

Debt Freedom

Workshop



The Compass Vision, Mission & Values

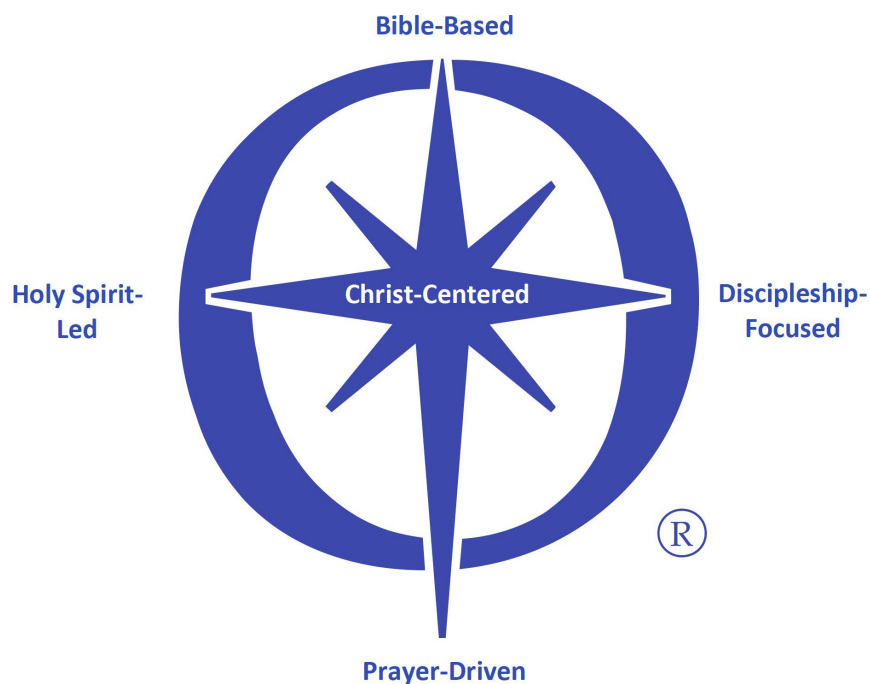
Our Vision

To see everyone, everywhere faithfully living by God's financial principles in every area of their lives.

Our Mission

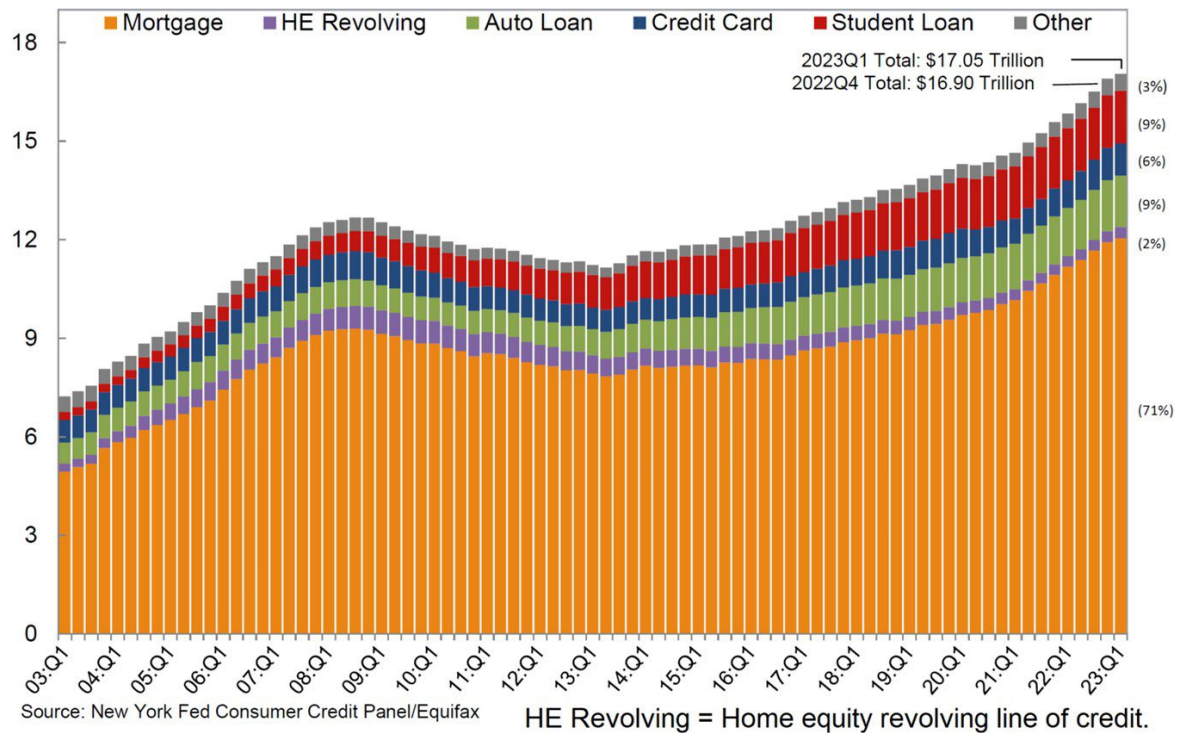
Equipping people worldwide to faithfully apply God's financial principles so they may know Christ more intimately, be free to serve Him and help fund the Great Commission.

