

NATIONAL BANK

MasterCard™

Owe no man?
Oh no, man!

Eat, drink and be merry. No payment due for ninety days. Deficit lifestyle sounds great. And millions are doing it. Things to buy on credit include ski-lift tickets, taxi rides, church pledges, even funerals.

Since 1950 the outstanding consumer installment debt has increased about 1200 percent (from \$15 billion to \$179 billion) while the population has grown only 44 percent.

Our born-again Christian population is also at an all-time high. A lot of Christians owe some men something.

But how could anyone, except the very rich, not be in debt? Housing, an absolute necessity, is out of sight. Car payments have been stretched from thirty-six to forty-eight months just to make payments bearable. Some credit cards are no longer a luxury but a necessity. One out of every four adult Americans has a Master Charge card.

by Charles C. Ryrie

But still God says, "Owe no man anything" (Rom. 13:8). In fact, the Greek text uses a double negative for emphasis. Have no outstanding debts, God says, except the debt of love, which even though it is paid every day can never be fully paid.

But monetary debts should be fully paid. The question is, how?

First, let's define debt. Debt exists when liabilities (what is owed) exceed assets (funds used to pay what is owed). Such a simple definition must be applied to a person's or family's total economic situation. If liabilities exceed assets, then the family is in debt. A family whose annual budget shows a deficit is in serious trouble. On the other hand, monthly accounts are sometimes out of balance because expenses will be occasionally greater than income (when taxes or insurance payments are due, for example). But income must be greater than expenses in other months to compensate over a twelve-month period. Such temporary debt does not violate the Biblical command.

Unbiblical debt is like alcoholism—it begins with a little bit the person thinks he can handle. Then a little more. . . and soon the individual is hooked. Strictly speaking, anything not paid for is a debt. Even if ability to pay is

unquestioned, the debt remains until the account is settled. No one settles every account immediately, however, and this is not wrong in itself, assuming assets are readily available with which to settle the account promptly.

How should a Christian live in our easy-credit society? What is the Biblical perspective toward the pressures, and even necessity, of going into debt?

First, see debt for what it is: slavery. "The rich ruled over the poor, and the borrower becomes the lender's slave" (Prov. 22:7). Slavery was sometimes the penalty for those with overdue debts during Old Testament times. If an Israelite had to sell himself to a fellow Israelite in order to pay a debt, he was to be treated as a hired servant rather than a slave (Lev. 25:39-41) and released in the year of jubilee. If he had to sell himself to a foreigner, who was under no obligation to free him, he obtained freedom only by paying off the debt himself or finding a relative to pay it (Lev. 25:7, 47-49; see also Matt. 18:25). Release from slavery and getting out of debt are synonymous ideas (Matt. 18:27). Debt is to be abhorred as much as slavery.

Slavery to debt can interfere with doing God's will. I counselled a young man who was not happy in his profession and wanted to prepare for Christian service. He was not yet established in his field and had no family obligations other than a wife to support. So I asked why he didn't consider studying for the ministry.

"I have too many financial obligations," he said. I wondered openly how a young man at his stage of life could pile up that many debts. "Professional equipment, an expensive house to impress my colleagues, two new cars." The list grew longer and I could see that studying for the ministry was impossible. He had too many enslaving debts.

Second, covetousness often leads to unnecessary debt and its consequent slavery. Greed is idolatry (Col. 3:5): I must have this; I can't live without that.

Contemporary pressures generate this idolatrous greed. Madison Avenue blinds us with ads for the "necessities" of

life and soon we cannot make distinctions between necessities and luxuries. Added to that is the false impression that Christianity and prosperity go hand in hand—those blessed of God are expected to exhibit higher standards of living. Christians have the right to enjoy nice things, but they must be affordable and in the will of God for that individual or family.

I have seen seminary students hampered by debts they have incurred in buying expensive cars, by wanting the latest clothes, or best housing, and costly entertainment. The slavery of these debts binds them to extra hours on the job, to having their wives work and their homes affected, to poorer grades than normal, to missed opportunities for summer ministries. When priorities get scrambled, trouble usually follows.

Four words stand like sentinels against excessive acquisition of things: I can't afford it.

Sometimes we can't afford it for economic reasons. We simply do not have the money.

Other times it's a matter of priority. Money may be available, but the desired item is of low priority in our total stewardship for the Lord.

Waste is commonplace today. Few items we discard have actually worn out. One author of an article on wastefulness asked, "When does a paper clip wear out?" I wasn't too concerned—I haven't had to buy a box of paper clips in five years. But the question pricked my conscience in other areas. Are clothes discarded because they are worn out, or out of style? Is the car traded because it's costing too much in repairs or because it simply lost that new car smell? Why buy scratch pads when "junk mail" is readily available? To afford other things, I can't afford waste.

