



**DISCLAIMER:** These messages are offered for your personal edification and enrichment. There is no legal copyright on this material. I have used many sources, and I have always attempted to cite any exact quotations. Any failure to cite a quote is simply an oversight on my part.

If you are a preacher or teacher, I encourage you to use this material to stimulate your own Spirit-driven imagination. Additional study beyond this material will benefit both you and your listeners. You have my full permission to use any of this material as long as you cite the source for any substantial amount used in your message.

If you borrow the majority of a message or outline, I encourage you to simply preface your remarks by saying something like: ***“Some (or “much” as the case may be) of the ideas I’m sharing in this message came from a message by Pastor David Dykes in Texas.”*** This simple citation may prevent any criticism that may be directed toward you.

To put it in Texas terms, “You’re mighty welcome to use any and all of my ingredients; just make your own chili!”

For the Joy...  
Pastor David Dykes

## INTRODUCTION

Today I’m beginning a three part series called, “A Matter of Life or Debt.” Today’s message is “Are You a Debt Row Prisoner?” Next week, I’ll talk about “Taming the Money Monster,” and I’ll conclude the series by answering the question, “Is There Life After Debt?”

I recently read an article in the New York Times by Warren Buffett, the richest man in the world. He has been recently buying up stocks at these marked-down prices for his own personal account, not for Berkshire Hathaway. Of course, when you have a gazillion dollars, you don’t get too worried when the stock market tanks. In this article he said he would follow the lead of a restaurant that opened in an empty bank building. The restaurant then advertised, “Put your mouth where your money was!”

God’s Word has a lot to say about money. According to Crown Financial Ministries, there are 2,350 verses in the Bible about money or possessions. God really isn’t that concerned about money, but He is very concerned about my heart and your heart. Jesus said, “Where your treasure is, there your heart will be also.” (Matthew 6:21) The Bible never forbids the use of credit, but it does recognize that unmanageable debt can enslave you. Proverbs 22:7 says, “The rich rule over the poor, and the borrower is servant to the lender.”

Wall Street may seem far away, but millions of Americans are experiencing their own financial meltdown on Elm Street or Oak Street. They wake up and find themselves Debt-Row Prisoners. Like prisoners on death row, they’re facing an unpleasant future.

In order to determine whether or not you’re a debt-row prisoner, answer the following questions with a “yes” or “no.”

- (1) I depend on credit cards to maintain my lifestyle.
- (2) I delay payments or pay the minimum amount.
- (3) I transferred my credit card balance to another card.
- (4) I hardly ever tithe or save.
- (5) I charge things I can’t afford because they’re on sale.
- (6) My debt is more than 20% of my monthly income.

If you answered “yes” to three or more questions, chances are you are struggling under a load of unmanageable debt.

In this message, I want to talk about what debt is, where debt comes from, and how you can develop a plan to start living debt free.

## 1. UNDERSTAND THE NATURE OF DEBT

All debt is not created equal. The Bible never forbids debt, but it does warn against going into debt you can’t pay off. Psalm 37:21 says, “The wicked borrow and do not repay.” So the Bible says it is wicked behavior to borrow beyond your ability to repay. Much of what I’m teaching in this series comes from the principles taught in Crown Financial Ministries, and they teach that

there are two kinds of debt.

### **(1) Smart Debt: Home mortgage; education loan; business loan**

When you borrow money for a home, this is a loan secured by collateral—that is, the property itself is usually worth more than the loan. And real estate usually grows in value. So, according to Crown Financial Ministries, if you only owe money on your home, you can be considered debt-free. Crown also identifies school loans and business loans as wise loans because you should get a financial reward for a school loan that trains you for an income-producing job. In the same way, businesses need capital in order to generate income. So these kinds of loans, if you are in a position to repay them, can be considered smart debt.

