

# DEBTS & BETS

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## How Do We Manage Our Money?

Text: Proverbs 21:5 & 20; 22:7; 30:24-25

### Introduction & Review

If you are just joining us this morning, you're entering the second of a four-part series of messages on the topic of what God has to say to us about how we view and manage our money and possessions. Last week, we looked together at the three basic orientations to money with which most people live and I asked you to try to find yourself in one or more of these. We unpacked what it looked like to live with the POVERTY mindset toward money – this notion that money is the *"root of all evil."*

We also explored the mentality behind the PROSPERITY orientation to material resources – a way of living that sees money as the *"right reward"* belonging to those who work hard. I made the case that while each of these approaches contains some elements of truth to them, both of them inflate those principles to an extreme that is ultimately unwise.

The much more helpful view is what we called the STEWARDSHIP mindset. This approach holds that money is *"a wonderful trust,"* given by God and to be used in accordance with a set of principles God has set down for the well-being of all people. Nowhere is that more obvious, I think, than in the area of money management we're going to look at today – the subject of "debts and bets" or, as it's more commonly called, the arena of debt and savings.

### Listen to a Personal Journey

I want to confess at the start today, that when it comes to MONEY MATTERS, I have been on a learning journey of my own. For many years, Amy and I had a lovely home, a consistent stream of new and nice things filling it up, and a pattern of going on splendid trips we were sure were very good for us and, of course, for our kids. We looked around us and saw that we appeared to be living pretty much like most of the people we knew. What they couldn't see and we finally had to, however, is that we had gotten ourselves in serious trouble.

In order to keep up the lifestyle we thought was "just normal," we'd maxed out a string of credit cards. I was staying up late at night filling out those forms the banks so *charitably* kept sending to *enhance* our life with more credit. I was moving our debt back and forth like the proverbial pea in the old shell game, but the pea just kept getting bigger till one day it wouldn't fit under the shells anymore. It was all we could do just to make the minimum payments on those cards.

The debt we'd accumulated was wrecking our financial, mental, and marital health. I got to the point where my most fervent prayer was that God would perform some kind of miracle to get us out of this hole. "God, you did it for Jed Clampett. Let me strike oil in the backyard when I'm out gardening!" "Lord, let there be some Millionaire out there who finds me worthy of a surprise benevolence!" "God, send the Publishers Clearinghouse Van, please!" This was not the prayer life I wanted to have!

But it wasn't just at home that I was out of control. I was like this in my work life too. Our spending here at the church was growing by leaps and bounds. I had a hundred reasons, of course, why we just *had* to spend more money to advance good purposes. When giving suddenly dropped off about seven years ago, the crisis was terrible. I'll never forget the "come to Jesus" moment the Trustees had with me over this. It was humiliating. But it was also the beginning of a new era in the stewardship of resources at work and at home.

For many years since then, we've kept our expenses here at the church consistently lower than our income stream. We've made hard choices to tighten our belt when we've needed to and made some tough decisions not to do some things we wanted to do, simply because the resources aren't yet banked. I'd love, for example, to replace the old projection system we use here in the Sanctuary with one that is far easier to see. I can rationalize six ways to Sunday as to why we should do it NOW. But until the money for it actually comes in, we're going to be fine with the system we have. Today, our debt to asset ratio is one of the lowest in the church's entire history. We have some modest reserves and a plan to build an emergency fund, so that when big storms hit, we can keep our core ministries strong.

At home, our patterns have changed too. To cover education costs for our kids, Amy went back to school and now has a job. Our furniture is beaten up and we're definitely not at risk of winning the community landscaping award. The vacations we take now are on the strength of our savings, with the kind help of others, or simply that station-wagon kind of which memories get made – and fighting children get left at rest stops! We shop very differently today, cutting out all kinds of things we used to think we HAD to have. We mainly use one credit card now but it's the kind you *have to pay off* each month. Before it tempts us, money goes out of our account now into pots for giving, education, retirement, and savings. We are far from suffering. The people of this church have been incredibly good to us. We certainly have more work to do to get our money matters in even better order. But life today feels so much more sane.

