Debt Doesn’t Have to Be Forever

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“I am suggesting that the time has come to get our houses in order … ,” President Gordon B. Hinckley urged Church members during October 1998 general conference. “Self-reliance cannot obtain when there is serious debt hanging over a household. One has neither independence nor freedom from bondage when he is obligated to others.”

On these pages are excerpts from President Hinckley’s talk accompanied by personal accounts of how members have followed his counsel.

Realize It Is a Spiritual Matter

Some years ago we had considerable debt from school loans and from purchasing a small business. We decided to invest in ourselves by paying off this debt as quickly as we could. It was the best financial decision we ever made.

We carefully followed principles of frugality and budgeting, but we have found that getting and staying out of debt is largely a spiritual matter. The spiritual principles we’ve followed in eliminating our debt are:

1 Paying an honest tithing. Each month we always pay our tithing first. If we are to get out of debt, we really do need the Lord to “open … the windows of heaven, and pour [us] out a blessing, that there shall not be room enough to receive it” (Mal. 3:10).

Often our financial efforts are hampered by misfortune that devours our resources, such as unexpected car and household repairs, illness, and so forth. The Lord promises that He “will rebuke the devourer for [our] sakes, and he shall not destroy the fruits of [our] ground” (Mal. 3:11). When we pay our tithes, the Lord can bless us so that our unexpected challenges are minimized and so that we are better able to manage the resources we have.

2 Paying a generous fast offering. When I was in college, President Spencer W. Kimball (1895–1985) taught that the Lord would bless Church members if they were able to double their fast offerings. We thus made it a point, even while students, to pay more than the cost of our meals as a fast offering. As our means have increased, we have increased our offerings, and the Lord has abundantly blessed us.

3 Giving time, talent, and energy toward building the kingdom of God. We have learned that when
we are busy in the Lord’s work, losing ourselves in serving others, we have less time to worry about the things we don’t have. Material possessions are seen in the proper perspective.

For example, service greatly minimizes the time we spend watching television, thus limiting the advertisements or shows we view that would make us feel bad about the material things we don’t have. Decreasing our wants makes it easier to avoid debt.

4 Following principles of self-reliance. Producing food in our garden and striving to purchase on-sale items for food storage have allowed us to save greatly on food expenses. This has not only helped us to be more self-reliant, but also allowed us to apply the money we saved toward debt elimination.

5 Cultivating gratitude. Reflecting on the multitude of blessings we enjoy and thanking Heavenly Father for them allows us to focus on that which we have rather than on that which we have not. Recognizing all the blessings we have reduces the desire to acquire material possessions.—Robert and Mary Merrill, East Wenatchee First Ward, Wenatchee Washington Stake

“We are beguiled by seductive advertising. Television carries the enticing invitation to borrow up to 125 percent of the value of one’s home. But no mention is made of interest.”

Seek Divine Help

Recently I was going through a divorce and experiencing horrible financial problems. I wondered why I had acquired so many problems since I had joined what I believed to be Heavenly Father’s true Church a few years earlier. Feeling very sad and burdened, I went to the temple, where I prayed for guidance and help. There the Spirit bore witness to me that Heavenly Father loved me, that He had not forgotten me, and that He would help me with my problems. I returned home feeling my burdens eased.

As I sat down later that day to pay a pile of bills, I began by praying and asking for help again. After my prayer, I again felt peace, and felt impressed to write down a plan to improve my financial situation. I followed that plan with exactness. I continued to pay an honest tithing with a joyful heart and sought Heavenly Father’s help through prayer, fasting, and temple attendance. I cut way back on all expenditures and built up and used my food storage. I was amazed as month after month, temporal blessings became available from unexpected sources.

I still have a ways to go, but following these gospel principles has made all the difference in my finances, and especially in my life.—Judith Nagy, Iona First Ward, Iona Idaho Stake

“So many of our people are living on the very edge of their incomes. In fact, some are living on borrowings. … I am troubled by the huge consumer debt which hangs over the people.”

Budget, Eliminate Acquired Debt, Save

A few years ago we came to a sobering realization: without the extra money Garrett was earning by working overtime hours, we would not be able to pay our monthly bills. We rechecked the figures
many times, but there was no denying the seriousness of our situation. We were thousands of dollars in debt, without any savings or even enough regular income to meet our expenses.

We began asking ourselves serious questions, and soon it became apparent how deeply in debt we had become. Our criteria for making purchases was simply whether we “deserved” something, whether we “should” be able to afford it, or whether it was a sale “too good to pass up.” We spent money when we had it and bought on credit when we didn’t.

Our many financial discussions led us to something more important than just an understanding of our finances. For the first time, we felt the power of being united. With this new strength, we became firmly committed to getting out of debt. We both knew we were trying to do what the Lord desired of us, and therefore we knew He would help us.

Together we developed a financial plan that would daily guide us, following the principles found in the pamphlet One for the Money: Guide to Family Finance (item no. 33293, no charge) by Elder Marvin J. Ashton (1915–94) of the Quorum of the Twelve Apostles. First, we made a budget, listing our monthly income then deducting from that amount our tithing, fast offerings, and basic bills such as food, housing, utilities, car expenses, and insurance. We then recorded how much we spent each month in each category.

By setting a limit on how much we would spend, we became more accountable and were amazed by how much our expenses dropped! Instead of justifying impulse buying, now we asked ourselves if the purchase could wait until we were out of debt. We found that most things really could wait. Instead of resenting a budget because of the financial restriction we thought it would place on us, we found we wanted a budget because of the financial safety and freedom it was providing!