Core Values



World View & God's View of Debt

World's View of Debt



God's View of Debt

1. _____ Debt.
2. Avoid _____
3. _____ Debts
4. Avoid _____ Debts.

A Biblical Worldview of Debt

- Lending to _____
- Debt can block God's _____
- Debt presumes upon the _____

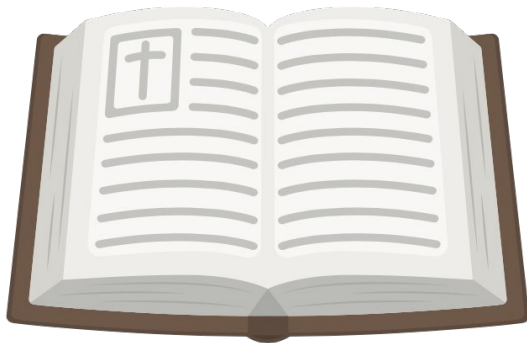
Permissible Debt

_____Debt



Discouraged Debt

_____Loans
_____Debt
_____Loans
_____Debt
Borrowing to _____



"The rich rules over the poor, and
the borrower is slave to the
lender".

- Proverbs 22:7

Dangers of Debt

Why is Debt Bad?

1. Costs _____.
2. Causes _____
3. Affects your _____
4. God's Word _____ Debt.



Priorities in Dealing with Debt

1. _____ – Proverbs 3:9
2. _____ Needs – 1 Timothy 5:8
3. _____ – 1 Corinthians 16:2

Debt Metrics

1. Credit _____
2. Credit _____
3. Debt to _____ Ratio



Path to Debt Freedom

1. Set up a _____
2. _____ Repayments
3. Debt Payment _____

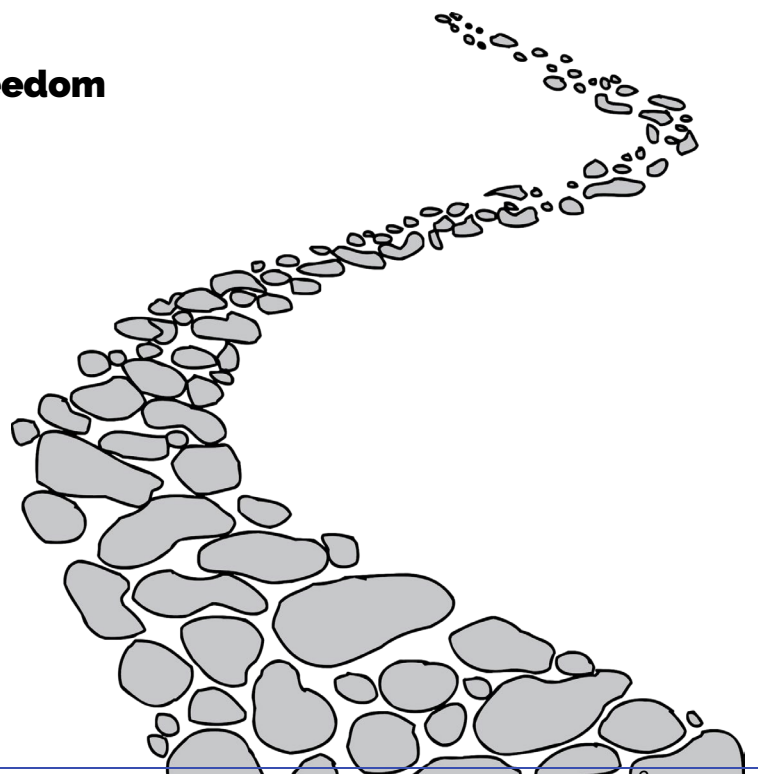
Opportunities Along the Way

- Dealing with _____
- _____ Parties
- Spousal _____
- _____ Kids about Debts
- _____
- _____ Driven
- _____



Bumps along the path to Debt Freedom

- _____ Loans
- _____
- _____ Loans
- _____ Mortgage
- _____ Focus



Joy and Benefits of Debt Freedom

Spiritual Benefits

Sins are _____
Freedom from _____
God's _____ for His Children
Opportunities for _____
Early _____



Health Benefits

_____ Health
Less _____
Less _____
Lower Blood _____
Less _____

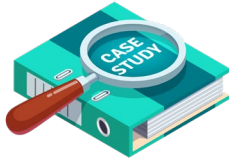
Relational Benefits

Stronger _____
Better _____
Better _____

Tangible Benefits

Better Credit _____
Better Job _____
Less _____





Case Studies

Case study #1: Credit Card debt? Family with two kids, two car loans, two dogs, an old cat, and they are currently renting their home. Their cash flow is slightly positive some months and negative others. Total savings is a couple thousand dollars. After living in their rented home for the past five years the couple decided to make some upgrades to the bathroom and also bought some new furniture + TV for the living room using a 0% interest credit card. They would like to purchase a home someday. What should they do?

