

FINANCIAL PEACE DURING TURBULENT TIMES



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Introduction: Last week we saw that God is very serious about His children being in debt and servant-hood to this world's system. Another form of debt that can lead to financial bondage is **cosigning**.

I. Cosigning defined: Taking on an obligation to pay the debt of someone else.

II. What does the Bible say about cosigning?

- a. Surety: becoming a guarantee for someone else (Gen 43:9, 44:32)
- b. May cause the **loss** of your own assets (Pr. 22:26 – 27)
- c. Shows a **lack** of understanding (Pr. 17:18)

III. What to do if you've already cosigned? (Pr. 6:1 – 5)

- a. Humble yourself and **admit** the wrong (Vs 3)
- b. Don't **delay** or put it off (Vs 4)
- c. Go to the lender and **beg** to have your name taken off the loan (Vs 5)

Practical Application to being free from debt

Hypothetical Example:

Current debts:

<u>Description</u>	<u>Balance</u>	<u>Monthly Pmt</u>	<u>Int. Rate</u>	<u>Payoff Date</u>
Credit Card	\$1,000	\$100	10%	11 months
Auto Loan	\$8,000	\$250	7%	3 years
Home Mortgage	\$100,000	\$599	(6%, 30yr)	30 years

Notes:

1. Credit card will be paid off in 11 months.
2. In month 12 add \$100 to the car loan. This will result in paying off the car in 2 years and 4 months.
3. Home Mortgage: if paid over 30 years (360 payments) total cost to payoff \$216,198 (\$116,198 interest)
4. Once the credit card and car is paid off add those payments to the house payment. Result is the home will be paid off in 11 years and 11 months. Save 18 years and 1 month (217 payments) and save \$76,047 of interest.

Financial Factoids

1. Importance of \$6.26 per day: payoff a \$100,000, 30 year, 6% mortgage in 15 years.
(save \$74,086 interest)
2. In the first 5 years of a \$100,000, 30 year, 6% mortgage you payoff \$6908 of principal.
(still owe \$93092)
3. An extra payment of \$10,000 will save 7 years of payments on this mortgage.
(\$49,800 in payments)

10 Steps to D – Day (Debt Free)

1. Pray that God would give wisdom and understanding.
2. Use a written budget
3. List your assets – anything I could sell?
4. List your debts – payoff smallest and highest interest rate loans first
5. Maintain a written repayment schedule with payoff date
6. Consider earning additional income to apply to debt
7. Create no new debit – pay cash for everything
8. Be content with what you have
9. Consider a radical lifestyle change
10. Don't give up! Surround yourself with a likeminded accountability group

Homework:

Memory Verse: Pr. 3:27
Read pages: 30 – 32
Complete form #4