

Dealing With Debt

By David Feddes

The borrower is servant to the lender (Proverbs 22:7).

Living on borrowed money is so common, and people in our society have so many debts, that one writer described the average person as 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. That's the way many of us live. And there's no denying that living on borrowed money has its fun side: you can get what you want even before you're able to pay for it.

The not-so-fun side of living on borrowed money is that you end up owing money for a long time afterward, even after the things you bought with borrowed money are no longer so precious to you. Your college years are exciting, but years later you're still trying to pay off student loans even if you've switched to a career in a field that has nothing to do with your expensive university degree. Moving into your dream house is wonderful at first, but a few years later the house isn't so dreamy and the monthly mortgage keeps taking a bigger bite from your income than you can really afford. A shiny new car is a thrill, but three years later the shine is gone and payments remain to be made. The latest, greatest computer is nicer than a cheaper model, especially when you can get it on the "no payments for six months" plan, but you're still paying for that computer long after it has become old and slow compared to the newest ones. Keeping up with all the latest clothing fashions feels great, especially when all you need is a magic credit card, but it doesn't feel so great when fashions have changed and the credit card companies are hounding you. Newness vanishes quickly; debt doesn't disappear so easily.

For some of you, debt is a hassle. You're not in a financial crisis, you're able to make required payments, but you wish you had been more careful with money and would like to be debt-free.

For others debt is more than a hassle—it's your boss, a boss that bullies you and stifles your freedom. If you have business debts and finances are tight, you can't run your business the way you'd like. You have to keep your bankers and creditors happy. You're not your own boss; others order you around. "The borrower is servant to the lender" (Proverbs 22:7).

In some cases, the situation is even worse. Debt isn't just a hassle or a harsh boss but a nasty monster that keeps growing and threatens to devour your personal life and relationships. You owe so much money that you see no escape. You may feel guilty for out-of-control spending. You feel frazzled, endangered. The debt monster threatens relationships with spouse and family. Easy credit feels fabulous when you're getting stuff despite being unable to pay for it up front, but easy credit can hatch into a peace-destroying, relationship-wrecking monster of debt.

It's not always evil to borrow money, and in some situations it might be unavoidable. Still, debt is at best a hassle and at worst a monster. Debt is never desirable if it can be avoided. And much debt can be avoided if we stop assuming it as a way of life and instead set a goal of being debt-free.

What Causes Debt?

What causes debt? The answer seems obvious. Debt is caused by borrowing money. If you never borrowed any money through loans or credit cards or payment plans, you would have no

debts. The obvious cause of debt is borrowing, and the obvious way to be debt-free is not to borrow. If you've already borrowed and owe money on a number of debts, the way to become debt-free is to pay off those debts and not borrow anymore. Sounds obvious, right?

If only it were that simple.

Borrowing money is obviously the cause of debt, but why borrow money in the first place? To get things you don't have enough money to pay for at the moment. And why go after things right now that you can't pay for till later? Why spend money you haven't yet earned? If you can answer that question, you can deal with debt at the root level and move toward financial freedom.

The Bible says quite a bit about debt and about attitudes that tend to cause debt. The way you deal with money says a lot about the state of your soul. Financial decisions usually express inner spiritual attitudes, and real financial freedom is closely tied to inner freedom in your spirit. So let's look at what the Bible says about attitudes and actions that cause debt.

Loving Pleasure

One cause of debt is loving pleasure more than good sense. The Bible says, "He who loves pleasure will become poor; whoever loves wine and oil will never be rich" (Proverbs 21:17). Lobster in an elite restaurant costs more than a sandwich at home. Fine wine costs more than water. A fabulous hotel on a tropical island costs more than a camping vacation. The latest name-brand fashions cost more than clothes from a local thrift store. A brand new dream car costs more than a decent used vehicle that simply gets you from place to place. If you feel like you have to have the best of everything and have it right now, your spending runs ahead of your savings, and you keep adding to your debts.

It's not easy to value sound judgment more than immediate impulse, and our society makes it harder than ever through TV advertising and easy credit. Clever, catchy commercials tell us that happiness depends on buying what the advertiser is selling. Countless credit cards, payment plans, and rent-to-own deals offer us the stuff we want without feeling like we're spending real money. So much pleasure, so little pain ... until our debt payments get bigger than our paycheck. Then the pain hits hard.

Some pleasure lovers go so far as to dump money on things that are sinful, even criminal. Compulsive gambling can quickly drain away all your money and leave you deep in debt. Misusing alcohol and drugs can cause major debt by costing more than your budget can handle and by getting you fired or making your business collapse. Throwing away money in pursuit of sexual thrills can ruin your finances and wreck your life. "A companion of prostitutes squanders his wealth" (Proverbs 29:3). Bad behavior can swallow up money and devour your soul.

