

Debt (3)

by Charles Hodge

“Take care of your pennies and your dollars will take care of you. Take care of the little things and the big things will take care of themselves.”

(1) Pay God first; (2) pay self second; and (3) pay bills third.

Money invested or saved does add up. Do you wish to become a millionaire? At age 25 until 65 save \$167.00 monthly! More money is not the answer; more discipline is. There was a millionaire preacher. He was 82. He never made more than \$8,000.00 yearly. He gave 15 per cent of his gross income. He saved; he invested; he did not borrow. If you are not satisfied in what you have today, you will not be satisfied in what you want tomorrow.

WRAP-UP WISDOM

Debt, rather than elevating a standard of living, reduces your standard of living. It is too high a price to pay. People are making more money, yet living upon a lower standard. *Always spend less than you make!* Shout this from the housetops! It is better to *earn* interest than to *pay* it! “Bite the bullet.” Start planning; stop bad habits, *today!*

Houses are not *rights!* Especially your first house cannot be nicer than your parents when they waited thirty years! Do not put over 30 per cent of your spendable income into a house. A \$125,000 house at 10 per cent interest amounts to \$360,000! *That* is one expensive house! Can you afford a \$360,000 house? Put the pencil upon everything you buy with credit.

Cars are our downfall. America idolizes cars. Cars are good, yea necessary . . . but not at the price of the kid’s education. Cars depreciate and go to the junkyard. Most of us cannot wisely afford the car we drive. Unless you are rich, you

cannot afford new cars. Poor people have poor ways. This means used cars. Cars are bought to satisfy egos, not needs. This is our way of making a statement. Statements cost money. Economy cars are not the answer either. Some buy an economy car only to make a luxury car with it by “bells and whistles.” Gasoline is still a minor item with cars. Depreciation, interest, insurance, and maintenance cost much more. There cannot be economy with a \$20,000 car! Beware the little down, long-term debt for cars. Avoid leases like the plague. If your self-esteem is determined with a car, you have personal problems to go with financial problems.

Tough solutions. Tough times demand tough answers. Get out of that big house. Trade that expensive car. Dole out even your daily spending money. Have a garage sale. Your garage, attic, and closets are full. Sell some of your hobbies; they are not necessities; they can bankrupt you. Pay off small debts first. Double up on some other payments. Do not go on another buying spree.

HODGE ON BORROWING

Use that plastic card, and pay bills monthly. No interest ever is paid. You can even get frequency flyer miles for airlines. You have a great bookkeeping service (IRS honors it). You do not have to carry cash. You do have legitimate records. Plastic cards can be turned from a curse into a blessing.

Never borrow from family, friends, or brethren (do not loan to them either). If the bank turns you down, thank them. They usually are right. If banks will not loan you money, do not ask your family to.

This sounds contradictory. “Chew on it” awhile. Never pay cash for a car. Houses are

necessary. Cars are necessary. In one sense this is not debt. Get that fifteen-year house mortgage. You have no financial problems when such are paid without difficulty. But do not pay cash for a car! Shop around for cheap interest. Many will argue with car dealers for months over the price of a car and then sign up to pay exorbitant interest. Dealers make more money from the interest than the sale. If you have “sweated long and hard” to save that money, do not spend it! Invest it! Sock it away! Do not blow it on a car. Do not sacrifice to “blow” on a car. Let them risk their money. I still have mine.

Now this sounds crazy. Stay in some kind of debt! Churches out of debt are dying! Debt wisely used pays for dreams. Debt demands discipline. People out of debt are too freed from pressure. Pressure keeps one honest.

Do not borrow to invest! Never borrow to risk investment. Only invest what you can lose. *Never, never* borrow to invest when you are already deep in debt. This is the same practice of going to Las Vegas to pay off enormous debts.

There is no quick and easy way out of debt. Another observation is this: It is easier to risk borrowed money (not seen) than to count out cold, hard cash!

Preachers need college courses on finances. With poor salaries it is mandatory that we become the world’s best. Too many preachers are too deep in debt. When older they are shocked upon retirement not to have any money! Preachers must learn to be providers too!

CONCLUSION

It is retirement time. You are sixty-five. You have spent your entire life trying to keep up with the Joneses. Guess what? They re-financed! It is frightening to age without retirement, investments, savings, and now even hospitalization! It takes more now to live. Social Security is peanuts. You cannot live on it. Regardless of how young you are, get a good financial planner (not just someone selling programs). Discipline yourself to a program. Then, and only then, can retirement be great.

©Copyright, 1991, 2001 by Truth for Today
ALL RIGHTS RESERVED