Sometimes I can't afford something for spiritual reasons. Though affordable and important, some things detract from the quest for godliness. Season tickets to Sunday games are bound to occasionally prevent the assembling of ourselves together. Certainly one can miss church once in a while and still be

spiritual, but can one afford to buy something he knows will keep him from opportunities to cultivate his spiritual life?

A third step is to plan wisely. Trusting God and making plans are not mutually exclusive principles. James does not condemn making plans, but condemns planners who forget God (James 4:13-15). Paul expected families to plan financially to support their widows (1 Tim. 5:4,8), support which might be required for years. He also approved of parents laying up treasure for their children in both a financial and spiritual sense (2 Cor. 12:14).

Budgets are basic to good financial planning, yet many resist making them. It takes effort to design a budget and discipline to adhere to one. It's more convenient to say, "I don't have any idea where the money goes." But there are no legitimate excuses for failing to use this useful tool.

Some guidelines for a budget: make it for an entire year, and never let necessary adjustments lead to an annual deficit.

Wise planning also includes postponing purchases. Charge slips require you to pay in thirty, sixty, or ninety days, often with interest. Ask yourself if having the item thirty, sixty, or ninety days sooner warrants paying interest. Even if the purchase is interest free you pledge to have the money when the bill comes due.

Suppose you are planning a \$400 purchase. Your monthly payment for twelve months will be \$33.33 plus interest at an annual rate of at least twelve percent (probably eighteen percent). If, instead, you put \$33.33 in a savings account each month, at the end of the year you would have \$400 plus interest. In effect you buy at a discount. The difference between what the borrower pays and what the saver pays (even with a four percent increase in the price) is approximately 10 percent.

A third aspect to wise planning concerns major purchases such as furniture, automobiles, and homes. Some say it is permissible to borrow for items which will appreciate in value,

such as a home. Everything else, they say, including automobiles, which depreciate, should be delayed until the money is in hand. This could be a workable rule of thumb, but anyone using it should realize that nothing—including real estate—is guaranteed to appreciate. Housing currently appreciates, but that is no guarantee it always will. Consider a home mortgage for what it is—a debt. Keep it within reason in the total financial picture. According to credit institutions, a manageable monthly mortgage should not exceed twenty-five percent of one's monthly take-home pay (after deductions).

Consider delaying all major purchases (furniture, appliances, automobiles, tires, etc.) until all the money is in hand, or at least enough to keep the debt burden within accepted limits. A major purchase plus regular monthly purchases made on credit cards can pyramid debt into an impossible load.

One yardstick for manageable debt is not owing more than one-third of your annual discretionary income (spendable income after basic needs such as food, clothing and shelter have been paid). If, for example, your annual take-home pay is \$9600 and you spend an average of \$200 a month for shelter, \$280 for food, and \$50 for clothing, your basic costs are \$6350 per year. That leaves a discretionary income of \$9600 minus \$6350, or \$3240. Your debt limit is one-third of that, or \$1080 a year.

Fourth, if you have gotten over your head in debt, wise planning should include ways of pulling out. Financial counselling services invariably recommend that credit cards be destroyed and a realistic plan of repayment be submitted to creditors and then maintained.

Without credit cards the chances of following through are much better. Even gasoline purchases should be cash. If you use a credit card for gasoline, next month pay cash for the first week's gas and charge the remaining three weeks. The next month pay cash the first two weeks and charge the last two weeks. And so on for four

months. If you need a record of gas purchases, follow the same procedure but put the cash in an envelope each week and charge the purchases for the record only. After you are on a cash basis with gas, do the same with a department store.

Won't cancelling my credit cards jeopardize my credit rating? If you have to cancel your credit cards, you probably don't have a good credit rating! Financial counselors advise that if you are using 20 percent or more of your weekly, monthly, or yearly take-home pay (excluding mortgage but including automobile) for repayment, you're dangerously overloaded.

If you think a credit rating is necessary, keep one national card and local department store card. Put both under lock and key (like a safe deposit box) until you're on a cash or thirty-day basis. Then use them just enough to keep the accounts open. And try using personal checks to keep you on a cash basis—the bank becomes your watch dog to keep you from overdrawing.

Drastic? Perhaps, but very workable if your situation is desperate. And the Scriptural benefits are great! Scripture has been obeyed, giving to the Lord's work enhanced, contentment learned and tensions eased. Such benefits are not to be taken lightly. □

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