### **(2) Stupid Debt: Borrowing for items that depreciate**

When you borrow money for things that lose their value, you go into a hole, because these loans are secured. Loans on new cars fall somewhere between these two categories, because if you can put down enough cash on the car and finance the rest, then the value of the car is more than the loan, so you could conceivably sell the car and pay off the loan. But when you finance 100% of the car, you go in the hole. And when you trade in a car you still owe money for, you find yourself “upside down” and owing much more than the car is worth. According to *Money Magazine*, 30% of new car buyers are upside down in their current loans.

But the worst kind of debt is the revolving credit that happens when you use a credit card. This kind of debt has reached epidemic proportions in America. Here are some consumer debt statistics for America: (1) The current average household credit card debt is \$8,188. (2) What’s in your wallet? The average number of credit cards per family is 13. (3) The percentage of families who use revolving credit is 42%. (4) The percentage of families who spend more than they make is 43%. The average time to pay off credit card debt paying on the minimum amount is a whopping 28 years!

Our great-grandparents thought debt was a sin. Our grandparents borrowed for a few things, our parents borrowed for a few more things, and today we borrow for everything. In 1910 the Sears catalogue said borrowing was folly. For many years you couldn’t charge purchases at J.C. Penney. Ford delayed auto loans for 10 years after General Motors offered them. There were no credit cards until 1950 and as late as 1970 only 15% of Americans had a credit card. Today credit card companies send out billions of offers for new cards each year.

Credit cards aren’t evil in themselves, and they can be used for convenience. I’ve had credit cards for years but I have paid off the entire balance every month. Credit card companies don’t like people like me. They call us “deadbeats” because we don’t ever pay them interest.

Let me introduce you to Ann. She is 30 years old and owes \$3,500 on her credit card at 18% interest. If she pays only the minimum amount each month, and doesn’t charge anything else, how old do you think 30-year-old Ann will be when she finally pays it off? She’ll be 70 years old! And she will have paid many thousands of dollars in interest.

Uncontrolled spending is what has gotten many Americans in trouble. Did you hear about the man who called in and reported his wife’s credit card had been stolen? He said, “Don’t do anything about it because the thief is spending less than my wife did!” Someone said the only reason more Americans don’t own an elephant is because nobody ever offered to sell them an elephant for no money down and no payments until next year.

Ron Blue says if you can’t pay off your balance every month you should take all your credit cards and place them on a sheet of aluminum foil on a baking sheet and place them in your oven at 425 degrees for 15 minutes. When it cools, you’ll have a neat piece of art to hang on your wall to remind you to stay away from credit card debt. Better yet, perform plastic surgery, and cut them up into tiny pieces!

## **2. ACKNOWLEDGE THE ROOT OF UNWISE DEBT**

So first, you must understand there is wise debt and unwise debt. Your goal should be to eliminate all your unwise debt so you can start living debt-free. You also need to understand that unmanageable debt isn’t the real problem—it goes deeper than debt. Unwise debt is caused by a character flaw we all have. In order to kill a weed in your garden, you can’t just clip it off above the ground; you must dig down and get the root. Debt is simply the fruit, what is the root?

### **(1) Debt is a symptom of the disease of greed**

People go into debt simply because they want things and they want them *now*. A definition of greed is: “when you want things you can’t afford.” If you’re ever going to get out of debt, you’ve got to know the difference between your needs and your wants.

How did our parents and grandparents buy things? If they wanted something, they would save money up and then pay cash for it. It’s called delayed gratification—something this credit-crazed culture knows very little about.

Tom wanted a new computer, so he’s goes down and buys one with all the bells and whistles for \$2,000—and he even got a free printer! He put it on a revolving credit plan at 18% interest. His minimum monthly payment was only \$25! Plus he got a free printer! How long will it take for him to pay if off? It will take him 13 years and 9 months and his total cost will be \$3,759—but at least he got a free printer! How long before that 13 years elapsed do you think his computer would have become a dinosaur? If he had waited and first saved \$2,000 and paid cash, it would be like getting it for half price—and he would have still gotten a free printer!

