

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**

Budget Tips - Review

- Keep it simple
- Keep it realistic
- You have to actually commit to doing it
- Don't leave things out
- Don't use guilt, work together as a team

Marketing – Review

- Companies **compete** for your money
- Bombard you with **advertising**
- Push their product & brand **recognition**
- They study everything about you
- Focus on every **detail**, shelf positioning to packaging color
- Try to play off of your **emotions**
- Proverbs 10:22 - The blessing of the LORD, it maketh rich, and he addeth no sorrow with it.

So what do we do – Always count the cost - Review

- Always seek the counsel of a **spouse**
- Wait **overnight** on purchases over \$300
- Consider your **motives** when you buy
- Things of this world will never **fulfill** you or make you content
- Proverbs 14:29 - He that is slow to wrath is of great understanding: but he that is hasty of spirit exalteth folly.
- Check the opportunity cost
- Understand techniques used to persuade you
- Plan ahead, save up, and pay cash
- Do Your research

Bargaining - Review

- Always be Truthful - Proverbs 11:1 A false balance is abomination to the LORD: but a just weight is his delight.
- Keep your Testimony
- Understand the power of **Cash**
- Use **Walk** away power
- Keep Quiet
- That's not good enough
- Recognize good guy, bad guy and go right to the deal maker
- Be patient
- Trade services

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

- Debt is a way of Life
- You are helping others by Co-Signing their loan
 - Proverbs 22:26 Be not thou one of them that strike hands, or of them that are sureties for debts. 27If thou hast nothing to pay, why should he take away thy bed from under thee?
 - Proverbs 6:1-5 - 1My son, if thou be surety for thy friend, if thou hast stricken thy hand with a stranger, 2Thou art snared with the words of thy mouth, thou art taken with the words of thy mouth. 3Do this now, my son, and deliver thyself, when thou art come into the hand of thy friend; go, humble thyself, and make sure thy friend. 4Give not sleep to thine eyes, nor slumber to thine eyelids. 5Deliver thyself as a roe from the hand of the hunter, and as a bird from the hand of the fowler.

Remember

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Myths about Debt

- It is a good idea to loan from **___Friends_____** and **___Relatives_____**
 - Proverbs 17:18 A man void of understanding striketh hands, and becometh surety in the presence of his friend.
- Rent to Own, Cash Advance , other programs are setup to help **___You_____**
- You'll always have **_____CAR_____** payments

Myths about Debt

- You can't get by in America without **CREDIT CARDS**
- **Lottery** odds are in your favor
- They are **paying** me to use my credit card
- **30** yr mortgages are best
- The best way out of debt is **debt Consolidation**
- **Psalm 37:**²¹ The wicked borroweth, and payeth not again: but the righteous sheweth mercy, and giveth.

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Steps to get out of debt:

- Prayer
- Quit Borrowing money
- Start saving
- Start selling
- Part time Job, overtime
- Stay consistent, vigilant

Credit Card Facts

- 45 % don't pay minimum
- Ave debt \$16,140 (\$15,607 in 2014)
(\$14,743 in 2012)
- Credit Card rates won't change -
Myth
- **"It takes an average of at least four months for consumers to pay off holiday credit-card debt."**

Credit Card Facts

- 775 (610 in 2012) million credit cards in US
- Average 3.7 per person (3.5 in 2012)
- US Credit Card Debt 901 Billion (880.5 Billion in 2015) (780 Billion in 2012)
- 3.4 Trillion in consumer debt (3.29 Trill in 2012)
- 50% of college graduates have 4 or more credit cards
- Average 21 years of loyalty to card
- 4% completely delinquent

Debt Payoff

- List all of your debt, amount, terms, interest rates.
- Order them by least amount owed
- Pay the minimum on all and then apply all remaining money to the lowest debt
- As you payoff a debt you can then put that money towards paying off the other debts faster.

Month 1

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

Month 2

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

Month 3

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

Month 4

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

Month 5

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

Month 6

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

Difficult Budget Cuts

- Cable TV
- Eating Out
- Downgrade your car
- Down size your house
- Cell Phones

Money Wasters

- Brand Loyalty
- Late Fee / Overdraft Fee / Any Fee
- Failure to Return Items
- Extended Warrantees
- Paying for Storage
- New Cars
- Gym Membership / Club Membership
- Infomercials
- Food Waste

Food

- Most Families spend 10% of money on food
- Average American wastes 25% of their food
- You can save 2.5% of your total budget by not wasting food

Food

- Cook from Scratch
- Buy generics
- Make a list and only buy what is on the list, no impulse purchases
- Values are on lower shelves, items with the largest mark up are at eye level
- Use coupons
- Eat before you shop
- Freeze leftovers

Food

- Don't buy water
- Substitute cheaper ingredients
- Weigh pre packed bags, don't get cheated
- Pick your own fruits when cheaper
- Keep a container for meat and vegetables in the freezer and put left over scrapes in it, use them to pizza and soups
- Slice food on your own
- Grow your own food

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