

CREDIT CARDS A CONVENIENCE OR DETRIMENT?

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Credit Card Convenience

Credit cards, used wisely, are a great convenience. Card payments for internet shopping, travel arrangements, medical bills, service payments, professional fees, church/charity offerings, etc., are easily and conveniently made. More and more businesses and services require them. Printed monthly card statements make it easy to track spending and keep expenditures within a personal budget. Wise card users, who make timely full monthly payments, eliminate interest payments altogether. Some credit card companies actually pay interest to the card holder for using their card.

Credit Card Detriment

Card abuse through overspending beyond one's means can be detrimental to one's financial and emotional stability. Paying only minimum payments can quickly increase debt through accumulated interest charges. The average monthly credit card rate currently hovers at 16.5%. Paying interest is like putting a match to your dollars. The recent depression made spenders more savvy about curtailing debt. Unfortunately, the tide is turning back to reckless spending. According to the Federal Reserve, outstanding credit card debt hit a record of \$1 trillion this year. Recent hurricanes and natural disasters will most likely increase personal debt as victims turn to their cards to survive.

Lending & Borrowing

Lending and borrowing, practiced throughout history, have plus and minus features. Capitalism, if handled morally, is beneficial for economic progress. When companies successfully borrow, greater profits and higher employment levels are reached. Lenders also benefit from interest payments. Borrowing also helps people in sudden financial distress find relief while they recoup to reestablish themselves. However, borrowing can be devastating to those who engage debt without considering the feasibility of repayment. It would be as foolish as building a tower without considering the cost. (Luke 14:28-30) Ralph Waldo Emerson poetically wrote:

*Wilt thou seal up the avenues of ill?
Pay every debt as if God wrote the bill.*

H. G. Lichtwer wrote that an improper debt "*is the worst poverty*". To ease the burden of debt, Deuteronomy 15:1 instructed the Israelites to cancel all debts at the end of every seven years. The chapter continues with instructions.



Sloppy Spending

December! The Christmas shopping craze! The sloppy spending splurges! The aftermath horror of January pay-up time! One way to

control sloppy spending is to draw up a budget and stick to it. Sheryl Harris, writer for the Cleveland Plain Dealer, advises free wheeling spenders to get a small spiral notebook and record every purchase including the cost. Color coding the items with categories such as "*basic needs*", "*luxuries*", "*unnecessaries*", "*impulse buys*", "*mood purchases*" (*spending when overly exuberant, sad or angry*) will help sharpen proper spending habits.

Save!

A Federal Reserve study showed that only about half of the people in the US save regularly in a separate account. Those without savings couldn't cover unexpected expenses like a \$500 car repair or a \$1,000 medical expense. They're led to borrow and reduce their well being through interest payments. Savings are not only lifesavers for emergencies, they also enable funds for satisfying future needs and desires.

Tips on Frugality

- > *Get Rid of Debt* - Seek help to do it.
- > *Control Credit Card use* - Pay in full on time.
- > *Balance Your Checkbook* - Don't overspend.
- > *Think of Ways to Cut Costs* - Borrow DVD's from the library instead of renting or buying. Turn the thermostat down at night. Store brands are cheaper. Snap up reliable bargains. If you can't afford it, don't buy it. If you don't need it, why buy it? _____ (personally add to the list)

RELATED RESOURCES

www.selc.lcms.org - Personal Stewardship

"Credit Card Control" "Debt Control"

"Debt Elimination" "Tips on Saving"