

**Debt Free!**  
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We are in a sermon series entitled The Journey to Financial Freedom. I want to remind you that our biblical definition of financial freedom comes from 2 Corinthians 9:8 which says:

*God is able to make all grace (every favor and earthly blessing) come to you in abundance, so that you may always and under all circumstances and whatever the need be self-sufficient (possessing enough to require no aid or support and be furnished in abundance for every good work and charitable donation).*

Financial freedom means all your needs are met – you require no financial aid or help from anyone else – and you have such abundance that you are able to give to every good work.

We learned that there are many mile markers on the road to financial freedom, but the starting place is God's Word.

The first mile marker is that we must take the slow road to financial freedom. That's because financial freedom is a journey that takes work and self-discipline over time. But if you stay on the journey, you can be financially free!

Mile marker 2 is – Recognizing that God owns everything and we are stewards who manage God's resources. God will hold us accountable for how we manage His resources.

The third mile marker on the road to financial freedom is: Give to God First. We do that by giving our tithes and offerings.

The fourth mile marker on the journey to financial freedom is: Work Like You Work For God. Before we can do anything with money we must first make it!

Then when we do make it: the fifth mile marker on the journey to financial freedom is this: Act Your Wage! That means to stop living beyond your means.

We are talking about the sixth mile marker on the journey to financial freedom today: make your destination debt-free living.

Many of us don't know how to live without debt and we have just resigned ourselves to being in debt our whole lives. But if you want to be financially free – you must be debt free! And let me say this – if you are not debt free you are not free! Proverbs 22:7 says:

*Just as the rich rule the poor, so the borrower is servant to the lender.*

The New American Standard Version says:

*The rich rules over the poor, And the borrower becomes the lender's slave.*

Debt is a form of slavery. In ancient times, if you did not pay your debts, your creditor could own you as a slave or sell you into slavery to recoup the money you owe.

When the Israelites were going into the Promised Land, God told them the blessings they would receive for following Him and the curses for rejecting Him. Part of that blessing is found in Deuteronomy 28:12-13

*The Lord will open the heavens, the storehouse of his bounty, to send rain on your land in season and to bless all the work of your hands. You will lend to many nations but will borrow from none. The Lord will make you the head, not the tail.*

One of the curses mentioned is found in Deuteronomy 28:44

*They will lend money to you, but you will not lend to them. They will be the head, and you will be the tail!*

I want you to see that biblically – debt is a curse, not a blessing.

The dictionary defines debt as “money that person is obligated to pay to another, including credit card companies, bank loans, money borrowed from relatives, a home mortgage, and automobile loans.” Bills that come due such as the monthly utilities, house taxes, gas and oil bills, are not considered debt if they are paid on time.

Now, please understand that all debt is not necessarily bad. For instance, a mortgage on a home is usually not bad because the value of houses tend to rise. So, that can be considered an investment.

The worst kind of debt is credit card debt. Credit cards are great for traveling when you must make reservations and rent cars. But they should be paid off every month due to the very high interest rates. Unfortunately, that’s not happening for most people.

Using data from the Census Bureau and the Federal Reserve, the average American has \$3,600 in credit card debt, but that number is deceptively low. That’s because some more than 60% of households carry no credit card debt whatsoever, and of those that do, many pay it in full every month.

This means that the average credit card debt for those who do carry a balance is actually over \$16,000. At the average credit card interest rate of 16.1%, this means you pay nearly \$2600 a year in credit card interest. And many cards have much higher rates.

Even scarier is the fact that if you only make minimum payments, it would take 14 years to pay off that debt at a cost of over \$40,000! That's if you don't add any additional debt along the way. The cost of debt is staggeringly high!

By the way – your credit card statements are required to give you information showing how long it would take to pay off your balance if you only make minimum payments. Check yours out – it's pretty eye-opening.

