Discipleship 103

Stewardship & financial freedom

Lesson Thirteen: The Valley of The Shadow of Debt

Introduction

God wants us to be indebted to Him and not people. Why? When you are indebted to God, we are able to glorify Him with the money He gave us to enjoy and to further the building of His kingdom here on earth. However, when we are indebted to companies and people, money can become our oppressor. Consequently, we may not able to enjoy it as God intended and use it to further His kingdom work. In the next two lessons, you will learn why most people live in the valley of the shadow of debt for their entire life. We hope to help you develop knowledge and wisdom on how to walk in the path of righteousness, and help you learn specific spiritual and financial steps to take so you are financially free as God purposed for your life.

1. **What is the definition of debt?**

2. **What is the definition of credit?**

3. **Read 1 Peter 2:9. Considering how Peter describes Christians, address the following questions.**

   - **Should we be enticed by the world's allure of credit cards, mortgages, and consumer loans? How should we respond?**

   - **Is being in debt okay? If I'm in debt should I be out of it?**

4. **The fourth secret to reducing financial worry is: Take steps to reduce (eliminate) and control debt. Leave the valley of the shadow of debt and things with both look and be brighter.**

5. **The following Old Testament verses address how followers of God should feel about debt.**

   - **Proverbs 22:7**

   - **Psalm 37:21**

   - **Exodus 20:15**

6. **The Scriptures describe four criteria for determining whether a debt is good.**

   - **Good debt exists when the borrower can repay (Psalm 37:21). A spending plan is a must in order to know your ability to pay. Also consider your "debt zone" as indicated by your debt-to-income ratio (see #10 below for details).**

   - **The second measure of a good debt is that you are able to pay based upon your *current* financial condition. What you anticipate earning in the future does not count. (James 4:13-16; Proverbs 21:5)**

   - **The third measure of a good debt is that you have a reasonable economic justification for the debt. Good debts give us an opportunity to recover the cost of credit (interest) at a future date. (Remember the parable of the talents; Matthew 25:14-30.) Four ways that borrowed money can do this are:**

     a. **A house**

     b. **A car (strongly consider a *used* car)**

     c. **An education**

     d. **A business**

- **The fourth measure of a good debt is that you do not tie up too much of your future even if the debt is affordable today. A car loan stretched out over six or seven years to have lower payments will be affordable, but consider what giving and other spending opportunities are eliminated as a result.**

7. **So if there is such a thing as good debt, why does being in debt feel so lousy? The burden of debt is that the use of credit can be a trap. Read 1 Timothy 6:9 and share your thoughts.**

8. **If we lack discipline we fail to create and follow a plan or be accountable for our spending. These failures create three types of traps that lead us into the valley of the shadow of debt. Please share your thoughts on each as described below.**

   - **The Can't Wait Trap (*I must have it now!*)**

   - **The Comparison Trap (*I want what everyone else has!*)**

   - **The Commendation Trap (*I deserve this!*)**

9. **As you can see each debt trap has the same problem: "I trouble," which can be dealt with spiritually. In order to leave the valley of the shadow of debt, we need both spiritual and financial responses. In the next lesson we will look at specific strategies for overcoming debt and reducing our financial worries.**

10. **Debt-to-income ratio expressed as a percentage is defined as your total monthly debt payments (including rent or mortgage) divided by your gross monthly income. It is often used by lenders to help determine if you qualify for a mortgage. Your ratio or "debt zone" can help determine if you can take on additional debt.**

Debt Zones

Debt-to-Income Ratio	Evaluation
<33%	Great
33-38%	Good
38-50%	Danger Zone

>50%	**Debt Distress**