

# onechurch

## bigIdea

We live in a world that relies heavily on the “enjoy now, pay later” philosophy. This belief is the foundation upon which the credit card industry was built. Because you want what you want when you want it, you can rationalize swiping the credit card to your heart’s content. There is no burden on you until the bill comes in the mail. Wiping the credit card slate clean isn’t always an option due to a lack of funds. Your answer: Pay the minimum balance to avoid a late fee. Unfortunately, “Minimum balance” is nothing more than the deception of minimum responsibility. It allows you to live in denial of the fact that your desires are unchecked and your spending is out of control. Just as long as a creditor isn’t knocking at your door or harassing you by phone, you are comfortable surviving in debt.



**BIG IDEA:** Financial bondage never happens from not having enough income, but by over-spending and living beyond our means.

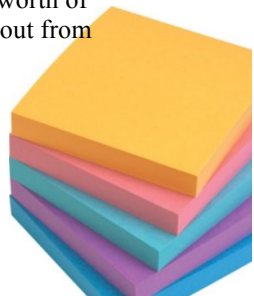
### DISCUSSION QUESTIONS

1. Talk of a time when you borrowed something from someone and messed it up. Did you tell the person about it? How did you feel? What did you do to make things right?
2. Describe a time when you struggled with self-control. How did it affect you and what did you do to address it?
3. What’s one idea from the message that really stood out to you? Why did this idea grab your attention?
4. Has your life been affected by debt? If so, how has it affected you?
5. Chris said there are three Biblical values we all most follow to avoid debt: self-control, sacrifice, and planning. Which of these three values do you struggle with most and need to focus on improving? Explain.
6. *Read and discuss 22:7.* How does debt inhibit our freedom not only to give but to experience life as Well? Are you currently feeling the burden of debt? If so, how? If not, how have you managed to avoid it?
7. *Read Proverbs 21:5 & 25:28.* Why do we trade security in our future for the immediate needs or wants of the present?
8. *Read John 3:16 & Hebrews 12:2.* Chris said, “There are no shortcuts—only sacrifice.” Sacrifice is a reoccurring theme of the Christian life—giving up something you love for something you love even more. What did Jesus sacrifice for us being able to get to heaven? What shortcuts was He tempted to make? (Matthew 4:1-11, Luke 22:39-43)
9. What are some things you’ve said no to in order to avoid debt? What things might you need to say no to?
10. What was the most “questionable” thing you’ve ever purchased on credit? What did you learn from your experience?
11. What’s your vision for your financial life? What might be standing in the way of you accomplishing your vision?
12. From this point forward, how are you planning to stay out of debt? What things do you need to put in place in order to avoid the pitfalls of debt?

### MOVING FORWARD

Without a clear understanding of what it means to honor God with our finances, we wind up spending His provision on our purposes—shallow whims and empty pursuits. Financial bondage does not come from not having enough income—it comes from over-spending and living beyond our means. We fail to ask God an important question: What do you want me to do with what I have? What’s one thing you will do this week as a result of something you learned from this message?

We struggle with generosity because we have no plan to become generous. The average family has \$14,517 worth of credit card debt. Many of us have work to do in order to become great stewards. It's time to find a way to get out from underneath the debt that keeps you from experiencing financial freedom and being generous.



This week, we want to turn our attention toward the tangible things you can do to eliminate your debt. In order to free yourself from debt, you need to have a plan. The immediate next step is to stop borrowing any additional money. This will put you in a position to begin paying off your debt.

### THE EMERGENCY FUND

The way to stop borrowing is to develop an "emergency fund." The first place we go to get help in a financial emergency is usually our credit cards. When faced with a serious event (like a car accident or medical emergency), an emergency fund will keep you from going further into debt with a credit card. We recommend starting with an initial emergency fund of \$1,000 set aside in a separate savings account.

How do you fund an emergency fund? Examine your Stewardship Plan. Did you have an excess amount of money somewhere you could use? If not, is there something you can cut out? Maybe you could skip a cup of coffee, cut coupons, sell something (using eBay, Craig's List, etc.) or get a second job. Do whatever it takes to prepare yourself for life's bumps so you don't have to return to your credit card.

