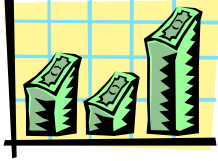


Are you a GOOD Steward?

Credit Card rates too high?



Not Tithing?

Using credit cards to pay bills?



Just paying the minimum due?

Don't know your debt ratio?



Not Saving?

Paying bills late?



Living from paycheck to paycheck?

Creditors calling?



“Disciple Biblestudy Series - Christian Stewardship & Resources for Getting Out of Debt”

**Wednesday's
7:30 pm
Cornerstone AME Church
of La Plata**

10578 Middleport Lane
White Plains, MD 20695
301/684-1457

“Reaching Up, Reaching Out, Reaching In”
Rev. Jamila Woods-Jones, Pastor

Agenda

- Opening Prayer
- Introductions
- Biblestudy Outline
 - Christian Stewardship...
“According to God”
 - All about debt
 - Ways to get out of debt
 - Resources for getting out of debt
 - Life after debt
- Feedback
- Closing Prayer



The Meaning Of Christian Stewardship

This Bible study offers the full counsel of God's Word on work ethics, earning, saving, credit, investment and yes, giving. The Bible contains many surprises compared to what is commonly taught.

It is clear in scripture that we are to pay back what we borrow; The wicked borrow and do not repay, but the righteous give generously (Psalm 37:21)



Facts About Stewardship

Introduction: Money may be the most misunderstood topic in God's Word. Some believe God's followers should have no money or possessions. Others believe all His followers should be the wealthiest people on earth. Where's the truth? We're not going to delve into why there's so much misunderstanding. Our purpose in this session is to review the whole counsel of God's Word concerning money; earning, budgeting, debt, saving, investing, attitude and giving. If you're like me, you'll be surprised by many things the Word has to say about money.

The Meaning Of Christian Stewardship

Christian Employment, Integrity and Earning



1. Christian Employment, Integrity and Earning:

a. **Work:** II Th 3:10 "If a man will not WORK, he shall not EAT."

b. **Balance work and rest:** Dt 5:13-14 " Six days you shall labor and do ALL your work, but the seventh day...you shall NOT do ANY work..." Mk 2:27 "The SABBATH was made for MAN, NOT man for the Sabbath."

The religious leaders in Jesus' time had taken the day God chose to free us from work and used it to enslave us to useless rituals. It's clear what God is after is a balance between work and rest so His people can spend a significant amount of time to learn about and worship Him. Please note He said we are to do all our work in six days.

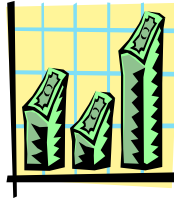
c. **Hard work:** Pr 14:23 " ALL hard work brings a PROFIT, but mere TALK leads only to POVERTY." Pr 18:9 "One who is SLACK in his work is brother to one who DESTROYS." Pr 20:13 "Do not love SLEEP or you will grow POOR..." Pr 10:4 " LAZY hands make a man POOR, but diligent hands bring WEALTH."

d. **Skilled work:** Pr 22:29 "Do you see a man SKILLED in his work? He will serve before KINGS..."

e. **Honest work:** Ex 18:21 "...select...trustworthy men who HATE dishonest gain..." Le 19:35 "Do not use dishonest STANDARDS when measuring length, weight or quantity." Pr 13:11 "Dishonest MONEY dwindles away..."

The Meaning Of Christian Stewardship

Christian Financial Management



2. Christian Financial Management:

Some teach that Followers of Jesus shouldn't pay attention to financial matters because that's "worldliness". Jesus said not to "**WORRY**" Mt 6:25-34 about food, clothes, etc. Planning isn't worrying! Jesus gave His disciples numerous teachings concerning proper use and management of money. Paul expressed much concern about finances, and advised his appointees'. It's out of balance and irresponsible to ignore such a significant part of Christian life. The best way to eliminate worry about money is to manage our income and spending by planning. Lk 14:28 "...first sit down and estimate the **COST** to see if he has enough **MONEY**..." / Pr 16:3 "**COMMIT** to the Lord whatever you do, and your **PLANS** will succeed." Pr 21:5 "The **PLANS** of the diligent lead to **PLENTY** as surely as **HASTE** leads to poverty."

