

**The Bible and Personal Finances
Part 3**

I imagine that this will not be a surprise to you but savings levels are continuing to decline throughout the United States and debt levels are continuing to rise.

Our national debt is presently over 8.5 trillion dollars and climbing. Ten years ago when I gave a very similar message the national debt was only 5 trillion. This is a very ominous trend and should certainly concern us. But this morning I am not here to issue a warning about the spending practices of the federal government rather I am here this morning to remind us of what the Bible tells us about the dangers of debt as it relates to our own personal finances. And why would I do this?

I would do this because we are the Lord's stewards. What does **Psalm 24:1** tell us? "**The earth is the Lord's, and all it contains, the world, and those who dwell in it.**" This is the truth. And as the Lord's stewards we need to understand the dangers associated with the accumulation of debt if we are in fact going to prove ourselves faithful in respect to our stewardship.

And why should we want to prove ourselves faithful? We should want to prove ourselves faithful in order that we might be blessed, that our families might be blessed, the world might be blessed and most importantly that the Lord might be blessed or that He might receive the honor and the glory that is due Him.

So in light of this, what biblical principles have been given us by the Lord to help guide us in our work of stewardship? The first principle that we have begun to consider is that it is more blessed to save than to borrow. And where in the Scriptures do we find this principle?

We find this principle in **Deuteronomy 15:6** and **Deuteronomy 28:12**. In these verses God promised Israel that if they would be obedient to the Law He would make them a lending nation rather than a borrowing nation. And of course when the Lord gave them this promise it clearly communicated the principle that we are now considering, which is that it is more blessed to save than to borrow.

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So after sharing with you this broad based biblical principle two weeks ago, I then, last week, began to focus on the blessedness or the wisdom of saving based on **Proverbs 6:6-8** and **Proverbs 30:24-25**.

This week we will turn our attention away from the blessedness of saving to the dangers of borrowing. And my hope is when we are finished with this message that we will be more determined than ever to avoid debt whenever possible.

I would like to begin this message with a definition of debt. So what exactly is it? Debt is any financial obligation to repay what we have borrowed regardless of our net worth.

If I borrow ten dollars from you this morning I have incurred a debt of ten dollars regardless of how much money I have in the bank or under my mattress.

In other words, using the example from last week, if a nation in fulfillment of the conditional promise made to the nation of Israel in **Deuteronomy 15** borrowed a certain amount of money from Israel, the borrowing nation regardless of their net worth would be considered a debtor nation. They would be considered a debtor nation because they would have borrowed from Israel and therefore would have had an obligation to repay.

Is indebtedness as we have defined it sin? No! Sometimes borrowing is simply unavoidable. Therefore though the Bible does not represent borrowing as a blessed thing it also does not represent borrowing as a sinful thing. So if I for some reason need ten dollars this morning and if I were to borrow that ten dollars from you I have incurred a debt of ten dollars but I have not sinned.

But someone might say, “But what about **Romans 13:8** which says, ‘**Owe nothing to anyone except to love one another.**’” Certainly I can see how one could conclude that this is a prohibition against borrowing if this verse was the only verse that we had. But this verse has a context. It has an immediate context and a biblical context that must be considered.

Let us first of all consider the immediate context. Why did Paul say to the Roman Christians “**owe nothing to anyone except to love one another.**”

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Let me read for you the verse right before it. What does it say? **“Render to all what is due them: tax to whom tax is due; custom to whom custom; fear to whom fear; honor to whom honor.”** So now having read this how should we interpret **Romans 13:8**? Romans 13:8, based on the previous verse, is not a prohibition against borrowing but rather a prohibition against not rendering to every man what is due them. This interpretation is reinforced when we consider the broader biblical context.

So how does the broader biblical context support our belief that borrowing is not something that is prohibited? When we examine the Old Testament, borrowing is not prohibited but rather regulated (Exodus 22:25-27; Leviticus 25:28-38; Deuteronomy 15:1-6; 23:19-20; 24:6-13).

Is borrowing forbidden? No, it is not forbidden anywhere in the Scriptures including **Romans 13:8**. But though borrowing may not be prohibited or may not be sin it certainly is not held up anywhere in the Scriptures as a blessed activity. So why is this?

The reason why borrowing is not held up anywhere in the Scripture as a blessed activity is because it can prove very costly. And how might that be?

