

Credit Card and Loans: Bad Debt

Acts 5:1-11 Ananias and Sapphira

¹Now a man named Ananias, together with his wife Sapphira, also sold a piece of property. ²With his wife's full knowledge he kept back part of the money for himself, but brought the rest and put it at the apostles' feet.

³Then Peter said, "Ananias, how is it that Satan has so filled your heart that you have lied to the Holy Spirit and have kept for yourself some of the money you received for the land? ⁴Didn't it belong to you before it was sold? And after it was sold, wasn't the money at your disposal? What made you think of doing such a thing? You have not lied to men but to God."

⁵When Ananias heard this, he fell down and died. And great fear seized all who heard what had happened. ⁶Then the young men came forward, wrapped up his body, and carried him out and buried him.

⁷About three hours later his wife came in, not knowing what had happened. ⁸Peter asked her, "Tell me, is this the price you and Ananias got for the land?"

"Yes," she said, "that is the price."

⁹Peter said to her, "How could you agree to test the Spirit of the Lord? Look! The feet of the men who buried your husband are at the door, and they will carry you out also."

¹⁰At that moment she fell down at his feet and died. Then the young men came in and, finding her dead, carried her out and buried her beside her husband. ¹¹Great fear seized the whole church and all who heard about these events.

Introduction

Credit card payments and other none essential loans allow one to purchase "wants," but also drain your purchasing power in other areas, such as giving to church and charities. Many people get into debt trouble when they look to purchase things that do not increase in value, cannot afford, and may not "need." Many people blame bills and daily life expenses for the reason they cannot give their first fruits to the Lord. For some this may be true, however many who are strapped for cash are that by choice and put themselves first and our Lord second. We will investigate this phenomenon.

Questions

Instructions: Complete the following problems.

Background: You have just graduated college, found your first job making \$38,000 a year and began renting a one bedroom apartment for \$670 a month.

- 1) a) Your dream has been to buy a new car, so you decide to purchase a new 2010 (fill in blank) for \$28,000. You take the \$3,000 cash back bonus offer and a 5 year dealership loan of \$25,000 at 9.8% APR. What is your monthly payment?

(Use the formula $= PV \frac{(r/n)}{1-(1+(\frac{r}{n}))^{-nt}}$, where R is the equal payments, PV is

present value of the loan, r is the rate, n is the number of payments in a year, t is time in years.)

b) How much interest will you have paid over that 5 year period?

c) If your car depreciates at an average rate of 20% per year, what is your car worth after 5 year of ownership?

2) a) Not only do you decided to buy a new car you also decided to purchase a new 55" plasma television, a 6.1 surround sound system, and some new furniture for your new apartment. Obviously you have not gotten paid yet, so you decided to use your new capital one credit card. So you charge \$5000 at 16% interest compounded monthly. What is your monthly payment? (Use the formula $R = PV(0.03) + PV \frac{r}{n}$, where R is the monthly payment, PV is the present value, 0.03 is the percent of the balance being reduced each month and r is the annual interest rate and n is the number of compounds.)

b) How much interest did you pay in the first month?

3) a) If you earn \$38,000 a year you will have to pay \$5,493.75 in income taxes. That would give you \$32,506 a year take home pay and an income of \$2,708 a month. What percentage of your monthly income is going to pay for your new car and credit card debt?

b) Below is your monthly budget. How much would you have left to give to church/charity? (Use the monthly income in part a.) What percentage of your monthly income is this amount?

Rent: \$670

Utilities: \$120

Cable/Internet: \$110

Cell Phone: \$60

Food/Eating Out: \$200

Entertainment: \$100

Gas: \$160

Car/Rental Insurance: \$58

Ed. Loan payment: \$221

New Car Loan: \$528

Min Credit Card payment: \$216

401k/retirement: \$100

Emergency Fund/Saving: \$100

Church: _____

Reflection

Instructions: If there is time, discuss with those next to you the following question and write a short summary of what was discussed.

5 (thoughtful reflection; good grammar) **4** (adequate reflection; and/or okay grammar)
3 (little thought and/or poor grammar) **2** (little thought and poor grammar)

Why do you think they call credit card debt and a car loans, “bad” debt?

It has been tradition that Christians tithed 10% of their income, that would be \$316.00 a month in this scenario. The average Christian today only tithes 2-3% of their income, which would be \$63-\$95 a month. In truth God does not command in the New Testament that Christians give 10% of their income, but he does want us to offer our “first fruits” and give cheerfully.

2 Corinthians 9:7: Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.

In this case do you think 2-3% would be ones first fruits? Explain.

Why do you think people do not tithe? Explain.

Has this convention changed your perception on tithing and do you plan on tithing in the future?
