MYTHS ABOUT DEBT
“Managing Life Series – 2017”
First Baptist Church
445 C Avenue
Coronado, CA 92118
Pastor Jim W. Baize

Myth #1: Debt is a tool and should be used to create prosperity. Use other people’s money! Borrow now and pay back with inflated currency!). The Truth: Debt adds considerable risk! Rom 13:8a

Myth #2: If I loan money to friends or relatives, I am helping them. The Truth: If I loan money to friends or relatives, the relationship can become strained or destroyed. The joke is, if you lend $100 to your mother-in-law, and she never speaks to you again, was it worth the investment? If you really want to help someone, then give the money with no request or expectation of repayment! Pro 22:7

Myth #3: Cosigning for a loan is OK if it is family. The Truth: The bank wants someone else to come after because they do not think your relatives can pay! Pro 6:1-5

Myth #4: Cash advances, payday loans, rent-to-own and pawn shops are needed to help lower-income people get ahead. The Truth: These things are all designed to take advantage of poor people and are predatory! They take advantage of the poor and benefit only the ones making the loans. Neh 5:6-11

Myth #5: Buy your furniture now with no payments and no interest until 2020, same as cash! The Truth: When the furniture is old and used, 88% of those who bought will wind up with this as a debt at 24-38% interest! And it is never the same as cash, because with cash you may possibly get a discount! James 4:13-16

Myth #6: Car payments are a way of life, a necessity. The Truth: Average millionaires drive USED reliable vehicles.

Myth #7: You have to have credit cards to build your credit. The Truth: If you determine not to become a financial slave, you don’t need credit! Cash can make better deals than credit!

Myth #8: You need a credit card to rent a care, to check into a motel, or to buy online. The Truth: A debit card will do it all for you, without putting you in bondage! BTW, if you use the credit card for convenience and pay it off every month, watch two potential dangers: spending more than you would have with cash (some studies suggest you will spend 47% more with credit), and NOT paying it off every month! (60% do not).

YOUNG PEOPLE, LISTEN UP! As with so many other vices, credit card companies are targeting you! They are on campuses. They are even advertising on boxes of cereal (Visa), and with Barbie dolls (Master Card and American Express!).

Myth #9: (This is a big one!). Debt consolidation saves interest and you will have a smaller payment. The Truth: It is dangerous because you only treat the symptom, not the disease! Debt CONsolidation!

These are just a few myths about debt, there are many, many more!

“Live life like no one else, so you can live life like no one else!”
-Dave Ramsey
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