Borrowing can be very costly to us in terms of personal wealth. Let me explain this to you. Money paid to lenders represents a greater loss of the Lord's dollars than what simply appears on the surface. In other words, whereas compounding interest works in our favor when we are saving, it works against us when we are borrowing.

Let us say that we purchase a new car for \$20,000 but after our trade-in and a sizable down payment we only have to finance \$10,000 at 12.5% interest. This means that we will have the car paid off in four years if we make monthly payment of \$265.80. How much have we paid to the lender after four years? We will have paid the lender \$12,758.40. The \$2,758.40 difference between what we borrowed and what we paid back may not seem so bad for the privilege of driving a new car. But let us carry this out a little further. Let us say that every four years we repeat the pattern and we repeat this pattern over the forty years of our working life. We will have purchased ten cars and made four hundred and eighty car payments totally \$127,584. And if I were to ask you what was the cost of driving those cars over the

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forty years you might say \$127,584. And in one sense you are right but in another sense you would be terribly wrong.

So let me ask you this question. What did the lender do with the \$127,584 worth of payments that you made to him? He reinvested those payments in other loans, to other individuals yielding 12.5%. And guess what? At the end of the forty years you have a four-year-old used car and the lending institution has accumulated \$3,641,550.

You might say to yourself I sure wish I could be in their position. You can be. What if, instead of making car payments to the lender you paid yourself \$265.80 per month over the forty years and were able to invest that payment in such a way that you got a return of 12.5%. What would be the final result of this? You would end up with \$3,641,550 rather than the lending institution. So what would be the true cost to you if chose to pay off car loans over forty years rather than investing that same amount of money over forty years? The true cost would be \$3,641,550.

Now I know that the interest rate that I chose in this example is somewhat inflated but I did this in order to make a point: Using debt in order to purchase things such as cars that inevitably depreciate in value has a higher cost than most people realize. We need to understand this.

Therefore based on this fact alone, Lynn and I chose long ago never to go into debt for any consumer item that would inevitably depreciate in value and this has included our cars. In other words, we always pay cash for any depreciating consumer item. Has this choice helped us? Absolutely! It has put us in a much better position to save and therefore to become the lender. Would I encourage you to do the same? Absolutely!

But someone might say what about borrowing money in order to get something that will actually appreciate in value or will over time bring us additional income? What about that?

Obviously when it is packaged in this way the decision to incur debt certainly can be viewed in a more positive light and might actually be something that someone who is striving to be a faithful steward of Christ might choose to do.

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And what might be some examples of this kind of borrowing? Borrowing to purchase a house might be an example, borrowing to get a college education might be an example, or borrowing to get started in a business might be an example.

But even though this kind of borrowing for investment purposes might avoid the obvious foolishness of installment debt on depreciating consumer items we still must exercise extreme caution. Why? I believe we will find the answer to this question when we consider the second reason why borrowing is not considered a blessed thing. So what might be this second reason?

Not only is borrowing not considered a blessed thing, because borrowing can be very costly in terms of personal wealth, but borrowing can be very costly in terms of personal righteousness because it can expose us to default (Psalms 37:21).

So let me ask you a question. Is defaulting on a debt a matter of personal righteousness? Of course it is! Let me read for you **Psalm 37:21. “The wicked borrows and does not pay back, but the righteous is gracious and gives.”** Is failing to pay a debt when our debt is due a serious thing? Yes! We are to render to everyone what is due them and this certainly would include our lenders. It is a matter of righteousness.

But someone here this morning, who is borrowing in order to get something they believe will appreciate in value, such as a house, or who is borrowing in order to get something that will increase their income, such as an education, might disagree with this. And why might they disagree with this? They might disagree with this because they may think that because they are borrowing in order to increase their material wealth they will have no problem repaying the loan when it comes due. But this assumption could very easily be wrong.

Any debt that we incur to some degree presumes on the future whether that is for a house loan, a student loan, a business loan or any other kind of loan (James 4:13-16).