### **Think About Debt**

I tell you this, not because I'm a great example. I haven't been. I'm opening up to you for two reasons: *First*, to say that people can change; and, *secondly*, because some of us need to. Did you know that 60% of people in marital counseling, cite money as a major problem in their relationship? 40% of households say that they overspend their

income monthly. 40% pay more than \$2,000 a year in interest – not including their mortgage interest. 33% of church-goers say they feel it is impossible for them to get ahead in life because of debt. The average American is about three weeks from bankruptcy, with little or no money saved, significant monthly credit calls, and a scary dependence on next week's paycheck to keep the raft afloat.<sup>1</sup> The mess we got ourselves into on a *national* scale had its roots in the mess many of us got ourselves into on a *personal* scale. That's why we need to talk about MONEY MATTERS.

To get out of the mess, the first step for some of us lies in thinking more critically about the subject of debt than perhaps we've thought before. If you boil it down, there are fundamentally TWO KINDS OF DEBT. The first is what I will call "*Constructive Debt*." Providing you've calculated the costs carefully and the returns responsibly, the Bible teaches that this kind of debt can be a worthy bet (Luke 14:28-30). Constructive debt is investment in an asset that is very likely to appreciate or to produce income, whose value exceeds what is owed against it, and which can and will definitely be paid off.

Businesses (even churches) routinely incur debt, for example, to improve facilities or upgrade equipment whose net effect will be to increase the productive power of the enterprise. Purchasing a home is another example of a constructive debt -- assuming you are making a healthy down-payment, buying in a market likely to rise, and have a monthly payment that fits within your budget. Investment in education is a further example. Constructive debts are those with payments that are sustainable and complete-able, and which brings return on the investment greater than the initial outlay. Because markets for goods, property, and even educated skills can be volatile, however, even Constructive Debt has to be entered into with more prayer and care than became the norm in recent years. The Apostle James cautions: "**Now listen, you who say, 'Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money.' Why, you do not even know what will happen tomorrow... Instead, you ought to say, 'If it is the Lord's will, we will live and do this or that'"** (Jam 4:13-15).

It must be said, however, that many people in financial trouble today are there not because of Constructive Debt but because they unthinkingly took on the second kind of debt – the Consumer kind. Consumer debt is an investment that doesn't appreciate or produce income, which actually *decreases* in value over time or incurs greater costs than its returns, and which probably will not be paid off rapidly. A popular newspaper framed the mindset that leads to this kind of indebtedness with this mock prayer: "Now I lay me down to sleep / I pray my Cuisinart to keep / I pray my stocks are on the rise / And that my analyst is wise / That all the wine I sip is white / And that my hot tub's watertight / That racquetball won't get too tough / That all my sushi's fresh enough / I pray my wireless phone still works / That my career won't lose its perks / My microwave won't radiate / My condo won't depreciate / I pray my health club doesn't close / And that my money market grows / If I go broke before I wake / I pray my Volvo they won't take."

We used to fancy that only in California did people think like this. Today, however, an unchecked devotion to material goods has become a major issue even here in the Heartland and the results have been pretty disastrous for many of us. To be blunt: Many of us spend money we do not have, for things we do not need, to impress people we do not like. We spend our resources acquiring, upgrading and accessorizing... dusting, rearranging, and storing things for which we go deeper and deeper into debt. Searching for greater freedom, we become owned by the things we bought or by the people who "helped" us buy them. Searching for greater joy, we spend our time, talent, and treasure on things that come to be a source of more work and more worry, leaving us little to invest in the relationships and enterprises that would actually produce more joy.

It is for all these reasons that the Bible cautions us very strongly against racking up Consumer Debt. Proverbs bemoans the fact that: **"The rich rule over the poor, and the borrower is servant to the lender"** (Prov 22:7). The Apostle Paul writes: **"You were bought at a price; do not become slaves of men"** (1 Cor 7:23). Paul says: **"Let no debt remain outstanding, except the continuing debt to love one another"** (Rom 13:8). The author of Hebrews pleads with us: **"Keep your lives free from the love of money and be content with what you have, because God has said, 'Never will I leave you; never will I forsake you'"** (Heb 13:5-6). When are we going to start getting mad at the people who try to seduce us into taking on debts we can't afford? When are we going to stop ignoring that still small voice of God that whispers: "You don't need this. You already have ME."