Helpful hint: Our current income is probably "spoken for" already. While we can cut expenses in some places, the most powerful budgeting tool is planning for our increase in income and for 'gift' or 'surprise' money. If we wait until this money is in our hands, it's too late. Instead, we can plan how we'll spend it. For example: 40 % to pay down debt, 20 % to God, 20% to savings, 20 % to lifestyle (recreation, entertainment, etc.) If we got a \$ 100 per month net raise we would \$ 40 more on a credit card, give \$ 20 to God, save \$ 20, and have \$ 20 to 'blow'. More on this later.

The Meaning Of Christian Stewardship

Christian Stewardship and Credit



3. Christian Stewardship and Credit:

Pr 22:7 "...the borrower is SERVANT to the lender." Ro 13:8 "Let no DEBT remain outstanding..."

Helpful hints: For every \$ 1,000 of credit card debt, you pay over \$ 15 per month in interest alone. If you make the minimum payment, you pay five times the retail price for everything you buy on a credit card. Pay them off! In the U.S. as in some other countries, it costs the same to buy a home on mortgage as it does to rent a home. Since buying results in property ownership, it's wiser to buy even on a mortgage than to rent. Of course, this doesn't justify refinance, second mortgages or home equity loans.

Continued at [Christian Stewardship 2](#)

All About Debt

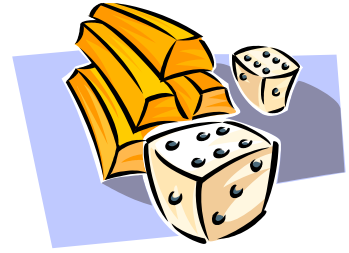
- *Scripture tells us to, owe no man anything, but love one another (Romans 13:8)*
- *Proverbs warns us that, just as rich rule over the poor, so the borrower is servant to the lender (Proverbs 22:7)*
- *It is clear in scripture that we are to pay back what we borrow; The wicked borrow and do not repay, but the righteous give generously (Psalm 37:21)*



Facts About Debt

- Debt in America – The average American adult received 32 credit card offers, regardless of their credit history.
- Credit counselors report that their clients carry balances as high as \$20,000.
- Personal bankruptcies are at an all time high. In 1997 there were more than 1.3 million, up 63% from 10 years ago.

Warning Signs of Impending Financial Disaster



- Using cash advances to pay bills.
- Balances higher than last month.
- Added new credit cards to increase borrowing power.
- Reached or extended credit limits.
- Credit cards been revoked.
- Depleted savings to pay past due bills.
- Putting off paying utilities or rent to pay credit card bills.
- Paid off large balances only to run them up again.
- Feeling of drowning in debt.



Financially Fit Quiz

1. Are you borrowing money or using credit cards to pay for items you used to pay for with cash?
Yes – No
2. Is more than 15% of your income going to pay debt?
Yes – No
3. Are you paying bills with money intended for something else?
Yes – No
4. Are you dipping into your savings to pay current bills?
Yes - No
5. If you or your spouse lost your job, do you have than 3 months take-home pay in a savings account?
Yes - No
6. Can you usually only make the minimum payment on your credit cards?
Yes – No
7. Are you extending repayment schedules – paying in 60 or 90 days bills you once paid in 30?
Yes – No
8. Are you near, at or over the limit on your credit cards?
Yes – Np
9. Do you take out a loan before the old one is paid off or take out a new one to pay off an existing loan?
Yes- No
10. Are you unsure of how much you owe (within \$50)?
Yes – No



11. Do you habitually pay your bills late?
Yes – No
12. Do you charge more each month than you make in payments?
Yes – No
13. Do you use cash advance on one credit card to make payments on other credit cards?
Yes – No
14. Has a collection agency called recently about an overdue bill?
Yes – No
15. Are you threatened with repossession of your car, cancellation of your credit cards, or other legal action?
Yes – No

Scoring:

- “No” to all questions – Congratulations!** You know how to manage your credit well.
- “Yes” to any question 1-5 – Early warning.** It may be time to cut back on credit use and watch for other signs of overspending.
- “Yes” to any question 6 – 10 – Be alert!** You could be headed for financial trouble. Put away your credit cards, cut out all unnecessary spending. You need help with drawing up a realistic budget and formulating a long-term plan for stay debt free.
- “Yes” to any question 11-15 – Crisis Control!** Get on a debt management program as soon as possible. Act now to significantly reduce your monthly debt burden and feel better immediately.



