

◆ The Freedom Report ◆

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Principle to ponder:

The wise man understands the meaning of **diligence**. As defined by Webster, diligence is characterized by steady, earnest, and energetic effort.

Diligence will get you out of debt; **diligence** will keep you out of debt.

"The thoughts of the diligent tend only to plenteousness; but of every one that is hasty only to want."

Proverbs 21:5

"There is treasure to be desired and oil in the dwelling of the wise; but a foolish man spendeth it up."

Proverb 21:20

Living Without Debt

Question: Why are more and more families struggling to keep up with their debt obligations in the midst of one of the greatest economic expansions in American history, with unemployment at a 30-year low?

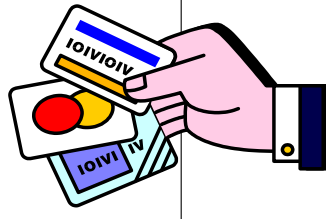
The Federal Reserve reported that from 1993-1998 consumer credit outstanding (excluding mortgage debt) jumped 50% to \$1.25 trillion, nearly half of which (\$542.4 billion) was a result of revolving credit (bank credit cards + other credit cards).

Credit card companies have aggressive on-campus campaigns to solicit college students to apply for credit cards in return for inexpensive gifts. According to a survey by U.S. Public Interest Research Group, undergraduate college students who obtain credit cards that way often end up with bigger unpaid balances (\$1,039) and pay off their debts later than those who do not. The average credit card debt for graduate students was

\$4,925.

In 1997, 60% of college students financed their education at least partially through loans. The average student loan debt level increased from \$8,200 in 1991 to \$18,800 in 1997.

Last Christmas, Salvation Army bell ringers across the country started accepting plastic by equipping the standard red kettle on a tripod with a credit card reading device.



From 1993-1997 Bank Credit Card debt grew more than 21% annually.

Pre-approved applications for credit cards sent in the mail are approaching 3 billion per year.

According to Cyber Dialogue and Booz-Allen & Hamilton, more than 3.7 mil. consumers have applied for credit cards *online*. CyberCitizen Finance says that 4.6 mil. consumers have already applied for at least one loan product online.

Answer: The demand for instant gratification coupled with the availability of easy credit.

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Getting Out of Debt!

Do you want to get out of debt? If the answer is yes – and I hope it is – then you first need a plan (*see my last newsletter*).

A budget plan will give you the focus you need to begin living on less than you make. In addition to a plan, you need to look around you and see if you can sell some “stuff” to generate additional dollars to pay on your debts. The third thing you need to do is evaluate the possibilities of generating more income, either in your current job or through a part-time job.

List your debts by their balances from lowest to highest. Pay minimums only on all of your debts and apply any extra cash on the first debt on your list. When it is eliminated, add the amount you were paying on the first debt to the minimum paid on the second. Continue this process until all of your debts have been paid. Then take the total amount being used for debts and start moving forward!

God desires that we live debt-free. It allows us to be better servants, not to mention having peace of mind.

"The rich ruleth over the poor, and the borrower is servant to the lender." Proverb 22:7

Financial Freedom Seminars



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Christian Oriented Education, Inc. is a non-profit ministry whose mission statement is summarized by Colossians 1:28: "...warning every man, and teaching every man in all wisdom: that we may present every man perfect in Christ Jesus:"

Living Without Debt (continued)

With Halloween just around the corner and Thanksgiving less than eight weeks away, the retail shops at your local mall(s) are getting their credit card machines tuned up and ready for business. Visa alone estimates that it will be processing charges at a rate of 3,000 transactions *per second* during the shopping season's peak periods.

I challenge you to make Christmas '98 a cash Christmas. Even if you haven't been putting a little away all year, sit down now and establish a spending budget for Christmas. In 1996, 51% of Americans financed their Christmas shopping debts into 1997 while 28% were still paying on them in October. Don't become a debt statistic!

Without a spending budget, you are destined for debt. American Bankers Association's chief economist, James Chessen

said, "Those who don't have budgets may spend more and will take longer than anticipated to pay off their holiday bills." Last Christmas, consumers spent 8 percent more than planned on holiday gifts for an average total of \$875 per family.

Tips to avoid post-holiday payment shock: 1) Stick to your budget, 2) Make a list and check it twice, 3) Try to use cash for all your purchases, 4) Track what you spend, 5) Be a smart shopper, 6) Think of alternatives. Think of the consequences:

'Twas the night after Christmas and all through the store, not a creature was stirring 'cause they were all poor. The shoppers had charged all their gifts and their stuff, but when



"Never borrow money to buy anything that is consumed or goes down in value!"

In The Next Issue..

Saving Money!

Financial Freedom Seminars are being conducted by C.O.E., Inc. in churches for the sole purpose of helping Christians understand and apply God's plan for financial freedom!

The seminar has a strong Biblical emphasis while at the same time giving the necessary instruction in the practical areas of money management.

What is "Year (Y) 2000 (2K)" ?

By now, you have heard the term **Y2K**. What does it mean?

Back in the 1950's when computer engineers first started designing computer programs - in order to save valuable memory - they decided to only use two digits when specifying a year. The digits "19" were assumed. When the year 2000 rolls around, computer systems all over the world will think we have taken a trip back in time to the year 1900.

This problem is far reaching. In addition to main-frame and personal computers, other areas of

concern range from the small computer chips in home appliances and automobiles to computers that help manage electricity generating plants and the air traffic control systems.

I have had several calls and letters asking my opinion of the potential crisis that we face. Here is my response in brief:

As far as your investments go, you must decide how great your sense of adventure is. If your risk level is low, I recommend that you park your money in fixed investments (money market mutual funds, etc.). If you are up for a little excitement, hang on and enjoy the ride. When it

comes down to it, it's a matter of peace of mind.

I do hope that any fears you might have serve as a wake-up call for you to examine your personal financial foundation. Are your contingency accounts fully funded? Have you eliminated your consumer debts? With a solid financial foundation in place, you can weather most any downturn in the economy.

Regardless of the changes that will occur as a result of the Y2K crisis, God will remain unchanged! He is our Refuge and our Strength as we face the unknown. *Psalm 46*