

## God's Word on Money Part 3

### Paying Off Consumer Debt

10.25.20

We've been receiving God's word on money. We've searched the Scriptures. We've shared principles from "Pleasing God Through How I Handle Money." And, today, we're teaching from the "Good \$ense" financial freedom course.

Today, we're going to give you some important tips on getting out of debt. Then we're going to show you how to start today paying off your bills and getting out of debt.

1. **Luke 4: 18-19** – *"The Spirit of the Lord is on me because he has anointed me to proclaim good news<sup>(W)</sup> to the poor. **He has sent me** to proclaim freedom for the prisoners and recovery of sight for the blind, to set the oppressed free, <sup>19</sup>to proclaim the year of the Lord's favor."*

- a. Christ came that we might know **freedom!**
- b. Financial indebtedness is the opposite of the freedom Christ has purchased for us.
- c. Debt is bondage!
- d. It is Jesus' will that His people operate free from the world's Debt.

### **THE PULL OF THE CULTURE!**

We're back to the dilemma of choosing to follow the Pull of the Culture or seeking the Mind and Heart of God as debtors, but how can we do it?

- a. Some of us are currently overwhelmed by the amount of debt we owe.
- b. Before we show you the steps for getting out of debt, let's look at some practical tips on debt.

## PRACTICAL TIPS ON DEBT

### **1. There are five kinds of debt**

- c. Auto debt
- d. Home mortgage debt
- e. Education debt
- f. Business debt
- g. CREDIT CARD or CONSUMER DEBT
  - i. That's where we're going to focus
  - ii. It's the one that gets us into the most trouble

### **2. Most of us who use credit cards spend significantly more than we would with cash or a check.**

- a. Several hundred families were asked to do all their buying with cash over a three-month period. They were then asked not to change their spending habits but to use a credit card instead of cash to make their purchases.

- b. The amount spent rose between 20 and 30 percent.
  - i. There are two reasons why credit card users spend more.
  - ii. First, Using a credit card is psychologically different than using cash
    - a. There's no evidence that the money I spent is no longer available when using a credit card.
    - b. I receive very tangible evidence that the money is no longer available to me in a cash transaction. I see those bills go to someone else and know that I only have the change left.
  - iii. Second, we tend to spend more when we use a credit card because we have no record of total charges until the end of the month or go online to look at the transactions.
    - 1. We've all opened our statement and been surprised at how high the balance was.

Before we talk about how to pay off your debts, here are three credit card rules I'd like you to consider.

- 1. First, Use credit cards only for budgeted items.
  - a. For example, buying gas.

2. Second, pay the balance in full every month.
  - a. If you've used the card only for budgeted items, the money will be there to pay the balance.
  - b. Doing this will avoid all interest charges.
3. The third rule is that if you violate rules one or two, cut up your cards!
  - a. Do plastic surgery!
  - b. You're in trouble.
  - c. You're not in control

In addition, there are three tips to keep in mind.

1. First, have only one credit card.
2. Second, consider the use of a debit card only instead of credit cards
  - a. A debit card can provide you many of the same advantages of credit cards, like convenience and safety, but it does not get you into credit problems.
  - b. However, it still has some of the disadvantages we discussed previously, like a lack of psychological impact and having to wait until the end of the month to know how much we've spent if we don't go online to review transactions.

- c. Third, consider deducting the amount of your credit card purchase from your checkbook or bank balance at the time of the purchase.
  - i. This provides concrete evidence that you now have less money for other things and offsets the disadvantages discussed earlier.

## **CREDIT CARD AND CONSUMER DEBT REPAYMENT**

1. Now we're going to take a closer look at the impact of credit card debt.
2. The average American family owes
  - a. \$7,200 of credit card debt
  - b. at 18.1 percent interest.
  - c. The typical minimum payment per month is 2 percent of the balance or \$10, whichever is higher.
3. Let's assume you follow the credit card company's plan and pay only the minimum payment each month.
  - a. In the first month, you pay 2 percent of \$7,200 or \$144.
  - b. Over time, as you make some progress on reducing the \$7,200, the minimum payment decreases to \$140, then \$135, etc.
  - c. Following that plan, your repayment will take over thirty years and amount to over \$23,000.

- d. You will have paid over three times the price of your purchases.
4. On the other hand, let's look at what happens if you pay \$144 a month until the loan is completely repaid.
- a. That is, you don't decrease your payments when the credit card company says you can.
  - b. It might take some discipline, but your total repayment drops from over \$23,000 to a little more than \$13,000, and the debt gets paid off in a little under eight years!
  - c. That's a huge step in the right direction, but let's consider an even better possibility.
5. If you paid an extra \$100 a month on top of the \$144, the total repayment drops to \$9,500 and is repaid in only forty months, a little over three years.
- a. There are two important points in this illustration. First is the \$9,500 repayment versus \$23,000.
  - b. However, the second and even more critical point is getting out of debt bondage in only three years versus more than thirty years.
6. I can guess what might be going through your mind. You're thinking, "Great in theory, but where am I going to get an extra \$100 a month?"