Debt-to-Income Ratio Calculator

Monthly debt payments (excluding mortgage)

Debt 1: \$ _____

Debt 2: \$ _____

Debt 3: \$ _____

Debt 4: \$ _____

Debt 5: \$ _____

Debt 6: \$ _____

Debt 7: \$ _____

Debt 8: \$ _____

Debt 9: \$ _____

Debt 10: \$ _____

**Total Monthly
Debt:**
\$ _____

Divided by

**Monthly
Take-Home Pay:**
\$ _____

Equals

**Debt-to-Income
Ratio**
_____ %

Where do you stand?



- If your debt-to-income ratio is:
 - **Under 15% - Relax.** Continue repaying your debt and recalculate your debt to income ratio periodically
 - **15 – 20% - Caution.** Repay your debt before it becomes a problem. Look for long term solutions to budgeting and managing your finances.
 - **Over 20% - Danger.** Consider using a Debt Management Program that will help you work out a repayment plan for becoming debt-free.

Causes of Debt

- Overspending
- Reduced Income
- Death in the Family
- Unemployment
- Medical Expenses
- Separation/Divorce



Ways to Get Out of Debt

“I the Lord do not change. So you, O descendants of Jacob, are not destroyed. Ever since the time of forefathers you have turned away from my decrees and have not kept them. Return to me, and I will return to you,” says the Lord almighty.

“But you ask, ‘How are we to return?’ ‘Will a man rob God’ Yet you rob me. But you ask, ‘How do we rob you?’

“In tithes and offerings. You are under a curse-the whole nation of you-because you are robbing me. Bring the whole tithe into the store house, that there may be food in my house.

Test me in this.” says the Lord Almighty,” and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it.

(Malachi 3:6-10)

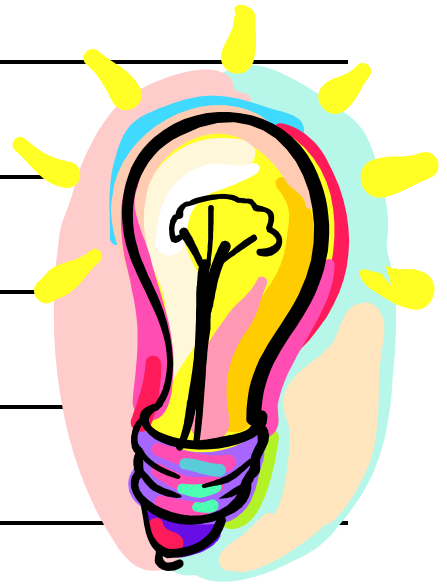
Ways to Get Out of Debt



- Loan Consolidation
- Borrow against equity
- Bankruptcy
- Debt Reduction Program
- Pay off your debt Yourself
- Debt Management Program

Why Get Out of Debt

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____



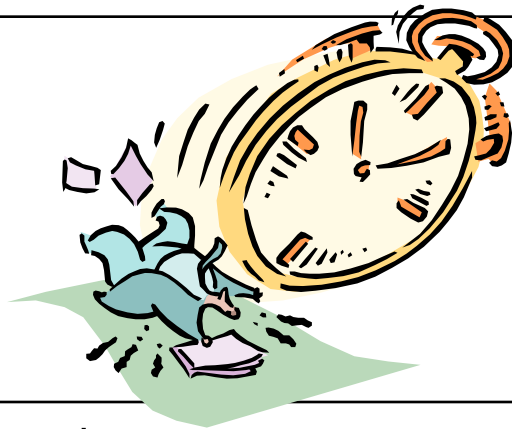
- Causes Stress
- Marital Problems
- Health
- Retirement
- Tithe
- Save Money
- Blessings beyond debt

How long will it take?

