

Step 6: Debt

Jen contacted me at the encouragement of a coworker. She had recently graduated from veterinary school and felt like she was “drowning in debt”. Nearly \$300,000 in student debt, even with a good income, felt like chains binding her. During our first meeting, I could hear her wrestling with what she felt was the “responsible” thing to do (that is, to forgo all other plans and kill all other desires except for paying off that debt) and what felt *feasible* for her. To her, the debt was insurmountable and she couldn’t see any way to accomplish her other goals.

In an effort to keep her other dreams alive, Jen had been making very slow progress in multiple areas. She had been making interest only payments on her debt while saving over \$30,000 in cash as a down payment toward a home. She’d also committed to a high deferral rate in her company’s retirement plan. The “responsible” mantra told her that she should stop saving cash and give up the retirement contributions in favor of getting out of debt. Once that debt was gone, *then* she could start pursuing her other dreams. But her heart was sick with the thought of having to wait 15+ years to lean into her other goals, and she wondered if they’d even be attainable within a reasonable amount of time if she waited. Was there a way to “step up” to her debt in a meaningful way *and* keep making some forward progress toward retirement and a house purchase? We decided to find out together.

Jen had already done the hard work of getting rid of other consumer debt, owning her responsibility to make payments on her student loans, and building a budget to include that obligation. She’d already established saving as a habit and clarified her financial goals. This was worthy of huge applause! Now the task was to find a strategy that worked to keep her focused and encouraged.

We settled on putting some of her cash against her student debt. This dramatically shortened the term of her loan. These changes pushed the timeline for her house purchase out a few years, but that was a sacrifice she was willing to make in exchange for the relief of seeing the total debt decrease quicker. We also opted to temporarily lower her retirement contributions, just to the point where she’d still receive the full match from her employer, and added those funds to her existing “interest only” payment on her debt. This shortened the term of her debt by *years* and cut off thousands of dollars in interest paid over time.

Today, Jen lives in her beautiful new home (just purchased last year with a solid 20% down payment). She’s looking at 10 more years of payments on her student debt and has a strategy in place to make up ground toward retirement savings. This success can be attributed to her hard work and her humility to ask for help! Not to mention her willingness to go against what felt “responsible” in favor of what was best for her unique situation.

I think we can draw a few conclusions from Jen’s story:

1. All debt is not categorically wrong. The Bible does say that the borrower is slave to his lender (Proverbs 22:7), but by “stepping up” to the payments associated with that debt and refusing to incur additional debt, you can move toward freedom and open the door for God’s financial miracles to break through.

“When a man’s ways please the Lord, He makes even his enemies be at peace with him” – Proverbs 16:7.

2. Jen was not steeped in a *lifestyle* of debt. She was free from the common cycle of “just put it on the credit card”. This was her expression of faith in God: “He will provide what I need, when I

need it, so I don't need to go into debt to achieve what I think I need." A favorite quote from a great resource on money management is, "Kingdom order in any individual's finances is prosperity, provision, and freedom from debt. Unplanned debt is a lack of connection between the debtor and his God as provider... the order and authority of God reflected in an individual's finances is that there will be enough provision to meet each necessity at the appropriate time." (Wealth, Riches, and Money by Craig Hill and Earl Pitts, p185).

The average North American will make between \$1,000,000-\$5,000,000 in the course of his/her career. Most of these people will spend between one half and two thirds of their lifetime income servicing their debt (Hill & Pitts pg 186). The Church is being robbed by wrong thinking about debt! All that money being paid as interest to credit card companies could be going to Kingdom purposes! How many needs (both family and ministry) could be fully funded if Christians were out of the cycle of debt servicing and stepped up to their payments, while leaning on the Father to meet all their needs *just like He said he would!*?

Practically speaking, what can individuals do to have a right attitude about debt?

1. Build a budget that includes monthly payments on all debt obligations.
2. Answer the question, "How much is enough?" for obligations, needs, and wants. Then practice contentment. In our consumeristic culture, "more" is enticing and it comes in many forms: **comparison** ("he is ___ and I'm not"), **coveting** ("I need this because she has it"), **materialism** ("I need x or y thing to make me worthy"), and **idolatry** ("having x or y is a source of peace and stability").
3. Only use your credit cards if you have cash to back them up. Not paying your credit card balance every month is living in presumption. You are presuming you will live long enough to pay them off! That attitude does not honor God.
4. Ask for help when you need it!

Money can be a cruel master. Debt binds people up and creates fear, shame and worthlessness. These feelings, understandably, make people want to hide. They hide from responsibility, hide their behavior from their spouses and others affected by it, and they hide from accountability which could really help them be free. If you feel like you're drowning in debt like Jen did, please know that all is not lost. Hopelessness is not your inheritance in Christ. Do not give in to fear, shame, and accusation. There is no condemnation in Christ and **there is a way to freedom**.

If you need help on this step of the Stewardship Well Done Journey, please contact us. We would be glad to share resources, encouragement, and engage in conversation with you toward freedom and living life abundantly!