

2 Road to Financial Freedom: Student Sheet

Act Your Own Wage!

Focus Scripture: Matthew 18:23-30

Since he was not able to pay, the master ordered that he and his wife and his children and all that he had be sold to repay the debt.... He grabbed him and began to choke him. 'Pay back what you owe me!'



Just the Brutal Facts

- The savings rate in the United States is now at **negative** two percent.
- A Gallup Poll found 56% of all divorces are a result of financial tension.
- Personal bankruptcies were up 40% in 2007, exceeding 800,000.
- The average consumer has more than **5** credit cards.
- The total debt is increasing at the rate of \$2,000 per **second**.
- Compounding interest year after year has an incredible impact for you or against you.

The Power of Compounding (for you or a finance company)
This is an example of a family that has \$5,560 in credit card debt at an 18% interest rate. That yields \$1,000 annually in interest alone. Compare that to the example of what that same \$1,000 a year would become if invested at just 12%.

	<u>Year 5</u>	<u>Year 10</u>	<u>Year 20</u>	<u>Year 30</u>	<u>Year 40</u>
Amount of Interest Paid	\$5,000	\$10,000	\$20,000	\$ 30,000	\$ 40,000
Lost Potential Earnings	:\$6,353	\$17,549	\$72,052	\$241,333	\$767,091

Scripture's Perspective on Debt

1. In God's Word, debt is generally **discouraged**
Let no debt remain outstanding, except the continuing debt to love one another... Romans 13: 7-8
2. One scriptural argument is that debt puts the borrower in **bondage** to the lender.
The rich rule over the poor, and the borrower is servant to the lender. Proverbs 22:7
3. People enter debt presuming the ability to repay.
Instead, you ought to say, "If it is the Lord's will, we will live and do this or that." James 4:13-15

We must find the happy medium between living in fear and presumption.

4. Believers should learn and practice **contentment**
But godliness actually is a means of great gain when accompanied by contentment... But if we have food and clothing, we will be content with that. 1 Tim. 6:6-8

Our problem is not debt, but desire.

5. When the money runs out, **stop spending!**
For everything in the world--the cravings of sinful man, the lust of his eyes and the boasting of what he has and does... the world and its desires pass away... 1 John 2:16-17
6. Resist the temptation to "get rich quick". God's design is to work for our provision.
All hard work brings a profit, but mere talk leads only to poverty. Proverbs 14:23
7. Believers have a responsibility to repay debts **promptly**
Give everyone what you owe him: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor. Romans 13:7

8. Parents have a responsibility to model and teach **sound** financial principles
No discipline seems pleasant at the time, but painful. Later on, however, it produces a harvest of righteousness and peace for those who have been trained by it. Hebrews 12:11

Train a child in the way he should go, and when he is old he will not turn from it. The rich rule over the poor, and the borrower is servant to the lender. Prov. 22:6-7

The grass is always greener when you own it.

Debt-Free Living!

In order to enjoy the full spiritual life that Christ intends, I commit to:

- Refrain from impulse buying.
- Live within my means.
- Practice contentment.
- Pay my debts promptly.

Signed: _____

Date: _____

Week 2: Act Your Own Wage! Daily Homework Assignments

Monday

What does Luke 14:27-33 tell us about “counting the cost” of what we do? What bearing does this principle as well as the lordship discussed here have on our financial decisions?



Tuesday

Read Deut. 28. (verses 1-2, 12, 15, 43-44). What does it say about the blessings and curses of debt?

Wednesday

James 4:13-15 talk about presumption. What are some times that you have launched into purchases without prayerful consideration?

Thursday

A study by the Federal Trade Commission found that 50 percent of those who cosigned for bank loans ended up making payments. What does Proverbs 17:18 say about cosigning?

Friday

Psalms 37:21 describes the righteous and the wicked. How are each described?

Saturday

Proverbs 3:5-6 discuss our trust in the Lord. What principles from this passage can help us financially?

Suggestions for Appropriate Debt

Scripture is silent on when believers can go into debt. In the opinion of Howard Dayton, president of Crown Financial Ministry, it is acceptable to be in debt for a home mortgage or for a business or vocation. The acceptable debt should meet all three of these criteria:

1. The item purchased is an asset with potential to appreciate or produce income.
2. The value of the item equals or exceeds the amount owed against it.
3. The debt repayment does not place undue strain on other family or business needs.

12 Step Plan for Getting Out of Debt

1. Pray and discuss debt with family members. A common trend is that as people begin to eliminate debt, the Lord blesses their faithfulness.
2. Start giving regularly. “Bring the whole tithe into the storehouse... Test me in this,” says the LORD Almighty, “and see if I will not throw open the floodgates of heaven...” Malachi 3:8-10
3. Accumulate no new debt. Credit cards are not inherently sinful, just dangerous. People spend about one third more when using cards. If people do not pay off their entire balances at the end of the month, the author encourages plastic surgery.
4. Establish a written budget of current income and expenses. An envelope system is helpful to contain spending. Place budget money in a separate envelopes. When it’s gone, stop spending for the month.
5. List all of your assets and liabilities. You may benefit from selling some of your possessions, especially if they are still not paid for.
6. Set up an emergency fund. This allows you to meet emergencies without stress and disruption.
7. Establish a debt repayment plan. Pay off higher interest and lower balance debts first.
8. Consider earning additional income. Add a part-time job to help you get out of debt.
9. Learn to be content with what you have. Shop for bargains
10. Consider a radical change in your lifestyle. Dave Ramsey says, “Live like no one else today, so that you can live like no one else tomorrow!”
11. Wait 30 days before making non-essential purchases. Take time to shop for the best price, study the item, and also give yourself time to change your mind.
12. Don’t give up. Living debt free is a life-style. Good things don’t come easily! It takes time to arrive.

To learn more about getting out of debt, check out the book, *Free and Clear: God’s Road Map for Debt-Free Living* by Howard Dayton.