

FIGURING OUT YOUR FINANCES: BREAKING OUT OF THE DEBT TRAP

Part 1 of 3 -- November 4, 2007

We live in a culture based on instant gratification. Buy now – pay later, “easy pay”. Of course, this causes enormous problems; we are in the throes of a “Sub Prime” mortgage meltdown! It’s all over the headlines, not only in culture but also in our individual families and lives. Consumer debt in America now stands at over 1.4 trillion dollars. That’s not what the government owes. That’s what you and I owe.

Today we begin the series “Figuring Out Your Finances”, just in time for the holidays! I want us to look at Breaking Out of the Debt Trap.

You say, “Why is debt a trap?” It’s a trap because it enslaves you. When you go in debt, you lose your freedom. The Bible tells us in **Proverbs 22:7** *“The borrower is the servant to the lender.”* Any time you take a loan, any time you go in debt to someone or some company, you are, in a sense, becoming a servant to them because you’re obligated to those people.

One word you’ll never find in any credit application or credit advertisement. It a word that we don’t like in credit ads. It’s the word “debt”. But that’s exactly what they’re selling. They’re selling you *debt*. That is an uncomfortable word. It’s an unpleasant word.

There is a movie, “Lost in Space”. It’s a pretty cheesy movie! A total waste of special effects. Cisco and Ebert rated “Lost in Space” one of the ten worst movies of 1998. If you didn’t see the movie you probably saw the TV show. One of the main characters is this dorky robot who walks around – his goal in life – saying, “Danger! Will Robinson! Danger!”

Today, I want to be the dorky robot. I want to give you six danger signs that you are in over your head. Six danger signs that you need to take drastic measures in your finances that you’re either headed into the debt trap, or you’re already entrapped in debt.

What does the Bible say? Signs of the debt trap:

1. LIVING ON CREDIT INSTEAD OF PAYING CASH.

If you depend on credit to maintain your lifestyle you’re spending too much. If you have to use credit cards to maintain your lifestyle, you’re spending too much. **Proverbs 3:27-28** *“Don’t withhold repayment of your debts. Don’t say ‘some other time,’ if you can pay it now.”* In other words, if you have cash to pay it now, pay it now. Don’t put it off until the future; don’t put it on some credit account.

There are a couple of problems with living on credit:

It shows a lack of contentment in your life. You can’t wait. You can’t be patient. You can’t save. You have to have it now. It shows a lack of contentment.

It is a presumption on the future. You say, “I can always pay it off tomorrow.” How do you know? You might be disabled tomorrow. You might have a major accident next week. Every time you buy something on unsecured credit (like a credit card, a revolving account) you are buying something that you’re presuming on the future that you’ll be able to pay it back. **Proverbs 27:1** *“Boast not of tomorrow, for you don’t know what tomorrow will bring.”* Debt always presumes upon the future.

2. DELAYING PAYMENTS OR PAYING THE MINIMUM DUE.

That’s a telltale sign that you’re in the debt trap. If you find yourself constantly under tension over money. All kinds of signs should be exploding in your mind saying, “Something has to stop right now! I’m spending too much money! I’m spending more than I make!”

The Bible says in **Romans 13:8** *“Let no debt remain outstanding.”* You need to pay it off. Don’t bounce it over to next month and next month. *“Let no debt remain outstanding.”*

3. UNABLE TO TITHE OR SAVE

If you're not saving any money, if you're not tithing, you're spending too much money. We talked about these principles. God takes this very seriously. **Malachi 3:8** *"Will a man rob God? Yet you rob Me. But you ask, 'How do we rob You?' In tithes and offerings."* If I'm not tithing, I'm robbing God. I'm using God's money to pay my bills. And God takes that very seriously. How do you expect Him to bless your finances if you're robbing Him?

Then the Bible tells us *"The wise man saves for the future, but the foolish man spends whatever he gets."* If you're not saving any money, if you're not tithing, you're spending too much. You need a radical overhaul of your lifestyle.

Along with that....

4. UNABLE TO PAY TAXES

You get to April 15 and you don't have the money to pay your taxes, the Bible says in **Matthew 22:21** *"Give to Caesar what is Caesar's and to God what is God's."* If you can't pay your tax that means you're spending too much money. You are in the debt trap.

5. EXTRAVAGANT SPENDING

Proverbs 21:17 *"Indulging in luxuries, wine, and food will never make you wealthy."* If you want to get wealthy, you don't indulge in luxuries, wine and food. Today we have an entire luxury market. Catalogues you get at Christmas and other times of the year are filled with things that are ridiculously unnecessary, unneeded. But it's for the person who has everything. You've got to spend. So what do you do when you've got everything? You've got to find something they need and then make up stuff. I read this ad about a \$200 nose-hair remover! Folks! I could show you a much cheaper way to do that but Deb's here so I'm not going to. I could show you how to do that. Who needs a \$200 bugger-picker!!

6. LOOKING FOR GET RICH QUICK IDEAS

If you're always looking for get rich quick ideas it means you're either in debt right now and so you're trying to get out, you're headed into debt and those get rich quick ideas will put you in debt. The Bible says run from get rich quick schemes. It says it over and over again. **Proverbs 21:5** *"Steady plodding brings prosperity; hasty speculation brings poverty."* When you're in debt, you're ripe for a rip off.

But there is a way out. I'm here to tell you – There is a way out! If you will follow God's financial plan and the steps to getting out of debt, you can do this!

NINE STEPS OUT OF THE DEBT TRAP

Some of you have already figured out this is a 15-point sermon and you think we're never going to get out of here today. I promise you, because we have 15 points this week, next week's sermon will be pointless!

