

## Session #4 God's Wisdom on Debt & Saving Leader's Copy

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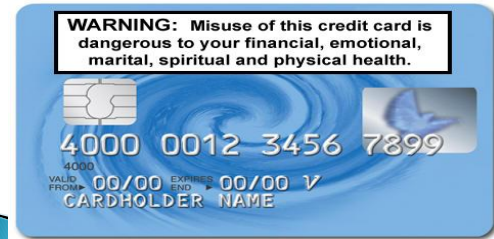
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### Part I –God's Wisdom on Debt:

God warns of the dangers of debt and God admonishes us to save for future needs.



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#### ► Seven Key points:

##### ► 1. What do these verses say about borrowing?

**Psalm 37:21** states, "*The wicked borrow and do not repay, but the righteous give generously.*"

**Romans 13:8** says "*let no debt remain outstanding*"...

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##### 2. What is God's warning in Proverbs 22:7 which states: "*The rich rule over the poor, and the borrower is servant to the lender.*"



Provide examples of becoming a servant to the lender.

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3. What are the key biblical principles provided in the Scriptures below with respect to money management and borrowing?

*Now listen, you who say, "Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money." Why, you do not even know what will happen tomorrow. .... Instead, you ought to say, "If it is the Lord's will, we will live and do this or that." (James 4:13-15)*

Consider obtaining Tom's paper titled "Discerning God's Will".

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4. What does God promise in Matthew 6:31-33?

Jesus said: "So do not worry, saying, 'What shall we eat?' or 'What shall we drink?' or 'What shall we wear?' For the pagans run after all these things, and your heavenly Father knows that you need them. *But seek first His kingdom and His righteousness, and all these things will be given to you as well.*"

Discuss examples of needs versus wants and desires.

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5. What did God promise the People of Israel That If They Fully Obeyed Him?

*"If you fully obey the LORD your God and carefully follow all His commands I give you today... The LORD will open the heavens, the storehouse of His bounty, to send rain on your land in season and to bless all the work of your hands. *You will lend to many nations but will borrow from none.*" (Deuteronomy 28:1, 12)*

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And if God's people do not fully obey the Lord—what are the consequences?

*"However, if you do not obey the LORD your God and do not carefully follow all his commands and decrees I am giving you today, all *these curses* will come upon you and overtake you... The alien who lives among you will rise above you higher and higher, but you will sink lower and lower. *He will lend to you, but you will not lend to him.*"*

(Deut 28: 15, 43,44).



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6. Can you identify anywhere in Scripture where God directed someone to borrow money in order for God to meet a need?

Does the God of the universe need a bank or credit card company to meet our needs?

9

Can you identify anywhere in Scripture where God directed someone to borrow money in order for God to meet a need?  
Does the God of the universe need a bank or credit card company to meet our needs?

Philippians 4:19 states "and my God will meet all your needs according to his glorious riches in Christ Jesus".

Also see Matthew 6:31-33 above

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7. The pattern throughout Scripture is for God to meet needs with no debt. Here's an example.

*"When he had finished speaking, he said to Simon, **"Put out into deep water, and let down the nets for a catch."** Simon answered, "Master, we've worked hard all night and haven't caught anything.*

*But because you say so, I will let down the nets."*

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*"When they had done so, they caught such a large number of fish that their nets began to break....and filled both boats so full that they began to sink. When Simon Peter saw this, he fell at Jesus' knees and said, "Go away from me, Lord; I am a sinful man!" For he and all his companions were astonished at the catch of fish they had taken" (Luke 5:4-9 )*

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Question: In order for Simon Peter to be blessed by the Lord, what aspects of his life had to be in order? Provide a reference to scripture.

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Question: In order for Simon Peter to be blessed by the Lord, what aspects of his life had to be in order?

- Peter had a personal relationship with the Lord Jesus Christ in order discern God's will. ([John 10:27](#)).
- Peter obeyed God's instructions ([Acts 5:29](#)).
- Peter trusted God's wisdom rather than his own understanding ([Proverbs 3:5,6](#)).
- Peter took specific action as God instructed him ([James 1:22 & 2:17](#)).
- We must do the same if we want to receive God's wisdom, direction and related blessings.

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Can you think of other examples in the Bible where God met needs without the assistance of a lender?

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Can you think of other examples in the Bible where God met needs without the assistance of a lender.

