

## CHAPTER FOUR: Pursuing Financial Freedom

### FUN, DEBT, AND DEBT RESOLUTION

#### Fun

- God intended \_\_\_\_\_ of our money to be used for fun!

To bring \_\_\_\_\_ to our body and soul.

To create \_\_\_\_\_ for us and our family.

To enjoy the \_\_\_\_\_ God has given us.

To \_\_\_\_\_ new and different things.

To \_\_\_\_\_ our personalities/ preferences/likes.

- Fun spending could be broken down into \_\_\_\_\_ and \_\_\_\_\_.

## Needs

- \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

1 Timothy 6:8

The “\_\_\_\_\_” has a biblical responsibility to provide for his family’s needs. 1 Timothy 5:8

“Providing” includes not putting your family

\_\_\_\_\_

\_\_\_\_\_. Ecclesiastes 5:13-14

- Needs are constantly \_\_\_\_\_ in our culture.

## Wants

- Wants: Anything in \_\_\_\_\_ of our needs. God may allow us to have many of our wants but has not promised to \_\_\_\_\_ all of them.

Philippians 4:19

Our \_\_\_\_\_ will change as we

align our \_\_\_\_\_ with God’s views.

Psalms 37:4

## Theme Verse

*Do not conform to the pattern of this world, but be transformed by the renewing of your mind. Then you will be able to test and approve what God’s will is—His good, pleasing and perfect will.* Romans 12:2

## Debt and borrowing: God's view

### Debt

- Is considered slavery. Proverbs 22:7
- Is considered a curse. Deuteronomy 28
- Presumes upon tomorrow. James 4:13-17
- May deny future opportunities.
- Is a symptom of \_\_\_\_\_ and \_\_\_\_\_!
- Is not a tool for the \_\_\_\_\_ — but for the \_\_\_\_\_ to become wealthy!

*Debt comes from wanting more than God's current provision for your life and arranging other ways to get it. —Bill Hybels—Simplify*

### When to borrow (wisely)

- When you can purchase an asset that is likely to \_\_\_\_\_.
- When the value of the item \_\_\_\_\_ the amount of the loan.
- When the payments don't stress the family \_\_\_\_\_.

## **Credit cards/Consumer loans**

Rampant solicitation:

- \_\_\_\_\_ —88% of college graduates have credit card debt upon graduation.  
19% of people who file for bankruptcy are college students!  
One in five students start life as a financial failure!
- Marketing even to children

Purchase volume tied to consumer and commercial credit, debit, and prepaid Visa® and Mastercard® cards issued in the U.S. reached \$5.732 trillion in 2019, an increase of 9.0% over 2018. For Visa, purchase volume was up 8.2% to \$4.031 trillion. Mastercard had a purchase volume increase of 10.7% to \$1.701 trillion.

—Feb 17, 2020

## **Rationalizations for Credit Cards**

- But I pay it off every month!
- It is a better way to keep records.
- It is a more secure way to purchase, especially online.
- I wanted my children to learn to handle money, so I got them a credit card.
- I want a credit card for the cash back or the rewards.

**BOTTOM LINE:** if a credit card allows you to purchase that which you cannot afford with cash, you need to stop using credit cards!

### **Car payment trap: escape plan**

- Keep your present car \_\_\_\_\_ years beyond the end of car loan payments.
- During that time, continue to make the same payment into a car \_\_\_\_\_ account.
- Purchase all future cars ( \_\_\_\_\_ ) with cash from that point forward.
- You will be able to buy a 2 or 3-year-old, low mileage, \_\_\_\_\_ car that will meet your family needs.

### **Borrowing for a mortgage**

- Only a \_\_\_\_\_-\_\_\_\_\_ loan, and then make \_\_\_\_\_ principal payments.
- Under good outside \_\_\_\_\_ on the property you are buying.
- Will not consume more than \_\_\_\_\_ of your household income.
- Has early \_\_\_\_\_ privileges.

## **Resolving Your Debt: Accelerated Repayment Plan**

- List all your \_\_\_\_\_, including personal loans.
- Establish a \$ \_\_\_\_\_ emergency cash fund. HOW?  
Sell/extra job/cut back on spending.
- Commit to paying off the \_\_\_\_\_ debt in record time/  
make minimum payments on other debts.
- Convert to \_\_\_\_\_ purchases from  
this time on—no exceptions—handle crises with emergency  
fund/replenish when used.
- Produce extra \_\_\_\_\_—sell things/extra jobs/overtime.
- Remove all debt except your house in 24-30 months (after  
paying off your credit card/consumer loan debt).
- Commit to paying off the mortgage as early as possible (use  
money from credit card payments to put on mortgage).
- Be \_\_\_\_\_!  
The easiest path to financial freedom!

Your paycheck is your most valuable financial asset—don't lose it to the creditors!

Once you are in control (telling your money where to go rather than wondering where it went), saving and investing are not that complicated—just difficult.

## **Debt Consolidation—not recommended**

78% of people who consolidate debt fail to resolve the debt—it only deals with the symptom.

## **Bankruptcy—not recommended**

Each type of bankruptcy is asking someone else to pay for your spending excesses.

Each type asks someone to forgive part or all of your debt.

Be careful about receiving counsel, especially from a non-Christian. They will often (prematurely) recommend bankruptcy!

- What does God say? Psalms 37:21

Exception: When a spouse is left with unpayable debt that will cripple the family financially.

Still be open to how God will provide to honor His name. Make every effort to repay the debt.

## **Co-Signing: Not recommended** Proverbs 22:26-27; 17:18

- \_\_\_\_\_ of all bank loans with co-signing end up being paid by the co-signer!
- \_\_\_\_\_ of all loan company loans end up being paid by the co-signer!

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