- A) Find another 0% interest credit card to buy some more time
- B) Borrow money from a family member at a low rate to pay off credit card
- C) Use savings to pay off credit card balance
- D) Cut monthly expenses and sell assets to repay debt

Case study #2: Bankruptcy? A family owns a business that has a material level of debt. Growth has been great, the family used debt to acquire competitors, and the business hit its highest revenue ever. Then, the main warehouse is severely damaged in a freak storm and millions of inventory is lost. The company is unable to meet debt obligations. What should they do?

- A) Declare bankruptcy to wipeout debts
- B) Use personal 401k assets to make ends meet
- C) Take out HELOC on personal home to make ends meet
- D) Create new repayment plan and present plan to lenders

Case study #3: Second property debt? A busy family has credit card debt, a car loan, and mortgage. Their home has appreciated \$100k and they are considering a HELOC to buy a vacation property. Perhaps this could even be an investment property option for other vacationers. What should they do?

- A) Take the full HELOC loan and start Airbnb to generate income.
- B) Borrow from family member who will share vacation home.
- C) Take small HELOC loan and only put down 5% on vacation property.
- D) Pay off credit card debt

Case Study #4 Prepay mortgage? A family with three children has a high net worth. Retirement accounts are filled. Cash flow is healthy and the family tithes. Only debt is a mortgage at a fixed rate of 4% with 10 years left. What should they do?

- A) Upgrade from Toyota SUV to BMW SUV like their neighbor
- B) Fund college savings plan for children
- C) Repay mortgage early
- D) Increase generosity

Continue the Journey

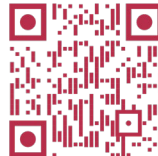
The financial discipleship journey is one that doesn't end until we hear the words "well done, good and faithful servant." We encourage you to continue this journey by exploring the Compass System of Learning. These tools will help you grow on your financial discipleship journey no matter stage of the journey you are on.



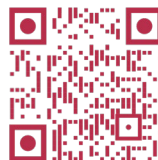
Financial Discipleship 101



Financial Discipleship 201



Financial Discipleship 301



Click on the qr code to access all the tools and resources available for the Debt Freedom Webinar.



Answer Key

Debt Freedom

World View & God's View of Debt

God's view of Debt

1. Avoid Debt
2. Avoid Surety
3. Repay Debts
4. Avoid Long Term Debt

A Biblical Worldview of Debt

- Lending to Generosity
- Debt can block God's Direction
- Debt presumes upon the Future

Permissible Debt

- Mortgage
- Business Debt

Discouraged

- Cosigned Loans
- Credit Card Debt
- Car Loans
- Family Debt
- Borrowing to Invest

Dangers of Debt

Why is Debt so bad

1. Costs money
2. Causes emotional issues
3. Affects your Credit Score
4. God's Word discourages debt

Priorities

1. Giving – Proverbs 3:9
2. Family Needs – 1 Timothy 5:8
3. Saving – 1 Corinthians 16:2

Debt Metrics

1. Credit Report
2. Credit Score
3. Debt to Income Ratio

Path to Debt Freedom

1. Set up a **Budget**
2. **Prioritize** Repayments
3. Debt Payment **Methods**

Opportunities along the path to Debt Freedom

- Dealing with **Creditors**
- **Third** Parties
- Spousal **Agreement**
- **Teaching** Kids about Debts
- **Accountability**
- **Prayer** Driven
- **Discipline**

Bumps along the path to Debt Freedom

- **Consolidating** Loans
- **Refinancing**
- **HELOC** Loans
- **Reverse** Mortgage
- **Laser** Focus

Joy and Benefits of Debt Freedom

Spiritual Benefits

- Sins are **Forgiven**
- Freedom from **Bondage**
- God's **Design** for His Children
- Opportunities for **Generosity**
- Early **Retirement**

Health Benefits

- **Mental** Health
- Less **Stress**
- Less **Illness**
- Lower Blood **Pressure**
- Less **Pain**

Relational Benefits

- Stronger **Marriage**
- Better **Relationships**
- Better **Parenting**

Tangible Benefits

- Better Credit **Scores**
- Better Job **Prospects**
- Less **Risk**