

THE SMART STEWARD

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Dealing With Debt

By Deyvy Rodriguez

How I wish I was taught a basic financial class when I was in high school! Sure, P.E. class was fun, but that wouldn't teach me important lessons I needed to know to prepare me for the real world. There are certain lessons in life we learn from our mistakes and failures. Dealing with debt was one of those things I had to teach myself. Perhaps I didn't know much about the topic in my younger years, but one thing I knew for sure was: I don't want to be a slave to debt anymore! Well, turns out that's what the Bible says--that debt is a form of slavery: "The rich rules over the poor, and the borrower becomes a slave to the lender" Proverbs 22:7. In this column I'd like to address some simple ways on how to avoid getting into debt or how to get out of it. Believe me, being debt free will give you much peace of mind and the ability to enjoy life better.



1. If You Can't Afford it, Don't Buy it.

Simple, right? Many people think that just because they have credit they can afford anything as much as their credit limit allows. Of course this is not true. Newsflash: If you don't have the cash, you can't afford it. Yes, you work hard, and you deserve that new boat you've always wanted. But if you buy the boat on credit, the truth is you will be working even harder on the weekends just to pay it off with interest. By the way, there goes your weekend while the boat sits in storage depreciating in value. But let's think on a smaller scale for practical purposes. What about those new Bose headphones, Ray-Ban sunglasses, the latest basketball shoes, or the newest MacBook Pro? Again, if you don't have the cash saved up, don't buy it. Chances are, most of these items are impulse purchases. The T.V. ad was amazing, and your friends have one, but you yourself really don't need it. You will survive. By the way, it's perfectly normal if you can't afford to buy something. Resist the temptation of instant-gratification. Learn the lesson of self-denial. Once you master self-control, you will master anything.

2. Reduce Your Consumptive Lifestyle

Did you know that Americans are spending at a rate never before seen? Why? Because of the myth that the more you have the better off you'll be. It's commonly known as "keeping up with the Jones'." Learn about the difference between wants and needs. Before buying anything, ask yourself: Do I really *need* it? Or do I simply *want* it? Many of us still have much to learn about simplicity. What is it? It's living a life with contentment for what you already have. No, you really don't need the latest version of the iPhone. More pixels in your camera means less money in your pocket. Here's a great quote from Ellen White: "We should be on our guard,

and not allow ourselves to spend money upon that which is unnecessary, and simply for display. We should not permit ourselves to indulge tastes that lead us to pattern after the customs of the world" Counsels on Stewardship 249.

3. Create a Budget and Stick to It

Creating a budget isn't complicated. Sticking to the budget is where discipline is required. Whoever handles the budget should include the other spouse in all financial decisions. This allows accountability on both parties. When one is tempted to spend more than what was not budgeted or saved for, resist the temptation, especially if it's a large expense. A budget is simply a guide to keep you on track, so it may be that as each month passes you might have to readjust your numbers accordingly until you find what works best for your family's needs.

4. Make it a Priority to Pay off All Your Debt, and Stay Out of It

I believe there's no such thing as "savings" as long as there's debt. In other words, If I have \$500 in my savings account, but I owe \$500 on my Visa credit card, I really don't have any savings. It's best to first pay off what you owe, then start saving. Which means that if you're already in debt, make it your goal to get out of it as soon as possible. It's recommended that you begin tackling the smaller debts as you move to the bigger ones. Yes, this includes your home mortgage. You don't have to wait 30 years to pay off your house loan. If you make even an additional \$50 on your mortgage payment each month, your interest amount will reduce significantly, and you'll be able to pay off your loan in a much faster time. Ellen White's counsel is, "Be determined never to incur another debt. Deny yourself a thousand things rather than run into debt. Avoid it as you would the smallpox" AH 392.