Now, the Bible does not say that debt is sin, but it discourages debt. I'm not one who says you should never have any debt. But getting over your head in debt is wrong! That means you should not have more debt than you are able to pay. Psalm 37:21 says

*The wicked borrow and do not repay, but the righteous give generously.*

The Bible says it's a wicked thing not to pay your bills. It does not say it is always wrong to borrow, but it does say it is wrong to borrow and not repay. Romans 13:8 says

*Owe no one anything except to love one another.*

Some people think that means that all debt is wrong. But other translations clarify this. For example, the NIV says:

*Let no debt remain outstanding, except the continuing debt to love one another.*

The Living Bible says:

*Pay all your debts except the debt of love for others-never finish paying that!*

So – I believe this is saying, “Make sure you pay your bills.” Don't get into more debt than you can handle. But I also believe our goal should be to get completely out of debt! That takes a plan, a long time and a lot of self-control and discipline.

I did some research this week on why people get into debt.

### **1. Unexpected Financial Challenges that cause reduced income.**

This could be a job loss or a significant cut in pay. If someone doesn't have an emergency fund or decrease their cost of living, then they use credit to tide them over.

### **2. Medical bills**

You are not going to refuse care for a loved one, so you agree to whatever the cost is. Even with insurance some things are not covered.

### **3. Divorce**

Divorce is the biggest destroyer of finances because one household is now split into two.

### **4. School loans**

### **5. Home and auto repairs**

### **6. Gambling**

### **7. Underemployment**

If you are living beyond your means you have two options: spend less or make more. People often feel that underemployment is temporary, but it can have a lasting effect on your life, especially if you have to go into debt to make ends meet.

If you are underemployed, calculate your expenses and start looking for a second job. This might eliminate your chances of falling in debt. There have been times in our lives that Pastor Deb and I both worked two jobs to get out of debt or to save money to buy a house.

### **8. Poor Money Management**

Many people are financially illiterate because no one taught them how to manage money. The schools don't teach it, and your parents may not have sat you down and explained it. So that's why I'm trying to help you. Again – I encourage you to get into one of our financial classes when they start up again.

Most of the time, debt is a result of poor budgeting. You must have a monthly budget or you will not be able to track your expenses. I encourage you to write down your spending for an entire month so you can see exactly where your money goes. This is the best way to learn where you can cut some unnecessary expenses and help yourself avoid debt.

### **9. Little or No Savings**

The simplest way to avoid unwanted debt is to prepare for unexpected expenditures by saving some money. If you have decent savings in place you can use it for emergencies like severe illness or a job-loss without increasing your debt. Believe me, no one ever regrets saving money for emergencies.

### **10. Most people are in debt because they spend more than they make.**

Debt is usually a result of bad spending habits, because unless you're spending cash, it's costing you money to spend money. The above mentioned causes of debt are very common for Americans and can be easy to fall into. However, if you develop good money management and budgeting skills, you can avoid them.

So – what can you do to get out of debt? We see some principles in 2 Kings 4:1-7.

*The wife of a man from the company of the prophets cried out to Elisha, "Your servant my husband is dead, and you know that he revered the Lord. But now his creditor is coming to take my two boys as his slaves."*

*Elisha replied to her, "How can I help you? Tell me, what do you have in your house?" "Your servant has nothing there at all," she said, "except a little oil."*

*Elisha said, "Go around and ask all your neighbors for empty jars. Don't ask for just a few. Then go inside and shut the door behind you and your sons. Pour oil into all the jars, and as each is filled, put it to one side."*

*She left him and afterward shut the door behind her and her sons. They brought the jars to her and she kept pouring. When all the jars were full, she said to her son, "Bring me another one." But he replied, "There is not a jar left." Then the oil stopped flowing. She went and told the man of God, and he said, "Go, sell the oil and pay your debts. You and your sons can live on what is left."*

The first thing I want you to see is what I've already told you – Debt is slavery. And it impacts the whole family. So, the first thing this widow did was cry out to a man of God for help. For us – that means that the first thing we should do is:

### **1- Pray**

The first step is to seek God for help, guidance and provision. Also – it would be good to repent and ask forgiveness for the situation you are in. God may act immediately or it may be slowly over time. In either case, His help is essential – so pray.

Deb and I have a plan and are working hard to get out of debt. We've been out of debt twice before in our lifetime. Once was instant and once was a process.

The instant time was when I worked for a company that got sold. I had stock options that the new company bought out and that provided the money for us to get out of debt instantly. The other time we got out was the long slow way. Cutting back on spending. Budgeting. Saying no to ourselves. Disciplining ourselves.