Let me read for you **James 4:13-16. “Come now, you who say ‘Today or tomorrow, we shall go to such and such a city, and spend a year there and engage in business and make a profit.’ (14)Yet you do not know**

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what your life will be like tomorrow. You are just a vapor that appears for a little while and then vanishes away. (15) Instead you ought to say, 'If the Lord wills, we shall live and also do this or that.' (16) But as it is, you boast in your arrogance; all such boasting is evil." This is why we need to approach any borrowing with extreme caution even when we are borrowing in order to improve our financial position.

So how might extreme caution look when we are borrowing money for something that we are anticipating will appreciate in value or to get something that we anticipate will increase our future income?

Let us for a moment consider how extreme caution might look when borrowing money to purchase a home. First of all, we would make sure that we have sufficient emergency funds in place in order to address any short-term disruption of income. And secondly, we need to make sure that we have created enough equity in our home through a large down payment that will allow us to satisfy any debt we might owe the lender, if we are forced to sell our home for some reason, even if we sell our home in a down economy.

I know that home ownership is a wonderful thing. It is a part of the American dream but we should not pursue the dream recklessly, which many people over the past few years have done. Do we need to exercise caution when entering into a contract with a lender? Absolutely!

And the same thing should be true for our church. As most of you know we were recently faced with a decision as to whether or not to go into debt to pay for the construction of this building. And we as a church chose to do that. And because of that decision we presently owe "The Bank of the West" a little over \$2,000,000 and our monthly payment in order to service this debt is a little over \$16,000.

So have we as a church exercised caution in terms of this debt? I believe that we have. First of all, we looked at the amount of money coming in each month to our building fund. It appeared to us that the amount of money that was coming in and that had been coming in for several years would be more than adequate to meet the initial loan payment that we anticipated.

Unfortunately, as with most building projects, the final costs were higher than projected. But because we had been so conservative in trying to stay

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within our demonstrated ability to repay our present building fund income has been sufficient to cover our loan payment, even in spite of the increased costs and therefore the increased loan amount. It is close but it has been sufficient.

But someone here might ask but what happens if there are certain months or an even extended period of months when our income to our building fund is not sufficient to cover our loan? What do we do then? We have, in seeking to exercise extreme caution, kept back certain cash reserves to address that possibility if that need arises. Those reserves consist of \$100,000 in our building fund, \$30,000 in a surplus fund, and another \$45,000 in a church emergency fund. Why have we done this? We have done this as a church for the same reason why you should do things similar to this in terms of your own personal finances.

Whenever we, as the faithful stewards of Christ, choose to incur debt in order to advance our financial position or to advance His kingdom we must exercise extreme caution because of the possibility of default and this is the second reason why borrowing should not be considered in and of itself a blessed thing.

But we are not done yet. There is still another reason. Not only should borrowing not be considered blessed because borrowing can be very costly for us in terms of personal wealth, and not only should borrowing not be considered blessed because borrowing can be very costly for us in terms of personal righteousness, but borrowing should not be considered blessed because borrowing can be very costly for us in terms of our personal freedoms (Proverbs 22:7). Let me read for you **Proverbs 22:7**. “**The borrower becomes the lenders slave.**” How does borrowing in effect do this?

When we borrow and have a financial obligation to pay back a certain amount of money at a certain time, that obligation will invariably impact nearly every area of our lives. And this should be obvious to us.

Some of you perhaps in years past saw the bumper sticker, “I owe, I owe, so off to work I go.” Did the person who designed to bumper sticker understand the impact of debt? Yes! But what he captured in the bumper sticker is only

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the tip of the iceberg. Do borrowers become the lenders slave? Yes! They do.

So is borrowing a blessed thing? No! In fact, borrowing can be very costly to us. It can be very costly to us in terms of personal wealth, personal righteousness, and personal freedoms. Therefore, though borrowing is not sin, it must be treated very carefully because there are many risks associated with it.

So where do we go from here?

(1) We need to commit ourselves not to go into debt for any consumer item or we need to commit ourselves not to go into debt for any item that we know will depreciate in value and that includes cars.

(2) If we do choose to go into debt in order to advance our financial position or to advance the kingdom of Christ we must do so with extreme caution and with a determination to pay off that debt as soon as possible.

I know that these encouragements that I am giving you this morning are not easy. But these encouragements I believe are consistent with the biblical principle, it is more blessed to save than to borrow.

May God give us the grace to have a healthy fear of debt and the wisdom to know, if it becomes necessary, how to manage it so that we might be blessed and the Lord glorified.