

CHAPTER TWO

Debt & Savings

For any online tools and resources associated with this study, visit **VideoStudy.org**.





LEARN

Video Notes - This video can also be seen at [VideoStudy.org](https://www.VideoStudy.org).

Debt

1. The Bible does not portray God as a fan of debt.
In Proverbs 22:7 (NIV), we learn why the Lord discourages debt:
"... the borrower is _____ to the lender."
2. In the Old Testament, being out of debt was a reward for _____.
Deuteronomy 28:1-2, 13 (NASB 1995) tells us: *"If you diligently obey the Lord your God, being careful to do all His commandments . . . All these blessings will come upon you . . . you shall lend to many nations, but you shall not borrow."*
3. On the other hand, debt was one of the curses for disobedience. Deuteronomy 28:15, 43-44 (NASB 1995) also says: *"If you do not obey the Lord your God . . . all these _____ will come upon you . . . The alien who is among you shall rise above you higher and higher . . . He shall lend to you, but you will not lend to him . . ."*

Getting Out of Debt

4. So, if you're in debt, don't fret. Here is a path for getting out of it. First, _____.
5. Second, create as much monthly _____ as possible — because the greater your surplus, the quicker you can pay

off debt. You create surplus by increasing your income OR reducing expenses.

6. The third step is to _____ your way out of debt. Here's how you do it. In addition to making the minimum payments on all your debts, focus on paying off one debt at a time, starting with the one that has the lowest balance. When that lowest-balance debt is paid off, apply its payment toward the next smallest one. After the second debt is paid off, apply what you were paying on the first and second debts toward the third smallest balance. And that, my friends, is the Snowball Strategy in action!

Auto Debt

A great strategy for avoiding car debt begins by paying off your current car loan as soon as you can. Then keep your car for at least three more years and continue making the car payment — but to yourself, into your own savings account. Then, when you're ready to replace your car, the saved cash plus the trade-in should be enough to buy a reliable used car (one with a lot of life left and the worst depreciation already wrung out of it) without going into debt.

When Can We Owe Money?

7. So, you may be wondering whether all debt is evil. Is there ever a time when it's okay to borrow? Scripture doesn't address this directly, but we believe it can be a good investment to borrow for a home, your education, or to operate a business. Here's our rule of thumb for these more acceptable kinds of debt: Borrow as _____ as possible, and pay it off as _____ as possible! Work to become totally debt-free as soon as possible.

Cosigning

8. The Bible clearly discourages cosigning. Proverbs 17:18 (TLB) reads, *"It is poor judgment to _____ another's note, to become responsible for his debts."*

Savings

9. The Bible encourages us to save. Proverbs 21:20 (TLB) says, *"The wise man _____ for the future, but the foolish man spends whatever he gets."*
10. The best way to save is to make it a _____ and make it automatic. So, when you receive income, the first priority is to give to the Lord; the second should be to make a deposit into your savings.
11. Your first saving target is \$1,000 as you work your way toward the larger goal of one month's living expenses. This is for _____ — unexpected, unbudgeted expenses that whack us all.
12. Once you have your emergency fund in place, you can start saving for _____. A car, a house down-payment, family vacations — these are some great things that may be a part of your life. And they all have one thing in common: they aren't cheap!
13. Before making a major purchase, make sure you have your emergency fund _____ to at least three months.
14. We encourage you to keep these savings in an account that is safe and _____, like a savings account or a money market account.

DISCUSSION QUESTIONS



1. What was the most helpful thing you learned from viewing Chapter 2 — Debt & Savings?

2. Read Romans 13:8 (AMPC). *"Keep out of debt and owe no man anything."*

How does the Bible view debt? What is your view on debt? How do you feel about your debt situation?

3. Read Psalm 37:21. *"The wicked borrows and does not pay back, but the righteous is gracious and gives."*

Read Proverbs 3:27-28. *"Do not withhold good from those to whom it is due, when it is in your power to do it. Do not say to your neighbor, 'Go, and come back, and tomorrow I will give it to you,' when you have it with you."*

What do these verses say about debt repayment? Why do you think God gave us these principles?