We need to understand that instant deliverance is from God, but so is discipline or self-control. Remember, it's a fruit of the Spirit.

Next, Elisha asked the widow, "What do you have in your house?"

### **2- List your assets and your liabilities**

Your assets are everything you own. Your liabilities are everything you owe. Listing these will give you an accurate picture of your financial situation.

Then Elisha told the widow, "Go, sell the oil and pay your debts."

### 3- Sell what you're not using and cut back on spending.

Is there something you can sell to help you pay down debt? Or, are there ways to cut back on expenses? Can you get by with one car? Do you have the least expensive cell phone plan? Are you spending money on cable TV or Starbucks or entertainment? Look for ways to put more money towards paying off debt.

### 4- Pay off your debts

The question is – in what order do you pay off debts? The answer is to pay off credit cards first because they usually have the highest interest rate. What works for us is using what is called the Snowball Strategy.

When you were a kid making a snowman in the back yard, the way to do it was to pack some snow into a tight ball, then start rolling it through the yard. Your snowball would become a snow boulder much quicker than it would if you just built it up by hand. That's exactly how the debt snowball method works.

List all your debts from the smallest to the largest by amount owed. Pay minimum payments on all of the debts except the smallest one then attack that debt with a vengeance. Once it's gone, take the money you were putting toward that debt, plus any extra money you find, and attack the next debt on the list. Once it's gone, take that combined payment and go to the next debt. Knock them out one by one.

Here's an example.

## Accelerated Debt Payoff Calculator

Entry Columns				Calculated Columns		
#	Creditor	Principal Balance (\$)	Interest Rate (%)	Payment Amount (\$)	Interest Cost	# of Pmts Left
1	Exxon	190	19	190		1
2	Sears	220	23	20		13
3	Visa	1,200	14	30		55
4	Mastercard	3,600	21	80		90
5	Student Loan	11,000	5	150		88
6	Auto Loan	19,777	6	350		67
7	Mortgage	142,000	5.25	1100		191

The point of the debt snowball is behavior modification. In our example, if you start paying on the student loan first because it's a large debt, you won't see it leave for a long time. You'll see numbers going down on a page, but that's it. Pretty soon, you'll lose steam and stop paying extra, but you'll still have all your debts hanging around.

But when you pay off the small debt first, you see progress. That one debt is out of your life forever. Soon the second debt will follow, then the next. When you see that the plan is working, you'll stick to it. By sticking to it, you'll eventually succeed in becoming debt-free!

There are some other things you can do to help pay down debt faster. Consider making more money – get a second job. Try to get lower rates on credit cards. That only works if you have a good credit score. The credit cards I am paying off right now have a 0% interest rate. I get these offers in the mail all the time because we have an excellent credit score. If you don't know your score – get the Credit Karma app and it will show you your credit score and what you need to do to improve it.

I know some of you are in so much debt that you think you can never get out. But, that's a lie. There was a time years ago when Pastor Deb and I had \$60,000 in credit card debt! By following biblical principles we were able to get out of that debt. Our goal is to be completely debt free. We just paid our car off and we have a plan to pay off our house.

It's embarrassing to admit we had that much debt, but I tell you in order to let you know it is possible to get financially free! We know from experience that it is way easier to get into debt than to get out of it! We also know that with God all things are possible!

I been in debt and out of debt and I can tell you that out is way better! I've handled finances poorly and I've handled them biblically and I can tell you that biblical is way better. So I encourage you to make it your goal to get debt free. And start today – not tomorrow, next month or next year!

By the way, there is one debt that you can never repay. That is the debt of your sin. You may be able to pay your financial debts in this lifetime, but our sin is a debt we can never repay. But the good news is that when you accept Jesus as your savior, the debt is paid in full and the guilt is gone. The wages of sin is death – but the gift of God is eternal life through Christ! So stop trying to pay the debt of your sin! Salvation is a gift!

When Jesus died He said "It is Finished!" That literally means "paid in full." If God forgives and forgets, why are you remembering it and letting it hold you back.

How long do you remember your bills once you've paid them?

Do you worry about last month's electric bill after you've paid it?  
Doesn't it seem silly to worry about a bill you've already paid?  
Christ has already paid for every sin you have ever or will ever commit.  
Accept that by faith and you can leave here today spiritually debt-free!