Strong Foundation

Money is more than economic necessity. It is one of the most powerful motivators of human behavior. It taps into the deepest layers of our personalities and sets off powerful emotional changes. Our attitudes about money influence our behavior, aspirations, and emotional reactions to ourselves, our families, and our friends.

Achieving the destiny that God has ordained in our life is requires us to manage our resources as Christ taught in the parable of the stewards. We believe debt management is a necessary requirement in becoming all that God would have us to be. Debt keeps us in bondage.

We understand the stress and struggle of living with an overwhelming amount of debt, and our goal is to assist you in reducing and consolidating your debt so that you can begin living the lifestyle God has ordained for your life.

Do you feel like you owe more money than you bring in?
Are you living to pay bills?
Is your monthly payment only going toward interest?
Have you experienced loss of job, divorce, illness or financial misfortune?

When it comes to controlling debt, or getting out of debt, there is no one-size-fits-all solution. There is, however, one constant when it comes to controlling debt and getting out of debt: knowledge. Here are 8 things below to assist you in controlling and becoming debt free.

SRCC Quick Study Money Guide

1) Good Debt Exists

Despite what some people will have you believe, some debt is actually good.

Borrowing money to purchase a home, or to complete your education, is generally considered "good" debt; the asset you're gaining - and education is an asset - continues to appreciate in value as the principal balance of your loan decreases. Add into that a generally lower interest rate and a tax deduction on your interest payments, and it's win-win.

2) And Of Course, So Does Bad Debt

The average American household carries about $9,300 in credit card debt according to CardWeb.com.

Most credit cards carry an interest rate in the mid to high teens, so using it to pay for consumable items like meals or vacations that you couldn't otherwise afford can rack up the debt pretty quickly, and leave you with little to show for it but a sunburn and too-tight pants. If you can't pay for something over the next month or two, you probably can't afford it.

3) Controlling Your Spending Is the First Step to Controlling Debt

If you don't spend, you don't owe pretty simple, right? Most people spend thousands of dollars a year and have no idea where that money went.

Start by tracking your spending for a month using a small notebook to write down every cent you spend. At the end of the month, sit down and see where your money is going, and where you can cut back. If see that you're spending $20 a week on coffee, put that money instead into a savings account, and by the end of the year, you'll be $980 richer.

Quick Study Guide Cont.

4) Pay the Debts With The Highest Interest Rate First

This seems like common sense, right? Some self-professed debt experts recommend starting first with the smallest debt, and ignoring interest rates all together. This can cost you hundreds or thousands of dollars in unnecessary interest payments.

Snowballing your debt is an easy way to get control of your debt and quickly eliminate it without going broke. Debts with higher interest rates continue to grow quickly, and by not tackling them first, it will take you longer to pay down your debt.

5) Plan for Emergencies, But Not At the Expense of Reducing Your Debt

Establishing an emergency fund is an excellent idea when you're getting serious about getting out of debt. It's important to remember, however, that emergencies may or may not happen, while your monthly bills, and their interest rates, are a sure thing.

Try to figure out how much you can afford to spend each month, and devote a small portion of that to savings, while you put the rest into getting your debt paid down to avoid paying more interest than you have to.

6) Don't Pay that Mortgage Off Yet!

A mortgage is "good debt", so you want to hang onto that one until the rest of your debts are paid off, you have a comfortable savings account established, and you're ready to start devoting some of your disposable income to paying off your house.

Interest rates on mortgages tend to be lower than on most other types of loans, including student loans, and the interest you pay is tax deductible up to $1 million. Consider putting that money into a mid-term CD instead to maximize your savings.

Quick Study Guide Cont.

7) Never, Ever Pay the Minimum!

Sometimes you'll have to pay only the minimum, but if you can afford to pay more than the monthly minimum on your credit cards, DO IT!

With the change in banking regulations resulting in an increase in minimum credit card payments, your debt likely won't increase faster than you can pay it down. However, even an extra $10 a month on a $5000 balance at 18% interest can save you $4850 in interest and be paid off 262 months sooner.

8) If You Need Help, Get It

If you feel like you're drowning in debt, get help. There are a number of ways to deal with debt and the sooner you can get started, and get control over your debt, the less control your debt will have over your life.

It all sounds pretty simple right? Of course doing the actual work won't be quite this easy. It may take a little discipline or your part, or better yet, in-depth for your particular situation. That's why, for all that can, be sure to join SRCC Money & Finance Seminars—a great way to get a big jump on money issues.

Contact Pastor Ben for more information.