

Defusing the DEBT Bomb!



*The rich rule over the poor,
and the borrower is servant
to the lender.
Proverbs 22:7*

According to some of the most recent studies, the United States has the highest divorce rate of any country in the world (53%). According to a recent poll from divorce lawyers, nearly 80% of all divorces, finances was one of the major impacts in the divorce. In 1965 there were only two predominate credit cards, J.C. Penny's and Sears. Because of their financial success in producing profits, most of the major banks began issuing credit cards. Today it accounts for almost 30% of their total revenues. Is it any wonder that a business man cannot get a loan to expand his business in order to create jobs? The banks find it more profitable to issue credit cards for debt that is unproductive for society. Who pays for that debt? WE DO!. We have gone from \$131 Billion of public debt in 1970 to over \$794 Billion of public debt in 1990, and has escalated to over a trillion in 1995. Is it any wonder that in the last 10 years America has had:

- Greatest Stock Market Crash**
- Greatest Banking Bail Out**
- Greatest failure by an Insurance Company**
- Greatest number of corporate bond defaults.**
- Greatest number of personal bankruptcies**
- Greatest dollar increase in the Federal Deficit**
- Greatest reliance on gambling revenues by independent states**
- Greatest number of Law suits for financial gain**
- Greatest number of credit cards issued**
- Lowest Savings rate of industrialized Nations**

Many Christian authors tell us that it is a sin or unbiblical to be in debt. Read **Proverbs 22:7** and **1 Corinthians 7:23** what do you think this says about debt?

Read **Psalms 37:21** Does this scripture forbid Christians to borrow money? _____ No it doesn't forbid the borrowing of money, it simply says that you are considered wicked if you do not pay it back. The real principles of debt is that God recognized that if we owe money to someone else, we are a slave to that person, and are consumed with worry, work, and how we are going to be able to repay. Instead of how we will be better able to serve God and to support His work.

What is debt? The dictionary defines debt as "Money or Property which one person is obligated to pay another." So in other words if you do not own it, it is partially someone else's. This in a way makes them your boss until the debt is completely repaid.

Managing Your Lifestyle



*Now listen, you who say,
“Today or tomorrow we will
go to this or that city, spend
a year there, carry on
business and make money.
Why, you do not even know
what will happen tomorrow.
What is your life? You are a
mist that appears for a little
while and then vanishes.
Instead, you ought to say,
“if it is the Lord’s will, we
will live and do this or that.”
James 4:13-15*

WHAT ARE THE DISADVANTAGES OF DEBT?

You pay too much for merchandise.

Let’s compare a home mortgage on a \$80,000 home taken out for 30 years, versus a loan of 15 years at 9% interest.

	<u>30 Yr</u>	<u>15 Yr</u>
Original Mortgage	\$ 80,000	80,000
Monthly Payment	638.90	805.37
Years Paid	30	15
Total Cost of Home	230,004	144,966

How about a stereo unit financed on credit cards at 18% interest?

	<u>18%</u>	<u>0%</u>
Cost of Stereo	\$1000	\$1000
Monthly Payment	24	24
Years Paid	5.4	3.5
Total Cost	1560	1000

In the case of the home, you are in effect buying almost 3 homes for the price of one. In the case of the stereo you could have bought numerous records, tapes, or CD’s to go with the stereo for the difference of \$560. As you can see paying high usury (interest) is not always wise.

Accumulating Debt assumes too much on the future.

One of the biggest issues causing people to file bankruptcies today is unexpected layoffs of jobs. Well meaning individuals have taken out loans or used their credit cards with the assumption that they will always have a good paying job, or good health. Then suddenly disaster happens. Read James 4:13-14 and describe in your own words what you think God says about this

Debt is a form of Slavery.

God set forth this principle in the Old Testament.

Read **Nehemiah 5:1-5**.

Does this sound anything like America today? What problems were the Jews experiencing? _____

_____ What was the high usury (interest) rate charged in **Nehemiah 5:11**?

If it was unbiblical to have debt, Jesus wouldn’t have told us in Matthew 5:42 Don’t not turn away those that want to borrow from us. When we give our money to a bank, in return for interest on our money markets or CD’s, we are forcing the Banks to be debtors to us aren’t we. In the Old Testament Law we were not to lend money to our fellow brother and charge them interest.

Managing Your Lifestyle



Notes:

Read Luke 6:34-36. What did Jesus teach us about lending to others?

Is interest unbiblical? _____

Read Exodus 22:25 what was the principle of lending to your fellow brother as an Israelite? _____

When should you borrow money?

The Protestant reformers believed that Biblical stewardship should coincide with the welfare of our fellow man. John Calvin stated "Man does not live for himself alone he also lives for all men on earth". Most of the debt accumulated by individuals today is accumulated for personal desires, not for the well being of others. Things such as jewelry, clothes, food, cars etc. Society has shifted in the last 30 years from productive business loans that create jobs in the community, to credit card loans which account for almost 30% of the revenues of most major lending institutions.

While there is not a specific guide line from the Bible as to when to borrow , how much to borrow, or from whom to borrow. The following guide lines serve within the frame work of not presuming too much into the future and not placing ourselves into servitude to the lender.

Questions to ask yourself.

