

Strategies for Debt Reduction

Getting out of Plastic Prison

Roma 13:8
Deut 28:12
Prov 22:7

I. Debtors prison

Credit card debt of \$3,900.00

This requires monthly payments of \$81.46 for 7.6 years to pay off!

Credit cards are meant to make banks rich

They pay the jailer \$3,529.86 in interest (That totals \$7429.52)

II. How to deal with credit cards

1. **Put them away.** “I need them for emergencies” They create emergencies

If you cannot afford to pay cash for an item you cannot afford it

2. **Lower credit card interest and payments.** Call them*

*** If you need help, Join credit card counseling program:**

Money Management International
4370 North East Halsey Street #227
Portland, ORE 97213
1-800-959-4558
Ask for Counselor Toni Laue

3. **Double your payments.** If you pay \$163.61 you will pay it off in 2.5 years. It will take a 1/3 of the time, sooner if you find a lower interest rate.

If you have several credit cards
Pay off the one first with the highest rated (Some people pay off the one with the lowest balance)

With good behavior you can get out early...

III. Once you get out of jail: (Now you're on probation)

1. **Continue to pay \$164.61 to an investment account.** If you get 8% interest on the account, you will have \$9,342 available when the full sentence of the 7.6 years. What will make the difference? Compound interest. The first 2.5 years you paid interest. The next 5.1 years you received interest.

2. **Use your credit card responsibly (Pay off at end of month)**

Your credit card is a wonderful servant but a terrible master

3. **Don't create any debt that does not have a corresponding equity.** Purchasing a home is an investment, not a debt. Do not finance a car for more than it is worth. You should not owe more on a car than it is worth.