Once we had freed up some money to use for eliminating debt, we made a list of all our creditors, how much we owed them, and what their interest rates were. We focused on paying off our smaller debts with the highest rates first. Once we had paid off one creditor, we would then apply the amount that had been going to that debt to the next creditor, thus creating a snowball effect, gradually increasing the rate at which we were able to pay off each successive debt.

When we sometimes felt overwhelmed in our efforts, we felt comforted knowing that we weren’t in this alone—the Lord would help us. We also envisioned how great it would feel to have everything paid off and to purchase things we needed with cash rather than credit.

We were amazed when after only one year, to our joy we became debt free! We feel so much more secure and at peace at not having to worry about debt all the time. We soon experienced the freedom promised by prophets when, for the first time, Garrett felt free to accept a job in which he could spend more time at home. He had wanted to spend more time with our family, but felt obligated to work overtime to pay the bills. Had we not been out of debt, we would have had to let this opportunity pass by.

We have continued to live our proven way of financial management and now put 10 percent of our earnings into savings. When household items unexpectedly break down or we need to purchase something, we use our savings to pay for things with cash rather than credit. It feels wonderful to be out of debt, and we’re determined to stay that way.—Garrett and Cheryl Anne Merrick, Mapleton
Seventh Ward, Mapleton Utah North Stake

“Look to the condition of your finances. I urge you to be modest in your expenditures; discipline yourselves in your purchases to avoid debt to the extent possible.”

Avoid New Debt

After completing college several years ago I obtained a good job, but instead of paying off my school loans I began to spend money frivolously. I took many costly vacations, financed expensive clothing and recreational equipment, and ate out at restaurants nearly every day. Before long, I had racked up large credit card debts.

Fortunately, two things happened that helped me to learn financial discipline: I met my wife, who is very responsible financially, and I attended a stake provident living fair. Both taught me principles of overcoming and avoiding debt, and now I’ve paid off my credit cards and school loans.

Developing a love for simple pleasures is one of the things that has helped me most. As I endeavored to cut back on spending and pay off my debts, I increased my appreciation for things of a higher value and purpose—things that don’t cost money. I learned that a clean, orderly home brings as much peace and contentment as a home filled with expensive furniture. Instead of going on extravagant trips, I enjoyed taking walks, reading more, attending the temple, and visiting friends and family. My grandpa recently passed away, and I wouldn’t have been able to strengthen our relationship before he died had I still been taking all those vacations.

It is all too easy to get wrapped up in an expensive lifestyle. I’ve learned that you don’t have to spend a lot of money to enjoy life to the fullest.—Dale Cooper, Garden Lakes Ward, Phoenix Arizona West Maricopa Stake

Teach Children to Live within Family Means

One of the things parents can do to avoid debt is to teach their children to live within the family’s means. There is a mistaken belief that giving children everything they want is showing love. Bowing to materialistic demands of children can create ingratitude and selfishness in them, and resentment and hopelessness in parents. Parents better serve their children when they say, “We have this much money, and this is how we need to spend it.”

When our children were young, we avoided buying for them what everyone “had to have” to fit in, hoping instead to instill in our children the idea that confidence comes not from having what everyone else has, but in being themselves.—Holly Robinson Ashby, Dana Ranch Ward, Mesa Arizona Kimball Stake

“I recognize it may be necessary to borrow to get a home, of course. But let us buy a home that we can afford and thus ease the payments which will constantly hang over our heads without mercy or respite for as long as 30 years.”

Choose an Affordable Home
Before our first child was born, my husband and I purchased our first home. It needed a lot of fixing up, but it had great potential. Because the house was larger than any of the apartments we had rented, we didn't even use a few of the rooms.

We enjoyed fixing up our new home, so much so that soon our remodeling projects required a second mortgage. We also had a great time filling the house with new items, using credit cards at every store we visited, and before long we had acquired thousands of dollars of consumer debt.

One day my mother came to visit, and I showed her the progress of our latest project while I complained about living in a half-remodeled house. I’ll never forget how she told me that she had been married 25 years and didn’t have everything that she wanted for her home. She lovingly explained to me that I should not expect to have my ideal house in such a short period of time.

She was right. We were feeling the heavy weight of debt on our shoulders and the nagging hopelessness it can bring. I wondered how I was going to be able to stay home with our future children since my income was necessary just to make monthly payments.

I realized I needed to look inside myself to see how I got into this situation. I realized that I had a lot of pride, wanting to live in a perfect house, eat out in restaurants with every friend, and keep up appearances. I purchased clothing on a whim, we took expensive trips whenever the occasion permitted, and we purchased unnecessary gifts. I began to realize that I should have found my satisfaction in living within our means and in successfully managing income and spending. I had told myself that I “deserved” it when it came to having everything I wanted, whenever I wanted it. But what I really deserve is freedom from nagging debt and the ability to stay home with our children.

I changed my outlook and behavior toward money. This change included fasting and praying, budgeting, discipline, using food storage, eliminating debt, and saving for the future. I no longer spend money for things I cannot afford.

I have realized greater happiness in my life since I have had a change of heart and habit when it comes to money matters. It is a blessing to know we are in financial bondage to no one.—Christine W. Bowman, Miramont Ward, Loveland Colorado Stake