

4. Know your comfort zone. If you must borrow, don't borrow so much that you end up in a "pressure zone."

5. Limit any borrowing to a home mortgage and possibly a car payment. But drive the car twice as long as usual and "escrow" money each month so you can buy the next one for cash.

6. Pay extra money each month on your home mortgage - it all goes to principal reduction - even if it's only \$50 or \$100. If you can, make double payments to pay off your home early. In one sense, you are "renting" your financed home from your lender - you don't "own" it until it's fully paid off.

APPLICATIONS

1. How about you? Are you under a load of debt pressure? Do you think it's healthy to go on that way? What could possibly be your motivation to be in debt beyond 1) wanting to keep up the lifestyle you have or 2) increasing your lifestyle? Is this safe? Is this wise?

2. Here is an acid test: Because of your debt, if you suddenly died or became disabled, would your wife and children be able to continue their current lifestyle? Or, would they be forced to abandon it because you spent money that should be going to life and disability insurance to make debt payments on a lifestyle higher than you can really afford?

3. What's your next step? Will you take it?

Business leader, author, and speaker, Patrick Morley helps men to think more deeply about their lives, to be reconciled with Christ, and to be equipped for a larger impact on the world.

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How to Get Out of Debt

Patrick Morley

A debt-free pastor wrote to me and said, "Over seventy percent of my men are in farming and ranching. If I say something to them about my view of debt, their response is, 'Yeah, but you were never in farming. You can't make it in this business without large loans and taking on debt.'"

"Three of my men are entering a home construction venture. 'Looks real promising,' they say. But it involves big loans from the bank.

"Some of my men are under almost unbelievable stress. Hail, drought, and harsh weather have made this year especially disappointing.

"One of my best men was advised by his lawyer a year ago to declare bankruptcy, which he didn't do. 'I'm looking to lose \$50,000 this year,' he told me last Sunday. He is really under pressure and is working his 'tail' off! Scarce is time for his precious wife and two teenaged children.

"What is your counsel to these kinds of Christian men? Can one 'make it' in business, construction, farming, or ranching today without all this risk, pressure, and large debt?"

What advice would you give this pastor?

THE PROBLEM OF DEBT

In December 1995 a record 18.8% of after tax income went to repay consumer installment debt (add in auto leases and home equity loans and the ratio increases to an unprecedented 21.6%).

In my opinion, the second biggest practical problem facing men today is debt pressure. (Number one? 40% of Christian marriages end in divorce). No pressure gets a man down like debt. The pressure to repay debt can feel like the powerful tentacles of a giant sea monster pulling you down into the suffocating deep.

Debt is nothing more than borrowing from future income to buy what we cannot afford with current income. Some debt, like a manageable-sized home mortgage, may make good sense. Most debt, however, does not.

Like a silky-voiced siren, our culture seduces men into the bondage of debt. We buy things we don't need with money we don't have to impress people we don't like. As said in *Wall Street, The Movie*, "The problem with money

is that it makes you do things you don't want to do." Here is a great truth: If you are not content where you are, you will not be content where you want to go.

The only problem with borrowing money is that you have to pay it back. Why doesn't it occur to many otherwise intelligent men that it takes more energy to earn a living *and* service debt than it takes to just earn a living?

WHAT DOES THE BIBLE SAY?

The Bible offers no prohibition against debt, but certainly doesn't encourage it. The Bible is full of cautions against debt and offers much counsel about how to overcome the negative consequences. Further, debt is *never* recommended.

When any issue we face has no specific command in the Bible, our duty is to be wise. Here are just a handful of passages that offer us wise counsel:

- The rich rule over the poor, and the borrower is servant to the lender (Proverbs 22:7).
- He who puts up security for another will surely suffer, but whoever refuses to strike hands in pledge is safe (Proverbs 11:5).
- Let no debt remain outstanding, except the continuing debt to love one another (Romans 13:8).
- Do not be a man who strikes hands in pledge or puts up security for debts; if you lack the means to pay, your very bed will be snatched from under you (Proverbs 22:26-27).

Personally, I winked at these last verses, Proverbs 22:26-27, which caused me to go off the deep end.

When the Tax Reform Act of 1986 was passed, all capital stopped flowing into leveraged real estate. I found myself with a mountain of personally guaranteed mortgages, no permanent financing in sight, a dried up equity market, an overbuilt market place, and no way out. I had ignored the wisdom of Proverbs and made a real snarl of my business life. It took me seven years to get into debt. Little did I know that it would also take seven agonizing years to get out. . .

ATTITUDE: HOW YOU CAN GET OUT OF DEBT

Getting out of debt is an attitude before it is an action. To get out of debt one must despise the debt he has. He must sense a compelling need to get out of debt bondage, live by the wisdom of the Scriptures, and be set free.

It is the authority of the Scriptures and not our own experience upon which we must rely. True, it may "appear" in our experience that there is no way to get by without debt. But is that true? I think not. Too many debt-free men testify otherwise. We must interpret our experience by our Bible; not interpret our Bible by our experience. Only the Bible gives us a reliable guide for all matters of faith and life.

ACTION: WHAT TO DO?

In January 1987 I was reading along in Proverbs and saw the following verses in a way they had never struck me before they got personal!

My son, if you have put up security for your neighbor, if you have struck hands in pledge for another, if you have been trapped by what you said, ensnared by the words of your mouth, then do this, my son, to free yourself, since you have fallen into your neighbor's hands: Go and humble yourself; press your plea with your neighbor! Allow no sleep to your eyes, no slumber to your eyelids. Free yourself, like a gazelle from the hand of the hunter, like a bird from the snare of the fowler (Proverbs 6:1-5).

From the moment these verses connected with me "existentially" I made the overarching goal of my life "to get completely out of debt." I applied the Proverbs 6 principle. After seven painful years, I can say that today I owe no man anything except the continuing debt of love.

To be debt-free releases enormous creativity and energy. No longer am I consumed with plotting and scraping to make debt payments. No longer am I unable to get back to sleep at 2:00 AM. No longer do I feel the stress in my marriage. No longer do I feel like some sea monster is dragging me under - I have caught my breath. Indeed, it *does* take less energy to earn a living than to earn a living and service debt.

Getting out of debt is a long-term project. It requires a willing heart, a concrete plan, and a disciplined approach. But it can be done in fact, it is being done by thousands of men/couples right now.

To learn more about good stewardship take a Crown Ministries course if available in your city (407-629-2222), contact Larry Burkett's organization (Christian Financial Concepts, 770-534-1000), or read *Master Your Money* by Ron Blue. Consider contacting a fee-based (preferably Christian) financial planner to help you construct a concrete debt-elimination plan.

Do it now! "Go and humble yourself; press your plea with your neighbor! Allow no sleep to your eyes, no slumber to your eyelids. Free yourself. . ."

PRACTICAL IDEAS: WHAT IF YOU NEED CAPITAL?

Here are a few common sense ideas if you must have capital beyond your immediate cash resources:

1. Accept only non-recourse financing. In other words, there is no personal liability beyond the financed asset. If the project fails the lender can only look to the financed asset as collateral, not "your very bed."
2. Settle for less investment by going unleveraged. Instead of investing \$50,000 with half of it borrowed, settle for \$25,000 worth of investment.
3. Starting a business? Find equity partners and give up part of the ownership.