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## How to Get Out of Debt

Larry Burkett in his book *Debt-Free Living*, outlines three reasons why individuals get into debt: “ignorance, indulgence and poor planning” (page 47).

Borrowing is NOT the ONLY way to get into debt. You can easily get into debt without borrowing a single penny. It could be that your expenses exceed your income. It’s not about how much you make, but how much you have left over after expenses are paid. When it comes to managing money, however, discipline is often a rare commodity. To get out of debt will require time, effort and a lot of discipline.

**How do you get out of debt? What is the best way to help stick to a plan? Do you have financial goals?**

(1) **In any financial plan or budget, the first and foremost priority is to put God first.** In any decision, including money matters, God has to be consulted and we must work according to His plan, NOT ours. That would mean that tithes and offerings have to be returned to God and the remaining balance is the amount we have to live on. By placing God as your business partner, it eliminates the guess work and stress from our lives. “The best way to get rid of debt,” said Dr. David Jeremiah, “is to make God first in your life. Ninety percent with God’s blessings pays off

debt faster than one-hundred percent.”

(2) **Set realistic goals.** What do you want to accomplish within three months? What bills do you want to pay? What are your financial goals within the next year? What are your long term financial goals? God wants you to include Him in the planning and goal setting process.

(3) **Pay yourself first.** One of the major disciplines that needs to be learned is how to put money aside for a rainy day. Setting aside \$50 or \$100 per month, or more will help for future expenses. Open a

separate savings account as soon as possible. It is important to have an account apart from your checking account, so that you are not tempted to spend money earmarked for savings.

(4) **Planning Through a Personal Budget.**

No one publishes a master budget to tell you how to best spend your money. You and I are the only ones to decide how to obtain the greatest satisfaction from our income. What a budget can do is help you plan your spending for maximum satisfaction.

A budget looks to the future. Actually, a budget can help you answer two related questions: What do you want to do with your income and what can you reasonably expect to achieve with

your income?

There are three steps in the budgeting process:

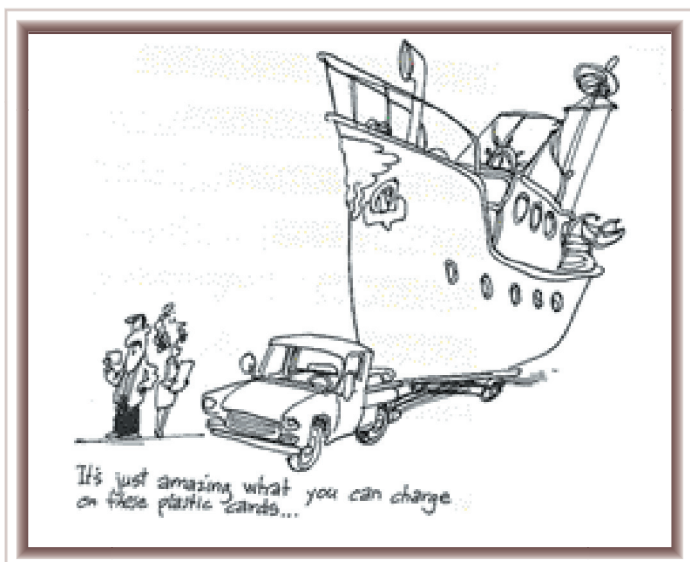
**First.** You must estimate your available income. Define the major expenditure categories



“Brother—, it is not wisdom to become involved in debt. You are a wise man, and do not need this reminder. A debt is a yoke, a binding, galling yoke” (CS 274).

**The rich rules over the poor, And the borrower is servant to the lender. Prov. 22:7 (NKJV)**

“Let no debt remain outstanding, except the continuing debt to love one another, for he who loves his fellowman has fulfilled the law” Romans 13:8 (NIV).



kind of takes on its own momentum, and you can be almost blinded by the holiday lights. You become overly generous.” “For most of the year, people walk around with a mental budget,” said Suzanne Shu, an assistant marketing professor at Southern Methodist University in Dallas, “but during

for your budget and set spending levels (limits) for each.

**Second.** Review and analyze your budget summary sheets periodically to see if your actual expenses match your plans; if not, take corrective action.

The largest role in financial planning rests on steps 1 and 2: deciding what you have and what you want to do with it. The secondary benefits of budgeting are in the next step.

**Third.** Provide a guide for managing your finances. Have a plan and stick to it.

For assistance in preparing a budget, savings plan or for information on educational workshops and programs, call the Consumer Credit Counseling Service (CCCS), a non-profit, community service organization that provides free professional guidance, counseling and debt management.

(5) **Avoid buying on impulse.** Impulse buying can be extremely dangerous. During the holidays is the time when most Americans get in debt due to poor planning. “It’s so easy to let your debt get out of control, especially around the holidays,” said Michael McAuliffe, President of Family Credit Counseling Service in Rockford, Illinois. “The holiday spirit

the holidays, they develop ‘self-control loopholes’ that can expand when they shop without a firm list and at the very last minute.

(6) **Pay High-Rate Debt First.** You need to organize your



outstanding loans from the highest to the lowest interest rate. You should not let your credit cards control you, but you must control them. A major contributing factor to the debt problem in the United States is the easy access to credit – especially credit cards. Credit is the borrowing capacity of the individual or company, which is easy to obtain today. Most of us can have easy credit to buy whatever we need, NOW!

(7) **Seek professional help** – Contact a credit counselor for help if you are in trouble financially.

Are you playing the credit game? Take the CCCS Debt Test.

1. Do you pay only the minimum, or less, on your credit cards each month?
 

Yes	No
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2. Do you juggle other bills to keep up the minimum monthly payments on credit cards?
 

Yes	No
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3. Have you reached the credit limit on your credit cards?
 

Yes	No
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4. Do you borrow for items you once bought with cash?
 

Yes	No
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5. Are you paying late fees?
 

Yes	No
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6. Is your current job barely making ends meet?
 

Yes	No
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7. Have you taken money from your savings account to pay your credit card bills?
 

Yes	No
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8. Is life without credit cards unthinkable?
 

Yes	No
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9. Do you check to see if you have your credit cards before leaving for the mall?
 

Yes	No
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If you answered yes to three or more of these statements, you have a serious debt problem and should contact a professional credit counselor.

**To get out of debt will require time, effort and discipline.**

As faithful stewards of Christ, we must manage our finances in a way that glorifies Him. Remaining in debt is not His plan for us. We must ask Him to be our financial partner. As we follow God’s plan, He will lead us to financial freedom.