



UPI: "Finance Matters"

Date: 4.30.2011

Issue: 1004

Interesting Bumper Sticker -- "I Owe, I Owe, it's off to work I go"

Romans 13:8 (NIV)

⁸ Let no debt remain outstanding, except the continuing debt to love one another, for whoever loves others has fulfilled the law.

As we continue weaving our way through the keys to financial success, our topic today is 'borrowing', debt, owing another – all are the same issue, simply described in different ways.

Let's start at the beginning, why do we even set aside 'owing' as a topic worthy of discussion?

Answer: Debt, and the problems it cause are not only an often mentioned topic in God's Word, but is a dominating item of discussion among all of society (I Goggled Debt and in 9 seconds, found 109 million hits.) Debt can be a useful tool, however, in our daily lives, as a tool of Satan, it ranks among his most effective.

Having been in the financial world for 40 plus years, I can say with absolute confidence that the primary reason for marriage dissolution (50% of marriages end in divorce – and this statistic is consistent with both non Christian and Christians) is finance. And further, the source issue that brings down almost all of these marriages is DEBT!

So, the answer, is 'debt'; where it can be an effective tool, and where it can be abused clearly deserves to be discussed.

This month, I want to address 'owing' from three different views:

Why we accumulate debt. **How** we can avoid debt. **Tools** to escape the debt trap if we're already caught.

Why?

This one is easy, and doesn't take a rocket scientist to understand. Almost all of debt (owing) is a result of "I want what I want, when I want it!"

Madison Avenue, and most manufacturers and retailers are aware of the benefits of you and I 'wanting'. They are expert at elevating our 'want gland' to a point of desiring instant satisfaction. Then with this consuming desire to 'have it and have it now' – regardless of what "it" is (new car, electronic toys, clothes, trips, etc, etc), they spend an equal amount of energy demonstrating HOW we can have it now! All we need to do is swipe a card, or sign our name, and presto, it's ours.

The decision at the time seems innocent. It's only one item, and seemingly only a small amount of money.. so 'why not?'

The problem, as we all know, is the cumulative effect of these 'small decisions' - maxed out credit cards, under water on car loans (the loan balance is greater than the value of the car), and negative cash flow, since the payments on all these 'small decisions' are greater than the income; thus requiring additional borrowing just to stay afloat.

Obviously, this cycle finally comes to an end when there are no more borrowing opportunities, and the next steps are ugly: bankruptcy – divorce – etc.

How to avoid:

As I mentioned, I've been involved in the financial advising industry for my entire business life. Obviously, over 40 years, I have seen numerous situations that are worthy of example; however there is one that constantly stands out in my mind:

I was on a business trip to Key West FL, and while there met a relatively young couple – in their early 40s. They were both teachers, and several months before I met them, had made the decision to 'retire'. A bit surprised as to how they were able to accomplish this at such a young age, (and by the way, neither had inheritances), I probed. Their answer: IT WAS EASY MR. YEAGER – ALL WE DID IS 20 YEARS AGO, REDUCE OUR WANT GLAND! They simply made the conscious decision to live with a 'contentment' level that was significantly below their teacher's income, saving the balance.

That folks, is the way to avoid the debt trap, and it is the only way! If you want to live free from financial burdens, you make the conscious decision to be satisfied with what you have – regardless of what Madison Ave. or Wal-Mart, or the car manufacturer is saying. You recognize that the joy that comes from a relaxed life, free of worry is far more valuable than the short lived joy that comes from the smell of a new car, or the intrigue of a new cell phone. (for other examples, you can fill in the blank).

How to escape

So, you're saying, OK Chuck, I get it.. spend less than we make, and reduce the 'want' gland. I'm a believer, BUT, I caught on too late.. I'm already under water on my car, or have significant credit card balances, (again, fill in the blank) – is my situation hopeless?

I've never seen a hopeless situation, although, I have seen a lot of situations, where the folks were not willing to make the hard calls to solve the problem!

So, the answer is – it's never too late!

First, seriously examine your budget. (a future article will deal with budgeting). Remove or discontinue EVERY non essential item. (Cable TV, Cell phone plans, memberships, etc. etc.)

Second, go outside, and find a number of stones (6" to 8" inches in diameter). Label each one with the name of one of your debts, and put them in a pile somewhere noticeable in your home.

Third, pay the minimum on your lowest interest debts, and focus all of your excess income on the highest debts, until it is paid off, at which time you, take that stone off of the pile – some simply throw these away, others build a 'financial success pillar somewhere outside, so that the progress is equally evident.

Forth, continue the same process until all of the stones in your home are gone! – And that's the day you should both thank our Lord and Savior for delivering you from these millstones around your neck, as well as celebrating your freedom.

Is this going to be easy – NOPE! Is it worth it – YEP! .. What is required: Discipline (often, an accountability partner is needed, and or helpful); Patience (it took you several years to get here, it will take time to get out); Prayer.. with a goal, with a physical reminder of the goal and progress (the rocks) and with faith, this works.. believe it!

Finally, never, never, never allow your credit card to go unpaid (total balance) from one month to the next, (in fact, wherever possible, pay with cash – statistics will demonstrate that if you actually pull money out of your billfold, you will spend 23% less money, and if you pay with cash you'll know when you run out, thus required to delay the purchase); and pay cash for everything with the exception of a home. (from my chair, a home mortgage with a reasonable interest cost and a 15 year or less payment schedule is the one acceptable use of credit – assuming a 20% or greater down payment.)

I'm closing this article with several comments and Bible verses:

Worry eats at us. It mires our hearts in apprehension and fear. It saps our strength and drains our peace. And that worry tempts us to believe the myth that an uncertain financial future is an unbearable state of affairs.

Psalm 51

¹ Have mercy on me, O God, according to your unfailing love; according to your great compassion blot out my transgressions. ² Wash away all my iniquity and cleanse me from my sin.

³ For I know my transgressions, and my sin is always before me. ⁴ Against you, you only, have I sinned and done what is evil in your sight; so you are right in your verdict and justified when you judge.

"The Lord is my Shepherd; I shall not want."

That's solid stuff. Because if your trust is in the God of the universe to ultimately take care of you, you're hanging onto something - actually Someone - who can't be touched by a recession, a depression, a divorce, even death.

Chuck Yeager: chuckyeager7@earthlink.net Cell: 574-527-2300