4. Read Proverbs 21:20 (TLB). ***"The wise man saves for the future, but the foolish man spends whatever he gets."*** And read Proverbs 30:24-25 (NIV). ***"Four things on earth are small, yet they are extremely wise; ants are creatures of little strength, yet they store up their food in the summer."***

Are you a consistent saver? If so, share what methods you use to save. If not, what steps will you take to begin?

APPLY

Scripture to Memorize

"The rich rule over the poor, and the borrower is slave to the lender" (Proverbs 22:7, NIV).

Questions to Answer

5. Read Proverbs 22:7 (NIV). "*... the borrower is slave to the lender.*" How does this verse apply to you personally? How does it apply to your business if you have one?

6. Read Proverbs 22:26-27 (NASB 1995). "*Do not be among those who give pledges, among those who become guarantors for debts. If you have nothing with which to pay, why should he take your bed from under you?*"

What does this passage say about cosigning (or guaranteeing) someone else's debt? How does this apply to you?

7. What are your saving goals? Describe what you will need to do to accomplish these goals.

DEBT LIST & SNOWBALL 'EM!

The Debt List on the following page will assist you in sorting out your debt. The Snowball column will help you prioritize repaying it.

The columns on the Debt List are as follows:

Creditor — The one to whom the debt is owed.

Interest rate — The rate charged for the debt.

Monthly payment — The amount of the monthly payment. If payment is due more often than monthly, compute the total amount that is paid each month. If payment is due less frequently, determine the average monthly cost.

Balance due — The amount of the outstanding balance.

Snowball 'em — The priority of paying off the loans.

Determine the Snowball

In addition to making the minimum payments on all your debts, pay off one debt at a time, starting with the one with the lowest balance. After that debt is paid off, apply its payment toward the next smallest one.

When the next smallest is paid off, apply what you were paying on the first and second debts toward the third smallest balance. That's how to snowball your debt!

DEBT LIST & SNOWBALL 'EM!

You can download this worksheet at [VideoStudy.org](https://www.VideoStudy.org).

CREDITOR	INTEREST RATE	MONTHLY PAYMENT	BALANCE DUE	SNOWBALL PRIORITY

For additional tools and resources
associated with this study, visit

VideoStudy.org



MULTIPLY

Prepare to Share

1. Who do you know that would benefit from learning what God has to say about debt and saving?
2. How would you explain to them God's perspective on debt and saving?

Go to compass1.org to check out tools and resources you can share with others to help them grow on their financial discipleship journey.

You can also go to VideoStudy.org to see the specific products listed below.

DEBT
CALCULATORS



NUTS & BOLTS
DEBT VIDEO



THE BIBLE ON
MONEY



WATCH VIDEO

DIG DEEPER

A Debt Story Devotional



Watch the Video

Watch the **Debt Story** video by scanning the QR code or by going to FiveMinuteFinances.org.



Prayer

Pray for the Holy Spirit's guidance as you begin reading passages of Scripture. Ask for clarity and insight.



Scripture Reading — 2 Kings 4:1-7 (NIV)

"The wife of a man from the company of the prophets cried out to Elisha, "Your servant my husband is dead, and you know that he revered the LORD. But now his creditor is coming to take my two boys as his slaves."

² Elisha replied to her, "How can I help you? Tell me, what do you have in your house?"

"Your servant has nothing there at all," she said, "except a small jar of olive oil."

³ Elisha said, "Go around and ask all your neighbors for empty jars. Don't ask for just a few. ⁴ Then go inside and shut the door behind you and your sons. Pour oil into all the jars, and as each is filled, put it to one side."

⁵ She left him and shut the door behind her and her sons. They brought the jars to her and she kept pouring. ⁶ When all the jars were full, she said to her son, "Bring me another one."

But he replied, "There is not a jar left." Then the oil stopped flowing.

⁷ She went and told the man of God, and he said, "Go, sell the oil and pay your debts. You and your sons can live on what is left."



Observation

1. What do these verses say about:
Debt?

The widow?

God's provision?



Interpretation

2. What resources were used to help the widow collect oil?

3. Why did the oil stop flowing?



Application

4. How could this passage relate to your debt situation?

5. What are some ways you could help others apply these principles to their lives?



"... pray for one another . . . The effective prayer of a righteous man can accomplish much" (James 5:16, NASB 1995).

Before you end each class, we'd encourage you to take prayer requests. There is one page for each chapter to record these requests - starting on page 116. Please consider praying daily for those in your class.