### ELIMINATE YOUR DEBT

Once you have built up your emergency fund it is time to eliminate your debt. We have provided a Debt Eliminator worksheet at the end of these questions. Once it is filled out you will see the actual date that you will be debt free!

### CHANGING YOUR MIND

*The rich rule over the poor, and the borrower is servant to the lender. Proverbs 22:7 (NIV)*



# DEBT ELIMINATOR INSTRUCTIONS

We recommend you have a pencil and calculator on hand while doing this exercise.

**STEP 1: Collect the most recent statements for all your debts owed** (student loans, auto loan, credit cards, etc).

**NOTE: MORTGAGE DEBT**

*You can choose to include your first mortgage or not; however, it is still a debt that you must pay. We believe that this should be the lowest debt priority because of the investment implications, but it should not be used to justify living beyond your means. For our purposes, we are talking about consumer debt incurred for cars, electronics, entertainment, or other items that we "simply had to have." This allows us to prioritize and begin to make progress toward becoming debt free. Once you are on your way to eliminating all consumer debt, you can develop a plan to pay off your mortgage.*

**STEP 2: Sort your debts from the lowest unpaid balance to the highest and place them in the "Lender" column** (do not sort them by the highest interest rate). Next, **enter each debt's unpaid balance in the "Balance" column.**

**STEP 3: Enter each debt's minimum monthly payment in the corresponding column.**

**STEP 4: Next, determine how much of an "extra payment" you can leverage toward your debt.** You may need to take measures, as you did with your emergency fund, to supply this extra payment. This is the cornerstone of this exercise, so no amount is too small! Now, enter your pre-determined extra payment in the dark gray box at the top of the "Extra PMT" column for Debt #1 (You should also add this amount to your *Stewardship Plan* under the "Debt Repayment" category).

**STEP 5: Add together your minimum payment and extra payment for Debt #1.** Place this number in the "Total PMT" column. While you make this larger payment on Debt #1, you should continue making all minimum payments for your other debts.

**STEP 6: Divide this debt's unpaid balance by the new total payment for that debt.** This is an estimation of how many months it will take you to pay it off. Determine the date the debt will be paid off and enter it in the corresponding column.

**STEP 7: Next, transfer your "Total PMT" from Debt #1 to the "Extra PMT" column for Debt #2. Then, add this extra payment to the debt's minimum payment and enter the total in the "Total PMT" column for Debt #2.** Following the same instructions used in Step 6, determine this debt's estimated payoff date (use the payoff date of the previous debt and count forward). **Continue steps five through seven until a final debt payoff date is determined.** See the example below:

**DEBT ELIMINATOR: WORKSHEET**

DEBT NUMBER	*LENDER	BALANCE	MIN PMT	EXTRA PMT	TOTAL PMT	DATE WHEN PAID OFF
1	Pay-Pal Credit Card	\$250	\$15	\$100	\$115	2 mos., Nov 2010
2	Exxon Gas Card	\$500	\$30	\$115	\$145	March 2011
3	Wells Fargo Loan	\$3,000	\$150	\$145	\$295	Feb. 2012
4						

Once you have paid your first debt off, you must reconfigure your Debt Eliminator worksheet (All of your remaining balances should be lower due to your ongoing minimum payments). Check your most recent debt statements, and update your worksheet with the most current balance for each debt. Then repeat steps 5-7 to determine the new (more accurate) estimated date for total debt elimination. Every time you pay off a debt, scratch it off, celebrate and reconfigure your worksheet to get a more accurate date for becoming debt free.

# DEBT ELIMINATOR: WORKSHEET

DEBT NUMBER	*LENDER	BALANCE	MIN PMT	EXTRA PMT	TOTAL PMT	**DATE WHEN PAID OFF
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						

\* Smallest to largest balance

*\*\*NOTE: The Debt Eliminator is a simple calculation that does not take into account the compounding of interest. Larger balances will skew the calculation more than smaller balances. If you desire to know the exact payoff date of each of your debts, or to account for larger balances, we recommend that you utilize some of the free financial calculators online, such as [www.dinkytown.com](http://www.dinkytown.com). You will need further information about each of your debts, such as current interest rate, current balance, required payment and term of your loan. We still recommend you regularly revisit and update your Debt Eliminator worksheet to ensure its accuracy and account for any changes that might have occurred.*