

## Discipleship 103

### Stewardship & financial freedom

#### Lesson Fourteen: Leaving the Valley of The Shadow of Debt

##### Introduction

**For the reasons discussed in the previous lesson, it makes sense that we leave the valley of the shadow of debt. But how? Once in the quagmire of debt it's hard to escape, with interest charges adding to the repayment of principal. But it can be done; we can leave the shadowy valley of debt. In this lesson we will look at spiritual answers as well as financial strategies for reducing (eliminating) debt.**

##### **1. How To Get Out Of Debt – A Spiritual Approach**

- **Get God (Psalm 24:1; Matthew 6:11; Philippians 4:6)**
  
- **Get Wisdom (Proverbs 17:16)**
  - a. **Wisdom is better than your investments (Proverbs 3:13-14)**
  
  - b. **Wisdom is the best thing to buy (Proverbs 3:15)**
  
  - c. **Wisdom is worth buying even if you have to spend all your money to get it (Proverbs 4:7)**
  
- **Get Real (Proverbs 21:20; Proverbs 22:7)**

- **Get Out (Proverbs 27:12)**
2. **What do you do if you are in debt distress or just want out of debt? You need a sound debt reduction plan. Before looking at the plan, please note the following seven biblical principles which support any plan you put in place.**
- **Prayer—Phil. 4:6.**
  
  - **Seek wise counsel—Proverbs 15:22.**
  
  - **Planning—Proverbs 16:9.**
  
  - **Accountability—1 Cor. 4:2; Luke 16:2.**
  
  - **Discipline—Proverbs 13:11**
  
  - **Faithfulness—Proverbs 16:3.**
  
  - **Thankfulness—1 Thess. 5:18.**

**3. Now let's look at an eight-step practical debt reduction plan.**

**Step One: Try to determine the source of the problem.**

**Step Two: Find those who can encourage and support you.**

**Step Three: Create a Spending Plan.**

**Step Four: As part of the spending plan, list all your debts.**

**Step Five: Be ready for a lifestyle change.**

**Step Six: Consider one-time approaches to increase income.**

**Step Seven: Adopt what is called "laddered payments" or "debt snowball." (See Handout)**

**Step Eight: What ever you decide to do, do it today!**

**4. Do you have "million dollar" money management habits? Good money management will help you spend money wisely and avoid unnecessary debt. Take the quiz on the**

**next page to find out if you practice the habits millionaires use to manage their spending.**

### *A "Million Dollar" Money Management Quiz*

1. **Divide your mortgage balance by your pre-tax household income (for example, \$240,000 divided by \$80,000=3). Or, if you don't own a home, divide your monthly after-tax income by your monthly rent and enter either result here \_\_\_\_.**
2. **How much do you save each year as a percentage of your income?**
  - (a) **Less than 5%**
  - (b) **Between 5 and 15%**
  - (c) **More than 15%**
3. **What percentage of your net worth is held in stocks or mutual funds?**
  - (a) **None**
  - (b) **Between 0 and 10%**
  - (c) **Between 10 and 20%**
  - (d) **More than 20%**
4. **Have you ever spent more than:**
  - (a) **\$399 for a suit**
  - (b) **\$140 for a pair of shoes**
  - (c) **\$235 for a watch**
  - (d) **None of the above**
5. **Does your household operate on a monthly spending plan (budget)?**
6. **Do you know how much your family spends on food, clothing, and housing?**
7. **How much time do you spend each week planning your personal finances?**
  - (a) **None**
  - (b) **More than none but less than two hours per week**
  - (c) **More than two hours per week**
8. **What is the age of your newest automobile?**
  - (b) **Less than a year**
  - (c) **One to three years**
  - (d) **Older than three years**
9. **What was the price paid for your newest automobile?**
  - (a) **Less than \$15,000**
  - (b) **Between \$15,000 and \$25,000**
  - (c) **More than \$25,000**
10. **How many credit cards do you have?**
  - (a) **Two or less**
  - (b) **Three to Six**

**(c) More than Six**

**Note: See the following page for Scoring.**

**Scoring**

- 1. Score two points if your answer is 2 or less if you have a mortgage; if you are renting, score two points if your answer is 4 or more.**
- 2. Score two points if you answered c, one point if you answered b.**
- 3. Score two points if you answered d, one point if you answered c.**
- 4. Score two points if you answered d, 1 point if you selected just one of choices a, b, or c, and zero points if you selected two or more choices.**
- 5. Score two points for yes.**
- 6. Score two points for yes to all three, one point for two of the three.**
- 7. Score two points for answering c.**
- 8. Score two points for answering c.**
- 9. Score two points for a or b, zero for c.**
- 10. Score two points for answering a, zero for b or c.**

**So do you have millionaire money habits? Here is how to interpret your score:**

**20 Points: Congratulations! Even if you don't have a million dollars, you have million-dollar money habits. Just keep doing what you are doing.**

**15-19 Points: You'll have million dollar money habits if you can overcome a few deficiencies in your lifestyle or financial management.**

**0-15 Points: Depending on how low your score is, you are headed for a life of financial mediocrity or financial distress without major changes in your lifestyle and financial management practices.**