

What About Debt?

Session 2

1

What About Debt?

- Some facts about debt
- Debt paradigms
- What God says about debt
- A plan for dealing with debt

2

Some Facts About Debt

- Average household (with unpaid balance) had \$7,279 credit card debt in 2022
- Average credit card rate was 21% in 2023 (or 1.75%/month)
- $1.75\%/mo. \times 7,279 = \$127/month$

3

Some Facts About Debt

- Households with adult 65+ with any debt: 41.5% in 1992, 51.9% in 2010, 60% in 2016
- Median debt for seniors with debt was \$31,300 in 2016 – more than 2.5 times the 2001 level
- Bankruptcy filings for age 55+ have doubled in last 16 years

4

Debt Paradigms

- “Buying on credit is folly!”
 - Sears Catalog, 1910
- We haven’t always had plastic:
 - Diner’s Club – 1950
 - BankAmericard – 1958/ Visa – 1976
 - AmEx – 1958
 - Discover – 1986
 - In 1970, just 15% of Americans carried plastic

5

Debt Paradigms

- Paradigms have changed dramatically:
 - “Use OPM to grow rich”
 - “A 30-year mortgage is the standard”
 - “Build your credit”
 - “My credit card pays money back”
 - “You’ll always have a car payment”
 - “You have to have a student loan”

6

A Paradigm Shift



7

A Paradigm Shift

“He who spares his rod hates his son,
but he who loves him disciplines him
promptly.”

Proverbs 13:24

8

A Paradigm Shift

- “The rich rules over the poor, and the borrower becomes the lender’s slave.”

Proverbs 22:7 (NASB)

9

Shifting Paradigms

- Vital importance of paradigms
- Motivation helps to shift paradigms
 - The “10 minute” phone call
- Explanations help to shift paradigms
 - Naaman
- Does God have a debt paradigm?

10

What God Says About Debt

- Debt enslaves (Prov. 22:7)
- Co-signing is foolish
(Prov. 17:18; 22:26-27; 6:1-5)
- Refusing to repay debt is wrong
(Psalm 37:21)
- Paying off debt is a high priority
(II Kings 4:1-7)

11

What God Says About Debt

- God said Israel would be cursed by having to borrow, or blessed by being able to lend
(Deut. 28:1,12,15,43-44)
- Lending is not wrong, so borrowing must not be wrong (Psalm 37:25-26)
- Lending is an act of mercy on the disadvantaged – not an opportunity to take advantage (Deut. 23:19-20)

12

A Plan for Dealing with Debt

- Would you like to be free?
- Why are you in debt?
 - Do you think debt is a smart policy?
 - Are you unwilling to wait to buy stuff?
 - Do you fail to plan for the future?
 - Do you have no emergency fund?
 - Are you financially careless?
 - Have you had a series of catastrophes?

13

A Plan for Dealing with Debt

- Recognize, and address, the problem(s)
- Get on the same page with your spouse
- Stop borrowing money!
- Save for emergencies
- Sell some stuff
- Increase income
- “Debt snowball”
- Don’t give up hope!
- Pray

14