God provided food [manna] and water provided to the Israelites during the 40 years in the desert ([Exodus 16:35](#))

Working through Elisha, God miraculously provided oil to the widow to enable her to pay off all her debts [[2 Kings 4:1-7](#)].

God used ravens to feed Elijah ([1 Kings 17:4-6](#))

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## 7. In Scripture, God met needs:

Working through Elijah, God provided flour and oil to the widow and her son during the famine. (1 Kings 17:13–16).

Jesus fed the 5,000 with 5 loaves of bread and 2 fish (Mark 6:39–44), and there were even 12 baskets of food left over!

King David said: *"I was young and now I am old, yet I have never seen the righteous forsaken or their children begging bread."* (Ps 37:25).

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## Summary

### Biblical Perspective

- ▶ Minimum debt or no debt

### Worldly Perspective

- ▶ Use debt freely which results in lots of debt

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Practical questions to ask yourself before borrowing [page 46 of my book].

1. Do you have a plan to ensure that you can afford the loan payments? [Luke 14:28–30].
2. Do you understand your responsibility to repay the entire loan [Psalms 37:21] and make the payments on time [Matthew 5:16]
3. Have you prayed & wait upon the Lord to provide the cash? [Philippians 4:19].
4. Have you given God a chance to provide it at a lower cost or perhaps another alternative?

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Practical questions to ask yourself before borrowing [page 46 of my book].

5. Have you considered that maybe God does not want you to have it. Jesus said: "If anyone would come after me, he must deny himself and take up his cross [Matthew 16:24].
6. Is the item that you plan to purchase really a necessity? God has promised to meet our needs but not necessarily our wants and desires [Matthew 6:31–33].
7. Have you and your spouse sincerely prayed for God's direction [Psalms 25:12] and do both of you [Genesis 2:24] have God's peace that he wants you to borrow the money and purchase the related item [John 14:26–27].

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Practical questions to ask yourself before borrowing [page 46 of my book].

8. Most importantly, have you spent sufficient time with the Lord in prayer seeking God's Will with respect to any important financial decision? [See my paper "Discerning God's Will".]

It is at the planning stage that God will frequently direct us if we take the time to discern His Will. Proverbs 16:3 says:

*"Commit to the LORD whatever you do, and your plans will succeed."*

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## Part II –The Importance of Saving

1. What is the key biblical principle provided in Proverbs 21:20?

***"The wise man saves for the future but the foolish man spends whatever he gets."***  
(Proverbs 21:20 TLB)



What are the risks if you habitually spend all of your income?

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## The Importance of Saving

2. What did Christ admonish us to do in the parable of the tower?

How does this apply to saving for future needs?

*"Suppose one of you wants to build a tower. Will he not first sit down and **estimate the cost** to see if he has enough money to **complete it**? For if he lays the foundation and is not able to finish it, everyone who sees it will ridicule him, saying, 'This fellow began to build and was not able to finish.'"*  
(Luke 14:28–30)



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3. God's Perspective – Save for Future Needs As Opposed to the World's Perspective – Buy Now and Pay Later.

Since God is in control: ***"The LORD has established His throne in heaven, and His sovereignty rules over all."*** (Ps 103:19 NASB).

And since **God** [not the bank or credit card company], **has promised to meet our needs** as we put Him first.

In **Matthew 6:31–33** Jesus : ***"So do not worry, saying, 'What shall we eat?' or 'What shall we drink?' or 'What shall we wear?' For ....your heavenly Father knows that you need them. But seek first His kingdom and His righteousness, and all these things will be given to you as well."***

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Is it not reasonable then, for Christians to trust God to meet their needs rather than relying on credit cards, personal lines of credit, and other loans?

Of course it is!

*"Trust in the LORD with all your heart, And lean not on your own understanding; In all your ways acknowledge Him, And He shall direct your paths." (Proverbs 3:5-6 NKJV)*

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## Summary

### Biblical Perspective

- ▶ Save regularly for future needs and be content with God's provision and timing

### Worldly Perspective

- ▶ "Buy now and pay later" or "use other people's money".

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### Common Real-life Examples–

A Biblical Approach by "Mr. Wise" versus  
A Worldly Approach by "Mr. Unwise"

#### ▶ "Mr. Wise"

1. Is in the habit of saving for future needs.
2. Generally buys only what he needs.
3. Saved for education costs and completes college or university with little or no debt.
4. Drives a used car with no debt.
5. Saves a significant down payment for a home and pays down mortgage ASAP.
6. Buys furniture [sometimes used] for cash.
7. Lives within a budget.
8. Uses a credit card carefully, pays it off each month and incurs no interest charges.

