



The Debt Trap

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I. What is Debt?

Standard dictionary definition—something that is owed; something that one is bound to pay to or perform for another; a liability or obligation to pay to or render something; the condition of being under such an obligation

Debt can be an instrument

- Long-term investment debt that helps to build appreciating assets
 - Education
 - Home
 - Certain transportation expense
 - Certain kinds of business expense

WORD OF CAUTION:

Even when long-term debt is an investment or a temporary instrument for an appreciating asset, it still creates an obligation and a liability. Thus one is never totally financially free as long as one has it hanging over their head, and one should never view it as permanent or as an inevitable necessity. Such a view creates an attitude and a spirit of bondage. Thus, even when debt is an instrument it should be paid off as quickly as feasible lest the instrument become an impediment.

Debt as an impediment

- Debt becomes an impediment when its condition is permanent and not temporary.
- Debt becomes an impediment when the bulk of it is used for depreciating assets.
- Debt becomes an impediment when it puts us in financial bondage.

II. Financial Bondage and Financial Freedom

What is financial bondage?

1. Financial bondage occurs when, ***with the exception of certain long-term investments debts***, we cannot pay off our debts right now this very minute or by the end of the month.
2. Financial bondage occurs when we are under constant financial stress and pressure. We live from week to week, month to month, check to check, are always on the edge and any unexpected financial setback requires major juggling and reprioritizing.
3. Financial bondage occurs when we cannot see our way to financial freedom; when debt seems more permanent than temporary.
4. Financial bondage occurs when we have little or no financial reserves; when our debts exceed our assets.
5. Financial bondage occurs when we cannot manage money. It always seems to either slip away from us or flee from us.
6. Financial bondage occurs when we buy even when we cannot afford to do so.
7. Financial bondage occurs when we have no financial goals and no financial plan.

8. Financial bondage occurs when necessities have to be sacrificed because of indebtedness or because of wants.
9. Financial bondage occurs when nuclear families, entire households and more than one generation are struggling with debt and financial survival.
10. Financial bondage occurs when money and the things that money can buy are seen as keys to happiness, our self-esteem and self-worth.
11. Financial bondage occurs when we have a miserly and hoarding spirit.
12. Financial bondage occurs when our debt interferes with our relationship with God.

What is financial freedom?

1. We are financially free when our normal debt can be paid off in thirty days or less
2. We are financially free when we can miss several checks without being in a financial crisis.
3. We are financially free when debt is seen as temporary.
4. We are financially free when our assets exceed our debts and we can begin to live on the overflow.
5. We are financially free when we can have money without hoarding it and can enjoy it without excess.
6. We are financially free when we have a financial plan and priorities, and we have the discipline to manage and follow them.
7. We are financially free when we can say no to our wants and no to the pressure to spend; when we can sacrifice short term pleasure for long term gains.
8. We are financially free when we begin to break free from whatever financial bondage has characterized the lifestyles of our families, our households, the generations before us, and we begin to lay the foundation for the financial freedom of those who come after us.
9. We are financially free when we understand that money does not hold the key to either our happiness and/or our security, our self-esteem and our self-worth.
10. We are financially free when we have a spirit of generosity.
11. We are financially free when we are able to give to God without worrying about how our giving will impact our bills.

III. The Bible and Debt

Debt creates obligation; liability and bondage. Consequently, the Bible for the most part does not speak favorable of debt.

Debt creates a competing master for us (Matt 6:24). A number of us feel that we cannot give the Lord our tithes and offerings because we are in bondage to debt and the things that we have acquired through debt. ***Our first and primary obligation is to God (Matt 22:37-40).***

Debt leads to bondage and abuse (Proverbs 22:7)

Biblical examples of bondage and abuse from debt:

Genesis 47:13-26

II Kings 4:1-7

Nehemiah 5:1-13

Matthew 18:22-35

Debt as a curse:

Psalms 109:11

Warnings regarding Guaranteeing Debts of Others

Proverbs 6:1-5; 11:15; 17:18; 22:26-27

Responsibility to Pay Debts and Obligations

Romans 13:7-8

The Bible is at variance with much of our current lifestyles that encourage debt.

IV. Plastic: The Major Thoroughfare to the Destination of Financial Bondage

Charge card, credit card, debit card

How credit cards work:

Minimum effort= Maximum excess

Maximum excess= Maximum entrapment

Petite payment+ Permanent Paralysis

V. Now that we are in, how do we get out?

Add Assets

God and the Word of God

Faith

Working Mind

Health and Strength

Will and Determination

Income

Assess Situation

How much are we in debt?

What are the sources of debt?

How much of debt is necessity and how much is our wants?

Analyze Our Motives

Why have we overspent? (***Unless we try to answer this question, we will continue our financially self-destructive behavior.***)

Weak self-esteem

Keeping up with others

Spending is our drug

Have problems with delayed gratification

Inherited some things plus our own bad decisions

Others

Ask God

For help with our situation if we cannot manage our money or if we have trouble saying no when we should, and for a plan for our deliverance.

Access Other Sources of Assistance

Qualified financial counselors

Read

Consult Consumer Credit Counseling Service (CCCS) at 800-388-CCSS or at their website:

www.ccisintl.org

Adopt a Plan for Debt Breaking Strategy and Financially Free Lifestyle:

Long Range Goals:

One Year:

1.

2.

Three Years:

- 1.
- 2.

Five Years:

- 1.
- 2.

Short Term Goals:

(Helpful suggestion for immediate implementation)

1. Make a decision to live within means, not overspend and do no more impulse buying. ***Right now! At this very moment!! Do not wait one minute longer!!!***
2. If you are not already a tither, start tithing from the gross. ***Right now! At this very moment!! Do not wait one minute longer!!!*** If you are already a tither, be faithful to the tithe no matter what. I Kings 17:8-16
3. Start paying bills on time
4. Get rid of all credit cards except one for EMERGENCY PURPOSES ONLY
5. Call credit card companies to negotiate rates or other creditors to renegotiate payment plans if feasible
6. Get a Freedom Friend
7. Save change
8. Say to yourself when you rise in the morning, at noontime and before you go to bed, ***“With God’s Help, I will be financially free.”*** You can also write these words on “post its” or note cards on your refrigerator, your bedroom dresser, the bathroom mirror, your desk at work, your computer, or other places as constant reminders of your goals.

Anticipate the unexpected

One thing you can be absolutely sure of is that unexpected financial set-backs will occur. When they do, remain determined in the midst of your discouragement and faithful in the midst of your frustration.

Adjust and continue

When the unexpected occurs make whatever adjustments that are necessary and continue working on your plan for achieving financial freedom.

Memory Verse: “Owe no one anything, except to love one another; for the one who loves another has fulfilled the law.” Romans 13:8

Points to Ponder:

1. Are you in financial bondage? If so, how did you get there?
2. How do you plan to get out of financial bondage and stay out?
3. What sources of support do you have for achieving and maintaining your financial freedom?
4. What is your idea or vision of financial freedom?
5. Can you think of one thing you can do or one thing that you can cut out that will help you in your quest for financial freedom?

Supplementary Reading:

Money Clues for the Clueless. Promise Press, 2000