The STEWPOT

A POTPOURRI OF PRACTICAL IDEAS *to help you become a better steward*

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DEBT-FREE *by* 35

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When I am driving, I often listen to The Dave Ramsey Show, a radio program that offers sound financial advice. One regular feature of the show gives listeners the opportunity to let the world know that they have paid off all their debts by following Dave's strategies. Over the years many people have shouted, "We are debt-free!" on the program. What I find interesting is that during the last two years, a larger proportion of those who are on his show for their debt-free scream are 35 years old or younger. Even Dave himself has commented on that phenomenon.

What if all Adventist young couples could be debt-free by the time they are 35? I believe that freedom from debt would not only improve their personal lives, but it would also positively affect the way they relate to the Church and its mission. Let's say the $12,000 you pay every year for your mortgage is instead money in your pocket. You could afford to send your children to church school without scraping the money together or asking the church or your parents for help.

"Some debts are fun when you are acquiring them, but none are fun when you set about retiring them."
OGDEN NASH

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STEWARDSHIP is a total lifestyle. It involves our health, time, talents, environment, relationships, spirituality, and *finances*.

have a home, but the mortgage is too high, remember no house is worth being saddled with a high monthly payment. Sell your current house and find one that is no more than 25-30 percent of your take-home pay.

Once you find a home, I suggest you agree to a 15-year mortgage and pay more every month than you have to. Let me illustrate. If you buy a home in the $150,000-range, your monthly payment will be approximately $1,250 per month. Add another $600 per month, and you could have this debt paid off in seven to eight years.

If you have a 30-year mortgage on your home, then just add an extra third to your monthly payment, and it will be paid down in fifteen years. For example, a 30-year mortgage payment of $1,000 per month will be paid for in 15 years if you add $300 extra per month. If you get paid every two weeks, then add a 13th month and pay it down even faster.

It may take a lot of effort to scrape together the extra money, but it will be worth it! There are many ways to get that additional money for the payment. If you feel comfortable with renting a room in your house, put the rent money toward the house payment. Finding a side gig will get your house debt-free sooner. Take on extra freelance work after hours, become a rideshare driver, sell items online, etc. Did you know that 36 percent of people who have a side job make $500 or more per month?[4]

There is only one question left: how are you going to reach your goal of debt-free living by age 35 or 45 or 55? Cautiously and prayerfully analyze those areas of debt in your life, and make a solid plan to eliminate them all and in the shortest period possible. If you don't take action TODAY, you will probably still be a debtor when you want to retire—or you may never retire. Don't let this happen to you!

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"Running into debt isn't so bad. It's running into creditors that hurts." UNKNOWN

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You and your family could go on a mission trip without a thought of the cost. Your retirement account would not be a worry, and your dreams of beginning a business or obtaining further education would become a reality.

This month's *Stewpot* is written to remind you of the possibility of being completely debt-free no matter your age or your finances. Following are the four big debts that have kept you from getting to the debt-free zone, but you can get out!

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School Loans

Let's start with school loans, the second-highest consumer debt.[1] If you currently have a school loan, you have two choices. You can pay the minimum amount, with interest, for the length of the loan, spending 10-20 years with this debt burden hanging over your head. Or you can live frugally on a "financial diet" and pay it off in the shortest time possible. The second option may not sound that great, but your relief in two to three years will make it worthwhile.

If you are about to get a student loan, ask yourself some questions. Is there another way I can pay for my college tuition and expenses without becoming a debtor? Can I live in a room in my parents' or grandparents' basement? Can I attend a community college for the first two years and pay for the tuition by working a part-time job? Can I take a number of courses online?

"Interest on debts grow without rain."

YIDDISH PROVERB

Another way to deal with college costs is to do what my daughter did. She completed her RN degree in two years and then finished her Bachelor of Science in Nursing while working at a local hospital, earning $40 an hour instead of $10 an hour working in the college cafeteria or library.

Some students reduce college costs by graduating after three years instead of the usual four or five. Don't spend summer breaks working for minimum wage. Instead, attend a local community college and take the basics such as English, history, algebra, health, etc., and get one year of your degree completed during the summers. In my estimation, the money you would earn in those three summer breaks would be much less than the total cost of another year in college.

High school students who are trying to decide on their future careers can save money by taking a number of different tests to determine their aptitudes and interests. Far too many students graduate from college and have no clue what they really want to do with their lives. Some end up in a skilled job, with a worthless degree, and a huge debt load. Another way for students to avoid debt is to start taking college courses in their junior or senior year of high school. It's surprising how many units a student can complete before even getting to college.

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Credit Cards

Credit cards are another source of substantial debt for many families and individuals. The average credit card debt in the United States is more than $8,000.[2] There's a simple, but painful, way to reduce this burden—that financial diet that I previously mentioned: taking a lunch to work every day (not going out to eat), wearing the same outfits over and over, having a garage sale, and perhaps finding a part-time job until that debt is deceased. Cash will be king during this time. Once you have paid off your credit card, determine NEVER to spend more than you have planned for in your household budget, and pay off that card in FULL every month.

Vehicles

Currently, 107 million adult Americans (43 percent) have auto loans, which represented a car-loan balance of $10 billion for the first quarter of 2017.[3] Interestingly, the average owner parts with his/her vehicle every four years, even though it is still in the honeymoon stage of its life at about 60,000 miles. If you mistakenly purchased an overpriced vehicle which you can't afford, consider trading in that car for a much more affordable one. A less expensive alternative can save you money as well as a lot of hassle with your lender in the long run.

If you really thought ahead, your only vehicle loan would be on your first automobile. Let's say your first car loan payment was $400 per month, and you diligently paid your monthly payment for the next four years and received your owner's pink slip. If you then disciplined yourself for the next four years and put the same amount away in a savings account, you could purchase your next vehicle for cash in eight years. Something to think about!

Housing

This debt is the biggest for most people, but it has one advantage over the other debts. Under normal circumstances, your house will become a profitable asset. If you currently

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"If you think nobody cares if you're alive, try missing a couple of car payments." EARL WILSON