1. *Is this debt serving my needs , desires or wants?*
2. *Will this be a productive asset? Who will it benefit besides myself?*
3. *Is it within my means? Can I afford it?*
4. *If I lose my ability to pay for the asset will the value of the asset cover my debt?*
5. *How much does this rely upon my future ability to earn an income? What happens if that income is interrupted?*
6. *Who will be damaged or affected if you are unable to pay for the debt?*
7. *What do you think Jesus would say about it if He were counseling you?*
8. *Are there cheaper alternatives that would accomplish the same benefits?*
9. *Have you prayed for guidance and waited for an answer?*

Repayment and Bankruptcy

Since the passage of the consumer lending laws in the late 1970's many Christians that have been forced into bankruptcy. This is one of the worst feelings in the world because you feel as though you have failed yourself, your family and your God. Many times God uses a financial crisis such as this to bring you back to Him and to get your focus off of money. What should you do if you have filed bankruptcy? Should you consider bankruptcy as a Christian?

Managing Your Lifestyle



Notes:

First of all getting into a position of having to file bankruptcy is a bad testimony of our Christian faith. We are to be responsible stewards with God's assets. With that said, what happens if you do file bankruptcy? Many Christian counselors like to take a legalistic approach to bankruptcy. Some clients that have filed bankruptcy, tell us that they were told that they were under a curse by God for 10 years until the bankruptcy came off of their credit report. We have had others tell us that they are under an obligation to pay their debts back by as much as four-fold. God, is a loving and forgiving God and being in debt or filing bankruptcy is no different than any other sin! YOU CAN & WILL BE FORGIVEN, but God measures your heart towards Him, and your true intentions in the process.

Lets take a look at some of the scriptures concerning debt and repayment.

In the old testament times, if you were caught stealing someone else's possession's there were many forms of restitution ranging from being sold as a slave to 5 times the payback of the item stolen. Exodus 22:1-4.

In **Proverbs 6:30-31** and **Luke 19:8** states repayment measures for items stolen or defrauded. What was the payback requirement discussed in these passages. _____ and _____

In **Luke 19:5-8** was salvation bestowed upon Zaccheus because he offered to repay his debts or was it because he had turned his heart towards God?

Read **Romans 13:8** what does it say about owing others?

Now Read Romans 13:1-8 in context. What is being said is that we are under subjection to authority and to the government because God has placed them there, including their laws and their rules.

Ask yourself this question: Is bankruptcy a law established by Government?

Is it legal? _____ Why? _____

Read **Leviticus 25:25-28** concerning the Old Testament year of Jubilee. What does it say is done with debt every 7 years?

Read **Nehemiah 10:31** What does it say about the year of Jubilee?

Read **Luke 6:30-32** What was the principle Jesus was getting across in these messages? _____

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Notes:

Read **Matthew 18:25-29**. What was the problem with debt for the servant in this passage? _____ vs 25

What did his Lord tell him to do in this situation?

Have you ever felt this much in bondage before? It is exactly the same feeling of someone about to file bankruptcy.

What did the servant then do in verse 26?

What did the Lord of the servant do in verse 27?

Why do you think he did this? _____

NOW, go back and read the beginning of these passages **Matthew 18:21-28** what do you think this whole passage was about in its context?

Read **Luke 7:41-43**

Here Jesus uses the parable of two debtors owing a money lender. What did _____ the _____ money _____ lend do? _____

What was the point of this parable?

Jesus is a loving God and wants to forgive our sins? He wants us to give our heart to him and to be a good steward of his resources.

Read **Psalms 86:5 and 86:15**. In your own words describe what these mean to you _____

Read **Luke 4:18-19**: What was Jesus telling us about the reason for his ministry here on earth _____

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Notes:

Do you think the Lord, God, Jesus Christ has changed over the years?

Read **Hebrews 13:8** _____

Bankruptcy is an area that everyone wants to avoid because it is a very painful, unrewarding, gut wrenching experience that will carry with you for the rest of your life on earth. But sometimes it is our only recourse and remember that we serve a God of love, and it is only by His grace and His grace alone that we can look forward cheerfully and KNOW that we are forgiven and can put our past behind us and move forward and serve him fully. The one point to remember, just as in the parable of **Matthew 18:25-35** is that we are to forgive others as we have been forgiven.

Read **Matthew 18:28-35**. What does this tell you about God's mercy?

Do You have the Symptoms of DEBT?



*He who conceals his sins
does not prosper, but
whoever confesses and
renounces them finds
mercy.*

Proverbs 28:13

How well did you do?

Three or More

Symptoms of financial problems

Four - Eight

*Need to take immediate steps to get
your finances under control*

Nine or More

*The Debt Bomb is
about to explode!*

**SEEK HELP
IMMEDIATELY!**

Are you having trouble paying your bills on time? Yes _____ No _____

Do you have 1 or more credit cards that are maxed out? Yes _____ No _____

Do you spend a lot of time worrying about your debts? Yes _____ No _____

Are you receiving late notices or calls from creditors? Yes _____ No _____

Do you save money on a regular basis? Yes _____ No _____

Are you 1 or more months behind on your bills? Yes _____ No _____

Are you unwilling, unable to tithe to your church or have
you had to reduce your tithe? Yes _____ No _____

If you lost your job today, could you survive on savings for
at least 3 to 6 months? Yes _____ No _____

Have you increased the number of credit cards that you own?
Yes _____ No _____

Have you asked to increase the limits on your credit cards?
Yes _____ No _____

Are you paying the minimum on 1 or more of your cards?
Yes _____ No _____

Do you have to hurry to the bank on payday to cover checks
that you have written? Yes _____ No _____

Do you receive regular NSF or overdraft charges? Yes _____ No _____

Have you had to borrow from family, friends, or retirement
plans to pay bills? Yes _____ No _____

Have you canceled your health or car insurance? Yes _____ No _____

Have you talked with a bankruptcy lawyer or credit
counselor? Yes _____ No _____