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### Common Real-life Examples–

A Biblical Approach by "Mr. Wise" versus  
A Worldly Approach by "Mr. Unwise"

#### ▶ "Mr. Unwise"

1. Generally never saves, just borrows and buys.
2. Makes financial decisions based upon personal desires or "gut feel", not needs.
3. Completes post secondary with a lot of debt.
4. Finances the purchase of a new car every 3 to 4 years.
5. Buys home with very little down payment.
6. Furnishes home with debt.
7. Has no budget.
8. Generally runs a balance on his credit cards.

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## Cosigning

- ▶ What do these Scriptures say about cosigning?
- ▶ Proverbs 11:15 says: *"it's a dangerous thing to guarantee payment for someone else's debts. Don't do it!" [CEV].*
- ▶ And Proverbs 22:25, 26 says: *"Don't guarantee to pay someone else's debt. If you don't have the money, you might lose your bed." [CEV].*
- ▶ The NIV uses "strike hands in pledge" which means to shake hands confirming your pledge to pay a financial obligation.

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## What should you do if you have cosigned already?

- ▶ *My child, suppose you agree to pay the debt of someone, who cannot repay a loan. Then you are trapped by your own words, and you are now in the power of someone else. Here is what you should do: Go and beg for permission to call off the agreement. .... Save yourself, just as a deer or a bird tries to escape from a hunter." (CEV)*  
**Proverbs 6:1-5**
- ▶ **Conclusion:** This is a principle not a commandment, but clearly God warns of the dangers of cosigning.

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## Recommended Memory Verses for this session:

- ▶ ***"The rich rule over the poor, and the borrower is servant to the lender."***  
**(Proverbs 22:7)**
- ▶ ***"The wise man saves for the future but the foolish man spends whatever he gets."***  
**(Proverbs 21:20 TLB)**

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## Case Study #2

Mike and Sharon are Christians. They both earn typical middle-class incomes. Over several years, they accumulated significant debt on their credit cards. With interest rates of 18% to 28%, they felt that they could solve their problem by restructuring their debt. Hence they obtained a personal line of credit from their bank at a much lower interest rate and used the funds to pay off the credit cards.

In addition, in order to "play it safe," at their bank's direction, they set the limit on this personal line of credit at an amount that was significantly greater than their total credit card liabilities. Therefore, if at some point in the future they needed additional funds, money would be available through this personal line of credit.

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For a while, they believed that they had solved their financial problems. However, over the next few years, the balance on their personal line of credit gradually increased to its limit.

So again they met with their banker. Fortunately, their home had gone up in value over the past few years and thus the banker was very willing to give them a second mortgage on their home, so that they could pay down their personal line of credit. The second mortgage lowered their interest costs and their monthly payments, but it also spread out the payments for their debt over a longer period of time.

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Over the next several years, the balances owing on their credit cards and personal line of credit again gradually increased. Since their home had decreased in value during this period, the bank would not lend them any more money.

As a result, they were forced to withdraw money from their retirement fund which resulted in two new problems: first, a tax liability because of the retirement fund withdrawals and second, a significant concern that they would not have sufficient funds for retirement.

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## Questions:

1. Did the restructuring of Mike and Sharon's debt (vis-à-vis the personal line of credit and second mortgage), solve their financial problems? Please explain your answer.

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## Questions:

1. Did the restructuring of Mike and Sharon's debt (vis-à-vis the personal line of credit and second mortgage), solve their financial problems? Please explain your answer.

**The debt restructuring did not solve their personal financial problems because the overspending continued after the debt restructuring, and they ended up with even more debt at a later date.**

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## Questions:

2. What was the real underlying problem(s)? Hint —what biblical principles did they violate? Please provide a reference to Scripture.

