

TWINS!



Newsletter of Managing God's Money Ministries



Summer 2003 Edition
"The Slow Burn Principle"

The Economy & Consumer Debt

What a difference a few months make: The lingering cold winter gave way to a lengthy and rainy spring; and now summer is here and **the heat is on!** To God be the Glory! Since our Spring letter much has happened:

- ❑ The Iraq war was declared over;
- ❑ Wall Street has recovered significantly;
- ❑ There seems to be a consensus that the US economy will recover late in 2003, and despite setbacks in the health and agriculture sectors, the Canadian economy will continue growing, albeit at a slower rate.

Canadian and US interest rates remain low and are likely to stay low into 2004. Inflation is under control. Auto companies and consumer goods companies will entice us with aggressive and slick advertising campaigns to bolster revenues and profits.

Let's take the offensive to stop the massive build up of consumer debt. North Americans are swimming in a sea of red ink. Enough is enough! A May 2003 Ipsos-Reid release captioned: "*Debt loads are growing faster than assets: Is financial stress on the rise for Canadian households?*" reported, "...**the debt-to-equity ratioⁱ for Canadian households has increased from 0.73 in 2000 to 0.94 in 2002. This increase is largely due to growing levels of debt and a declining value of financial assets. However, four-in-ten (42%) Canadians polled are optimistic that their own financial situation will improve in the short-term.**"

I wonder about the basis for optimism, which Americans also share! A June 2003 Gallup poll in the USA, found that *Consumer spending intentions are the most positive they have been since 9/11.*

I urge you to get back to basics. Say no to businesses and Governments who have accepted **consumer spending as the key engine of growth in North America**, fueled by low interest rates and tax cutsⁱⁱ. **Perform a financial health check now to withstand the advertising onslaught!**



Why We Get Into Debt

In this letter, I will discuss the **Slow Burn Principle**, a key component of the financial health check. As a prelude, let us examine why and how we get into debt.

Living from pay cheque to pay cheque is the way of life for many North Americans. Some do not realize they have drifted deep into debt, and have accepted unwittingly, their

situations as inevitable and normal! Several companies promote this perception with outrageous advertising. Recently I was appalled to see an advertisement for a car, directed at people with poor credit, whom others have refused. The ad promised a car for no down payment, no doubt, with exceptionally high interest rates!

What is the implication of this ad? You are in debt and under severe stress, but an organization is willing to give you more credit **because it knows the lure of a new car is too much for you to resist!** You sink deeper into debt, remain under relentless stress and, if married, your relationship with your wife or husband deteriorates! Why do we do this to ourselves, and our families? I will offer three main reasons:

1. **We lack Faith in Jesus.** Many have not accepted Him as Lord and Saviour. Some who have received Him do not understand and believe His promises. *In Matthew 6: 25-26 and 33-34 he says, ²⁵⁻²⁶ "... do not worry about your life, what you will eat or drink; or about your body, what you will wear... Look at the birds of the air; they do not sow or reap or store away in barns, and yet your heavenly Father feeds them. Are you not much more valuable than they?..."*
³³⁻³⁴ "But seek first His kingdom and His righteousness, and all these things will be added to you. So do not worry about tomorrow; for tomorrow will care for itself...."
Prosperity teaching imprisons many who do not realize the following:
 - (a) Without a relationship with Jesus Christ, money will control us,
 - (b) We earn money to give to God's Kingdom first, and then to acquire our "necessities",
 - (c) Most purchases can and should wait until we can afford them, and
 - (d) **Being in debt is a wonderful opportunity to draw close to Jesus; to test Him; to depend on Him,** and to show others His faithfulness in our lives.
It is a time to be patient, to confess the misuse of funds, to repent, and to give Him all the glory.
2. **Companies plan product Obsolescence.** They make products with short life cycles so they may release new and improved versions to increase sales. Because of our lack of faith and our greed-nature that we will talk about next, we buy these products: the latest fashions, cell phones, DVD's, CD players, and computers are examples.
The Internet provides a convenient vehicle to spend on credit. It is seductive. According to Statistics Canada, *in 2001, one-fifth of all households, or about 2.2 million, spent almost \$2 billion shopping on the Internet, placing 13.4 million orders.*
3. **Greed is innate in us.** Jesus warns us in Luke 12:15: **"Watch out! Be on your guard against all kinds of greed; a man's life does not consist in the abundance of his possessions."**
Greed results in us wanting "more" of everything. We go to the store to buy one pair of shoes but leave with two because the extra pair was "only" half price! Folks, we spent "half price" too much because we did not need the second pair! Indeed, we could not afford it, but we used available credit. If you say it was "only \$ 10.00" or other "small amount", I suggest you get a piggy bank and label it **"ONLY"**: Whenever, you say something is **"ONLY \$x"**, put the \$x in the **"ONLY"** piggy bank, and each Christmas, give away amounts accumulated to your church and/or other Christian charity.

