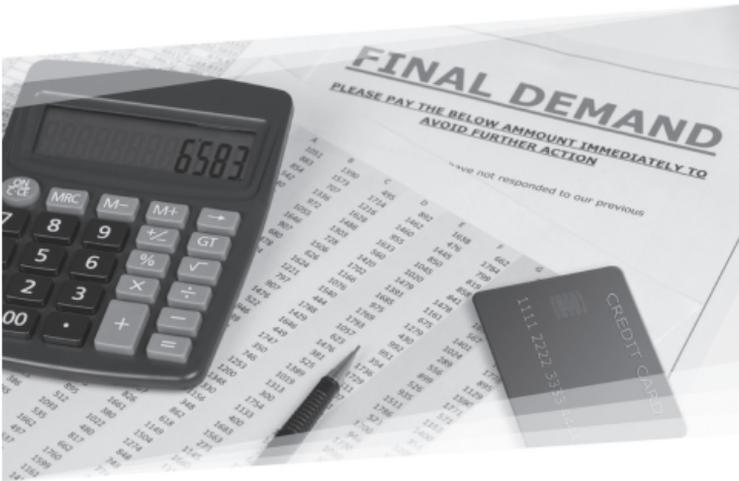


A BIBLICAL VIEW ON DEBT



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DEBT



You cannot overemphasize the impact of debt on our society. It is the leading cause for divorce and also the reason for many more troubled marriages. It is also one of the causes for depression as well as suicide. People in debt didn't start out to ruin their lives and the lives of their families, but the consequences are often devastating.

The level of personal indebtedness in this country is a relatively recent phenomenon. Less than a century ago, credit cards were unknown and car

loans were a rarity. Home mortgages were unusual too and only really began to proliferate when GIs returning from the war wanted to get starter homes,

The Bible and debt

The Bible has quite a bit to say about money, and a significant part of these financial warnings concern debt. Proverbs 22:7 says, "The rich rule over the poor, and the borrower is a servant to the lender." When you borrow money and put yourself in debt, you put yourself in a situation where the lender has significant influence over you.

Many other verses in the Proverbs also warn about the potential danger of taking on debt, especially another person's debt (Proverbs 17:18; 22:26-27; 27:13). While this does not mean that we can never be in debt, it does warn us about its dangers.

If you are debt free, you are free to follow the Lord's leading in your life. If you are in debt, you are constrained

and become a servant to the lender. People who are in financial bondage are not emotionally or spiritually free. Their financial obligations wear heavy upon their mind and spirit.

The Bible also teaches that it is wrong to borrow and not repay. Psalm 37:21 says, "The wicked borrows and does not pay back, but the righteous is gracious and gives."

Some have taught that Christians should never go into debt. The basis for that teaching is usually the passage in Romans 13:8 because it says, "Owe nothing to anyone."

Although some have argued that this verse prohibits debt, the passage needs to be seen in context. This passage is not a specific teaching about debt but rather a summary of our duty as Christians to governmental authority. Paul is teaching that we should not owe anything to anyone (honor, taxes, etc.). But he is not teaching that we should never incur debt. While it is

better that we are debt-free, this passage is not commanding us to never go into debt.

The Bible is filled with biblical passages that provide guidelines to lending and borrowing. If debt was always wrong, then these passages would not exist. After all, why have passages providing guidelines for debt if debt is not permitted? Certainly, there would be a clear prohibition against debt. We should point out that the clear implication of Romans 13:8 is that we should pay our debts and it would be wise if we would pay our debts off as quickly as possible.

The consequences of debt

As we just mentioned, the Bible describes debt as a form of slavery. Proverbs 22:7 says, "The rich rule over the poor, and the borrower is a servant to the lender." The borrower becomes a servant (or slave) to the person who is the lender.

In the Old Testament, debt was

often connected to slavery. For example, both debts and slavery were canceled in the years of Jubilee. Sometimes people even put themselves in slavery because of debt (Deut. 15:2, 12).