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## Questions:

2. What was the real underlying problem(s)? Hint — what biblical principles did they violate?

The real underlying problems for Mike and Sharon are that they have violated many biblical financial principles [perhaps unknowingly]. In a sense, their problem is spiritual in nature. Some of the biblical principles they have violated are as follows:

1. They lacked contentment, demonstrated by the fact that over many years they were spending more than they were earning. (1 Timothy 6:6–8)
2. They did not develop and implement a budget. (Luke 14:28–30)

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## Questions:

2. What was the real underlying problem(s)? Hint —what biblical principles did they violate? Please provide a reference to Scripture.
3. They took on too much debt (Proverbs 22:7).
4. There was an unwillingness to sacrifice as needed (Luke 9:23).
5. They did not know where they were at financially (Proverbs 27:23).
6. They were not diligent in planning their finances especially with respect to assuming debt (Prov 21:5).
7. They did not foresee future financial problems, even after they restructured their debt a second time.  
*"A prudent man sees danger and takes refuge, but the simple keep going and suffer for it" (Proverbs 22:3 ).*

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## Questions:

3. Initially, was it wrong for them to get a personal line of credit? Did the personal line of credit provide any benefit?

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## Questions:

- Initially, was it wrong for them to get a personal line of credit? Did the personal line of credit provide any benefit?

Initially, it was not wrong for them to get the personal line of credit as the personal line of credit did lower their interest costs and reduce their monthly payments. However, the line of credit did not solve their underlying financial problems—i.e. they were habitually spending more than they were earning as a result of the violation of several biblical principles.

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## Questions:

- What course of action do you believe Mike and Sharon should take to get their finances in order? Note that there are several things they should do. Please provide a reference to Scripture for each point if you can.

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## Questions:

- What course of action do you believe Mike and Sharon should take to get their finances in order? Provide a reference to Scripture
- Most importantly, Mike and Sharon need to learn ([Deuteronomy 5:1](#)) and implement ([James 1:22](#)) God's financial principles.
- Develop and implement a budget to ensure that they are spending less than their income and use the surplus to pay down debt ([Luke 14:28-30](#)).
- Change the way they think about money and material things ([Romans 12: 2](#)) by meditating on appropriate scriptures related to their problem areas ([Joshua 1:8](#)).

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## Questions:

- What course of action do you believe Mike and Sharon should take to get their finances in order? Please provide a reference to Scripture.
- Learn to be content with their level of income ([Philippians 4:11-13](#)).
- Save some money for unexpected expenditures ([Proverbs 21:20](#)).
- Seek godly financial advice—first from God himself ([1 Kings 22:5](#)), secondly from God's word ([Psalm 119:24](#)), and thirdly from a godly financial adviser ([1 Corinthians 2:14, 15](#)).

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## Questions:

4. What course of action do you believe Mike and Sharon should take to get their finances in order? Please provide a reference to Scripture.
7. **Because credit cards create a temptation for Mike and Sharon to spend more than they are earning, they should perform "plastic surgery" on their credit cards by cutting them up (1 Corinthians 10:13).**



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## Questions:

5. What do you think would be the consequences, if one spouse were out of work for some time?

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## Questions:

5. What do you think would be the consequences, if one spouse were out of work for some time?

**Disastrous—because they have no savings and are spending more than they are earning, their debt would increase much faster. The resulting financial stress would negatively impact their marriage relationship.**

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## Questions:

6. **Discuss the relevance and application of the following verses with respect to Mike and Sharon's situation. Write your comments below each verse.**
7. *The wise man saves for the future, but the foolish man spends whatever he gets.* (Prov 21:20 TLB)

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*"The wise man saves for the future, but the foolish man spends whatever he gets." (Prov 21:20 TLB)*

**Mike and Sharon fall into the foolish category as they have been spending all of their income.**

**They need to develop and implement a budget [Luke 14:28-30] which includes tracking their expenditures [Proverbs 27:23], to ensure that they are spending less than they are earning and use the surplus to pay down debt and save for future needs.**

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***"Blessed is the man who does not walk in the counsel of the wicked or stand in the way of sinners or sit in the seat of mockers. But his delight is in the law of the LORD, and on His law he meditates day and night. He is like a tree planted by streams of water, which yields its fruit in season and whose leaf does not wither. Whatever he does prospers."** (Psalm 1:1-3)*

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*"Blessed is the man who does not walk in the counsel of the wicked or stand in the way of sinners or sit in the seat of mockers. But his delight is in the law of the LORD, and on his law he meditates day and night. He is like a tree planted by streams of water, which yields its fruit in season and whose leaf does not wither. Whatever he does prospers." (Psalm 1:1-3)*

**Mike and Sharon accepted the bank's ungodly financial counsel to obtain a personal line of credit that was greater than what they needed at the time. This allowed them to accumulate more debt. Therefore, Mike and Sharon need to delight in (i.e., focus on) what God has to say in his Word with respect to finances. In the long run, they will be blessed by God.**

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### Case Study #3

Bill and Gail Smith were horrified when they read through the legal document that explained that the bank had just taken a major portion of their retirement fund. Without understanding the implications, Bill and Gail had cosigned a loan for their son and daughter-in-law a few years earlier. After the son and his wife had missed several payments, the bank lost patience, legally demanded the loan, and unilaterally used the cosigners' money to pay it off.