Lack of **F**aith in Jesus, planned **O**bsolence and **G**reed, ("**FOG**"), distort reality and **we spend without assessing the impact of our choices: Instead of deciding if we need an item, if we can afford it, and if it is necessary, we ask about available payment terms!** Usually, "no down payment", "zero percent" financing, and "no payment until 200X", provide the basis for our decisions.

It gets worse! We encourage our children to get credit cards so they may get credit ratings. However, we do not teach them how to manage money for God's glory. We must teach them to budget, to give, to save and to spend responsibly: model good stewardship of God's resources for them. If we want them to have a credit card, **teach them how to use it properly: like a cheque, not as a loan!** Otherwise, they will get the desired credit rating but with lots of debt!

FOG blinds us to the reality that **each dollar of interest we pay is a dollar that could have gone to fund God's work!** Will you commit today to give God a portion of the interest you now pay as you reduce your debt?

FOG leads students to take student loans without considering the reality of later repayment! Indeed, because of poor controls over student loans, students may use funds to buy stereo equipment and for other non-educational purposes.

FOG creates an urgency to upgrade our homes, cars, and other items on credit and ignores the reality of the emotional cost to the family!

FOG results in a vicious debt cycle, including poor family relationships, depression, cynicism and a distant relationship with our Heavenly Father!



Slow Burn Principle

Unfortunately, the **FOG** moves in slowly! Like a frog in a beaker with a flame lit below, we fall deep into debt slowly and unintentionally. **For some, skipping the first credit card payment was difficult: truly a big deal!** The second time was less, and so on: **A toehold became a foothold then a stronghold and finally a stranglehold!**

James puts it succinctly: *But each one is tempted when, by his own evil desire, he is dragged away and enticed. Then, after desire has conceived, it gives birth to sin; and sin, when it is full-grown, gives birth to death.* - James 1:14-15 (NIV)

Here are seven signs that you are in the beaker and the heat is increasing.

These events come from my experience with individuals and couples over the past eight years. If any of these situations apply to you, beware! You may have become insensitive to how your finances are controlling you. **I suggest you perform the "GIC DIES" financial health check by responding to these seven questions:**

- 1) **G**iving stopped or reduced?
 - o I believe God owns everything and the funds we earn actually go to "God's bank account" that we manage. Fund His work first, and then use the balance to pay our expenses. Consequently, **we must always be "giving"**, first to our home church then to other Christian ministries.
 - o **A**sk God to show you where and how much to give to His work.ⁱⁱⁱ