But even if you don't have any illegal addiction, the Bible warns about being "lovers of pleasure rather than lovers of God" (2 Timothy 3:2). This is a deadly spiritual problem which can keep people away from God and destroy their souls for eternity. It can also cause serious financial troubles in this present life. People who love God and find their deepest satisfaction in him are not addicted to luxury or sucked in by the promises of instant gratification. But in a society of pleasure worshipers, cravings run ahead of saving, and many can't control spending or stay out of debt. They are suckers for the latest advertisement and for the latest pricey luxury that they really don't need.

Lack of Wisdom

To stay out of debt, you must earn more money than you spend. What does it take for that to happen? You might say, “I just need a raise. If I had a higher income, I would have no debts.” But would more money solve your problem? Not necessarily. The Bible says, “Whoever loves money never has money enough” (Eccl. 5:10). People who overspend on a modest income usually find new ways to overspend when their income is higher. And that brings us to another root cause of debt: lack of wisdom.

A survey of high school seniors tested their knowledge of consumer issues and finances. It was a multiple choice test with four possible answers to each question, from which the students had to choose the correct one. If they knew nothing at all and just guessed at every answer, the average would be 25 percent. The actual average for all students was 42 percent, only 17 percent higher than random guessing. No wonder the report summarized the results by saying that these young people, ready to start college, were “financial illiterates.” Schools aren’t making kids wise with money, and parents aren’t helping much, either. In fact, a test of parents’ financial knowledge found that moms and dads scored only 16 percent higher than kids.

To deal with debt, you need more wisdom, not just a higher income. Getting richer won’t help if you don’t get smarter. Proverbs 17:16 says, “Of what use is money in the hand of a fool, since he has no desire to get wisdom?” Another translation of that verse says, “It does a fool no good to spend money on an education, because he has no common sense” (TEV). It takes more than money, and more than an expensive diploma, to make you truly wise with money and wise in life.

Proverbs 14:15 says, “A fool will believe anything; smart people watch their step” (TEV). Foolish people believe whatever they’re told by a clever sales pitch or their own impulses. But wise people study the facts and plan ahead. Debt seldom comes from not having a large enough income; more often it comes from not having enough knowledge and wisdom.

If you’re wise, you follow a spending plan based on the facts of your income and your real needs. But if you’re foolish, you might not plan at all. You focus more on your own pleasures or on other people’s impression of you than on what’s really best for you. Do you buy a house as a place to live or as a monument to impress others? Do you choose clothes as a way to look decent and stay warm or as a way of impressing people around you? Trying to impress others is expensive and causes many debt problems.

Proverbs 13:7 says, “One man pretends to be rich, yet has nothing; another pretends to be poor, yet has great wealth.” One man leases a fabulous car to show off but is falling behind on the lease payments; another buys a used car to save money even though he could afford to buy something much more expensive. Don’t try to appear richer than you really are. “It is better to be an ordinary man working for a living than to play the part of a great man but go hungry” (12:9 TEV).

Again, financial actions reveal a spiritual attitude. God may give you enough to live on but not enough to fund your desire to show off to others. At that point, will you be grateful to God and live within your means? Or will you spend more money than you can afford in order to look important? Do you care less about what God knows of you than what other people think of you? Pride and showiness carry a big price tag and often lead to debt. Modesty and gratitude cost less and leave more money in your pocket to be used for other (and better) purposes.

Is There Hope?

It's important to identify attitudes and spiritual factors that tend to produce debt, but we don't want to stop there. If you're deep in debt, you don't just need to know what got you there. You need to know if there's any hope of escaping financial bondage and getting new spiritual attitudes and practices.

Is there hope? Yes indeed. The first step on the road to financial and spiritual freedom is this: trust God. Don't panic over money problems. No matter how much you owe, no matter how monstrous your debt seems, don't panic. God can handle it. So trust God and rest in his care. If money problems frighten you too much, it means you trust in money too much. Don't let money rule your life. Get in tune with God. The Bible says, "Keep your lives free from the love of money and be content with what you have, because God has said, 'Never will I leave you; never will I forsake you.' So we say with confidence, 'The Lord is my helper; I will not be afraid.'" (Hebrews 13:5-6).

God can handle every kind of debt. In fact, financial debt is easy for God to deal with compared to another kind of debt. If you think your financial debts are huge, what about the moral and spiritual debts you pile up by sinning against God? How can you ever pay the price of your sin debts and make yourself right with God again. You can't. "No payment is ever enough" (Psalm 49:8). But even though no payment you could come up with would ever be enough, God came up with a way to pay for sin. The Lord paid off the spiritual debts of sinners, not with money, but with the precious blood of his own Son, Jesus Christ (1 Peter 1:19).

If you trust in Jesus and count on his blood to cover the debt of your sin, then your sin debt is cancelled and you are completely free from it. This is the foundation of faith and of any relationship to God. If you've never trusted Christ for your salvation, now is the time to do so. Don't even think about your financial debts until your sin debts are wiped out through faith in Jesus' blood.