As well as losing a lot of money, Mom and Dad lost the good relationship they had had with their son and daughter-in-law, who felt guilty because of what happened. Invitations for dinner were turned down, and both parties found it awkward at best when they got together. Cosigning had put a significant strain on the relationship.

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## Questions

1. Did Bill and Gail violate any biblical principle in cosigning? Please explain and provide a reference to scripture.

53

1. Did Bill and Gail violate any biblical principle in cosigning? Please explain and provide a reference to scripture.

**Yes: God's Word clearly warns of the dangers of cosigning –**

- ▶ Proverbs 17:18 says: *"it's a dangerous thing to guarantee payment for someone else's debts. Don't do it!" [CEV].*
- ▶ And Proverbs 22:25, 26 says: *"Don't guarantee to pay someone else's debt. If you don't have the money, you might lose your bed." [CEV].*

Note—this is a principle, not a law, it is not a sin to cosign, but God warns of the dangers of cosigning.

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2. If someone requests that you cosign a loan, how would you now handle it?

55

2. If someone requests that you cosign a loan, how would you now handle it?

**Generally, adopt a policy of never cosigning any loans because God warns of the dangers of cosigning and God discourages cosigning.**

**However, when it is a genuine need, and if led by the Lord, it's best to give or lend your money and expect nothing in return (Luke 6:32–38).**

**Then the relationship should remain intact.**

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3. According to Proverbs 6:1–5, what should you do if you have already cosigned for a loan?

- ▶ *My child, suppose you agree to pay the debt of someone, who cannot repay a loan. Then you are trapped by your own words, and you are now in the power of someone else. Here is what you should do: Go and beg for permission to call off the agreement. .... Save yourself, just as a deer or a bird tries to escape from a hunter.” (CEV) Proverbs 6:1–5*

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3. According to Proverbs 6:1–5, what should you do if you have already cosigned for a loan?

- ▶ You should “free yourself” from the cosigned obligation as soon as possible.

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4. What are some practical ways you can “free yourself ” from the financial obligations of a cosigned loan?

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4. What are some practical ways you can “free yourself ” from the financial obligations of a cosigned loan?

1. Pray and ask God for his wisdom (**James 1:5**). Some situations may require a “miracle” from God in order to free you from the obligation.
2. Find another bank that would lend money to the borrower with no cosigner. Use these funds to pay off the loan that you cosigned.
3. Encourage and assist the borrower in managing finances according to biblical principles, thus reducing the risk of default.

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5. If a friend or relative has a need and asks you to cosign a loan, what are some other options to help without cosigning?

5. If a friend or relative has a need and asks you to cosign a loan, what are some other options to help without cosigning?

- ▶ Pray, and if you feel led by the Lord, give the person the money.
- ▶ If God directs you, lend the money, but be prepared to forgive the loan if need be (Luke 6:35). Thus, the relationship will remain intact if they do not repay your loan.
- ▶ Provide biblically based financial counsel to enable the person to manage money better. Although the person may ask for a loan, often what is really needed is to learn how to manage money according to biblical principles.

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6. When someone cosigns another person's loan, how often do you think the cosigner is required to pay the debt?

- less than 10 percent of the time
- less than 30 percent of the time
- more than 50 percent of the time
- more than 70 percent of the time

6. When someone cosigns another person's loan, how often do you think the cosigner is required to pay the debt?

- ▶ Most surveys reveal that the cosigner has to pay the debt more than 70 percent of the time. This should not be a surprise, because most banks require a cosigner when they assess that there is a significant risk of default.

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7. If adult children get into financial difficulty, should parents bail them out? Why or why not?

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7. If adult children get into financial difficulty, should parents bail them out? Why or why not?

- If the adult children have mismanaged money, the parents should not bail them out as this enables the adult children to continue with their poor financial management [[Proverbs 22:6](#)].
- Many times what a person needs is to learn and implement God's financial principles, not to have someone else pay off the debts.
- Some people have to learn through "the school of hard knocks"—e.g. experiencing difficulties.
- And it is during trials that Christians will often grow the most spiritually [[John 15](#)].

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