and God's miraculous restoration of our finances.

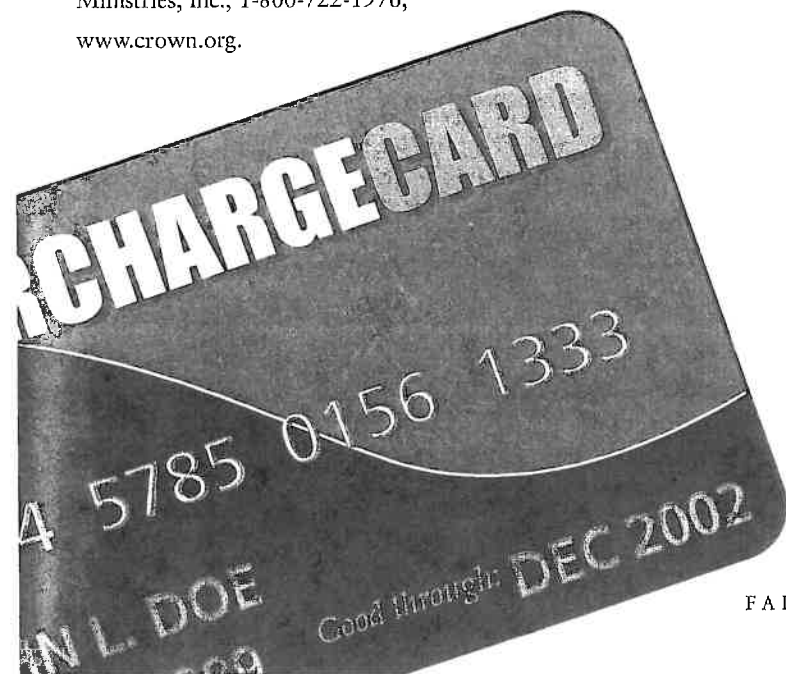
Being in debt was very hard on our marriage and led to many conflicts, but upon becoming debt-free (excluding our mortgage), we felt a huge release and have vowed to remain free from long-term debt. Also, we had chosen to home school our children. This has required us to make greater sacrifices in the area of spending to keep one parent at home. But God is faithful and He has provided!

These changes have allowed us to minister to many of our friends in our small group and family, as well as support the church/missions at a higher than average level. We often share our financial freedom testimony with others and encourage them to take steps toward living on a budget and get debt free. But, it is our belief that this must be done while still honoring God first with our tithes and offerings (Mal. 3:8). In the end, God is faithful if we will put His principles to practice, and He will use us to grow His kingdom and His people if we will only obey (Matt. 7:3-5).

— Mike Hardcastle, Leader in Training, Calvary Chapel, Austin, TX

I just baptized a new believer and her daughter. She and her husband are trying to start over financially, and moved with nothing to our city. Our church is helping them through mentoring. Their old mistakes and debt make everything many times harder now. She recently told me, "I ran up a debt of thousands of dollars and lost my apartment because I didn't know you had to pay back the credit card company. No one ever told me." She is 19 years old. [Ed. note: Don't forget to teach your children about credit and the dangers of debt!]

— Dr. James L. Hoefler, Senior Pastor, Living Christ Fellowship, Tempe, AZ



Getting Out of Debt

Adapted from Randy Alcorn, Money, Possessions and Eternity

1. **Repent.** Acknowledge that you've taken your cues from the world, not God. Change your mind and your actions regarding money, things, needs, wants, giving, saving, spending, and debt. "Do not conform any longer to the pattern of this world, but be transformed by the renewing of your mind. Then you will be able to test and approve what God's will is I—his good, pleasing and perfect will" (Rom. 12:2).
2. **Immediately give God the firstfruits.** When we give to God the first and best of our income, we say in effect to him, "I recognize your ownership and trust you to bless my obedience."
3. **Incur no new debts.** Operate on this principle: "If I can't afford it now, it isn't God's will now."
4. **Systematically eliminate existing debts.** Draw up a careful budget. Make a specific plan to get out of debt. Seek wise financial counsel. Liquidate unnecessary assets. It won't happen overnight, but with a good plan and determination you can and will get out of debt.
5. **Perform plastic surgery on your credit cards.** If the card is a temptation, cut it up and remove it.
6. **Stop rationalizing your debt habit.** Houses and cars are the strongest temptations for some, whereas for others it is furniture, clothing or electronic equipment. Recognize your weakness and don't let it master you.
7. **If debt seems the best or necessary choice, go slowly and prayerfully.** Get objective financial counsel from good stewards (Prov. 15:22). Seek financial wisdom only from those who have proven financially wise.
8. **Learn the difference between saving and spending.** Saving it when you have more money than when you started, spending it when you have less.
9. **List your debts and, if necessary, contact your creditors.** Establish a schedule that's workable within your budget to repay your creditors. By comparing the different interest rates on your debts, prioritize your debt reduction, paying off most quickly those with the highest interest.
If your debt is beyond your ability to pay at prescribed levels, explain your plan of repayment to your creditors. Normally they will welcome your plan because they're often faced with bankruptcies in which they receive little or nothing.
10. **If you've done everything else and it still seems insufficient, consider ways to increase your income in order to eliminate your debts.**
If you are already working full-time, more work isn't a long-term solution. Still, a second job or household business may be a temporary necessity to reverse the consequences of past decisions.

Symptoms of Financial Bondage:

1. You place more faith in your material goods than you do in God.

Job 31:24-28 "If I have put my confidence in gold, and called fine gold my trust, If I have gloated because my wealth was great, And because my hand had secured so much... That too would have been an iniquity calling for judgment, for I would have denied God above."

2. You place your personal goals or desires above God's.

1 Tim. 6:8, 9 "And if we have food and covering, with these we shall be content. But those who want to get rich fall into temptation and a snare and many foolish and harmful desires which plunge men into ruin and destruction."

3. You are consumed with a desire to get rich quick.

Prov. 28:20 "A faithful man will abound with blessings, But he who makes haste to be rich will not go unpunished...A man with an evil eye hastens after wealth, and does not know that want will come upon him."

4. You have to delay paying bills.

Prov. 3:28 "Do not say to your neighbor, 'Go, and come back, And tomorrow I will give it,' when you have it with you."

5. You compromise your Christian ethic and fail to honor a moral obligation.

James 5:4 "Behold, the pay of the laborers who mowed your fields, and which has been withheld by you, cries out against you; and the outcry of those who did the harvesting has reached the ears of the Lord of Sabaoth."

6. You have not been faithful with the resources God has provided.

Parable of the Talents

Matthew 25:14-30

7. Your lack of diligence in your work has put undo pressure on your family.

1 Tim. 5:8 "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."

8. You buy depreciating items on credit.

Phil. 4:19 "And my God shall supply all your needs according to His riches in glory in Christ Jesus."

9. You do not tithe or give offerings.

Mal. 3:8, 9 "Will a man rob God? Yet you are robbing Me! But you say, 'How have we robbed Thee?' In tithes and offerings. You are cursed with a curse, for you are robbing Me, the whole nation of you!"