Once you've trusted Christ as your Savior from sin, trust him in every other area of your life as well. Count on him to help you deal with every challenge, including financial challenges. The Lord can handle every kind of debt. Financial debt is puny compared to sin debt, so if the Lord came up with a way to free you from sin debt, he can surely free you from financial debt.

How will God set you free from debt? Not usually by adding a huge amount to your income right away, but by making you wise in handling the income you do have. God may bless you with greater amounts of money in the future, but his usual method is first to teach you to be wise and faithful with smaller things before he gives you more (Matthew 25:21-23). Meanwhile, being content with what God gives you, trusting he will never leave you nor forsake you, puts you a long way toward success in dealing with debt. Fear and discouragement can paralyze you and prevent you from doing anything about debt, but faith in God empowers you with new hope and guides you with practical wisdom from God's Word.

Planning for Financial Freedom

In practical terms, what guidance does the Bible offer for getting out of debt and becoming financially free? One big step may sound crazy at first, but here it is: take ten percent off the top of your income and give it to God. You might think the last thing anyone in debt needs is to give away money, but tithing—giving your first ten percent to God's church and mission—is what the Bible reveals as a way to honor God as the owner of everything you have and to enlist him as the senior partner in managing your finances. "Honor the Lord with your wealth, with the firstfruits

of your crops; then your barns will be filled to overflowing, and your vats will brim over with new wine” (Proverbs 3:9-10). Good things happen when you make God the master of your money. Add tithing to your budget, and you’ll be amazed at the effect on other parts of your budget.

Here’s a second practical step for financial freedom: take it little by little, one step at a time. Don’t hurry too much. Don’t try to fix it all at once. You didn’t get into debt in a day, and you won’t get out in a day. Being hasty and rash doesn’t get you out of trouble; it gets you farther into trouble. Some people are in such a desperate hurry to get out of debt that they spend money on lottery tickets, hoping to hit the jackpot. They don’t. Some try to get rich quickly through day trading in stocks. Most get poor quickly. Some try to get rid of debt by using credit to go even deeper in debt so that they can put money into high-risk stocks that will make them rich in a short time. It seldom works. It usually makes their debts worse. To deal with debt, just work hard, keep a steady income, and make progress little by little. “He who gathers money little by little makes it grow,” says Proverbs 13:11.

A third practical step is to come up with a specific plan, a budget. This helps you to move ahead on the basis of careful thinking, not careless impulse. “Plan carefully and you will have plenty; if you act too quickly, you will never have enough” (Proverbs 21:5).

In your budget, keep careful track of your spending, and find areas to cut back. Never go shopping just to feel better. If you find it hard to control spending, then never go to a mall just for fun. When you go into a store, buy only what you went there to get, and then leave. Don’t purchase something that catches your eye but that you weren’t planning to buy and don’t really need. Old habits die hard, so if you have a weakness for impulse buying and can’t control your spending, ask another person to hold you accountable for your spending until you can manage on your own. Keep a record of your spending and report to your accountability partner on a regular basis.

Your budget must cut expenses and set a plan for paying a certain amount each month on the debts you owe. Your ultimate goal is to be someone who doesn’t need to borrow but who can instead have a surplus from which you can meet unexpected expenses and help others more generously. The Bible says, “The wicked borrow and do not repay, but the righteous give generously” (Psalm 37:21).

Don’t wickedly cheat those who loaned you money. Pay them back. Even if you’ve declared bankruptcy, God wants you to pay back as much money as you possibly can, even if it takes years. The Bible says, “Let no debt remain outstanding, except the continuing debt to love one another” (Romans 13:8).

How do you pay off your debts? Budget to make the required monthly payment on all your accounts, and then target one account at a time to pay down as quickly as possible. Start with the debt that has the highest interest rate, and put your debt-reduction money toward that until it is paid off. Then take the debt with the second-highest interest rate, and put extra money toward that each month, and so forth, until you have no debts left. Be patient. Don’t give up if you can’t make progress as quickly as you hoped. Keep at it little by little.

As you gradually pay down your debts, be sure that you don’t add any new debts. If you use credit cards without paying the full amount each month, cut up all your credit cards so that you don’t add any more debt to what you already owe. Refuse to borrow. Find ways to go without something until you’re able to pay for it. As you grow in wisdom and self-discipline, you’ll

become better and better at saving up enough money to pay for things ahead of time, rather than using debt to buy them.

Part of wise budget planning is to save a set amount each month. If you've been living paycheck to paycheck with no money saved up as a cushion, you need to start saving. Save money into an account which will enable you to pay for unexpected repair bills and handle other financial setbacks without panicking or needing to borrow. Wise people keep something extra saved up just in case, "but stupid people spend their money as fast as they get it" (Proverbs 21:20 TEV).

As you seek to become wise with money and financially free, live every moment by faith. Don't panic about problems, and don't fall in love with success. Money is a useful tool that God wants you to use wisely, but your ultimate love and trust must be in God, not money. Let God's Word guide and comfort you when it says, "Keep your lives free from the love of money and be content with what you have, because God has said, 'Never will I leave you; never will I forsake you.'"