**Understanding Debt**

(information from Randy Alcorn’s Money, Possessions, and Eternity)

Credit is a grant to pay later for what’s received now. Interest is the fee that the creditor receives and the debt pays for his grant. When one borrows money to spend or consume today they are robbing their future standard of living.

A century ago debt was regarded as an earned privilege for only a few. Today it is viewed as an inalienable right for all. We are bombarded with mailings stating that we have been approved for $5,000 or $10,000 or $20,000. Why are banks, finance companies, and credit card companies constantly begging us to borrow from them? Why are they so anxious to lend us money? The answer is because they profit greatly.

**Questions Before Going into Debt: (Money, Possessions and Eternity - Randy Alcorn)**

1. Is debt our way of getting around depending on God? (Why trust God to provide when we can get a loan?)
2. Is debt our means of short circuiting the God-created means of acquisition – including work, saving, planning, self-discipline, patience, and waiting for divine provision?
3. What message are we sending to God when we go into debt rather than live on what he has provided? What are we really saying when we take out a loan? How does it reflect on our view of God? What are saying about his sovereignty, goodness, wisdom, or timing?
4. What effect will going into debt today have on our ability or willingness to tithe and give voluntary offerings tomorrow?
5. What effect will today’s decision to go into debt have on tomorrow’s freedom to follow God wherever he wants us to go?
6. By taking out a loan that commits us to make payments over a number of years, are we presuming upon God? (Certainly, if we will require more income to make the payments, we’re presuming on God. We may “know” that we’ll receive a promotion and pay raise in September, but God hasn’t guaranteed it. Plans change, companies go out of business, and employees fail to get “certain” promotions.)
7. Although our income today might be enough to make debt payments over the next twenty years, is it right to assume that we’ll continue to generate the same level of income? (Many people’s income increases over the years, but many others’ decreases. Many incur increased financial commitments beyond their control, such has health-related expenses or caring for an elderly relative. People get laid off. Has God promised that can’t happen to us?)
8. Are we mortgaging the future to pay for the whims of the present? Are we mortgaging God by supposing to commit him to pay off something he may disapprove of?”
9. Is debt our way of getting around depending on God? Of circumventing prayer, patience, and waiting on God to provide?
10. If we “must” go into debt to provide for our “needs,” is it because our “needs” are really wants in disguise? Have we spent so much money on our wants that there’s not enough left for our needs? Have we robbed God and forfeited his financial blessing by failing to give him the firstfruits?
11. Have we really exhausted all other avenues to avoid going into debt? Have we given up expensive activities, hobbies, and memberships, and liquidated valuable possessions? (Often, we think we have no choice but to go into debt, when in fact we‘re making many unnecessary choices that drive us toward it.)

Those that feel that then constantly need to borrow more are the ones with the worst credit risks.

**Impact of debt on your life**

The basic question is this: Is the money I will be obligated to repay, and the financial bondage it will create, worth the value I’ll receive by getting the money or possessions now?

Many argue that there are cases when debt is appropriate, such as buying a house, buying a car, going to college, and going into business. Others may say as long as there is collateral that will allow you to sell something and pay the debt off then it is okay. Most often we rationalized that our particular situation is an exceptional case. The world sees debt as normative. Everyone else is doing it why shouldn’t I?

**The consequences of debt: (Money, Possessions and Eternity - Randy Alcorn)**

1. **Debt Lingers.** The new boat is fund for a while, but two years later, when it’s sitting in storage, the motor needs repair, and the kids don’t want to ski anymore, we’re still paying for it.
2. **Debt causes worry and stress**. Stress experts say that the bigger a person’s mortgage ( or any debt), the bigger stress. Debt is a serious enemy of mental health.
3. **Debt causes denial of reality.** We drive our bank-financed cars, running on credit card gas, to open a department-store charge account so we can fill our savings and loan-funded homes with installment-purchased furniture. We’re living a lie and hocking the future to finance it. When creditors call, many people won’t answer, believing that somehow they can go right on spending the money they don’t have. One day it catches up – but then integrity, relationships, and credibility has been ruined.
4. **Debt leads to dishonesty.** “the check’s in the mail” isn’t funny when you’ve heard it repeatedly from a Christian brother who is enslaved to debt—and now to dishonesty. Some people lie on credit applications, not revealing debt for fear of being disqualified for future loans. Others desperately resort to criminal acts to try to keep up their debt payments.
5. **Debt is addictive:** There are striking comparisons between debtors and drug addicts. The way out of both addictions is very difficult. Those in debt with one income will almost always go into debt with two incomes, just as they will if the one income is doubled. Ninety-eight percent of the time debt is an internal problem, not an external one. It isn’t a matter of insufficient funds but insufficient self- control.
6. **Debt is presumptuous.** Scripture says the just shall live by faith. The borrower, however, lives by presumption. Undertaking any debt is a gamble that our future income will be sufficient to make payments. The Bible says we don’t know what a day may bring forth and we should not presume (Proverbs 27:1).
7. **Debt deprives God of the chance to say no or to provide through a better means.** God can give us a direction either by providing funds or withholding them. When we borrow, we eliminate that second option and thereby blur God’s leading. If we really need something, there are alternatives to debt. One of them is to accumulate savings that will allow us a margin on which to draw when needed. But if the money for a need isn’t there, our fist course should be to seek provision from God, not the banker (John 14:13-14).
8. **Debt is a major loss of opportunity.** Our loss isn’t simply the interest we’re paying. Our true loss is the difference between the money we’re losing and the money we could have earned with it. Worse yet, debt is a loss of opportunity to invest in eternity. Perhaps the greatest tragedy of debt is that it results in diminishing giving, loss of opportunity to help others, and loss of eternal rewards.
9. **Debt ties up resources and makes them unavailable for the kingdom of God.** When-ever we’ve taught on giving at our church, many people say: “Now that I understand God’s principles of giving, I’d love to double or trip our giving, or even more. But we’re so strapped with debt, it’s just impossible.” Past unwise decisions inhibit present and future generosity. The solution is not to shrug our shoulders helplessly, but to give as much as we can now and commit ourselves to get out of financial bondage so we can give more in the future.

Debt can cause stress on any person’s life and, especially, relationships such as marriage.