What is your monthly payment? **\$100.00**

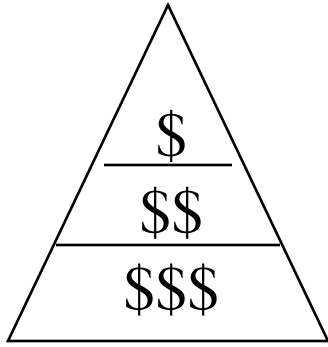
What interest rate are you paying? **14%**

What is your remaining balance? **\$500**



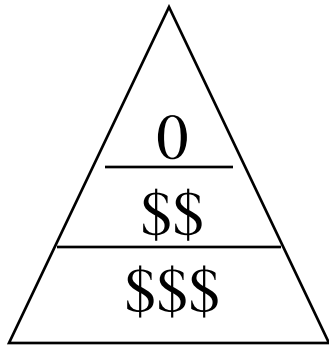
You will pay **\$58.33** in interest every month.

It will take you approximately **120** months to erase this debt.



How to Pay Off Your Debt

- **Step One:** Write down all outstanding debt **Balances** (\$) in ascending order (smallest to largest).
or Interest rates (%) in descending order (highest to lowest). This is referred to as the Debt Pyramid.
- **Step Two:** Concentrate on completely paying off the lowest balance (or highest Interest rate). Pay as much as possible over the minimum payment due every month until the entire balance is paid off. This eliminates the top of the debt pyramid.



How to Pay Off Your Debt

- **Step Three:** Concentrate on the 2nd debt. Add the minimum monthly payment paid on the first debt to the minimum due on the 2nd debt. The benefit is that the minimum payments are already allocated into your budget. Thus no additional money is needed.
- **Step Four:** Continue this strategy until all debts are paid off.

You Can use either method:

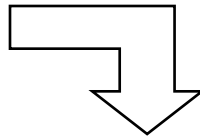
-Lowest Balance or Highest Interest Rate

or a combination of the two to decide which debts to pay first (top of pyramid). The steps are the same for rapid repay.

Different consultants recommend different methods.

Debt Reduction Pyramid

Step#1 write down all **balances** lowest to highest or **interest rates** highest to lowest



Example

Min due \$40.

Add extra \$35

Pay \$75 per month

Until paid off.

Step#2 pay off lowest balance or highest interest rate first

**Lowest Balance/
Highest Rate**

Step#3 pay off next lowest balance or highest rate

**Next Lowest Balance/
Higher Interest Rate**

Min due \$55

Plus \$40 prior min

Pay \$95 per month

Until paid off.

Step#4 Repeat strategy until all debts are paid in full

**Next Lowest Balance or
Highest Rate**

**Highest Balance
or Lowest Interest Rate**

Min due \$100
Plus \$95 prior min's
Pay \$195 per month
Until paid off.

Finding Extra Money



- Cut down on utilities.
- Save money on transportation.
- Save money on food.
- Spend less on personal services.
- Cut spending on entertainment.
- Get less Cash out of bank for “spending/pocket \$”.
- Spend less on bank fees.
- Buy only what you need.
- Get paid for extra work.
- Consider moving balances from high-interest rate credit cards to low-interest credit cards.
- Lock up or Cut up Any Credit Cards – Leave access to only one card “FOR EMERGENCY USE ONLY.”
- Write Checks – You can’t make a purchase unless the money is in the account.
- Use Debit/Check Cards – money is subtracted from your account.
- Reward Yourself – without creating more debt.

Resources For Getting Out of Debt

- *Since he was not able to pay, the master ordered that he and his wife and his children and all that he had be sold to repay the debt.*
(Matthew 18:25)
- *The servant's master took pity on him, canceled the debt and let him go.*
(Matthew 18:26)
- *Neither of them had the money to pay him back, so he canceled the debts of both. Now which of them will love him more?*
(Luke 7: 42-43)

What Is a Debt Management Program?



A professional support mechanism that helps consumers gain control of their finances and teaches them how to prevent future occurrences of debt.

Types of Debt Management Programs

- Non-Profit
- Warning
 - For-Profit Counseling organizations make promises that they cannot keep and they charge large application and processing fees.
- Beware
 - Credit Repair Clinics aka “Credit Doctors” are not Debt Management Programs. They promise to remove negative information from your credit report. However accurate information cannot be changed and you can contact the credit bureaus yourself to remove inaccurate information.



