

2 Road to Financial Freedom Act Your Own Wage!

Leader Guide

The Problem with Debt.



Introduction to the Series

- We're taking a 4-week break in our regular study for a church-wide emphasis.
 - This study will be the focus in worship and in small groups (ABS & Home Groups).
 - This emphasis is not an attempt by the church to raise money, but rather to equip group members with Biblical understanding of how the Lordship of Christ affects even this component of our lives.
 - Overview: 1) God Owns It All, 2) The Problem with Debt
- 3) Eternal Investment, 4) Our Work

Purpose for This Lesson

1. On a knowledge level, students will learn:
 - a. that God discourages debt.
 - b. that believers have a responsibility to pay our debts.
 - c. that believers should be content.
2. On a heart level, we want to inspire students to:
 - a. live within their means.
 - b. get out of debt so that they are financially free.

A few quotes in today's lesson are from Howard Dayton's book, *Your Money Counts*. Not every reference to these quotes will mention the book with his name.



Create Interest

(Share this story or tell one of your own financial mishaps.)

Jim and Susan are in many ways your average American couple. Once finishing college, they both worked hard and went into debt to get the things that they had known growing up and that everyone around them seemed to have. Both drove nice cars and they borrowed to their limit to get a nice house, knowing that many incomes would increase and that many couples lose money on their first house when moving up. They began their family a little sooner than expected and Susan got out of the work force for a couple of years to stay home. Soon they were living on the edge sometimes using credit cards to finance their basics. Soon another child came. The debt seemed to creep upward slowly, until one day they noticed things were out of hand. Soon arguments increased and strife seemed to be the norm.

Does any of this sound familiar?

Focus Scripture: Matthew 18:23-30

Therefore, the kingdom of heaven is like a king who wanted to settle accounts with his servants. As he began the settlement, a man who owed him ten thousand talents was brought to him. 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. "The servant fell on his knees before him. 'Be patient with me,' he begged, 'and I will pay back everything.'

The servant's master took pity on him, canceled the debt and let him go. But when that servant went out, he found one of his fellow servants who owed him a hundred denarii. He grabbed him and began to choke him. 'Pay back what you owe me!' he demanded.

His fellow servant fell to his knees and begged him, 'Be patient with me, and I will pay you back.' But he refused. Instead, he went off and had the man thrown into prison until he could pay the debt.

Although the focus of this passage is on forgiving over and over just as Christ forgives us, I thought it would be interesting to look at it to begin today's lesson. Being in debt is a bad feeling. Fortunately, we have some protections afforded by law that weren't present in first century Palestine.

Questions For Thought (first two based on focus scripture)

- What possible results did the two debtors in this parable face?
- If you have ever been in debt heavily, is this what it feels like?
- Why do you think so many people in this country are in debt?
- What do you see as problems with debt?
- Are there times you have purchased items you really didn't have the money for?

Question: How would you define debt?

"money or property which one person is obligated to pay another"

For the focus of this study, bills that come due monthly are not considered debt. In some principles for acceptable debt, we'll learn later that a home mortgage and some other debt might not be all bad.

Just the Brutal Facts

- The savings rate in the United States is now at **negative** two percent, meaning that Americans on average are spending two percent more than we make.

In 1932, Franklin D. Roosevelt said "Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuance for that habit means the poorhouse."

- Financial stress is cited as the number one factor given in divorce. A Gallup Poll found 56% of all divorces are a result of financial tension in the home. This makes for a need to change marriage vows to say "till debt do us part."
- Personal bankruptcies were up 40% in 2007, exceeding 800,000 in the US, compared to 573,203 in 2006 according to the American Bankruptcy Institute. (CNNMoney.com 1/3/08) .
- The average consumer has more than **five** credit cards.
- The total debt in the US is increasing at the rate of \$2,000 per **second**.

- One in five dollars of spendable income goes to debt other than a home mortgage.
- Compounding interest year after year has an incredible impact and can work for or against you. See the 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%.

<i>The Power of Compounding</i> (for you or the finance company)					
	<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

You were bought with a price; do not become slaves of men. 1 Corinthians 7:23

Have you ever seen the bumper sticker that says, "I owe, I owe. It's off to work I go!" In a sense, when we are in debt we are not working for ourselves or our company, but for someone else.

3. People enter debt presuming the ability to repay.

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

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. For we have brought nothing into the world, so we cannot take anything out of it either. But if we have food and clothing, we will be content with that. 1 Tim. 6:6-8

Question: What does this passage say that we can be content with? Why is that more difficult in our society than in the first century?

Paul said, *“I have learned the secret of being content in any and every situation, whether well fed or hungry, whether living in plenty or in want.”* Philippians 4:12

Question: How do we distinguish between needs and desires.

Our problem is not debt, but desire.

Many young people get used to a certain standard and do not realize that their parents worked many years to reach their standard of living.

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--comes not from the Father but from the world. The world and its desires pass away, but the man who does the will of God lives forever. 1 John 2:16-17

6. Resist the temptation to “get rich quick”. God’s design is to work for our provision.

If it sounds too good to be true it probably is.

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.**

The wicked borrow and do not repay, but the righteous give generously. Psalm 37:21

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

Jay Gordon’s Illustration: My dad was in the insurance business in a rural, county-seat town. Having been burned many times, he used to say, “I’d rather do business with a bootlegger than a preacher.” When I was later called into the ministry, I knew I had a responsibility to be a positive witness not only for my profession, but for the name of Christ.

Howard Dayton and his wife have a policy of trying to pay each bill the same day they receive it in order to demonstrate to others that knowing Jesus Christ has made us financially responsible.

Question: Have you ever considered how paying your bills affects your witness for Christ?

The homework section contains principles to help you get out of debt.

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

Notice that in the well-known passage below, a verse about finances follows right after.

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

Our children will learn most by watching us.

Question: Is it wise to help our children by cosigning for their first car? What are the positives and negatives of that decision?

Question: What other ways do we teach our children the importance of managing money wisely?

Another Story (Share this story from Dayton's book)

Financial author Ron Blue tells of a young man who wanted to go to seminary to become a missionary. The young man had no money and thought the only way he could afford seminary was to secure a student loan. However, this would have encumbered him with thousands of dollars of debt by the time he graduated. This would have been an impossible situation. He could not pay back his loan on a missionary's salary.

After a great deal of prayer, he decided to enroll without the help of a student loan and to trust the Lord to meet his needs. He graduated without borrowing anything and grew in his appreciation for how the sovereign, living God could creatively provide for his needs. This was the most valuable lesson learned in seminary. It prepared him for the mission field where he repeatedly depended on the Lord to meet his needs. Borrowing may deny God an opportunity to demonstrate His reality and provision. (Your Money Counts, Howard Dayton, 38)

Closing

1. Questions for Thought

- a. What are the benefits of living debt-free? (Don't say "We can buy more!")
- b. What is your greatest hindrance to a debt-free lifestyle?
- c. What does God want you to change as a result of today's lesson?

The grass is always greener when you own it.

2. Point group members to the daily assignments for continuing study. This is the back page of the Student Handout. As the lessons are brief, encourage them to spend some time every day and not to do the entire week in one day.
3. Encourage the group members to return next week for "Giving Back: Investing for Eternity."
4. 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. Also, there are some helpful tools in this week's homework section.