Today we may not be in actual slavery from debt, but it may feel like it sometimes. We have all heard the phrase, "I owe, I owe, so it's off to work I go." If you are deep in debt, you know that there may be very few days off and perhaps no vacation. Someone in debt can begin to feel like a slave.

How can you know if you are too far in debt? Here are a few questions to ask. Do you have an increasing collection of past-due bills on your desk? Do you drive down the road hoping you will win the lottery? Do you feel stress every time you think about your finances? Do you avoid answering the phone because you think it might be a collection agency?

One of the consequences of debt

is we often deny reality. In order to realistically deal with the debt in our lives we need to get rid of some of the silly ideas running around in our heads.

For example, you are NOT going to win the lottery. Your debt problem is NOT going to go away if you just ignore it. And a computer glitch in your lender's computer is NOT going to accidentally wipe out your financial records so that you don't have to repay your debt.

Another consequence of debt is a loss of integrity. When we cannot pay, we start saying "the check's in the mail" when it isn't. We not only kid ourselves but we try to mislead others about the extent of our problem with debt.

Sometimes debt even leads to dishonesty. Psalm 37:21 says: "The wicked borrows and does not pay back." We should repay our debts.

A third consequence of debt is addiction. Debt is addictive. Once in debt, we begin to get comfortable with

cars, consumer goods, furniture, etc. all funded through debt. Once we reach that comfort level, we go into further debt.

A final consequence of debt is stress. Stress experts have calculated the impact of various stress factors on our lives. Some of the greatest are death of a spouse and divorce. But it is amazing how many other stress factors are financially related (change in financial state, mortgage over \$100,000). When we owe more than we can pay, we worry and feel a heavy load of stress that wouldn't exist if we lived debt free.

Forms and Amount of Debt

Economists recently announced that credit card debt for Americans has now reached a height of \$1 trillion. Matt Schultz is a senior industry analyst at CreditCards.com. He says, "This record should serve as a wake-up call to Americans to focus on their credit card debt." He adds, "Even if you feel your

debt is manageable right now, know that you could be one unexpected emergency away from real trouble.”

Using credit cards to purchase items isn't a problem if you pay off the credit card each month. Many Americans are not doing that. More than half (55%) don't regularly pay off their credit card in full. Of even greater concern is that 37 million credit card accounts had a 90+ day delinquency mark added to their credit report last quarter. That's an increase of about two million from two years ago.

Notice that credit card debt is increasing while the incomes for most Americans is also increasing. Economists point out that while incomes are growing, some costs are growing faster. Some of these fast growing costs are items like medical costs and food purchased away from home.

As you might imagine, credit card debt increases by age. The average credit card debt for Americans under age 35 is \$5,808, while it peaks at ages

45 to 54 to \$9,096. And another item of interest is the fact that older Americans (over the age of 60) are holding a significant portion of credit card debt. They account for about 30 percent of the total.

Student loan debt is the second highest consumer debt category, only behind mortgage debt. There are more than 44 million borrowers who collectively owe \$1.5 trillion in student loan debt in the US alone. The average college student will graduate with \$37,172 in student loan debt. The student loan delinquency rate (or default rate) is more than ten percent. New delinquent balances (more than 30 days) is \$32.6 million.

Auto loan debt is another concern for Americans. Auto loans are especially burdensome because they are at higher interest rates. The total active load amount across all lenders nationwide was more than \$1 trillion. Nearly half (44%) of US adults rely on a loan to finance a vehicle. Back in 2003,

about 74 million Americans had auto loan. Now more than 108 million have auto loans.

Sadly, millions of auto loans are in delinquency. Also of concern is the fact that many Americans are taking out loans with repayment periods longer than the time they plan to own the vehicle.

Before we conclude, we should acknowledge that some people end up in debt due to no fault of their own. They may have been swindled. They may have been unfairly sued in court. But most of us are in debt due to past decisions we made. We need to make wise decisions now to get out of debt.

Additional Resources

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