Good Resources

- National Foundation for Credit Counseling
www.nfc.org
- Consumer Credit Counseling Service
www.ccs.org
- Turning Point Ministries – Christian Counseling
www.turningpoint.org
- (Association of Independent Consumer Credit Counseling)
www.aicca.org
- Christian Credit Counselors)
www.cccfree.org
- Consumer Credit Centers of America
www.consumercounseling.org
- Federal Site for Consumer information and laws. www.ftc.gov
- Council on Accreditation
www.coanet.org



Checklist for Choosing

- Non-profit credit counseling agency.
- Provides debt management assistance.
- Assists with budget planning.
- Offers credit counseling and education.
- Has years of experience.
- Seal of Approval – Accredited by COA and affiliated with NFCC.
- Uses Certified Counselors (e.g. NFCC).
- No advance fees for service
- Low Fees cover costs to handle account

How Does Debt Management Work?

1. You will be assigned a credit counselor.
2. Your counselor will review your budget (including tithes) and suggests a debt management program for you.
3. The counselor will negotiate with your creditors to reduce your monthly payment possibly as much as 50%, reduce or eliminate interest rates, and eliminate late charges and over limit fees
4. In exchange, you agree to not increase your debt with existing or new creditors.
5. Your counselor will help you establish a new budget and debt reduction plan.
6. You decide on the date you will consolidate your payments and send 1 easy payment, on time, each month that covers your bills and a small handling fee.
7. Your credit counselor will pay your creditors each month on your behalf

How Does Debt Management Work?

8. You will receive one monthly statement, so you will see your balances dropping.
9. If your creditors contact you, then you can direct them to your credit counselor.
10. You will be able to pay off your debt in much less time than you would on your own.
11. Your credit counselor will be easily accessible, assist with legal situations, and teach you how to handle credit in the future.
12. Your credit report may be updated to reflect that you are working through a credit counselor. If you do not have good credit, then your creditors will “re-age” your accounts to show your accounts as current after several payments. If you have good credit, it shows that you are trying to get help.
13. After you pay off one account, continue to pay more to the remaining balances, to speed up your debt reduction process.

Life After Debt

- *Neither of them had the money to pay him back, so he canceled the debts of both. Now which of them will love him more? Simon replied, "I suppose the one who had the bigger debt canceled." "You have judged correctly," Jesus said.*

Luke 7:42-43

- *Let no debt remain outstanding, except the continuing debt to love one another, for he who loves his fellowman has fulfilled the law.*

Romans 13:8



Set Financial Goals

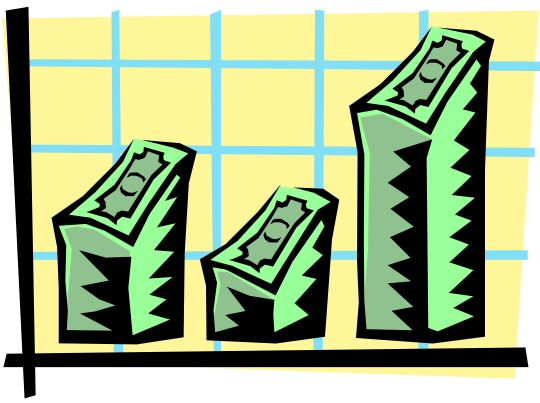
Goal	Date Needed	Cost Estimate	Amount already saved	How to achieve

- Establish goals for.
 - short-term (less than 1 year),
 - mid-range (within 1-3 years, and
 - long range (within 3-5 years).

Tips for Setting Goals

- Put goals in writing
- Precise, practical, and positive
- A family affair with input from children
- Achievable, believable and conceivable
- Review every six to eight months (at least yearly)
- Adjusted as necessary





Set a Budget

Item	Estimate	Actual
Tithes	10%	
Household		
Debts		
Total		

- Establish a monthly budget
- Pay bills in order of priority
- Write actual amounts in monthly
- Adjust estimates as necessary
- Track at the level that is comfortable for you (e.g. Auto versus Auto:fuel)
- Use tools such as Quicken or On-line Banking



Ways to Save

- Use payroll deductions
- Put bonus income in the bank
- Establish a retirement account
- Pay installments to yourself
- Shop for the best interest rate
- Alter your spending habits
- Be willing to compromise
- _____
- _____
- _____

Take Control of Your Finances

- Seek God's Counsel
- Obtain a Financial Advisor
- Know your Net Worth
- Save for a rainy day.
- Plan for retirement
- Seek Tax Advice
- Stay Debt Free

