

QUICK START GUIDE: DEBT

Eliminating Debt

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Know the Word

Get serious. God didn't create you for a life of bondage.

2

List Your Debts Small to Large

If you commit to stop borrowing, this list won't get longer.

3

Make Saving a Priority

We recommend a first goal of \$700-1000.

4

Make a budget and commit to stop borrowing

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Pay Lowest Balance First

Try the Debt Snowball Method.

6

Trust God and Live Free



CROWN™

Advancing God's Principles of Stewardship and Life.

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Crown's Quick Start Guide Philosophy

Welcome to Crown's Quick Start Guide Series. This series of guides is meant to be very practical to get you to the solution you need as quickly as possible. We get to the point and explain each step as plainly as we can so you don't have to work so hard when you're already feeling overwhelmed and wondering where to begin.

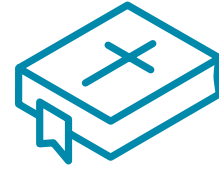
Start with the basic principles on the cover, then read more for helpful tips. Check out our additional resources in the back to go further as needed.

We're glad you're here. If you need assistance, please reach out to us at clientservices@crowns.org

1

Know the Word

Get serious. God
didn't create you for a
life of bondage.



KNOW THE WORD

Many Christians are great about applying God's word to their lives, live out what it says, but fail to do so when it comes to their wallet. Most often, it's a lack of knowledge about what God says about money. They know we should tithe and give to charity, but that's where their understanding stops. Did you know there are over 2300 verses in the Bible about money and possessions? God has a lot to say about what we do with our resources. He isn't silent on the topic of debt either. While the Bible never describes debt as a sin, God strongly cautions against it.

As you aim to get out of debt, it is important to know what God says about it and why your journey to debt free living is honoring to Him. Proverbs 22:7 says, *"The rich rules over the poor, and the borrower is the slave of the lender."* (ESV). God says debt is slavery; that means our creditors and collectors become our masters. In 1 Corinthians 7:23, Paul writes, *"You were bought at a price; do not become slaves of human beings."* (NIV) Jesus Christ purchased us to become our one and only Master, He does not want His followers enslaved, but wants the life of freedom He calls them to. **It's time to get serious about your debt.** God didn't create you for a life of bondage.

Tackling your debt is going to take some real work, discipline and self-control, but the great thing is God speaks to that too. *"No temptation has overtaken you except what is common to mankind. **And God is faithful**; he will not let you be tempted beyond what you can bear. But when you are tempted, he will also provide a way out so that you can endure it."* 1 Cor 10:13 (NIV, bolded for emphasis) See? When you are tempted to spend on your credit card, or to borrow more than you can afford to buy a car or house, you can call on your heavenly Father to help you, and He will send you the Spirit of self-control. Will you receive it?

For the grace of God has appeared, bringing salvation for all people, training us to renounce ungodliness and worldly passions, and to live self-controlled, upright, and godly lives in the present age (Titus 2:11-12 ESV, bolded for emphasis)

To learn more about what God says on money and possessions, check out Crown's 2350 verses resource. [Download](#) them today.

2

List Your Debts Small to Large

If you commit to stop borrowing, this list won't get longer.



LIST YOUR DEBTS SMALL TO LARGE

If you commit to stop borrowing, this list won't get longer

You must know where your money is going if you have any hope of managing it. It's time to face any fears you may have and look directly at the problem. Pull out your statements (print them if they are all email) take a deep breath, and start writing down your debts. You can make this a spreadsheet or google sheet if you'd prefer, whatever methodology works best for you.

List them smallest to largest by the Principal Balance. We recommend starting with consumer debt (credit cards, store credit accounts, etc.), then auto and student loans, and last, your mortgage. Also, include the Interest Rate and the Minimum Payment Amount. For example:

#	Creditor	Principal Balance (\$)	Interest Rate (%)	Minimum Payment Amount (\$)
1	Exxon	\$190	19	\$20
2	Gap	\$220	23	\$20
3	Visa	\$1,200	14	\$30
4	Master Card	\$3,600	21	\$80
5	Student Loan	\$11,000	5	\$150
6	Auto Loan	\$19,777	6	\$350
7	Mortgage	\$142,000	5.25	\$1100
	Total	\$177,987		\$1750

Now you know what you're paying your creditors every month - and your payments are barely attacking the principal because of those interest rates! :(Here's where you might get discouraged, overwhelmed, or want to put your head back in the sand... Don't! Remember that God doesn't want this life for you. With His help, you can be free of this debt!

We'll get into how you pay this off in a few more steps, but it's important to know what you're facing before you take the next step.

3

Make Saving a Priority

We recommend a first
goal of \$700-1000.



MAKE SAVING A PRIORITY

First goal: \$700-1000

It seems counterintuitive that when you're ready to pay off debt, you should start by putting money in a savings account, but it's these saved dollars that will prevent you from going into further debt.

"Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest."
Proverbs 6:6-8 (NIV)

The ant knows to prepare for leaner times. For us, saving enables us to be prepared in times of emergency. Unexpected expenses are often how people wind up in debt, so if you have \$1000 in savings, you'll be able to cover most emergencies without having to go into debt. This is why we want you to make saving a priority. Make payments on your debts, but save everything you can first, so that you're prepared in case something comes up while you're on your journey to becoming debt free.

If you need some ideas for ways to save money, check out our savings resources at <https://www.crown.org/qsg/debt/>.

4

**Make a budget
and commit to
stop borrowing**



MAKE A BUDGET AND COMMIT TO STOP BORROWING

The word “budget” makes a lot of people cringe. It’s a common misconception that a budget is restraining. We often hear, “It just doesn’t work for me!” But we’ll counter that a spending plan is what will allow you to spend money in ways that align with your future financial goals. If you think you don’t make enough money to have a budget, the truth is, you don’t make enough not to. Even the wealthiest of people need to have a budget if they want to meet their goals and avoid financial ruin. If you’re still not convinced, humor us and let’s get started.

We have a whole guide dedicated to making a budget: [QSG Creating a Spending Plan](#). So, you’ll want to look at that in depth, but here are the basics:

1. List Monthly Fixed and Variable Expenditures

Write down any and all payments and guesstimate those expenses that vary each month.

2. List Available Monthly Income

Write down any and all income including gifts, cash, couch cushion change, all of it!

3. Calculate your Net Spendable Income (NSI) by subtracting expenses from income

This simple math will tell you what you have left to spend.

Disorganization is an accumulation of a little bad habits all strung together and it is the major enemy of personal success.

Larry Burkett

4. Place NSI amounts into categories

Break your bigger bucket into smaller buckets with fixed and variable expenses.

5. Track Expenses

You must know where your money is going if you have any hope to manage it.

6. Evaluate, Adjust, and Repeat

It might take a few months to get this right. You'll need to review and adjust regularly.

Your spending plan is KEY to eliminating your debt. With your debt lists and saving goals, you now know how much you can put toward your debt and are ready for the next step.

5

Pay Lowest Balance First

Try the Debt Snowball
Method.



Pay Lowest Balance

Try the Debt Snowball method.

1. Pay minimum payments on the others.
2. Once one balance has been paid off, add that amount to the payment for the next debt.
3. Keep at it!

All you need to do in order to use the Debt Snowball Calculator is organize your debt balances from smallest to largest. You did that earlier so pull out your list and head to <https://www.crown.org/resources/debt-snowball-calculator/>

ENTER YOUR AMOUNTS

- You'll need to know the balance, the interest rate, and monthly minimum payment for each debt..
- You'll also need to reference your budget for the allocated amount of extra money you can put towards your debt. This will come from increasing your income with side jobs here and there, and decreasing your spending by sticking to a solid budget. (See why that budget was important?)

The calculator will create a simple, easy-to-follow debt payoff plan for you by paying off your smallest debt first, then rolling over that payment amount to the next debt when it's paid off. You repeat this process for each creditor until it is all paid off!

You can download a PDF of your plan and have it emailed to you to reference over time. Be sure to look at how much time and money you save by using the Debt Snowball Method. Then, mark the days you'll pay off each of your debts on your calendar and plan a small way to celebrate. **Getting out of debt is a BIG deal!**

When it's all paid off - go ahead and take that trip you've always wanted when you get to pay yourself for a few months without debt! Then, increase your savings.

6

**Trust God and
Live Free**



TRUST GOD AND LIVE FREE

Remember the part of 1 Corinthians 10:13 that says, “God is faithful”? It’s true. The Bible says again and again that God is true to His word and He will provide for us. It won’t always look the way we want it to. Sure, we’d all love for Him to send a million dollars to pay off our debts and keep us from that enslavement in the future, but often - and this part isn’t fun - God is teaching us His ways and training us so we can experience His full joy for our lives.

Our job now is to trust Him and follow the plan that aligns with His principles. You may be looking at that total number and wondering just how much you can trust God with this mess you’re in. Remember the father in Mark 9:24 who cried, “Lord I believe, help my unbelief!” (ESV) Ask the Lord to help you believe that with His help, you can overcome this challenge. He will fill in the gaps where you doubt!

As you begin to pay off each debt (and celebrate each one), you’re going to start feeling the burden lift and you’ll realize that you’re actually accomplishing your goal of becoming debt free. One man who followed this process actually said he grew taller when he made his last payment. His very physique changed by lifting the weight of his debt! This is what we want for you - that feeling of freedom, and no longer owing anyone anything except love to one another (loosely Romans 13:8). It IS possible, and we’re here to help you along the way.

Resources

[Tips for Living on Less](#)

[Ideas for Increasing Income](#)

[Crown Staff Recommended Savings 1](#)

[Crown Staff Recommended Savings 2](#)

[Debt List PDF](#)

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