Our problem is we want to get stuff now to keep up with the Jones’ next door. But, what we don’t know is the Jones’ next door are broke! Greed is the root that produces the bitter fruit of unmanageable debt. Jesus said, “Take care! Protect yourself against the least bit of greed. Life is not defined by what you have, even when you have a lot.” (Luke 12:15 *The Message*)

### **(2) Contentment is the antidote for greed**

God has promised to provide all our needs according to His riches in Christ Jesus. He didn't promise to give us everything we wanted. I'm sure you are familiar with the God's promise that He will never leave us or forsake us, but do you know the context of that verse? It's found in Hebrews 13:5. The Bible says, “Keep your lives free from the love of money and be content with what you have, because God has said, ‘Never will I leave you; never will I forsake you.’” God's promise to be with us is given in the context of not loving money and being content!

Our culture tries to lure us into thinking true happiness comes from things. John Ortberg wrote: “When we take our children to the shrine of the Golden Arches, they always lust for the meal that comes with a cheap little prize, a combination christened, in a moment of marketing genius, the Happy Meal. You're not just buying fries, McNuggets, and a dinosaur stamp; you're buying happiness. Their advertisements have convinced my children they have a little McDonald-shaped vacuum in their souls...Happy Meals bring happiness only to McDonalds. You ever wonder why Ronald McDonald wears that grin? Twenty billion Happy Meals, that's why.” As we get older, we don't get any wiser, we just spend more for our Happy Meals, because we think that stuff will make us happy.

Before you ever become debt free you've got to admit nothing in this world will ever give you happiness—only the presence of God in your life can give you real contentment.

### **3. DEVELOP A PLAN FOR DEBT-FREE LIVING**

The financial goal of every person should be to arrive to a place where you are living debt-free. It will never happen accidentally. You must make a conscious decision that your goal to become debt-free. If you don't set that as a goal, you will never attain it. Someone once said, “If you shoot for nothing in life, you'll hit a bull's eye every time.” In other words, set as your target to become debt-free. But understand that becoming debt-free isn't the finish line, it's the starting line.

Getting out of debt is not the ending, it's like the beginning. It's like graduating from college—when you graduate, you don't retire, you only begin your career. Let me give you seven practical steps that will take you to the starting line of being debt-free.

#### **(1) Determine where you are now**

Many Americans don't know how much debt they really have, so you must start by conducting a study of how much money you owe. First, create a document that is your financial profile. Start by listing all your assets: Your bank balances, your savings, your property—anything that can be converted to cash. Then list everything you owe: Credit card bills, consumer loans, car loans, your mortgage, school loans—these are your liabilities. Compare those two numbers and you'll arrive at your net worth. As you list your debts, remember to distinguish between your wise debt, secured debt on things that appreciate, and unwise debt on things that are depreciating.

#### **(2) Give first to God then to yourself. (10/10/80 plan)**

Most Christian Financial experts agree that one of the best ways to get out of debt is to follow the 10/10/80 plan. It simply means you give your first 10% to God. Too many people pay all their bills first and then if they have any leftovers they give something to God. But the Bible says in Proverbs 3:9 that we are to “honor the Lord with our wealth, with the first fruits of all we produce.” That means we give God the first and the best we have. It’s all His, and by giving Him the first 10% we are acknowledging that and showing Him our gratitude. Don’t wait until you get debt-free to do this, because God is our provider and when we honor Him, He provides more and more for us.

The second 10% you pay to yourself in terms of savings. I’ll be talking more specifically about this in the next lesson, but unless you have a regular system of saving money, chances are you’ll never save. Just remember to give to God first, and to yourself second. Then you devote 80% of your income to your living expenses.

Think of all your assets as ten apples. You didn’t create these apples, only God can grow an apple. Everything you have was given to you by God. Now we don’t really own these ten apples, they belong to God. He has given them to us to manage for Him. If you take God’s apple and you eat it, how do think God feels about that? You take your first apple and give it to God, then you take your second apple and save it for yourself—you’re going to eat it later—and you’ll enjoy it even more because there will be plenty of apples you’ve saved. Then you take the eight other apples and you use them for your living expenses. This is almost so simple that you might miss how revolutionary it is, but if you will start living by the 10/10/80 plan you will be blessed, you’ll get rich slowly, and you’ll be able to be set free from the chains of debt.