- 2) **I**ncome increases but debt increases?
 - Many persons would say they have more income now than five years ago, but they feel worse off. Generally, they have unfulfilled wants that they satisfy with expected future funds: **Specifically, they assume they will get the promised bonus, the promised overtime, and the promised raise; but none materializes.** Meanwhile, they "bought to pay later". Don't commit funds until received!
 - **Ask God** to show you a standard of living, including saving for retirement. Limit your spending to this level and give away income beyond.^{iv}
- 3) **C**redit card balances unpaid?
 - **A credit card is a cheque, NOT A SOURCE of financing. If you cannot pay your balance in full each month, you cannot afford to keep a card!** Use the card only when funds for the purchase are in the bank.
 - **Ask God** to give you the faith and courage to trust Him to supply your needs.^v
- 4) **D**ebt being consolidated?
 - Debt consolidation does not work unless you have changed your attitude and behaviour. If you contemplate debt consolidation, it is a sure sign that the heat is on. Check your spiritual life.
 - **Ask God** to bring a strong Christian person to encourage your walk with Him.^{vi}
- 5) **I**nsurance policies cashed to pay debt?
 - Cashing an insurance policy per se is not the issue. Indeed, in some instances it may be good to cash a policy and redirect funds to savings or investments. However, if you sense the need to use these funds to repay debt, it is a clear sign you ought to reflect on your total financial picture.
 - **Ask God** to keep you focused on His promises.^{vii}
- 6) **E**xtending credit terms or juggling bills?
 - Paying only a portion of some bills and requiring more time to pay bills fully are two key signs that the financial picture needs urgent attention.
 - **Ask God** to show you how to overcome your anxiety with paying your bills.^{viii}
- 7) **S**avings used to pay bills?
 - Using savings to pay regular bills is a key initial indicator of the slow burn process. Be alert to this sign.
 - **Ask God** to show you how to store treasures in Heaven.^{ix}

What can we do to stay alert and away from the **FOG**? First, learn to apply the **GAS** Principle and the **Affordability Index**^x to all spending decisions. Let these become habitual and instinctive! Meanwhile, commit today to implement the **DNA** spending test. Answer these questions sequentially before committing or spending funds:

- 1) Does spending **D**ishonour Jesus?
 - Our spending should honour God. Examine the movies, CD's, DVD's, clothes, video games and magazines we buy. Is Christ glorified?^{xi}
- 2) Do we **N**eed the item?

- o Society has redefined wants and needs, and discretionary and non-discretionary items. Ask Jesus to help you differentiate wants from needs?

3) Can I Afford it?

- o **Available credit is irrelevant to the spending decision.** Buy cars, accept mortgages, and spend generally for the right reasons, and after prayer.
- o You can afford something if you are giving to God's Kingdom, you have the funds, and spending does not compromise spending later, among other things!
- o Decide to borrow only to buy a home; for everything else, pay cash - if you wish, use a credit card as a cheque.



Conclusion

God has blessed us with so much. Let us learn to appreciate what we have and use it first to further His Kingdom, and then to provide for ourselves. Promises fill His Word! They assure us of His love, provisions and commitment to us! Get to know Jesus Christ as Lord and Saviour today. He will give you joy and peace as you decide to honour Him with your finances.

Shortly we will upload on our website, Focus on the Family, Canada, sponsored Managing God's Money seminar schedule for Fall 03 to Summer 04.

We pray that you will have a summer filled with His peace.

Marriage Alert-Canada

Please write or call your Member of Parliament, the Prime Minister's Office, and the Minister of Justice and respectfully, and lovingly, remind them that marriage predated Governments and our Creator designed it as a union of one man and one woman capable of producing children.

Visit www.familyfacts.ca for more information on what you can do to make your voice heard on this crucial matter. Most important, please pray for our country and our leaders.

Managing God's Money Ministries teach individuals, couples and groups to manage God's resources so they may use them for His Glory. It is not a charity, does not solicit funds, and does not charge fees to present seminars and workshops. Visit www.managinggodsmoney.com for more details.

ⁱ Every \$ 100 of things of value you owned, called assets, you financed with \$73 of debt in 2000, and \$ 94 in 2002.

ⁱⁱ I believe in Capitalism and in tax cuts to stimulate the economy. However, I do not believe in irresponsible spending, either by individuals or by Governments.

ⁱⁱⁱ Do you believe that God owns everything and you own nothing? Check this in the Bible, which is the source of absolute truth. Refer Psalm 24:1-2, 2 Corinthians 8:1-7, 2 Corinthians 9:7, Matthew 6:24

^{iv} Matthew 25:14-46

^v See excellent examples in 2 Kings 4:1-7, Matthew 14:16-21, Matthew 15:32-38

^{vi} Proverbs 27:17

^{vii} Proverbs 3:5-6

^{viii} Romans 5:8, Philippians 4:6-7

^{ix} Matthew 6:19-21

^x Learn to apply the GAS Principle & Affordability Index to all spending decisions. Refer www.managinggodsmoney.com and/or Managing God's Money-The Basics, pp.101-119.

^{xi} 1 Corinthians 6:9-10