



*Debt is a worldwide epidemic. In order to protect our families from it, we must change the way we treat money. It all starts with an acknowledgement that God owns all things and that the way we handle money reveals who or what we worship. ~Tim Russell*

## Debt Elimination: Free To Serve

The wicked borrows but does not pay back, but the righteous is generous and gives;  
*Psalms 37:21*

The rich rules over the poor, and the borrower is slave to the lender.  
*Proverbs 22:7*

### **I. Debt Elimination Starts in the HEART!**

#### **A. Acknowledge your sin of poor stewardship, if necessary.**

“If we confess our sins, he is faithful and just to forgive us our sins and to cleanse us from all unrighteousness.” (1 John 1:9).

#### **B. Acknowledge your need of help.**

“God is our refuge and strength, a very present help in trouble.” (Psa 46:1).

“Let us then with confidence draw near to the throne of grace, that we may receive mercy and find grace to help in time of need.” (Heb 4:16).

#### **C. Make a commitment to the Lord to be a godly steward.**

“I appeal to you therefore, brothers, by the mercies of God, to present your bodies as a living sacrifice, holy and acceptable to God, which is your spiritual worship.” (Rom 12:1)

### **II. Debt Elimination Requires CHANGE!**

#### **A. Determine where you are financially.**

1. List all of your debts.
2. Inventory your assets.
3. Complete a household budget.
  - b. Identify your income sources and amounts.
  - c. Identify your financial obligations.

#### **B. Stop going into debt. Stop the financial bleeding!**

#### **C. Start using a disciplined spending systems:**

1. Envelopes
2. Savings Account for annual bills (taxes, insurance, vacation, Christmas, exc.)
  - a. Add up all these expenses, divide by 12 and set that amount aside monthly.
  - b. Withdraw from account when bill comes in to avoid debt.
3. Electronic Tracking (Quicken or Mint.com)

#### **D. Establish accountability.**

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[The LIFE Financial Group, Inc.]

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*In order to destroy debt, you must harness your greatest debt destroying, wealth building tool – Your Income!*

*~ Dave Ramsey*

**E. Develop a repayment plan.**

1. **Reduce** your expenses.
  - a. Eliminate luxuries and excess spending (i.e. cable TV, eating out, impulse spending, and coffee on the way to work...)
  - b. Sell unnecessary assets (EBay, Craigslist, yard sale)
2. **Increase** your cash flow.
  - a. You may need extra work.
  - b. Increase exemptions to reduce tax refunds.
3. **Work** your “*Debt Snowball*” as described below.
  - a. Live on a strict budget
  - b. Get a Starter Emergency Fund (\$1,000)
  - c. List debt from smallest to largest balance due, excluding your mortgage.
  - d. Pay as much as you can on your smallest debt and minimums on all the rest.
  - e. After your smallest debt is paid off, roll that payment over to the next smallest and repeat until you’re debt free.
  - f. When you have to dip into your Emergency Fund (EF) stop the debt snow ball (pay minimums on all balances) and refill EF back to \$1,000.
  - g. See Dave Ramsey’s *The Total Money Makeover* for more details.

*The LIFE Financial Group, Inc. is a full service wealth management firm serving the Christian community since 1978. We specialize in estate planning, investment management, tax and advisory services. If you would like information about our services please visit our web site [www.TheLifeGroup.org](http://www.TheLifeGroup.org). It would be an honor to work with your family and play an important role in its financial success.*

**Helpful Resources:**

- *The Total Money Makeover: A Proven Plan for Financial Fitness* by Dave Ramsey. [www.DaveRamsey.com](http://www.DaveRamsey.com)
- *48 Days to the Work You Love* by Dan Miller. [www.48days.com](http://www.48days.com)
- *Financial Parenting: Showing your Kids that Money Matters* by Larry Burkett. [www.Crown.org](http://www.Crown.org)
- *Money, Possessions and Eternity* and *The Treasure Principle* by Randy Alcorn. <http://www.epm.org>

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