### **(3) Write out a budget**

This simple step will become your roadmap to the starting line of being debt free. You **MUST** write it out, you can’t just figure it in your mind. To write out a budget, take a blank piece of paper and make two columns. On the left hand side of the page write “Monthly Income”—that’s your net income after Uncle Sam gets his cut. Then on the right hand side write “Monthly Outgo.” Those are your expenses.

Now, the left side of the paper is fairly easy, but the expense side is going to take some work. You basically have two kinds of expenses, regular and variable. The regular expenses are those that are the same every month—your rent or mortgage, insurance, car payments—any bill that is the same every month. Write those down first. Then you also have variable expenses—these are expenses that are different each month. They could include your utilities, credit card bills, groceries, eating out, shopping etc. For some of these you can look at previous months and average them out. Then for cash expenses you should take a month and write down where every penny goes for 30 days. You can use 3 x 5 index cards and write down your Starbucks purchase, your grocery purchases, what you spent at the movie or the restaurant—everything. At the end of the month you should have 30 index cards. Then you add them up into different categories and you’ll have an idea of where you’re spending your money. This is going to take discipline, but this is an important exercise. Most people are getting in trouble because money is leaking out a few dollars at a time. Once you arrive at your budget, then your goal is to bring your expense

column under 80% of the income column. Numbers don't lie, and it's simply a matter of math. Just remember: If your outgo exceeds your income, then your upkeep will be your downfall.

#### **(4) Develop a debt repayment plan**

An important key to getting out of debt is form a definite plan for repaying your stupid debts. Good planning is essential. The Bible says, “Good planning and hard work leads to prosperity.” (Proverbs 21:5) In 2 Kings 4, the prophet Elisha performed a miracle of filling dozens of containers with oil for a widow who was in debt. He told her to go sell the oil and pay off her debts and then live on what was left. That's good advice today.

Ron Blue suggests you target debts that have the highest interest rate first—this is usually credit card debt. He says you should even use your savings to pay off those debts. It doesn't make sense to have savings earning 2% when you can use that money to pay off debts charging 18% interest.

Others say pay off your smallest debt first—that way you have a sense of accomplishment of having paid off a debt quickly. There's even a plan called “Pay off the debt that makes me maddest first.” What debt really makes you mad? Pay if off first. The plan you choose isn't as important as the fact that you HAVE a plan. Even if you start paying \$25 a month or \$50 a month toward the principal of a loan, that's a plan. How do you eat an elephant? One bite at a time. How do you pay off your debts? One debt and one dollar at a time. Don't wait, start today.

#### **(5) Either increase your income or decrease your expenses**

You may be thinking, “Pastor, I understand the 10/10/80 plan, but there's NO WAY I can live on 80% of my current income.” Well, there are only two options to address that problem. You can either increase your income or decrease your expenses. Increasing your income isn't easy. You might possibly get another part-time job, but be careful of get-rich schemes. If it sounds too good to be true, it usually is. Many of those television commercials about how to make millions at home have you buy their materials which tell you how to sell advertisements to other gullible people about how to make millions at home!

Ron Blue suggests if you need income then you might consider selling some of your assets. Ebay or Craig's List could become your best friend. The sale of large items like cars, boats, motorcycles, or entertainment systems might be sold to help you pay off debts.

But in most cases, your best option is to reduce your expenses until they are within 80% of your income. This may require a lifestyle change. You might need to sell that expensive car and get a cheaper one. You might need to downsize by moving into a smaller home. You might eliminate eating out as much. Look at your list of expenses and ask yourself, “What can I live without?”

#### **(6) Stop the bleeding—acquire no new debt**

If you are serious about becoming debt free, then you must call an absolute halt on any new debt. If the faucet is running, it doesn't do any good to mop up the floor until you turn the faucet off!

