

It Can't Really Happen... Can It??

Yes, I'm afraid it can. Even worse, I'm very afraid it will. When? I sure wish I knew! But I do know this, the longer it takes, the worse it will be.

It could be prevented, or at least reduced, but you see, the human mind is great at believing that the way things are now is the way they will always be. They never are, of course.

But just how much more debt do you think you can take on? What is your debt doing to your plans for retirement? College for your kids? Ah, but those are tomorrow's worries, aren't they. Right now, though, there's just a couple more things you need to get and then you can live the really good life. You know, like you see on TV. And what you want need is even on sale at a store that just happens to accept all major credit cards...

The problem is, they've got us, folks! You see, we're supposed to be in debt. Some 70% of our economy depends on what you and I spend each and every day. What's good for General Motors is good for the USA? Nah! It's you and me, baby, so keep that spending going! If you slow down at all to pay your debt off, the economy will tank. Baseball isn't our national pastime... consumption is!

Think about it. Every time the economy slows, the talk turns to ways to get us consumers spending again. And what's the best way to do that? I suppose the government could try to put a few hundred dollars in everyone's pocket, but it's much more effective to make it easier for us to borrow. And easier for us to go further into debt.

Recently, for example, it's been home equity loans which let us tap into that last bastion of savings – the equity in our homes. More recently, these have morphed into lines of credit you can tap on the fly (or through – dare I say it? – a credit card). In fact, you can now

mortgage up to 125% of the value of your home – and they'll still call it a home “equity” loan without the slightest wink-wink-nudge-nudge. (By the way, the number of home equity loans and lines of credit that are in arrears is increasing substantially each month...)

And when the economy hit the skids most recently, where did our spending money come from? Our houses again, only this time it was interest only, 0% down, shared appreciation, negative amortization, adjustable rate, balloon, option payment, you-name-it-we've-got-it mortgages. Under some of these, your monthly payment doesn't even cover the interest – your principal goes up each month! Anything goes, it seems, when it comes to helping you and me get further in debt.

But we love it! Homeowners have refinanced in droves. Maybe they intended to do it to improve their financial positions, but most just ended up buying more stuff. The end result? Another day older and deeper in debt. (By the way, the number

of homeowners who are now behind on their mortgages is up more than 50% from last year.)

First-time home buyers got into the act, too, buying more house than they could really afford. (Home prices always go up, don't they?) And for those at the other end of the scale who have a lot of equity in their homes there's the reverse mortgage.

Unfortunately, not only is our debt increasing, any savings we had is disappearing. For several months now, we Americans have actually been spending more than we've been making. And don't forget about our national debt. It's gotten so bad that the International Monetary Fund has called it “perilous,” saying it poses “significant risks” to the world economy.

If our kids are any indication, it's not going to be any better for the next generation. We're leaving them quite a “heritage” – they're

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– Luke 16:11

becoming the best little consumers this country has ever seen! All financed with debt, of course.

For every 10 college students there's one that is \$35,000 or more in debt. And it's not just the kid in the next dorm room – the average student has about \$3,000 in credit card debt alone, and the median student loan debt is some \$16,000 for graduates with federal loans. A recent study found that the majority of grads who come out of college with debt are now living paycheck to paycheck and using plastic for their basic living expenses.

If you think I'm worried about all of this, you're right! Do you honestly think that anyone, let alone an entire country, can live on debt indefinitely with no pain? Something's got to give! The economy's starting to slow again – could this be the beginning?

I certainly don't know – I don't know what will happen or when, how long it will last, or how bad it will be. But I do know that I want to be prepared, because I expect it will be pretty ugly for a while when it does happen. And I do know where to look for help (and it ain't the Wall Street Journal).

The first place to turn to is where you can always find the best advice – the Bible. As old as it is, it's always amazing to me how relevant Scripture continues to be. Take Romans 13:8, for example: "Let no debt remain outstanding, except the continuing debt to love one another..." And if that's not clear enough for you, check out Deuteronomy 15 and 28. There are verses in both chapters that make it clear that debt is a sin against God.

Now why would God care? Because this money that we're playing around with is really His and He looks to us to be good stewards of it and everything else He has entrusted to you. As it says in 1 Corinthians 4:2, "Now it is required that those who have been given a trust must prove faithful." That coupled with Luke 16:11 - "If therefore you have not been faithful in the use of worldly wealth, who will entrust the true riches to you?" – seem pretty clear. After all, money that goes out the door in interest

payments, finance charges, late fees, over-the-limit fees, etc. Isn't available for God's work.

So Scripture makes it pretty clear that we'd best get our butts out of debt and stay there. Yes, I know that some debt is necessary to get a decent house and a reliable set of wheels. But after you've gotten rid of your credit card debt, there are ways to work your way out of those debts, too. It takes time, and it takes effort. Serving God isn't always easy, but the fringe benefits are fantastic!

And be honest for a moment, now – no one is looking. Don't you really wish you had less debt? Don't you hate what it's doing to your life? Aren't you just a little bit worried about what it might be like if you or your spouse got laid up or laid off and had to go without a paycheck for an extended period of time?

The good news is that you're not alone. In fact, the Bible lays it right on the line in Proverbs 12:15: "The way of a fool is right in his

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own eyes, but a wise man is he who listens to counsel." So start with prayer and with the Bible. You'll find no better counsel than that which comes from God and Jesus! In fact, some 2,300 Bible verses and almost two-thirds of Jesus' parables deal with money and material wealth, covering pretty much every aspect of financial management.

SHPC can also help. Those Bible verses and parables are the subject of the Crown Financial Ministries Small Study Group. You can get more information on this eye-opening class from Margaret Fetty (608-0883; mfetty1@austin.rr.com).

And if you would like to learn about different ways to get out of debt, or any other aspect of managing your finances, get in touch with Allen Gunter, a.k.a. the "Budget Guy" (292-4035; BudgetGuy@SHPC.org).