



GROWTH DIGEST

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Teachings

“Breaking Out of the Debt Trap”

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Introduction – A debt is something owed by one person to another. It is an obligation to pay or return something.

To be indebted means to be in debt or under obligation to repay something received.

Indebtedness is the state of being indebted. It also refers to the amount owed.

The English language abounds with synonyms of being in debt. The most common are: owing, obligated, liable, insolvent, impoverished, in arrears, hard up, broke, and ruined. Some expressions imply indebtedness: in difficulties, living hand-to-mouth, unable to make ends meet, and many others.

Debt in most cases involves monetary matters. What a person borrows and what he has to pay back or return is money. What has been borrowed may also be a personal property, such as a household tool. What has to be returned is also a property or its equivalent monetary value.

Even a favor received from another person may turn out to be a debt of gratitude that should be paid if it all possible.

Six Danger Signs of Falling into a Debt Trap

Falling into a debt trap is like falling into a deep well with little or no possibility of a rescue. It is much the same as being ensnared in an intricate trap with no possible escape.

We should do everything to avoid falling into a debt trap. We should act immediately with prayers to the Lord when any of the following danger signs appears in our life:

1. Excessive use of credit cards

Persons who use excessively their credit cards may be living on credit and maintaining a lifestyle beyond their means. While credit cards have valid uses especially for businessmen on travel, they are real temptations for the cardholders to overspend and buy based on wants instead of needs.

“...be satisfied with your wages.” (Luke 3:14). We are showing lack of contentment when we

start buying on credit instead of paying on cash that come from our current wages.

“The Lord is my shepherd; there is nothing I lack.” (Psalms 23:1). When we need something, let us learn to pray and wait for God's provision instead of grabbing our credit cards and ordering on “buy now, pay later” scheme.

Excessive use of credit cards can result in the cardholders' delayed payments of what are due. The indebtedness can balloon due to interests, penalties and other surcharges.

The cardholders may coast along “living on credit” by paying the minimum amount only. Unfortunately, the rest of the debt remains and the risks of non-payment of the balance of the principals and the increasing interests become even bigger and more frightening.

The cardholders become more and more stressed by their ballooning credit card loans. These are clear signs that one of their feet, if not both feet, are already caught in a debt trap.

Let us beware: Buying on credit is like getting drunk; there is painful hangover that always follows.

2. Inability to tithe and to save

The faithful Christians should tithe by returning to God 10% of their earnings or income. (Malachi 3:10).

As a wise practice in good stewardship, they should save 10% of their earnings or income for the future (retirement, contingencies, etc.). They should have at their disposal 80% for food, clothing, shelter, and other needs and wants.

Persons who fail to tithe and to make personal savings are close to being ensnared in the debt trap.

3. Inability to pay taxes

Law-abiding and faithful Christians should pay to the government correct taxes – personal income taxes, corporate taxes, real estate taxes, and other fiscal obligations.

• “Then repay to Caesar what belongs to Caesar and to God what belongs to God.” (Matthew 22:21).

• “Let every person be subordinate to the higher authorities, for there is no authority except from God, and those that exist have been established by God.” (Romans 13:1).

Persons’ inability to pay taxes is another danger sign of falling into a debt trap.

4. Extravagant spending

Let us rely on God who richly provides us with all things for our enjoyment. (1 Timothy 6:17). Let us enjoy what comes from God.

What is wrong is extravagant spending of our money. Money should be used wisely. Our appetite for lavish buying should be under control. Otherwise, we might exhaust our finances, spend beyond our means, and eventually get entrapped in debt.

Let us also learn to buy what is inexpensive but good. Let us avoid extravagant spending.

5. “Living up with the Joneses.”

The American expression of “living up with the Joneses” means keeping and living at par with our neighbors typically named Mr. & Mrs. Jones. Trying to copy and buy what the Joneses have bought might lead us to buy on credit, to spend beyond our financial means, and to emerge close to the brink of financial disaster.

Let us not compare what we do and what we have with what our neighbors have.

6. Succumbing to “Get rich quickly” offers

Let us beware of many “get rich” schemes being offered by unscrupulous people. Offers of getting rich quickly are often so tempting and a considerable number of people succumb to the temptation, makes the investments, and eventually loses everything. Pyramid scams are full of trickery and deception. Treasure hunting is also a very risky venture. These schemes ensnare victims who are unwittingly thrown into a dreadful debt trap.

How To Break Out of the Debt Trap

If ever we are caught in a debt trap – due to our own fault or naiveté – we should pray that God helps us spring out of the entrapment. We should have the courage to break out of it.

How do we escape from the debt trap?

1. Commit to be debt-free now. Those who borrow but do not repay are called “wicked.” (Psalms 37:21). If we have unpaid debts, let us commit to be debt-free. It is not easy to do so; it takes discipline, perseverance, and character. Let us ask the Lord for guidance.

2. Start paying God first. Let us adopt the **10-10-80 financial plan:** 10% as our tithes (Malachi 3:10, Proverbs 3:9), 10% as our savings (1 Corinthians 16:2), and 80% for our needs and normal wants.

3. List everything we own and everything we owe. It is wise to know how much we own (our different assets or properties) and how

much we owe (our liabilities or indebtedness). We should be honest about our actual finances. When our liabilities are greater than our assets, then we are really deep in trouble and indebtedness.

4. Make a sale to generate some cash.

When we have some financial obligations to meet and our regular salaries and income are inadequate, let us not hesitate to make a sale especially of some of our unnecessary and dispensable possessions. As renewed Christians, we should not hold on to something we like and cherish. Such would be idolatry. Selling even what we normally do not want to give up is a wise act in order to repay our debts.

5. Set up a repayment plan. Being in debt is like contracting cancer. Cancer could be fatal but it can be fought. Indebtedness is also a malignant “disease” but it can also be fought head-on.

6. Share our plan with our creditors. Let us admit and not deny our indebtedness with our creditors. Most of them are willing to help us. They are usually ready to give us more time to settle our debts.

It is always wise and better to arrange repayment plans instead of fighting in court and risking civil or criminal judgment. Establishing a repayment plan is one solution. Let us make sure, however, to pay the necessary installments according to the plan.

7. Do not acquire new debts. While we are paying our debts under the repayment plan, let us not buy on credit and add new debts. Let us learn from our mistakes in financial stewardship, in overspending, and in the excessive use of our credit cards. Let us suspend new purchases until we have a clean bill of health in our finances.

8. Use credit cards wisely. There is no denying that credit cards are useful when employed wisely. Use credit cards only when needed. Pay credit cards regularly. Never use cards to buy something we cannot afford. Avoid falling into a debt trap through misuse of credit cards.

Conclusion: We should acknowledge warning signs of falling into a debt trap at its early stages. Let us admit without hesitation that we have already been caught in the trap.

Let us commit to strive to be debt-free with God’s help. We may arrange repayment plans, generate some cash by selling some of our possessions, and faithfully pay the installments. With the grace of the Lord, we can spring out of the debt trap.

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