This means saying, “no” to some things you’d like to have but you can’t afford. If you can’t pay off the full balance of your credit card, then freeze your spending. Literally. Larry Burkett suggests you put your credit cards in a bowl of water and then put the bowl in your freezer.

### **(7) Don’t get discouraged, it takes time to be debt-free**

People don’t get into debt overnight, it happens gradually. It’s like the old illustration of the frog in a boiling pot. If you drop a frog into hot water, it will jump out. But if you put a frog in a pot of cold water and gradually heat it up, he will stay there until he is cooked. Getting into debt is a lot easier than getting out.

Ron Blue wrote: “Getting into debt is as easy as getting down an ice-covered mountain. Getting out of debt is just as difficult as climbing that same mountain.” You can’t get out of debt today, but you CAN make the decision today that you are going to start the exciting journey that leads you to debt-free living.

## **CONCLUSION**

In her book, *Debt-Proof Living*, Mary Hunt identifies three kinds of money managers in our society. First, there are those who are carrying a load of debt. She compares them to a man trying to climb the stairs on an escalator that’s going down. And to make matters worse, he is carrying two heavy suitcases. A credit card company may come along and offer to take one of his suitcases, but then they just give it back with a couple of more bricks in it.

The second kind of person is someone who lives paycheck to paycheck. They don’t carry a lot of debt, and they even catch up now and then. But they are spending all they earn and they’re unable to save or give money away. She pictures that person on a treadmill. They’re walking, and even running sometimes, but they really aren’t getting any where. There’s a lot of energy and activity, but they aren’t moving forward.

The third kind of person is the one who has arrived at a place where they are debt-free. They only owe money on their house, which is appreciating in value. They have disciplined themselves to live on 80% of their income. They joyfully give God the first 10% of their income, and they’re saving at least 10%. She pictures this person on one of those moving sidewalks they have in airports. They are moving forward, and progressing faster than the people who are merely walking beside it.

Where are you today? Are you on the escalator, sweating, frustrated, and tired? With God’s help and discipline, you can get off the wrong-way escalator! Are you on the treadmill? You’re barely making it, but not really getting ahead? You can get off the financial treadmill today!

This is a spiritual matter because God wants you to come to a place where you can be a cheerful giver and honor Him by giving your first 10% to Him. If you ask Him, He will give you the grace, the wisdom, and the strength to start living free. God doesn’t want you in bondage to anything or anyone. Jesus said, “If the Son sets you free, you will be free indeed.” (John 8:36) Will you let God take you from debt-row, and lead you to a place of financial freedom?

## OUTLINE

### AM I A DEBT ROW PRISONER?

- Yes    No   I depend on credit cards to maintain my lifestyle.
- Yes    No   I delay payments or pay the minimum amount.
- Yes    No   I transferred my credit card balance to another card.
- Yes    No   I hardly ever tithe or save.
- Yes    No   I charge things I can't afford because they're on sale.
- Yes    No   My debt is more than 20% of my monthly income.

### 1. UNDERSTAND THE NATURE OF DEBT

- (1) Smart Debt: Home mortgage; education loan; business loan  
(2) Stupid Debt: Borrowing for items that depreciate

### 2. ACKNOWLEDGE THE ROOT OF UNWISE DEBT

- (1) Debt is a symptom of the disease of greed

Greed: “when you want things you can't afford”

Jesus said, “Take care! Protect yourself against the least bit of greed. Life is not defined by what you have, even when you have a lot.” *Luke 12:15 The Message*

- (2) Contentment is the antidote for greed

“Keep your lives free from the love of money and be content with what you have, because God has said, ‘Never will I leave you; never will I forsake you.’” *Hebrews 13:5*

### 3. DEVELOP A PLAN FOR DEBT-FREE LIVING

- (1) Determine where you are now  
(2) Give first to God then to yourself. (10/10/80 plan)  
(3) Write out a budget  
(4) Develop a debt repayment plan  
(5) Either increase your income or decrease your expenses  
(6) Stop the bleeding—acquire no new debt  
(7) Don't get discouraged, it takes time to be debt-free