- a. To answer that question, I want you to first consider this question.
- i. Is God big enough, and are you committed enough to find a little over three dollars a day somewhere in your expenditures that could go to debt repayment?
  - ii. Philippians 4: 19 tells us, *“And my God will meet all your needs according to the riches of his glory in Christ Jesus.”*
  - iii. I want to talk to you about the **“Principle of the Seed!”**
  - iv. **The Principle of the Seed means something you’ve been given by God will produce anything else you’ve been promised by God.**
    1. There will never be a day in your life that you have nothing.
    2. Inventory your seeds instead of your needs.
    3. Never study what is missing in your life. Study what you already possess.
    4. You have everything you need to get started right now in possessing your freedom! GIVE GOD PRAISE!
  - v. In future messages, we will focus specifically on reducing spending to free up even more money.

## PRINCIPLES FOR ACCELERATING DEBT REPAYMENT

**Proverbs 6: 3-5** – *So do this, my son, to free yourself,  
since you have fallen into your neighbor's hands:*

*Go—to the point of exhaustion—<sup>[a]</sup>  
and give your neighbor no rest!*

<sup>4</sup> *Allow no sleep to your eyes,  
no slumber to your eyelids.*

<sup>5</sup> *Free yourself, like a gazelle from the hand of the hunter,  
like a bird from the snare of the fowler.*

We're going to talk about two principles for accelerating debt repayment.

1. First, **pay off your smallest debt first.**

- a. The strategy is to take the smallest debt and, in addition to its minimum payment, pay whatever additional money you've been able to come up with toward that monthly payment.
- b. You could argue that the greatest savings would occur by attacking the debt with the highest interest rate first.
- c. While this is true, the psychological benefit of getting one or more debts off the books very quickly far exceeds the few additional dollars it may cost.

2. Second, as debt is repaid, **roll the amount you were paying to the next largest debt**, adding it to that deb’s monthly payment.
- a. Continue this strategy until all debts are paid.
  - b. Do not decrease your debt repayment until all debts are paid off.
  - c. Take advantage of the “snowball” effect of rolling over the previous debt's payment to the next.
  - d. This provides tremendous momentum to accelerate your debt repayment.
  - e. For more information on accelerating debt repayment, go to our website at [QuinnChicago.org](http://QuinnChicago.org). There you’ll find the outline for this message. On page nine of the outline, you will find links to:



establishing a debt  
reduction plan.pdf

i.



debt reduction plan  
worksheet.pdf

ii.



Biblical Financial  
Principles.pdf

iii.

3. The final key point for getting out of debt is this: “Incur no new debt!”
- a. You must use discipline.

- b. Obviously, you won't make progress if you're continuing to incur new debt as the old is being paid.
- c. **II Timothy 1: 7** says, "*For the [Holy] Spirit God gave us does not make us timid, but gives us power, love, and self-discipline.*"
- d. Suppose you do nothing more than stop going further into debt?
  - i. By taking the first small step toward repayment, you just reduced the balance.
  - ii. By doing this, you will have completely reversed the direction you were heading.
  - iii. This is a 180-degree turnaround!
  - iv. That's huge! I want to encourage you to take that step.
  - v. Freeze your debt!
  - vi. Stop making debt!
  - vii. Pay off your debt!

## INVITATION TO CHRISTIAN DISCIPLESHIP

1. God's Heart and Mind toward us are focused on our freedom.
  - a. Freedom from debt
  - b. Freedom from the Pull of the Culture

- c. Freedom from any and all things that impede our living the abundant life Christ came that we might have.
- 2. God's desire is for a deep relationship with us, God's people. A relationship of trust!
  - a. Trust is suspending my own ideas and thinking bigger than my limited capacities. (Luke 1:38)
  - b. Trust is thinking on the scale of God's plans for my life (Luke 1:38)
  - c. NOTHING IS IMPOSSIBLE WITH GOD! (Luke 1:37)
- 3. What God desires is our deep and abiding TRUST!
  - a. Miracles happen at the level of relationship where I put my TRUST in God!
  - b. The greatest miracle is the miracle of salvation
    - i. "For God so loved...
    - ii. Prayer of salvation
    - iii. A C T S
    - iv. Placement the comments, "I received Jesus!"
  - c.