

DEBT

A BIBLICAL PERSPECTIVE

Debt, simply stated, is a contract to pay later for what you receive now. The Bible does not condemn the use of debt, but warns against the consequences of its misuse. Specifically, Scripture says that the borrower can become the lender's slave (Proverbs 22:7).

The inappropriate use of debt can create a barrier to our reliance on God and limit our freedom to respond to His call. Incurring debt in certain situations may not be His best plan for us. Before you take out a loan of any size, spend time in prayer and evaluate the spiritual, economic, psychological, and personal ramifications.

“Debt is no longer regarded as an earned privilege for the few but an inalienable right for all.”

Randy Alcorn

“The wicked borrow and do not repay, but the righteous give generously.”

PSALM 37:21

THE ROLE OF DEBT IN YOUR FINANCIAL PICTURE

As you consider what role debt will play in your financial picture, we recommend reviewing related Scripture and noting some of the common misconceptions addressed there.

READ: JAMES 4:13-15

Presuming on the future and assuming everything will go just as you had planned (increased salary, investment growth, inflation, etc.) is financially unwise. Effective stewardship relies as little as possible on the future and more on living within a manageable lifestyle today.

READ: PSALM 37:7A

Be willing to wait on God to provide for your needs within your current means. In other words, avoid borrowing to get what you want now, and wait until you can afford it.

READ: PROVERBS 22:26-27

Don't borrow to make an investment just so you can "get rich quick."

READ: PROVERBS 22:26-27

Don't guarantee another person's loan. This is equivalent to taking on debt yourself.

THE ROLE OF DEBT IN YOUR FINANCIAL PICTURE

Continued

CONSIDERATIONS BEFORE BORROWING

Spiritual

Does this loan limit my ability to be obedient to God?

Do I have the freedom before God to take on debt?

Economic

In general, the financial return you get from taking on debt should be greater than the cost of the debt. Taking out a loan to get a college education or launch a business usually meets this condition; using a high-interest credit card to purchase a non-earning asset like clothes or furniture does not. Also, before you take on any debt, be sure that *you* have a realistic plan for repaying the loan--one that does not presume on the future.

Psychological

How much debt can you handle? Debt can lead to a great deal of stress. Make sure you and your spouse agree on the use of debt.

Personal Goals

Can your goals be met by some method other than debt?

Will taking on debt in one area limit your ability to reach or pursue your other financial goals?

SCRIPTURAL INSIGHTS ON DEBT

"The rich rules over the poor, and the borrower becomes the lender's slave."

PROVERBS 22:7

“Come now, you who say, ‘Today or tomorrow we shall go to such and such a city, and spend a year there and engage in business and make a profit.’ Yet you do not know what your life will be like tomorrow. You are just a vapor that appears for a little while and then vanishes away. Instead you ought to say, ‘If the Lord wills, we shall live and also do this or that.’”

JAMES 4:13-15

“Be still before the Lord and wait patiently for Him.”

PSALM 37:7A

“A faithful man will be richly blessed, but one eager to get rich will not go unpunished...A stingy man is eager to get rich and is unaware that poverty awaits him.”

PROVERBS 28:20, 22

“Do not be a man who strikes hands in pledge or puts up security for debts; if you lack the means to pay, your very beds will be snatched from under you.”

PROVERBS 22:26-27

"When you make a vow to God, do not be late in paying it, for He takes no delight in fools. Pay what you vow! It is better that you should not vow than that you should vow and not pay."

ECCLESIASTES 5:4-5

"Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it?"

LUKE 14:28

"Let no debt remain outstanding, except the continuing debt to love one another, for he who loves his fellow man has fulfilled the law."

ROMANS 13:8