

GETTING OUT OF DEBT

Of course, the best way to get out of excessive debt is to avoid it in the first place. But this begs the question...

Is all debt bad?

Proverbs 22:7 has this to say about debt: 'the borrower is servant of the lender.' Some versions translate it as 'slave of the lender.' All borrowings from financial institutions such as a bond to purchase property, a bank loan for study, or finance to purchase a car, even credit card debt is governed by legal agreements between borrower and lender. The common denominator is that the lender sets the conditions to which the borrower must comply.....with usually severe penalties for default. So, in a very real sense he borrower is slave to the lender.

But, does this mean that debt must always be avoided? Obviously not, if entered into wisely. Most of us need bond finance to purchase a home or need to borrow for positive outcomes such as student loans. The key is to practice the discipline of financial planning so as to budget one's finances to include such factors as present commitments, discretionary expenditure and to build in a margin of safety for potential events such as an increase in bond interest rates etc. *See the attached budget format that groups existing monthly commitments, discretionary expenditure and sources of income.*

However, the most important point, often not considered by believers, is to consult God regarding our financial decisions. Proverbs 3:5 and 16:3 makes the point.

How does one define excessive debt?

Excessive debt occurs when a person is no longer able to pay the interest plus reduce the capital sum of the debt. Of course there are degrees of debt: from well managed debt where monthly repayments represent a small and manageable proportion of income, to excessive debt where monthly repayments are not fully met by one's income.

Whatever one's debt position is, it is wise especially for Christians for reduce debt as quickly as possible to enjoy greater freedom of choice in areas such as investing surplus funds and giving.

Obviously the ripple effect of the unprecedented global banking and economic crisis has had a negative impact on the local economy resulting in increased business liquidations, retrenchments etc. The economic downturn also affects people on a commission based income structure. The net result is often an increase in household debt. In these testing times an existing low level of debt and some contingency savings is a distinct advantage. One has to be both prudent in stewarding one's finances but also to keep trusting our heavenly Father who promises to provide for us as we seek him first (see Matt.6:33).

How to get out of debt

1) If you have been unwise, or even reckless, in incurring excessive debt, repent. If you have previously not submitted your financial decisions and choices to God's biblical counsel, then repent (see Ps 51:17). Make a firm commitment to address your indebtedness. Realize too that marriages come under great stress in severe debt situations. It is vital for married couples to avoid assigning blame and maintain unity of purpose.

2) List all you own, owe and earn. Review all your expenses. Review your *discretionary expenditure*. Carefully consider where you can reduce expenditure on consumption items: food, clothing, electricity, cell usage. Savings may be small but underpins the debt reduction direction you are moving in. Review your *regular monthly commitments*. Review contracts such as gym, DSTV, club memberships. Review your insurances. Be sure to ask God how much is enough. *Downscale*: sell off any non essential assets. For example, is a second car essential? In cases of severe debt it may be necessary to sell your house and down scale. The aim is to come up with a sustainable debt reduction plan.

3) Invite input from a trusted, mature believer who has a good understanding and applies biblical principles in his/her financial stewardship. Open up your finances and share your repayment plan. Remain accountable on a long term basis as you are disciplined in your debt reduction program. If you need some guidance in your financial planning, contact Roy at the church office 021 6862970. Roy convenes a team around practical biblical financial stewardship.

4) Approach your creditors and inform them of your commitment to repay your debt. Request a sustainable monthly repayment amount and even an interest reduction. Romans 13:7 urges us to pay the debt we owe.

5) Earn more. If low earnings or unemployment is the problem invite a prayer partner to support you as you petition the heavenly Father for suitable employment where your special giftings can add value. Prayerfully consider starting your own business.

Giving to the church whilst in a severe debt situation

The Scriptures command us to honour God with our finances by giving regularly and proportionally toward the advance of God's kingdom through our church. See Proverbs 3:9-10 for example: 'Honour the LORD with your wealth, with the first-fruits of all your crops; then your barns will be filled to overflowing, and your vats will brim over with new wine.'

But what happens when one is in a severe debt situation? A person who is drowning in debt, if they were to divert payments due to creditors in order to give to God, would in fact be giving someone else's money! We can only give with what is ours to give with. Our counsel as elders to those in excessive debt is to address their debt as mentioned in the proceeding points with the aim of progressively reduce their debt to such an extent that discretionary finance will become available to start proportional giving.

Finally, God has a lot to say about money and economic principles in the bible. The New Testament alone contains 2084 verses dealing with stewardship and accountability for money. Most noteworthy is that Jesus is not after your money; but after our heart. How we relate to money and make financial choices and decisions is indicative of the condition of our hearts (see Matt 6 :21).

As a faith building exercise to increase your trust in God as your ultimate provider, we suggest you spend time in the three consecutive teachings (talks 9-11) in the Counter Revolution series that explore Matthew 6:19-34 (go to www.commongroundchurch.co.za/FREERESOURCES/CounterRevolution.aspx).