

Ask the Budget Guy

Submitted by Allen Gunter

YES, I CONFESS... I'M a DEADBEAT!!

Dear Budget Guy – I just heard that your credit card companies have you classified as a deadbeat. You've sure got a lot of nerve – how can you give other people advice about getting out of debt when you're really a deadbeat yourself?! You're nothing but a fake and a phony!!

Seeker of the Truth

Dear Seeker,

Yes, sad to say, it's true. About 40% of people pay their credit card balances in full each month, and the credit card companies refer to those of us that do as "deadbeats."

Seeker: Wait a minute! I thought a deadbeat was someone who *doesn't* pay their bills.

BG: It is, at least according to the dictionary. But the credit card companies make more from finance charges, late fees, etc. than they do from the processing fees they charge merchants. So in their eyes, being responsible in how you handle your money makes you bad – a deadbeat...at least with respect to their profit margins.

Seeker: Well at least they have all those great balance transfer offers that can help you pay off your credit card debt faster and cheaper.

BG: Of course the card companies want to help you – help you move your debt to *them* rather than leave it with one of their competitors! Yes, balance transfers can help you pay off your credit card debt faster and cheaper. BUT, you have to be smart about it and *very* disciplined. Most people aren't, and just end up even further in debt after making the transfer. And the card companies love it (ka-ching, ka-ching)!

Seeker: So what are you trying to tell me – that credit cards are no good?

BG: Yes and no. Credit cards are fine...IF you're paying off your balance each month. But if you're using them for consumables like groceries, gas for the car, or vacations and you're not paying off the

balance each month, you're getting sucked into a whirlpool of debt and grief.

The world has become one big debt trap with you and me as the prey. Instead of being satisfied making a profit by selling us goods and services, companies want us to finance our purchases so that they can make even more money off our debt!

Seeker: Hey – slow down, Budget Guy! Don't you think you're getting a little carried away?

BG: Not really. What about car loans and leases? Mortgages and home equity loans? Offers of no payments until 2010?

Seeker: Now wait a minute! A lot of people can't just walk in and pay cash for a car. And who can buy a house without taking out a mortgage?!

BG: You're absolutely right. Which is why it's so important to understand how the deck is stacked against you in those situations. Unfortunately we don't have time to talk about all of that this month. So check back in May and we'll look at how pervasive and how subtle the debt trap has become. Maybe if we understand it better, we can avoid it better.

In the meantime, read 1 Chronicles 29:11-12. It reminds us that everything we have belongs to God, and we are merely the stewards of it. (Note that there is no requirement that we give up some of that stewardship to the finance company...I suspect God has better plans for it than that!)

Want some help getting out of debt? Setting up and using a budget? The Financial Ministry at SHPC can help. You can get personal help from the Budget Guy, Allen Gunter: Call the church (892-3580, ext. 122) or send an email to BudgetGuy@SHPC.org. Not ready for that? Try one of the Crown Financial Ministries Small Study Groups. Call Ron Miller at 892-1862 for more information on these classes.