### **Pursue a Long Obedience**

One of the strongest reasons to take very active measures to get ourselves out of debt is because it will free up resources that we need to be saving. As down on consumer debt as the Bible is, it is every bit as up on the importance of saving money. The Book of Proverbs reads: **"In the house of the wise are stores of choice food and oil, but a foolish man devours all he has"** (Prov 21:20). **"Four things on earth are small, yet they are extremely wise: Ants are creatures of little strength, yet they store up their food in the summer"** (Prov 30:24-25). God asks us: "When will you know how foolish it was to be like the grasshopper, fiddling away but never saving anything? Answer: "When the winter comes." Now, there are limits to this thinking, as we'll discuss next week, but wisdom says that if we don't have 3-6 months worth of income stored away for emergency needs – or a plan to try and move in this direction - - we aren't even as smart as ants. Don't you want to be at least that brainy?

This is why, if you read or recommend to your loved ones no other book on the subject of personal finance in the next year –please consider Howard Dayton's marvelous little guidebook, *Your Money Counts*." In chapter 6 of this book, Dayton provides an immensely practical Ten-Step Plan for getting out of the Debt Trap and on toward a

Saving and Giving Strategy. I can't unpack all the wisdom shared in this book, but here is the essence...

1. *Pray for God's help to start a new chapter in your management of money.* God specializes in helping people make turnarounds.
2. *Establish a written budget.* Few people in debt actually have a clear account of where their money is all going. But tracking your spending is essential to seeing where you could make changes.
3. *List everything you own.* There are likely assets there that could be sold to reduce your indebtedness. The loss you incur in saying goodbye to some of these pales in comparison to the blessing of getting out of the hole.
4. *List everything you owe* and the interest you are paying on each debt. This will help you prioritize which debts you need to knock off first.
5. *Set a debt repayment schedule for every creditor.* Start by paying off small debts first and then use the money you are no longer paying on interest to go after the larger debts.
6. *Consider measures you could take to earn additional income.* But be sure you invest any increase not in further consumption but in debt-reduction.
7. *Resolve TODAY that you will accumulate NO new debt.*
8. *Be content with what you have.* We are already rich.
9. *Consider a radical change in your lifestyle.* It IS worth moving, giving up something huge, to escape being a debt-slave. And...
10. Do not give up! As one philosopher put it: "The essential thing 'in heaven and earth' is... that there should be a long obedience in the same direction; there thereby results, and has always resulted in the long run, something which has made life worth living" (Friedrich Nietzsche).

Let me close by saying that one of the best programs on television or radio these days is the money program hosted by Dave Ramsey. Ramsey, as some of you may know, is a committed follower of Jesus. The financial principles he coaches people on are often drawn from the pages of the Bible. My favorite part of the program is where phone calls come in from people who have practiced this advice over many months or years and are now finally debt-free. What strikes me about these testimonies is that the sense of joy and freedom the callers express is not simply because they are no longer carrying the burden of debt. What really excites many of them is the fresh possibilities that getting to this place finally opens up. At long last, they are now in a position to start doing some really creative things with their money – the kind of things that really make life worth living. And that's the vision we're going to explore together when we return to the Bible's view on MONEY MATTERS, as we gather next week.

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### *Money Matters (Part 2)*

#### Questions for Reflection & Discussion

1. How do money PRESSURES affect your well-being? What do they do to your peace of mind, relationships, or use of time?
2. If you are in DEBT, how did you get there? What drove you there? Do you have a purposeful approach to the subject of debt?
3. How would you summarize the difference between GOOD (or OK) debt and BAD debt? (constructive vs. consumer debt)
4. For what do you SAVE money? What values and visions govern your approach to savings?
5. Which of the following TEN STEPS could you take or have you taken to be a better manager of the money God brings your way? What are the benefits?
  - Pray for God's help in starting a new chapter
  - Establish a written budget
  - List everything you own (assets)
  - List everything you owe (liabilities)
  - Establish a debt repayment schedule
  - Consider earning additional income
  - Accumulate no new debt
  - Be content with what you have
  - Consider a radical change in your lifestyle
  - Do not give up!

*Adapted from Howard Dayton's MONEY COUNTS, p. 41*

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<sup>i</sup> Howard Dayton, *Your Money Counts*, p.99