1. COMMIT TO BECOMING DEBT FREE NOW!

Not tomorrow, not next week, not next month – commit to being debt free now. Always start with a commitment. **Psalm 37:21** *"The wicked borrow and do not repay."* God says if I don't pay my debts, it's wicked. Not just wrong, or ok, or socially acceptable – it's wicked. Tough words said in love. You take the hard, tough steps of character. It starts with a commitment.

2. START PAYING GOD AND MYSELF FIRST

That means right off the bat. I get that paycheck and the first ten- percent goes back to God and the second ten- percent goes to me (my savings account). I can't understand how people spend their lives, working hard to make money and they never pay themselves or they never pay God – the two entities most responsible for your ability to make wealth. Where did your ability to make wealth come from? God and yourself. Yet these are the last two entities we often pay. Right off the bat, if you want to get out of debt.

We're talking about the 10-10-80 principle. Tithe 10%, Save 10%, Live on 80%. It's tough, but it works.

Folks, this works. You've just got to work it. It takes discipline saying, "I'm not going to buy today. I'm reducing my expenditures now so I can tithe and I can save." Great payoff.

3. LIST ALL I OWN AND ALL I OWE.

You've made the commitment to becoming debt free. You start paying God and yourself first. Then you start doing the inventory. **Proverbs 24:3** *"By wisdom a house is built and through understanding it is established."* Ignorance of your financial condition is a sure guarantee or recipe for financial disaster. You need to know where your money is coming in from and how much it is and you need to know where it's all going.

4. HAVE A SALE.

A garage sale! If you are stuck in the debt trap, you have some things in your home that you need to get rid of. You say, "But it's already paid off." Even if it's paid off, it still costs you money to insure it; it costs you money to maintain it. And if you sell it, it's probably got some equity in it and you could use that equity to lower the payments and lower the debt that you already have.

5. SET UP A REPAYMENT PLAN

You will never get out of debt accidentally. It must be intentional and you must have a plan. **Proverbs 21:5** *"Good planning and hard work lead to prosperity."* If you want to be prosperous, you have to have a good plan. To do it right, you probably ought to get a financial counselor because you say, "I don't know how to plan it right." The Bible says in **Proverbs 28:18** *"Get advice if you want your plans to work."* If you have a major illness like cancer, you wouldn't try to cure yourself. You'd go to a specialist. You'd go to an oncologist. You'd get a doctor to help you get over your illness.

If you are deeply in debt, you need a financial expert. I'm talking about somebody who, from an objective viewpoint, can set down, look at your finances and help you get them in order, work out a repayment plan. Let them help you set up a repayment plan.

6. DECIDE TO DO IT IN HALF THE TIME!

Once you've decided the plan you're going to do, just double time it and say, "Let's pay this thing off quickly!" But some of you are thinking, "But you don't know my finances. I am so in debt it's impossible to pay it in half the time." **Luke 18:27** *"What is impossible with men is possible with God."* You would be amazed at what you could do if you want to do it and you ask for God's help and you're willing to do it His way. It's not easy. But it is possible. So don't tell me it's impossible. With God all things are possible.

But to get out of debt you have to do what I call a triple financial play, like in baseball except with your finances. To get out of debt you have to do three things:

1. You have to stop overspending. And that's a hard habit to break if you've been doing it for years and years.
2. You have to repay the principle and the interest and that interest clock is ticking all along.
3. You have to learn to operate on a financial margin. That means you spend less than you make every month. That's difficult but with God's help it is possible.

7. ADD NO NEW DEBT!

Most of you got into debt for one reason. You spent more than you made. You've got to stop that right now. Not tomorrow. Right now. You will never get out of debt if you keep putting things on the credit card while you're trying to pay them off. It's not going to happen. So you have to be ruthless in this area. Can I get a grrr..... The key to adding no new debt is **Heb. 13:5** *"Be content with what you have."* Contentment is the single greatest key to staying out of debt.

8. SHARE MY PLAN WITH MY CREDITORS

First, I'd take the smallest debt you owe and pay that one off. Then take the next one, pay that one off. That way you see some results. Start whittling them down, one at a time. Write a letter to your creditors and say, "I am a Christian and I don't want to file for bankruptcy. I don't want to stiff you on what I owe you but I can't pay it all off right now. But I will pay it all off. Here's my plan." And you tell them. Maybe your payment is supposed to be \$25 a month and you say, "I can't pay you \$25 a month. I'll pay you \$5 a month. But if you'll be patient with me, I will pay it off." You might even beg for mercy and say "If you keep compounding interest

on this note I'm never going to get out of debt and you're never going to get repaid. Please. Stop the interest from this point on and let me just pay it down." Ask them. Many might do that. If you'll be honest with your creditors instead of ignoring the bills and letting them keep piling up – people hate it when you ignore them – but if you write them a note and say, "I can't pay this but here's what I can pay and I intend to pay it off. I'll be good on my loan."

Look what God says. **Proverbs 16:7** *"When your ways please the Lord, He will make your enemies into friends."*

9. STICK WITH IT!

Stick with the plan. **Galatians 6:9** *"Let us not get tired of doing what is right, for after a while we will reap a harvest of blessing if we don't get discouraged and give up."* Getting out of debt takes discipline, effort, sacrifice and time. These principles work but you must work them.

You see we have a God of new beginnings!

What a deal! What a God!

Next week we will be focusing on God's financial plan and the following Sunday steps to financial freedom. You see our Lord wants us to be free, free indeed!

Prayer:

Dear God, I'm discouraged about my finances. But I do believe that, what is impossible with mankind is possible with You. Today, I want to give You my financial mess. I want to do it Your way. I want to follow God's financial plan. I am willing to do, Father, whatever You and Godly counsel tells me to do to get out of this debt trap. I ask for Your help. In Jesus' name. Amen."