

## Week 3 – Debt / Bondage

**Proverbs 22:7** The rich ruleth over the poor, and the borrower is servant to the lender.

**Matthew 6:24** No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.

### Steps to Financial Freedom

1. **Emergency Fund- \$1000**
2. **Eliminate Debt**
3. **Increase Emergency Fund (3-6 month's living expenses)**
4. **Start Investing for your Retirement**
5. **Start Investing to help pay for College**
6. **Pay off Mortgage Early**
7. **Financial Freedom & Giving Opportunities**

### Review info from Week 2:

#### What is debt? –

1. something that is owed or that one is bound to pay to or perform for another
2. a liability or obligation to pay or render something:
3. the condition of being under such an obligation:
4. an offense requiring reparation; a sin; a trespass.

**Romans 13:8** -Owe no man any thing, but to love one another: for he that loveth another hath fulfilled the law.

#### Myths about Debt

1. Debt is a way of \_\_\_\_\_
2. It is a good idea to loan from \_\_\_\_\_ and \_\_\_\_\_
3. You are helping others by \_\_\_\_\_ their loan
4. Rent to Own, Cash Advance , other programs are setup to help \_\_\_\_\_
5. You'll always have \_\_\_\_\_ payments
6. You can't get by in America without \_\_\_\_\_
7. \_\_\_\_\_ odds are in your favor
8. They are \_\_\_\_\_ me to use my credit card
9. \_\_\_\_\_ yr mortgages are best
10. The best way out of debt is \_\_\_\_\_

**Psalm 37:<sup>21</sup>** The wicked borroweth, and payeth not again: but the righteous sheweth mercy, and giveth.

#### Steps to get out of debt:

1. Prayer
2. Quit Borrowing money
3. Start saving
4. Start selling
5. Part time Job, overtime
6. Stay consistent, vigilant

## Credit Card Facts

1. 45 % don't pay minimum
2. Ave debt \$ \_\_\_\_\_
3. Credit Card rates won't change - \_\_\_\_\_
4. \_\_\_\_\_ million credit cards in US
5. Average \_\_\_\_\_ credit cards per person
6. US Credit Card Debt \_\_\_\_\_
7. \_\_\_\_\_ Trillion in consumer debt
8. 50% of college graduates have \_\_\_\_\_ or more credit cards
9. Average 21 years of loyalty to card
10. \_\_\_\_\_ completely delinquent

## Debt Payoff

1. List all of you debt, amount, terms, interest rates.
  2. Order them by least amount owed
  3. Pay the minimum on all and then apply all remaining money to the lowest debt
  4. As you payoff a debt you can then put that money towards paying off the other debts faster.
- \* You can also use interest rate for the order of the debt payment

## Example

Owe

Mastercard \$2,000 min \$40

Car Loan \$1,500 min \$350

Student Loan \$5,600 min \$150

Friend at work \$40 no min

Kohls Card 2,500 min \$60

American Express \$300 min \$10

You have \$850 to pay toward debt

Type	Debt	Min	Payment
Friend	40	0	40
American Express	300	10	210
Car Loan	1500	350	350
Mastercard	2000	40	40
Kohls	2500	60	60
Student Loan	5600	150	150
	11940	610	850

Type	Debt	Min	Payment
-			
American Express	90	10	90
Car Loan	1150	350	510
Mastercard	1960	40	40
Kohls	2440	60	60
Student Loan	5450	150	150
	11090	610	850

Type	Debt	Min	Payment
Car Loan	640	350	600
Mastercard	1920	40	40
Kohls	2380	60	60
Student Loan	5300	150	150
	10240	600	850

Type	Debt	Min	Payment
Car Loan	40	350	40
Mastercard	1880	40	600
Kohls	2320	60	60
Student Loan	5150	150	150
	9390	600	850

Type	Debt	Min	Payment
Mastercard	1280	40	640
Kohls	2260	60	60
Student Loan	5000	150	150
	8540	250	850

Type	Debt	Min	Payment
Mastercard	640	40	640
Kohls	2260	60	60
Student Loan	5000	150	150
	7900	250	850