

# EQUIP: FINANCES

SESSION 2: DEBT REDUCTION

# SELF-ASSESSMENT

- Do you pay your bills late?
- Is there family/relational tension because of overspending?
- Have you purchased something recently that you didn't need and couldn't afford?
- Have you hidden a bill from your spouse?
- Have you put off saving money for emergencies?
- Does your total debt exceed your savings reserve?
- Have you purchased anything with credit because you were not sure if you had money in your checking account to buy it?
- Have you been turned down for credit or had a card declined?
- Have you ever filed for or considered bankruptcy?
- Have you delayed a medical/dental visit or procedure due to lack of funds?

The rich rule over the poor, and the  
borrower is slave to the lender.

**PROVERBS 22:7**

# REQUESTS

- Stay committed
- Stay positive
- Stay engaged

# DEBT

- Something owed or a state of owing
- Secured debt
  - A loan that is guaranteed by collateral
- Unsecured debt
  - Debt that does not have specific property serving as collateral for payment of the debt

# IMPORTANCE OF CREDIT

- Lifeline of our adult financial lives
- Credit score
  - A number assigned to a person that indicates to lenders their capacity to repay a loan
- Credit bureaus
- The difference in tens of thousands of dollars over a lifetime

# CASH FLOW MANAGEMENT

- Paying God and yourself first and buying “things” last
  - Give
  - Save
  - Invest
  - Spend

# WORKING TOWARDS CASH FLOW MANAGEMENT

- Control spending
  - Budgeting
  - Expense cutting

# WORKING TOWARDS CASH FLOW MANAGEMENT

- Eliminating unsecured debt
  - Debt position worksheet
  - Can you meet your obligations?
  - Can your cards be consolidated to a lower rate?

# SNOWBALL PAYOFF METHOD

- Prioritize
- Commit to overfunding from your surplus
- Roll over to the next card when paid off

## LIFE AFTER DEBT

- Transition to savings mode
- Pay credit card balance off every month
- Check your credit score regularly
- Don't hide your "secret"

# HOMework

- Implement Giving/Saving/Investing/Spending and cash flow management
- Create a “get out of debt plan” and set a target date
- Download or request your credit report from all three bureaus and find out your consumer credit score