

## *Discipleship 103*

### *Stewardship & financial freedom*

## **Lesson Seventeen**

### **Debunking Financial Myths**

#### Introduction

Dave Ramsey said that if you tell a lie or spread a myth often enough, loud enough, and long enough, the myth becomes accepted as truth. In this lesson we will review and discuss financial myths and truths as set forth by Dave Ramsey in his books “Total Money Makeover” and “Financial Peace University.” So many financial myths have been marketed to us that it will take a major change in our thinking to debunk these myths and realize the financial truths. As we move into this lesson, let’s remind ourselves of God’s word as set forth in Matthew 6:24 – “No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and money.”

#### The Biggest Myth of All

**Myth:** Debt is a tool and should be used to create prosperity.

**Truth:** Debt is proof that the borrower is slave to the lender (Proverbs 22:7).

**Truth:** When surveyed, the Forbes 400 (richest people in America) was asked, “What is the most important key to building wealth? And 75% replied that becoming and staying debt-free was the number-one key to wealth building.

#### Credit Card Myths

**Myth:** “I pay mine off every month with no annual fee. I get brownie points, air miles and a free hat.”

**Truth:** More than 100 million Americans do NOT pay off the balance every month.

**Truth:** When you use plastic instead of cash, you spend more because you don’t “feel” it.

**Myth:** “I’ll make sure my teenager gets a credit card so she/he can learn to be responsible with money.”

**Truth:** Teens are a huge target of credit card companies today.

**Myth:** You need a credit card to rent a car or make purchases online.

**Truth:** A debit card will do all of that.

### Car Myths

**Myth:** Car payments are a way of life, and you'll always have one.

**Truth:** The typical millionaire stays away from car payments by driving reliable used cars. That is how they became millionaires.

**Myth:** You can get a good deal on a new car.

**Truth:** A new car loses about 60% of its value in the first four years. This is the largest purchase that most consumers make that goes down in value.

**Myth:** Leasing your car is what sophisticated financial people do. You should always lease things that go down in value. There are tax advantages.

**Truth:** *Consumer Reports*, *SmartMoney* magazine and a good calculator will tell you that the car lease is the most expensive way to finance and operate a vehicle.

### Lending Myths

**Myth:** The home equity loan is good consolidation and is a substitute for an emergency fund.

**Truth:** You don't go into debt for emergencies. Emergencies are precisely when you don't need debt.

**Myth:** Debt consolidation saves interest and you get just one smaller payment.

**Truth:** Debt consolidation typically saves little to no interest because you will throw your low-interest loans into the deal.

**Truth:** You can't borrow your way out of debt.

**Truth:** Smaller payments equal more time in debt.

**Truth:** Debt consolidation is a "CON."

**Myth:** By cosigning a loan, you are helping out a friend or relative.

**Truth:** The bank (lender) requires a cosigner because the person isn't likely to repay. So be ready to pay the loan and have your credit damaged because you are on the loan. (Also, read Proverbs 17:18.)

### Credit Score Myth

**Myth:** You need to take out a credit card or car loan to “build up your credit score.”

**Truth:** The FICO score is an “I love debt” score and is not a measure of winning financially.

**FICO Breakdown:** 35% - Payment History; 30% - Debt Level; 15% - Length of History; 10% - New Credit; and 10% Type of Credit

### Other Money Myths

**Myth:** I don’t have time to work on a budget (spending plan), retirement plan, or estate plan.

**Truth:** You don’t have time not to.

**Myth:** I can’t afford insurance.

**Truth:** Some insurance you can’t afford to be without.

**Myth:** Cash Value life insurance, like Whole Life, will help me retire wealthy.

**Truth:** Cash Value life insurance is one of the worst financial products available.

**Myth:** I’ll just file bankruptcy and start over; it seems so easy.

**Truth:** Bankruptcy is a gut-wrenching, life-changing event that causes lifelong damage.

**Myth:** I can’t use cash because it is dangerous; I might get robbed.

**Truth:** You are being robbed every day by not using the power of cash.

**Myth:** It is wise to keep my home mortgage to get the tax deduction.

**Truth:** Tax deductions are no bargain.

**Myth:** Take out a thirty-year mortgage and promise yourself to pay it like a fifteen-year, so if something goes wrong you have wiggle room.

**Truth:** Something will go wrong.

### In Conclusion

According to I Timothy 6:9, the “love” of money (not money itself) is the root of all kinds of evil. And as Matthew 6:24 points out, we can’t “serve” both God and money. But it is possible to serve God and have money. Jeremiah 29:11 – “For I know the plans I have for you, declares the Lord, plans to prosper you and not to harm you, plans to give you hope and a future.” Let’s not fall prey to financial myths and schemes, but live expecting that

**God is faithful and just and He will prosper us if we show ourselves faithful to Him and His Word. May God bless you and keep you in His care!**