

VALUES & MONEY

MODULE 4: WISDOM IN BORROWING

HOW AM I DOING RIGHT NOW?

Am I losing sleep because of what I owe? How am I doing when it comes to reducing what I owe, or at least keeping it steady?



BIBLE VERSES

Proverbs 22:7

7 The rich rule over the poor, and the borrower is slave to the lender.

Romans 13:8

8 Let no debt remain outstanding, except the continuing debt to love one another, for whoever loves others has fulfilled the law.

James 4:13

13 Now listen, you who say, "Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money."

HEARTLINES

REFLECTION QUESTIONS

● Is there an area where I've lacked wisdom in how I have borrowed?

● Are my spouse/partner and I resolving our debt problems together, regardless of who borrowed the money in the first place? Are we making decisions together regarding future debt?

● Am I borrowing money to buy things I don't really need, or to impress others?

● How has my debt impacted on my and my family's level of freedom (from stress, avoiding phone calls, getting blacklisted)?

FINANCIAL HEALTH TIPS

- Good debt is where we borrow money for essential things of lasting value.
- Bad debt is where we incur debt for something we don't really need, and is for something we use up in a short space of time.
- Building and maintaining a positive credit record is very important.



Tips you can follow to build a healthy credit profile:

- Make sure you understand the terms of the loan/credit, and read your credit agreement carefully.
- Choose your credit providers carefully, and ensure that they are registered with an NCR certificate. Try to avoid ever handing over your ID card or bank card to a lender.
- Never use credit for cash, for example, drawing money at an ATM from your credit card.
- Don't have too many of one type of credit, for example store cards.
- Pay your bills and instalments on time. Set up automatic payments via debit order wherever possible.
- Whenever possible, don't pay only the minimum instalment. If you have extra money, use it to pay off some old balances.
- If the interest rate goes down, try to keep your payments the same. You'll end up paying off your debt faster.
- If you have missed payments, try to make some regular payments, even if they are small, to show you are making an effort.
- Do not use one credit product to pay for another credit product.
- Never ignore overdue accounts. If you have any problems repaying, contact your credit providers to make a repayment arrangement.

PERSONAL COMMITMENT

What one or two commitments can I make that will help me to reduce my current debt over the next six months, and how can I avoid taking on any new debt during this period?
